

SERVITE HOUSING ASSOCIATION

**RENT AND SERVICE CHARGE SETTING
POLICY**

Policy Guardian:	Housing Services Director
Author:	Housing Services Director
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SERVITE HOUSING ASSOCIATION LTD

POLICY STATEMENT: RENT AND SERVICE CHARGE SETTING

1 INTRODUCTION

One of the aims of the Association is the provision of good quality affordable homes to people in need and to meet Scottish housing quality standards. The level of rents for our houses is important to the Association in ensuring viability. It is also important to our tenants to ensure that rents are set at affordable levels and are generally considered to be good value. This Policy details the principles and framework on which our rent and service charge setting is based and how we will consult with our tenants on rent and service charges.

2 CONTEXT

2.1 Under the terms of the Housing (Scotland) Act 2001 the Association is responsible for setting rent levels for properties within its ownership and in consulting with affected individuals and groups of residents.

2.2 Scottish Government sets parameters for rent setting through its Performance Standards for all social landlords. In Standard AS1.6 every social landlord must take account of :-

- affordability,
- the cost of managing and maintaining properties,
- comparability with other social landlords in the areas,
- the requirement to service existing loans and fulfil contractual obligations.
- In addition social landlords should have a fair system for apportioning rents between individual properties.

2.3 The Scottish Federation of Housing Associations (SFHA) has also developed guidelines for assessing affordability. The SFHA definition of affordability is: -

“For a rent (including service charges) to be affordable, households with one person working 35 hours or more should only exceptionally be dependent on housing benefit in order to pay it.”

2.4 This policy supports the strategic requirements of the Association’s, Business and Strategic Development Plans; Standing Orders and the Association Strategies, Policies and Procedures including our Tenant Participation Strategy, Equal Opportunities Policy, Risk Management Strategy and Sustainability Policy.

2.5 This policy is supported by a Rent Setting and Service Charge Procedure, which include processes for setting and reviewing and implementing rent and service charges involving our tenant consultation processes.

2.6 The Association will ensure that all staff and Management Committee Members receive appropriate training and support to meet the requirements of this policy and related procedures.

3 POLICY AIMS

3.1 The Policy is based on the following aims:

a) *Viability*

Rents and Service Charges will be set at levels, which ensure that all budgeted commitments of the Association are covered and to provide an acceptable level of operating surplus to invest in our properties and services. The cost of providing services will be recovered only from those tenants who enjoy the benefits of these services.

Rent and Service charges will take account of expenditure on the following factors, which will be advised to the Management Committee on an annual basis:-

- management of housing stock
- maintenance of housing stock (reactive and cyclical)
- costs of providing services (including administration charge)
- voids and bad debts allowance
- loan charges and repayments
- provision for future major repairs, component renewal, planned maintenance, etc.
- provision for any contingencies

b) *Affordability*

The Association will seek to ensure that rent and service charge levels are affordable to its client groups, whether they are in receipt of state benefits or in low paid employment. The Association will pay due accord to the affordability criteria established by the Scottish Federation of Housing Associations.

The affordability of rents and service charges will be continuously monitored for potential tenants from feedback on reasons for refusal; new tenants, using SCORE information; current tenants satisfaction surveys and leaving tenants in exit surveys.

The Association will ensure that the rents and annual rent increase, on average, should not exceed levels set by other Housing Associations operating in the same area.

c) *Accountability*

Rent and service charge setting will be carried out in a manner that satisfies the requirements of Scottish Government. The Policy is designed to be easy to explain, understand, and justify.

Tenants will be consulted on proposed rent and service charge changes, and will be able to receive details of how the rents and service charges for their houses have been calculated as shown in section 8.

d) *Flexibility*

The policy is designed to be flexible, to take account of the various circumstances in which the Association may develop or acquire properties, and the various locations within which the Association owns properties. It also takes account of the various client groups for which the Association provides housing. A summary of stock and rent levels will be provided to the Management Committee during the rent review process.

e) *Comparability*

The method of rent setting will seek to ensure that rent levels are consistent across all of the Association's housing stock. Account will also be taken of rental levels of other relevant social landlords as part of an annual comparability exercise. A comparability study of rent charges of local and peer social housing providers will be provided for the Management Committee as part of the rent review process.

