

2020 annual service charge FAQs

What are service charges?

Service charges are your share of the cost of work and services provided by Islington Council to your block and/or your estate that you have to pay under the terms of your lease. You pay an **annual service charge** for services such as caretaking and day-to-day repairs, plus your building insurance premium and ground rent. We send invoices for **major works** separately, after the work is completed. These are repair, replacement and improvement works (such as replacing lifts or windows) where the charge to any leaseholder is £250 or more. We will write to you separately about any proposed works.

What period does the 2020 invoice cover?

The invoice covers the following:

1. **The estimated charges for the current financial year** (1 April 2020 to 31 March 2021). We invoice estimated charges because we don't know in advance the exact cost of providing works and services to your block/estate, especially as repairs can vary from year-to-year.

And

2. **An adjustment for the actual costs for the previous financial year** (1 April 2019 to 31 March 2020). We have now calculated the actual costs for 2019/2020. If we overestimated your charges, your adjustment will be a credit for the difference between the estimated and actual costs. If we underestimated your charges, your adjustment will reflect the additional amount due.

How are my service charges calculated?

We divide the actual cost of each service by the total number of properties (including those occupied by council tenants) that use or benefit from it. For example, grounds maintenance costs on an estate are divided amongst the total number of properties on the estate; communal heating costs are divided by the total number of properties

connected to the system; and block charges are divided by the number of flats in your block.

The estimated charges for 2020/21 are generally based on the 2019/20 actual charges, plus a small percentage increase. For repairs estimates we use the average charge from the last five years, plus a small percentage uplift. The council obtained historically low wholesale energy prices from the utility markets in March 2020, so the estimated costs for communal electricity are 9% less than 2019/20 and estimated heating costs are 44% less.

How have services been affected by the Covid-19 pandemic?

Services have been adapted to ensure resident and staff safety. We've increased the frequency of our cleaning and disinfecting of communal areas. Our Repairs team initially focused on essential maintenance, safety checks and emergency repairs, but they are now carrying out non-urgent repairs. Home visits have only been undertaken where absolutely necessary and housing offices have been closed but the contact centre at 222 Upper Street is open for emergencies only. For more information, please see www.islington.gov.uk/contact-us/changes-to-services

The pandemic has not affected service charges for 2019/20 and it is too early to say what impact, if any, it will have on the 2020/21 charges.

Will there be a Home Owners' Fair this year?

Unfortunately, we won't be holding a Home Owners' Fair this year. Instead Home Ownership Services will be providing an extended hours telephone service (020 7527 7715) from 5-8pm weekdays from Monday 5 October until Friday 16 October.

Why don't you provide more detailed information about my service charges with my invoice?

The majority of leaseholders are happy with the level of detail we provide so to keep administration costs down we only provide more detailed information on request. We are also still working towards making more information available online via our website and online service charge accounts.

Can I pay by cheque?

Yes, but we are trying to phase out cheques because the administration costs of processing cheque payments are much higher than the costs for other payment types. You can help us minimise our costs by paying by Direct Debit, at www.islington.gov.uk/payservicecharges or via personal online banking.

Who should I contact if I have a query about my service charges?

Please contact the officer named on the letter that was sent with your invoice or email us at homeownership@islington.gov.uk. You can also find useful information at www.islington.gov.uk/leaseholders

Do I have to pay service charges if my property is unoccupied?

Yes. Unlike Council Tax (which may allow payment breaks or reductions when your property is unoccupied or being refurbished) your service charges remain payable during this time.

What can I do if I'm having difficulty in paying?

We know this is a difficult time for everyone. Some people may struggle to pay their bills in the way they normally do, or are facing a drop in their wages as a result of the covid-19 crisis. However, we have a statutory and contractual duty to continue invoicing service charges. The council relies on rent and service charges to pay for vital services for all tenants and leaseholders. **If you are struggling to pay your invoice, please get in touch so we can help.**

If you lose your job, you should make an immediate claim for **Universal Credit**.

If you are already receiving benefits, the Department for Work and Pensions (**DWP**) may help you to pay your service charges. You should inform them as soon as you receive your invoice.

You can access independent legal and debt advice from:

Islington Citizens Advice Bureau
www.islingtoncab.org Tel: 0300 330 1197

National debtline
www.nationaldebtline.org Tel: 0808 808 4000

You can also get advice and support about benefits from the council's Income Maximisation Team:

IMAX
0800 731 8081 or Tel: 020 7527 8600
Email: claimit@islington.gov.uk

What happens if I don't pay my service charges?

We will send you reminder letters including a letter before legal action, and if you still don't pay or keep to an agreed payment arrangement we will seek a County Court Judgment against you. In addition to paying the service charges you owe you will have to pay legal costs and interest. Further legal action, interest and costs would follow if the debt remains unpaid.

Are any costs for the upkeep of the estate paid for by council tax?

No. By law, the council has to keep all of the income and expenditure associated with its housing stock separate from the income and expenditure relating to all other council services (education, social services, libraries etc). This means the council cannot recover the costs of maintaining and managing its housing estates from the council tax. Instead, council tenants contribute towards the costs through their rent and leaseholders and freeholders contribute through their service charge.

I'm a shared owner. When will I receive my next rent invoice?

Your rent will be invoiced in accordance with your lease. This means it will be invoiced separately to your annual service charges on or around the date that your lease specifies that your annual rent review is due. This is usually the anniversary of the date your lease started. You will need to pay your rent in full before the next rent review.

Do you need this information in another language or reading format such as Braille, large print, audio or Easy Read? Please contact 020 7527 7715.

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