

## Service charges March 2024 – frequently asked questions for our leaseholders

### Arabic

إذا كنت ترغب في التحدث إلينا بلغتك حول محتوى هذه الرسالة ، فيرجى الاتصال بمجلس مدينة ويستمنستر 3783 0800358 أو زيارة مركز الخدمة المحلي الخاص بك

### Bengali

আপনি যদি এই চিঠির বিষয়বস্তু সম্পর্কে আপনার ভাষায় আমাদের সাথে কথা বলতে চান, তাহলে অনুগ্রহ করে প্লেস্ট্রনিস্টার সিটি কাউন্সিলের সাথে যোগাযোগ করুন (0800 358 3783) অথবা আপনার স্থানীয় পিরেব্বা সেন্টার যান

### Portuguese

Se desejar falar conosco sobre o conteúdo desta carta no seu idioma, entre em contacto com a Westminster City Council através do número 0800 358 3783 ou visite o centro de atendimento da sua área local, através do endereço abaixo indicado.

### Kurdish

Ger hûn dixwazin li ser naveroka vê nameyê bi zimanê xwe bi me re bipeyivin, ji kerema xwe têkilî Şaredariya Westminster (0800 358 3783) bikin an biçin navenda karûbarê xweya herêmi.

### Spanish

Si desea hablar con nosotros en su idioma sobre el contenido de esta carta, comuníquese con el Ayuntamiento de Westminster (0800 358 3783) o visite su centro de servicio local.

## What are service charges?

Day to day annual service charges for tenants and leaseholders are the share of the cost of managing, maintaining, repairing, insuring (for leaseholders), and providing services to the block or estate where you live.

The charges include cleaning, concierge, ground maintenance, repairs, and maintenance works, building insurance, pest control, heating, hot water (when supplied by the council for those on district heating systems), management costs and any other running costs to your block or estate.

These costs are shared between tenants and leaseholders, and leaseholders pay a proportion as described in your lease.

## Why are my service charges different to my neighbours?

The service charge paid by each individual household varies due to your lease percentage, which is calculated by the bedspaces within your home, and the services Westminster deliver. It is possible for properties that seem very similar to have different numbers of bed spaces, which means you will pay a different proportion of the costs. If different works or

services are provided, then the service charges are also different. The most significant distinction is between tenants and leaseholders, with leaseholders paying for insurance and repairs, and between those connected to district heating networks and those who are responsible for their own in flat heating and hot water.

### **Why have the overall service charges for leaseholders increased this year?**

The overall increase in service charges, excluding energy and insurance, is **8.85%**.

The increase of the insurance charge is outside our control, and we have no option other than to pass on the full increase to leaseholders.

### **Buildings Insurance**

Leaseholders must also contribute to the cost of insuring the building. The insurance market is in crisis, which has led to a large increase in costs. You may recall that early in 2023, an existing provider withdrew from the market, leaving just one provider – Protector Insurance - for leasehold building insurance in London. Fortunately, we were able to secure one-year contract from 1st of April 2023, enabling us to tender the leasehold policy at the same time as the Council's full insurance programme in 2024.

We are currently consulting with leaseholders on a new five-year agreement with Protector Insurance. You should have received a Section 20 Notice of Proposal, reference 'Birelet' with more details about our proposal. The full information can be found in the Dropbox link below.

<https://www.dropbox.com/scl/fo/ka59csodwkbc7xcorto6/h?rlkey=j8096hpgq6dieq119wfnjg8wcv&dl=0>

Other Councils are also having a similar experience in procuring insurance. The London Leasehold Officers Forum have written directly to the Minister of State for Housing outlining the issues we are facing in the insurance sector and the impacts it is having on our leaseholders and we have urged them to look into our concerns and make changes.

### **Are there any other options?**

Yes. Some councils have not been able to get any insurance cover at all from Protector, and they have no option but to "self-insure". This carries a great deal of risk to the local authority (the reason why we get insurance in the first place) and will most likely result in a higher service charge bill to leaseholders to cover the additional risk. So, due to the high risk to both the council and our residents of being self-insured, Westminster has proposed to enter into a 5-year contract to insure with Protector to cover our residential housing stock.

### **Why haven't I had more notice of the increase in the building insurance charges?**

Each March, we send our leaseholders an invoice for the estimated day to day and major works service charge for the forthcoming year, and tenants receive a rent statement including service charges. We notified our residents in July 2023 of our intention to enter into a new long-term agreement for buildings insurance. Unfortunately, we only received one bid which was not competitive, and we had no option but to go back out to the market. The second tender only closed on the 19<sup>th</sup> February 2024. We have shared as much information with our leaseholders as possible.

### **What are the average service charges this year?**

The service charge will vary depending on the size of your property and some of the specific charges delivered to your block and estate. The table below outlines the average base service charge (all services apart from heating and insurance). It also shows the average

heating charge and the average insurance charge, and how this has changed from last year.

