

Estate Management Companies and Service Charges Information Sheet

What is a management company?

A management company is put in place by Sheffield Housing Company as the developer, to take responsibility for carrying out the management of the estate. The management company is one of the organisations that you entered into your lease with. Management companies are necessary where your property is part of a development that has areas of space that needs to be maintained and is not adopted by the local authority. Management companies are also required for blocks of apartments in order to manage and maintain the building as a whole and any communal areas. Management companies can appoint a Managing Agent to act of their behalf.

Depending on the development on which you purchased your home, your management company will be either Brearley Forge Management Company, Cutlers' View Management Company or SHC Estate Management Limited. However, in practice, it is **Great Places Housing Group** as the managing agent that carries out these responsibilities on behalf of all of the management companies.

What are service charges?

Under the terms of your lease, there are certain estate services that the landlord and management company is obliged to provide. A service charge is recovered from residents to cover the cost and administration of these services. The amount of service charge that you pay will vary from year to year because you only ultimately pay for the costs actually incurred within a particular year.

Examples of service charges

For leaseholders of houses, service charges can include costs for the management and maintenance of shared green space and parking courts, repairs to roads and footpaths, and maintenance of streetlights that are not the responsibility of Sheffield City Council. For leaseholders of apartments, these costs can also include maintenance and repair, and sometimes improvement of: the exterior, structure, roofs, foundations, window frames, guttering, communal drains and pipes and common areas of the building. This list is not exhaustive and leaseholders should check their lease and contact Great Places Housing Group for the full details of service charges payable.

Who do I pay the service charge to?

The service charge is payable to Great Places Housing Group as managing agent acting on behalf of the management companies.

When is the service charge payable?

The service charge is due quarterly on 1st April, 1st July and 1st October and 1st January each year. Your lease allows for the service charge to be payable in advance of the management company incurring the costs, based on an estimate of costs in the coming year.

Estimated costs and final accounts

As mentioned above, an estimate is made for what is going to be spent in the coming year and the service charge collected from residents is based on that estimate. Each year at least one month before the new financial year begins you will receive a demand which will show a breakdown of what is estimated to be spent for each service provided at your scheme over the coming year. Once the financial year has ended a written statement of account will be produced by Great Places Housing Group on behalf of the management company which you will receive by the 30th September each year. This written statement of account will show what was actually spent in the previous year.

If the end of year account shows that the spend was more than what was estimated then the shortfall will be demanded and a debit shall be applied to your account. This is called a deficit. If the spend was less than what was estimated a credit will be applied to your account. This is called a surplus.

Reserve fund

Great Places Housing Group may require a contribution towards this via the service charge. The purpose of a reserve fund is to build up a sum of money to pay for larger scale works in the future, such as the resurfacing of shared parking courts. This means leaseholders will not face such a large one-off bill when the work becomes necessary. The leaseholder will not receive any of this contribution back if they sell their property.

Reasonableness and the Tribunal

The Landlord and Tenant Act states that a service charge is only recoverable by a landlord or management company so far as the costs have been reasonably incurred. It also states that it is only recoverable if works carried out for the charge are of a reasonable standard.

In the first instance, if you do not understand what your service charge has been spent on or you do not feel that the costs are reasonable, please contact Great Places Housing Group. They will be able to provide further information about, and evidence of, costs incurred.

You can ultimately challenge the reasonableness of a service charge if it does not comply with the above by applying to the First-tier Tribunal (Property Chamber). The First-tier Tribunal has power to make a ruling whether, or how much of, a service charge is reasonable or payable.

We recommend that you seek independent advice if you wish to challenge the reasonableness of your service charge through the First-tier Tribunal.

Further Information

If you have any questions about your management company and/or service charge please contact Great Places Housing Group on 0300 123 1966.