

policy

service charges

Responsible Officer:	Director of Income & Customer Services
Approved:	May 2018
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Regulatory Standard:	Rent standard
Scope:	Group Wide



Service Charges Policy

1.0 Introduction

1.1 Incommunities is a not-for-profit organisation that seeks to improve the lives of significant numbers of people in our areas of operation. Services in homes where customers live allow us to enhance the quality of lives of customers but also helps protect investment in our homes and neighbourhoods. This policy seeks to outline the approach we take to the delivery of charged services.

2.0 Statement of Intent

2.1 Incommunities aims to give our customers, residents and stakeholders clear guidance about the services they can expect to receive and how costs of those services are calculated. All Incommunities HA & Sadeh Lok leaseholder services are defined as variable service charges so charges raised reflect the cost of service delivery.

2.2 Incommunities Group aims to ensure our customers, residents and stakeholders have a clear understanding of how they can change the services they are receiving or want to receive from us.

2.3 Incommunities Group will ensure that the costs of services provided are affordable for customers and consideration will be given to the total cost of renting a home compared to local market alternatives.

2.4 Wherever possible Incommunities Group will not pool costs and as a consequence ensure customers pay for the services they receive.

2.5 Incommunities Group aims to ensure all customers pay their fair proportion of costs for services they receive.

2.6 Incommunities will comply with the legislative regime controlling the imposition of service charges.

3.0 Policy

- 3.1 The total weekly payment our customers make for their homes is made of two elements:
- Basic Rent – The payment our customers make to Incommunities for the management and maintenance of their home.
 - Service Charges – The cost of services provided by Incommunities which are above and beyond the management and maintenance of the home covered within the rent.
- 3.2 A variable service charges occurs where the landlord sets an estimated charge at the beginning of the financial year, and then produces a final account once the year is complete. The final account compares our actual costs in delivering services to a property against the estimate that we set, and may result in a credit back or an additional amount due from the customer. All Incommunities HA assured tenants and leaseholders pay a variable service charge. Charges are raised over a 48-week period for Assured tenants and as per the lease agreement for others.
- 3.3 A fixed Service charge is where the landlord fixes the charges at the start of the financial year according to their own estimates or costs. If the landlord's estimate is too low, then the landlord has to make up the shortfall. On the other hand, if the estimate is too high, the landlord keeps the surplus money. Most Sadeh Lok assured tenants pay a fixed service charge.
- 3.4 Where a variable charge mechanism is in place Incommunities will monitor service charge costs and advise customers at any point throughout the year of any significant variances on actual costs compared to our estimated costs.
- 3.5 Where a variable charge mechanism is in place Incommunities will issue an annual statement to every customer outlining the proposed cost of the service charges for the year ahead. Where there is a variable mechanism in place we will show any surplus or deficit adjustments that have been made to an account.

- 3.6 Where customers terminate their tenancy, any surplus or deficit adjustment from the previous years variable charge will be carried into the next tenancy at the property (this is the property they have left). Refunds will not be given to customers upon termination where the charges paid exceed costs. Incommunities will not seek to recover deficits from customers who terminate where costs exceed charges.
- 3.7 If we change the level of service given to a customer a new cost will be calculated and an adjustment be made to the charge levied at the point the service changes. This will follow consultation with customers.
- 3.8 Incommunities will fully comply with the legislative regime controlling the imposition of service charges. Firstly, Incommunities will limit the amount of any charge raised to costs which have been reasonably incurred. This is contained within the Landlord & Tenant Act 1985 Section 19 which states relevant costs shall be taken into account in determining the amount of a service charge payable:
- a) only to the extent that they are reasonably incurred
 - b) only if the services or works are of a reasonable standard.
- Secondly, Incommunities have an obligation for extensive consultation with tenants before major works or long term contracts are entered into. The regime is contained in the Landlord and Tenant Act 1985 Sections 18 to 30 (as amended) and Service Charges (Consultation Requirements) Regs 2003.
- 3.9 Incommunities may choose not to pass all costs to customers immediately if an annual increase in the individual charge to a customer is deemed as excessive. If this is the case Incommunities will phase in the increase over a time period.
- 3.10 Incommunities aim to provide services in as cost effective way as possible, balancing price with quality and reliability. To this end Incommunities aim to use various mechanisms such as feedback, inspection, and benchmarking to judge the value for money of services.

