


<p>Service Charges Policy Policy Owner: Director of Operations Approved by: HFL Homes Board Approval date: March 2021 Current version number: v1 Next review date: March 2023</p>	
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1. Statement of Intent

1.1. HFL Homes Limited (“**HFL Homes**”) is committed to providing high quality homes and services to its residents as well as providing value for money. HFL Homes may sometimes provide additional services to its tenants that are not covered by rent payments. The cost of providing these services will be recouped through ‘service charges.’

1.2. The primary objective of this policy is to ensure all parties are aware of their responsibilities relating to service charges.

1.3. To achieve this objective, this policy sets out:

- What service charges are and what they include;
- Who pays service charges;
- How setting and increasing / decreasing of service charges will occur;
- How service charges will be reviewed; and
- How HFL Homes will ensure service charges offer value for money.

1.4. The Regulator of Social Housing (“**RSH**”) Rent Standard sets out that:

“All registered providers must . . . comply with all the requirements and expectations of the Rent Policy Statement on the setting, increase and decrease of rents and service charges.”

1.5. The February 2019 policy statement includes that

“Registered providers are expected to set reasonable and transparent service charges which reflect the service being provided to tenants”

“Where new or extended services are introduced, and an additional charge may need to be made, registered providers should consult with tenants.”

“Registered providers should endeavour to keep increases for service charges within the limit on rent changes, of CPI + 1 percentage point, to help keep charges affordable”.

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- 1.6. In addition, the Value For Money Code of Practice expects registered providers to understand their costs in absolute and comparative terms, and know what is driving their costs and make sure that they are getting the desired quality at the lowest price.
- 1.7. HFL Homes also operates its Service Charges Policy in line with the following:
 - Housing Act 1996;
 - Service Charges (Consultation Requirements) (England) Regulations 2003; and
 - The Service Charges (Summary of Rights and Obligations, and Transitional Provision) (England) Regulations 2007.
- 1.8. Where a Managing Agent is engaged to manage properties on behalf of HFL Homes,
 - The Managing Agents will apply all aspects of the Service Charges policy on our behalf, and ensure their staff are trained on the policy;
 - The Managing Agents will consult HFL Homes on all significant activities undertaken in fulfilment of the policy where required; and
 - The word “staff” in this policy refers to the staff of the Managing Agent with regard to all operational matters.
- 1.9. HFL Homes is committed to working with residents to refine its policies so they are fit for purpose. HFL Homes will proactively monitor customer feedback on the policy and its implementation and invite tenants in future to contribute to the review and amendment of the policy through Residents’ Forums, online surveys and other mechanisms to maximise the input of residents into our services.

2. Scope of Policy

- 2.1 This policy sets out how HFL Homes will charge residents for additional services not covered by rent collection.
- 2.2 The provisions within this policy apply to all HFL Homes tenants. HFL has an associated policy that applies to Leaseholders only.

3. Policy

- 3.1 A service charge is a payment made by a tenant towards the costs of providing and maintaining services beyond those covered by rent. A service charge can be fixed or variable according to the provisions of the tenancy agreement.
- 3.2 Service charges usually reflect additional services which may not be provided to every tenant, or which may be connected with communal facilities rather than being particular to the occupation of a dwelling. Service charges are subject to separate legal requirements and are limited to covering the cost of providing the services.

3.3 Examples of service charges include:

- Grounds maintenance;
- Cleaning, lighting & repairs for communal areas; and
- Lift maintenance.
- Health and Safety Items

3.4 Tenants will from time to time have the opportunity to inform the type and extent of services provided, and consultation and consent requirements will always be followed.

3.5 HFL Homes seeks to fully recover costs of services for which service charges are levied.

4. Who pays service charges

4.1. HFL Homes will only introduce or modify existing service charges when the service provided directly benefits its residents or when their function is to maintain or enhance the value of HFL Homes' assets.

4.2. Services to be provided will be specified in HFL Tenancy Agreement

4.3. HFL Homes will not charge tenants for reactive repairs, unless their tenancy agreement states and or our repairs policy states they are liable for these costs.

4.4. HFL Homes will not adjust service charges if a resident or group of residents choose not to use a particular service.

5. How service charges are set

5.1 Fixed service charges: are those where the landlord fixes the charge according to the landlord's own estimates and costs. HFL Homes will bear responsibility for any deficit between the cost of services and the amount of money collected in charges. Similarly, HFL Homes is entitled to retain any surplus that accrues if it collects charges in excess of the cost of providing the services. Fixed service charges are set at the beginning of each financial year and are not adjusted if the cost is more or less than charged.

5.2 Fixed charges will apply to HFL Homes rented properties.

5.3 Charges will usually be split equally between all properties receiving the chargeable service. If a surplus or deficit arises once actual costs are known this will be carried forward as an adjustment to the next accounting period.

5.4 Service charges will not be reduced in case of a temporary suspension or failure to provide services. However, compensation may be payable in accordance with HFL's compensation policy. Where applicable compensation for the break in service will be made to all customers affected at the time of the loss of service. In the case of fixed service charges the amount payable will be equivalent to the cost of the service as set out in the service charge schedule.

5.5 A fee is added to all service charges to cover the cost of administering the services provided. This will be calculated either by a percentage of total annual estate and block charges or by a fixed annual rate. See management fees for more information.