4 AREAS OF RESPONSIBILITY

- 4.1 The Management Committee** - has responsibility for ensuring that this policy complies with Regulatory and Legislative requirements and in meeting the Association's Business Plan and budget.
- 4.2 The Chief Executive** – has responsibility for ensuring that this policy is applied to ensure compliance with Regulatory and Legislative requirements and in meeting the Association's Business Plan and budget.
- 4.3 The Finance Director** – has responsibility for ensuring that appropriate financial support and advice is provided to the Management Committee, Management Team and relevant staff to ensure compliance with Regulatory and Legislative requirements and in meeting the Association's Business Plan and budget.
- 4.4 The Housing Services Director** – has responsibility for ensuring that appropriate Housing Services support and timely advice is provided to the Management Committee, Management Team and relevant staff to ensure compliance with Regulatory and Legislative requirements and in meeting the Association's Business Plan and budget.

5 EQUAL OPPORTUNITIES IMPLICATIONS

- 5.1 This Policy has no direct equal opportunities implications. The Association will, however, as a matter of good practice, monitor the affordability of its rents with information available on income levels between different groups, such as gender groups, ethnicity and disability groups. This will support our aim that rents set by the Association are affordable will ensure that income levels do not represent any barrier to access the Association's housing stock.

6 SUSTAINABILITY IMPLICATIONS

- 6.1 This Policy has no direct sustainability implications. The Association will however, as a matter of good practice, monitor the sustainability implications of new build developments and property investment on the long term affect on rent levels.

7 RISK MANAGEMENT

- 7.1 The Management Committee will consider the Risk Management factors of Rent and Service charge setting including:-
- Financial risk through potential failure to ensure that enough income is generated to cover operating costs
 - Non Compliance with Scottish Government's Performance Standards
 - Setting charges which are viewed as being unfair and/or not affordable.

8 TENANT CONSULTATION STRATEGY

- 8.1 The Association will also consult with Tenants and Registered Tenants Associations on the Rent and Service Charge reviews as part of its Tenant Participation Strategy. A report on the outcome of the consultation of the rent review will be submitted annually to the Management Committee, prior to the rent increase being applied.

9 RENT SETTING SYSTEM – HAG FUNDED PROPERTIES

- 9.1 Rents for properties which are to be developed with Housing Association Grant funding, or its equivalent, from Scottish Government will be based on a points framework. Points will be attributed to a range of property characteristics. These characteristics are those that are considered to be the most important to tenants in enjoying their homes, and any which may represent additional maintenance costs to the Association.
- 9.2 A points total will be calculated for each property and the rent then calculated by applying a monetary multiplier to the points total. The value of this monetary multiplier will be set each year by the Management Committee as part of the rent review process.
- 9.3 The points framework against which rents are calculated is attached to this Policy in Appendix 1.

10 RENT SETTING SYSTEM – NON-HAG FUNDED PROPERTIES

- 10.1 It is accepted by the Association that a points-based method of rent calculation may not be appropriate for properties which are acquired or developed under a funding framework which does not involve Housing Association Grant. This could apply to initiatives such as stock transfers, local authority-sponsored redevelopments, etc. In these circumstances, the rental structure of the disposing or sponsoring agency or landlord may require to be accepted as the basis for rent setting.
- 10.2 Basing rents on the rental structure of a disposing or sponsoring agency is acceptable to the Association provided that there are no concerns regarding the affordability of the rents generated under such a structure.

11 FAIR RENTS

- 11.1 The Association has a reducing number of tenants who have the preserved rights for Rents to be set by an Independent Rent Officer on a three yearly basis. Fair rents will be aim to apply the broad principles of this policy as set out in Section 3 of this policy, subject to approval by the Rent Registration Officer.

12 SUPPORTED/CARE ACCOMMODATION

- 12.1 In recognition of the different revenue funding system for some supported/care accommodation projects, the Association may set rent/occupancy charges for such projects outwith its points-based rent setting structure. In determining the appropriate level of rent the Association will consider the costs of factors such as the following in addition to mainstream costs:-

- management, including any enhanced management, services provided by the Association or any agency contracted by it to provide such services
- maintaining or replacing any special equipment or features provided within the accommodation
- any specific costs associated with registration of the property or compliance with the requirements of other external regulatory bodies
- providing, maintaining and renewing communal areas and facilities, staff accommodation, etc.
- anticipated void levels where responsibility for rent loss through voids rests with the Association

- providing, maintaining and renewing any furniture, appliances, fittings, etc. for which the Association is responsible.
- the availability of revenue funding for the project and/or tenant.

