

Coastline

Guide to Service Charges



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What are Service Charges?

Service charges cover the costs of managing, maintaining, repairing, insuring and providing services to residents beyond the benefit of occupying their own home. The law details that the charges must be 'reasonable' and the services provided must be of a 'reasonable standard'.

Service charges can include items such as communal cleaning, grounds maintenance, communal repairs, environmental maintenance, fire safety, communal utilities and replacement of items such as lifts. They also include management costs and any other expenses to the block or estate.

Leaseholders and shared owners pay their share of buildings insurance through the service charge; tenants pay this cost through their rent.

Coastline is committed to providing value for money and becoming more efficient wherever possible.

The aim of this booklet is to inform you how we manage service charges and answer the most common questions our customers ask us.

What does my service charge cover?

Services received can vary depending on the location, type and size of the property you live in. For example, if you live in a block with a lift you will receive higher service charges than those living in a low rise block without a lift. A breakdown of the services you are charged for is included on the service charge statements you receive in February and September. For more detail on each of these service charge items please see the glossary on page 11.



How are service charges calculated?

We charge you an amount each week, month or year (depending on your tenure type) that is our estimate of how much the services will cost for the year. We use different methods to calculate the estimated costs, depending on the service charge item. This can include; looking at the costs to date in the current year and multiplying this over a 12-month period, using agreed contract costs, or using a five-year rolling average of actual costs. We also estimate any increase due to inflation and add in any increases or decreases in spending that we know about for the coming year. New estimated charges begin in April and we must give you 28 days' notice of any changes.

Some services are specific to certain tenures only, such as the Out of Hours Service which is available to tenants only. Other services are specific to blocks of flats only, such as Communal Cleaning. We work out the service charges per block or estate as appropriate. We then divide the cost between all those eligible properties benefiting from the service.

Below is an explanation of each type of calculation, followed by an example.

Contracts with known costs, including any agreed annual contract price increases

Where there are contracts in place with set figures, such as grounds maintenance or communal cleaning, we obtain those figures from the contract. We then add or subtract the difference identified in the previous year's actual costs (the letter you receive in September) from these figures, and this provides us with our new estimate. Where there is a difference in cost from the estimated to actual cost, this is usually because the services provided increased or decreased.

Example

A grounds maintenance contract cost of £1,000 per year
+ a debit adjustment of £200 from the previous year's actual costs (as per the letters received each Sept)
= a total of £1,200 to be charged.

Utilities costs where costs are known (we have received invoices)

For costs such as electricity, water, or gas, the most reliable figures to base our estimates on are how much these utilities have cost us in the current financial year. We take the total we've paid, divide it by the number of months charged so far, and then multiply it by 12 to obtain an estimated full year cost. We then add or subtract the difference identified in the previous year's actuals from these figures. This is also the case for costs in relation to the sewerage plants Coastline owns and maintains.

This method of calculating an amount for a whole year based on a few months of costs is known as 'annualising'.

Example

We've been charged £70 for electricity for the period 1st April to 31st October and have a debit adjustment of £50 from the previous year's actual costs.

£70 ÷ 7 (months) = £10
x 12 (months) = £120 (the 'annualised' amount)
+ a debit adjustment of £50 from the previous year's actual costs (as per the letters received each Sept)
= £170 to be charged.

Utilities costs where costs are not known (we have not yet received invoices)

Where we may not have received the invoices necessary to enable us to calculate a good estimate of the future cost of utilities, for example where we have new properties and are waiting for our first electricity invoices, we will use what are known as 'accrued' costs for the current year, plus any known or anticipated contract increase. Accrued costs are a way to ensure that there will be funds available to pay a bill when it's received.

Example

We have a new block of flats and will need to pay an electricity bill for the cost of lighting them. Because the flats are new it will take a little while for the invoice to be sent to us, but we know it's a cost we will have to pay. The record we keep of this expected cost in our accounts, and pass on in our service charges, is known as an accrual. We estimate what we think the invoice total will be by looking at how much the electricity at other similar sized blocks has cost.

Maintenance charges

For maintenance charges, such as communal repairs or door entry maintenance, we use a five-year average of actual costs. This is in line with Best Practice guidance provided by the Housing Quality Network (HQN) and National Housing Federation (NHF).

Example

If the actual costs of communal repairs were:

Year one: £120,

Year two: £140,

Year three: £0,

Year four: £200, and

Year five: £150, we would carry out the following calculation:-

£120 + £140 + £0 + £200 + £150 = £610.

£610 ÷ 5 (years) = £122.

