



HOUSING MANAGEMENT
SERVICE CHARGE POLICY
OCTOBER 2020
OCTOBER 2023

Policy on :	Service Charge Policy
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Compliant with Scottish Social Housing Charter	<p>13 Value for Money</p> <ul style="list-style-type: none"> Tenants, owners and other customers receive services that provide continually improving value for money for the rent and other charges they pay <p>14 &15 Rents and Service Charges</p> <ul style="list-style-type: none"> A balance is struck between the level of services provided, the cost of the services, and how far current and prospective tenants and other customers can afford Tenants get clear information on how rent and other money is spent, including any details of individual items of expenditure above thresholds agreed between landlords and tenants
Compliant with Tenant Participation Strategy:	Yes
Compliant with Equal Opportunities :	Yes
Compliant with Business Plan :	Yes

Date Approved :	26th October 2020
Date for Review :	October 2023

Responsible Officer:	Head of Housing
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1. Policy Aims and Objectives

The aims of this policy are to provide a clear framework on how the Association deals with Service Charges. It covers:

- The review and calculation of service charges to ensure fairness and transparency.
- The introduction of new services

This policy has taken into consideration both affordability and Value for Money in respect to determining services.

The Association uses the SFHA affordability toolkit to determine affordability of its rents, using the total rent including services in its calculations.

Value for Money for services will be assessed through the procurement of the service and monitoring performance in delivering the service specifications.

We will take account of any tenant's complaints about value for money and incorporate these into any reviews of service.

2. Legislation

Section 25 of the Housing (Scotland) Act 2001 allows landlords to increase rents(or any other charge payable) under a Scottish Secure Tenancy so long as they give tenants at least 4 weeks notice of the increased rent & services due to be paid. The Association reviews rent & service charges annually in Quarter 4 and issues its notice 4 weeks in advance of its new rent & service charges to be applied on the 28th March.

3. Tenancy Agreement/Leases

The Association's Scottish Secure Tenancy Agreement outlines our contractual obligations in Section 1.6 and 1.7.

The Association's leases are based on the SFHA's model lease.

4. Our Service Charges

4.1 The Association applies service charges for the provision of services over and above the standard costs of providing accommodation to our tenants. The total service charges for each property will vary according to the particular services relevant to it. The service charges for each property will be either contained within their Tenancy Agreement or within an addendum to the Tenancy Agreement.

For leases the relevant service charges for each property will be contained within the Lease Agreement.

The following are the current services which are charged by the Association:

- Bulk uplift
- Bulk uplift with bin assistance
- Garden Maintenance
- Close cleaning
- Common Heating
- Multi storey services which include bulk, garden maintenance and a contribution towards lift maintenance, laundry facilities and the tasks undertaken by the Estates Team within the building
- Services specific to a development i.e. Westerfield
- Additional safety checks for leased properties

We charge for the services which relate to the tenancy, this includes charges for services that are available to the tenant but they may choose not to use e.g. bulk uplift service or laundry facilities within the multi storey.

4.2 Where we are looking to introduce a new service, we will consult with our tenants and take their views into account prior to it being introduced.

Where we are looking to introduce a service into a mixed tenure close and the Association's subsidiary, Paisley South Property Services is the appointed factor we will apply the requirements of the title deeds to appoint.

4.3 We will procure services in accordance with our Procurement Policy. The duration of a service contract can vary between 1 to 4 years. The Association will determine the period to be applied based on best value. For the common heating gas contract the Association uses a consultant to compare costs in the market before appointment.

Where we do not have actual costs for a 12 month period we will base the charge on an estimate of how much the service is going to cost over a 12 month period.

Where we have based the service charge on an estimate we will compare the actual cost charged by the contractor/supplier for the period and compare this against the income received through our service charges for the same period.

This variance, plus expected changes for coming 12 month period will inform the calculation for the service charge for the coming year.

Unless specifically noted, in calculating the Service Charge no account will be taken of payment arrears or periods when properties are empty and no charge being paid.

