



"Offering our community more than a home"

Service Charge Policy (Final)

Management Committee submission:	30 January 2024
Last approved:	February 2023
Date approved:	30 January 2024
Next review date:	November 2024

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 2024/25 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 2023 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 is currently in the final stages, which makes gauging the costs for 2024-25 difficult. Based on the early tenders received, it does not look like any increase will be required. The total costs used for service costs for 2023-24 were £124,361, and the median tender for 2024-27 (three year programme) is currently showing as close to this figure when divided annually (around c.£125k).

In view of the above, it is recommended that grounds maintenance service charges be held at £72.26 per annum/£6.01 per month for 2024/25

- Common area electricity charges - although the cost of energy bills did fall during the latter half of 2024, the market remains volatile, and an increase is expected in the first quarter of 2024. Based on the invoices received to 30 September 2023, it looks like the cost will not be any more than it was for 2023-24 (£136,963).

In view of the above, it is recommended that the common electricity charge also be held at £132.08 per annum/£11.01 per month.

- Common area window cleaning – likewise, based on the invoices received to 30 September 2023, the cost for common window cleaning does not appear to have risen (£7,341).

In view of the above, it is recommended that the common window cleaning charge be held at £23.40 per annum/£1.95 per month

- Common area close cleaning – This charge is still within its first year and the 2023-24 charge still applies. Next year will see a full review of this cost.

In being able to hold the service charges for 2024/25 at 2023/24 levels, this will help offset the impact of the expected 4.6% rent increase. The calculations on the next page are based on the current year (2023/24).

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.

24/25 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

24/25 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

24/25 Charge = £23.40 per annum/£1.95 per month