We would then add or subtract any debit or credit adjustment from this total, as in the previous examples.

Replacement costs

Coastline holds what are known as sinking funds for replacement costs. These funds go into a 'pot' that increases over time as contributions are made through the service charges. They help to prevent customers from receiving a large bill when expensive items, such as roofs or roads, are replaced.

The amount paid into each 'pot' through the service charge is calculated based on how long an item is expected to last and the total replacement cost. Sinking fund estimates are increased each year to take into account that the cost of materials and labour is likely to increase.

We also periodically review these costs to check enough is being put into the 'pot' to fund future replacements.

Example

We calculate that to replace the road on a scheme will cost £100,000 and that we will have to carry out this replacement in 40 years.

Year one: $£100,000 \div 40 \text{ (years)} = £2,500$

Year two: $£2,500 + \text{a } 5\% \text{ anticipated increase in the cost of materials} = £2,625$

Year three: $£2,625 + \text{a } 2\% \text{ anticipated increase in the cost of materials} = £2,677.50$

What is the Management Fee?

Coastline is entitled to recover a Management Fee for organising and managing services and service charging. The fee is a fixed 15% of the total costs incurred and is in line with the fees charged by other similar organisations. This fee is essential for us to be able to administer service charges. We do not make a profit from this or any other service charge costs.

Examples of the type of costs the Management Fee may cover can be found below:-

- Arranging for contractors
- Receiving and settling invoices
- Calculating service charges and producing statements
- Dealing with service charge related queries
- Recovering service charges
- Issuing consultation
- Staff specifically employed for service charge matters



- Developing and managing service charge IT systems
- Providing additional documentation upon request
- Employing auditors to audit our processes.

As the Management Fee is based on a fixed percentage of the total costs incurred it is calculated once all other charges have been identified and added to the total service charge payable.

For example, if your total service charges for the year were £300.00 your Management Fee would be calculated as follows:-

$£300.00 \times 15\% = £45.00$

$£300.00 + £45.00 = £345.00$ total to pay for the year

If your service charges are all credits, the management fee will be zero, not a credit.

What is a Sinking Fund?

Sinking funds are usually for large communal items that have a relatively long lifespan, such as roads, roofs, lifts, and structures like bin stores. Rather than receiving a large bill when an item is replaced, which they may struggle to pay, customers pay into the fund each month or year. The payments are non-refundable if the customer moves out before the item is replaced. Sinking funds are increased annually in line with Coastline's budget forecasts and reviewed regularly to ensure that future replacement costs are covered.

Why do my neighbour and I pay different amounts?

The costs are charged to properties in a block or estate in a 'reasonable' way. All of our charges are based on an equal split between all properties we are able to charge. In some cases, provision for the payment of service charges was not included when the properties were sold by the Council and Kerrier Homes Trust. Because of this we are not legally able to pass the costs on to the owners of these properties.



I'm a freeholder, why should I pay?

Your transfer document will specify which costs of maintaining the estate you must contribute to. If you do not have a transfer document please contact your solicitor, mortgage provider or the Land Registry direct to obtain a copy. Your tenure type does not determine whether you are liable to pay service charges. All residents should contribute towards the cost of services where they benefit from their provision.

When do I receive the actual costs?

We will send you the actual costs in September each year, within six months of the end of our financial year. This letter will show you the estimates you were charged, the actual costs, and any difference between them.

When do I settle the difference?

If we have charged too little or too much the difference will be applied against the estimates for the next financial year, these will then increase or decrease accordingly.

What if I'm struggling to pay the charges?

If you have difficulties in paying your service charges, please contact us for confidential help and advice. We may be able to make an agreement to pay over a longer period of time or signpost you to Housing Benefit or other organisations that may be able to help. If you already receive Housing Benefit you should contact your local Housing Benefit department to ensure you are receiving the right level of benefit. If you are in receipt of Universal Credit you will need to contact the Department for Work and Pensions to discuss the housing element of your benefit.

Why have my charges gone up?

Some costs may have risen and there may be debit adjustments that have been applied for the previous financial year. If cost increases are forecast, we will make an allowance for this in the estimate but if the changes happen in the middle of the year the actual costs may be higher than the estimated charges.

Which service charges are eligible for Housing Benefit and Universal Credit?

Housing Benefit and the housing element of Universal Credit will cover most communal service charges that you pay but will not cover services for your individual property such as utility costs (gas, water, and electricity) or lifeline alarms and personal support charges. These costs would need to be paid by you.



Who monitors the contracts?

