

# Service Charges Policy

A copy of this policy is available in larger print, on audio cassette, or if you would like someone to help you read or to explain it please contact Nick Pollard on 01546 604560

## **Service Charges Policy**

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#### **1. Introduction**

This policy aims to take into account Scottish Housing Regulator Performance Standard AS1.7, which states:

*We price the services to our tenants and recover costs in a fair and accountable manner.*

A service charge can be described as an enhanced housing management service to tenants and private owners, which will result in an additional charge over and above the monthly rental charge for the property. The policy will define how we apply service charges to our properties and manage the service that we provide.

We aim to ensure that in the implementation of this Policy we will comply with all the Associations equalities policies.

#### **2. Objectives**

##### **2.1 We aim to**

- Help tenants sustain their tenancies and communities by offering a range of enhanced housing management services.
- Provide an effective, efficient value for money enhanced housing management service, which meets the needs and aspirations of our tenants and private owners.
- Set service charges at a level that meets our costs of providing enhanced housing management services.
- Obtain competitive costs from contractors providing services to ensure value for money.
- Make sure service charges are affordable to the majority of tenants and private owners receiving the service.
- Maximise recovery of service charges and minimise arrears.
- Give advice and information about the enhanced services we provide and how costs are calculated.
- Be accountable at all times in the calculation and administration of service charges.
- Link our Service Charge Policy with other housing management and finance related policies, strategies and our annual budget setting process.

### Service Charges Policy

- Make sure our tenants are consulted on any proposed changes to service charge levels and the provision of the service and to link the review of service charges in with our annual review of our rents.
- Ensure close liaison between Housing and Neighbourhood Services, Investment and Regeneration and Finance and IT departments.
- Review our Policy based on outcomes from our tenants, private owners and other interested organisations annually.
- Make sure our tenants are satisfied with the services we provide to them.

### 3. Definition

- 3.1 We offer a high quality value for money enhanced housing management service to our tenants.
- 3.2 Enhanced housing management services are normally only provided to tenants who live in properties or developments with common ground or common areas e.g. stair landings within blocks of flats, common play areas.
- 3.3 Individual tenants may benefit from enhanced housing management services e.g. ground maintenance for elderly or disabled, elderly or disabled adaptations and community alarms.
- 3.4 We can provide a variety of enhanced housing management services to tenants, which will result in an additional charge over and above the monthly rental charge for the property or under a separate charge to private owners. These charges are known as service charges.
- 3.5 The most common type of enhanced housing management services that we may provide through a service charge includes (there may be many other services that we can provide if we are asked to):
  - Close cleaning/window cleaning.
  - Cleaning common close entrances, bins areas, car parks.
  - Common ground maintenance.
  - Common close lighting.
  - Door entry systems
  - Provision and maintenance of community alarms.
  - Ground maintenance for the elderly or infirm.
  - Cleaning industrial sized wheeled bins.
  - Maintaining communal play areas.
  - Servicing of chairlifts/hoists and other medical aids and adaptations

### **Service Charges Policy**

- 3.6 Private home owners should refer to the Factoring Policy in order to determine which services the Association can provide as part of factoring.

# Service Charges Policy

## 4. Applying Service Charges

### 4.1 Compulsory Service Charges are provided in new developments that have:

- Common stairwells and landings.
- Where all the residents are responsible for maintaining common ground.
- Unadopted common ground, which requires maintenance on behalf of the residents who live within that development.

### 4.2 We can provide non- compulsory (people can opt in or out of this service) enhanced housing management services to tenants and private owners, for example:

- Community alarms.

### 4.3 When we pre-allocate properties to applicants we will let people know if a service charge applies to the property and if it does:

- What it covers.
- Whether the charge is compulsory or not.
- How much the charge is?
- How we calculate the charge.
- Whether the charge is eligible for housing benefit.

### 4.4 A breakdown of service charges are always included within the Tenancy Agreement.

### 4.5 If we are asked to provide enhanced housing management services to an individual tenant or private owner or group of residents, we will respond back to the request within our stated communication timeframes.

## 5. Calculating Service Charges & Annual Review

### 5.1 Service charges are calculated in arrears based on the exact cost of providing the enhanced housing management service to tenants.

The calculation includes, for example:

- The initial cost of buying the item, cost of extended warranty (if appropriate) and an amount for replacing the item in 3 or 5 years time.
- The total contract cost for providing the service (e.g. ground maintenance, close cleaning) divided by the number of residents affected.
- The amount of money we have paid out in the previous year (normally September to October) based on the invoices we received from contractors or suppliers.

### Service Charges Policy

- An administration charge for providing the service based on our standard charge rates for factoring of 5% of the value of the charge.
- 5.2 Where we are providing furnished properties or white goods etc, we will liaise with the tenant over the items to be provided and when they should be replaced. Most furnishings or white goods are normally replaced every 5 years or in the case of supported accommodation every 3 years.
- 5.3 Once a service charge is calculated and added on to a property, the charges are then reviewed on an annual basis as part of our Rent Setting Process.
- 5.4 All contracts associated with the provision of enhanced housing management services will be issued in accordance with the Association's existing standing orders and financial regulations.
- 5.5 Existing stock transfer tenants are protected from the application of new service charges for a period of five years post transfer under the guarantee given to them, ie. November 2011. The Association will therefore not apply these charges retrospectively or to those tenants until that date has elapsed.
- 5.6 New tenancies created since stock transfer and the effective application date of this policy will be subject to the policy and charges will apply.
- 5.7 This policy will apply to all new homes developed since stock transfer.

### 6. Paying Service Charges

- 6.1 Service charges are charged weekly and are in addition to the weekly rent. Payment may be made as with rent at any time and at any frequency
- 6.2 We will monitor payment of service charges in accordance with our Rent Arrears Policy.
- 6.3 We will confirm to the Local Authority whether certain properties have service charges so that where appropriate tenants and private owners can claim housing benefit to cover all or some of their service charge costs.

### 7. Complaints Procedure

- 7.1 If a tenant is not satisfied with the service they have received as part of our Service Charge Policy or associated procedures, they can complain to us. A copy of our Complaint's Procedure is available from our offices or can be downloaded from our website. [www.acha.co.uk](http://www.acha.co.uk)

### 8. Data Protection Act 1998

- 8.1 When implementing our Service Charge Policy we will make sure we comply with the principles of the Act.

### 9. Tenant Involvement & Review of our Service

- 9.1 In line with our Tenant Participation Strategy we will:

## **Service Charges Policy**

- Consult tenants over any significant changes that we propose to make relating to this Policy.
  - Provide tenants with information and advice relating to this Policy.
- 9.2 Tenants, and Registered Tenant Organisations will be given the opportunity to provide comments on our service and any comments will be used to improve our enhanced housing management service and service charges.

### **10. Policy Review**

- 10.1 Our Service Charge Policy should be reviewed every three years.
- 10.2 The application of the policy and therefore the calculation of charges will be carried out each year as part of the rent setting policy of the Association.

<b>Policy Owner</b>	Finance & IT
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