13 COMMERCIAL RENTS

- 13.1 Rents and service charges for commercial premises will be subject to the conditions of the lease arrangements and will normally be set dependant on market forces.

14 SHARED OWNERSHIP

- 14.1 The rent and service charges for shared ownership properties will be set in accordance with the principles of this policy. Deductions will be applied for repair responsibilities in line with nationally set allowance guidelines.

15 REVIEW PROCESS OF RENT AND SERVICE CHARGE LEVELS

- 15.1 All rent levels and other charges will be reviewed annually, with any increases effected on the 1st April each year. The decision as to the level of any increase in rents or other charges must be made by the Association's Management Committee. In considering the level of any increase to be applied, the Management Committee will take full cognisance of any commitments as to future rent increases given to tenants as part of any stock transfer or other contractual agreement as part of the consultation process.
- 15.2 Prior to agreeing any increase in rent levels the Management Committee will have regard to any representations received from tenants as a result of a consultation exercise on proposed rent increases conducted under the terms of section 25(a) of the Housing (Scotland) Act 2001.
- 15.3 When calculating rent increases in its annual budget setting process, the Association will use as a guide the Consumer Price Index (CPI) inflation figure for November. Where possible the budgeted increase will be limited to no more than CPI plus 1%.
- 15.4 At least one month's written notice of any rent and other service charges increase will be given to tenants.
- 15.5 Tenants of new houses or re-let houses with a tenancy start date falling within the one month notice period will be charged the new rent and service charge from the date of entry and will not be included in the rent and service review until the following rent and service review period..
- 15.6 New tenants of re-let properties will receive the same rent and service charge as the maximum prevailing charge for the scheme or development, subject normal increase arrangements shown in 15.5.
- 15.7 Any tenant who feels that a rent and/or service charge increase for their property has been improperly calculated or applied may request a reassessment of the rent/service charge level and, if still dissatisfied, may submit an appeal to the Management Committee, prior to the increase being applied.

16 COMPLAINTS PROCEDURE

- 16.1 In addition to the appeal process as shown in 15.7, any tenant may submit a

Complaint, using the Association's complaints procedure if it is felt that the Association has failed to correctly apply this Rent and Service Setting Policy.

The remaining contents have been added to demonstrate the application of the key elements in the Policy in the development of the Budget for 2011/12 and the proposed rent increase.

17 RENT SETTING APPRAISAL 2011

17.1 **Cost Covering or Viability Appraisal** – summary of income required to cover expenditure as per Budget 2011/12 approved by the Budget Sub-Group on 7/3/11.

