



Service Charge Policy

Reference Number	SCP – v3
Date Created	29/04/2020
Date Reviewed	07/10/2021
Approved by	Exec Director Finance & Investment
Date Approved	04/11/2021

Contents	Page
Introduction	2
Policy Statement	2
List of Services	4
Complaints	5
Monitoring and Review	5

1.0. Introduction

1.1. The Service Charges Policy (the policy) outlines the principles and approach that Livin takes to Service charges.

1.2. This Policy enables the charging of variable service charges to new tenants or the charging of new services to existing tenants. Tenants who's tenancy started before 1st April 2014 are not charged separately for services existing prior to that date (with the exception of heating charges).

1.3. This policy does not cover service charges payable by any existing leaseholder.

2.0. Policy Statement

2.1. This policy is intended to outline the process for managing and setting service charges.

2.2. This policy aims to set out clear guidelines for service charges and the methodology behind their calculations.

2.3. Whilst this Policy covers the principles behind the calculation of service charges for leasehold and non-leasehold tenants, it does not cover the methodology for applying the services to leaseholders and the processes associated with their annual statements/accounts.

Definitions

2.4. A service charge is a payment made by a tenant, leaseholder or freeholder towards the cost of providing and maintaining additional services and benefits provided for them beyond the benefit of enjoying the occupation of their home. These charges are not included in the normal rent charge.

2.5. A variable rent charge is a service charge payable by a customer that is not subject to a lease or tenancy (i.e. a freeholder).

2.6. Livin adopt a variable service charge method whereby charges can be changed annually.

2.7. A variable service charge is where an estimated cost is set at the beginning of the financial year. The main effect of variable service charges is that any surpluses or deficits can be carried forward and taken into account when determining the following year's charges. Any over / under recovery of costs will be either recouped or offset against future year's charges.

2.8. There is no limit on the amount variable service charges may be increased by on an annual basis, provided that the overall charge is reasonable.

Service Charge Policy

2.9. Livin does not seek to apply an over / under recovery adjustment to tenancies terminated part way through the year but recognises that if and when final costs are known, and a valid request for a refund is made, then subject to offsetting against other amounts owed, Livin will honour this refund.

2.10. Although variable charges mean much more stringent procedures, it guarantees that Livin can recover all costs incurred on services in the future. It means tenants are more involved with the provision of services and receive information about their costs, making it a more transparent choice. It would also enable us to respond positively to requests from tenants for more services in the knowledge they will be able to recover the full costs of any such additional provision.

2.11. For qualifying major works and long-term agreements, consultations will take place in accordance with applicable legislation (Section 20 notice, Landlord & Tenant Act 1985 as amended by the Commonhold & Leasehold Reform Act 2002).

2.12. Livin are committed to understanding customers (current and future) and tailoring services to meet their individual needs and aspirations against a clear set of service standards and enhancing their role in shaping and determining those services. In doing this the Organisation must raise the necessary income and demonstrate that the provision of those services meets tenants' expectations and provide value for money.

Service Charge Setting and Statements

2.13. Livin will manage service charges in a transparent way providing customers with annual information that is:

- Standardised
- Produced in accordance with their lease or other legal requirements

2.14. Normally, service charges will only be increased or decreased once in any financial year which will usually be from the first Monday in April. Customers will be informed of any increase or decrease to their service charge in their Annual statement provided in accordance with their lease or any statutory notice period.

2.15. Where a service is permanently stopped then Livin would seek to adjust the service charge element during the year.

2.16. Where a service is only temporarily suspended then depending on the length of the suspension, Livin would not normally consider adjusting the service charge during the year as any under/overcharge would be adjusted in future years' service charge under the variable service charges method.

3.0. List of services

3.1. A list of services charged will be provided annually, on the service charge statement, and cover the cost of services relating to a customer's property or estate.

3.2. This list is given to new tenants with their tenancy agreement and annually on their service charge statement. Homeowners will be notified of any charges, or potential charges, at the time of purchasing their property.

3.3. Livin will seek to charge homeowners a relevant service charge where they are legally entitled to do so in accordance with the freehold transfer document or deed of covenants.

3.4. Livin may waive the charge for services provided to homeowners where the total annual cost of all services provided to that address, or customer is less than £10 (including vat).

3.5. Where residents live in a property, part of a block, an estate, or a group of properties that enjoy additional services, the property will be considered to benefit from the provision of the service and included in the calculation of a service charge. The charge will apply if the property benefits from the service and is not dependent on the residents making use of the service.

3.6. Where a service charge relates to a service provided to an entire estate or area (i.e. open spaces communal grounds maintenance), then the individual property service charge will be calculated using the total cost of the service to that estate divided by the total number of properties in the estate. This method seeks to achieve a fair and reasonable apportionment and share costs between all residents.

3.7. Where fixtures and fittings are provided to tenants in communal areas, the cost of these items that will be included as a service charge will be spread across its 'life expectancy'. This charge is known as depreciation and aims to recover the cost of the fixture or fitting evenly over the expected life and not as a one-off service charge in the year of purchase. Each fixture or fitting will be appraised to ascertain a fair depreciation period.

3.8. Livin aim is to be transparent and accountable for the quality and cost of services. New Services are subject to Service charges

3.9. In the future, Livin may develop a range of new services, or customers may ask for new services to be provided. In these events, formal consultation will be held with all tenants affected prior to any decision being made. A service charge will then be calculated and levied for the service and be payable by the customer.

3.10. If new services are introduced the charge will become payable when the service commences. If a service is permanently withdrawn, then the

Service Charge Policy

charge will also cease, and any under/over recovery for that specific service either recouped or offset.

Management and Administration fees

3.11. Livin will charge an administration fee to cover costs associated with managing and administering service charges. This will be no more than 15% of the total service charge payable.

Transfers / Mutual Exchanges

3.12. If a preserved tenant transfers to another dwelling which attracts a service charge, they will lose their right to be exempt from service charges and will be required to pay the charges associated with the new property.

3.13. The above will apply to mutual exchanges; the tenants will be liable for the service charge associated with their new property regardless of their tenancy type.

4.0. Complaints

4.1. Complaints are covered by Livin Complaints Procedure.

4.2. Complaints relating to legal remedies or service charges cannot be dealt with through the complaint's procedure. The First Tier Tribunal (Property Chamber) should be used for matters relating to payment and reasonableness of service charges.

5.0. Monitoring and review

5.1. This policy and its supporting procedures will be reviewed no less than every three years.

END OF POLICY