Average base service charge	2023/2024	2024/2025	Increase
Bedrooms			
0	£680.53	£744.12	£63.59
1	£1,102.42	£1,181.44	£79.02
2	£1,688.02	£1,844.31	£156.29
3	£1,809.88	£1,993.06	£183.18
4	£2,188.86	£2,401.22	£212.36
Average Insurance Charge	2023/2024	2024/2025	Increase
Bedrooms			
0	£259.62	£395.66	£136.04
1	£412.18	£622.54	£210.36
2	£568.70	£856.85	£288.15
3	£706.09	£1,197.88	£491.79
4	£868.37	£1,310.87	£442.50

Please note, the insurance service charge is based on the number of bedrooms in each property and which storey the property is on. Overall, the insurance premium for each property has increased by the same percentage.

### **Why can't the Council simply reduce the service charges and subsidise the costs?**

Services provided to tenants and leaseholders are paid for from the Housing Revenue Account (HRA), but the cost of services received by leaseholders must be funded by leaseholders. This is because the HRA is a ring-fenced account regulated by Central Government. This means that the money that is spent from this account on services can only fund services for Council tenants and is paid for from the rents and service charges that tenants pay into it. If we were to reduce the service charges for leaseholders, tenants would be subsidising leaseholders through their rent.

### **Why is there a rent support fund for tenants, but no similar fund for leaseholders?**

The Rent Support Fund is paid for from reserves in the Housing Revenue Account. We cannot use the reserves to subsidise leaseholders as this money has been built up from our tenants' rent. The rent support fund only covers the increase in rent and does not cover any element of service charge.

### **What support is available if I am struggling to pay?**

We will continue to work closely with our residents who require any support and assistance with their service charges. We can discuss an extended payment term or offer you a 3-month payment holiday if you are finding it hard to maintain your payments. You will need to discuss this agreement with a leasehold advisor to ensure any direct debit or standing order is adjusted before your next payment is due.

If you are worried about how to pay your service charges, please do not hesitate to contact us. The sooner you contact us, the sooner we can help you. We will work with all our leaseholders on a case by case basis to ensure we are offering you every means of support available, and we will do everything that we can to help you work out a manageable payment plan. Further down in this FAQ, you will find full details of our cost of living support hub and

all the support on offer to our residents.

[www.westminster.gov.uk/cost-of-living-support](http://www.westminster.gov.uk/cost-of-living-support)

Contact details: Telephone 0800 358 3783 Email: [housing.enquiries@westminster.gov.uk](mailto:housing.enquiries@westminster.gov.uk)

### **How do leaseholders pay the service charges?**

Day to day service charges are payable over 12 equal monthly instalments.

For major works service charges, payment plans offer an extensive range of payment options. If leaseholders are finding it difficult to pay their day to day or major works service charge, please contact our leasehold advisers who will be able to discuss the options and support you with a payment option which works for you.

Contact details: Telephone 0800 358 3783 Email: [housing.enquiries@westminster.gov.uk](mailto:housing.enquiries@westminster.gov.uk)

### **Leaseholders who have had major works**

#### **Why am I having to pay for major works service charges as well?**

Some leaseholders will be charged for major works as well. These charges are for necessary repairs, renewals, and in some cases, improvements to specific homes and blocks which we can't do under the normal day-to-day repairs due to the amount of work involved. Anyone receiving these charges will have received more information about the works, including how to take part in consultation.

#### **What if I am struggling to pay the major works service charges?**

In January 2023 we made a significant change to our major works service charge payment options, including an additional voluntary charge option. These changes make Westminster's payment options the best in London.

- We have extended the current 60-month interest free payment option to include a further option of up to 120 months for service charges of £20k or more for our resident leaseholders. No interest will be charged on months 1-60. Interest is charged on the balance at month 60 for months 61-120.
- We now offer a new Discretionary Service Charge loan with payment terms up to 25 years.
- We now offer a voluntary service charge loan, which will be secured by a charge on the property. Please see below for more information

Payment plan details:

