

Transforming Lives.

Your service charges explained



saha

Salvation Army Housing Association

Your service charges explained

1. Introduction

A service charge is a payment made by a resident towards the cost of providing and maintaining services. It is a fair share of what it costs or is likely to cost to provide services each year. Your service charge, and how we work it out, depends on how much it costs us to provide services where you live. You receive information about your annual service charge every year. This may be difficult to understand so we've produced this booklet to help.

You pay your service charge under the terms of your tenancy agreement. The service charge you pay will be different if you live in a flat or a house and will vary from scheme to scheme. Common service charge items include:

- General maintenance and upkeep of communal areas
- Cleaning of hallways and other internal communal areas
- Servicing of lifts
- Lighting in communal areas
- Ground maintenance for external communal areas for your estate or scheme
- Statutory servicing and testing of communal equipment (where applicable)

The service charge you pay is detailed in your tenancy agreement. Under the terms of your tenancy agreement we will consult with you if we increase, add, remove, reduce, or vary the services provided to you. This helps us to respond to what you and other residents want us to provide on the scheme. Please keep this booklet with your Residents Handbook. A copy of the handbook is on our website: www.saha.org.uk. We will write to you with any minor changes and also publish an updated booklet on our website. If you have any questions about your service charge please email us at info@saha.org.uk or call the Customer Services Centre on 0800 970 6363.

We aim to:

- Adopt a consistent approach in the calculation and recovery of the costs of providing services;
- Provide good value for money and to seek to recover the full costs incurred in providing services;
- Maintain service charges at an affordable level;
- Give clear, easy to understand information about the level of services we provide, the cost of the services and your right to challenge the charges we may propose;
- Involve you in monitoring quality and frequency of services;
- Meet relevant legislation and:
- Respond to any queries about the service charge that you pay promptly and fully.

2. Types of Service Charges

Service charges can be fixed or variable, depending on conditions of the tenancy agreement.

However, for simplicity all SAHA properties operate fixed service charges. Fixed service charges are set by the landlord according to the landlords own estimates and costs.

If these estimates are too low the association has to fund the loss rather than the deficit being added to the service charges for the following year. Service charges are difficult to compare as there are numerous reasons that they can differ between different locations, for example, the size of communal areas, the types of communal facilities provided and the number of properties in a development to share the costs and benefits.

3. Service Charge Items and Descriptions

Here's a typical list of service charge items and a description of what they cover. This isn't a complete list and you may pay for a service item not listed below.

Administration Charge

Administering and managing the services listed in your annual service charge statement

Alarm Call System

Ongoing repair of communal emergency alarm call systems that can mainly be found at developments designed for older people

Carpets, Curtains and other soft furnishing

Repairs, depreciation and cleaning of carpets, curtains and other soft furnishing in communal areas

Cleaning

Cleaning and removing rubbish from internal communal areas

Electricity

Lighting to internal and external communal areas, fire alarm systems and lifts

Gardening

Costs such as grass cutting, pruning, sweeping and weeding. May also include litter picking, Snow clearance and rubbish removal

Water

Communal water supplies

Window Cleaning

Cleaning communal windows

Door Entry System

Servicing, depreciation, repairs or rental to communal door entry system

Emergency Lighting

Providing communal emergency lighting including servicing, repairs and depreciation

Fire Servicing

Fire alarms, detection systems and communal smoke ventilation system servicing, repairs and depreciation

Furniture & Appliances

Cost of depreciation, repairs and cleaning of any items of furniture or appliances supplied by the association, mainly for use in communal facilities.

Gas

Gas for heating communal areas

Lift Management

Servicing, repairs, depreciation, insurance and emergency telephone charges

Laundry Costs

Hire, servicing and repairs to washing machines and/or tumble driers in communal areas

Portable Appliance Testing

Communal electrical appliances or appliances used by staff at the scheme including laundry facilities, vacuum cleaner and garden equipment

Pumping Station

Some developments require pumps to connect with mains services. Cost of servicing and repairs to the pumping station and any other costs associated with the running of the pumping station, such as electricity.

