



# Service Charge Policy

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## **Introduction**

We aim to ensure our customers are fairly and consistently charged for the services they receive. The service charges will be reasonably charged to residents reflecting current legislation, tenancy agreements, and leases.

This policy specifically aims to:

- Identify when service charges are payable.
- Ensure that we recognise the different obligations between us and our tenants and leaseholders in relation to repairs and maintenance.
- Specify where service charges will be fixed and where they will be variable.
- Identify how we deal with sinking funds and depreciation.
- Identify how we apportion costs between residents.
- Identify how we charge for our management of services.
- Ensure we treat residents fairly by setting service charges in a consistent manner.
- Ensure good communication with residents.

## **Definition**

“Service Charges” are charges we make for goods or services in addition to those funded by Rental charges. The Service Charge(s) must be set at a level which covers the full cost(s) of providing the service(s).

Where we have no Statutory obligations, but provide Services to Owners or Shared Owners in exercise of our responsibilities as a Managing Agent (which may be within, or in addition to the Services we provide to tenants), charges shall be levied on a comparable basis, or as near comparable as the lease conditions will allow.

Service Charges to tenants will be made in accordance with the Tenancy Agreement.

Service Charges to others will be made in accordance with lease conditions or other relevant contractual arrangements. In addition, we

will set an annual management fee for shared owners and outright owners. This fee will be set to reflect the costs incurred.

## **Policy**

We operate within the following service charge principles:

- **Services Provided**

In setting Service Charges, we have identified the separate costs incurred in relation to each Service provided. Tenants and others are only charged for the Services they receive.

Examples of chargeable services include (but are not limited to):

- Cleaning of common parts
- Gardening, including treeworks
- Lighting and heating to common parts
- Pest control
- Provision of fire alarms, entry phones, lifts, etc.

- **Cost Recovery**

Service charges will be calculated at a level sufficient to recover the estimated direct cost of the service provision and any associated indirect costs such as administration.

Costs will be apportioned in a reasonable manner between those properties receiving those services. Where charges are variable, and actual costs result in a shortfall in recovery or over recovery of costs in any charging period, we will issue a reconciliation statement and request payment for any shortfall or credit account for over collection.

- **Apportionment Basis**

Service charge costs are apportioned to individual properties on a block by block basis and depending on the service item being provided. If a service is provided for a block all residents may be liable to bear a proportion of the cost whether or not the resident considers they derive a specific benefit individually.

Where a lease outlines how the costs of the services are apportioned between properties we will apply these principles. In all other cases we will apportion on an appropriate, pro-rata basis.

- **Fixed and Variable Charges**

Variable service charges are applied in the case of all leasehold and shared ownership properties in accordance with the Lease.

Fixed service charges are applied for all tenants other than leaseholders and shared owners.

- **Affordable Rent Properties**

Properties let under the Affordable Rent scheme include service charges as part of their overall charge. Rent is set at up to a maximum of 80% of the market rate with the view that this includes costs which would otherwise be service chargeable (see Affordable Rent Policy)

- **Management Fees**

Where appropriate, we charge an annual management fee. The fee will be set to reflect the costs incurred and ensure that the properties in which we have an interest are effectively managed.

In the cases of blocks/houses managed by third parties we intend to collect management fees on their behalf. Rosebery also charges a management fee for these properties.

- **Sinking Funds**

Sinking funds are operated, where appropriate, to ensure that there is suitable provision for the cost of programme works, major works or major components, such as door entry systems.

Contributions for the sinking funds are collected as part of the annual service charge, but identified separately. Sinking fund contributions will be based on estimated life cycle costing for each element. Contributions are held in separate interest bearing account(s) and are accounted for on an individual and block/scheme basis. All block/scheme accounts are reviewed on an annual basis. Any major works will require us to consult with residents prior to commencement of works.

## **Legislation**

As a minimum we will comply with legislation, regulation and tenancy and lease agreements. In particular, this means compliance with the Housing Acts since 1985, and the Landlord and Tenant Acts since 1985 (including the Commonhold and Leasehold Reform Act 2002). Service charges must also comply with guidance issued by the National Housing Federation.

Service charges and all related work must comply with the tenancy or lease agreements entered into with individual tenants and leaseholders. All new tenancy agreements should provide a detailed schedule or statement of services provided and corresponding charges at the time of sign-up, which must be agreed and signed by the tenant.

## **Equality and Diversity**

Rosebery recognises that it operates in a community within which there is wide social diversity, and is committed to providing equal opportunities and valuing diversity.

In the delivery of our service charges, we aim to treat all customers fairly, and with respect and professionalism regardless of their gender, race age, disability, religion and sexual orientation.

To enable all customers to have clear information and equal access to their service charges, Rosebery will publish clear information in a range of appropriate languages and formats and through a range of media channels, looking to use a digital format in the first instance. Feedback is also welcomed through a variety of different routes to reflect individual customer's preferences or needs.

### **Customer involvement**

Rosebery recognises the importance of working in partnership with our customers to develop and continuously improve our services and raise standards.

### **Linked Policies**

Affordable Rent Policy