



Proposed Service Charge Changes from 1 April 2018

This document sets out proposed changes to the charges you pay for services in addition to your basic rent. The Council has recently reviewed these in line with the Government's most recent guidelines. We welcome your feedback on these proposals by **9th February 2018**. The proposals will be considered by the full Council on 20 February 2018 and if approved will be implemented from 1 April 2018.

You are currently paying a service charge in addition to basic rent. However, this charge is not based on the actual costs of providing the services. We are now proposing that the service charge is re-calculated and based on actual costs. This will allow you to clearly see what services you receive and what you are paying for.

The basic rent you pay is for the right to live in the property and maintenance of the building. Set out below are some examples of items that are classed as services and therefore may form part of your service charge in addition to basic rent. Full details of services for your individual tenancy will be provided with your rent review letter.

Electricity for shared areas*	Lift maintenance
Heating/Gas Bills for shared areas*	Grounds maintenance
Lighting Repairs / Replacement Bulbs	White Goods / Laundry Equipment in shared areas
Fire Alarm/Emergency Lighting	Refuse removal/Pest Control in shared areas
Fire Safety Equipment	Alarm System
Water Rates for shared areas	Scheme Manager Service (Housing Management)
Initial Hygiene	Out of hours Housing Management Service
Window cleaning of shared areas	Broadband/Telephone for Scheme Manager
Cleaning of shared areas	Service TV Aerial / Satellite Dish

**charges for communal gas and electricity are included within the 'fuel charges' element of your rental charges – identified separately on your rent review letter*

If you receive Housing Benefit, the charges (including communal gas and electricity) are currently eligible for Housing Benefit.

If you are responsible for paying service charges yourself, you may find that your total charge may increase. However, we intend to minimise the financial impact as much as possible whilst making sure we are being clear about what you are being charged for. Therefore, where the actual costs of providing the services are higher than the current service charge you pay, we will gradually build in the increase on an annual basis. The maximum annual increase each year will be capped at 5% (equivalent to an additional £1.07 per week based on the current highest service charge)

We are also committed to reviewing the cost of providing services in order to reduce the overall cost and ensure you are receiving value for money.

Please see the 'frequently asked questions' sheet below.



Service Charges for Tenants Frequently Asked Questions

Q: *What is a service charge?*

A: A service charge is a payment for the costs of managing, maintaining, repairing and providing specific services in addition to the basic rent you pay for living in your home.

Examples of services are:

- Cleaning of communal rooms, hallways, corridors and staircases
- Window cleaning in communal areas
- Door entry systems
- Fire alarm/emergency lighting
- Fire safety equipment
- Landscaping/grounds maintenance
- Laundry equipment
- Lifts
- Electricity, water and gas in communal areas
- Scheme Manager
- Alarm system

You may receive more or less services depending on where you live and the above are merely examples. Residents in sheltered schemes generally receive the most services.

A service charge can also be payable in respect of specific items installed within your home which are over and above the normal bricks and mortar and fixtures and fittings you would expect to find in a home which are covered by your rent. Examples of these are:

- Stairlift
- Track and hoist
- Through floor lift
- Clos-o-mat toilets

Q: *I already pay a service charge so why is it changing?*

A: We have carried out a full review of the costs of providing services to identify their actual costs.

The review has been carried out on a service by service basis and will allow us to clearly show tenants what they are paying for. In the past there has been no breakdown of the costs of the services provided.



This review has highlighted that in some cases the actual costs of services provided are higher than we are currently charging tenants.

The total service charge you currently pay is made up of 'general service' costs and 'support' costs. The support part of the costs is not eligible for Housing Benefit. It was originally eligible for 'Supporting People funding' but this is gradually being phased out and in some areas has now been removed completely. This has led to some tenants who previously received support with those costs now having to pay some of it themselves, even if they are on Housing Benefit.

The review has identified that some of the costs that were originally classed as 'support' costs are actually 'housing management' costs. This is because a higher percentage of the duties of the Scheme Manager are actually related to management of the scheme. In future, these 'housing management' costs will be eligible for Housing Benefit.

Q: *What exactly has changed between 'general service' cost and 'support' cost?*

A: Many of the services provided to you by Scheme staff are not related to personal support – they are related to 'housing management'. Some examples of housing management services are:

- Carrying out fire alarm tests
- Cleaning
- Ordering supplies
- Logging communal repairs
- Dealing with contractors

Again, the above are merely examples and Scheme staff carry out many duties that are not related to personal support. As these duties are not related to personal support and are the provision of services to tenants they are eligible for housing benefit.

We have estimated that around 85% of the Scheme Manager's time is related to housing management and only around 15% of their time is spent on providing personal support to tenants.

We have included these costs together with the costs of the provision of the alarm service equipment and telephone line in the service charge and removed them from the support charge resulting in more clarity for tenants and a bigger percentage of the overall charge being eligible for housing benefit. We have also re-calculated them on a service by service basis rather than charging a 'one fits all' charge.

Details of the charge will be provided to you annually with the rent review letters, at the start of any new tenancy or on request.



Q: *Why carry out this review now?*

A: The review has been undertaken in response to the Government's annual 1% rent reduction policy. We need to ensure that the costs of providing housing services are covered by the income we receive.

Income from rents and services is used to fund the maintenance, repairs and the services provided to our tenants' homes. Over recent years some of the services we provide to tenants have been subsidised, and the Council can no longer afford to continue to do so.

In addition, when all of the charges were covered by Housing Benefit and Supporting People any tenant who was eligible for Housing Benefit was also eligible for Supporting People. The Government encouraged housing providers to use the Supporting People funding when it was introduced. Now that the Government has changed the rules on Supporting People this has left many tenants worse off financially.

By making these changes, we can provide a transparent and fair charge to all tenants, ease the financial burden on those tenants in receipt of Housing Benefit and ensure the income we receive covers the cost of providing housing services.

Q: *How are service charges set?*

A: We will assess the cost of providing the services before the start of the financial year (April) and then apportion the charges to you plus a 15% management/administration fee. The charge will be apportioned using the number of flats in the block or scheme you live in. We will limit the financial impact on current tenants by capping annual increases to a maximum of 5% until the actual service charge applicable is reached. We will give you 4 weeks' notice of any service charge applicable to you at the same time we notify you of any changes in your rent.

Q: *Why do you charge a management/administration fee?*

A: This fee covers our costs incurred in offering services to contractors, managing the contracts, dealing with any queries and complaints, calculating the costs and the checking and payment of invoices. The management/administration fee is charged in addition to the estimated and/or actual costs. If you rent your home, the fee is set at 15% of the total cost of services which is a standard percentage used by other councils and housing providers.



Q: *I'm currently in receipt of Housing Benefit – do I need to do anything?*

A: No, you do not need to do anything. We have been working with the Housing Benefit Department to ensure that the proposed service charges will be eligible. We will inform the Housing Benefit Department of all new charges from April 2018 and your entitlement to Housing Benefit will continue in the same way unless your personal circumstances change.

Q: *Is there anything else I need to know?*

A: The Government is currently reviewing once again how sheltered housing is funded. The current proposal is to bring in a form of 'sheltered rent' from 2020 which will include an amount for sheltered services. It is still unclear what this will be or how it will work as it is still at the consultation stage. We will keep you informed if this will affect you as soon as we know what the changes will be.