	2011/12	2012/13	2013/14	2014/15	2015/16
<u>Summary Income</u>					
Rents Current	5,759,843	5,993,017	6,232,738	6,482,048	6,741,330
Rents New Developments	65,081	90,006	91,806	93,642	95,515
Rental Charge Voids	-116,498	-121,660	-126,491	-131,514	-136,737
Service Charges	2,135,596	2,199,663	2,265,653	2,333,623	2,403,632
Service Charge Voids	-42,712	-43,993	-45,313	-46,672	-48,073
Supporting People Grant	439,839	439,839	439,839	439,839	439,839
Leuchars Extra Care Charges	271,128	279,262	287,640	296,269	305,157
Agency Income	52,423	53,996	55,616	57,284	59,003
Development Allowances	56,283	0	0	0	0
<u>Ancillary Services</u>					
Home Help	187,735	199,168	211,297	224,165	237,817
<u>General Management</u>					
Other Income	52,423	53,996	55,616	57,284	59,003
Gain/(Loss) on sale of fixed asset	5,000	0	0	6,000	6,000
Total Income	8,866,140	9,143,293	9,468,401	9,811,968	10,162,485
<u>Summary Expenditure</u>					
<u>Housing Activities</u>					
Direct Expenses + Overheads	569,177	620,416	639,555	659,293	679,131
Service Charge Expenditure	1,941,451	1,999,694	2,059,685	2,121,475	2,185,120
Supporting People Expenditure	439,839	439,839	439,839	439,839	439,839
Leuchars Extra Care Expenditure	271,128	279,262	287,640	296,269	305,157
Depreciation of Housing Stock	445,357	445,357	445,357	445,357	445,357
Mortgage Interest	1,138,888	1,205,763	1,308,391	1,571,500	1,480,038
Reactive Maintenance	384,100	395,623	407,492	419,716	432,308
Relet Repairs	60,000	62,000	63,600	65,200	66,830
Major Repairs	1,759,238	1,841,638	1,814,833	1,672,655	1,866,822
Stage 3 Adaptations	50,000	51,500	53,045	54,636	56,275
Less Value Capitalised	-496,131	-306,246	-272,225	-250,898	-280,023
Cyclical Repairs	281,070	277,301	341,061	362,337	319,851
Total Housing Activities	6,844,117	7,312,147	7,588,273	7,857,380	7,996,706
<u>Ancillary Services</u>					
Home Help Service	181,649	191,436	202,857	214,043	225,878
<u>Asset Management</u>					
Direct Expenses	137,935	79,888	81,836	83,842	85,908
Overheads	41,475	37,987	39,985	40,885	41,811
Total Asset Management	179,410	117,874	121,821	124,727	127,720
<u>General Management</u>					
Finance	385,769	399,000	414,298	429,905	445,830
IT	199,531	178,329	183,687	189,205	194,890
Corporate Services	504,263	499,731	514,829	530,380	546,397
Execuative Management Team	320,085	318,764	327,703	336,910	346,393
Total General Management	1,409,649	1,395,823	1,440,516	1,486,399	1,533,509
Development/Interest Costs Capitalised	-91,656	0	0	0	0
Total Expenses	8,523,170	9,017,281	9,353,466	9,682,549	9,883,812
Overall Surplus/Deficit	342,971	126,012	114,934	129,419	278,673

17.2 Affordability Appraisal

From this policy statement we can see that the Association seeks to assess that its rents are affordable by using three criteria; use of a definition provided by the SFHA, by analysis of customer feedback and by making comparison with other Associations.

SFHA definition

The SFHA have recently undertaken a review of their definition of affordability. Following the conclusion of this review they continue to recommend use of the 'housing benefit dependency' model but have suggested that Associations should use a '35' hour working week rather than 16 hours when calculating income levels. The new definition being:-

For a rent (including service charges) to be affordable, households with one person working 35 hours or more should only exceptionally be dependent on housing benefit in order to pay it.

The SFHA affordability tables have not been updated for some considerable time and have not been adjusted to reflect this new definition. The Association has little by way of accurate information regarding the income levels of its tenants. This data and, therefore, the definition can not in itself be relied upon to provide an accurate position in relation to the affordability of Servite rent levels.

What Servite can analyse with some certainty is the information obtained from the Annual Performance and Statistical Return which collates information from all Housing Associations. The reports on data on new and re-let tenants, showed that to March 2010 47.70% of Servite income was received from housing benefit and that 50.50% of tenants were in receipt of the full benefit entitlement. This reflects favourably against our KPI that no more than 58% of our income should be received from housing benefit and indicates that a high percentage of Servite tenants are not solely reliant on Housing Benefit to pay rental charges.

Customer Feedback

The Association seeks to ensure that rent charges are affordable by analysing customer feedback from a number of sources, including refusals reasons for new lets, exit surveys of tenants leaving and customer satisfaction surveys.

The Association has let 231 tenancies in the year to March 2010 (163 re-lets and 68 new properties). Analysis of the reasons for refusals indicates that there were no cases where the rent was cited as being too high.

Of the 163 terminations of tenancies, analysis of the exiting tenants' view of the rent shows that none stated that their rent had been too high.

