

Loreburn Group

Service Charge Policy



Creating Great Places to Live

Policy	Service Charge Policy								
Version Reference	2								
Approved by	MC	X		LET			MT		
Date of Approval	August 2021								
Review Period	Every 3 Years or as legislation or substantive changes occur								
Review Due	August 2024								
Policy Champion	Director of Finance & Corporate Services								
Who this policy affects	Staff	x	Customers	x	Contractors		Members of the Public		
	Other Organisations leasing properties from LHA								x
Where this policy affects	General needs	x	Later Living	x	Supported	x	Offices/staff base (leased to others only)	x	

1. Purpose of this Policy

- 1.1 Loreburn is committed to delivering high quality services that are cost efficient and transparent across all tenures, including rented accommodation, shared ownership and leasehold. This policy sets out a framework for the introduction and review of Service Charges, ensuring fairness and value for money for its customers whilst ensuring sufficient income is received to meet Loreburn's financial obligations in providing services.
- 1.2 Loreburn will ensure the services it provides comply with statutory requirements and relevant case law as well as guidance and best practice issued by the Scottish Housing Regulator
- 1.3 This policy is supported by the Service Charge Procedural Guide

2. Aims & Outcomes of this Policy

- 2.1 To ensure Loreburn's approach to service charges is clearly defined.
- 2.2 To ensure service charges are set at a level to ensure the Association has sufficient income to meet the cost of providing services whilst not generating any additional income.
- 2.3 To ensure customers are consulted on any proposed changes to services being provided and the service charges fixed.
- 2.4 To ensure Loreburn can evidence how service charges are calculated including how income has met the costs of services being provided in any preceding period.

3. Services Provided & Service Charge Timetable

- 3.1 Service charges are payments made by tenants, sharing owners and leaseholders of any commercial space (hereinafter referred to as customers) for services provided by Loreburn in respect of the day to day running costs of developments. This typically includes common parts of a building or development and for external communal areas of a development. Charges may also exist for additional services received within individual tenancies (e.g. Integral appliances or specialist equipment) and for staffing provision within developments.
- 3.2 Service charges are applied in accordance with tenancy, occupancy or lease agreements. In addition, Loreburn will apply an administration charge to cover the costs incurred in arranging, managing and administering services and charges.
- 3.3 Service charges are variable, increasing and decreasing at each review depending upon the costs incurred and the income received.
- 3.4 Appendix A lists all services where a service charge may be applied.
- 3.5 The service charge year runs from April to March. The Service Charge Procedural Guide sets out the detailed mechanism for the calculation and review of charges.

- 3.6 Customers are issued with a schedule of reviewed service charges in November of each year. This information is provided as part of the Association's annual rent consultation.
- 3.7 Only in exceptional circumstances will service charges be reviewed at other times during the year and at all times in accordance with the requirements of tenancy or lease agreements.

4. Cost Recovery & Calculation of Service Charges

- 4.1 Service charges are calculated at a level sufficient to recover the actual or estimated costs of the service provision and any associated indirect costs. Costs are apportioned in a reasonable manner between those properties receiving the services. Where actual costs result in a shortfall in recovery or an over recovery of costs in any charging year, the charges for the following year are adjusted accordingly.
- 4.2 Following completion of the statutory accounts each service charge cost is confirmed as an actual cost for that financial year, as is the income charged to customers. The income collected will be offset against any costs incurred, leaving either a surplus or deficit. These are factored into the following annual review. A more detailed procedure is set out in the Service Charge Procedural Guide.

5. Personal Service Charges for Heating and Lighting

- 5.1 Where a customer receives utility services to their home which are provided by a communal landlord's supply and invoiced to Loreburn, these costs are passed on via a service charge so that the charges reflect the usage in that property/scheme. The previous year's costs will be used to estimate the next year's charges, taking account of any under or over recovery in the current year. Any known or anticipated uplifts to costs of utilities will also be assessed. The costs are split by personal areas and communal areas.

6. Service Charges in Later Living Developments

- 6.1 Where Later Living developments are provided with standard services, these are set and administered in the usual way. However, as supported housing becomes more specialist with tailored services being provided, one such example being Enhanced Housing Management, these charges may be calculated as a fixed service charge across the pool of properties that receive the customised service.

7. Management Charge for Voids

- 7.1 A management charge will be charged to Supported Living properties to allow for extended periods of potential void loss occurring due to the more complex nature of re-letting these properties.
- 7.2 The charge will be levied at 1% of the total weekly rental and service charge excluding the Service Charge Administration Charge. For

example, if the rent and service charge is £100 per week, the management charge will be £1 per week.

8. Owners/Sharing Owners

8.1 Service charges will be applied in the same way as general needs subject to/in accordance with the specific provisions in title deeds. Some charges will only apply to sharing owners. This will include, but is not limited to, sharing owner insurance.