6. How service charges are reviewed

6.1. Tenants will be notified of annual changes to their service charges as part of their rent notification. A breakdown of service charges and statement of account will be provided.

6.2. Each year the board of HFL Homes will agree the rent and service charges changes for the start of the next financial year. Tenants will be given one calendar month's notice of the change, in writing, prior to the increase/decrease taking effect. Rent and service charge changes will be effective on 1st April each year.

7. Service charges for new properties

7.1. For new properties, HFL Homes will take the following into consideration when creating service charges:

- Gross rents compared to those for similar properties;
- The ratio of net rent to service compared to similar properties;
- Whether the services provided are necessary for the enjoyment of the tenancy
- Whether costs may be avoided through modified design; and
- The eligibility of services provided for Housing Benefit/Universal Credit. Great care will be taken when introducing a service that may not be eligible for Housing Benefit/Universal Credit. Table 1 at the end of this policy details all charges that are eligible for Housing Benefit or the Housing Costs element of Universal Credit.

8. Collecting and enforcing service charges

8.1. HFL Homes, through its housing management provider, will ensure a range of ways to pay service charges are available to tenants.

8.2. Service charges must be paid as specified in the tenancy agreement. HFL Homes will take enforcement action if charges are not paid following reasonable requests.

9. Value for Money

9.1. Value (in terms of cost and quality of services) will be both sought and derived through procurement of services. Savings achieved will be passed to tenants in the following financial year.

9.2. Affordability of services to residents will be considered before they are commissioned and as part of ongoing review processes. This consideration includes whether specific services are eligible to be covered by Universal Credit/Housing Benefit.

9.3. HFL Homes will liaise with development partners or existing service providers on

potential service charges when considering acquisition of new property (newly built or new to HFL Homes) to ensure liabilities are suitable for property let as social housing.

10. Complaints

10.1. Any complaints about this policy or its implementation in individual cases will be dealt with through the HFL Homes Complaints Policy. A copy of this can be obtained from the HFL Homes website or by writing to HFL Homes.

10.2. Any tenant who disputes any of the procedural arrangements for implementing service charges, amounts levied or the reasonableness of charges, may appeal to the First Tier Tribunal Property Chamber (Residential Property) for a determination. HFL Homes will comply with the determinations of the First Tier Tribunal or the courts for any applications lodged by tenants in this regard.

11. Equalities and Diversity

11.1. We adhere to the provisions of the Equality Act 2010. HFL Homes does not discriminate against tenants or residents on account of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation.

11.2. We work in accordance with our Equality and Diversity Policy, ensuring that appropriate advice and assistance is given to those disadvantaged in the community, and that adequate translation and interpretation facilities, large print material, Minicom, induction loops etc. are available.

12. Training and Promotion

12.1. We will publicise this policy to our staff, managing agents and tenants through:

- Our website; and
- Policy briefings and training.

13. Policy Review

13.1. This policy will be reviewed as required or at least every two years to incorporate any changes in legislation or good practice.

13.2. HFL Homes is committed to working with residents to refine its policies so they are fit for purpose. HFL Homes will proactively monitor customer feedback on the policy and its implementation and invite tenants in future to contribute to the review and amendment of the policy through Residents' Forums, online surveys and other mechanisms to maximise the input of residents into our services.

14. Housing Benefit and UC Housing Costs Eligible services

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Admin and management fees	Fire Detection and Smoke Dispersal system	Tenants window cleaning – external only
Grounds Maintenance	Fire Risk Assessments	External and Internal window cleaning in common areas
Woodlands (within the site boundary)	Fire-Fighting Equipment	General cleaning of the common parts
Electric power points – including scooter park plug-in	Alarm call out service	Refuse collection facilities, bulk bins and rubbish chutes. Bulk refuse collection and skip hire.
Childrens play areas	Secure building access – door entry	Building Management Systems (phonelines, Internet and WiFi)
Car or bike parking	CCTV	Shared TV and Radio Aeriels, masts
External access lighting and maintenance	Stairlifts and adaptations in common areas for shared use only	Rotary Dryers
Unadopted roads	Communal Lifts	Tenants window cleaning – external only
Heating and hot water for common parts	External and Internal window cleaning in common areas	Communal lighting and emergency lighting
Water – common areas	Legionalla testing	Ventilation Systems

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Electrical inspections of communal parts and services	General cleaning of the common parts	Pest Control
Refuse collection facilities, bulk bins and rubbish chutes. Bulk refuse collection and skip hire.		

15. Definitions

This section enables the author to explain any acronyms or particular words or terms used in the policy that may require a clear description of their meaning.

We follow plain English guidelines. Specified words or terms within this policy are explained here.

Word or Term	Meaning of Word or Term

16. Legal & Regulatory Framework

List relevant legislation or regulation, such as social housing regulation
The Regulator of Social Housing (RSH) Rent Standard
Service Charges (Consultation Requirements) (England) Regulations 2003
The Service Charges (Summary of Rights and Obligations, and Transitional Provision) (England) Regulations 2007
Equality Act 2010

17. Related HFL Policies

This policy links to the following HFL policies:

- Complaints Policy
- Equality and Diversity Policy

18. Related HFL Procedures

This policy links to the following HFL procedures:

- None

19. Version Control

Version Number	Revision Date	Summary of Changes	Author
1	May 2021		Director of Operations