

# THE MORAY HOUSING PARTNERSHIP

## SERVICE CHARGES POLICY

**Date Agreed:**

**November 2010**

### **1. Policy Aims**

The Moray Housing Partnership (the “Partnership”) states the following to be the key aims of this Service Charges Policy:

- To state clearly how the key criteria of affordability, viability and comparability will be used in the setting and the annual varying of the service charges;
- To ensure that it has a service charge structure that is easy to understand, easy to apply, is flexible, fair and transparent; and
- To promote future tenant consultation and involvement in service charge setting; all tenants and registered tenants organisations will be consulted about any rent or service charge changes, in accordance with the Housing (Scotland) Act 2001.

### **2. Objectives**

This policy complements the aims and objectives of the Partnership’s Business Plan, which includes the following:

- the provision of affordable rented housing in Moray;
- the operation of fair and equitable policies and practices;
- continuous improvement of the quality and value of its services;
- employing robust financial planning in our decision making processes; and
- encouraging community involvement wherever possible.

The Partnership recognises the importance of social, economic and political factors in the service charges process and endeavours to make best use of forward planning to achieve its aims of affordability and sustainability.

The Partnership will carry out a budget setting process annually, and cash-flow projections for a thirty year period to incorporate the longer term view of financial viability and its ability to maintain high environmental standards in its estate management.

The Partnership’s Business Plan 2009/14 (Strategic Objective 2 – Finance: For Today and Tomorrow) states that it will:

- Seek to diversify our products and services;
- Continue to plan for the future of its estates, considering the long term financial implications;
- Review our rent setting policy and financial assumptions; and
- Continue to perform risk assessments and identify viable funding options.

### **3. Key Principles**

In fulfilling its objectives, The Partnership will consider the following key principles:

#### **3.1 Affordability**

The Partnership will ensure that service charges set and annually reviewed will so far as is practicable remain affordable to tenants. It will use the recommended Scottish Federation of Housing Associations '**Minimising Housing Benefit Dependency Measure**' 'for a rent (including service charges) to be affordable, households with one person (head of household or partner) working 35 hours per week or more should only exceptionally be dependent on housing benefit in order to pay it.' The Partnership will carry out an annual assessment of service charge affordability in accordance with these criteria.

#### **3.2 Viability**

The Partnership recognises that service charges set and reviewed on an annual basis must sustain the business that it operates, and meet the cost of these services, thereby ensuring financial viability and the long term sustainability of the organisation.

#### **3.3 Quality of Service**

The Partnership aims to ensure high standards of service to its tenants and recognises the direct relationship between costs and standards of service. Standards should not, however, be compromised in order to satisfy affordability parameters.

The Partnership is committed to attaining levels of service and performance contained in *Raising Standards in Housing* and *Performance Standards* published by the SFHA.

The Partnership is committed to complying with the Scottish Housing Regulator's Guiding Standards and meeting the standards set by this policy.

#### **4. The Service Charge Explained**

Service charges are defined as charges made for goods or services to individuals, or groups of two or more households, levied in addition to house rents.

The Partnership's Service Charge Structure can be found at Appendix 1 to this policy. The Structure sets out the types of goods or services covered by the service charge.

Service charges reflect the actual cost of each service. They are based on the number of hours worked on site and materials used (including the capital costs of equipment).

The service charges will vary, based on the following criteria:

- Size of area maintained;
- Nature of maintenance required in each area;
- Layout and accessibility of areas; and
- Environmental factors.

#### **5. Service Charge Differentials**

The criteria will identify the annual target service charges which should be charged for each property based on the estimated or anticipated cost of providing the services.

In accordance with the Housing (Scotland) Act 2001, the Partnership will consult tenants about any proposed increase in service charge and have regard to tenants' opinions before a decision is made. The Partnership will inform tenants in writing at least four weeks before any change in service charge is applied.

The Partnership will use anticipated costs for calculating service charges where necessary, and if the Partnership over-recovers or under-recovers the costs of the service through service charges, a compensating adjustment will be made in the following year's charge for that service.

Where there is a substantial increase in costs to tenants the annual increase will be capped at £7 per month and recovered over a number of years to take account of affordability.

Where a property becomes void, the full service charges will apply to the next letting.

## **6. Equal Opportunities**

The Partnership will ensure that in implementing this Policy, no unfair discrimination will take place against any individual, household or group on the grounds of sex or marital status, on race grounds, or on the grounds of disability, age, sexual orientation, language or social origin, other personal attributes, including religious or philosophical belief, or political opinion.

## **7. Monitoring and Reporting**

Costs applicable to service charge setting will be notified to the Partnership's Committee, as part of the annual Budget process. Service charge income will be included in the Quarterly Management Accounts presented to the Committee.

Annual assessment of information on affordability, comparability and viability gathered and used in the service charge setting process will be retained and available to ensure transparency.

## **8. Review**

When approved by Committee, this Policy will be reviewed in consultation with staff, tenants and other relevant agencies.

It will be reviewed every 5 years unless amendment is prompted by a change in legislation, or monitoring and reporting reveals that a change is required sooner.

## **9. Legal Framework**

Housing (Scotland) Act 2001  
Housing Benefit Legislation

**MORAY HOUSING PARTNERSHIP SERVICE CHARGE STRUCTURE**

<b>Moray Housing Partnership List of Service charge Headings and Items</b>		
<b>Heading</b>	<b>Item</b>	<b>Description</b>
GROUNDS MAINTENANCE	Communal Landscaping	The provision of a gardening service to maintain areas of communal grass, shrubs and trees within a development.
	Communal Grounds	The maintenance of unadopted roads, pavements, parking areas and footpaths within a development.
COMMUNAL AREAS	Stair Cleaning	The provision of a cleaning service, including cleaning materials and equipment to a development.
	Window Cleaning	The provision of a window cleaning service, including materials, within a development.
UTILITIES	Communal Electricity	The consumption of electricity used in the communal areas of a specified development.
COMMUNAL EQUIPMENT	TV Aerial	The maintenance and depreciation of new and replacement communal TV aerials, including communal satellite dishes within a specified development.
	Play Equipment	The maintenance and depreciation of new and replacement play equipment and associated safety provisions located within a specified development.