

Service Charge Policy

Our Vision

Building better lives through social care and housing in local communities.

Our Mission

We co-design and deliver services that offer innovative social care solutions and support people to thrive.

Our Values

We are
caring and
compassionate



We are
inclusive
and **trusted**



We focus on
excellence
and
innovation



We work in
partnership
and are
one-team



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 **Look Ahead**
CARE, SUPPORT AND HOUSING

1. Introduction

- 1.1 This policy sets out our approach to calculating and applying service charges to ensure that all customers are charged fairly and consistently for the services they receive.
- 1.2 This policy applies to all tenure types and properties both owned and managed by us.
- 1.3 In the calculation and application of service charges we aim to:
- recover all costs associated with the provision of services not covered by rental income
 - demonstrate our commitment to applying service charges that represent value for money
 - ensure that service charges are based on the actual cost of delivering the service
 - ensure that we meet all legal and regulatory requirements
- 1.4 Service charges will be set at a level that allows full recovery of the cost of providing a service and will be equally apportioned between individuals in a property for the services that they receive.

2. Definitions

- 2.1 A **service charge** is defined by the Landlord & Tenant Act 1985 as “an amount payable by a relevant tenant for services, repairs, maintenance, improvements or insurance or the landlord’s cost of management”.
- 2.2 **Depreciation** of fixed assets relates to the amount included in service charges to cover the cost of the replacement of capital items.

3. Policy Statement

Fixed Service Charges

- 3.1 Fixed service charges are used for all customers, as detailed in their tenancy/ occupancy agreements. Fixed service charges are calculated to ensure that service costs are recovered in full and remain fixed throughout the year in which they apply but will be subject to change at the time of each rent and service charge review.
- 3.2 We aim to recover costs and not to make a profit or loss when calculating and applying service charges. Under the fixed service charge regime, an end of year reconciliation is not undertaken. Where we collected service charges in excess of the actual costs incurred, the surplus will form part of our reserves and will be used to fund ongoing investment and services for tenants.

- 3.3 Where we fail to collect sufficient service charges to cover the costs incurred, the deficit will be borne by us.

4. Service Charge Items

- 4.1 The range of services we deliver varies from one property/service to another. The following are examples of (but is not limited to) the services included in our service charges:

- Communal heating, hot water and lighting
- Cleaning of internal and external communal areas, including window cleaning
- Grounds maintenance and gardening
- Servicing, maintenance and repair of communal alarms and door entry systems
- Intensive/enhanced housing management services
- Concierge and caretaking services
- Repairs to communal areas
- Maintaining communal TV aerials and licenses
- Carrying out annual fire risk assessments and any remedial works required in communal areas to ensure compliance and to protect customers' health, safety and wellbeing. This will include the servicing, repair and maintenance of fire alarms and associated fire safety equipment
- Servicing, repair and maintenance of lifts
- Servicing, repair and maintenance of communal laundry equipment
- Pest control
- Bulk waste and waste management
- Provision of furniture and white goods for both individual flats/units and communal areas
- Electrical safety testing of communal areas and white goods
- Catered services
- Shared WiFi services
- CCTV

- 4.2 We will include an administration fee in our service charges to reflect the overhead costs incurred when providing service chargeable services and the calculation and administration of services charges. The administration fee is calculated at 20% of the total service charge.

5. Depreciation of Fixed Assets

- 5.1 Depreciation charges are based on the current cost of replacing an item based on the number of years it is expected to last before needing to be replaced.
- 5.2 The following table sets out the length of time that we base our depreciation costs for items as standard:

Category	Expected useful life
Access Control Systems	10 years
Furniture (excluding mattresses) - hostels	5 years
Furniture (excluding mattresses) - non hostels	10 years
Mattresses - hostels	2 years
Mattresses - non hostels	5 years
White goods	5 years
Fire risk assessment remedial works	10 years
Electrical testing	5 years

6. Sinking Fund

- 6.1 A sinking fund charge is included in service charges. This will allow a fund to be built up over a period of time to be used for future works and repairs to communal areas.
- 6.2 The sinking fund charge is calculated based on 10% of the annual budget for property and furniture depreciation and maintenance costs.
- 6.3 The standard administration fee of 20% will also be applied to the sinking fund charge.

7. Health & Safety

- 7.1 We are committed to safeguarding the health, safety and wellbeing of our customers, our staff and visitors to our services. We recognise our legal duty to conduct annual fire risk assessments and we will pro-actively manage fire safety precautions and ensure that regular checks are carried out in communal areas.
- 7.2 We will recover the costs of the fire risk assessment as part of service charges, as appropriate.
- 7.3 We will carry out electrical safety tests in communal areas once every five years in line with our legal duty.

8. Enhanced Housing Management

- 8.1 Enhanced housing management services may be included in customers' service charges at supported or unsupported schemes where the tenant is vulnerable and requires additional support to manage and sustain their tenancy.
- 8.2 Enhanced housing management is provided by dedicated staff and includes assistance to manage a tenancy or license, rent accounts and the reporting and managing of repairs.

