Title:	**Service Charge Policy**
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1. Introduction

1.1 Women's Pioneer housing are committed to providing our residents with high quality homes and services. We provide communal services to the majority of our buildings which provide a benefit to our residents. Examples include:

- Communal cleaning
- Grounds maintenance
- Servicing of lifts, door entry and fire equipment
- Regular health and safety inspections provided by our estate service officers

1.2 This service charge policy sets out Women's Pioneer Housing's approach to setting, reviewing and reporting service charges for its homes and covers all residents (i.e. both tenants and leaseholders). The policy also covers how residents can influence the services provided at their building.

2. Purpose

2.1 The aim of the service charges policy is to ensure service charges are:

- Accurate – reflecting the real costs incurred in providing the service
- Transparent – the figures are clear and easy for our residents to understand and that details of costs incurred are accessible for inspection
- Fair and reasonable – costs are proportionate and they are recovered in accordance with the tenancy agreements and leases
- Represent value for money for our residents

3. Legislation/Regulation

3.1 The following law, regulations and contractual documents are applicable for administering service charges.

Definition	Explanation
Tenancy Agreement	Agreement between Women's Pioneer Housing and the tenant which sets out the services which may be provided and the proportion of the costs allocated to the tenant
Lease	Agreement between Women's Pioneer Housing and the leaseholder which sets out the services which may be provided, and the basis of calculating the leaseholder's contribution towards service charges
Landlord and Tenant Act 1985 (as amended)	Sections 18-30 are the main provisions in relation to the law in managing, reporting and charging for service charges.
Commonhold and Leasehold Reform Act 2002	Sets out amendments to the Landlord and Tenant Act relating to variable service charges and sets out the limits for when to conduct statutory (section 20) consultation
Housing and Regeneration Act 2008	Updates the requirements of the Commonhold and Leasehold Reform Act, in particular relating to recording and accounting for service charges

4. Background

4.1 The majority of our properties receive communal services which provide a benefit to our residents. Services will be unique for each building and will differ depending on its layout, complexity and its servicing requirements.

4.2 We set, review and report on service charges in line with best practice in the sector. The services received in many cases ensure we are compliant with external health and safety legislation and thus ensure the well-being of our residents.

4.3 Where possible we will ensure residents can influence the services they receive such as communal cleaning and gardening. We will work closely with residents at each building as well as the Resident Engagement and Scrutiny Panel to help tailor these services accordingly.

5. Service charge policy

Tenants and Leaseholders

5.1 The services residents contribute to are different depending on their tenure. All residents contribute towards communal services such as cleaning of common parts, grounds maintenance or pest control.

5.2 Leaseholders will additionally contribute for services that maintain or improve the structure and fabric of the building such as roof repairs or repointing of external walls. Leaseholders also contribute towards buildings insurance. This is because they own their property and contribute their share to the upkeep of the whole building.
Service charge as distinct from net rent

5.2 In addition to service charges, all tenants will pay a rent for their flat. Rental payments cover the costs of repairs and maintenance of the properties, providing heating and hot water (but not the usage cost), the housing management costs of administering tenancies and insuring the building.

Variable service charges

5.3 Women's Pioneer Housing operates a variable service charge regime. This means the annual service charge we pass to residents are based on an estimate of costs we expect to incur. At the end of the year we compare the actual costs against the estimate and any resulting surplus or deficit is refunded/recovered for tenants in the estimate charges for the following year. For leaseholders, the surplus or deficit is refunded/recovered directly on their service charge account.

5.4 We operate variable service charges rather than fixed service charges because the majority of our services are reactive which can sometimes make expenditure difficult to predict. We also believe that a variable service charge offers greater transparency to those receiving the charge as only the exact costs incurred are charged.

5.5 In addition, operating a variable service charge provides our residents with greater power to influence the services provided as it requires us to consult with them more and residents have a statutory right to scrutinise the costs incurred.

Estimating Service charge costs

5.6 Services are provided on a per property basis so residents only pay for and benefit from the services which are provided to their building.

5.7 In calculating the estimated service charge at each building we review the cost of each service as well as looking at trends over the last few years. This enables us to deliver a fair and reasonable estimate. We apply a management fee based on 15% of the cost of the direct services (excluding depreciation). This covers the cost of staff administering and managing the service. Additionally any surplus or deficit from the previous year is then added to the final total.

5.8 The estimate charge is apportioned in accordance with the requirements of the tenancy agreement or the lease and recovered from residents in 12 monthly instalments.

Notifying tenants and leaseholders of estimated charges

5.9 Service charge estimates are for the calendar year. For leaseholders they receive the annual estimate before the start of the calendar year and the service charges are applicable from January.

5.10 For tenants they receive the annual service charge estimate in May each year and their charges are applicable from 1 July of each year (i.e. they pay the estimate 6 months in arrears). Tenants are charged in July so that the service charge surplus or deficit from the previous calendar year can be calculated and included in the estimate (also refer to section 5.8 above).

Reconciling service charge actuals and estimates

5.11 A review of all expenditure on a per property basis is carried out at the year end to ensure costs have been allocated correctly to the correct properties and correct budget heads.

5.12 Actual costs for leaseholders are independently examined by auditors within six months of the financial year end. The auditors will issue certificates confirming any surpluses or deficits.

Sinking funds (leaseholders)

5.13 WPH offers existing leaseholders the option of paying into a sinking fund (as long as the lease allows it) to help pay for planned maintenance work. NB a sinking fund is essentially a savings account which is built up over time to pay for significant work costs.

