



"Offering our community more than a home"

Draft Service Charge Policy

Management Committee submission:	26 November 2019
Last Approved:	29 January 2019
Date Approved:	
Next Review date:	November 2020

CHA Objectives:

- To provide quality, affordable housing that meets the changing needs of our customers and to ensure fair access to housing within our area.
- To manage the houses provided, in a professional and cost effective manner, for the benefit of our local community and the environment.
- To provide a first class maintenance service which offers value for money and ensures the comfort and safety of our residents while achieving high levels of satisfaction
- To ensure local decision making and community control, we will encourage our tenants and other customers to influence our policy and participate in decisions, which may affect them.
- To ensure that our resources are adequate to deliver our objectives by investing in our people, demonstrating value for money and through robust procurement practices.
- To promote social inclusion by applying principles of equality and diversity to everything we do.

Regulatory Standards:

- The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users.
- The RSL is open about and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users and stakeholders. And its primary focus is the sustainable achievement of these objectives.
- The RSL manages its resources to ensure its financial well-being while maintaining rents at a level that tenants can afford to pay.
- The governing body bases its decision on good quality information and advice and identifies and mitigates risks to the organisation's purpose.
- The RSL conducts its affairs with honesty and integrity.
- The governing body and senior officers have the skills and knowledge they need to be effective.

Any breach or non-compliance with legislation/regulatory requirements in relation to this Policy constitutes a Notifiable Event and the Regulator will be informed via the SHR Portal.

This policy can be made available on request in a variety of different formats, such as on tape, in large print and translated into other languages.

Introduction

The Association provides common services to tenants, sharing owners and owners. Currently these are for common garden/landscape maintenance, common area window cleaning and common electricity/landlord supply in certain areas of the stock. Tenants are only charged for the services they receive.

Risk

CHA must ensure that the service charges levied cover the cost and management of the services provided.

Legal/constitutional Implications

Relevant legislation – e.g. Housing (Scotland) Acts

There are no adverse legal implications as a result of this report and/or any decision required.

Affordability

Services are included in the rents when assessed for affordability. In light of this, if extra services were to be requested we would need to look at these carefully. Tenants will be consulted on this policy in our December 2019 newsletter and via individual written/email consultation.

Owners

Owners are invoiced separately for their share of services and these are determined by their written statements. All amounts used to calculate the costs to tenants have had owners charges deducted out to ensure fairness.

Sharing owners

Sharing owners have service charges included in their monthly occupancy charge. The exceptions are West Thomson Street, Janetta Street, Melfort Court and 131 Glasgow Road who have their own factoring arrangements outwith CHA.

Charges

All service charges for the following year are based on budget provisions, actual invoices and schedule of rates as submitted by contractors/energy providers. Account is also taken of extra information from contractors, inflation or any other particular circumstances, e.g. any expected rise in fuel prices or similar. The following recommendations are made:

- Grounds maintenance - ongoing procurement for grounds maintenance services has identified that we are currently paying less for our existing service in comparison to available rates advertised through our procurement frameworks. This is also reflected in the current level of service provided, which is not adequate to maintain our common space areas to a standard expected by our tenants, as shown in our most recent tenant satisfaction survey results. In order to procure a suitable service, it is highly likely that the cost will increase significantly. With this in mind, the charge for common grounds maintenance increases by £1.47 per month from £4.39 per month to £5.86 per month. This of course will be adjusted for in future years in light of the actual costs incurred.
- Common electricity - the cost of common electricity decreases by £0.64 per month from £7.79 per month to £7.15 per month.
- Common area window cleaning - the common window cleaning charge increases slightly from £1.87 per month to £1.95 per month, in line with an expected 3% contractor increase in price.

Overall, these service charges still represent value for money with no tenants paying between £7.82 and £14.96 per month dependent on the number of services they receive. It is recommended these charges be approved for 2020/21.

The calculations of the service charges are shown on the next page for information.

Common Grounds Maintenance

Total Estimated annual cost of service for 2020/21 = £77,760

This is based on 1.5 times the 2019/20 budget figure of £57,600, minus 10% to account for income from owners. We estimate that this is a realistic charge taking account of the procurement circumstances as previously outlined.

Cost per tenant/sharing owner per annum = £77,760 divided by 1,105 =
£70.37 per annum (£5.86 per month)

This is an increase of £1.47 per month over last year
(19/20 charge was £52.63 per annum/£4.39 per month)

Common/Landlord electricity supplies

Total estimated cost of service for 2020/21 = £78,146.10

This is based on the 2019/20 budget figure of £84,300, plus 3% to allow for any price rises, minus 10% to account for income from owners. We estimate that this is a realistic charge taking all factors into account.

Cost per tenant/sharing owner per annum = £78,146.10 divided by 911 =
£85.78 per annum (£7.15 per month)

This is a decrease of £0.64 per month over last year
(19/20 charge was £93.48 per annum/£7.79 per month)

Common Window Cleaning

Total estimated cost of service for 2020/21 = £5,768.00

This is based on the 2019/20 budget figure of £5,600, plus 3% to allow for any contractor price rises. We estimate that this is a realistic charge taking all factors into account.

Cost per tenant/sharing owner per annum = £5,768.00 divided by 246 =
£23.45 per annum (£1.95 per month)

This is an increase of £0.08 per month over last year
(19/20 charge was £22.44 per annum/£1.87 per month)