



Recoverable Service Charge Policy

Version 1

Approved by: Executive Team

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1.0 Introduction

- 1.1 The Policy gives an overview of our approach to the recovery of cost for services we may provide for residents. When we use 'you' and 'your', we mean residents. The terms 'we', 'our', and 'us' mean Optivo.
- 1.2 This Policy only applies to certain types of rented tenancies and long leaseholders. The types of tenancies and leases are defined below. The Policy also applies to freeholders to whom we may provide services to the estate or location of their property.
- 1.3 A tenancy agreement/ lease is a contract. Your agreement/ lease should be clear about any service charges you are responsible for. If the contract is unclear we will take the approach that should provide for us to recover the cost of services which a responsible property owner would provide and expect to charge to its residents.

2.0 Scope

- 2.1 'Service Charges' are for the services we, as your landlord, pay for the running of the building you live in. They are things such as lighting and cleaning shared areas or looking after the grounds and gardens around your building.
- 2.2 Service Charges are generally limited to things which are used in common by all or most of the residents in a block or an estate. Service Charges do not include the costs for repairing things inside your home. If you're a tenant we won't charge you for these repairs unless it is your responsibility to pay for them. You can find out more about what repairs we may charge you for in our [Chargeable Repairs Policy](#).
- 2.3 **General Needs tenants** – Your rent incorporates provisions for the maintenance and upkeep of your home as a result of fair wear and tear. Your service charge will **not** include the cost of maintaining the fabric of the building including communal areas nor for insuring the building. The cost of this is met by us from the rent you pay. You will need to make arrangement for your own contents insurance and paying your service charges.
- 2.4 **Leaseholders or Shared Owners in flats or apartments** – Subject to lease terms, you will pay all costs including maintenance and upkeep of the fabric of the building. Service charges cover all communal services and building insurance. You will need to make arrangements for your own contents insurance.

- 2.5 **Leaseholders of leasehold houses** – Subject to lease terms, you will pay all costs including maintenance and upkeep of the fabric of the building. Service charges are likely to be for communal services. Depending on your lease, it is very likely you will have to pay for your own building insurance. Please make sure you have buildings insurance. You will need to make arrangements for your own contents insurance.
- 2.6 **Shared Owners of houses** – Subject to lease terms, you will pay all costs including maintenance and upkeep of the whole house. Service charges are likely to be for communal external areas and services, and buildings insurance. In some cases the lease may require you to insure the building, if this is the case please make sure you have buildings insurance. You will need to make arrangements for your own contents insurance.
- 2.7 **Freeholders of Houses** - Subject to the conditions in the transfer documents/deeds of your property, you may be liable to pay for services provided to the estate where your property is located.

3.0 **Setting and Managing Service Charges**

Setting service charges

- 3.1 We will always look for value for money in the services we provide. We will always try to balance the quality of the services against the cost. We will give you clear information about what you're paying for.
- 3.2 We will usually set a budget each year for the cost of services for the following year. We will explore what we're paying for services to get an accurate understanding of what the services are going to cost. We will base the budget on this.

Managing service charges

- 3.3 We will check what the services we provided in the previous year actually cost compared to what we charged. If you're:-
- On a fixed Service Charge agreement we won't do anything further.
 - A home owner or tenant who pays a variable Service Charge, we will either:-
 - refund any overpayment, **or**
 - charge you for any underpayment. We are most likely to do this by adding the amount we undercharged you to your rent and/or service charge accounts.

In some special cases we may have to deal with things in a different way. In such cases we will try to explain as clearly as we can why we have done what we have done.

The Landlord and Tenants Act 1985 gives variable service charge payers the right to examine the supporting documentation to the reconciled accounts within six months of them being issued.

- 3.4 If you pay an 'Affordable' rent, the cost of any services you receive is included in the total rent charge.
- 3.5 We will issue year end accounts to variable service charge payers. These will show what we actually spent and the income we collected. If there are more than four variable long lease (including Shared Owners) service charge payers in a block, we'll have the accounts examined and signed off by an accountant or other appropriate person as specified in the lease e.g. surveyor.
- 3.6 When we send out estimates of what next year's charges are going to be, we will show services as either 'eligible' or 'non-eligible'. Housing Benefit (HB) or Universal Credit (UC) will not pay for 'non-eligible' or personal charges. Only 'eligible' charges will be considered.
- 3.7 In line with Section 20 of the Landlord & Tenant Act 1985, we will consult with leaseholders or shared owners if any major or cyclical works costs are likely to exceed £250 for any leaseholder or shared owner.

If we intend to enter into any service contract for longer than a year we think will cost more than £100 for any leaseholder or other variable service charge payer, we will consult in accordance with the Act. We will consider your views as well as cost, service provision and value for money when making a decision.

- 3.8 Our [Service Charge Dispute Resolution Policy](#) outlines what you can do if you feel we have not consulted you or calculated service charges correctly or fairly.

4.0 Recoverable Service Charges

- 4.1 We will recover service charges in line with this Policy unless varied by legislation or the contract we have with you.

5.0 Optivo's Management Charge

- 5.1 We will charge for the cost of our service in managing blocks and/or estates based on what we believe is a reasonable charge for the service provided, unless a specific rate is defined in the lease or transfer.

6.0 Review

- 6.1 We will review this Policy to address legislative, regulatory, best practice or operational issues.