

Service Charges Handbook



Cobalt
Housing

Investing in our community

If you need this handbook in Braille, large print or on audio tape, please contact Cobalt Housing at the address below.

If you need this handbook translated please tick your language. If your language is not listed below, please write it in the box and return the form to Cobalt Housing at the address below.

ARABIC

إذا أردت هذه الوثيقة بلغة أخرى أو بطريقة أخرى، أو إذا كنت بحاجة إلى خدمات مترجم، فنرجو أن تقوم بالاتصال بنا.

MANDARIN

本文件可以翻译为另一语言版本，或制作成另一格式，如有此需要，或需要传译员的协助，请与我们联系。

HINDI

यह दस्तावेज़ यदि आपको किसी अन्य भाषा या अन्य रूप में चाहिये, या आपको आनुवाद-सेवाओं की आवश्यकता हो तो हमसे संपर्क करें

SOMALI

Haddii aad ku rabtid dokumentigaan luqado kale ama daabacaad kale, ama haddii aad u baahan tahay turjibaan, fadlan nala soo xiriir.

URDU

یہ دستاویز اگر آپ کو کسی دیگر زبان یا دیگر شکل میں درکار ہو، یا اگر آپ کو ترجمان کی خدمات چاہئیں تو برائے مہربانی ہم سے رابطہ کیجئے۔

POLISH

Jeżeli chcieliby Państwo otrzymać ten dokument w innym języku lub w innym formacie albo jeżeli potrzebna jest pomoc tłumacza, to prosimy o kontakt z nami.

KURDISH

هه‌گه‌ر ده‌ته‌وی نه‌م به‌لگه‌یه‌ت به‌ زمانیکی که یا به‌ فۆرمیکی که هه‌بی، یا پیویستت به‌ موته‌رجیم هه‌یه، تکایه‌ په‌یه‌ندیمان پیوه‌ بکه

FRENCH

Si vous souhaitez obtenir ce document dans une autre langue ou sous un autre format ou si vous avez besoin des services d'un interprète, veuillez nous contacter.

Language:

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Service Charges Handbook

The aim of this handbook is to provide information on service charges and how we administer them on your behalf.

If you require further information regarding service charges, please contact Cobalt Housing on 0151 633 8085.

For information, the terms ‘tenant’ and ‘service charges’ within the context of this handbook will similarly relate to ‘leaseholders’ and ‘leasehold management charges’ unless stated otherwise. Similarly, the term ‘account’ may equally refer to a rent account or a leasehold account.

Service

What is a Service Charge?

A service charge is a payment made by a tenant towards the cost of providing services that are over and above the rent you pay.

In other words, if as a condition of living in your home a service is provided that is not optional, eg. communal lighting in blocks of flats; or is requested as a result of an individual's specific needs, eg. individual garden maintenance. The service charge is a sum of money you pay to cover the costs of these services.

Who receives service charges?

The following individuals are likely to receive service charges where specific services are provided:

- **All tenants living in communal blocks or developments**
- **All tenants living in other flats with shared facilities**
- **Tenants who receive specific personal services**
- **Leaseholders who pay leasehold management charges**

Setting Service Charges

We only charge tenants the actual or anticipated cost for the service that is being provided. Cobalt is a not-for-profit organisation and therefore we are not permitted by law to make a profit on service charges.

These are set and agreed by January, to allow for the relevant statutory rent and service charge increase notices to be sent out in February. The new service charge levels will be applied

from April. As a minimum standard Cobalt will aim to consult with recognised tenants and residents groups on setting service charges no later than January. This will be extended to individual schemes / tenants wherever resources allow.

We will aim to set service charges based on actual costs. However, it is not always possible to determine the exact costs of the services being provided in advance. Cobalt may have to estimate some of these future costs to determine the service charge that will be applied. For example communal lighting or heating will be subject to variations in energy prices and use and so can not always be determined and accurately assessed in advance.

