



HOUSING SERVICE CHARGING POLICY

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1. INTRODUCTION

This policy sets out Redditch Borough Councils (The Councils) approach towards the charging of and consultation with its tenant and leaseholder residents in the Borough, in line with statutory and regulatory requirements, while producing high levels of satisfaction with the chargeable services they receive.

1.1 AIMS AND OBJECTIVES

2.1 To provide good quality and value for money chargeable services, and accurate, transparent and fair charging processes to our residents in the Redditch Borough.

2.2 Our aims are to ensure that:

- Our approach is fair, open and transparent.
- We procure services that are value for money
- We are effective, efficient and accurate in setting and recovering our costs
- Our policies, procedures and information are high quality, clear and understood by all using them.
- We meet our contractual, regulatory and legal requirements

3.0 RESPONSIBILITIES

3.1 Overall responsibility for service charging strategy and operations sits with the 4th Tier Housing Managers, who are responsible for proposing, aligning and influencing strategic aims and objectives & executive decisions into operations within the housing and housing property service.

3.2 The provision of accurate service charge data for calculation is the responsibility of the Housing Property Services Team, and the Councils Property Services and Environmental Services and Finance Teams.

3.2 The calculation of service costs, scheduling into leases and tenancies and administration of charges are the responsibility of the Housing Income Charges Team.

3.3 The recovery of service charge revenue for tenants is the responsibility of the Housing Income Team, and leaseholder revenue, including Section 20 income is the Charges Team.

3.4 Leaseholders and tenants are responsible for paying service charges to cover several expenses incurred because of managing and maintaining communal areas in and around the development.

3.5 Leaseholders are also responsible for paying their share of building insurance and maintenance costs. Tenants have these costs included in their rent.

4.0 Rent setting

4.1 Under central government rent setting policy, rents for tenants are set based on a formula that allows the Council to meet its obligations towards its residents and maintain its housing stock. The basis for calculation of the formula is relative property value and local earnings, and number of bedrooms.

4.3 The rent is then uplifted each year in April, using the Consumer Price Index (CPI), plus 1%, up to 2024-25. However, there is some flexibility for the Council to set rents at up to 5% above the formula rent (10% for supported and sheltered housing), to take account of local factors and concerns.

4.4 Rents should include all charges associated with the occupation of a property, including building insurance, maintenance, and general housing management services

5.0 Service charge setting

5.1 In addition to rent, tenants and leaseholders, who receive chargeable services may be recharged for the costs of providing those services through service charging. Some common services that could be available to be recharged for are:

- Cleaning, clearing and caretaking of internal common areas
- Grounds maintenance and gardening
- Door entry systems and lifeline services
- Television aerials
- Communal utility supplies to cover lighting & heating for example
- Lifts
- Concierge
- Building insurance (Leaseholders only)
- Management fee to cover the costs and overheads of preparing service charge estimates and accounts to leaseholders

5.2 Service charges must reflect the services being provided and the costs reasonable and transparent.

5.3 For social rent tenants the service charges will be identified separately to the rent charge, and for tenants subject to Affordable Rents, the service charge costs are all encompassed within the rent charge but can still be described and itemised for identification of the services provided.

5.4 The Housing Service will endeavour to align the annual service charge setting process, with the annual rent setting process, and to keep charges affordable. However, if additional new charges need to be made during the budget year, appropriate notification will be made prior to implementing the charge/s, as per the terms of the Tenancy or Lease Agreement.

5.5 The Council charges for services in two ways:

5.6 Fixed service charging (Tenants)

5.6.1 Fixed service charging is used for setting service charges to tenants. The Council uses its data to estimate the cost of providing services to the development for the coming year. The cost is then split between the individual properties. Once the charge is set, it is fixed for the year, with the Council absorbing any variations between the estimated and actual costs during that year.

5.6.2 Changes in service charges are applied at the same time as changes in rent, which will generally be not more than once per year from 1st April.

5.6.3 Every year, no later than 14th February, tenants can expect to receive:

- A notification letter
- A schedule of services to be delivered
- A service charge information sheet

5.7 Variable service charging (Leaseholders)

5.7.1 Is used for setting service charges for leaseholders. An estimate is prepared in February of each year for the anticipated costs of delivering services over the next budget year (1st April to 31st March), and charges are applied from the 1st of April each year.

5.7.2 At the end of the budget year the estimated and actual costs are examined and compared. If the actual costs are higher than estimated, the leaseholder will receive additional charges to make up the shortfall. Where it is lower, there will be a refund due.

5.7.2 Every year, usually no later than 30th of September leaseholders can expect to receive

- An annual statement of expenditure on services over the budget year just passed.

5.7.3 Every year, no later than 14th February, leaseholders can expect to receive:

- A notification letter with the estimated service charges for the next budget year, set out in the required format
- A schedule of services to be delivered
- A service charge information sheet
- Rights and obligations information sheet

5.7.4 Leaseholders can inspect the accounts, receipts and other supporting documents relating to the service charge/s upon a request made within six months of receiving the summary of costs, and upon payment of a reasonable administration charge.