The Property Investment and Compliance Team manage service and maintenance contracts and the Head of Innovation, Maintenance and Group Procurement manages the utilities contracts. Coastline's Tenancy Management and Facilities Management Teams carry out inspections of the block and estate in partnership with involved residents. If you believe the standard of any works or services is poor, please discuss your concerns with us so that we can take steps to resolve the issue. Details of how to get in touch with us are on page 16.



I don't use the communal space or grounds, why should I pay?

The communal gardens, grounds and facilities are a shared area available to all residents and maintenance of these areas ensures the estates are kept clean and tidy. You are required to pay these charges whether you choose to use the facilities or not. The appearance of an estate or block affects all properties regardless of tenure.

What can I do if I don't believe my service charges are reasonable?

Once you have received the summary of costs you can ask to review invoices and other documents that support the service charges. If after reviewing supporting documentation you remain concerned that the charges are not reasonable you can make a complaint to Coastline. We take complaints very seriously and your concerns will be addressed in detail by senior members of staff and, if your complaint progresses to the later stages, members of the Board. You also have the right to apply to the First-tier Tribunal who will determine whether the charge is reasonable. Please be aware that the First-tier Tribunal does require payment of a fee before they will investigate. We would always encourage customers to provide us with the opportunity to resolve complaints in the first instance before taking their concerns to tribunal.

How often is cleaning carried out?

Communal Cleaning can be carried out once or twice a week depending on the size of the block, the amount of traffic, or requests made by residents. This varies across differing estates and developments. Some blocks have cleaning carried out fortnightly following requests from residents for a change to the standard weekly service.

Buildings such as Veor House, Trelawney Court, Hens-Horn Court and Miners Court have a high level of traffic and therefore on occasion some tasks may be required daily as well as weekly. For further clarification on the frequency of cleaning in your block or estate please contact the Customer Access Team who will be able to direct your enquiry to the appropriate member of staff.

Does cleaning include the removal of bulk rubbish?

Our cleaning contract does not include the removal of bulk rubbish or fly tipping. Residents are responsible for the appropriate disposal of bulk rubbish. Various schemes are available for the recycling of unwanted furniture and Cornwall Council provide a 'Bulky Waste Collection' service where large items can be collected and disposed of for a fee.



Where fly tipping does occur Coastline, as the landlord, is responsible for the collection and disposal of these items. The cost of this is recovered through the Environmental Maintenance charge. Where we can trace fly tipping to a specific household we will recharge the individual responsible and take further action as necessary.

Why do I pay for communal electricity and street lighting charges?

You are required to pay for your share of cost of the communal lighting provided to your block and/or estate.

The street light charges cover the electricity, including a standing charge, and maintenance of streetlights that are the responsibility of Coastline.



Service charge glossary

Item	Description
Balcony Replacement	Sinking fund for replacement of the individual balconies.
Bench Replacement	Sinking fund for replacement of the communal benches.
Bike Store Replacement	Sinking fund for replacement of the communal bike store.
Bin Store Replacement	Sinking fund for replacement of the communal bin store.
Buildings Insurance	Payable by all shared owners and leaseholders to cover the insurance for the building they own or part own. A copy of the insurance policy is available on request.
Carpet Replacement	Sinking fund for replacement of the communal carpet.
CCTV Maintenance	The cost of repairing and accessing the CCTV system.
CCTV Replacement	Sinking fund for replacement of the CCTV system.
Cladding/Gutter/Roof Replacement	Sinking fund for replacement of the cladding, guttering and roof of the property.
Communal Cleaning	Costs of the communal cleaning services such as vacuuming and cleaning of communal flooring, cleaning of communal surfaces and communal window cleaning
Communal Repairs	The day-to-day repairs and maintenance work we carry out to the shared parts of your building. Although we carry out repairs with our own work force, Coastline Services, there are instances where we appoint specialist contractors to carry out the work.
Concierge Service	The cost of the Reception service provided at Miners Court.
Council Tax	Annual Council Tax bill for a particular property.
Courtyard Replacement	Sinking fund for replacement of the courtyard.
Cyclical Maintenance	Sinking fund to cover the semi-regular (usually 5 yearly) works carried out to a block such as pressure washing and repainting.
Digital Inclusion	Sinking fund for the provision of IT equipment for communal access to the Internet.
Door Entry Maintenance	Repairs to the door entry system on a block, including handsets with individual properties.
Door Entry Replacement	Sinking fund for replacement of the door entry system.