The last full customer satisfaction survey for the Association was undertaken in 2006. At the time the feedback from the survey in terms of rent levels indicated that a high percentage felt that their rent represented value for money:

Question	Description	Servite Score
Value for money of rent levels	% rating their rent as good or very good value	75%

The next full satisfaction survey is not due until 2011/12, however, the Association has undertaken an interim postal survey in 2009. The feedback from this shows that tenants' perception of the value for money of their rent levels has improved:

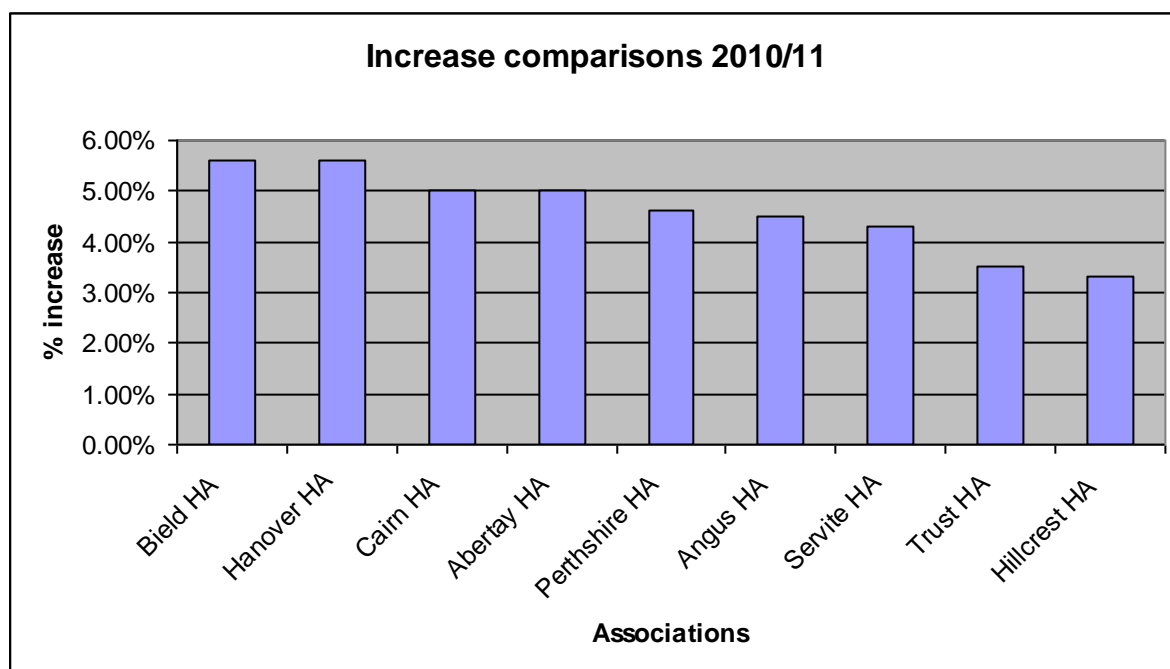
Question	Description	Good value
Value for money of rent levels	% rating their rent as good value	86%

Comparisons

The Association has also undertaken to assess affordability by ensuring that its rents and rental increase, on average, will not normally exceed the levels set by other housing associations operating in the same area.

The information set out below details the rent increases proposed by other local housing associations and compares these to the Servite proposal. It should be noted that the Servite rent increase proposal is at the lower end of the rent increases proposed by these organisations.

% rent increases for 2011/12



17.3 Accountability Appraisal

The Association has stated that tenants will be consulted on proposed rent and service charge changes, and will be able to receive details of how the rents and service charges for their houses have been calculated.

Our consultation process involved sessions with our Tenants Forum and our Registered Tenants Organisations where they:

- Received independent advice and information from the Tenants Information Service
- Conducted a review of the Rent & Service Charge Setting Policy
- Considered and agreed a new Policy & consultation methods
- Considered the Budget for 2011/12 (including key cost items & proposed increase)

- Received information regarding comparative rent increases & rent levels

The Rent Increase and Policy then was put out to wider consultation. An information leaflet was sent to all tenants. The leaflet explained the rent increase proposed for 2011/12. As in previous years it also included information about key cost items, a comparison table showing the rent increases proposed by other Associations and a comparison table showing the average rents of these organisations.

Included with the leaflet was a reply form and our FREEPOST address to allow all tenants to reply with their comments. To encourage a response all replies were to be included in a prize draw. Tenants were also advised that they could contact staff by email or on a direct dial telephone number. Staff would also meet with groups of ten or more tenants on request. The table below details the tenant response to the consultation exercise:

Rent policy and rent increase postal survey response

Council Area	No objection to proposed increase	Objection to proposed increase	No comment re proposed increase	TOTAL
Angus	21	0	11	32 (23%)
Dundee	22	9	7	38 (27%)
Fife	7	0	1	8 (6%)
Perth	38	14	6	58 (41%)
Inverness	4			4 (3%)
TOTAL	92 (66%)	23 (16%)	25 (18%)	140

17.4 Comparability & flexibility appraisal

COMPARABLE RENTS TABLE

The table drawn from the APSR provides a comparison of rents charged by Servite measured against the organisations mentioned above. This table indicates that Servite rents compare favourably and are lower than the average for Scotland.