Refuse Container Hire (paladins)

Hire of bulk refuse containers (generally for blocks of flats)

Rubbish Removal (external areas)

Removal of rubbish left on estate and developments

Scheme Manager

A proportion of staff costs that may include salary, accommodation costs, absence cover, National Insurance and pension costs.

Security Gates, CCTV and Other Security Installations

Cost of depreciation or rental, servicing, repairs and other costs associated with the security installation.

Stair Lifts, Medicare Baths and Other Adaptations

Cost of servicing, repairs and insurance associated with the adaptation. These are normally a service charge applicable to a single property rather than across a scheme.

Statutory Safety Testing

These are tests relating to safety that we must carry out for legal and best practice reasons, designed to ensure the safety of residents and staff.

TV Aerial System

Rental or depreciation of a communal TV aerial/satellite system and any servicing and repair costs.

4. What does the term 'Depreciation' mean?

Depreciation is an accounting term for the reduction in value over the passage of time. When SAHA provides items of equipment for communal use for example, a lift, door entry system, emergency lighting or laundry equipment the depreciation charge funds towards the original cost. Depreciation is calculated over a set period of time and this period of time is based on advice and experience of how long an asset is expected to last. We only recover depreciation for items that residents benefit from through use.

Example:

A door entry system costing £10,000 with an estimated life of 15 years, assuming that there are 20 residents in that scheme and all benefit from its use, the charge would be worked out as follows:

£10,000 / 15 (years) = £667, so the annual depreciation charge is £667

*Recovering the £667 from the 20 residents would be £667/20 = £33.35 per annum per resident,
= £0.64 per week per resident.*

5. How We Set Up & Manage Service Chargeable Contracts

A service chargeable contract is a contract we have with an external company (contractor) to provide goods or services. You pay for this through your service charges. Examples of service chargeable contracts:

- Repairs to blocks and estates
- Gardening and grounds maintenance
- Lift servicing
- Fire alarm services

We set up new service contracts in a number of different ways. We follow different procedures depending on the period of the contract and the value. If we want a new service contract, a Housing Officer or Asset Manager will take the lead. They will have a good knowledge of the service, for example repairs to blocks and estates and the current contract. You will be given an opportunity to help make decisions, shape procedures and influence service specifications.

When we ask for companies to apply for a new service contract, we will look at value for money and quality of service. We will also look at current legal guidance for the new contract. It is important to us that you receive a high quality service. Each of our service contracts have agreed standards which tells everyone what services are expected to be received. You can request a copy of any specification at any time. We monitor our service chargeable contracts in a number of ways. We:

- Carry out estate inspections (you're invited to join us)
- Carry out some follow-up repair inspections
- Regularly liaise with our contractors and meet them on and off site
- Listen to you when you talk to us, for example to let us know you're unhappy with a service. We want to make sure you're happy with the quality and cost of services.

What you think about the service chargeable contracts is really important to us. If you'd like to help us monitor the standard of communal services such as gardening, cleaning or repairs let us know. Contact the Customer Service Centre for more information or email info@saha.org.uk

6. Understanding the Paperwork We Send You

We send you a number of documents to explain the service charges you need to pay every year. We'll send you some or all of the following documents (depending if you live in a house or a flat):

Annual service charge consultation letter.

This shows the proposed service charge we want you to pay from April each year.

Annual service charge statement.

This is a forecast for the following year of how much we think we'll spend on communal services between April and March

Annual service charge consultation letter

This shows the proposed service charge we want you to pay from April. You have 30 days to let us have your comments about the proposed service charge. We will review your comments and make agreed changes to the service charge. It's important you let us know what you think in the 30 days as any comments received after may not always be taken into account. If you agree with the proposed charge, you don't need to let us know. We'll go ahead with the proposed service charge unless we hear from you.

Annual Service charge statement

This is a forecast for the following year of how much we think we'll spend on communal services between April – March. We review the previous year's spend to work out the forecast budget. We'll also work out if there are any new costs that we'll have to collect for during the following year. This is good practice so there won't be large differences in your annual service charge.

