

SP12 Service Charges Policy

1. Scope of policy

- 1.1 This policy sets out Soha's position relating to the calculation and collection of service charges.
- 1.2 A service charge is a payment required to meet the cost of communal services provided by Soha or its agents, including, but not limited to, repairs, improvements, utilities and other benefits, incurred both now and where planned for the future, which are not covered by rent or ground rent.
- 1.3 The delivery of the services are covered under SP20 – Estates and Communal Areas Policy. SP20 includes Soha's approach to the design, maintenance, cleaning, management and improvement of neighbourhoods and communal areas in general needs, shared owners, leaseholders, independent living and retirement living accommodation.

2. Aim

- 2.1 Soha will recover all outlays relating to the provision of communal services from tenants, licensees, shared owners, leaseholders and property owners in a fair and equitable way without seeking to make a surplus.
- 2.2 Soha will develop a consistent approach to setting fair and reasonable service charges, including for new build properties that provide value for money and comply with relevant legislation.
- 2.3 Soha will apply our service charges policy consistently and fairly and will not discriminate against any person on grounds of their race, colour, ethnic or national origins, religion, sexual orientation, disability, gender, age or any other matter which may cause us to treat a person with injustice.

3. Policy Statement

Soha will:

- 3.1 Set annual variable service charges which recover the costs of all communal services provided to each property, block or scheme.
- 3.2 Calculate service charges in a transparent and open way, providing clear, up to date information, statements, and accounts in line with each tenancy, lease, licence or freehold transfer.
- 3.3 Manage the calculation and collection of service charges efficiently and in a cost effective way. We will aim to recover in full all direct and administration costs due in accordance with the terms of tenancy, lease, licence or freehold agreements.

- 3.4 Offer a range of payment methods, having regard to Value for Money, to make it as convenient as possible for tenants, licensees and homeowners to pay their service charges. Our preferred method of payment is direct debit.
- 3.5 Consult with tenants and home owners on the provision of services and all associated service charge costs in accordance with our policies and guidelines and to meet legal requirements.

4. Implementation

- 4.1 Soha will charge for services provided to:
- Tenants where required by their tenancy agreement
 - Licensees where required by the licence agreement
 - Freehold homeowners where required by the transfer agreement
 - Leaseholder (including Shared Owner and Shared Equity)
- 4.2 Soha aims to keep the cost of services as low as possible and to achieve best value for money. These aims are within the context of providing necessary levels of service as contracted with, or agreed by, tenants and home owners.
- 4.3 Soha will provide its residents with clear information, which sets out the type of services provided and the associated costs. This will include:
- Annual Service Charge statements
 - Descriptions of each service charge area
 - Services charges information leaflet
- 4.4 Estates, Localities, Independent Living and Homeownership will ensure that Finance is kept informed of any changes to the chargeable services provided. Any change to the service or new services provided will only be carried out following full consultation in line with tenancy and lease agreements.
- 4.5 All service charge expenditure will be appropriately recorded in order that each service at each scheme or block can be separately identified and that costs charged to individual tenants and home owners can be justified. Contracts, agreements, invoices and other costs will be authorised according to our financial regulations. Residents will be charged for services based on access not utilisation. We will provide reasonable facilities for residents to inspect and copy originals of accounts, invoices and receipts.
- 4.6 Soha will aim to recover administrative costs through a reasonable fixed management fee, which will increase from time to time by no more than CPI from the date of the last increase. A breakdown of how the management fee is arrived at can be requested at any time.
- 4.7 Consultation over works contracts and service standards will be made in accordance with current legislation and good practice.
- 4.8 Soha will instruct independent auditors to inspect the service charge accounts of leaseholders, shared owners and freehold home owners each year. A copy of the relevant certificate will be sent annually to the property.

4.9 Service charge statements are sent out to residents and charging dates are given below:

- General needs and Independent Living – End of February for 1 April (billed 12 months in arrears and increase at the same time as the annual rent change)
- Shared owners & leaseholders – end of June for 1 August (as charges are based on the actual to April in that year)
- Bromford properties – by the end October for 1 December (as per the tenancy and lease agreement)

5. Resident consultation and involvement

- 5.1 Soha is committed to involving and consulting tenants, leaseholders, shared owners and other property owners and will provide every opportunity for them to be part of the decision making process in assessing service charge standards and costs thereby ensuring best value and quality services are achieved on all of our estates.
- 5.2 Soha will involve residents at the planning stages of major projects that involve procurement of works or services that have a significant impact on their service charges.
- 5.3 New service charges will only be introduced where the tenancy allows it and it follows a clear and appropriate consultation process with all affected tenants.
- 5.4 Where we propose to enter into a 'qualifying long term agreement' we will consult in accordance with statutory requirements with those liable to be charged. Qualifying long term agreements are where Soha enters into a contract with a supplier for more than one year, such as ground maintenance, and communal cleaning.
- 5.5 Where we propose to complete 'qualifying works' we will consult in accordance with statutory requirements and with those liable to be charged. Qualifying works are any works which would cost each resident/owner more than £250 (excluding VAT) if carried out. Qualifying works can be to the building or in communal areas (eg roof repair, decoration, gutter maintenance, replacement windows and doors).