Electricity	Cost of the electricity usage for a particular block or estate. Based on invoices we receive from the lowest contract we are able to obtain.
Environmental Maintenance	Covers, for example, pothole repair, graffiti clearance, removal of fly tipping, tree surgery and those other varied estate maintenance costs that are for communal areas.
External Cleaning	Sinking fund to cover the semi-regular (usually 5 yearly) works carried out to a block such as pressure washing.
External Cyclical Maintenance	Sinking fund to cover the semi-regular (usually 5 yearly) works carried out to a block such as pressure washing and repainting.
External Maintenance	Cost of the external responsive repairs carried out to a block or estate each year.
External Painting	Sinking fund to cover the semi-regular (usually 5 yearly) repainting works carried out to a block.
Facilities Management	The staffing costs incurred in the provision of this service. Facilities Management Assistants complete and document weekly and monthly tests and checks for fire safety, water safety (legionella), and lifts. They inspect internal and external communal areas to ensure these areas are maintained in line with our estate standards, raising repairs and liaising with colleagues where there are repairs or other issues identified. They also engage with customers to ensure they feel safe and supported within their homes and communities.
Fence Maintenance	Cost of communal fence maintenance carried out on a particular estate each year.
Fence Replacement	Sinking fund for replacement of the communal fencing.
Fencing and Road Replacement	Sinking fund for replacement of the communal fencing and roads.
Fire Safety	Annual servicing and maintenance costs carried out to a block or estate each year for fire safety equipment.
Fire System Replacement	Sinking fund for replacement of the fire safety equipment.
Flooring Replacement	Sinking fund for replacement of the communal flooring.
Furniture and Fittings Replacement	Sinking fund for replacement of the furniture and fittings.
Furniture Replacement	Sinking fund for replacement of the furniture.
Gas	Cost of the gas usage for a particular block/property. This is based on the invoices we receive.

Gate Replacement	Sinking fund for replacement of the communal gates.
Grit Bin Replacement	Sinking fund for replacement of the communal grit bin.
Ground Rent	A fee paid by a leaseholder to the freeholder of a property. A legal requirement and amount specified in the lease.
Ground Source Heat Pump Replacement	Sinking fund for replacement of the communal ground source network.
Grounds Maintenance	Cost of the grounds maintenance works carried out to a specific area each year. The grounds maintenance maps are available on the Coastline website and show which roads and estates are included in each group. They also detail the work to be carried out, such as grass cutting, hedge trimming and weed spraying of hardstanding.
HM Phone System	Specific to the Homeless Service properties. This is the annual cost of the pre-programmed telephones installed in these properties.
Ineligible Electricity	Cost of the personal electricity usage for residents of a particular block. Based on invoices we receive from the lowest contract we are able to obtain.
Ineligible Gas	Cost of the personal gas usage for residents of a particular block. Based on invoices we receive from the lowest contract we are able to obtain.
Ineligible Private Sewerage	Cost for customers attached to the sewerage plants that Coastline owns and maintains. These customers only pay SWW for their water usage as they pay the sewerage element to Coastline.
Ineligible TV Licence	TV licences for communal areas
Ineligible Water	Cost of the personal water and sewerage usage for residents of a particular block. Based on invoices we receive from the lowest contract we are able to obtain.
Ineligible Water & Sewerage	Cost of the personal water and sewerage usage for residents of a particular block. Based on invoices we receive from the lowest contract we are able to obtain.
Intensive Housing Management	The staffing costs incurred in the provision of this service.
Intensive Housing Management (Night)	Cost of providing Homeless Service staff on call at night.
Internal Painting	Sinking fund for the cyclical (usually 5 yearly) re-painting of internal communal areas.
Kitchen Replacement	Sinking fund for the eventual replacement of the communal kitchen.

