



Service Charge Policy

Originator:	Policy and Strategy Team
PCHA Approval Date:	September 2024
Review date:	September 2025

1	Introduction
1.1	Pine Court Housing Association (PCHA) has a mission to provide high quality homes and excellent landlord services that exceed the aspirations of all stakeholders and achieve value for money.
1.2	In its role as a responsible landlord, PCHA may provide additional services to its tenants and leaseholders that are not covered by rent payments (tenants) or ground rent (leaseholders), where this applies. To recoup the costs of providing these services PCHA will levy 'service charges'.
1.3	This Policy sets out the provisions PCHA has in place to ensure that service charges are fair and reasonable, that they meet all legal requirements, and that appropriate consultation and notification takes place. The scope of this Policy does not cover any service charges that are applicable in commercial units that PCHA manage and own.
1.4	In operating this Policy PCHA will ensure it meets the legal requirements in the setting, consultation, notification and collection of service charges as set out principally in: <ul style="list-style-type: none"> • Landlord and Tenant Act 1985 • Landlord and Tenant Act 1987 • Leasehold Reform, Housing and Urban Development Act 1993 • Housing Act 1996 • Commonhold and Leasehold Reform Act 2002 • Service Charges (Consultation Requirements) (England) Regulations 2003 • The Service Charges (Summary of Rights and Obligations, and Transitional Provision) (England) Regulations 2007 • Welfare Reform and Work Act 2016
1.5	In operating this Policy PCHA will also meet the requirements of the Regulatory Framework for social housing adopted by the Regulator of Social Housing, including the: <ul style="list-style-type: none"> • Rent Standard – namely that: <ul style="list-style-type: none"> ○ Registered providers must set rents in accordance with the Rent Policy Statement • Value for Money Standard – namely that:

- (registered providers) understand the costs and outcomes of delivering specific services and which underlying factors influence these costs and how they do so

1.6 Access and Communication

1.6.1 PCHA is committed to ensuring that our services are accessible to everyone. PCHA will seek alternative methods of access and service delivery where barriers, perceived or real may exist, that may make it difficult for people to work for us or use our services.

1.6.2 Working with our customers we have established a Vulnerable Persons and Reasonable Adjustments Policy to ensure we make best use of every customer interaction to meet customers' needs in our service delivery and ensure this information is kept up to date.

1.7 Equality, Diversity and Human Rights

1.7.1 PCHA is committed to ensuring that no person or group of persons will be treated less favourably than another person or group of persons and will carry out our duty with positive regard for the following core strands of equality; Age, Disability, Gender, Race, Gender Identity / Gender Expression, Sexual Orientation, Pregnancy and Maternity, Marriage and Civil Partnership, Religion and / or Belief.

1.7.2 PCHA also recognises that some people experience disadvantage due to their socio-economic circumstances, employment status, class, appearance, responsibility for dependants, unrelated criminal activities, being HIV positive or with AIDS, or any other matter which causes a person to be treated with injustice.

1.7.3 PCHA will also ensure that all services and actions are delivered within the context of current Human Rights legislation. PCHA will endeavour to ensure Staff and others with whom it works, will adhere to the central principles of the Human Rights Act (1998).

1.8 Complying with the Money Laundering Regulations 2017

1.8.1 PCHA will ensure there is a designated person on the Board of Management that has responsibility for ensuring compliance with the Money Laundering Regulations 2017 and that they have received appropriate training and guidance to fulfil this role effectively.

1.8.2 The designated Board member will seek assurance that PCHA has appropriate procedures in place to check the provenance of any large payments that are received or offered in relation to PCHA financial transactions. This will apply especially where customers or third parties have difficulties in explaining the origins of the finances and will make appropriate alerts in conjunction with the Money Laundering Reporting Officer, as required. For full details see the PCHA Anti-Fraud, Corruption and Money Laundering Policy.

1.9 The Policy should be read in conjunction with:

- PCHA Residential Leaseholders Policy
- PCHA Rent Payment and Arrears Recovery Policy
- PCHA Anti-Fraud, Corruption and Money Laundering Policy

