

SERVICE CHARGES POLICY

1.0 INTRODUCTION

- 1.1 This policy describes the range of services for which we will make a separate charge to tenants, and how each charge will be calculated and communicated.
- 1.2 We will only make a service charge where it is necessary to do so, i.e. where the cost of the item is not covered by the rent charge.
- 1.3 This policy does not cover charges for the provision of furniture (see the [Furniture policy](#) and [procedure](#)). The current items for which a service charge is made are listed in Appendix 1A.
- 1.4 In setting and applying service charges we will ensure that we treat all tenants in the same way, in accordance with our Equality and Diversity policy.
- 1.5 This policy is supported by detailed procedures. It complies with all current legislative and regulatory requirements, including the standards and outcomes set out in the Scottish Housing Charter which Social Landlords aim to achieve when performing their housing activities:

13. Value for Money – Social landlords manage all aspects of their business so that tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay.

This standard covers the efficient and effective management of services. It includes getting value out of the contracts and giving better value for money by increasing quality of services with minimum extra cost to tenants, owners and other customers.

14 and 15. Rent and Service Charges – Social landlords set rent and service charges in consultation with their tenants and customers so that a balance is struck between the level of services provided, the cost of services, and how far current and prospective tenants and other customers can afford them.

2.0 CONTRACTS

- 2.1 Where we provide a service through a contract, we will carry out regular re-tendering exercises, or where appropriate renegotiate existing contracts and/or enter into partnering arrangements, to ensure that we continue to receive value for money.

3.0 CALCULATING SERVICE CHARGES

- 3.1 Service charges will be based on the actual cost of the service to ARK, plus a charge to cover our administrative costs in providing the service. The administration charge is currently 10% of the actual cost of the service.
- 3.2 Where the same service is shared by several tenants, such as communal landscaping or stair cleaning, each tenant will pay an equal share of the cost.

- 3.3 Where necessary, the service charge may cover not only the running costs of a service but also other elements such as depreciation, to pay for or contribute towards the replacement of an item such as a lift.
- 3.4 Where the frequency of changes to charges is controlled by ARK, e.g. through an annual contract, service charges to tenants will be reviewed annually, normally at the same time as the annual review of rents.
- 3.5 Where changes to costs are outwith ARK's control, e.g. stair lighting or communal heating, service charges will be reviewed and may be changed as often as required throughout each year, subject to the need to give the tenants concerned at least 28 days notice of any change to a service charge (see section 1.8 of the Scottish Secure Tenancy Agreement, section 1.7 of the Occupancy Agreement or section 5 of the Assured Tenancy Agreement).

4.0 HOUSING BENEFIT ELIGIBILITY

- 4.1 The Department of Work and Pensions issue guidance on the types of service charges that are eligible for housing benefit (see Appendix 1B for examples of the types of charges that may be ineligible for benefit). While a charge may be eligible, the amount may however be deemed 'excessive' for the quality and frequency of service being provided.
- 4.2 As decisions on the housing benefit eligibility of a specific service charge, or whether a charge may be excessive, are made locally rather than nationally, we will ensure that we discuss any proposed new service charge with the relevant local Benefits Section before it is introduced.

5.0 COMMUNICATING SERVICE CHARGES

- 5.1 An applicant will be advised of the service charges applicable to the property at the time of the pre-allocation viewing. Details of the service charges will also be listed in the formal offer letter to the applicant.
- 5.2 As part of the annual consultation exercise on rent increases, tenants will also be consulted on any proposed changes to service charges.
- 5.3 The annual letter to tenants advising them of their new rent charge for the following year will include a schedule of relevant service charges.

6.0 APPEALS & COMPLAINTS

- 6.1 If a tenant is unhappy with the charge we are proposing, they will have the right to appeal against this charge. The appeal should be submitted in writing, with reasons. An appeal will be considered by the Head of Housing Services, who will acknowledge receipt and then respond within 14 days.
- 6.2 If a tenant is not satisfied with the response to an appeal, or if they wish to make any other complaint about service charges or the services themselves, they will be asked to submit their complaint in accordance with our Comments and Complaints policy.
- 6.3 If a complainant remains dissatisfied with the way we have dealt with their complaint they will have the right to take the matter up with the Scottish Public Services Ombudsman.

7.0 IMPLEMENTATION AND REVIEW

- 7.1 The Head of Housing Services is responsible for ensuring that this policy is implemented, and that all relevant costs incurred by ARK are recovered through service charges.
- 7.2 The Head of Housing Services will ensure that this policy is reviewed at least every three years by the Finance Sub-Committee.

Approved by the SLT:

September 2017

Approved by the Board of Management

October 2017

Review of policy due by:

March 2020

Complies with:

SSHC Outcome 13, 14 & 15

A) CURRENT SERVICES FOR WHICH SEPARATE CHARGES ARE MADE

Communal landscaping

Communal Stair cleaning

Communal Stair lighting (where ARK is charged by a 3rd party)

Heating (where provided from a communal boiler and for communal areas only)

Lift insurance and maintenance (Stenhouse/Southhouse only)

Factoring charge (where the property is part of an estate subject to a Factoring charge levied by a 3rd party)

Houses in Multiple Occupation (HMO) Licence fee

Servicing of specialist equipment (where provided in individual homes)

Core & Cluster charge

Intensive Housing Management Charges

B) EXAMPLES OF SERVICES WHICH ARE NOT ELIGIBLE FOR HOUSING BENEFIT

Meals or groceries

Personal laundry (but a charge for the use of laundry facilities is eligible)

Cleaning of rooms and windows (other than communal areas) – but a charge may be eligible if neither the tenant or any household member is capable of carrying this out

Transport

Leisure items such as recreation facilities (but charges for maintaining children's play areas are allowed)

Television rental and licence fee (but the cost of TV and radio relay may be allowed)

Community alarms

Gardening where the area is not communal