

POLICY NUMBER:	GEN-34	DATE REVIEWED BY BOARD:	NOV 2024
DEPARTMENT:	GENERAL	DATE OF NEXT REVIEW:	NOV 2025

1. Purpose and context

- 1.1 This policy provides a framework for setting and increasing fixed and variable service charges within the law, and underpins the delivery of our strategic business plan objective of increasing revenue income. This policy also sets out the background, context and rationale for the service charges for customers of Luton Community Housing Ltd trading as Squared, hereafter "Squared", who receive services from Squared.
- 1.2 This policy seeks to comply with legal and regulatory requirements and to provide customer transparency concerning fixed and variable service charges and procedures.
- 1.3 Service Charges for our customers in our Homes With Support schemes are fixed, which means they are fixed at the start of they year based on an estimate of the cost of services being provided. 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 in that year. However, the charge may be changed the following year to ensure that the full cost of the service is recovered from customers. Within our Homes With Support schemes it is not always possible to recover all service costs, the Local Authorities have to agree to the charges based on DWP guidance as to which services are eligible for Housing Benefit/Universal Credit.
- 1.4 Service Charges for our customers in General Needs accommodation types are variable. This charge is set at the start of the year based on an estimate of the service cost. Unlike fixed service charges, if the cost of the service increases or decreases, the difference will be refunded/recovered within 18 months of the end of the year in which a surplus/deficit between the actual cost of the service compared to the original estimate arises. Statements must be provided to the customer by September of each year advising the surplus/deficit from the previous complete financial year to be adjusted in the following year.

2. Scope of this policy

- 2.1 This policy applies to the setting and increase of service charges to Squared's social and non social customers in receipt of services with fixed or variable service charges (eligible or ineligible for Housing Benefit and Universal Credit). It sets out the top-level principles governing the levy and billing of services charges in excess of rents in accordance with the Landlord & Tenant Act 1985 (as amended).

3. Roles and responsibilities

3.1 Employees

- 3.1.1 Squared employees responsible for calculating service charges and/or communicating with customers about service charges must familiarise themselves with the contents of this policy.

3.2 Customers

- 3.2.1 Copy of this Service Charge policy is available to all customers paying for services request.

4. Definitions and reference to legislations used in this policy

- 4.1 Commonhold and Leasehold Reform Act 2002
(<https://www.legislation.gov.uk/ukpga/2002/15/contents>)
- 4.2 Equality Act 2010 (<https://www.legislation.gov.uk/ukpga/2010/15/contents>)
- 4.3 Landlord & Tenant Act 1985 (as amended)
(<https://www.legislation.gov.uk/ukpga/1985/70/contents>)
- 4.4 The Service Charges (Summary of Rights and Obligations, and Transitional Provision) (England) Regulations 2007
(<https://www.legislation.gov.uk/uksi/2007/1257/regulation/3/made>)

5. Main Body (how we will meet our obligation)

5.1 Equality & Diversity

- 5.1.1 Squared operates a policy of equality and diversity. As such, no person will be treated less favourably than any other person because of their race, religion or belief, gender, sexual orientation, disability or another identifiable characteristic that may attract injustice.

- 5.1.2 We have undertaken a Fairness Impact Assessment to ensure this policy is fair and equitable to all leaseholders regardless of their race, religion, age, gender, sexual orientation, disability or other characteristics in accordance with the Equality Act 2010.

