Factsheet - service charge actuals for April 2024-March 2025

This factsheet is to provide information specific to services provided in 2024/25 and your service charge statement for that year. In addition, where the cost for a service has substantially changed for all customers, information is given on this. This doesn't however cover any substantial changes that may only impact individual estates, schemes or blocks where we have homes.

More general information about service charges is available on our website at my.sovereign.org.uk/service-charge.

Your statement

Please note the following information about your statement:

- **Estimated service charge costs** – each year we estimate the service charge costs you'll need to pay. We sent the estimated service charge costs for 2024/25 to customers in February 2024.
- **Actual service charge costs** – once the financial year has finished, we know the real costs of providing the services*.
- **Service charge capping** – Some properties may have 'capped' cost due to planning restrictions.
- **Amount charged to your account** – the total cost charged to your account for the services you received during the year. This may differ from the estimated amount as it's a true reflection of what the services have cost and what we therefore need to charge you.
- **Total balance to be carried forward** – we'll allocate any difference between the estimated and actual costs to your account at the end of September (as a credit or deficit for shared owners, leaseholder and freeholders). Any balance will be carried forward to your estimated costs for 2026/27 as a credit or debit adjustment. (Tenants only)

* Please note, if your property is new-build and you moved into it mid-year, the 'Actual annual cost of the property' column will show the costs for the period that you've lived in the property, rather than full year costs. This will also be reflected in the monthly charge shown. We're working to improve this for future statements, but please contact us for clarification, if you need this.

I moved in mid-year or after March 2025, why am I liable for charges when I didn't own the property? (shared owners, leaseholders and freeholders only)

If your property wasn't brand new when purchased, you effectively take on the liabilities set out in the lease or property transfer, including to pay for any service charge amount owed for the previous financial year. Any such amount owing will be charged to your account. If the difference was a credit amount, this will also be paid to your account.

Some solicitors will hold a retention (money set aside from the seller) for a period, so that financial liability for such matters can be claimed back from the previous owner. That is a matter between yourself and the solicitors involved in the purchase of your home and you'll need to speak to them about this. More information about this is available on The Leasehold Advisory Service website - www.lease-advice.org.

It's been a difficult year and I'm struggling to pay – what can you do to help?

We understand it's been a tough year for many people and that this may have impacted your financial or employment situation.

If you're having any difficulty paying your service charge, please get in touch with our Customer Accounts Team. The Customer Specialist team are also here to help if you need support or if you have queries about your lease. Either team can be contacted at contact@sovereign.org.uk or on the number provided below.

What should I do if I'm not satisfied with the level of service provided by a contractor?

Please report this to our Customer Contact team at the time the unsatisfactory service is provided, so that our team managing the contract can work with you and the contractor to resolve the issue. We're less likely to be able to investigate and resolve this if it's reported to us much later on.

Why is my External Management Company (EMC) charge higher or lower than estimated?

We're finding that some EMCs aren't invoicing for the service annually as expected. This can result in no invoice being received some years, and then in the following year we may receive two years of invoices.

As we only pass on actual costs paid, this means your costs may not be as you expected. One year you may have no costs at all for EMC, and then the next you may have double.

We appreciate this causes frustration and anxiety and have been working with EMCs to improve this and encourage them to invoice regularly and at the same time each year. We've seen an improvement but there are still some cases where this isn't happening.

If you receive a credit this year because of unexpectedly low EMC costs, we suggest you keep these funds aside to help you pay any extra costs that are likely to fall in the following year.

Why are decorating costs included within my Repairs costs? (shared owners, leaseholders and freeholders only)

Normally the cost of decorating, whether internal or external, would be met from the Reserves and Provisions fund. However, some schemes may not have such a fund, or there may be an insufficient balance to meet the costs of the decoration. In these cases, the decorating costs will have been added into the Repairs costs. This may also occur for other major works, where there's insufficient or non-existent funds.

Estate works charge

We get a number of queries relating to collection of rubbish. Whenever we have to organise for someone to go and collect rubbish, this charge gets passed onto all customers within that block. Unless there is evidence of who has not disposed of their rubbish accordingly, in which case they will be billed individually.