RSL	1 Apartment		2 Apartment		3 Apartment		4 Apartment		5+ Apartment		All Apartments	
	Rent (£)	Units *	Rent (£)	Units *	Rent (£)	Units *	Rent (£)	Units *	Rent (£)	Units *	Rent (£)	Units *
Trust	47.42	384	54.42	1,679	60.52	223	66.02	102	62.39	2	54.37	2,390
Bield	45.90	508	55.89	3,454	63.45	147	71.82	41		0	55.09	4,150
Hanover	49.74	26	54.42	3,333	60.44	355	66.87	74	70.68	8	55.23	3,796
Perthshire		0	51.43	466	55.07	676	62.04	248	65.70	33	55.34	1,423
Hillcrest	22.96	204	49.33	2,223	59.10	1,717	69.19	817	78.63	107	55.40	5,068
Servite	41.73	28	51.41	840	58.19	483	74.46	135	78.87	87	56.82	1,573
Cairn	47.92	447	50.15	924	60.68	891	68.37	731	127.08	76	59.13	3,069
Abertay	45.03	3	52.95	224	57.26	861	66.44	609	79.75	52	60.55	1,749
Angus	42.67	30	50.06	455	61.16	680	70.22	381	79.10	115	61.11	1,661
Scotland	46.78	7,692	53.76	83,236	60.06	112,090	67.55	54,323	75.94	8,374	59.73	265,715

17.5 Expenditure appraisal

As per Viability Appraisal and Budget 2011/12 proposal detailed in 17.1 above.

18 SERVICE CHARGES

18.1 The service charges applied by the Association are in addition to the basic rent charge. They are property specific and are calculated on the basis that we cover the full cost of providing the services and that these costs are fair and reasonable.

The charges are reviewed on an annual basis to ensure that the service charge income is sufficient to cover the future costs of providing the services.

In line with Scottish Government guidance an administration charge is made where service charges are applied to contribute towards Association costs in administering service charges. A detailed copy of our Service Charge Policy is attached to this policy at appendix 2.

19. SUMMARY AND RECOMMENDATIONS FOR 2011

19.1 This document demonstrates that the key elements of viability, affordability, flexibility, comparability and accountability as detailed in the Rent and Service Charge Setting Policy have been applied.

19.2 It is proposed that the Committee approve the rent increase of 4.3% which is equal to the November CPI (3.3%) plus 1%. The increase to take effect from 1st June 2011.

20. POLICY REVIEW

20.1 This policy will be reviewed on an annual basis by the Management Committee.

**SERVITE HOUSING ASSOCIATION
RENT POINTING TABLE**

Dwelling Features

Living Room	40
Separate Dining Room	20
Kitchen	40
Combined Living/Kitchen	60
Combined Living/Bedroom	60
Combined Living/Kitchen/Bedroom	80

BEDROOMS	FORMULA	20 POINTS PLUS 20 PER BEDSPACE
Bathroom		40
Bathroom with Overbath Shower		45
Shower Room		50
Additional W.C.		20
Wheelchair Space Standards		20

Common Facilities

Common Room	6
Dining Room	3
Kitchenette	2
Full Kitchen	6
Scheme Office	2
Staff Rest Room	3
First Guest Room	2
Second Guest Room	2
Third Guest Room	1
Laundry	3
Hairdressing Room	1
Assisted Bathroom	3
Fire Alarm System	2
Warden Call System	2
Common Bath/Shower	2
Second Common Room	2
Staff Sleep Over Room	3

Building Forms

Flat	4
Terraced	11
Semi Detached	13
Detached	15

External Features

Individual Car Parking Space	2
Car Port	4

RENT POLICY - £ PER POINT

Figure will increase by 4.3% 2011

£ 14.32
£ 14.94

SERVITE HOUSING ASSOCIATION

SERVICE CHARGE POLICY

Policy Guardian:	Housing Services Director
Author:	Housing Services Director
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Diversity compliant:	Yes
Data Protection compliant:	Yes
Health & Safety compliant:	Yes

SERVITE HOUSING ASSOCIATION LTD
POLICY STATEMENT: SERVICE CHARGES

1.0 INTRODUCTION

1.1 Servite Housing Association (SHA) realises the need to maximise rental income by levying a service charge for those items not covered by the rental charge. This policy will be implemented to ensure a high quality and value for money service is provided.

