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**1.0 Introduction & context**

1.1 There has been a recognition of the need to review and implement service charging since the Housing Services Review in 2020, however implementation of service charges was reliant upon implementing Civica CX phase I Core Modules for rents and assets, and then phase II, specifically Service Charge Module, which is progressing to build.

1.2 Historically, some service charging has been done within the Fees and Charges and finance ledger framework, and the former Saffron housing management system. Importantly, none of the current service charging processes have been migrated into or operate within CX and are required to by 2025 to align with the Housing Project Plan.

1.3 For agreement, a draft policy is attached in **Appendix 1**, with the current position against that policy:

1.3.1 Rent setting:

- 1) There may be opportunity to incorporate more costs associated with the occupation of a property within the annual rent setting process, as data was not available. Within that, there is also opportunity to increase rents by more than the formula set by government each year, in response to justified local need, in consultation with tenants and stakeholders, which could be considered for future years as we get better at data collection.

1.3.2 Service Charge setting & charging:

- 1) The full range of service charges for the year to both leaseholders and tenants for servicing communal facilities is not being set or charged for.
- 2) Tenants are mostly not charged any benefit eligible service charges in their weekly rent, except some charges for designated older persons accommodation such as Mendip, Bredon and Malvern House, St Davids & Queens Cottages, which require review and rebasing.
- 3) The Management Fee requires review to be reflective of actual costs
- 4) Service charges are not currently applied to temporary accommodation (TA).
- 5) There are no reserve funds in operation for leaseholders' major works.

## 2.0 2024-25 & 2025-26 Implementation Plan

2024-25	Continuing with existing migrated charges to Leaseholders as is, and implement proposed charges as is, until CX build is completed.
2024-25	Complete Build of CX Service Charge Module. Planned go live Q2 2025 to include:  1 a) Full and final collation of valid data and accurate costs 1 b) Review, rebase and restructure all service charges to align with HB / UC assessment frameworks (aiming to reduce poverty and mitigate impact On residents) 1 c) Final sign off Rent / Service Charge elements & Policy 1 d) Final sign off Rent Finance Specification 1 e) Build & Test
2024-25	Conduct resident profiling exercise and impact assessments
2024-25 & 2025-26	Restructure the Housing Revenue Charging Team to provide additional required resource
2025-26	Implement possible new service charging for:  1) New Caretaking Service from July 2025, (that will replace several other key charges for all residents) 2) Concessionary TV Licenses 3) Temporary Accommodation 4) Review and implement management fees 5) New charges as we work through the project
2025-26	As full data is held, agree and manage the implementation plan to extend possible service charging to tenants and leaseholders, and subject to Executive Committee approval, introduce any new charges throughout 2025-26, as per terms of the new Tenancy Agreement introduced in May 2024.

### 3.0 The new service charge framework in Civica CX.

3.1 The below table encompasses a restructured service charge framework based on data provided so far by the annual Rent Setting and Fees and Charges process, Housing Property Services, Neighbourhood & Tenancy Team, and Temporary Accommodation Improvement Plan.

3.2 The framework closely aligns with HB / UC assessment frameworks to ensure that as many charges are benefit eligible as possible, to mitigate the financial impact and even reduce poverty in some service areas, while maximising recoverable revenue into the HRA, to be reinvested into our assets and establishment.

3.3 The framework is currently being built into the Civica Cx Service Charge Module, and integrated with finance systems, however it is not now possible to complete the build prior to March 2025, however, this does not affect the manual continuation of existing migrated leaseholder charges and implementation of any agreed charges for 2025-26, until such time the module is live.

Category 1	Category 2	Applies GN Tenant	Applies Supported Tenant	Applies Lease holder	Benefit eligible?	Current reported revenue cost (£)	Current charging process	New proposed charging process	Weekly charge
Dwelling Rents		Y	Y		Y		Rent setting	Rent setting	As per cover report
Garage Rents		Y	Y		Y		Fees & Charges	Rent setting	As per cover report
Communal Areas	Cleaning & Caretaking that includes key fob management and weekly H&S testing of Water Emergency lighting Fire alarms St Davids individual smoke alarms.	Y	Y	Y	Y		Service charging to leaseholders in Evesham Mews, Woodrow, Batchley only (55 Blocks)	Service charging to all leaseholders and tenants in 274 blocks (See Section 4.0)	£6.40

Accommodation Specific Charge	Furniture and Appliances Rental (Temporary Accommodation)		Y		Y	25,000		Service charging	0.20
Accommodation Specific Charge	Concessionary TV Licenses		Y		N	1,125		Service charging	0.16

#### **4.0 Cleaning & Caretaking:**

4.1 A Caretaking and Cleaning project has been undertaken to supersede an existing contract. Details of which are contained in Appendix 3 (exempt information)

4.2 The current service charge for cleaning alone at Batchley is £7.80 per week, and Evesham Mews and Woodrow Centre, £6.70.

4.4 The caretaking team will further replace four other contracts, and two direct labour services, that are unavoidable revenue costs that deliver health and safety related services that we must provide to operate legally as a landlord, and yet are recoverable through benefit eligible service charges, as set out in the confidential appendix 3.

4.8 All of these, better quality, and value for money services can be delivered for less than residents are currently being charged for cleaning alone, and the HRA recovers the full cost of delivering essential chargeable services to residents that are benefit eligible. The recovered revenue expenditure can then be reinvested within the HRA to improve both assets and services provided to residents.

#### **5.0 Concessionary TV Licenses**

5.1 A legacy from the former Housing Home Support Service is the administration of around 150 Concessionary TV Licenses (CTV) to some older residents, for the life of their tenancy.

5.2 It is of small value in comparison but is a “must continue” service which places a heavy annual administrative burden on NT Officers and includes an expectation of officers to collect cash from CTV License holders, as there is no other way of dealing with it. For health and safety reasons, cash has not been collected since 2020, and £1,125 of revenue costs are not being recovered that could easily be by way of setting up a charge in CX against the rent account. Eligible tenants can then pay the £7.50 annual charge with their rental payments.

## **6.0 Temporary Accommodation**

6.1 There is ability to charge occupants of Temporary Accommodation Dispersed Units a service charge for furniture and appliance rental.

6.2 There is currently a budget set for this, but it is an eligible service charge that is not currently being recovered to the General Fund.

6.3 Based on anticipated expenditure of around £500 per year to replace furniture and appliances, across 50 dispersed units, a budget of £25,000 is required. This can be fully recovered through implementing a service charge of £0.20 per week.

## **7.0 Further implementation of charges**

7.1 As the service charge project continues, and more valid cost data is obtained, it is proposed that the charges contained in the established framework are implemented incrementally by agreement throughout 2025-26, supported by impact assessment. Any proposed new service charges will be reported to Executive Committee for approval.