2	Statement of Intent
2.1	When levying and collecting service charges, PCHA will ensure that it meets relevant legal requirements in particular in relation to the timescales and methods of consultation, if and when this is required and notifications given to those that receive the services provided.
2.2	PCHA will only introduce new or modify existing service charges when the service provided directly benefits its customers (tenant and leaseholders) or when they serve to maintain or enhance PCHA's asset value following consultation and consent requirements.
2.3	The Rent and Service Charge Team Leader will be responsible for calculating service charges. To ensure accuracy of the service charges, this will be carried out in conjunction with the relevant Service Managers.
2.4	PCHA is committed to the principles and practice of 'de-pooling' and will continue to work towards separating out service charges and ensuring only those that receive or benefit from the service are charged for them and that all charges are proportionate.
2.5	Where PCHA levies variable service charges it will initially estimate the cost of providing those services. It will achieve this through accurate accounting and analysis of spend against estimates and account for any surplus / deficit at the end of the accounting period in accordance with the terms of the lease (where this applies). PCHA reserve the right to levy administration / management costs where this is practical and cost effective for the business.
2.6	Where a fixed service charge is levied, the service charge will be fixed at the beginning of the year. There will be no reconciliation at the end of the year although PCHA will take into account the cost of providing the services when setting future service charges.
2.7	In line with the regulatory requirements and business best practice, PCHA will ensure the service charges it levies achieve value for money by benchmarking with similar service providers, through competitive tendering of service suppliers and regular review.
2.8	Through its approved supplier arrangements, regular monitoring of performance and satisfaction against stringent targets, PCHA will ensure those that provide services that are subject of a service charge are quality assured and that quality is maintained throughout contracts.
2.9	When considering introducing new service charges or enhancing existing ones, subject to consultation and consent requirements being met, an PCHA Service Charge Subgroup will assess the affordability element and may postpone or cancel services, if as a result of Welfare Reform measures, properties become unaffordable.
2.10	Whenever PCHA issues a demand for payment of variable service charges to tenants and leaseholders it will provide a summary of rights and obligations in relation to service charges (in accordance with the Service Charges (Summary of Rights and Obligations and Transitional Provision) (England) Regulations 2007).
3	Policy
3.1	Service Charges for Tenants

- 3.1.1 Within PCHA's social housing stock (i.e. those properties where social rent is charged) there are a number of different tenancy agreements in operation, depending on when the property was let, if tenants have signed a new agreement during the course of their tenancy or if the property was part of an amalgamation with a former landlord.
- 3.1.2 In most cases the tenancy agreement sets out the way in which service charges can be levied, either as 'fixed' or 'variable' charges.
- 3.1.3 PCHA will apply a 'fair and equitable' approach to the apportionment of service charges for tenants and leaseholders, in accordance with terms outlined in lease or tenancy agreements.
- 3.1.4 Where PCHA proposes to introduce any new service charges (for existing or new properties) it will assess affordability issues by checking if the charges are classed as 'eligible' under prevailing Housing Benefit and Universal Credit regulations.
- 3.2 **Fixed Service Charges**
- 3.2.1 For a number of tenancies PCHA will levy 'fixed service charges' where PCHA estimate the cost of providing services (other than bricks and mortar or tenancy management functions). A fixed service charge is determined by PCHA estimating what it considers it will cost to provide the service and will often be based on previous year's costs so that the service charge is as accurate as is possible.
- 3.2.2 If PCHA operate a fixed service charge it will carry the risk of any overspend and where the actual cost of providing the service is more than the amount levied, PCHA will not recover this from tenants.
- 3.2.3 PCHA will not be able to recoup any overspends from the previous accounting period but will be able to increase the amount to reflect the accurate costs of delivering the service in the following years notification of payments. If there are underspends PCHA reserves the right to keep and reuse any surplus created.
- 3.2.4 PCHA will inform tenants that are subject to fixed service charges in writing each year (and in the preferred format if required) at the same time as rent notification letters are sent out, usually before the end of February.
- 3.2.5 The notification letters will detail how much they are required to pay and for what services the charge is being applied (including any management costs for administering services and in some cases contributions for depreciation costs on physical assets).
- 3.3 **Variable Service Charges**
- 3.3.1 Variable service charges are based on both the actual and estimated costs of the service with any surpluses or deficits carried forward as an adjustment to the next accounting period.
- 3.3.2 PCHA will deal with surpluses / deficits in accordance with the terms of the lease (where this applies).
- 3.4 **Service Charges for Leaseholders**

- 3.4.1 All service charges for leaseholders will be variable and will be apportioned in accordance with the terms of the lease.
- 3.4.2 Estimated bills will be sent to leaseholders in February each year with actual bills based on expenditure for the previous accounting period (April to March) usually sent in September and will include a list of rights and obligations.
- 3.4.3 In the estimated bill, PCHA will include any projected amounts for the provision of day-to-day maintenance services of communal parts. At the end of the year, PCHA will compare the estimated cost and actual cost for the maintenance services for any discrepancies. If there are any additional costs incurred on top of the estimates provided, the leaseholder will still be responsible for paying them. The demand for these costs will be included in the actual invoice sent no later than the September for the previous financial year. Any overpayments and underpayments will be adjusted in the accounts accordingly.
- 3.4.4 Any request for payment for contributions to major works i.e. where PCHA carries out improvement or upgrade works on a block where leaseholders reside will be billed to leaseholders when a programme of work is completed.
- 3.5 **Service Charges for Affordable Rent and Rent to Buy Properties**
- 3.5.1 The service charge on Affordable Rent and Rent to Buy properties is inclusive of the rent and tenants will be informed of any increase via the annual rent notification letter sent in February / March of each year.
- 3.6 **Service Charges for Agency Managed Properties**
- 3.6.1 PCHA has a number of properties where specialist support services are provided in situ to tenants by external agencies, known as 'agency managed properties'.
- 3.6.2 The way service charges are set and collected for these properties will be determined by the terms of the management agreement that exists with the external agency. All service charges in these properties will be variable and may involve one or a combination of the following:
- PCHA setting service charges and PCHA taking responsibility for collection of payments
 - PCHA setting service charges with the agency responsible for collection of payments
- 3.7 **Consultation Requirements**
- 3.7.1 PCHA will comply with the consultation requirements set out in section 20 of the Landlord and Tenant Act 1985 (as amended) where it intends to enter into a qualifying long-term agreement (a contract for a fixed term of more than 12 months where any one tenant must contribute more than £100) or carry out qualifying works (where the cost of the works will exceed £250 for any one tenant). Details of the consultation process are set out in PCHA's Section 20 Guidance.