4.0 Consultation and Governance Arrangements

4.1 All customers will be consulted in respect of the services being delivered to their home. The following groups will be consulted, as appropriate, when any new service is introduced or when service provision is reviewed.

Group	When Incommunities will consult	How Incommunities will consult
Customers affected by the service charge or any proposed changes	When Incommunities propose a change in the local level of service provision or introduce new services to customers at their home. When Incommunities propose procurement of new external service charge contracts.	Individually with customers. Confirmation in writing. Annually by issuing statements.
Leasehold customers affected by major communal building works.	Prior to commencement of works and in line with relevant legislation.	Individually with customers.
The Housing Association (Common) Board	When Incommunities propose procurement of new external service charge contracts and the financial regulations require such consultation / approval.	Board meeting.

5.0 Identifying Charges

5.1 The services which are provided by Incommunities, for which Service Charges are applied, are listed at Appendix 1. This list may be added to subject to agreement with customers.

- 5.2 Incommunities intensive support schemes raise service charges which are specific to that accommodation or management type and some elements may not be covered in Appendix 1. These are agreed with customers at the inception of a tenancy and allow us to provide additional support to vulnerable customers.
- 5.3 Customers living within designated elderly persons supported accommodation are responsible for the payment of the costs associated with “supporting people” services.
- 5.4 The policy applies to existing service charges and new services which are introduced at the request of our customers. Where customers are consulted about a service within a block or specific area of benefit, Incommunities will implement the provision of new services where a majority of the residents express a wish to receive the service.
- 5.5 Where appropriate charges will be raised for the provision of disabled persons adaptations to ensure the maintenance of such equipment and a contribution towards eventual replacement where there is a realistic chance of this being required.
- 5.6 Wherever possible Incommunities will work with the local authority to ensure our customers do not pay for services that should be paid for out of Council Tax or other local authority funding. However, there may be occasions where our customers would like a service that supplements those the local authority provides.
- 5.7 Incommunities charge a management fee covering the administration and management of services, the maximum fee that can be charged is 15% and the % charged will be reviewed as part of the annual rent uplift.
- 5.8 Incommunities may charge depreciation for service chargeable elements that will require replacement over time such as lifts, door entry systems etc.
- 5.9 Incommunities will ensure service charges are eligible for housing support cost under appropriate benefit regulations or other funding stream unless customers request services that are ineligible and are fully consulted of the consequences of non-eligibility for support.

6.0 Service Charges in Respect of Repairs/Improvements

- 6.1 With the agreement of leaseholders, Incommunities will levy the charges in respect of any repairs or improvements within 3 months of the works being completed.
- 6.2 Leaseholders who are unable to meet the cost of service charges in respect of repairs or improvements will be encouraged to seek independent financial assistance. If a leaseholder is unable to secure a loan by these means Incommunities, acting as Lender of Last Resort, can offer the following:
- Interest-free instalments over 12 months on Direct Debit
 - Discretionary Loan Repayable on Assignment – the debt is registered as a charge on the property and repaid when the property is sold or transferred.
- 6.3 Where improvements are carried out to parts of a building or an estate and service charge regulation allow these charges to be passed on to tenants or leaseholders Incommunities will consult in accordance with guidelines and make provision for recharge by either:
- Calculating the cost of the investment and depreciating the cost over the lifetime of the product
 - Raising a sinking fund levy in anticipation of future investments.