9. Adding Services

9.1 Loreburn aims to provide a tailored approach to its housing management and will consider requests made for additional services to be provided and will consult with all customers affected prior to any decision to introduce a new service.

9.2 Additional services will only be offered if:

9.2.1 The service relates to the provision of adequate accommodation or protecting the safety or security of a building or development

9.2.2 Inclusion of the service is important to deliver contractual, legislative or health and safety requirements

9.2.3 The cost of providing the service is reasonable and affordable

9.2.4 It is customary to provide similar services for the accommodation

9.2.5 Loreburn will not be financially disadvantaged by the additional service

9.2.6 For all tenants and occupants with a Scottish Secure Tenancy, Occupancy Agreement or Short Scottish Secure Tenancy: More than 50% of affected customers respond to the consultation (excluding schemes where lettings are short term and the inclusion is required to meet contractual, legislative or health and safety requirements); AND, at least 75% of respondents are in favour of adding the service.

9.3 For sharing owners, where the provisions of the title deeds allow such changes.

9.4 The success of a new service will be reviewed within a 12-month period from the date of introduction. Where the outcome is to discontinue the service, customers will be charged the full costs incurred from the date of introduction to the date the service is discontinued.

- 9.5 Loreburn will also add a new service if there is a statutory obligation to do so.

10. Discontinuing Services

- 10.1 Loreburn will consider requests from customers to discontinue a service and will consult with all affected customers who may be affected by this decision.

- 10.2 Services will only be discontinued if:

10.2.1 There is a change in legislation which results in Loreburn being unable to provide the services.

10.2.2 There are no health and safety risks involved with discontinuing the service

10.2.3 Loreburn believes it is reasonable to discontinue the service

10.2.4 Loreburn will not be financially disadvantaged by the discontinuation of the service

10.2.5 For all tenants and occupants with a Scottish Secure Tenancy, Occupancy Agreement or Short Scottish Secure Tenancy: More than 50% of affected customers respond to the consultation (excluding schemes where lettings are short term and the inclusion is required to meet contractual, legislative or health and safety requirements); AND, at least 75% of respondents are in favour of discontinuing the service.

10.2.6 For sharing owners, where the provisions of the title deeds allow such changes.

11. Customer Consultation

- 11.1 Customers will be consulted on proposals for annual increases in service charges and any views or comments will be taken into consideration by the Management Committee prior to the introduction of charges. This consultation will take place at the same time as consultation on the proposed rent increase.

- 11.2 As part of this consultation process customers will be provided with a breakdown of the revised charges.

- 11.3 Customers receiving a service for which a charge is made will be consulted on any proposal to change the scope or specification of the service.

- 11.4 Customer consultation will be undertaken prior to the introduction of any new services being proposed and all feedback will be considered. Where a new service is needed to meet health and safety requirements or is required to fulfil a regulatory obligation Loreburn reserves the right to introduce the service to meet any such requirements.

12. Refunds

- 12.1 Service charges may be refunded at Loreburn's discretion if, after investigation, there is deemed to have been a service delivery failure. If the service is provided at a scheme or development all customers affected by the failure should have the service charge refunded, once confirmed that charges have been paid.
- 12.2 Service charges will not be discounted or refunded due to a temporary disruption in service during the accounting year. Any services not provided where costs are subsequently reduced, will be accounted for in the review of charges and adjusted in the following year.

13. New Developments

- 13.1 Through considered design, Loreburn aims to reduce the impact of service charges on new developments. Service charges for new properties will be set by the Service Charge Officer (SCO) and Development Team using the **New Development Information Schedule and Service Charge and Cyclical Costings Process**. Estimated costs will be based on quotations for the provision of services and comparable costs from similar developments.

14. Complaints

- 14.1 Loreburn has a commitment to valuing complaints and ensures the organisation benefits from feedback to identify areas for change or improvement.
- 14.2 Loreburn has a Complaints Policy which ensures there are robust and effective procedures in place for complaints to be properly managed and acted upon.
- 14.3 Anyone dissatisfied with the outcome of their complaint having exhausted Loreburn's complaints procedure has the right to refer the matter to the Scottish Public Services Ombudsman.

15. Equality & Human Rights

- 15.1 Loreburn aims to ensure that equality, fairness, dignity and respect are central to the way we work and how we treat our customers. We support diversity and uphold equal opportunities in all areas of our work as an employer and service provider.
- 15.2 Loreburn will not discriminate against tenants, staff, visitors, suppliers or others based on their age, sex, sexual orientation, race, disability,

religion or belief, marital status, pregnancy and maternity or gender reassignment (collectively referred to as 'protected characteristics' in the Equality Act 2010).

