

## 02 *What does your service charge pay for?*

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***We want to make sure you know exactly where and how your money is spent taking care of your home.***

*Having a property manager looking after the areas you share with your neighbours means you can sit back, relax and enjoy your home. We understand how important it is to have visibility of how your service charges are spent.*

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### **WHY DO I NEED TO PAY A SERVICE CHARGE?**

Our job is to keep the areas you share with your neighbours safe, clean, comfortable and in great condition, which can often help to protect the value of your property.

To do this, you and your neighbours pay an annual service charge. Usually this is paid in advance either once or twice a year, but this depends on what your home's lease or transfer document says. If you live in a freehold house, this is sometimes called a variable charge instead.

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### **HOW IS MY SERVICE CHARGE CALCULATED?**

While every community we look after is different, our approach is always the same. First, we identify all the jobs we think will need to be carried out during the year to

make sure we're able to keep your development safe and well maintained. We'll then calculate the cost of completing all this work, before converting it into a service charge budget.

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### **WHAT DOES MY SERVICE CHARGE PAY FOR?**

While this varies between properties, your service charge usually pays for things like keeping your communal windows clean, lawns tidy and all the plants and flowers cared for. It's also used for all the lighting, heating and cleaning of communal areas both indoors and out. And that's just for starters.

This also covers maintaining the mechanical equipment that keeps your development running smoothly including lift maintenance, water pumps, security gates, communal heating boilers and fire equipment. Plus we organise health, safety and fire risk assessments with suitable specialists to make sure your building is kept safe. Finally, your service charge can also cover general maintenance and repairs, the insurance cover for your building if you're a leaseholder, and the salaries of any onsite staff.

## WHAT'S THE RESERVE FUND FOR?

It's important to plan ahead for bigger jobs at your property. This could be anything from redecorating the outside of your building, landscaping the communal gardens or replacing a lift. To try and help spread the costs of these future works, we have a reserve fund in place. You and your neighbours contribute to the reserve fund through your service charge to set money aside ready for these longer-term maintenance projects.

## WHAT HAPPENS IF MORE OR LESS UPKEEP IS REQUIRED?

Sometimes, something unexpected happens that wasn't planned for in the budget, like a tree needs cutting down or there's a leak in the roof that needs repairing. If we've spent less than the original budget, we give what's leftover back to you. If the costs were more than budgeted then you might have to pay a bit extra at the end of the service year.

We'll always be transparent about what's been spent throughout the year, and will send you an itemised set of accounts for the annual spend so you can see exactly what's been done and how much it all cost.

## DOES MY SERVICE CHARGE COVER YOUR FEES?

When you pay your service charge, a portion of the money goes towards our management fee. This covers the cost of us carrying out site inspections, arranging maintenance and repair work, as well as negotiating competitive rates with suppliers.

We also take care of a wide range of regulatory and compliance activities to make sure the communal areas you share with your neighbours are safe. And last, but certainly not least, it covers the cost of the customer service and specialist teams working behind the scenes to support you and your neighbours on a daily basis.

## WHAT IS A RENT CHARGE?

If you live in a leasehold home, your service charge invoice may also include your ground rent, sometimes referred to as a rent charge. This is an amount payable to your building's freeholder. Some freehold houses also have a fixed rent charge which is payable to your land owner.

## WHERE DOES ALL THE MONEY SIT?

When you and your neighbours pay your service charges, the money goes into your development's very own interest-bearing bank account, which we set up and manage for you. The money you pay into this account – and the interest it earns – can only be spent on your development.

## DO YOU MAKE A PROFIT FROM CONTRACTORS?

We don't add a mark-up on to the fees charged by contractors, so you can be sure every penny goes directly to them.

*We're always looking for ways to make things better for you. So if you have any suggestions, or need our help with anything at all, get in touch by visiting [firstport.co.uk](http://firstport.co.uk).*

*Look out for future 'Property Management Explained' topics coming soon.*