7.0 Performance Management

- 7.1 The following performance measures will help us monitor this policy:
- Percentage of rent collected
 - Service charge recovery calculations
 - Benchmarking costs of service against other registered providers
 - Customer satisfaction feedback

8.0 Publicising the Policy

8.1 Incommunities will publicise the policy to customers and leaseholders in a number of ways:

- Tenant Handbook
- Service standard leaflets, outlining the levels of service
- Tenant newsletter
- Website

9.0 Service Standards

9.1 Our housing management system will record the individual type of service relevant to each property and the current cost of provision of that service. Each rent increase notification sent to customers will indicate the total amount payable in respect of service charges and how those charges were calculated. Alongside this will be a clear statement outlining the levels of service that will be provided. Incommunities will be able to provide a more detailed breakdown to the customer if requested.

9.2 Customers allocated properties will be advised prior to the start of the tenancy what services are applicable and the level of any charge. All service charges will be written into the tenancy agreement.

9.3 The service standards for service delivery will be publicised and service area managers will be responsible for ensuring satisfaction levels with service delivery are monitored.

10.0 Review

10.1 This policy will be reviewed when any legislative or regulatory reform requires us to do so or every two years from the date of policy introduction.

Appendix 1

Service charge notes

note	Service charge	description
1	Adaptations	The cost of the provision of adaptations to your home including depreciation.
2a	Alarm & Equipment Maintenance	The cost relating to the maintenance and testing of smoke and fire alarms including those within Trustcare units.
2b	Alarm & Equipment Maintenance	The cost relating to the maintenance and testing of smoke and fire alarms and the provision of fire hydrants and extinguishers.
2c	Alarm & Equipment Maintenance	The cost relating to the maintenance and testing of smoke and fire alarms including those within Trustcare units and the provision of fire hydrants and extinguishers where appropriate.
3	Section 106 Management Charge	The cost charged to Incommunities by the site owner for services delivered within the confines of the new estate.
4	Caretaker & Cleaning	The cost relating to the cleaning carried out to internal communal areas around your home. The costs include wages, materials and depreciation of equipment.
5	Communal Door Intercom	The cost relating to the provision and maintenance of the communal door intercom to your home.
6	Communal Furniture	The cost relating to the provision, cleaning and maintenance of furniture in the communal areas of your scheme.
7	Communal Door Entry	The cost relating to the provision and maintenance of the communal door to your home.
8	Communal Lighting	The cost relating to the provision and maintenance of the light fittings in the communal areas around your home (including external doorways and footpaths) and communal electricity where applicable.

9	Concierge	The cost of providing a 24-hour concierge service to your block. These costs are apportioned equally between all dwellings that benefit from this service and include the provision and maintenance of all CCTV equipment, office costs, staff salaries, employers national insurance and pension contributions.
10	Furniture	The cost relating to the provision of the furniture within your home based on depreciation.
11	Grounds Maintenance	The cost relating to the provision of maintaining land around the neighbourhood where you live. If your home sits in communal grounds Incommunities maintain the land immediately around your home.
12	Heating Management	The cost relating to the administration and management of the maintenance contract for the heating within your home.
13	Intensive Housing Management	The cost relating to the provision of your intensive housing management service.
14	Laundry	The cost relating to the provision and maintenance of laundry equipment within your scheme.
15	TV Aerial Maintenance	The cost relating to the provision and maintenance of the communal TV aerial serving your home.
16	Scheme Co-ordinator Charge	The cost of the Scheme Co-ordinator includes salary, employers national insurance, pension contributions and management office costs.
17	Water	The cost relating to the water provision to the communal facilities within your scheme.
18	Management Charge	The cost of providing the services comprised in this schedule. This is calculated at 5% of the total cost of service charges with a minimum of 35p.
19	Heating	The cost relating to the provision of internal heating and hot water to your home.
20	Communal Heating	The cost relating to the provision of heating to the communal areas of your scheme.