3.8 **Payment of Service Charges**

3.8.1 PCHA will provide a number of convenient methods for tenants and leaseholders to pay service charges including:

- Online via the PCHA website, secure 'WorldPay' facility
- At any Post Office Branch using the PCHA payment card
- Via direct debit
- Payments by telephone by contacting 0151 709 6878 (during normal weekday working hours 9.00am – 5.00pm)
- Using 'Payzone' and 'Pay Point' facilities available via a number of retail outlets

3.8.2 Tenants and leaseholders have statutory rights to:

- Seek a summary of the service charge account from the landlord (section 21 of the Landlord and Tenant Act 1985)
- Inspect accounts, receipts and other documents relating to the service charge summary and take copies of these (section 22 of landlord and Tenant Act 1985)

3.9 **Consequences of Non-Payment**

3.9.1 If tenants fail to pay service charges when given reasonable requests to do so in accordance with the regulations it will be classed as a breach of tenancy agreement and PCHA may take tenancy enforcement action in accordance with its 'Rent Payment and Arrears Recovery Policy'.

3.9.2 Similarly, if leaseholders fail to pay service charges it could ultimately lead to PCHA applying for forfeiture of the lease in accordance with the 'PCHA Residential Leaseholders Policy' or for shared owners, in accordance with the PCHA Rent Payments and Arrears Recovery Policy.

3.10 **Appeals**

3.10.1 In setting service charges, PCHA will comply with the provisions of sections 18-30 of the Landlord and Tenant Act 1985. This means that costs will be:

- Reasonably incurred and
- Relates to services or works which are of a reasonable standard

3.10.2 Tenants and leaseholders have a right to appeal to the First Tier Tribunal (FTT) if they are not satisfied with the demand for payment from PCHA. The FTT can determine:

- If costs were / are reasonable
- If works were / proposed are of reasonable standard
- If amount payable before costs incurred is reasonable
- If costs are payable

3.10.3 PCHA also have the right to apply to the FTT before works or proposed works commence for the same determinations outlined above. The right exists on either party's behalf except where the leaseholder has previously admitted liability, the matter is subject to ongoing arbitration, or a court order has been granted.

4	Implementation	
4.1	The Director of Operations will have overall responsibility for performance in the management of service charges	
4.2	The Director of Operations will be responsible in conjunction with relevant senior managers for proposing new service charges (subject to consultation and consent requirements being met).	
4.3	Neighbourhood Services Officers or the Sovini Commercial Housing Team will be responsible for carrying out consultation and any affordability assessments that are required with introduction or proposed introduction of new services that attract a service charge or where major works are planned or proposed.	
4.4	The Rent and Service Charge Team Leader will be responsible for calculating service charges.	
5	Performance	
5.1	The Board, Departmental Management Team (DMT) and Managers Performance meeting will review performance on the collection rates of service charges levied and against agreed targets.	
6	Consultation	
6.1	All PCHA staff have been consulted in the development of this Policy. Tenants were also consulted via Tenants Policy Review Group.	
7	Review	
7.1	This Policy will be reviewed every year (from the date it is approved) by the PCHA Board to ensure its continuing suitability, adequacy and effectiveness or as required by the introduction of new legislation or regulation that impacts on the obligations of PCHA or changes to PCHA business practices.	
8	Equality Impact Assessment	
8.1	Was a full Equality Impact Assessment (EIA) required?	No.
8.2	When was EIA conducted and by who?	An Equality Impact Assessment Relevance Test was Undertaken by the Policy and Strategy Manager and the Quality and Inclusion Officer in May 2024.
8.3	Results of EIA	The Relevance Test did not identify any differential or adverse impacts for any groups with protected characteristics as a result of the operation of this Policy.

9		Scheme of Delegation	
9.1	Responsible committee for approving and monitoring implementation of the Policy and any amendments to it	PCHA Board	
9.2	Responsible officer for formulating Policy and reporting to committee on its effective implementation	Director of Operations	
9.3	Responsible officer for formulating, reviewing and monitoring implementation of procedures	Director of Operations	
10		Amendment Log	
Date of revision:	Reason for revision:	Consultation record:	Record of amendments:
21 st July 2022	In Line with Review Schedule	See Section 6	<ul style="list-style-type: none"> There are no fundamental amendments in this revision
27 th July 2023	In Line with Review Schedule	See Section 6	<ul style="list-style-type: none"> There are no fundamental amendments in this revision
4 th September 2024	In line with the Review Schedule	See Section 6 above	<ul style="list-style-type: none"> Job Titles changed were necessary throughout The EIA Relevance Test has been updated