

Policy Name	Service Charges
Policy Category	Asset Management
Policy Number	AM006
Officer Responsible	Chief Executive
Date to Board of Management	November 2022
Next Review Date	November 2027

1.0 Introduction

- 1.1 Lochaber Housing Association aims to provide a high quality housing service. In order to achieve this, it is sometimes necessary to provide additional services over and above those included in the standard housing management and maintenance service. These additional services incur an additional cost not met by our core pooled rent revenues. Such charges are known as *service charges*.
- 1.2 As a Registered Social Landlord, the Association aims to operate its rent and service charge policies which result in charges which are **equitable** and **consistent**, and provide good **value** for money.
- 1.3 In determining this Service Charge Policy, the Association has had regard to the objectives and financial requirements of the Business Plan, including the 5 year and 30 year financial projections, and the responsibility of the Board of Management to maintain the financial viability of the Association
- 1.4 This policy deals solely with the setting and recovery of service charges. However, the relationship to rent-setting is such that it should be read in conjunction with the Association's rent policy, which deals with the setting of the Association's rental charges.

2.0 Risk Management

- 2.1 By having a written policy to define what our service charges cover and how they will be set, the Association is able to ensure that:
- all service charges represent value for money, based on high standards and current good practice;
 - the charges set provide sufficient resources for the Association to provide good quality services and to cover the costs associated with them the method used to set and calculate service charges is transparent and fair
 - new tenants are informed of any service charge before they sign a tenancy agreement; and

- tenants are provided with the opportunity to be involved in setting and reviewing service standards, and in decisions on any alterations to the charges.

3.0 Setting Service Charges

- 3.1 The Association will only make a service charge where the costs of the services or amenities are not covered by the rent.
- 3.2 Service charges are non-profit making, and are based on actual (or projected) costs for the range of services provided for a property. Items that can incur a service charge are detailed at Appendix 1.
- 3.2 Service charges will vary depending on the services relevant to individual developments and properties. A list of relevant charges will be included in the individual tenancy agreement. The charges currently operated by the Association are included at **Appendix 1**. Charges may be removed or introduced in the future following appropriate consultation with tenants.
- 3.3 As part of the annual rent review, service charges will be set by determining actual costs for the previous year, taking into account any accrued surplus/deficit. Where it is not possible to determine actual costs, projected costs will be calculated taking historical costs, then adding to this inflation plus any anticipated changes in costs or services for the year ahead. Costs may increase or decrease depending on costs, specification and any procurement savings made.
- 3.4 An exception to this will be where there is a septic tank and/or a private water supply, and the tenant is exempt from an element of Council Tax on that basis. Where this is the case, the Association's service charge will be the equivalent of the Council Tax exemption for that property, without regard to any single person discount. This is to ensure that properties in rural locations without mains water/sewage are not unduly disadvantaged by this policy.
- 3.5 Service charges will normally be apportioned by splitting the cost of each service evenly between the number of properties in the development where the service is applicable. Adjustments may be made in exceptional circumstances to reflect specific development and design.
- 3.6 An administration fee will be added to cover our costs of ensuring provision and of administering the service.
- 3.7 The Association will not implement a service charge that is not specified on the tenancy agreement without the prior agreement of the tenant(s) unless this is being introduced as a result of a housing management issue (for example, stair cleaning) and following consultation with the relevant residents.

4.0 Information and Consultation

- 4.1 We will provide each tenant with a breakdown of their charges to show the rent they will pay for their home, and where applicable, any service charges at the start of their tenancy and at each annual review, and at any time on request.
- 4.2 Following any review of the service charges (see 4.1), we will provide tenants with a schedule of their reviewed service charges at least one month prior to the implementation of any change.
- 4.3 When we offer a property to an applicant, we will detail any service charges applicable in addition to the appropriate rent in the offer letter to the applicant. This information will also be noted in the tenancy agreement.
- 4.4 Tenants will be consulted before the introduction of any new services or changes to existing services, including the scope and likely costs of the service. Tenants will also be consulted before the removal of any service, should such a removal be proposed by either residents or the Association.
- 4.5 Wherever practicable tenant representatives will also be included in the appointment of contractors.

5.0 Quality of Service

- 5.1 Customer satisfaction with the standard and overall value for money of the services provided will be actively sought and considered by the Association.
- 5.2 Staff will monitor the quality of service through regular inspections, contractor reports and customer feedback. Customers' views will be gathered through a variety of different means, including satisfaction surveys, registered tenant organisations, local surgeries and the Association's newsletter.
- 5.3 Where a tender is due for renewal, we will seek new tenders in accordance with our procurement policy.

6.0 Recovery of Service Charges

- 6.1 Tenants are required to pay service charges as a condition of their Scottish Secure Tenancy agreement, or Short Scottish Secure Tenancy agreement. Charges will be collected together with rent. Non-payment will result in our rent arrears policy being applied.

7.0 Comments and Complaints

- 7.1 We will aim to respond to queries raised by tenants regarding their service charges within 10 working days.
- 7.2 We will deal with complaints about service charges in accordance with our complaints procedures.

8.0 Equalities Impact

- 8.1 The Association is committed to promoting positive measures that eliminate all forms of unlawful or unfair discrimination on the grounds of age, disability, gender reassignment, marriage & civil partnership, pregnancy & maternity, race, religion or belief, sex, sexual orientation. Our aim as landlord, service provider and employer is to recognise the needs of all individuals, and ensure these commitments are evident throughout every aspect of our business and our activities.
- 8.2 The Association assesses and reviews where appropriate new and revised policies and procedures, and an Impact Assessment is attached to support this policy.

**Appendix 1
APPORTIONMENT OF PROPERTY COSTS TO RENT OR SERVICE CHARGES**

SERVICE / AMENITY	RENT Core Services	SERVICE Communal Utilities	SERVICE Communal Services	SERVICE Accommodation Specific	SERVICE Admin Charges
Common areas Stair cleaning			X		X
Common areas Bin cleaning			X		X
Common Window cleaning			X		X
Common Heating and Lighting				X	X
Bike Storage			X		X
Telephone Line rental		X			X
Security Lighting & CCTV		X			X
Unadopted roads and footpaths	X				
Oil/Electric Boiler servicing	X				
Grounds maintenance			X		X
Chimney Cleaning and inspections	X				
General servicing costs	X				
Specialised equipment	X				
Septic Tank/Private Water Supply			X		X
Wood Pellet Stoves Servicing	X			X	
Air Source Heat Pump/NIBE Heating Servicing	X				
White goods and furniture				Only in exceptional cases	X
Electrical Tests	X				
PAT Tests	X				
Major Repairs and Renewals	X				
Loan Charges	X				
Voids and Bad Debts	X				
Insurance	X				
Overheads and Administration	X				

Reserves

X