<b>Invoice</b>	<b>Term</b>	<b>Payment options available</b>
Up to £2,000	12 months	If your invoice is under £2,000 you can spread your payments over 12 equal monthly payments. No interest is charged.
£2,000 and above	24 months	If you receive an invoice for more than £2,000 you can spread payments over 24 equal monthly payments. You

		must complete an extended payment instalment form. No interest is charged.
£2,000 and above (Resident Leaseholders only)	60 months	If you receive an invoice for more than £2,000 you can spread payments over five years in 60 equal monthly payments. This option will not be made available where the property is sublet, owned by a company, or owned by a housing association. You must complete an extended payment instalment form. No interest is charged.
£20,000 and above (Resident Leaseholders only)	120 months	If you receive a bill for more than £20,000 you can spread payments over ten years in 120 equal monthly payments. No interest is charged for months 1-60. Interest is charged on the balance remaining at month 60 at 1.5% above the Bank of England Base rate for months 61-120. This option will not be made available where the property is sublet, owned by a company, or owned by a housing association. You must complete an extended payment instalment form.
£20,000 and above	300 months	If you receive a bill for more than £20,000, Westminster City Council is now offering a Discretionary Service Charge loan, available to all leaseholders who are unable to secure borrowing from their mortgage company or a personal loan. This option will not be made available where the property is owned by a company or owned by a housing association. Where the property is sublet, we will review the application on a case by case basis. The service charge loan will be secured by a way of a legal charge on the property for a maximum of 25 years. Interest will be charged at a variable rate of 1.5% above the Bank of England base rate and will be reviewed annually. You will also need to pay the administration costs involved. Westminster City Council is only a lender of the last resort.
£20,000 and above	Voluntary Service Charge Loan	If you receive a bill for more than £20,000, Westminster City Council is now offering a Voluntary Service Charge loan, available to leaseholders who meet the eligibility criteria, including a financial assessment, financial hardship and those who are unable to secure borrowing from their mortgage company or a personal loan. This option will not be made available where the property is owned by a company or owned by a housing association. Where the property is sublet, we will review the application on a case by case basis. The service charge loan will be secured by a way of a legal charge on the property. Interest will be charged at a variable rate of 1.5% above the Bank of England base rate and will be reviewed annually. The

		administration fees to set up the loan and to register the charge against the property can also be added to the loan.
--	--	---

If you are finding it difficult to pay your service charge then it is important to contact us as soon as possible, our friendly Service Charge Collections Team are here to help. The sooner you contact us, the sooner we can help you.

**Contact details:** Telephone **0800 358 3783** Email: [housing.enquiries@westminster.gov.uk](mailto:housing.enquiries@westminster.gov.uk)

Support with service charges can be found here;

[www.westminster.gov.uk/housing/leaseholders/service-charges/service-charge-support](http://www.westminster.gov.uk/housing/leaseholders/service-charges/service-charge-support)



### **Book a 20 minute online appointment**

You can now book 20 minute online appointment to discuss your service charge account with one of our leasehold advisors. We are available every Monday, Tuesday, Thursday, and Friday from 9am to 5pm and on Wednesdays from 9am to 8pm.

Appointments will be held on Microsoft Teams. Once you have booked your appointment you will receive an email to confirm your upcoming booking. You can manage your booking, reschedule, or cancel your appointment at any time. Please join the meeting via the Teams link you receive; we will call you after ten minutes of your appointment time if you have not joined the call. Please provide a summary of what you would like to discuss regarding your service charge account to help us to prepare for your appointment.

Book a 20 minute appointment now by scanning the QR code or follow the link below

[www.westminster.gov.uk/housing/leaseholderbooking](http://www.westminster.gov.uk/housing/leaseholderbooking)



### **Cost of living support hub**

Around a quarter of households in Westminster, more than 31,000, face a serious reduction in living standards due to rising costs, such as fuel, energy bills and food. The information provided here can help you with everything from accessing government financial aid to finding local advice services.

For further information, scan the QR code or follow the link below.



[www.westminster.gov.uk/cost-of-living-support](http://www.westminster.gov.uk/cost-of-living-support)

## Contact us

If you have any queries in relation to your service charges or major works, or any other housing matter please contact us:

**Telephone: 0800 358 3783 (freephone)**

**Email: [housing.enquiries@westminster.gov.uk](mailto:housing.enquiries@westminster.gov.uk)**

**North Area Service Centre** - 1 Glasgow House, W9 1QY

<https://goo.gl/maps/4gbAm8kwjo75qj4e8>

**Queens Park Service Centre** – 82 Bruckner Street, W10 4EY

<https://maps.app.goo.gl/WAvQNqngCmH8VPPT7>

**West Area Service Centre** - 155 Westbourne Terrace, W2 6JX

<https://goo.gl/maps/mNZkwKfLd4brdPDDA>

**Bayswater Service Centre** - Shrewsbury Rd, London W2 5PR

<https://maps.app.goo.gl/JqzUZagwtusf1Adj6>

**Central Area Service Centre** - 24 Lilestone Street, NW8 8SR

<https://goo.gl/maps/oDnEQvMsLQuW59gr9>

**South Area Service Centre** - 137 Lupus Street, SW1V 3HE

<https://goo.gl/maps/yut3Det5ZSifQM8c7>

**Charlwood Street Service Centre** - 1-3 Charlwood Street, SW1V 2ED

<https://maps.app.goo.gl/RMxnhGHBeFteUBc8A>