

Tenants First Housing Co-operative

Service Charges Policy

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1. Policy Aims

The purpose of this policy is to set out how Service Charges will be compiled and administered throughout the year. Service Charges are the means of recovering the cost of providing services outwith those financed by rent.

2. Objectives

The Rent policy links with the following objective contained in the Co-operative's Internal Management Plan:

- 1. To provide, manage and maintain top quality affordable housing.*

3. Service Charges – Principles

The provision of these services, to members, is mandatory to the intended occupation and good management of the accommodation. The cost of the services will be recharged to individual members.

Service Charges can be a significant addition to members' rent and are therefore important to them in terms of affordability and money. The amount to be charged to each member will be the cost of providing the appropriate services to each relevant scheme – averaged over the number of properties in that scheme.

The charges are set to be equal to costs, and equalized from year to year, so there is no effect on the revenue surplus. Groups of tenants are charged for their own specific services and each year's charge includes a correction for the difference between the previous year's charge and the actual cost.

However, exceptional costs such as decoration and emergency lift repairs, which can be costly, will be recovered over a number of years.

It is permissible to include as a service charge item annual sums of money paid out by the Co-operative either to cover the cost of providing large items of furnishings and equipment in the first place, or to replace the equipment at the end of its life.

The recognised allowance for depreciation is regarded as the cost of the item divided by its estimated life and is attached at **Appendix A**.

A list of service charge headings and items is attached as **Appendix B**.

Procedural Issues

As part of the annual budget setting process, and rent consultation review, the anticipated annual cost of providing the services to members in the following year will be provided to the Finance Manager, by the Finance Supervisor and Supporting People Supervisor, along with details of the schemes and members who are subject to service charges.

The Finance Manager will include this information in the annual consultation exercise and subsequent to this will finalise the proposed charges for each scheme, and each member, and submit these to the Committee of Management for approval at the same time as submitting the proposed rent charges.

Members subject to service charges will be advised of the cost of the reviewed charges at the same time as receiving notification of their rental charges for the following year.

A breakdown of the service charges being applied will be issued to individual members at the start of each financial year. An annual statement will be issued to members detailing the actual costs against the budgeted costs for their respective schemes.

Members subject to service charges will be given information on the services provided, and their cost, at tenancy sign up.

Any member who disputes any aspect of the service charge will have the right of appeal to the Chief Executive and, if not satisfied, to the Customer Relations Sub-Committee.

Administration Charges

The cost of managing services is an eligible service charge item. The Co-operative will charge 10% of costs – excluding depreciation - to each service charge budget.

4. Training

The Co-operative, through its Internal Management Plan, is committed to training and developing staff and committee members so that they have a good knowledge of the procedures and systems in place that meets the expectations of members, the public, colleagues and external stakeholders.

5. Equal Opportunities

The Co-operative will ensure that in implementing this Policy it will not unfairly discriminate against any individual, household or group on the grounds of gender, gender identity or marital status, on race grounds, or on the grounds of disability, age, sexual orientation, language or social origin,

other personal attributes, including beliefs or opinions such as religious beliefs or political opinions.

6. Monitoring and Reporting

The Finance Supervisor will be responsible for monitoring expenditure against the budgeted service charge. This will be reported to the Housing and Property Management Managers on a quarterly basis. Significant variations will be drawn to the attention of the Finance Manager by the Finance Supervisor as a part of the budget monitoring process.

7. Review

This policy will be approved by the Committee of Management and is reviewed in consultation with staff, members and any other relevant agencies. It will be reviewed every three years unless amendment is prompted by a change in legislation or the Constitution of the Co-operative.

8. Legal Framework

Housing (Scotland) Act 2001
Housing Benefits Legislation

9. References

Service Charges: A Guide for Housing Associations – National Housing Federation
Tenancy Agreement

10. Related Policies/Documents –

Rent Setting Policy
Rent Arrears Policy

APPENDIX A:**Service Charge – Depreciation Table**

<u>ITEM</u>	<u>YEARS</u>
Emergency Lighting	20
Common Room Carpet	10
Common Room Furniture	10
Door Entry System	10
Laundry Equipment	10
Fire Fighting Equipment	10
Alarm System	10
Play Equipment	6
Washer/Driers in flats	5
TV Aerial	5
Individual Furniture Package	5

**APPENDIX B:
Items.**

List of Service Charge Headings and

Heading	Specific Item	Description
Utilities	Communal Electricity	The consumption of electricity used in the common rooms and communal areas of a specified development.
	Communal Gas	The consumption of gas used in the heating and provision of hot water to common rooms and communal areas within a specified development.
	Communal Telephone	The cost of providing a coin box telephone accessible to all residents within a specified development.
	Rates	The annual levied rateable value charged to the Co-operative for grounds, communal and common rooms within a specified development.
Grounds Maintenance	Communal Landscaping	The provision of a gardening service to maintain areas of communal grass, shrubs and trees within a specified development.
	Common Grounds	The maintenance of communal, unadopted roads, pavements, parking areas and footpaths within a specified development.
Communal Areas	Cleaning	The provision of a cleaning service, including the provision of cleaning materials to employees and contractors in communal areas within

		a development - to include communal window cleaning.
	Lighting	The maintenance and depreciation of new and replacement lighting located in communal areas within a specified development.
Communal Equipment	Lifts	The maintenance and depreciation of new and replacement passenger lifts and stair lifts located in communal areas within a specified development.
	Laundry	The maintenance and depreciation of new and replacement laundry equipment located in common rooms and accessible to all tenants within a specified development.
	Fire Detection and Fighting	The maintenance and depreciation of new and replacement fire detection and fighting equipment in common rooms within a specified development.
	Television Signal	The maintenance and depreciation of new and replacement television receiver and distribution equipment available to all tenants within a specific development, including communal satellite dishes where the equipment provides the only means of accessing terrestrial television.
	Play equipment	The maintenance and depreciation of new and replacement play

		equipment and associated safety provisions located in communal areas within a specified development.
Common Rooms	Floor coverings	The maintenance and depreciation of new and replacement floor coverings located in common rooms within a specified development.
	Decoration	The maintenance and depreciation of new and replacement décor within common rooms within a specified development.
	Furnishings	The maintenance and depreciation of new and replacement furnishings located in common rooms within a specified development.
	Electrical Equipment	The maintenance (including testing) and depreciation of new and replacement of electrical equipment located in common rooms within a specified development.
	Water Supply	The maintenance of water supply systems including temperature and quality testing of water supply systems located in common rooms within a specified development.
Individual Tenancy	Furnishings	The maintenance and depreciation of new and replacement of furnishings located in a specific tenancy where the goods will remain the property of the Co-

		operative.
	Electrical goods	The maintenance (including testing) and depreciation of new and replacement of electrical equipment located in a specific tenancy where the goods will remain the property of the Co-operative.
Income	Leases	Income gained from the leasing of communal rooms/areas to third parties
	Communal coin box telephone.	Income gained from coin box telephone
Surplus or Deficit	Surplus	Budgeted items claimed that are not spent in one financial year that are used to offset against all costs in following years.
	Deficit.	Overspend on budgeted items in one financial year recouped in the following years.