For service contracts which are longer than 1 year, the Association will apply the contractor's uplift as detailed within the contract. Where possible, in procuring contracts we will request any uplifts be applied at the start of a financial year therefore allowing any increase to be considered within our annual rent & service charge consultation with tenants.

4.4 Some service charges may be part of the eligible housing costs for Universal Credit or eligible rent for Housing Benefit entitlement if:

- The tenant has to pay them to occupy the property and
- the Council/DWP accepts that the service charge is not excessive and
- the services are related to the provision of adequate accommodation

5. Who Provides the Service

All of our services are provided by either our appointed contractors/supplier or by Association staff i.e. our Estate Team.

Contractors/supplier will be appointed in accordance with the Association's Procurement Policy.

The Association gives details of tendered contracts for service providers on its website.

6. How Service Charges are calculated

6.1 The Bulk Uplift Service

This service charge is calculated across all of the Association's property with only Oliphant Court's, 56 properties in a multi storey receiving a smaller charge due the disposal of approximately 50% of their bulk items being removed by the Estates Team while undertaking tasks within the building.

We procure the bulk uplift contract in accordance with our Procurement Policy. The charge is calculated by:

- Determining any surplus or deficit in income from the previous 12 months based on the actual cost of the contract
- Add this deficit/ deduct the surplus of net income to the estimated cost for the coming financial year to give a revised total
- Divide the total by number of properties receiving the service.

6.2 The Bulk and Bin Assistance Service

This service is limited to Orchy Crescent & Mannering Road (numbers 17- 41) and was introduced due to the high number of stairs to and from the pavement to the properties bin stores.

The bins are taken out by a contractor. This service element is procured in accordance with our Procurement Policy. Returning the empty bins to the bin stores is undertaken by our Estates Team and covered by other contractors if required and the cost is based on the total time taken to complete the work.

The Charge for Bin Assistance is calculated as follows:

- Adding the projected charge for Bin Assistance charged by the contractor to
- The cost of the estimate of Estates Team' estimated time taken to complete the work.

- The total is then divided by the number of tenants receiving the service.

6.3 The Garden Maintenance Service

This service covers both individual gardens and shared gardens e.g. backcourts. Open spaces, owned by the Association, across its areas are not included in the garden maintenance service.

This service charge is based on the costs provided by the appointed contractor. The garden maintenance contract is procured through the IFLAIR procurement framework and the contractor is appointed for a 4 year period. During the contract period the service charges will be uplifted annually. The new charge will reflect this uplift and it will be applied from the 28th March.

Where a garden requires to be brought up to a standard before it can go onto the service this will be carried out by either our Estates Team or contractor and recharged. It will not form part of the service charge process.

Where a garden is brought up to standard in a mixed tenure block, PSPS will apply its Factoring Policy in respect to recharging for works.

As all gardens are different the Association has introduced a service charge which takes account of the different sizes and attributes of gardens. For each element we have created tiers and the service charge for each garden is built up by adding together whichever tier applies for grass, hedges and shrub beds. Treating weeds is included within the garden maintenance service. The contract is delivered throughout the year with litter picks being undertaken out with the growing season.

We do not have a stand alone service for weed spraying of hard standing in individual gardens; this is out with the garden service.

See Appendix 1 for the garden maintenance service charge tiers

Where the close is fully owned by the Association the cost will depend on whether there is a front garden or not.

If there is a front garden attached to the properties on the ground floor they will be charged for the cost of maintaining this as their individual garden plus their share of maintaining the back court. Where there is no front garden all of the properties will equally share the cost of maintaining the back court.

Where the close is a mixed tenure block and the appointed factor is Paisley South Property Services, the cost will be determined in the same way as above but the charge applied to owners within the block will be in accordance with their title deeds with the remaining cost being split equally between the remaining Association properties. Where the ground floor is an owner and they ask for their front garden to be maintained they will be charged for the cost of maintaining their individual garden plus their share of maintaining the back court.

Where the close is a mixed tenure block and the appointed factor is not Paisley South Property Services, the Association will advise the tenant of the service and the service charge will be based on the charge made by the factor to the Association.