As a result of these variations in charges, Cobalt hold the money paid by service charge payers for each service in separate individual accounts. This enables Cobalt to accurately determine whether we have collected too much, (referred to as a 'surplus'), or too little (referred to as a 'deficit'), in the previous year. When we calculate the annual service charges, we take account of the balance of monies we have both collected from service charge payers and paid out to contractors to set the new service charge.

Where too much has been collected this surplus will then usually be used to reduce the charge for the forthcoming year or paid back to you directly. Where too little has been charged we will have to increase the charge to reduce the deficit.

These types of service charges are referred to as **'variable'** service charges, and these allow greater flexibility to ensure we only charge you the cost of providing that service plus any permitted administrative costs.

Changes to Service Charges

If a new service is introduced mid-year then a new charge will be applied. In these instances we will consult with all potential service charge payers prior to introducing new services. We will ensure that we give **a minimum of 28 days notice** for any changes to existing services.

Achieving Value for Money on Services

Wherever possible Cobalt would always look to enter into medium-term contracts (2-3 years) with reputable contractors who have been through our rigorous tendering and selection processes.

The final decision on selecting a successful contractor will not just be based on cost but also on the quality of service they can offer you. Cobalt will always aim to ensure any contract entered into includes clear procedures for measuring customer satisfaction and dealing with complaints. We will ensure our contractors work safely and deliver high standards of performance.

Longer term contracts may be considered if real value can be shown in terms of benefits to service charge payers.

Type

Types of Service charges

Service charges fall into the following categories:

- Property Charges
- Tenancy Charges
- Administration Charges
- Surplus Refunds
- Deficit Recovery Charges
- Sinking Fund Charges

1. Property Charges

Property charges are those charges specific to the property, communal block of flats or development. These are charges that any tenant would have to pay as they receive this service as a condition of living there.

Tenants have no choice other than to pay these charges as **they are not discretionary**. Typical examples will include communal lighting on stairwells and landings in blocks of flats, or cleaning of communal floors, walls, etc.

Depending on your property or block of flats you may be charged for some or all of the following property-related services:

- Communal lighting / electricity
- Communal heating
- Communal gardening
- Communal cleaning
- Window cleaning
- Lifeline alarm maintenance

Tenants in the newer high-specification schemes such as those at Invergarry Road in Gillmoss or Oaktree Gardens in Sparrowhall also benefit from some or all of the following property-related services:

- Basic caretaking service
- Communal TV aerial maintenance*
- Door entry system maintenance*
- Communal lift maintenance*
- Fire alarm maintenance*
- Emergency lighting maintenance*

Note: many of the services will also include a depreciation charge. This is the cost of purchasing and installing a specific fitting, or item of machinery such as a lift. This is charged between the number of tenants living in the block and then divided by the number of years the item is expected to last for. This applies to those services marked with an asterix(*).

2. Tenancy Charges

Tenancy charges are those charges specific to certain tenants or tenancies.

Depending on your specific tenancy arrangements you may be charged for the following services:

- Individual gardening to your private garden
- Leased furniture
- Integrated oven and fridge freezer depreciation
- Lifeline alarm

3. Administration Charges

The income from this charge is used to contribute towards

the management and administration of service charges and will typically cover production of stationary, leaflets, invoices, postage, etc. The level of this charge is set at 15% and this is applied against all service charges within your account.

The only exception to this administration charge relates to the leased furniture scheme. Liverpool City Council as the service provider applies a 10% administrative charge to this service. As a result, Cobalt currently does not apply any further charge for this service.

4. Surplus Refunds

A surplus refund occurs when the amount of money collected by Cobalt is greater than the cost of providing a particular service. This amount is refunded to you to pay back any over-paid service charges we have collected.

5. Deficit Recovery Charges

Deficit recovery charges occur when the amount of money you have paid did not cover the cost of providing the service. This amount is normally added to your rent account on a weekly basis over a 12 month period.

6. Sinking Fund Charges

These are leaseholder charges relating to their contribution towards future repairs or replacement of items, such as windows, roofs and redecoration of communal areas.

