



## **Frequently asked questions Statement of actual expenditure for 2018/2019**

We hope that the statement we have produced for you is clear. Occasionally customers have questions they'd like us to answer and so we've summarised the most popular questions below.

### **I have a large credit on my account. Do I still have to pay?**

If your service charge account is in credit then the letter accompanying the statement confirms the value of the credit. If we have sent you an invoice because we spent more than we estimated in 2018/2019, we will use any credit on your service charge account to help pay this invoice. In some circumstances this might mean that you do not need to pay us anything more. Your invoice will confirm the amount you are required to pay us.

### **My statement of actual expenditure shows a surplus. What happens to this money?**

If the cost of providing the services was less than the estimate, it means that you will have paid more money in 2018/2019 than was needed. We will credit your service charge account with the amount that was overpaid. Your service charge account is the account you have with us that records the payments you have made and the invoices we have sent.

Your lease says that this surplus should be used to pay future service charges. If you have not yet paid your 2018/2019 estimated service charge in full e.g you are paying in monthly instalments, then the credit will be applied to your account and the monthly instalments can be reduced. If you have a direct debit set up then we will reduce your direct debit to take into account the credit. The adjustment to your direct debit will take place from November.

If you have settled the account for this current year in full already then the credit will remain on the account to help pay for service charges in future years as described in your lease.

We are unable to refund a surplus or a credit balance to your own personal bank account.

### **How quickly do I need to settle my bill for routine service charges?**

Your lease requires you to pay the bill within 21 days of the invoice. We understand that where the bill is for several hundred pounds you may not have immediate access to this amount of money. For routine service charge deficits we



are happy for the debt to be paid in monthly instalments along with payments for the current year, providing the debt is cleared in full by the end of the financial year.

If you are already paying by Direct Debit then we will change your payment amount from November to collect the outstanding amount in full by the end of the year.

### **Why are my costs not the same as my neighbour's?**

Not all leases are identical as homes in the same block were sold at different times. For example, leases within the same block may state an alternative apportionment method; or some leases allow us to recover the cost of improvements.

### **Why is there a cleaning cost when my block does not receive the contract cleaning service?**

Your lease requires us to maintain the communal areas. Many of our schemes are serviced by a cleaning contract but there are some where the tenants and leaseholders chose not to receive a contract service. There will sometimes be occasions where we need to remove fly tipping or graffiti in order to meet our obligation to maintain the common area. Where this is the case we have no alternative but to arrange for a contractor to carry out this work.

Your lease requires you to pay a proportion of our costs in maintaining the common areas. We have decided to include these costs under a cleaning contract heading on your statement.

In cases where the culprit has been identified we re-charge these costs so that the tenants and leaseholders within the block do not need to make a contribution.

### **Why are there fire risk assessment costs under the repairs heading on the actual statement, this cost was not included in the estimates?**

Your lease requires us to maintain the communal areas along with the structure of the building. For your safety we must ensure that these areas are compliant with fire safety regulation and health and safety requirements. Carrying out a regular programme of inspections helps us to identify any potential problems and resolve them before they become an issue. Our inspections include ensuring the internal components of the building are fire-resistant, such as communal electrical cupboards, loft hatches and doors. Once an issue is identified, it must be repaired in order to maintain fire safety. Your lease requires you to pay a proportion of our costs in maintaining the common areas.



**I bought my leasehold property in 2019. Isn't the previous owner responsible for paying the invoice Red Kite have sent?**

When you purchase a leasehold property on the open market, the lease is assigned by the seller to the buyer. Upon assignment the new leaseholder steps into the shoes of the old leaseholder and becomes responsible for all historic, current and future issues relating to the lease. The current leaseholder is responsible for meeting all the terms of the lease which includes settling all invoices and demands for payment.

It is good practice for solicitors acting for you and the seller to retain a sum of money from the sale that can be used by the new owner to pay for any items of expenditure that occurred when the seller owned the property.

You should approach your solicitor to enquire whether they or the seller's solicitor retained any money in anticipation of this situation arising. As the current leaseholder you are responsible for paying any invoice you receive in full even if no money was retained by solicitors. You should therefore make payment in accordance with the timescales set out on the invoice.

**How can I pay my major works request for payment?**

Our Board has approved our Major Works Payment Policy. A copy can be found on our website here <http://redkitehousing.org.uk/all-about-us/our-policies> As we consult leaseholders on the estimated cost before we carry out work, we are expecting that most leaseholders will have saved in advance of receiving our request for payment. On occasions where a leaseholder has not saved then they should approach a bank or building society in the first instance for assistance.