6.0 Service charge apportionment

- 6.1 Irrespective of equal usage of common facilities or services, the Council will generally apportion (split) the total cost of providing each service equally between each home in the development, so that each resident has an equal share of the costs. For example, if you live on the ground floor of a block of flats, you will still be apportioned an equal charge for any lift service.
- 6.2 The exception to this policy is if you live in a block of flats and have direct access to your property from external areas without accessing any internal common parts. In these cases, you would not share such costs as internal communal cleaning and lighting, for example
- 6.2 If an apportionment method is specified in the lease, which is different to the above policy, the method specified in the lease will be followed
- 3.2.4 consider the opportunity of potential new income, particularly in response to and support of new community strategies.
- 3.2.5 The annual cost of providing services, plus any applicable administration fee, will be calculated and divided between all tenants and residents on the defined development and charged / balanced over the course of the following 12 months. Any surplus accrued or deficit owing at the end of the financial year will be credited or debited into the subsequent years' service charge accordingly.

7.0 Management fees

- 7.1 Once all service charges are apportioned, a management fee of 15% is added.

8.0 Temporary Accommodation Service Charges

- 8.1 Where temporary accommodation units are provided from the Councils housing stock in blocks of flats, all applicable fixed service charging will apply, including reasonable charges for the replacement of goods and furniture, for example.

8.0 Major works & leaseholders

- 8.1 There is a separate process for charging Leaseholders for the cost of major, or recurring works using the consultation method set out in Section 20 of the Landlord and Tenant Act 1995. This applies where the cost of works for each household exceeds £250 or £100 per year for a service contract lasting more than one year.

9.0 Reserve funds

- 9.1 If you are a leaseholder living in a development, there may be a reserve fund in place that you are required to contribute to. The reserve fund aims to cover the costs of major repair or replacement of key building components, such as roofs, for example, over their estimated lifetime.
- 9.2 If a reserve fund is in place, contributions are held in a separate interest-bearing account and are accounted for each development annually, and you will be provided with an annual reserve fund statement.

10.0 Payment terms, arrears and debt recovery

- 10.1 Although various payment methods are available and will be promoted to all residents to meet their various liabilities, Direct Debit and online payments will be encouraged as the preferred methods of payment.
- 10.2 Most tenants service charges will form the gross weekly rent, and that rent is due one week in advance. Whilst recognising those tenants who claim benefits such as UC have a waiting time and the Council and the civil courts would not allow a possession case to proceed where there is an outstanding benefit claim.
- 10.3 Leaseholders, however, don't pay rent, and will be in transaction with the service twice annually with apportionment of their service charges. It is possible for leaseholders to make a payment arrangement to meet the costs of their share of service charges and Section 20 consultations, but the account must be clear by 1st March each year, unless there are exceptional circumstances, by agreement and at the discretion of the Council.
- 10.4 Rent and service charge arrears will be recovered in accordance with the Housing Revenue Management Policy for tenants.
- 10.5 Leaseholder arrears will also be managed in accordance with the Housing Revenue Management Policy, for leaseholders, and could result in forfeiture of the lease.
- 10.6 If you are experiencing difficulties with paying rent and / or charges we can provide or refer you to people that will help you. Please contact us.
- 10.7 Leaseholders have a right to ask for an independent First Tier Tribunal (Residential Property) to decide a dispute about service charges. Refer to their website.

11.0 Queries and Complaints

- 11.1 You can query your service charge or contact us at any time or visit our webpage to answer any frequently asked questions and submit an enquiry form.

11.2 Where an applicant or legal occupier is not satisfied with any matter such as standard of service, actions, or lack of actions by or conduct Council officers or its partners or contractors, then a complaint can be made. This section should be read in accordance with the Housing Services Complaints and Enquiries Standard.

11.3 Complaints can be made in writing to:

**Housing Complaints
Redditch Borough Council
Town Hall
Walter Stranz Square
Redditch
B98 8AH**

Or emailing: housingcomplaints@redditchbc.gov.uk

12.0 Performance & Reporting

12.1 Targets for key areas of this policy will be set annually to monitor performance against target. Performance will be reported in line with legislation or as directed corporately.

13.0 Equality

13.1 The Council promotes equal opportunities in the services it provides. Our aim is to implement and maintain services which ensure that no resident is treated less favourably on the grounds of gender, being or becoming a transsexual person, being married or in a civil partnership, religion, belief or lack of religion or belief, race, nationality, ethnic or national origin, colour, disability, age, being pregnant or having children or sexual orientation nor is disadvantaged by the application of a rule, condition, or requirement, which has a discriminatory effect which cannot be justified by law.

14.0 Legislation & Guidance

- Data Protection Act 2018
- Equality Act 2010
- Landlord and Tenant Acts 1985 & 87 (as amended)
- Housing Act 1988
- Housing Act 1996
- Housing Act 2004
- The Welfare Reform and Work Act 2016
- Regulator of Social Housing Rent Standard 2020
- Service Charges (Consultation requirements) Regulations 2003

15.0 Related Policy & Procedure

- Leaseholder Policy
- Housing Revenue Management Policy
- Housing Complaints Standard
- Tenancy Management Policy
- Temporary Accommodation Policy
- Write off Policy