Benefits

Housing Benefits

Eligibility for Housing Benefits

For tenants living in properties owned by Cobalt, all of our service charges are eligible for Housing Benefit however this remains subject to your individual eligibility to this benefit. If you wish to receive further information about this matter, please contact your Rents Officer on 0151 633 8000, who will be able to advise you on your possible entitlement.

If you wish to query your Housing Benefit entitlement, you can also contact Liverpool City Council's Housing Benefit's Line on 0151 233 3009. Alternatively, you can make an appointment with the local One Stop Shop by ringing Liverpool Direct on 0151 233 3000.

If you want to speak to someone not linked to Cobalt or Liverpool City Council about these matters, you can also contact the following local advice agencies:

Norris Green Citizens Advice Bureau on 0844 848 7700

Croxteth Information & Advice Centre on 0151 548 6977

Fazakerley Advice Information Resource (FAIR) on 0151 525 5051

Delivery

Delivery of Services

Cobalt is committed to involving both tenant and leaseholders in the way that services are obtained and delivered on their behalf.

There are several ways in which you as an individual can influence the delivery of the services provided by Cobalt. These include:

- i Tenants and Residents Groups** – Cobalt currently have a range of groups actively operating throughout the Norris Green, Croxteth and Fazakerley areas. These groups receive regular information about all types of activity provided by Cobalt including service charges. We aim to consult with such groups annually on the levels of service charges to be set and to receive feedback from them on the nature and quality of services provided. For further information regarding groups operating in your neighbourhood please contact our Resident Involvement team on 0151 633 8096 or 0151 633 8098.
- ii Contracted and Supplied Services** – many of our services are provided by external contractors and suppliers. These would typically include all cleaning and maintenance works, supplies of electricity or other utilities; or installation of new equipment. Our aim is to ensure the best quality service that offers you real value for money. We believe that tenant's input into obtaining this process is vital.

Where Cobalt are considering new improvement works (eg. installing a new door entry system), or contracts for services of more than 12 months (eg. communal cleaning) we will follow the recommended staged consultation process set out on page 12. This will take place where service charges apply.

In summary, we will ensure the following when obtaining works or services:

- **Provide you with a notice of intention outlining any proposed works, why we propose them and invite affected residents and any representative tenants and residents group to comment.**
- **Allow you the opportunity to nominate potential contractors to be included (note - some qualification rules apply).**
- **Make all necessary documentation available to you upon request.**
- **Notify you of the outcome of any tendering processes we undertake, with any relevant reasons why we have selected the successful contractor; and provide a summary of any comments received from tenants.**

In addition, to this formal consultation we will also aim where practical to ensure that any representative tenants and residents groups are involved in any selection short-listing and interviewing of contractors for services provided where a service charge is applied.

iii Customer Satisfaction Surveys/Cards – for many of the contracted services we provide Cobalt has developed a customer satisfaction card for tenants and leaseholders to record your comments and levels of satisfaction. Currently, these cards are provided for the following services:

- Communal cleaning and window cleaning
- Individual Garden maintenance
- Communal garden maintenance

Standards

Maintaining Standards

Where a contractor is involved Cobalt will undertake regular inspections of all communal blocks and land sites to ensure standards are maintained.

For further information on how we aim to achieve this please refer to our leaflet entitled, 'Managing your Estates'.

For further information on how we are performing against our service standards please visit our website on **www.cobalthousing.org.uk**, or ask for a copy of our monthly report available in our reception area.

Cobalt Schemes

For administrative purposes, Cobalt has categorised service charges by schemes. As a service charge payer you will be part of one of these specific schemes which are based on either the block of flats / development or by individual services provided. Cobalt currently has identified the following schemes:

- Furnished tenancies
- Ex-Liverpool City Council/Liverpool Housing Trust flats
- Invergarry Road (new build) scheme
- Oaktree Gardens Development
- Communal Gardening Scheme
- Individual Gardening Scheme
- Norris Green Supported Housing scheme

All income and expenditure relating to service charges is attributed to each scheme with any deficit or surplus remaining within that scheme. There is no cross subsidy between schemes so you will only pay for the service you receive.

Statements

Service Charge Statements

As part of our commitment to provide you with good quality and up to date information on your service charges, we will provide you with a service charge statement for your relevant scheme every year.