16. Risk Management

16.1 Loreburn has a Risk Management Strategy, Policy and Procedure. These documents set out how the organisation will manage risk as an integral part of its governance and management systems, ensuring risks are identified, evaluated and controlled effectively.

16.2 Identifiable risks arising from this policy will be monitored and managed by the internal processes set out herein and by regular review of this and all other associated policies and procedures, ensuring risks are mitigated and Loreburn complies with all legislative requirements and regulatory and best practice guidance.

17. Legislative Background

17.1 In preparing this policy we have taken account of the following Scottish and UK legislation:

- Housing (Scotland) Act 2001, 2010 and 2014
- The Scottish Social Housing Charter Outcome 13: Value for Money and Outcomes 14 and 15: Rents and service charges
- The Housing Benefit (General) Regulations 1987
- The Universal Credit Regulations 2013
- Data Protection Act 2018
- Equality Act 2010

18. Associated Policies

- Procurement and Value for Money Policy
- Rent Setting Policy
- Furniture & Equipment Policy
- Legionella Policy
- Estate Management Policy
- Factoring Policy
- Cyclical Maintenance Policy
- CCTV Policy
- Fire Safety Policy
- Development Policy

19. Responsibilities Chart

19.1 The below chart illustrates the responsibilities of all staff pertaining to this policy:

Responsibilities	Management Committee	Loreburn Executive Team	Management Team	Service Charge Officer	Other Staff (as stated)
Policy Champion		Director of Finance & Corporate Services			
Agree service charge policy direction	✓	✓			
Annual review and calculation of service charges		Director of Finance & Corporate Services	Head of Finance	✓	
Agree timetable for service charge review and consultation		Director of Finance & Corporate Services		✓	Head of Governance & Assurance
Monitor and recover service charge payments					Income Officer/s
New developments – identifying and calculating charge/s				✓	Development Team
Procurement of services & contract monitoring					Asset Team
Monitoring & management of service charge complaints				✓	Asset Team/ Community Teams (where relating to service quality)

20. Policy Review

- 20.1 The Policy Champion is the Director of Finance and Corporate Services.
- 20.2 The Policy Champion is responsible for completing the Health and Safety Assessment and Equality, Diversity and Inclusion Assessment Checklist.
- 20.3 This policy will be reviewed by the Policy Champion every 3 years or sooner as required due to legislative or substantive change.

Schedule of Service Charges

Communal Stair / Hallway Cleaning (labour/wages and materials)
Communal Window Cleaning
Heat/Light of Communal Areas (Electricity)
Heating of Communal Areas (Gas)
Maintenance of Un-adopted Footpaths / Roads / Play Areas and Parking Bays
Electricity costs of Street Lighting
Meter connected to Communal TV/Satellite
Communal Rooms/Staff Base
Automatic Front Door Servicing (communal doors only)
Cyclical Painting (5 year programme) (internal communal areas only)
Replacement/Repair of Furnishings Supplied to Common Rooms/Communal Areas
Replacement/Repair of White Goods to Communal Areas
Servicing & Testing of Fire Alarms/Emergency Lighting
Laundry Equipment Servicing (Contract)
Lift Servicing
Fire Suppression System Servicing
Fire Fighting Equipment Servicing
Smoke Ventilation Equipment Servicing
Water Quality Control
Provide and Refill Grit Bin
Servicing and Repair of CCTV System
Assistive Technology (Emergency Alarm System) (Monitoring costs not eligible for housing benefit)
Servicing Costs of any Specialist Equipment supplied in communal areas
HMO Licence Fee (apportioned over 3 years)
Telephone Lines
Buildings Insurance for Sharing Owners/Owners
Individual Heating Charges (to be identified separately) Non-Housing Benefit eligible
Grounds Maintenance
10% Administration Fee

Policy Assessment Checklist

Health & Safety Assessment

Does this policy have the potential to affect:

Lone Working

Safety and/or wellbeing of customers

Yes / No

Yes / No

Safety and/or wellbeing of staff ~~Yes~~ / No
Have the above items been considered in the preparation of this policy? Yes / ~~Ne~~

Comments:

Some services are provided to ensure the safety of buildings and developments and all those living or visiting the developments.

Equality, Diversity & Inclusion Assessment

Does this policy have the potential to affect:

Staff's rights to equal opportunities ~~Yes~~ / No
Tenants' / Customer's rights to equal opportunities Yes / ~~Ne~~
Tenants' / Customer's ability to access to homes and/or services Yes / ~~Ne~~
Have the above items been considered in the preparation of this policy? Yes / ~~Ne~~

Comments:

The Equality Act 2010 has been considered in this policy and associated procedure.

Agile Working Assessment

Agile working requirements have been considered and addressed in the preparation of this policy: Yes / ~~Ne~~

This policy is not affected by agile or remote working practices.