6. Complaints

- 6.1 Paying service charges is compulsory. However, if the resident reasonably believes that the service charge is incorrect; Soha will investigate and amend the charge if necessary.
- 6.2 Complaints about the calculation or administration of service charges will be dealt under our normal complaints procedure. If we cannot resolve the complaint it can be taken to The Housing Ombudsman Service which can provide leaseholders, shared owners and tenants with an independent assessment.
- 6.3 If a tenant believes a service charge is too high, it may be assessed as part of an appeal to the Rent Assessment Committee (RAC) in relation to the overall rent charge. Appeals about the increase in or reasonableness of levels of service charges can be considered by the Leasehold Valuation Tribunal (LVT). Both the RAC and the LVT are independent decision-making bodies, completely unconnected to the parties involved in a case.

7. Responsibility

- 7.1 Ensuring that service charges reflect services provided, the following are responsible for ensuring that we are recharging appropriately, with specific responsibility given

below:

- Head of Repairs and Estate Services– for all estate based services.
- Head of Homeownership – for all shared owners and leaseholders
- Head of Housing – for all extra care, independent living schemes
- Head of Localities – for all general needs blocks and properties not covered under shared ownership or independent living.

7.2 The Head of Finance is responsible for ensuring that service charges are accurately calculated (based on the information provided by front line staff), applied, reconciled and billed to residents in line with the service charge timetable.

8. Monitoring and review

8.1 This policy will be reviewed every four years unless there is a change in legislation or regulation which requires an earlier review.

8.2 Soha will survey new and existing residents and use this information to evaluate customer satisfaction with the service charges process. We will report this to the Members' Forum.

9. Confidentiality and information sharing

9.1 Soha will only share information as outlined in our Data Protection Policy (SP06).

10. Context

Landlord & Tenant Act 1985
Housing Act 1985
Housing Act 1996

SP04 Rental Income Policy
SP06 Data Protection Policy
SP20 Estates and Communal Areas Policy

Commonhold and Leasehold Reform Act 2002

Members' Forum for information	14/11/2024	SLT Approved	January 2025
EIA Completed	16/12/2024	Review Date	By January 2029

Annex 1

Service charge	Service charge elements agreed with:	How it is Apportioned	Tenure Type	Note
Property based				
Metered supplies				
Electricity in communal areas	• Head of Homeownership – for all shared owners and leaseholders • Head of Housing – for all extra care, independent living schemes • Head of Localities – for general needs	Total cost split by number in the block & (bungalows with access to schemes)	ALL	Where bungalows can use scheme facilities, charges will apply
Heating in individual properties (communal boiler)	Head of Housing	Total cost split by number in the block	ILA	
Communal water charges		Total cost split by number in the block & (bungalows with access to schemes)	ALL	Where bungalows can use scheme facilities, charges will apply
Water charge for individual properties		Total cost split by number in the block & (bungalows with access to schemes)	ALL	Double check individual supply?
Contracted costs				
Grounds maintenance	Head of Repairs and Estate Services	Total cost split by number in the block or benefits from the service	ALL	
Communal Cleaning	Head of Repairs and Estate Services	Total cost split by number in the block and other users from bungalows	ALL	*Bungalows attached to a scheme pay a share
Window Cleaning	Head of Repairs and Estate Services	Total cost split by number in the block	ALL	

Automatic Doors	Head of Housing	Total cost split by number in the block	GN / ILA	
Sewage Treatment		Total cost split by number of properties connected to tank	GN / SO	
Refuse & Recycling		Total cost split by number in the block	EXTRA	Soha receives £500 per annum Remove charge
Emergency Lighting & Fire Alarms		Total cost split by number in the block & (bungalows with access to schemes)	ALL	*Bungalows attached to a scheme pay a share
Lift Maintenance		Total cost split by number in the block	ALL	
Specific to IL1s & IL2s				
Independent Living Charge	Independent Living Manager	Cost is per property	EXTRA / ILA	Reduced for bungalows attached to a scheme because a reduced service is delivered
Housing Proactive	Independent Living Manager	Cost is per property	All ILA1 & ILA2	
Opted in service				
Gas Boiler Service	• Head of Homeownership – for all shared owners and leaseholders	Individually billed for those that have the service	EXTRA	
Personal Stair lift	Opted in service by resident	Individually billed for those that have the service	GN / ILA	
As per the terms of the lease				
Maintenance		Total cost split according to their lease usually equal share	SO / LEA	
Structural Repairs		Total cost split according to their lease usually equal share	SO / LEA	
Ground Rent		As per Lease	LEA	

Finance charge based on actuals				
Third Party		Cost is per property	ALL	
Building Insurance	Head of Finance	Total premium divided by number of properties	SO / LEA / NOTOW / EQUITY	
Audit Fees	Head of Finance	Cost individually as per charge from auditor	SO / LEA / NOTOW / EQUITY	
Administration Cost / Management fee	Head of Finance	Total staffing cost's involved in running contracts split by all service charges	ALL	Current charges