Laundry	Costs of the provision and maintenance of communal laundry services. Includes hire of the machine as well as any repair costs.
Laundry Replacement	Sinking fund for the eventual replacement of the communal laundry equipment.
Lift Maintenance	Cost of the annual servicing and maintenance of communal lifts, including stair lifts. This also includes the lift phone line costs.
Lift Replacement	Sinking fund for replacement of the communal lift.
Maintenance Fee	Annual fee charged by the Management Company of a particular estate. This is similar to a service charge but is not controlled by Coastline; we do not set the charges.
Management Company	Annual fee charged by the Management Company of a particular estate. This is similar to a service charge but is not controlled by Coastline; we do not set the charges.
Management Company (Building)	Annual fee charged by the Management Company of a particular building. This is similar to a service charge but is not controlled by Coastline; we do not set the charges.
Night Security	Cost of the Night Security service provided to Miners Court and supported accommodation.
Out of Hours Service	Cost of providing the Coastline callout service.
Outdoor Furniture Replacement	Sinking fund for replacement of the outdoor furniture.
Parking and Path Replacement	Sinking fund for the eventual replacement of the communal paving and parking areas.
Parking and Road Replacement	Sinking fund for the eventual replacement of the communal parking areas and roads.
Parking Area Replacement	Sinking fund for the eventual replacement of the communal parking areas.
Path and Road Replacement	Sinking fund for the eventual replacement of the communal paving and roads.
Path Replacement	Sinking fund for the eventual replacement of the communal paving.
Patio Replacement	Sinking fund for the eventual replacement of the communal patio.
Play Equipment Maintenance	Servicing and maintenance costs for the play areas that Coastline is responsible for.
Play Equipment Replacement	Sinking fund for the eventual replacement of the communal play equipment.
Property Communications Appliance	The cost of the OK Each Day service.
Railings Replacement	Annual cost of maintenance of railings on an

	estate.
Road Replacement	Sinking fund for the eventual replacement of the communal roads.
Roller Door Replacement	Sinking fund for replacement of the communal roller door.
Roof Maintenance	Annual cost of maintenance of the roof of a block of flats.
Roof Replacement	Sinking fund for the eventual replacement of the roof of a block of flats.
Sewerage Plant Replacement	Sinking fund for the eventual replacement of the sewerage plant.
Solitare Phone	Specific to the Homeless Service properties. This is the annual cost of the pre-programmed telephones installed in these properties.
Sprinkler System Replacement	Sinking fund for the eventual replacement of the sprinkler system.
Street Lighting Electricity	Electricity costs for street lighting.
Street Lighting Maintenance	Maintenance costs for street lighting.
Street Lighting Replacement	Sinking fund for the eventual replacement of the streetlights on an estate.
Through Floor Lift Maintenance	Annual servicing and maintenance costs for Coastline-owned through floor lifts in individual customer's properties.
TV Aerial Maintenance	TV aerial maintenance costs for individual blocks/estates.
TV Aerial Replacement	Sinking fund for replacement of the communal TV aerial.
Wall Maintenance	Cost of the responsive repairs carried out to an estate wall each year.
Wall Repainting	Sinking fund to cover the semi-regular (usually 5 yearly) repainting works carried out to a wall.
Water	Cost of the water and sewerage usage for a particular block/property. This is based on the invoices we receive from South West Water.
Water & Sewerage	Cost of the water and sewerage usage for a particular block/property. This is based on the invoices we receive from South West Water.
Water Safety	Annual water safety (Legionella) testing costs.
Wheelie Bin Replacement	Sinking fund for replacement of the communal wheelie bins.
Window Replacement	Sinking fund for replacement of the communal windows.

Getting in touch

Visit our website

www.coastlinehousing.co.uk

My Coastline

Search the app store on Apple, Android and Amazon devices, or use the online portal at <https://coastline.microsoftcrmportals.com/>

To talk to us, please call

01209 200200

Relay UK

Dial 18001 before the number you're calling if you're deaf, hard of hearing or speech impaired.

Social media

We're on Facebook, Instagram, Threads and TikTok - search for Coastline Housing.

Our address

Coastline House
Barncoose Gateway Park
Pool
Redruth
TR15 3RQ

What3Words

Our reception entrance is located at [///helped.worth.grafted](https://www.what3words.com/h/helped.worth.grafted)

Our policies

Read our main policies on our website in the **about us** area.

Contact preferences

We'll ask you to review your contact preferences every year.

Other formats

If you would like any of our documents in a format such as audio or Braille, or a different language, please let us know.

Data Protection

As part of our values, we're open, honest and transparent. This includes how we look after the personal data we hold about you and your household. We only collect data for specific, lawful purposes. We endeavour to maintain your data as accurately as possible, and will safely delete or anonymise it, where appropriate, so it can't be linked to the original data subject. You can find out more about how we process your personal data on our website.

Service with respect

We're committed to putting our customers first, but we also need to ensure the safety and wellbeing of our employees. It is a condition of your lease, transfer, or tenancy that you don't threaten or abuse our employees or contractors either physically or verbally. This includes using bad language, or visiting our offices under the influence of alcohol or drugs.

Give us a compliment

We work hard to provide great services and get things right first time. If you think we've given you a great service then please tell us, so we know we're on the right track. Give us some brief details about what worked well and what you particularly liked. We always pass these on to colleagues.

If you have any thoughts about ways to improve this handbook for future customers, please email us: servicechargeteam@coastlinehousing.co.uk.