5.2 Service Charges

- 5.2.1 Service charges are levied in accordance with the Landlord & Tenant Act 1985 (as amended) in respect of services, repairs, and improvements provided by or on behalf of Squared. When we levy such charges, we must also provide a copy of the Summary of Rights and Obligations referenced in the Commonhold and Leasehold Reform Act 2002, [Section 153](#).
- 5.2.2 General Needs customers are required to pay variable service charges in accordance with the terms of their tenancy agreements.
- 5.2.3 Homes with Support customers are required to pay fixed service charges in accordance with the terms of their licence agreements.
- 5.2.4 Squared will advise customers of any changes in legislation that may affect levying service charges.
- 5.2.5 Squared will consider affordability when setting charges in that we aim to keep the service charges as low as possible. However, this aim is within the context of providing necessary levels of service as contracted with or agreed by customers (post consultation) and within principles of giving the best value for money.
- 5.2.6 As well as ensuring that the service charges represent value for money, all services will be provided to reasonable standards.
- 5.2.7 Squared will send service charge statements to customers within six months of the financial year end outlining what costs their service charges have paid for. These statements will also outline any applicable surplus or deficit. Squared will factor surpluses or deficits into the next year's service charge calculation.
- 5.2.8 Service Charge costs for expenditure on capital items will be spread across the asset's UEL (useful economic life) with realistic replacement timescales to match the income and costs as closely as practically possible.

5.3 Consultation

- 5.3.1 Squared will consult with customers regarding planned works or services to comply with the relevant legislation, particularly the Landlord & Tenant Act 1985 (as amended) and the Commonhold and Leasehold Reform Act 2002 (as amended), and the terms of tenancy agreements.
- 5.3.2 Consultation is necessary under the following circumstances;

5.3.2.1 Entering into a long-term agreement (i.e. more than 12 months), the costs of which will be recovered through the service charge and will exceed £100 per annum (including VAT) per unit.

5.3.2.2 Works costing more than £250 (including VAT) per unit, or if works are under a long-term agreement.

5.3.2.3 Introducing new services, reducing and modifying services.

5.3.2.4 Moving from fixed to variable service charges or vice versa.

5.3.2.5 Registering/varying service charges for fair rent customers.

5.4 Level of Service Charges

5.4.1 Squared will maintain a comprehensive monitoring system to ensure that only costs reasonably incurred directly from providing services are attributed to services and recharged to customers.

5.4.2 The service charge calculation will be based on actual costs incurred, which we will then use to estimate charges in the next service charge setting period. In accordance with the Service Charge Policy, we may adjust these values to account for a prior year's surplus or deficit advised by the Service Charge Statement. In addition, we will include an administration fee of 15%.

6. Compliance and Monitoring

6.1 This policy will be reviewed annually and/or in response to any significant regulatory, legislative, or political changes likely to change the operating context.

7. Other Relevant Policies

This policy should be read in conjunction with the following

- GEN 01 Fairness Policy
- GEN 03 Rent Policy
- GEN 36 GDPR Policy

Squared Impact Assessment

Please assess the impact this policy has on the following areas:

Squared Values No impact
Fairness Positive impact Policy provides a fair method of calculating service charges for all our customers regardless of any Equality Act protected characteristics. Negative impact Current low supply of new social housing combined with the high cost of the private rented sector in Bedfordshire have impacted adversely on those groups whose incomes are average or below average. Older and disabled customers may be experiencing economic hardship due to the cost of living crisis, and increases in energy, food and fuel costs and they are more likely to have a need for equipment related services such as stairlifts that are ineligible for Housing Benefit/Universal Credit. Older and disabled customers may be more impacted due to additional heating needs, and may also have lower income and/or pension and/or benefits (which have been increased in line with inflation). Current economic challenges present a disproportionate risk to older people and those with underlying conditions, resulting in them incurring extra costs that may affect their ability to pay their service charges. Unequal impact As services do not apply to all properties, and it is not possible to exempt any particular groups receiving services, such as older people and the disabled. There is no evidence that other groups of customers with other protected characteristics are impacted more than the older and disabled groups. Those on Housing Benefit and Universal Credit Housing costs will not be as affected by the service charge increases as their benefit awards will be recalculated, as long as the services they receive are categorised as eligible by the Local Authority/DWP.
Environmental Negative impact We use electronic mail service who print and post the letters, statements and service charge notices. Positive impact Paperfree customers using our self service portal to access their rent letters help reduce carbon footprint. We use double sided and black and white print to reduce cost and carbon footprint.
GDPR No impact