

SERVICE CHARGE POLICY



POLICY STATEMENT:

The purpose of this policy is :-

Part of our key strategic aims at Albyn Housing Society is to build and maintain quality, affordable housing, as well as delivering good value for money in rent and other charges. Whilst meeting all the relevant Scottish Housing Quality Standards.

Albyn recognises the need to maximise rental income, by levying a service charge for those items not covered by the rental charge.

This policy will be implemented to provide a strategic framework, whilst ensuring at all times Albyn Housing Society is a financially viable and sustainable organisation and aims:

- To define the services covered by service charges; how they are calculated and how we inform the customers of their liabilities.
- To develop a consistent approach to setting fair and reasonable service charges that provide value for money and that comply with Tenancy Agreement terms and conditions, and with current legislation.
- To deliver quality services that are cost efficient, user friendly and transparent.
- To comply with statute, case law, guidance and best practice issued by the regulator.
- To give equal priority to collecting service charges as rent.

This policy has been developed to ensure Albyn Housing Society complies with current legislation, regulatory expectations and good practice, and will be subject to ongoing review.

SCOPE:

A service charge is a payment made by a customer towards the cost of providing and maintaining services and benefits to them beyond the benefit of enjoying the occupation of their own home.

The general principle of service charges is that they should cover the operational costs of providing and replacing them.

The Scottish Government, through the Social Housing Charter sets the outcomes it expects Albyn Housing Society to achieve for its customers.

The following key “Charter” outcomes are relevant to setting service charges:

- **Value for money-** *Tenants, owners and other customers receive services that continually improve value for the charges they pay.*
- **Affordability-** *A balance is struck between the level of services provided, the cost of the services provided and how far current and prospective tenants and customers can afford them.*
- **Rents and Service Charges-** *Social landlords sets rents and service charges in consultation with their customers. Therefore, providing clear information on how their rent and money is spent including details of any individual items of expenditure above thresholds agreed between landlords and tenants.*

KEY STAFF RESPONSIBILITIES:

Overall Responsibility :

- **The Board**
The Board is responsible for agreeing the level of increase in rents and service charges. and monitoring its implementation.
- **Leadership Team**
Leadership is responsible for agreeing the policy and ensuring that the Board’s decisions are implemented in accordance with legislative and regulatory requirements.
- **Staff**
Ensure that Policy decision and procedures are followed.
Any queries from customers are dealt with in a timely manner.
- **Specific Responsibilities**
Ensure that Policy decision and procedures are followed. Any queries from Customers are dealt with in a timely manner.

APPROACH AND METHOD

Service Charges

- A service charge reflects the cost of additional services which may not be provided to every customer, or which may relate to communal areas. The range of services provided depends upon the nature of each particular property. Customers will only be charged for the services they are able to receive. The cost of these services will therefore be apportioned accordingly to all customers able to access the service with no provision for customers to opt out of any service provision / charge. Any offers of accommodation will clearly identify charges attached to the property and the amounts involved.
- Service charges are set giving consideration to eligible services for Housing Benefit /Universal Credit and within reasonable parameters of affordability
- Where a new service is to be introduced or where it is proposed to significantly alter an existing service, Albyn will consult with those affected using established consultation methods and provide 28 days notice of the changes.
- Service charge budgets will be based on estimated costs for the year, or actual costs where known and reviewed periodically at least every 3 years, or sooner if significant changes take place. We may also review service specifications and benchmark our charges and tender services from time to time to ensure continuing best value.
- A Service Charge Review was implemented in 2018 to achieve a more equitable approach. Albyn Housing Society in consultation with tenants agreed a “3-year commitment” to cap service charges at 10% of the rent of the property. In some cases service charges were not meeting actual costs of providing the services. In these cases the relevant charges were brought into line with actual costs. The “Review” provided a fair mechanism for customers to incrementally pay on an annual basis initially no more than £5.00 per month per annum. Increasing by £5.00 per month annually until the correct level of charge has been achieved.
- On developments whereby Albyn is reliant on an External Factor to provide services, we do not set these service charge costs. These charges are directly passed onto the customer. We will monitor these services for quality and affordability.
- Albyn will provide each customer with an annual statement clearly setting out the breakdown of charges and will collect this alongside the rent as one payment, depending on whether the rent is paid weekly, fortnightly or monthly. This statement will include the costs of any items which are eligible for service charges .
- We will use the basis of the property Factoring (Scotland) Act 2012, when appropriate to do so to improve our services.

Replacement Costs (provisions)

- Where Albyn anticipates that it must meet the costs of eventual replacement of an item it will make a charge for that purpose. The charges will be recovered on an annual basis based on the total costs of replacement and the anticipated lifespan of the item.

New Developments

- We will assess that the associated cost of service charges are affordable when considering new development opportunities.

Collection and Administration

- Albyn Housing Society contract their Factoring service to Highland Residential Inverness.(HRI). HRI procure and manage the contractors/suppliers on our behalf. HRI and Albyn Housing Society will also monitor these. However, this does not replace Albyn’s responsibilities to ensure a quality service is delivered, nor replace the direct relationship between our customers and Albyn. Albyn Housing Society in line with other Registered Social Landlords applies an administration charge to meet the actual costs incurred by Albyn in providing the service.

RELEVANT KEY LEGISLATION AND RELATED DOCUMENTS: (not limited to)

Legislation	Relevant Documents
Rent Act (Scotland) 1984 The Housing Act 1987, 2001,2010 & 2014 Welfare Reform Act 2012 Data Protection Act 1998 Debt Arrangement & Attachment (Scotland) Act 2002	The Scottish Social Housing Charter SFHA guide - service charges Rent Setting policy Debt Prevention & Recovery Policy Complaints Policy DWP Universal Credit Service Charge Guidance for Landlords

EIA – EQUALITY IMPACT ASSESSMENT:

As this policy will be implemented in a consistent manner in all cases, an initial assessment concluded there would be no disadvantage to any particular group. Therefore, there is no requirement for a full EIA.

Guidance Section

This Policy is linked to the relevant strategy/Values		
Service origin	Finance	
Policy Owner	Robin Nairn	
Risk map reference?		
Tenant Consultation required and completed	Yes	Completed 5/4/2019
Staff Consultation required	No	
EIA date completed	27th Feb 2019	Summary Assessment
Date Board approval	12th March 2019	
Date of next review	2021	

Version Control

Version	Date	Author	Status	Comments
0.3	4/3/2019	MMC	Draft	Sent to LT for feedback
	12/3/2019		<u>Approved</u>	