Because of this you may see large differences between your estimated and actual costs, as it's a responsive service so can be difficult to estimate efficiently.

Sewage Treatment plants

For some of our customers who contribute to sewerage costs (communal water and draining or personal sewerage), we have capped your costs to £100. This is due to a change of supplier, following a number of problems with reliability and standard of work, but we did not consult you prior to changing the supplier. This capped cost excludes any repairs and electricity charges linked to the sewage treatment plant.

We expect a consultation to be undertaken at some point in the future, for this service. Once this has been completed the cap will be removed and the full costs will be passed onto customers.

Buildings insurance charge

The Financial Conduct Authority (FCA) is the regulatory body for insurance providers and implemented new regulations from 31st December 2023. These are designed to protect the interests of leaseholders and make sure they receive fair and transparent treatment from insurance providers and brokers.

The new rules are focused on the treatment of leaseholders in multi-occupancy buildings. For housing associations, the term ‘leaseholder’ includes shared owners.

The change in regulation does not affect the premium rates in the insurance market - but it does change the way the overall amount is charged back to different leaseholders and shared owners.

In the past, insurers have charged one premium for the whole Leasehold and Shared Owner portfolio (all the homes we insured with them). This premium was charged back to owners via their service charge, in the best and fairest way available to SNG. Under the new regulations, how this premium is allocated across properties will be worked out by our insurers, using their rating methods. The premium will now be based on your sum insured - which is linked to the 'property rebuild value'. (Please note that this is not the same as how much a property would cost to buy.) As a result, the new regulations may mean your premium reduces or increases.

If you have a query regarding your premium, please contact Gallaghers by email: SNGGroup_leasehold@ajg.com

A copy of the summary of cover is available on our website at https://www.sng.org.uk/customers/leaseholder/buildings-insurance-for-social-housing-providers or contact us on 0300 5000 926 and we’ll send you a copy.

Independent validation of your service charge statement (shared owners, leaseholders and freeholders only)

The charges on your service charge statement have been independently verified and reported on by Chartered Accountants Beever and Struthers. You’ll have received the report for your costs included with your letter and statement. Please note the scheme balance (surplus or deficit) given at the end of the first paragraph, is only for the properties occupied by shared owners, leaseholders and freeholders who pay a service charge.

The scheme name on your certificate may not be the exact name that you know for your road or scheme. This may be because it has a different collective name for a group of schemes, or it was known as a different name when it was being built, which it may still be referred to in our data systems.

We hope the independent validation gives you confidence in the costs being passed this year. As your statement will have received robust verification we don’t anticipate reviewing or changing your costs. We would only look to do this and reconsider your charges if it was agreed that services charged for had not been received during the year.

Upcoming contract changes

Some of our contracts for delivering services are due to come to an end over the next two years. You may be contacted to discuss potential contract changes before awarding new contracts that will be in place for 12 months or more. We'd be grateful if you could provide your feedback on these potential changes, so your views can be taken into account.

How do I query items on my service charge statement?

We have more information on service charges on our website at https://www.sng.org.uk/service-charges which you may find useful.

If you're unable to find the answer to your question and wish to speak to somebody, please call our Customer Contact team in the first instance on 0300 5000 926 or email contact@sovereign.org.uk. If they can't give you an answer, they'll pass you on to the appropriate team for your query. The more information you can provide when you call, will help your query to be routed to the right team, for a quicker response.

If your question is about how the service charges have been calculated, this will go to our Service Charges team. Please be aware this is a very busy time with a high volume of enquiries, so you may not receive an immediate response.

If your query is about the quality of the service provided, this will be passed through to the relevant localities team.

If your query is about your account balance, any refund required or repayment plans being set up, this will also go to the Customer Accounts team.

Universal credit

Please be aware that there are some service charges that may be eligible under Housing Benefit but aren't under Universal Credit. Further information can be found on https://www.gov.uk/government/publications/universal-credit-service-charges-guidance-for-landlords/universal-credit-service-charges-guidance-for-landlords

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