

PO19 Service Charges Policy

Approval

Approved by Tenants' Forum	DATE 19 November 2009
Approved by Board	DATE 25 November 2009
Due for Review	DATE November 2012

Review undertaken

Resident involvement <i>As agreed with Residents' Forum</i>	Focus Groups 22 April 2009 & 06 Aug 2009
Equality Impact Assessment	March 2010
Other consultation	SMT

1. Scope of policy

This policy sets out Soha's position concerning the calculation and collection of service charges for our rented and leased properties. A service charge is a payment by a resident to meet the cost of communal services, repairs, improvements and other benefits, incurred both now and where planned for the future which are not covered by rent or ground rent.

2. Aim

- 2.1 Soha aims to recover all costs relating to communal services from the residents of those schemes and blocks in a fair and equitable way.
- 2.2 Soha aims to carry out the administration of the service charges to meet the requirements of current legislation and the Tenant Services Authority regulatory code.
- 2.3 We will apply our service charges policy consistently and fairly and will not discriminate against any person on grounds of their race, colour, ethnic or national origins, religion, sexual orientation, disability, gender, age or any other matter which may cause us to treat a person with injustice.

3. Policy Statement

Soha will:

- 3.1 Set annual variable service charges which recover the costs of all communal services provided to each block or scheme.
- 3.2 Calculate service charges in a transparent and open way, providing residents with clear, up to date information, statements, and accounts in line with their tenancy or licence agreement.
- 3.3 Manage the calculation and collection of service charges efficiently and in a cost effective way. We will aim to recover in full all direct and administration costs as part of the terms of any tenancy or lease agreement.
- 3.4 Consult with residents on the provision of services and all associated service charge costs in accordance with our policies and guides and in line with current legislation.

4. Implementation

General

- 4.1 Soha will charge for services, where they are provided, at the following properties:
 - Social Housing (General Needs, Sheltered and Supported)
 - Leaseholder (including Shared Owner and Shared Equity)
 - Other non-social housing
- 4.2 Soha aims to keep the cost of services as low as possible and aims to achieve best value for money. These aims are within the context of providing necessary levels of service as contracted with, or agreed by residents.

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- 4.3 Soha will provide its residents with clear information, which sets out the type of services provided, costs and standards. Information will include, but is not limited to:
- Service Charge statements showing how we calculate the amount
 - Descriptions of each service charge area, i.e. grounds maintenance or communal cleaning
 - Guidance booklets and leaflets on service charges
- 4.3 The services provided will be clearly identifiable to residents, and set out in tenancy or lease agreements. As well as ensuring that the service charges represent value for money, all services will be provided to quality levels as specified in our service standards. On request, or as a matter of course in respect of consultations, we will provide residents with information about individual service contracts in order that they may be aware of the levels, frequency and quality of services to expect.
- 4.4 Service charges are variable and will be set annually. We collect charges based on estimates for the financial year. Where actual costs incurred vary from the estimates, the difference will be carried forward and added to or deducted from the service charge account in the following year.
- 4.5 Payment may be made by any method normally accepted for rent accounts.
- 4.6 All service charge expenditure will be appropriately recorded in order that each service at each scheme or block can be separately identified and that costs charged to individual residents can be justified. Contracts, agreements, invoices and other costs will be authorised according to our financial regulations. Residents will be charged for services based on access not utilisation. We will provide reasonable facilities for residents to inspect and copy originals of accounts, invoices and receipts.
- 4.7 The costs of providing services will be apportioned fairly between residents, taking into account any specific and/or legal requirements of the tenancy or lease agreement.
- 4.8 Soha will aim to build and develop new homes, which have affordable, realistic and achievable service charges. We will design out where possible unnecessary chargeable services on new developments.

Leaseholders

- 4.9 Consultation over works, contracts and service standards will be made in accordance with The Handbook for Leaseholders and current legislation. Charges will be made in accordance with the above and the content of lease agreements.
- 4.10 Soha will instruct independent auditors to inspect the service charge accounts each year and a copy of the relevant certificate will be sent annually to each leaseholder.

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- 4.11 Annual service charges are payable by leaseholders in two instalments: July and January. Statements will be sent annually in July. To enhance the level of service provided Soha are willing to provide payment plans and spread installments; these would not normally exceed eight months.
 - 4.12 Statements for shared owners will be sent annually and payment will be collected on a monthly basis.
 - 4.13 Soha do not currently operate Sinking Funds. Our approach is that residents only pay for the improvements they receive. We may establish Sinking Funds in the future if it was deemed necessary; however residents would be consulted beforehand.
 - 4.14 Arrears will be dealt with by the Leasehold Services team. Failure to pay is a breach of the lease and may result in court action which could lead to Soha taking back the lease.

Social Housing

- 4.15 Consultation over works, contracts and service standards will be made in accordance with The Resident's Handbook. Charges will be made in accordance with the above and the content of tenancy agreements.
- 4.16 The service charge will be calculated over the year 1 April to 31 March ("the financial year"). Statements will be sent by the end of August and payment will be collected from the first Monday of October. The annual charge will be collected at the same frequency as the rent e.g. weekly.
- 4.17 Arrears will be dealt with under the Arrears Policy PO07.

5. Resident Involvement

- 5.1 Soha Housing is committed to involving and consulting residents and so will provide every opportunity for them to be part of the decision making process in assessing service charge standards and costs ensuring best value and quality services are achieved on all of our estates.
- 5.2 It is our intention to involve residents at the planning stages of all significant projects that involve procurement of works or services that have a significant impact on their service charges.

6. Appeals

- 6.1 Payment of service charges is compulsory. However, if the resident reasonably believes that the service charge is incorrect the matter will be investigated and any necessary amendment credited to their account.
- 6.2 If a Leaseholder dispute cannot be resolved both parties can agree to use the mediation service operated by the Leasehold Advisory Service.

7. Responsibility

The Director of Finance and Resources is responsible for the effective implementation of this policy.

8. Monitoring and review

- 8.1 Soha monitors service charges to ensure they are affordable to households on low incomes.
- 8.2 Soha will survey new and existing residents and use this information to evaluate customer satisfaction with the service charges process. We will report this to the Tenants' Forum.
- 8.3 Soha will review this policy in 2012 (subject to any legislation or sector developments requiring earlier review) to ensure that it continues to meet its objectives and reflects good practice and statutory requirements.

9. Context

Rents Act 1977

Housing Finance Act 1972

Landlord & Tenant Act 1987

Housing Act (Right to Buy Service Charge Management) 1985

Housing Act (Assured Tenancies) 1988

Commonhold and Leasehold Reform Act 2002

Housing Corporation Circular – 04/08 Rents, rent differentials and service charges for housing associations.

Housing Corporation Good Practice Guide. March 2007

Arrears Policy PO07

Access to Personal Information Policy PO11

Estates and Communal Areas Policy PO29

Service Charges – Guide for Leaseholders

Service Charges – Guide for New Shared Owners

Service Charges – Guide for Home Owners

Service Charges leaflet within the Resident's Handbook

The Handbook for Leaseholders