We try to forecast as accurately as possible but there may be unforeseen costs during the year, usually with block and/or estate repairs. Through the course of the year, we may remove service charge items following consultation with you and your neighbours. If a service charge item is removed or if we agree to end a service charge, we will confirm the date on which the service charge will end. We will make an adjustment to your rent account to show that you are no longer liable to pay the service charge.

7. Help with Your Service Charge Costs

To help with the cost of living in your home you may be eligible to claim Housing Benefit or Universal Credit. If you live on an estate or a shared block, then the cost of the services that are shared with other tenants can be claimed through Housing Benefit. Unfortunately any costs for the individual services you use such heating and hot water can't be claimed through Housing Benefit and therefore have to be paid for by yourself. This is why on the statements/letters we send we are required to show which services are be paid for by Housing Benefit and those that are not. If you are struggling to pay your individual charge or unsure about what benefits you can claim then please contact us straight away. We will always treat you with respect and give you advice in confidence.

We can often give you help or come to an agreement to help you manage your money,

8. The Annual Service Charge Process

We have a two stage process to review your annual service charge:

Stage 1

We'll let you know your estimated service charge payable from the following April and ask what you think. We'll confirm:

- Your proposed service charge statement
- The number of homes over which the service charge is split
- The time-scale (usually 30 days) to raise any queries about your estimated service charge.

Stage 2

We'll confirm in writing your annual service charge payable from April following any changes arising from the consultation.

9. How to Pay Your Service Charges

You can pay your rent (including service charges):

- By direct debit or standing order
- Over the phone by debit/credit card by calling the Customer Service Centre
- By cash or debit/credit card shops and outlets showing the Allpay logo
- By debit/credit card through the Allpay website and smart phone applications
- By posting a cheque to the Customer Service Centre

For further details on payment options please contact the Customer Services Centre or email servicecharges@saha.org.uk

10. Frequently Asked Questions

Here are some answers to questions that we often get asked about service charges:

Q. Can I get involved in setting my service charge?

A. Yes, throughout the year give us your feedback on both the types of services that your scheme needs and the quality of the services being provided. Are the specifications being met or do the specifications need amending? All feedback helps us to develop the Annual Service Charge Statement that we put out to residents for consultation.

During the consultation stage, please give us your feedback; this is your opportunity to influence the finalised service charge budget. We will listen and respond to all views made as they will help us improve the service we deliver to you.

Please be aware that we generally set service charges in line with the opinion of the majority of residents and in some cases, for example service charge items relating fire safety and lift, are included to ensure that legal obligations are met.

Q. How do I know if I pay a service charge and how much I am charged?

A. When your tenancy starts, we will tell you if you have to pay a service charge and how much the service charge is. You will also receive a schedule with your tenancy agreement which tells you what the charge is for. You will receive a rent and service charge statement every three months which tells you how much rent and service charge you pay and what your current balance is.

Q. Do I have to pay the charge?

A. Your tenancy agreement will tell you if you have to pay a service charge. If you are charged a service charge, it is a condition of tenancy and you will have to make sure that you pay.

Q. What happens if I am not happy with the service?

A. We aim to deliver a high quality, value for money service. It is important that you tell us if you believe the service is not being delivered. If you tell us that you are unhappy with the service we will contact you and if relevant, arrange for the contractors to come along so that we can complete a joint inspection. This helps us identify what is going wrong and put actions in place to make sure it does not happen in future. If you remain dissatisfied you can use our complaints procedure to make a complaint

Q. What if I am not happy with the way the service charge has been calculated?

A. If you are not happy you should speak to us first and we will work with you to try and resolve the issue. Alternatively you can contact the Residential Property Tribunal Service (RPTS), the public body who resolves all Rent and Service Charge disputes. You should contact them within four weeks of receiving the notice of increase letter that you receive from us. Residential Property Tribunal Service, 0845 100 2614 or www.rpts.gov.uk We value your views and would like to hear what you think about the service you receive from us. If you wish to make a complaint, compliment or give us a suggestion about our Service Charge service you can do so by contacting the Customer Service Centre. These notes are a guide and are not to be relied on in the event of difficulties or disputes with your tenancy agreement. In such cases you should take independent legal advice.



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