

## Governance Information

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<b>Applicable Legislation</b>	<ul style="list-style-type: none"><li>· Landlord and Tenant Act 1985</li><li>· Landlord and Tenant Act 1987</li><li>· Leasehold Reform, Housing and Urban Development Act 1993</li><li>· Commonhold and Leasehold Reform Act 2002</li><li>· The Housing Act 1985</li><li>· Service Charges (Consultation Requirements) (England) Regulations 2003</li></ul>
<b>Regulatory Reference</b>	RSH Rent Standard
<b>Policy Owner</b>	Director of Operations
<b>Approved By</b>	Board
<b>Date approved</b>	12th December 2024
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<b>Stakeholders consulted</b>	None
<b>Version Control</b>	V.1 new policy

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## 1. Policy

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- 1.1 At the Industrial Dwellings Society (herein known as IDS) we are committed to providing a high level of service to all residents while ensuring that service charges remain fair and affordable. We will ensure that all service charges are reasonable and comply with our legal obligations, whilst ensuring transparency and fairness in the way service charges are set and administered.
- 1.2 Service charges are essential for the effective management and upkeep of communal areas and shared services in our properties. By collecting service charges, IDS will ensure that the services we provide will be carried out efficiently and effectively to maintain a safe and clean living environment for all our residents to enjoy.

## 2. Purpose

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- 2.1 This policy sets out our approach to calculating and managing service charges. We adhere to the following principles to ensure that service charges are fair, transparent, and comply with legal obligations:
  - **Transparency:** We ensure that all service charges are clearly communicated to our tenants, shared owners and leaseholders, with detailed breakdowns provided annually so that all residents understand how their payments are used.
  - **Fairness:** Service charges will reflect the actual cost of providing services as much as reasonably possible, with no hidden or unreasonable costs included.
  - **Legal Compliance:** We will strictly adhere to UK laws and regulations governing service charges. We will follow all legal processes when consulting on major works or changes to services.
  - **Consultation and Engagement:** We value the views of our residents. We will consult with them on any significant changes to the services provided or major works that impact service charges, ensuring residents have the opportunity to be involved in our decision-making.

## 3. Scope

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- 3.1 This policy applies to all to IDS employees and residents of IDS, including third party managing agents who carry out duties on our behalf.
- 3.2 This Policy covers the calculation and management of service charges. How we collect service charges is covered in our Rent Collection Policy.
- 3.3 This Policy should be read in conjunction with the following IDS policies: Estate Management; Rent Collection; Rent Setting; Repairs & Maintenance; Compensation; Complaints; and Leasehold & Shared Ownership Policies.

## 4. What is a Service Charge

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- 4.1 Service charges are payments made by tenants, shared owners and leaseholders towards the costs of services, repairs, maintenance, improvements, insurance, and management fees provided by IDS. These charges may include but are not limited to:
  - Maintenance of internal and external communal areas (such as gardens, corridors, entrances);
  - Repair of shared facilities (such as lifts, lighting, security systems);
  - Cleaning of shared areas;
  - Insurance premiums;
  - Utility costs for communal areas (heating, lighting, water);
  - Management fees for administering services.

## 5. Service Charge Calculations

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- 5.1 We will set service charges annually using planned capital costs, regular contract costs, information based on the current cost of services, the actual cost of delivering those services over the last 3 years, and customer feedback, so they are a reasonable professional estimate of the cost of providing services.
- 5.2 We will inform residents if we believe that supplementary charges may be needed to meet future costs.
- 5.3 We will not alter estimated service charges as a result of a temporary breakdown of a service or a failure to provide a service.
- 5.4 We will add management fees for the cost of administering service charges, usually calculated by a percentage of the total annual estate and block charges.
- 5.5 We will issue an annual statement to shared owners and leaseholders showing how service charges have been calculated, including a breakdown of costs.
- 5.6 We may decide to cap the cost of a service charge to support affordability.

## 6. Service Changes

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- 6.1 We will consider requests made by residents for additional services to be provided and will consult with all residents potentially affected by the new service prior to making a decision. We will only add a new service if:
  - 6.2 The service relates to the provision, or protecting the security, of maintaining our homes;
    - The cost of providing the service is reasonable and affordable;
    - We believe it is reasonable for the service to be provided;
    - We will not be financially disadvantaged by the provision of the service;
    - The lease or tenancy agreement allows or can be varied to allow for full costs to be recovered;
    - More than half of affected residents respond to the consultation and
    - Two-thirds of respondents are in favour of adding the service.
  - 6.3 We will also introduce a new service if we have a statutory obligation to do so.
- 6.4 We will consider requests made by residents for services to be discontinued and will consult with all residents who pay for a service when deciding whether it should be discontinued. We will only discontinue a service if:
  - There is a change in legislation which means we are unable to continue to provide a service;
  - There are no reasonable health and safety risks involved with discontinuing the service;
  - We believe it is reasonable to discontinue the service;
  - We are not legally or contractually obliged to provide the service;
  - We will not be financially disadvantaged by the discontinuation of the service;
  - More than half of affected residents respond to the consultation and
  - Two-thirds of respondents are in favour of discontinuing the service.

