

Administration fee

We charge you a fee for administering your service charge account. This is charged at 10% of the total of your service charge as outlined in your lease in the third schedule. This fee includes the cost of:

- Staffing and office costs of parts of the home ownership services that deal with service charges
- The calculation, billing and collection of service charges
- Providing information about your service charge account and general information on all aspects of home ownership
- The administrative and IT costs of calculating and sending you invoices and accounting for payments made.

How are service charges for major works billed?

Service charges represent a share of the cost of the maintenance and upkeep of your building and estate. You are required to contribute towards this cost under the terms of your lease or, if you are a freeholder, your transfer of part.

Before the start of major works we send you an estimate of the amount we expect the service charges to be and tell you when the estimate will be invoiced.

When the contract has finished, and the defects liability period has ended, the final account is prepared by the contract manager, and we use this to revise the estimated cost that was billed to you to reflect what was actually spent on your block and (or) estate. If we have overestimated the charges, you will receive a credit on your account, but if we have underestimated the charges, you will receive an invoice for the additional costs.

Freeholders are not sent estimated charges and are only invoiced on completion of the scheme once we have finalised the charges.

Estimate

The major works estimate is based upon the contract cost identified in the specification of work. The specification is drawn up from surveys of the block, however much of the work cannot be properly specified or measured until the contract is on site, and, where appropriate, until scaffold is in place.

The specification therefore includes provisional and contingency sums which give an estimate of what we expect to spend on the work.

Final account

The final account details the work that was agreed on site and the amount that has been paid to the contractor to carry out the work. It shows the measured quantities of any work that was previously provisional, and takes out any contingency sums, replacing them with the detailed cost of the work done.

The final account is cross referenced with the payments that the council has made to ensure that all costs are accounted for.

Service Charges – Major Works

SE16
SE1
SE5 SE26
SE17 SE19
SE21 SE23 SE15 SE1
SE22 SE24

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What are major works?

Major works comprise large items of work, such as repairs or renewal to the exterior and communal elements of the block. This includes the roof, windows and external structure, the communal electrical supply, and communal services such as lifts, door entry systems and communal heating. Under the terms of your lease the council is responsible for these works to your property.

Sometimes major works contracts are for extensive refurbishment of the whole building. It may also include work to the inside of tenanted properties, and where this is the case, the cost of these works is excluded from the major works service charge.

Major works service charges differ from annual revenue service charges such as day to day maintenance and repairs. Major works usually have a longer term effect on the building than the work carried out under the responsive repairs contract. The council charges major works separately to the annual charges because we are able to make available various payment schemes for major works charges.

How does the council decide what works are required?

The investment team use stock condition records which identify the age of the main elements of the blocks to indicate which blocks may require major works. Surveys are carried out and referenced against repair and maintenance records to determine what work may be required. When work is programmed for a block more detailed surveys are undertaken in order to draw up a specification of work.

If you're a leaseholder then you can find further information about leasehold ownership on the official government website by following the link below.

<https://www.gov.uk/government/publications/how-to-lease>

Who carries out major works?

The council delivers major works either through one of the long term maintenance or partnering contractors that are in place, or by inviting tenders for the work.

Long term agreements are in place for many of the service elements of the blocks such as lifts, heating and door entry installation. These agreements are based on a tendered schedule of rates that allows the council to place work with a long term contractor at pre agreed competitive rates.

The partnering contracts are similar to the long term contracts, however the partnering contractors deliver comprehensive refurbishment works at their tendered rates. They are also incentivised to reduce their rates in line with market changes and in line with other contractors working in partnership with the council.

Where separate tenders are sought for major works the council will usually invite tenders from a framework of contractors who have pre agreed an upper limit to the rates that they charge. Where tenders are invited for work leaseholders are entitled to put forward nominations of their own to be included in the tender list.

How are my charges calculated?

Your lease states that the council may adopt any reasonable method for calculating your service charge and may adopt different methods in relation to different items of costs and expenses.

Typically, for works to the structure of a building such as roof, windows or external decorations, service charges are based on a unit system. This is calculated by adding four to the number of bedrooms in a property. For example, a bedsit has four units, a one-bedroom-flat has five units. The

number of units for each block or estate is totaled and divided into the cost to give a cost per unit, and that cost is multiplied by the number of units for each individual property to come to the charge for that property. This means that the owner of a three bedroom property will pay more for an individual service than the owner of a one bedroom flat in the same block. This method was agreed by the Home Owner Council.

For contracts that are specific solely to service items, such as lifts, door entry systems, water tanks etc. costs are equally apportioned to all properties. The costs relating to estate works such as drainage or lighting are also equally apportioned to all properties.

Service charges are fairly apportioned between all properties in your building. The council pays the proportion relating to rent-paying tenants from the rents received. The cost of services to tenants is not subsidised in any way by homeowners.

Professional fee

The council uses specialists (both in-house and external) such as building consultants and quantity surveyors, to prepare the specification of works and oversee the contract. These professional services are part of the contract cost and are charged as a percentage of your contribution.

Where the services are provided by an external consultant the services are subject to tender. Where they are provided in-house they reflect the audited internal staffing costs that relate to that function.