

Plymouth Community Homes



Service Charges Strategy

Contents

1.	Introduction.....	2
2.	Links to Business Plan	2
3.	Policy Statement	2
4.	Strategy Objectives	3
5.	Scope	3
6.	Definitions.....	3
7.	Applying Service Charges	4
8.	Value for Money	6
9.	Social Inclusion and Anti-Poverty	6
10.	Resident Involvement.....	6
11.	Stakeholders	7
12.	Equality and Diversity	7
13.	Environmental Sustainability	7
14.	Implementation.....	7
15.	Relevant Legislation and Regulations	8
16.	Governance Arrangements	8
17.	Links to Other Policies and Strategies.....	8

1. Introduction

This strategy outlines Plymouth Community Homes' approach to providing a broad range of chargeable services to all its residents, at a fair price, with equal access to these services and tailored by the residents. In summary, PCH in conjunction with its tenants will define each service, look at its standard and pricing and then make sure the service delivery meets those expectations.

2. Links to Business Plan

This strategy will support the objectives in PCH's latest Business Plan, and the objectives within the strategy and implementation plan, being clearly linked to the Business Plan.

3. Policy Statement

Plymouth Community Homes policy on service charges sets out the principles by which we will operate:

- 1) Tenants, leaseholders, shared owners and freeholders should have equal access to all services, which will be provided to a good standard at an affordable and fair price.
- 2) We will offer the same range of services to all residents and agree with residents the actual services they wish to receive.
- 3) Everyone receiving services will be charged for those services including management and administration of the services bearing in mind some of the services are eligible for housing benefit.
- 4) We will aim to cover the costs of services provided but will not seek to make a surplus.
- 5) Changes in service charges will be clear and there will not be hidden charges.
- 6) New discretionary services will not be introduced without consultation including the consideration of the costs and charges for those services.
- 7) Fair price will be achieved through challenging costs and creating efficiencies thus providing value for money.
- 8) Where new developments use external management agents to maintain estates, and the charge is set by the agent, the service and charge will be monitored, in light of impact to PCH residents

- 9) All practices on service charges will be compliant with the law and regulations

4. Strategy Objectives

Plymouth Community Home's service charge strategy objectives are:

- 1) To have empowering resident involvement in the selection and monitoring of services.
- 2) To challenge the costs of chargeable services, create efficiencies and keep the service charges affordable.
- 3) To provide clear and comprehensive service charges information to residents, staff and other stakeholders.
- 4) To provide timely, accurate information, utilising up to date communication channels.
- 5) To promote service charges awareness throughout the organisation by training staff.

This strategy aims to balance economy and efficiency against risk factors in achieving value for money with consideration of external factors, including:

- Government legislation
- Local and National Government initiatives
- Evolving and changing requirements including sustainability
- The local community and its context

5. Scope

The strategy addresses the needs of tenants, leaseholders, shared owners and freeholders.

This strategy does not address actual standards although it has strong links to continuous service improvements; it concentrates on value for money, costs recovery, information and giving choices for residents to improve their quality of life.

The strategy includes all services not covered by rent and excludes supporting people funded services.

6. Definitions

In the context of this strategy the definitions for the following terms are as follows:

Rent charge: All tenancies are subject to a rent charge. A rent is based on the value of the home, the number of bedrooms, local earnings (the household

income) and compared to average national earnings and property values. PCH uses part of the rent received to cover the costs of repairs, maintenance and insurance of the properties, as well as housing management, which includes the administration of tenancies - from start to finish. Affordable rents are charged at a percentage of market rent, than are inclusive of service charges.

Service charges: In addition to the rent charge, some tenancies and lease agreements have a charge for services. This charge is for services not covered by the rent and provided by PCH in the neighbourhood, for communal areas or individual homes. See Appendix 1 for definitions of service charges.

Variable service charges: PCH operates a system of variable service charges which are described in s5 of the tenancy agreement. The charges will be different each year depending on the cost of providing the services.

7. Applying Service Charges

Service charge increases would occur once a year (unless a new service is introduced) and would usually occur at the same time as changes in rent.

All tenants, leaseholders, shared owners and freeholders will receive at least the minimum notice, as set out in agreements, regarding proposed service charge increases.

All tenants, leaseholders, shared owners and freeholders will receive a full schedule of services being provided to them and the charges for those services. A statement will be sent at least annually showing any changes and under or over charges.

For all new tenants we will provide a full schedule of their service charges at the beginning of their tenancy. Where possible we will clearly show the details of any service charges applicable, in the initial offer letter, in addition to details of the appropriate rent charge.

PCH will provide information about individual service contracts when requested, in order that tenants and leaseholders may be aware of the levels, frequency and quality of services to expect.

PCH will not introduce new discretionary services charges for existing residents unless they ask for a new service in the future which carries a separate charge, for example CCTV, and will only do this after consultation.

The charge for each service is based on an estimate of the likely cost in the forthcoming year. Six months through the year, at the end of September, the actual cost of the services for the previous 12 months will be calculated and if there is a difference to the estimated cost, the charges for the following year will be adjusted to reflect the revised cost. As PCH expands, should a pre-

existing estate transfer to PCH ownership, then current Leaseholder and Freeholder agreements will remain until there is an opportunity to align.

The total cost of providing the service will be split between the number of tenants and leaseholders identified as receiving the service. Residents in houses with freehold that receive a service will be charged wherever possible. If they cannot be charged, their share of the cost will not be passed onto other tenants, leaseholders, shared owners or freeholders.