Where we provide a service for own door flats which have either an individual side or front garden and a shared back garden the cost will be calculated on the cost of the individual side or front garden based on the service charge tiers and for an equal share of the back garden based on its service charge tier.

Where we provide a service for an individual garden the cost will be based on the full cost of the service and will be charged in full to the tenant.

The garden maintenance service will remain in place within closes/ four in a block irrespective of any change to tenancies and ownership within the close/ block.

Where a tenancy changes in an own door property and the new tenant requests the service is removed the Association will consider this where the new tenant can demonstrate their ability to maintain the garden.

6.4 Close Cleaning Service

The close cleaning service can be introduced on a landing or full close basis. The Association has 2 specifications for close cleaning. The first specification applies to Gordon Street and any new flatted properties coming off site. This higher standard specification is to ensure that these closes remain at a good standard following works. The second specification applies to all of our other properties and is a basic standard.

Copies of specifications are provided at either the sign up for the tenancy or sign up to the service.

The service charge is calculated by taking the cost of cleaning each landing provided by the contractor and dividing it by the number of properties on the landing.

For mixed tenure closes where the full close is receiving the service the charge will be the total cost i.e. the number of landings x the cost per landing apportioned as per the titles to the factored owners within the block and the remaining cost being equally divided by the remaining Association properties within the block.

Where a factored owner requests the service be introduced on their landing and the Association's tenants on the landing have signed up to the service. The service will be introduced and the charge that will be applied is the landing cost divided by the number of properties on the landing. If thereafter

the service is introduced on a full close basis the charge to the factored owner will be recalculated to reflect their apportionment as per the titles.

As a result of having both different numbers of properties on the landings and having fully owned Association blocks next to mixed tenure blocks tenants may have different service charges for the same close cleaning service.

Where there is only partial agreement within the close the tenants will continue to undertake their responsibilities to maintain the close until such times as full agreement has been reached.

6.5 Common Heating

The common heating system provides gas heating for 57 properties. The service charge takes account of the size of the property i.e. the number of bed spaces.

The service charge is calculated by:

- Comparing the service charge income against the gas supplier's invoices for the previous 12 months to identify any deficit or surplus in income
- Add this deficit/ deduct the surplus of net income to the estimated cost for the coming financial year based on the Utilities Consultants estimate of usage and gas provider's unit price. The price will be based on actual contract rate and/or an estimate of the renewal rate where appropriate.
- Apportion the total cost to take account of the different sizes of property

6.6 Multi Storey Services

The Association has one multi storey property with 56 flats at Oliphant Court. This property type requires a range of services to maintain its current standard. The Association recognises that to pass on all of the costs for these services would be too high a burden on its tenants and therefore has set a service charge which is it considers to be reasonable and affordable to tenants. The balance of these costs is included as overhead costs for the Association.

In calculating the service charge for each property in the multi storey we take the following into account:

- A reduced need for bulk uplifts within the block i.e. 28 uplifts in the year
- A daily visit by a member(s) of the Estates Team in the block to undertake the tasks required
- A contribution towards having access to laundry facilities i.e. maintenance of equipment only
- A contribution towards the provision of lifts within the building i.e. maintenance of equipment only
- Ground maintenance as per the garden maintenance contract

We have not included:

- replacement of laundry facilities

- replacement of lifts
- common electricity
- use of the common room
- use of the bee friendly garden

As part of the annual review of service charges the Association will collate the total cost of the above and determine the % of the total cost it will apply and consult on this.

Where service costs are forcing the total rent to become unaffordable the Association will consider reducing the service specification or alternative ways to deliver the service which will be more cost effective.

7. Westerfield

This development provides supported tenancies. The support is procured independently of the Association and is delivered 24/7 from a flat within the development. Services for tenants include the following:

- access to a designated common area within the support flat
- door entry
- lift maintenance
- maintenance of the internal common parts which includes window cleaning
- garden maintenance
- bulk uplift

8. Leases

The Association has leases with a variety of service providers. The properties vary in size and type and where there are services in place these will be included in the lease and will be the same charge as for a tenanted property.

