



**Date:** 11 April 2014  
**Subject:** Service Charges  
**Report Author:** R2R Resident Inspectors

**Purpose:** To provide findings and recommendations from residents scrutiny of Rents and Service Charges Process

## Introduction

The R2R panel decided on the rent and service charge setting process as the topic for scrutiny in the first quarter of 2014/15. This report outlines the key findings from the scrutiny panel and provides a number of recommendations where the R2R resident inspectors feel that the rent and service charge setting process could be improved.

## Methodology Used for Scrutiny

The R2R resident inspectors decided that both a desktop review and visits to SAHA schemes would be the best approach for reviewing the rent and service charge setting process.

In order for the panel to understand the process and gauge residents' views from other SAHA services, it was agreed that two panel members in the north and south would visit two schemes within general needs and sheltered services to get a comparison of residents' views.

The two schemes the R2R members visited were:

R2R Members	SAHA Schemes
Jim Shearer and Peter Annett	Brindleheath – Salford
Steve Hickmott and Leroy Simpson	Charles Court – Tunbridge Wells

A set of key questions were put to residents at both Brindleheath and Charles Court asking them:

- Are you aware of the service charge aspect of your rent?
- Was this explained to you during your sign up?
- What do you think of the service charge process and how it is communicated to residents, i.e. the service charge consultation meetings held with your housing officer?
- Do you think you are given enough information about the service charge costs?
- Do you think that you receive value for money with your service charge?
- Do you understand the charges that are listed? i.e. is the format easy to understand?
- Would you know who to contact with any questions you may have regarding your service charge?

Please see attached **Appendix A**, for residents' comments/feedback on the above questions.

The scrutiny meetings took place at SAHA's Head Office in London and Regional Office in Bolton on 11 April 2014.

In order to develop an informed understanding of the various elements involved in the residents meetings, the panel assessed and reviewed the following key documents:

The Association's:

- Policies and Procedures (Rent Setting Policy, Service Charge Policy, Service Charge Procedure).
- Service Charge Leaflet.
- Definition of eligible and ineligible housing benefit service charge.

- Benchmarking data for both General Needs and Supported Housing on rents and service charges against the sector.
- Feedback from Colin Mannion - Housing Services, Peter Wilkins - Asset Management and Karen Clark - Finance on the rents and service charge process from the individual departments' perspective and how departments work closely together to produce the rent and service charges each year.
- Case studies of two SAHA schemes (Brindleheath and Charles Court) where residents have not been happy or had issues with rents and service charges.

### Scrutiny Findings:

Overall the R2R panel concluded that the rent and service charge setting process works well and had no comments on the policies, procedure and leaflets. They acknowledged that whilst the contents of these documents was required to have certain key wording to ensure the Association met its regulatory requirements, the language used was clear and jargon free. The panel did, however, feel that the implementation and communication of the process could be improved.

Comments from the panel:

- The policies, procedure and leaflet are self explanatory and straightforward.
- The policies are a good length, i.e. not too long.
- "If it ain't broken, don't fix it" (Michael Gee).

### Case Studies:

Brindleheath and Charles Court were chosen as test case studies for the R2R panel to scrutinise the general needs and sheltered services process as there have been issues in the past about service charge costs.

Brindleheath Close: Opened in 2011, as the service was new SAHA had to estimate the rent and service charges for the first year. Unfortunately the Association set the rent and service charges low and ended up having to pay for the additional costs of running the service.

Therefore, in the next financial year SAHA had to raise the rent and service charges to reflect actual service costs, hence the service charge went up. SAHA carried out several consultation exercises with residents explaining the difference and why, which the R2R panel reviewed.

Overall the R2R panel felt that the rent and service charge setting process works well at Brindleheath, other than one comment from a resident saying that he was unhappy; however when challenged by the panel to see if he had approached anyone from SAHA regarding this he said he hadn't spoken to anyone, but did know who to contact (Colin Mannion, Housing Officer) if he wanted to.

Charles Court: Historically Charles Court residents have always raised issues regarding the rent and service charges for the scheme. The panel had the opportunity to review the documents sent to residents over the last two years, as a couple of residents approached the Residential Property Tribunal Services in 2013.

Overall the R2R panel felt that the rent and service charge setting process works well at Charles Court. They acknowledged that the residents were dissatisfied with the scale of the charges for the scheme.

Comments from R2R inspectors (Steve and Leroy):

- Residents felt there should be one standard letter issued to all residents, as at Charles Court, 3 residents had different versions of the rent and service charge letter.
- Residents were saying that the costs for PAT testing and washing machines were too expensive. The R2R panel thought that residents at Charles Court should be given a comparison of how much it would cost them to wash their clothes outside the scheme. The R2R panel felt that £12.66 per month for laundry facilities wasn't bad and wished they could have that service.
- Residents at Charles Court had produced a list of questions regarding the new service charges and were unhappy that SAHA had not come back to them with a response.

The panel would like to thank SAHA staff Colin Mannion, Peter Wilkins and Karen Clark for attending the R2R meeting.

### Recommendations:

Recommendations:	
1	SAHA to produce a slim line version of the rents and service charge schedule for all residents, i.e. just what the residents need to pay and a column including the previous year's costs, and to produce an in-depth version if residents require this.
2	SAHA to ensure that all residents have the opportunity to give feedback on the service charge consultation process, especially where services have strong minded residents. In addition to also have different service charge consultation methods, i.e. residents' meetings, surveys and face to face/one2one meeting with the Housing Officers to ensure all residents have the opportunity to give feedback.
3	Staff to explain any abbreviations listed in the service charge schedule, i.e. PAT testing, as some residents don't understand jargon.
4	Where possible, SAHA to consult with residents when choosing and appointing new contractors, i.e. gardeners, cleaners etc.
5	Where services/schemes have issues with the rent and service charge setting process (or the service charge), residents should be asked/encouraged to come up with a list of questions/queries prior to the service consultation meeting so staff can address these at service charge meetings (so residents do not have to wait for a response).
6	Implement the service charge satisfaction survey across all SAHA services as per the reviewed service charge procedure.
7	"The residents service charge satisfaction survey results" document needs to be have an additional column added to indicate if the service charges have gone up or down for that financial year as this will allow residents to make an informed decision.
8	To provide Charles Court residents with comparison data, i.e. the cost of using external laundry facilities or own against SAHA current contract. This may help them to understand that they have a value for money service.
9	Both Steve and Leroy would like to re-visit Charles Court residents at the appropriate time to see if the issues raised have been resolved by SAHA.