



"Offering our community more than a home"

Draft Service Charge Policy

Management Committee submission:	24 November 2020
Last Approved:	28 January 2020
Date Approved:	
Next Review date:	November 2021

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.

Equalities Commitment

The Association aims to be non-discriminatory in its policies and practices. We aim to promote equal opportunity by the prevention, elimination or regulation of discrimination between persons on grounds as laid out in the 2010 Equality Act. We recognise the nine groups as laid out in the act and full details can be found in our Equal opportunities Policy.

An equalities impact assessment was completed as part of this policy review and is attached to the 2021/22 rent policy

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 2020 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 include owner occupier numbers to ensure an equal split of costs.

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 - procurement for grounds maintenance services took place during 2020 and a three year agreement with a new contractor is now in place. The cost for 2021/22 has been calculated using the agreed annual charge for the year as per the agreement with the new grounds maintenance contractor. Allowances for other grounds maintenance costs such as tree works etc have also been included. The cost per tenant remains the same as the previous year at £70.37 per annum or £5.86 per month. This is possible via the provision of a more equal split between tenants and owners.
- Including an allowance for a 7% rise during 2021/22 and to account for the billing for Graham Avenue common electricity, which we have not yet been invoiced for during 2020/21, the cost of common electricity also remains the same at £85.78 or £7.79 per month. This is as a result of a reduction in costs during 2020/21 and a more equal split between tenants and owners.
- Common area window cleaning - the common window cleaning charge includes a 3% increase as the service is out for tender for 2021/22. As above, by being able to split more evenly between tenants and owners, this has still enabled us to keep the charge the same as last year at £13.45 per annum or £1.95 per month.

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 2021/22.

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

Common Grounds Maintenance

Total annual cost of service for 2021/22 = £92,746.86

This cost is based on the contract agreement with the contractor for next year.

The service is provided to 1321 tenants, sharing owners and owners.

Cost per tenant/owner per annum = £92,746.76 divided by 1,321 =
£70.21 per annum (£5.85 per month)
(20/21 charge was £70.36 per annum/£5.86 per month) – Charge to be kept for 21/22.

21/22 Charge = £70.36 per annum/£5.86 per month

Common/Landlord electricity supplies

Total estimated cost of service for 2021/22 = £83,616.22

This is based on the 2020/21 budget figure of £78,146, plus 7% to allow for any price rises and inclusion of the common electricity for Graham Avenue, which has not yet been invoiced.

The service is provided to 1017 tenants, sharing owners and owners.

Cost per tenant/owner per annum = £83,616.22 divided by 1017 =
£82.21 per annum (£6.85 per month)
(20/21 charge was £85.78 per annum/£7.15 per month) – Charge to be kept to ensure all costs/increases accounted for

21/22 Charge = £85.78 per annum/£7.15 per month

Common Window Cleaning

Total estimated cost of service for 2021/22 = £5,941.04

This is based on the 2020/21 budget figure of £5,768, plus 3% to allow for any price rises as the service is currently out for tender. We estimate that this is a realistic charge taking all factors into account.

The service is provided to 255 tenants, sharing owners and owners.

Cost per tenant/owner per annum = £5,941.04 divided by 255 =
£23.30 per annum (£1.94 per month)
(20/21 charge was £23.45 per annum/£1.95 per month) – Charge to be kept

21/22 Charge = £23.45 per annum/£1.95 per month