



Mid-Wales Housing Association - Policy

Title: SERVICE CHARGE COLLECTION AND ARREARS POLICY

1. Introduction

The Association receives £250,000 of service charge income a year. This income is to pay for the various services provided by the Association to tenants, leaseholders and shared-owners.

It is important to ensure the cost of the services provided are recovered from those receiving the services, otherwise they are being subsidised by the Associations tenants through their rent.

Details of the services provided and the calculation of the charge are given to tenants at the commencement of their tenancies and also at each annual rent review.

2. The Aims of this Policy

The aims of this Policy are to ensure that:

- The Association's income from service charges is maximised by the administration of an efficient rent collection service.
- The Association complies with the Welsh Assembly Government Regulatory Code for Housing Associations registered in Wales, in keeping overdue monies to a minimum.
- The Association complies with the requirements of The Landlord and Tenant Act 1985, as amended, most recently by the Housing and Regeneration Act 2008.

3. The Objectives of this Policy

The objectives of this Policy are to ensure that:

- The Association's tenants, leaseholders and shared-owners are aware of their obligations and rights.
- The Association's tenants, leaseholders and shared-owners are receiving any housing benefit, or other allowance to which they may be entitled.
- The Association demonstrates best practice and strives towards continuous improvement in its collection of service charges.

4. Payment of Service Charges

The service charges are raised in accordance with the tenancy or lease agreement of the person receiving the service. For tenants this will be weekly or monthly in advance, depending on the tenancy agreement, or annually for the leaseholders or shared-owners.

The service charge can be paid by any method accepted by the Association. The preferred methods are Direct Debit, or Paypoint. However, payments can be made over the internet, cheque through the post, or cash at our offices. The full list of payment methods are as follows;

- By Direct Debit
- By payment card – telephone, internet, Paypoint, post office
- By Housing Benefit direct
- By post
- By payment of cash, cheque or by debit card at the Association's offices

5. Recovery Action

It is recognised that there can be circumstances where the service charge is payable in full or partly through housing benefit. There can be delays by the local authority in processing claims when the tenancy commences or when there is a change in the tenant's circumstances. Recovery action may be suspended for a period of time where the Association is assured that a claim is being processed.

6. Service Charge Statements

All service charge payers receive an annual service charge statement. This is normally issued in September each year.

In addition where the service is received by a tenant, they will receive a quarterly rent statement, which will also include the amount of any service charge payable. These rent statements are sent to all tenants in the month immediately following each quarter end. An up-to-date rent statement is also made available to a tenant at any time upon written request.

6. Period of Notice to Terminate a Tenancy

In accordance with the Tenancy Agreement one calendar month's notice is required of termination of tenancy. The service charge, like the rent, is charged up until the date on which the keys to the property are returned to the Association or the date of termination, whichever is the later. In exceptional circumstances, the Association may agree to charge less than one calendar month's rent.

With regard to leaseholders and shared-owners, their charges are due annually in advance and therefore need to pay for the whole year. There is no adjustment in charge to reflect the date the leaseholder or shared-owner may sell the property. Any adjustment in service charge is a matter for the buyer and seller of the property and any adjustment made as part of the property transaction, and therefore, this does not involve the Association.

7. Deceased Tenants

The service charge, like the rent, is charged up to the date on which keys to the property are returned to the Association by relatives or friends of the deceased tenant even if this is less than one calendar month.

8. Unoccupied Property

The service charge, like the rent, will be due even if the property is unoccupied.

9. Withheld charges

Under section 21A a new right is being introduced as part of the 2008 Housing and Regeneration Act. This right enables a tenant to withhold payment if the landlord has not provided information as required under section 21 of the Act. This part of the Act has not yet been enacted.

10. Collection of Unpaid Service Charge

The Association has detailed procedures on the chasing and collecting of outstanding monies. In an extreme, these include using the County Court to obtain possession of the property.

Unpaid service charges by tenants, like the rent, will be monitored within agreed procedures. All effort is made to discuss outstanding service charges with the individual tenant. If the service charge remains unpaid, the following courses of action may be taken:

- i) Service of a Notice of Seeking Possession.
- ii) Court action for possession of the property, together with judgment for the outstanding amount of service charge and cost of the action.

With regard to leaseholders and shared-owners, there are again recourses to the Courts for the recovery of the debt. In an extreme case this can include the forfeiture of the lease. The outstanding sum must exceed £500 and be outstanding for more than three years before such action can be taken.

The procedures are designed to chase the debts to ensure the income is collected in a timely manner. Therefore, we will enter into payment plans for any tenant, leaseholder or shared-owner for the payment of the service charge. With regard to the leaseholders and shared-owners this could include a monthly payment plan.

11. **Delegated Authority**

The Housing Service Manager:

- i) Authorises applications for Court hearings for unpaid rent and service charge, upon the recommendation of the Housing Co-ordinator or Supported Housing Co-ordinator (for tenants of Supported Housing)
- ii) Authorises the issue of Notices of Seeking Possession for unpaid rent and service charge.
- iii) Represents the Association in Court in any proceedings for unpaid rent and service charge.

Key Performance Areas:

- A. The Director of Operational Services will oversee the management and control of the collection of, and accounting for, rental and service charge income.
- B. The Director of Corporate Services will ensure the Association's service charge income is maximised by the appropriate calculation and assessment of service charge costs and charges.
- C. The Housing Services Manager will report monthly, within the metrics reporting system, to the Board of Management on:
 - The percentage of rent collected compared with the actual rent due
 - The outstanding rent as a percentage of annual rent due
- D. The Finance Manager will report monthly within the management accounts on:
 - The percentage of property income receivable against budget.

Any issues arising are also discussed at the monthly Operational Management Team meeting.

Purpose:	To ensure the Association's income from service charges is maximised by an efficient collection service.
Reference No:	
Date of Issue:	January 2011
Review Date:	January 2013
Departments / Sections Affected:	Housing Services: Finance
Approved By:	Board of Management – January 2011
Lead Officer:	Director of Corporate Services
Statutory Compliance	<ul style="list-style-type: none">➤ The landlord and Tenant Act 1985 (as amended, most recently with the Housing and Regeneration Act 2008)➤ Regulatory Code for Housing Associations registered in Wales (1.2.2)➤ Housing Act 1988 as amended by the Housing Act 1996

Strategic Risk Factors		
Equality Impact Assessment	<i>How does/will this policy ensure needs are met fairly, particularly with regard to race, gender, disability etc?</i>	N/A
	<i>Is it felt that this policy might affect different groups adversely. If so, what is the justification for this and is it legally permissible?</i>	No groups or individuals are expected to be adversely affected
	<i>Have any representative groups in the locality been asked for their opinion and if so, what was the outcome?</i>	No
Tenant Engagement	<i>How does/will this policy ensure the needs of tenants are met?</i>	The object of this policy is to ensure income collection is maximised
	<i>How is it felt this policy will impact on the rights and obligations of tenants?</i>	It is not envisaged that this policy affect tenants' rights and obligations
	<i>Have tenants been consulted and were the outcomes of that consultation taken into account when considering the introduction of this policy?</i>	At this time, tenants have not been consulted on this policy. However, they were an integral part of the 2010 Continuous Improvement Review of service charges.