



"Offering our community more than a home"

Service Charge Policy (Final)

Management Committee submission: 7 February 2023

Last Approved: January 2022

Date Approved: 7 February 2023

Next Review date: November 2023

CHA Objectives:

- To provide quality, affordable housing that meets the changing needs of our customers and to ensure fair access to housing within our area.
- To manage the houses provided, in a professional and cost effective manner, for the benefit of our local community and the environment.
- To provide a first class maintenance service which offers value for money and ensures the comfort and safety of our residents while achieving high levels of satisfaction
- To ensure local decision making and community control, we will encourage our tenants and other customers to influence our policy and participate in decisions, which may affect them.
- To ensure that our resources are adequate to deliver our objectives by investing in our people, demonstrating value for money and through robust procurement practices.
- To promote social inclusion by applying principles of equality and diversity to everything we do.

Regulatory Standards:

- The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users.
- The RSL is open about and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users and stakeholders. And its primary focus is the sustainable achievement of these objectives.
- The RSL manages its resources to ensure its financial well-being while maintaining rents at a level that tenants can afford to pay.
- The governing body bases its decision on good quality information and advice and identifies and mitigates risks to the organisation's purpose.
- The RSL conducts its affairs with honesty and integrity.
- The governing body and senior officers have the skills and knowledge they need to be effective.

Any breach or non-compliance with legislation/regulatory requirements in relation to this Policy constitutes a Notifiable Event and the Regulator will be informed via the SHR Portal.

This policy can be made available on request in a variety of different formats, such as on tape, in large print and translated into other languages.

Introduction

The Association provides common services to tenants, sharing owners and owners. Currently these are for common garden/landscape maintenance, common area window cleaning and common electricity/landlord supply in certain areas of the stock. Tenants are only charged for the services they receive.

Equalities Commitment

The Association aims to be non-discriminatory in its policies and practices. We aim to promote equal opportunity by the prevention, elimination, or regulation of discrimination between persons on grounds as laid out in the 2010 Equality Act. We recognise the nine groups as laid out in the act and full details can be found in our Equal opportunities Policy.

An equalities impact assessment was completed as part of this policy review and is attached to the 2022/23 rent policy

Risk

CHA must ensure that the service charges levied cover the cost and management of the services provided.

Legal/constitutional Implications

Relevant legislation – e.g. Housing (Scotland) Acts

There are no adverse legal implications as a result of this report and/or any decision required.

Affordability

Services are included in the rents when assessed for affordability. In light of this, if extra services were to be requested, we would need to look at these carefully. Tenants will be consulted on this policy in our December 2022 newsletter and via individual written/email consultation.

Owners

Owners are invoiced separately for their share of services, and these are determined by their written statements. All amounts used to calculate the costs to tenants include owner occupier numbers to ensure an equal split of costs.

Sharing owners

Sharing owners have service charges included in their monthly occupancy charge. The exceptions are West Thomson Street, Janetta Street, Melfort Court, and 131 Glasgow Road who have their own factoring arrangements outwith CHA.

Charges

All service charges for the following year are based on budget provisions, actual invoices and schedule of rates as submitted by contractors/energy providers. Account is also taken of extra information from contractors, inflation, or any other particular circumstances, e.g. any expected rise in fuel prices or similar. The following recommendations are made:

- Grounds maintenance - procurement for grounds maintenance services took place during 2020 and the three year agreement is due to run out on 31 March 2023. We have provisionally agreed to extend the agreement for a further 12 months, with a projected increase of 7.7% from the contractor (this is in keeping with the current market). A further 2.3% increase has also been applied to take account of the new builds at Queens Quay and Linnvale. This should also afford an allowance for the Pavilion Court Development. As a result, grounds maintenance costs have risen from £5.18 per month this year to £6.02 per month for next year. Unfortunately we have had to omit the assistance for bulk uplifts and tree maintenance from the calculations to limit the increase on tenants. These costs will now be met in full through reactive maintenance budgets.
- Including an allowance for a price rise during 2023/24, as well as for the inclusion of all new builds, an increase of 10% on this year's costs will likely be needed. The cost of common electricity will now be £132.08 per annum or £11.01 per month. This is primarily as a result of the ongoing energy crisis and the direct impact on our common electricity costs.
- Common area window cleaning - the common window cleaning charge includes a 20% increase for 2023/24 to account for increased contractor costs and the addition of the newbuild developments. The charge remains at £1.95 per month.

Bearing in mind that we have effectively held service costs for the previous 3 years, these increases are absolutely necessary to meet costs now being incurred. The calculations of the service charges are shown on the next page for information.

Common Grounds Maintenance

Total projected annual cost of service for 2023/24 = £124,361.24

This cost is based on the contract agreement with the contractor for next year plus new build additions.

The service is provided to 1,721 tenants, sharing owners and owners.

Cost per tenant/owner per annum = £124,361.24 divided by 1,721 =
£72.26 per annum (£6.02 per month)
(22/23 charge was £62.16 per annum/£5.18 per month)
Increase of £0.84 per month required.

23/24 Charge = £72.26 per annum/£6.01 per month

Common/Landlord electricity supplies

Total projected cost of service for 2023/24 = £136,963.54

This is based on the 2022/23 budget figures plus 10% to allow for any price rises in a fluctuating energy market and the addition of newbuilds.

The service is provided to 1037 tenants, sharing owners and owners.

Cost per tenant/owner per annum = £136,963.54 divided by 1037 =
£132.08 per annum (£11.01 per month)
(22/23 charge was £94.08 per annum/£7.84 per month)
Increase of £3.17 per month required

23/24 Charge = £132.08 per annum/£11.01 per month

Common Window Cleaning

Total estimated cost of service for 2023/24 = £7,341.60

This is based on the 2022/23 budget figure of £6,118, plus 20% to allow for a price rise from the contractor and inclusion of newbuilds.

The service is provided to 307 tenants, sharing owners and owners.

Cost per tenant/owner per annum = £7,341.60 divided by 307 =
£23.16 per annum (£1.93 per month)
(22/23 charge was £23.40 per annum/£1.95 per month)
Hold at 2022/23 cost

23/24 Charge = £23.40 per annum/£1.95 per month