

## LEASEHOLDER SERVICE CHARGES POLICY

### Statement of Purpose

This policy outlines the Association's commitment to providing an efficient, effective and customer focused service for Service Charges.

### Our Policy

#### Definition

1. A service charge is a charge to the leaseholder for specific costs to the association not covered by the lease. Service charges are based on the estimated cost of the services and therefore vary from year to year. Before the start of the financial year, Sentinel will provide customers with an 'estimate' of the operational costs for the common parts of the building. At the end of the financial year we will calculate the 'actual' cost of providing the service and make any necessary adjustments either by rolling forward a credit to the account for the subsequent year or increasing monthly payments to recover any deficit.
2. The services to be provided are defined in the lease and normally cover the cost of such matters as general maintenance and repairs, buildings insurance, grounds maintenance, cleaning of communal areas and, where appropriate, the provision of a caretaker.
3. Where necessary, the lease should allow Sentinel to establish a reserve fund to pay for or towards the cost of such matters which are likely to arise either infrequently during the unexpired term of the lease or to provide for planned maintenance such as cyclical decoration so that the charge does not fluctuate unduly from year to year.

#### Service Delivery

4. The Association commits to ensuring that the Service Charge function is administered in a way that is customer focused and fair and equitable.

#### Service Promise

5. We promise to:
  - Provide services defined within the lease and to a high quality. At the time of purchase, tenants should check what services are provided with their solicitor.
  - Provide the essential services supporting the management of accommodation, which may enhance the security and quality of life of its residents.
  - Supply the level of service deemed appropriate by customers, following consultation, for non-essential services.
  - Ensure proper accounting for service charges, to confirm the accuracy of charges for each block or other groupings and ensure checks are made prior to despatch.
  - Work in conjunction with statutory agencies, local authorities, other Registered Social Landlords and stakeholders.
  - Where the lease allows, charge for long-term maintenance through the sinking funds and detail how we will apportion this.

#### Administration Charge

5. Administrative costs will be charged either at a fixed amount or a percentage as per the lease.

#### Information to Residents

6. All residents will be given a schedule of the services provided to their property at the beginning of their contract. The list will show the budgeted costs for the scheme.
7. At each service charge review date the updated information will be sent to residents with their rent or charge notification.

#### Payment of Service Charges

8. Payment will be collected by equal monthly payments in advance by way of Direct Debit mandate, or as otherwise prescribed in the lease. It is the leaseholders responsibility to ensure that the service charges are paid in a timely fashion.

#### Disputes

9. Any resident who disputes any aspect of the Charge for Services will have the right to be referred to our complaints service, and if necessary escalated to appeal through the Leasehold Valuation Tribunal.

#### **Approval Stages**

Chief Executive Sign off: \_\_\_\_\_ Date: \_\_\_\_\_

Finance Director Sign off: \_\_\_\_\_ Date: \_\_\_\_\_

Policy & Strategic Initiatives:  
Implementation Date: \_\_\_\_\_

## LEASEHOLDER SERVICE CHARGE POLICY SUMMARY

### **Changes from previous version**

This is a first generation policy

### **Regulation & Legislation**

This policy is linked to the following regulation and legislation: Landlord and Tenants Act 1985, Landlords and Tenants Act 1987, The Leasehold Reform, Housing and Urban Development 1993, The Housing Act 1996, The Commonhold and Leasehold Reform Act 2002

### **Equality & Diversity Impact**

The association is committed to meeting the needs and aspirations of customers and communities in a fair, respectful, and proportionate manner. Our approach to diversity and equality is to promote inclusiveness by recognising that anyone, regardless of origin or background, can make a positive difference in the achievement of the organisation's vision and in the wider society.

We will comply with best practice from legal, regulatory and inspection requirements. Codes of Practice and other guidance will be used appropriately to ensure progress on diversity.

### **Financial Impact Assessment**

We will strive for increased income from new tenancies and developments, and the ability to match income to expenditure. There is a potential loss of income where policy and procedure not followed correctly.

### **Risk Assessment**

To ensure compliance with all current leaseholder legislation in order to mitigate the risk of disputes involving Service Charges being taken to Leaseholders Valuation Tribunal.

### **Monitoring and Review**

This policy will be reviewed at least every 3 years.

### **Consultation**

The stakeholders below have been consulted on the following dates:

Basingstoke and Deane Borough Council: 25<sup>th</sup> January 2008

Surrey Heath Council: 25<sup>th</sup> January 2008

Hart Borough Council: 25<sup>th</sup> January 2008

Rushmoor Borough Council: 25<sup>th</sup> January 2008

Oakfern Residents Forum: 9<sup>th</sup> January 2008

Hart Residents Federation: 8<sup>th</sup> January 2008