5.14 Annual sinking fund charges will be based on estimated costs associated with the next planned maintenance activity.

5.15 Sinking funds will be accounted for on an individual basis. The accumulated funds collected from leaseholders will be held in a specific bank account and any interest received from this account will be distributed proportionally to the leaseholders. WPH will not benefit from this account.

5.16 Sinking fund balances at the end of each year will be reported in the certified statements.

Consulting over changes to services

5.17 We may introduce new services in future as a result of requests from, or after consultation with, residents, for which service charges may be payable. We will give at least four weeks' notice of any proposal to introduce a new service charge and the estimated charge to the tenant.

5.18 We are also legally obliged to consult all residents in the property (under Section 20 of the LTA 1985) when entering in to a long-term contract with a supplier where the costs will exceed £100 per annum per resident or where one-off works exceed £250 per resident.

Planned maintenance and communal asset replacement

5.19 On a periodic basis, planned maintenance (also know as cyclical maintenance) and communal asset replacement will be undertaken at each of our buildings. Communal assets can include fire alarm systems, lifts, door entry systems or communal carpets.

5.20 Before works are undertaken section 20 consultation is carried out with all residents (tenants & leaseholder) of the affected building.

5.21 Communal assets installations are charged to all residents but the costs are spread over a number of years. This is known as depreciation.

5.22 The costs of the maintenance works are charged to leaseholders only. A management fee of 6% of the direct costs is applied to the leaseholders. This represents the administration involved in procuring and managing the cyclical works.

5.23 Both depreciation and the cyclical works are recovered in the service charge actuals and recharged to sinking funds (if applicable)

Resident involvement

5.24 We regularly seek resident feedback on services to ensure we offer value for money, deliver high satisfaction and where possible tailor the services on a property by property basis.

5.25 We will develop a range of KPI's which we will benchmark with to enable us to demonstrate to residents that value for money is being achieved.

5.26 Where possible we will encourage our residents to influence how the services are delivered at each building. For example, some residents undertake the communal cleaning and gardening themselves.

5.27 We will also engage our Resident Scrutiny Panel when making improvements to our service charge communication and seek feedback. In addition, we will encourage our Resident Scrutiny Panel to review our procurement arrangements and will consider any recommendations they make.

5.28 Each year, once the new service charges have been set and ahead of the service charges increases being implemented (around May), the Director of Resources or suitably knowledgeable officer, will offer a residents meeting to explain how the service charges have been set, and provide detailed information for residents.

6.0 Related Policies

6.1 Leasehold Management policy
6.2 Rent Charges policy
6.3 Asset Management Strategy
6.4 Estate Management Policy
6.5 Cyclical, Major repair and improvement policy

7.0 Appeals

7.1 Residents have the right to request a review or appeal against a decision made in line with this policy.

7.2 Appeals or review requests must be submitted in writing and will be considered by a senior officer not involved in the case within 10 working days.

7.3 If the resident remains dissatisfied, they may use the associations Complaints Policy.

Appendix A – List of provided services

Below is a list of services Women's Pioneer can provide at each scheme, how we provide it, how often its provided.

Service	Means of provision	Frequency
Cleaning of the common parts	External contractors.	This is tailored on a property by property basis based on individual consultations with residents. The majority are cleaned once a week.
Paladin bin hire	Provided by relevant Local Authority	Depends on local authority but no less than fortnightly
Window cleaning in the common parts	External contractor	This is tailored on a property by property basis based on individual consultation with residents. The majority are cleaned quarterly
Grounds maintenance (gardening)	External contractors	This is tailored on a property by property basis based on individual consultation with residents. The majority are maintained monthly
Repairs to lighting in the common parts	A combination of directly employed Estate Services Officers and Sheltered Scheme Managers and external contractors	This is a service provided on an as needed basis
Small repairs to the common parts	External contractors	This is a service provided on an as needed basis
Common parts contents insurance	External provider	Cover is renewed annually
Electronic Door Entry System	External contractors	If the system is owned by WPH the maintenance contracts are renewed annually.

		If the system is rented the maintenance contract is for the life of the rental agreement and billed annually Attendance is on an as needed basis
Warden Call System / Community Alarm System	External contractors	Maintenance contracts are renewed annually. Attendance is on an as needed basis

Service	Means of provision	Frequency
Pest control	External contractors	Programmed service or attendance on an as needed basis by approved panel of contractors
Communal TV aerial	External contractors	Maintenance provided by the company who installed the systems. Attendance is on an as needed basis
Estate Services Officers	Directly employed ESOs	Daily Monday - Friday
Sheltered Scheme Managers	Directly employed Scheme Managers	Daily Monday - Friday
Fire equipment	External contractors	Quarterly servicing
Lifts	External contractors	Quarterly servicing and ad hoc repairs
Landlord's electricity supply (to communal areas only)	External provider	Contract renewed annually
Landlord's gas supply (communal boiler providing a gas supply to all flats in the building)	External provider	Contract renewed annually
Legionella testing	External contractors	Quarterly servicing
Laundry equipment	External contractor	This is a service provided on an as needed basis
CCTV	External contractor	Maintenance is provided by the company who installed the system and invoiced annually Attendance is on an as needed basis
Scheme Income	Directly employed Scheme Managers	Varies dependant on use of guest rooms and communal lounges
Depreciation (the use of communal assets)	The installation cost of communal assets (e.g.	Costs are recovered over the life of the asset. For

	Fire alarms, door entry systems, communal carpets, communal letter boxes, Lifts, warden call systems)	example, the costs of a fire alarm is recovered over 15 years.