## 7. Consultation

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- 7.1 In accordance with the law, IDS will consult with tenants, shared owners and leaseholders about:
- Any significant changes to services or charges;
  - Any major works planned that will impact service charges;
  - Annual reviews of service charge budgets;
  - For major works or long-term contracts costing over £250 per household, we will follow the legal consultation process known as Section 20 consultation.

## 8. Reserve Funds

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- 8.1 We will recover the cost of major works from shared owners and leaseholders under the terms of their individual leases.
- 8.2 Where we establish a reserve fund we will hold the monies paid into the fund in an interest-bearing account for the purpose of that block.
- 8.3 We will calculate fund contributions based on projected capital repair and replacement costs of building components and services, including costs to the wider estate, if applicable.
- 8.4 We will periodically adjust a block's fund contributions if required. We will also adjust fund contributions each year to take account of inflation and actual cost.
- 8.5 We will not repay shared owners and leaseholders for any overpayment they make, but will recharge them for additional sums we incur, in relation to undertaking works paid for from a reserve fund.

## 9. Disputes & Queries

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- 9.1 IDS residents can contact us if they have any questions or disputes about their service charges. If the issue is not resolved by us, residents may seek resolution via:
- The First-Tier Tribunal (Property Chamber) for formal resolution.
  - Leasehold Advisory Service (LEASE) for advice and support (for shared owners and leaseholders).
- 9.2 IDS residents can also seek redress via our Complaints service if they are unhappy about the services we provide.

## 10. Definitions

<b>Fixed Service Charge</b>	IDS tenancy agreements confirm if the service charge is fixed or variable. A fixed service charge is <b>fixed at the start of the year</b> , based on an estimate of the service cost. If the actual cost of the service at the end of the year is higher or lower than the estimate, the charge cannot be changed.
<b>Variable Service Charge</b>	This charge can vary and is set at the start of the year, based on an estimate of the service cost. Unlike a fixed service charge, if the cost of the service increases or decreases, the charge can be changed accordingly to ensure that customers pay the true cost of the service. In these cases, surpluses/deficits will be dealt with in accordance with the tenancy agreements / leases.
<b>Management Fee</b>	The cost of IDS administering service charges.
<b>Reserve Fund (also known as a Sinking Fund)</b>	A dedicated pot of money held by IDS for a block that has leaseholders and/or shared owners in occupation, to cover the cost of repairs and major works.

## 11. Roles & Responsibilities

<b>Director of Operations</b>	Overall responsibility for this policy.
<b>Director of Finance</b>	Responsibility for provision of financial information and evidence.
<b>Heads of Service</b>	Budget monitoring, providing accurate costs for service charge setting.
<b>Estate Managers</b>	Responding to queries relating to service charges.
<b>Income Officers</b>	Collection of service charges.

## 12. Equality Impact Assessment

An Equality Impact Assessment has been completed for this policy.

## 13. Policy Review & Monitoring

- 13.1 We will review this policy every 3 years, or following legislative change, to ensure the Policy remains effective and complies with current legislation and good practice.
- 13.2 All relevant KPI's (key performance indicators) aligned to the management of service charges are regularly monitored and reviewed. We will routinely monitor our performance in implementing this policy.
- 13.3 Service charge budgets are managed monthly via management accounts.







<b>Choice Based Lettings</b>	Lettings system operated by some Local Authorities and Social housing providers, which enables applicants to bid for properties that they are eligible for.
<b>Nominations Agreement</b>	Agreement between a Local Authority and a Housing Provider which sets out how lettings activity is to be managed. It applies to all General Needs and Supported Housing lets.
<b>Decants</b>	The process of relocating residents from their existing homes to temporary or permanent alternative accommodation in order to carry out major works or redevelopment of the property.
<b>NOSP</b>	A Notice of Seeking Possession is a legal notice served on a tenant following a breach of tenancy, served prior to Court action.
<b>Acceptable Behaviour Contract</b>	A voluntary written agreement signed by an individual who has been involved in anti-social behaviour. By signing the contract, the individual agrees to abide by specific terms.
<b>Reciprocal Agreement</b>	An agreement with another social housing provider to house an individual / family in exchange for them housing an IDS individual / family.
<b>Allocations Panel</b>	IDS panel chaired by the Head of Housing to assess and approve management transfers.

<b>Director of Operations</b>	Overall responsibility for this policy
<b>Allocations Panel</b>	Approval of Management transfers and exceptions to the policy.
<b>Head of Housing</b>	Day to day implementation and decision making
<b>Housing Services Manager</b>	Day to day responsibility for implementing the policy.
<b>Estate Manager</b>	Makes recommendations after information gathering when dealing with requests. Completes viewings, sign up and reviews.
<b>Housing Assistants</b>	Requests nominations for void properties and creates match lists from internal transfer and management transfer lists for allocating. Processes application forms.