Additional service charges for leases include additional safety checks to accommodate changes in occupancy during the term of the lease. These are calculated on an assumption of turnover x the cost of the safety check being undertaken. Where the lease holder requires additional safety checks due to higher than expected turnover these will be invoiced to them for payment.

9. Collection of Service Charge Payments

Service charge payments will be collected monthly along with rent payments. The Association does not have separate accounts for service charges but has a combined rent & service charge account for each tenancy. In the event of insufficient payment being made in any payment period, the Association will consider any monies, not HB/UC, received to be allocated to the service charges in the first instance and then to the rent. Where the service is HB/UC eligible, the payment of HB/UC will be allocated to both rent and the service to identify any shortfall. The management of arrears in service charge payments will be carried out in compliance with the Association's Arrears Policy.

The Association will promote its Welfare Benefits and Energy Advice Services to all tenants to assist tenants maximise their incomes.

Where either cyclical or planned maintenance works e.g. scaffolding restricting the access to the gardens for the contractor to carry out garden maintenance results in a temporary loss/ delay or interruption to the service the Association will determine if the circumstances require an adjustment to be made to the service charge. Where services are expected to be affected the Association will advise tenants and the contractors giving as much notice as possible.

10. Tenant Consultation on Service Charges

Tenant consultation will be undertaken:

- prior to the introduction of any new service charges, with those tenants for whom it is proposed
- on any proposal to change the scope or specification of the service
- prior to any change to the service charge being applied
- or to remove a service

The Association will provide a range of opportunities for tenants to engage in any consultation on services.

The Association's service specifications will be reviewed at the end of a contract period.

Charges will be reviewed on an annual basis as part of the budget process. Consultation with tenants on the proposed charges will be carried out at the same time as the Association's consultation on any proposed rent increase for the following financial year.

Tenants' views will be taken into consideration by the Board prior to a formal approval of any increase/ decrease in service charge. Tenants will be notified in writing annually by 28th February of each year of any changes to the Service Charges and will be given a minimum of 4 weeks notice of any change. Results on consultations will be published on our website.

11. Being added to and taken off a Service

The Association's tenancy agreement Sections 2.9 – 2.11 sets out tenants' responsibilities for the maintenance of private gardens and the common areas relating to their tenancy. The Association manages its estates and where a tenant fails to maintain the common areas it will introduce the service and charge the tenant accordingly. When a flatted property with common areas becomes empty the services will automatically be introduced. The new tenant will have these services included within their tenancy agreement and they will be introduced as soon as all properties requiring the service are signed up

e.g. all properties on a landing for close cleaning and all properties within a close for garden maintenance.

In mixed tenure blocks where the Association does not have the majority ownership and owners block the introduction of a service we will seek to introduce the service on a landing basis where possible. The Association will promote its common area services and will add tenants to these services at their request.

The Association will only in exceptional circumstances remove a service provided for common areas once it has been added. For the removal of a service for an individual property the Association will consider each case depending on the circumstance of the request.

Where the Association has introduced a service either at the request of a tenant or the service has been forced on due to a breach of tenancy, a rechargeable repair will be raised where works are required to bring the standard of the individual or common areas up to the service standard.

Tenants will be given 28 days (or 4 weeks as noted on sections 10) written notice for the introduction of any service or the removal of a service

12. Introduction of New Services

Tenants will be consulted prior to the introduction of any new services. Consultation will include information about service specification and the likely costs. Where appropriate the Association will trial/pilot a service prior to full implementation to determine if it meets the needs of tenants and provides Value for Money.

13. Break in Service

Where the Association is unable to provide a service due to circumstances outwith its control, it will advise tenants of the situation, giving as much notice as is possible, and will on being able to resume the service, review the period without service and make adjustments to rent accounts / refund tenants accordingly where appropriate.

If possible the Association will seek to deliver the service through alternative means and this may mean the service is adapted for a period of time. The Association will advise tenants of this and will, if the cost of the adapted service is lower than the contracted service, on resuming the service review the period of adapted service and make adjustments to rent accounts / refund tenants accordingly where appropriate.

Where the cost of an alternative service is higher than the contracted service the Association will not make any change to the service charge.