This will detail, for each service being provided, the amount charged to tenants for the year, the cost of the service, any refunds made and any surplus or deficit at the end of the year.

We will aim to issue the service charge statement by scheme by 30 September within any given year relating to the previous financial year. Statements are also available upon request for the previous year. We will aim to respond to any requests within 10 working days.

An example of a service charge statement is provided at the back of this handbook. It should be noted that the income and expenditure costs are for the scheme as a whole rather than for an individual tenant.

Each statement will specify the scheme name, the service charge period, the number of weeks this period relates to and the number of homes in the scheme.

The following glossary of terms will assist to explain each of the headings on the statement:

Surplus/(deficit) at the start of the year: This is the sum of money that has been overcharged or undercharged in the previous year.

Actual spend for the year: This is the actual cost paid to the contractor or supplier for providing the service for the year.

Total service charge for the year: This is the amount charged to the tenants for the year.

Deficit recovery charges: This is the amount charged to tenants for any previous year to recover any under-collected amounts of service charges.

Surplus refunds: This is the amount refunded to tenants for any previous year to pay back any over-paid amounts of service charges.

Surplus / (deficit) at the end of the year: This is the amount of under-collected or over-paid service charges after any refunds or deficit charges have been applied.

In addition, the statement will also include the average surplus or deficit per resident at the bottom of each statement.

If you have any queries regarding these statements, please do not hesitate to contact a member of Cobalt's Finance Team on 0151 633 8060.

Paying for Service Charges

For Cobalt tenants all service charges are charged weekly in line with your standard rent charge. For leaseholders the system of payment is slightly different in that each year when we have calculated the costs of the services charges in January, we will notify you of your likely contribution for the forthcoming financial year which will then be invoiced on a 6 monthly basis in March and September of any given year. You will also receive an itemised summary of these costs indicating how they are calculated. For further information on these matters please refer to your Leaseholders Handbook.

Comments

Complaints, Comments and Compliments

Cobalt views all comments from customers positively as it helps us to shape and to improve our services.

Cobalt will aim to provide as many avenues as possible to listen to you including using satisfaction surveys, attending meetings or individual appointments, etc.

If you are unhappy by the way in which a service charge (or any other related issue) has been handled by Cobalt, you should initially contact Cobalt to discuss this matter with a relevant member of staff. If you continue to remain dissatisfied then you can follow Cobalt's complaints procedure (copy available upon request).

If having exhausted this procedure, you remain dissatisfied you can appeal to the Housing Ombudsman Service. Please note the Ombudsman will not investigate your complaint if you have not exhausted our complaints procedure first. Further details about this service can be obtained from:

Housing Ombudsman Service, Norman House, 105-109 Strand, London, WC2R 0AA. Tel: 020 7836 3630. Email: ombudsman@ihos.org.uk Website: www.ihos.org.uk

In addition, Leaseholders can also use the Leasehold Valuation Tribunal service if you continue to have a dispute over the level of service charges levied and have exhausted Cobalt's complaints procedure. For further information about this service please refer to your Leasehold Handbook.

Questions

Frequently asked questions

The following may assist to answer any outstanding queries you may have:

1. Will I be consulted about any new service charges being made?

Prior to any new services being provided and charges being made we will consult with you and following any consultation we will give a minimum of 28 days notice for any changes to the charge.

2. Can I opt out of any of the services being provided?

If the charge you are paying is a property-related service then these are not optional as they are provided for the benefit of all tenants and leaseholders and as such are a condition of occupation. If the charge is for a service that is tenancy-related such as the leased furniture scheme or individual gardening then these services and charges are optional.

However it should be noted that some tenancy-related charges are not optional, particularly if Cobalt is for instance, seeking to recover a deficit for a service. To find out more about these matters please contact us on 0151 633 8000.