Annual increase to charges overall for transferred tenants will be capped at CPI + 1% + 50p per week until costs are matched (based on previous year's total charge and excluding charges which are agreed for any new services). Such increases for 2021/22 would be limited to 1.5% + 50p per week (September 2020 CPI is 0.5%), based on a 52 week year.

The full costs of services will be charged to new residents; it is estimated that 6% of our tenancies are let to new residents each year

A charge for management and administration will be made to all residents receiving services to cover the annual cost currently estimated at c£395,000 for 2021/22.

Some services are subsidised in whole or in part if full cost recovery would create undue hardship to individuals or could impact on the health or safety of our residents or could not be limited to the use of our residents. The following lists all services currently agreed by the Board to be subsidised and the reasons why:

- *Pest control*: Full subsidy to ensure residents are not deterred from reporting potential issues
- *Unadopted roads*: Part subsidy with charges being made on a case by case basis, taking into account affordability to the individuals
- *Playgrounds*: only charge if the facilities are clearly within the boundaries of the block(s) and hence use is for the residents in the block
- *Lifts*: Capital costs will be charged as depreciation over the life of the lift only once a new lift is installed (hence not for existing lifts)
- *Personal adaptation equipment*: Maintenance costs will be charged for new residents being provided with personal adaptation equipment with the details being explained at the time of installation. Pre transfer equipment provided will not be charged, however on renewal, this will be explained and charges applied thereafter in line with PCH's Adaptations Policy.

In addition to the above known subsidised costs, on occasion there may be increases in charges that appear disproportionate, and in these instances, increases will be communicated sensitively with residents and consideration of stepped increases applied.

In the 2021/22 calculations there was a gap of c£0.8m between income and expenditure, based on estimated income of £3.3m and costs of £4.3m, and this means that there is a persistent subsidy to those who receive services.

8. Value for Money

PCH will aim to deliver services by the most economic, efficient and effective means, and to achieve continuous improvement in all of its chargeable services.

Value for money will be achieved through critical appraisal of the services, using costs benefits analysis and evaluating each service, by looking to:

- Pay less to get the same result
- Get better quality for the same cost
- Get more done for the same cost

Value for money will underpin the actions taken by PCH to provide effective and efficient services, to enhance residents' satisfaction and experience in their neighbourhood. Whether it is working with contractors to provide more for less, reviewing costs incurred in providing the services, consulting with residents on the services they want – not what we think they want - and benchmarking costs with other housing associations.

9. Social Inclusion and Anti-Poverty

Should chargeable services provided through PCH be eligible for inclusion in welfare benefit payment, those eligible households already in receipt of benefit will be informed individually.

In the event of service charge arrears accruing, affordable and sustainable repayment will be sought in line with PCH approach to income management.

With affordability of services in mind, PCH aims to reduce costs and increase efficiencies through reviews of services, processes and administrative improvements.

10. Resident Involvement

PCH fully embraces resident involvement in delivery of its services. PCH will invite tenant participation where appropriate in evaluating supply options and seek their assessment of services and providers on a regular basis. This will include customers participating in review panels, surveys to assess performance, and questionnaires.

The PCH consultation framework will be used in involving our residents. Consensus is expected to be set at 60%, with a system of proxy given to residents who cannot attend consultation meetings when applicable. The default proxy will return to PCH in the case of no nomination by a resident.

Consultation is an integral part of service charges to ensure all residents have an opportunity to contribute, to be heard and to help shape the service delivery. Consultation may take place prior to introducing new services, when contracts are renewed, when standards are set or changed, when service charges are set or changed. As well as improving democracy, consultation will also result in more services charged to an increasing number of residents. When reviewing services, PCH will take into account individual and local needs and will undertake regular feedback and monitoring of work performed by contractors, thus building local partnerships.

11. Stakeholders

In implementing this strategy, PCH will be mindful of its most vulnerable residents and involve carers and relatives in consultations and communications. Front line staff and contractors will be included in monitoring and performance management to build strong links between them as providers and residents as customers. Sheltered residents will be consulted and informed sensitively.

12. Equality and Diversity

PCH is committed to promoting equality and the fair treatment of all customers, partners and employees. With regards to service charges we will take steps to ensure that different cultural needs are met and accessibility issues are addressed and in support of this value.

13. Environmental Sustainability

PCH recognise the impacts that we have on the local and wider environment both directly through our corporate activities and indirectly through the energy and resource use of our residents. In line with our ambition, values and vision, we are committed to reducing these impacts as far as is reasonably practicable and to continually improving our environmental performance.

PCH has an Environmental Sustainability Strategy and this is considered when developing services supplied to residents through service charging.

14. Implementation

The implementation plan is designed to meet the objectives and will be reviewed and refreshed on a regular basis, and where applicable, reports to the Executive Management Team and the Board.

15. Relevant Legislation and Regulations

In managing and delivering service charges, PCH must abide by the latest legislation and regulatory requirements and will therefore ensure that adequate training and guidance is provided to those responsible for delivering this strategy.

16. Governance Arrangements

The Service Charge Steering Group is required to bring a focus onto both the standards and the charging for services taking into consideration the needs of tenants, leaseholders, shared owners and freeholders, and the affordability of services. Members of the group include the Heads of Service from the Homes, Communities and Regeneration Directorate, the Head of Development and Finance. The group works closely with the Communities team – using a panel of interested tenants and leaseholders as a sounding board – and reports to the Executive Management Team. It acts as a liaison group across the organisation, bringing together the work of front line reviews with administrative improvements and improving working together between them.

The Board makes the final decisions on policy and strategy and approves the annual charges to be levied.

17. Links to Other Policies and Strategies

This strategy supports the Service Charge Policy, and is supplemented further by related PCH policies and procedures which set out how PCH will operate the provisions of this strategy.