2.1 AIMS & OBJECTIVES

2.1 The aims of this policy are to ensure:

- all service charges represent value for money and that they are based on high standards and current good practice
- new tenants are informed of any service charge before they sign a tenancy agreement
- existing tenants will receive clear information regarding their annual service charge and be offered opportunity to be involved in reviewing services
- health and safety requirements are met and applied quickly on all open spaces to ensure sites are safe for tenants and their relatives to use.

3.0 TERMS OF REFERENCE

3.1 This policy was compiled with reference to the following relevant legislation:

- Housing (Scotland) Act 2001
- Human Rights Act 1998
- Data Protection Act 1998

3.2 This policy complies with The Scottish Housing Regulator's Performance Standard AS 1.7.

"AS1.7 Service charges

We price the services to our tenants and recover costs in a fair and accountable manner."

4.0 APPLYING SERVICE CHARGES

4.1 We will only make a service charge where it is necessary to do so, i.e. where the costs of the items concerned are not covered by the rent.

4.2 Examples of where a service charge may be required will include:

- the nature of the building, e.g. a building with staff employed and a variety of amenities which need to be maintained;
- where a development has communal grassed areas and equipment which require to be cut or internal common areas which need to be maintained;
- where the depreciation and/or maintenance costs of communal equipment such as door entry systems are not included in the rent;
- where electricity/heating consumption is not billed directly to residents

5.0 NEW DEVELOPMENTS

- 5.1 In planning our new developments we will aim, through liaison between Housing Services and Property Services, to minimise the creation of unnecessary shared external areas for which service charges will require to be levied.
- 5.2 Where shared external and internal communal areas are to be provided we will aim to maintain such areas to high environmental and amenity standards.
- 5.3 During the first 12 months following the handover of a new scheme Property Services staff will ensure the application of the grounds maintenance contract specification and standards are being achieved and regularly monitored.

6.0 SERVICE CHARGE CONTRACTS

- 6.1 We will seek new tenders for contracts for communal maintenance such as open space maintenance in accordance with our procurement policy.

7.0 CALCULATING SERVICE CHARGES

- 7.1 Service charges will be based on the actual cost of providing the service plus a charge to cover our administrative costs in providing the service.
- 7.2 We will provide annually to each tenant a breakdown of their charges to show the rent they will pay for their home and, where applicable, any service charges also to be paid.
- 7.3 We will aim to provide all existing tenants with a schedule of their service charges each February advising tenants of their new service charge with effect from 1st April each year.
- 7.4 For all new tenants we will provide a full schedule of their service charges at the beginning of their tenancy. Where possible in initial offer letters we send out we will clearly show the details of any service charges applicable in addition to the appropriate rent. This information will also be stated in the Tenancy Agreement.
- 7.5 For the tenant, the total cost of providing services at their development will be split evenly between the number of tenants living there.

8.0 RECOVERY OF SERVICE CHARGES

- 8.1 Tenants are required to pay service charges as a condition of the SST agreement. Non payment will result in our rent arrears policy being applied where appropriate.

9.0 COMMENTS AND COMPLAINTS

- 9.1 We will respond to queries raised by tenants regarding their service charges within 10 working days, where we can reply based on the information held in our files.
- 9.2 We will deal with complaints about service charges in accordance with our Complaints Policy.
- 9.3 If a tenant remains dissatisfied with our response, including any response following an appeal, they may take the matter up with the Scottish Public Services Ombudsman.

10.0 MONITORING AND REVIEW

- 10.1 The Housing Services Director will be the lead person in the development and implementation of this policy. The Executive Management Team are responsible for ensuring that this policy and the procedures are implemented by all relevant staff.
- 10.2 This policy will be reviewed by the Management Committee every 3 years or as required following a substantive legislative or performance requirement.

11.0 OTHER RELATED POLICIES

- Estate management policy
- Rent arrears policy