14. Appointment and Monitoring of Contractors

In appointing contractors we will follow our Procurement Policy. The performance of contractors will be monitored through regular inspections of their work.

The Technical Assistant – Services will monitor the close cleaning, garden maintenance, bin assistance & bulk uplift contracts.

The Association will monitor the views of tenants receiving services through complaints and in tenants' responses within its full residents' satisfaction survey, carried out every three years.

15. Responsibility

15.1 Housing Management

The Head of Housing will:

- (liaising with Finance) measure service charge income received against actual and future costs and determine the annual charges to be applied.
- Monitor any changes in tenancy sustainment as a result of tenants leaving due to not being able to afford maintain their tenancy.
- Undertake affordability testing for total rent which includes service charges
- Analyse consultation responses on service charges representing value for money

The Housing Assistants are responsible for advising new tenants of the services that will form part of their tenancy and in providing costs and service specifications

15.2 Technical Services

The Head of Technical Services will:

- Analyse any complaints regarding services, identify trends and make proposals for any amendments to services to reflect any lessons learnt.
- Procure (along with Finance) the services.
- Authorise any adjustments to accounts/ refunds for upheld complaints where a service has not been rectified by the contractor within an reasonable time e.g. landscape may require additional cuts at the end of the season to make up for cuts missed due to adverse weather. Where refunds /adjustments are being made due to an upheld complaint it will be applied to the individual property or affected close.

The Technical Assistant – Services will monitor the close cleaning, garden maintenance, bin assistance & bulk uplift contracts.

The Board is responsible for the approving the policy and any subsequent amendments.

16. Equal Opportunities

The Association promotes equal opportunities and will not discriminate between persons on grounds of gender or marital status, on racial grounds, or on grounds of disability, age, sexual orientation, language or social origin, or of other personal attributes, including beliefs or opinions, such as religious beliefs or political opinions.

If you need any information to be in a different format/language please let us know as we may be able to help.

17. Data Protection/GDPR

When implementing the policies and procedures of Paisley Housing Association all staff and Board members must adhere to and be aware of the requirements of the Data Protection Act 2018 and the General Data Protection Regulation (EU) 2016/679 (“the GDPR”).

In situations where there may be any doubt about the requirements of the above, the Association may seek the views of its legal advisors.

18. Complaints

The Association aims to ensure that the service provided to tenants is of the highest quality. If this is not the case, a Complaints Policy and Procedure is in place to allow all residents or affected parties to state their grievance. The Scottish Public Services Ombudsman is the final stage of this process.

Where we receive a complaint about a service we will not pursue the debt while undertaking our investigation into the complaint and if it is upheld we will if we can rectify the problem at no extra cost to the tenant or if not possible remove the charge for the period relating to the complaint.

19. Policy Review

This policy will be reviewed in full by the Association every 3 years. Amendments to the policy will be made in the interim to respond to any changes in legislation, regulation and good practice.

Appendix1 Garden Maintenance Service Charge Tiers

The tiers and bands detailed below are included within the pricing document for procurement. Each garden has been measured and the attributes noted on receiving the prices for the tiers and bands these are then used to calculate an individual garden service charge which will then be apportioned in accordance with the policy.

Tier One Grass
Bands
Grass less than 25m
Grass between 26 - 50m
Grass between 51-75m
Grass between 76-100
Grass between 101-125
Grass between 126-150
Grass between 151-175
Grass between 176-200
Grass between 201-225
Grass between 226-250
Grass between 251-275
Grass between 276-300
Grass over 301m

Tier 2 Shrubs
Bands
Shrubs less than 5
6--10
11--15
15--20
20--25
25-30
over 30

Tier 3 – Hedge front (full responsibility
Bands
hedges less than 5
hedges 5-10
hedges10-15
hedges 15-20
hedges 20-25
hedges 25-30
hedges 30-35
hedges 35-40

hedges 40-45

Tier 4 – Hedge side (shared responsibility)
Bands
hedges less than 5
hedges 5-10
hedges 11-15
hedges 15-20
hedges 21-25
hedges 25-30
hedges 30-35
hedges 35-40