3. Who can I contact at Cobalt to discuss service charge issues in more detail?

FOR GENERAL ENQUIRIES

Our Project Officer (Service Charges and Land Management)

deals with all day-to-day operational matters such as first contact for contractor issues, complaints, resident involvement, service delivery and standards, customer satisfaction surveys, monitoring of contractors performance and co-ordinates our regular inspection regime. Please telephone 0151 633 8085 or email info@cobalthousing.org.uk

FOR FINANCIAL RELATED ENQUIRIES

Our Assistant Management Accountant deals with all day-to-day financial matters relating to service charges including production of, and enquiries relating to service charge statements. Please telephone 0151 633 8060 or email info@cobalthousing.org.uk

In addition, to this you can also contact your local Neighbourhood Housing Officer for general housing related enquiries, or your Rent and Incomes Officer for rent account enquiries on 0151 633 8000.

Service

Our Service Standards - Summary

General

We will:

1. Produce and publish all rent and income service standards monthly.
2. Produce and publish a monthly performance report for all areas of rents and income activity.

Setting Service Charges

We will:

3. Calculate and report all proposed service charge increases to Cobalts Board of Management during January of any given year.
4. Provide all tenants and leaseholders with 28 days notice of any changes to existing service charges.
5. Provide a detailed breakdown by service charge heading on an annual basis with the statutory rent increase notice.

Service Delivery

We will:

6. Consult with recognised tenants and residents groups on service charges set by the end of January in any given year.

New Works and Contracts

We will:

7. Provide all tenants, leaseholders and representative groups who are affected with an initial Notice of Intention providing you with 30 days to respond or comment to any proposals.
8. Give you the opportunity to nominate contractors as part of this procurement exercise.
9. Notify you with a second Notice of Intention with the outcome of these matters and providing you with a further 30 days to respond or comment.

Measuring Customer Satisfaction

We will:

10. On certain services provide you with a freepost customer satisfaction card every month to measure your satisfaction with the service.
11. Produce and publish a monthly report based on feedback from customers and from our monthly inspection regime.
12. Respond to all complaints/requests for service in writing within 10 working days.

Service Charge Statements

We will:

13. Provide you with an annual service charge statement for your scheme no later than 30th September of any given year.
14. Provide copies of any previous service charge statement for your scheme upon request within 10 working days.
15. Provide leaseholders with an invoice in April and October of every year.

APPENDIX 1 - Specimen Service Charge Statement

Cobalt Housing Service charge statement					
Scheme	1-50 Holly Tree Lane				
Service charge period	1 April 2006 to 31st March 2007				
Weeks	52				
Number of homes	50				
	Surplus / (deficit) at the start of the year	Actual spend for the year	Total service charge for the year	Deficit recovery charges/ Surplus refunds	Surplus / (deficit) at the end of the year
Estate staff					
Basic Caretaking Service	£93	£5,453	£5,445	£0	£85
	£93	£5,453	£5,445	£0	£85
Electricity & Gas					
Communal lighting & electricity	£277	£6,098	£674	£0	(£5,147)
	£277	£6,098	£674	£0	(£5,147)
Garden & Grounds					
Communal gardening contract	£1,281	£2,350	£3,116	£0	£2,047
	£1,281	£2,350	£3,116	£0	£2,047
Cleaning					
Communal Cleaning contract	£737	£1,526	£1,441	£0	£652
Window Cleaning contract	£1,454	£2,594	£3,494	(£2,083)	£271
	£2,191	£4,120	£4,935	(£2,083)	£923
Door entry system					
Maintenance contract	£508	£0	£1,254	£0	£1,762
Depreciation charge	(£11)	£562	£572	£0	(£1)
	£497	£562	£1,826	£0	£1,761
Communal lift					
Maintenance contract	£1,031	£1,269	£2,545	£0	£2,307
Depreciation charge	(£68)	£3,519	£3,587	£0	£0
	£963	£4,788	£6,132	£0	£2,307
Management					
15% administration charge	£795	£3,506	£3,319	(£312)	£296
	£795	£3,506	£3,319	(£312)	£296
TOTAL	£6,097	£26,877	£25,448	(£2,395)	£2,272
Average surplus / deficit per resident					£45



Cobalt Housing is a charitable organisation and part of Vicinity Housing Group

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