- 8.3 Where we are awarded a new support contract during the financial year, we will consult with customers before introducing the enhanced housing management service charge. We will adopt the legislation set out in the Landlord & Tenant Act 2002 (which only applies to variable service charges) as best practice.

9. Calculating Service Charges

- 9.1 The Chief Finance Officer has overall responsibility for the accurate and timely calculation of the annual fixed service charges and the amount will be set in the budget charged for the following financial year.
- 9.2 Service charges are calculated by identifying the services provided at each property. Estimated costs are then provided based on the previous year's costs, any known increases in costs for the following year or inflation and any known changes to service provision.
- 9.3 We aim to ensure that costs are kept as low as possible and to deliver value for money through our procurement processes. Wherever possible we will avoid large fluctuations in the annual service charges by securing longer term contracts to allow rates to be set for a given period, such as three or five years.
- 9.4 We will not pool the cost of providing services across all of our stock. Charges will be identified separately and only recharged to those tenants who receive, or could make use of, each service.
- 9.5 Every customer that receives and/or benefits from the provision of a service will be expected to contribute equally to the cost of delivering the service. The costs will be distributed between every resident in that property. Where a customer chooses not to use the service (for example a lift in a block) despite the service being available to them, they will still be charged for that service. Where a tenant does not benefit from a service (for example they have direct access to their accommodation without using internal common parts) they will not be charged for any services provided to those areas, such as cleaning and lighting in those areas.

10. New Properties

- 10.1 When we are awarded a support contract for a new property we will become the Managing Agent for that property. In this case we will usually inherit the existing service charges set by the outgoing support provider or the Head Landlord and we will continue to charge these until the next, annual, rent setting date.
- 10.2 Where there will be a change in the services offered from those offered by the previous Managing Agent (for example the introduction of a night time concierge or enhanced housing management) we will consult with customers before implementing, and charging for the changes.

- 10.3 Where service charges are being set at a property for the first time, the actual cost of providing a service will be used to set the service charges, where this is known. Where the costs are not known, we will use the cost of providing that service at a property that is of the same/similar size and type of the property in question. From year two, the actual costs from the previous year will be used, taking into account any known rate changes, inflation and any changes to the level of service provision.
- 10.4 Where we have remodelled a building that belongs to us that leads to a change in the services offered, we will consult all customers affected by the change before implementing them.

11. Consultation & Communication

- 11.1 We will consult with tenants in line with the Landlord & Tenant Act 2002, although the act only applies to variable service charges, we will adopt these principles as best practice.
- 11.2 Whenever we propose to introduce new services, we will consult customers before implementing them. Customers will be given 28 days to respond to the consultation letter with any queries, comments or suggestions. We will make this information available to customers in a variety of formats, according to their needs and in line with our Inclusion & Diversity Policy.
- 11.3 Customers will be issued with a detailed breakdown of the services that will be provided in their building during the next financial year along with a breakdown of costs, annually. Letters will be issued in July for properties that we own and in March for properties that we manage.
- 11.4 Customers can contest their service charges on the following grounds:
- Where we have failed to provide a service that we have charged them for
 - Where the cost of the service is excessive
 - The calculation/allocation of the cost is deemed to be incorrect or unfair

12. Collection of Service Charge Arrears

- 12.1 We aim to collect 100% of service charges payable by tenants in line with our Income Collection Policy and its associated procedures.

Record Keeping and Confidentiality

We will comply with our Data Protection and Confidentiality Policy which can be found by clicking [Here](#) or visiting our website at www.lookahead.org.uk

Inclusion and Diversity

We will take a fair and consistent approach to calculating and collecting service charges. We are committed to helping customers to access all of the information they need to manage their home and services in a way that suits them. We will ensure that this policy is fairly and consistently applied, promoting choice of payment methods where the tenancy/occupancy agreement allows and support or signpost customers to welfare benefits, debt advice or money management services, where appropriate.

Policy Sign Off and Ownership

Document Name	105.00_Service-Charges
Version	2.0
Equality Impact Assessment	N/A The policy states our commitment to supporting our customers to access information to enable them to manage their home/services in a format that meets their needs.
Who was consulted?	Director of Finance, Income Manager, Senior Finance Business Partner
Approved By/Date	Policy Group, 14 November 2024
Date for Review	November 2027
Author	Head of Finance, Process, Systems & Assurance
Owner (if different)	Chief Finance Officer
Document Location	SharePoint
Compliance Measures	Annual service charge accounts/review Complaints and feedback
Related Policies/Procedures	• Rent Standard • Complaints and Feedback • Repairs and Maintenance • Fire Risk Assessment • Income Collection
Relevant Legislation and Regulatory Requirements	• Landlord & Tenant Act 1985 • Regulatory Reform (Fire Safety) Order 2005

Version History

Version	Date	Description of Changes	Author
2.0	Nov 2024	Administration fee increased from 15% to 20% and reference added to the Sinking Fund.	
1.0	April 2022	No significant changes	