

CYMUNEDAU, CARTREFI AC ADFYWIO
PWYLLGOR CRAFFU
28 MEDI 2023

**ADOLYGIAD O'R POLISI YNGHYLCH TALIADAU AM
WASANAETHAU TAI**

Pwrpas yr adroddiad yw amlinellu'r opsiynau sydd ar gael ar gyfer Polisi ynghylch Taliadau am Wasanaethau ar gyfer Tenantiaid y Cyngor yn y dyfodol a cheisio barn gychwynnol aelodau'r Pwyllgor Craffu fel rhan o'r adolygiad.

GOFYNNIR I'R PWYLLGOR CRAFFU:

- Rhoi barn ar y Polisi ynghylch Taliadau am Wasanaethau yn y dyfodol fel rhan o'r broses cyn penderfynu ar gyfer datblygu polisi, cyn ei gyflwyno i'r Cabinet.

Y Rhesymau:

- Mae'r Polisi presennol ynghylch Taliadau am Wasanaethau wedi bod ar waith ers peth amser ac mae angen ei adolygu;
- Mae costau rheoli cyffredinol, atgyweirio a rhentu wedi cynyddu ac mae'n bwysig bod y Polisi ynghylch Taliadau am Wasanaethau yn gyson â Chynllun Busnes y Cyfrif Refeniw Tai wrth gynnal incwm; ac
- Mae'r bwlch rhwng yr hyn rydym yn ei wario bob blwyddyn ar daliadau gwasanaeth a'r hyn a gawn trwy incwm (yn enwedig yn ystod y blynyddoedd diwethaf gyda chyfraddau chwyddiant uchel e.e. ym mis Medi 2022 byddai'r CPI wedi bod yn 11%) yn cynyddu.

YR AELOD CABINET SY'N GYFRIFOL AM Y PORTFFOLIO:-

Y Cyngorydd Linda Evans (Dirprwy Arweinydd a Deiliad y Portffolio Tai)
Y Cyngorydd Alun Lenny (Deiliad y Portffolio Adnoddau)

Y Gyfarwyddiaeth Cymunedau Enw Pennaeth y Gwasanaeth: Jonathan Morgan Awdur yr Adroddiad: Gareth Williams Amy Jones	Swydd: Pennaeth Tai a Diogelu'r Cyhoedd Rheolwr y Gwasanaethau Tai Arweinydd Rheoli Tai (Incwm)	Cyfeiriadau E-bost a Rhifau Ffôn: JMorgan@sirgar.gov.uk 01267 228960 GaJWilliams@sirgar.gov.uk 07393762642 AmyCJones@sirgar.gov.uk
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EXECUTIVE SUMMARY

HOUSING SERVICE CHARGE POLICY REVIEW

1. Purpose

- 1.1. The purpose of the report is to outline the options available for a future Service Charge Policy for Council Tenants and to seek Scrutiny members initial views as part of the review.

2. Context

- 2.1. Service charges are payments made by Contract Holders (tenants or leaseholders) that share communal areas or facilities within our blocks of flats, sheltered schemes or supported housing projects. It is where we provide additional services that are over and above the general rent. Service charges pay for things like:
- cleaning, lighting and maintenance of shared areas like stairwells and hallways;
 - looking after gardens in shared areas;
 - hot water and heating if there is a communal system;
 - entry systems, lifts and rubbish chutes in a block of flats;
 - caretakers, wardens and emergency alarm systems;
 - buildings insurance and management fees; and
 - Anything else that contract holders decide as a new/ additional service
- 2.2. The current Service Charge Policy has been in being for some time and requires review;
- 2.3. General management, repairs and rent costs have all increased and it is important that the Service Charge Policy is consistent with the HRA Business Plan in maintaining income;
- 2.4. General costs including management, repairs and rents have all increased through general inflation, but the gap between what we spend on service charges and what we recover in income is widening due to the current £3 cap that has been imposed under the current policy.

- 2.5. Service Charges are calculated on previous years expenditure distributed across the number of units of accommodation within a sheltered scheme, block of flats or supported housing project.
- 2.6. The cap was originally put in place to protect Contract Holders (tenants) from inflating costs. Contract Holders are consulted on and can request additional services, but if there is a limit on how much the service charge can increase by, there is little control on what we spend and what we recover.
- 2.7. Within the report we have defined what a Service Charge is so that Members and Contract Holders understand what we charge for and how we currently recover it. Service Charges can vary from year to year.
- 2.8. We have researched what other Social Landlords do and none of them impose a Cap as part of their Service Charge model at the current time.
- 2.9. One of the main reasons for charging for additional services is to ensure that there is re-investment in our sheltered schemes, blocks of flats and supported housing projects.
- 2.10. The review and the Policy will affect 1244 Contract Holders
- 2.11. Based on 2021/22 actual expenditure we spent approximately £900k on additional services in the various schemes and recovered 85% of the costs. However, with a significant increase in utility costs during 2022/23, next years, actual expenditure (2024/25) could be significantly higher and the gap greater.

3. Approach

- 3.1. The report outlines potential options available to consider before developing the Policy.
- 3.2. The options being to consider are:
 - 3.2.1. **Option 1: Do Nothing** - Keep the existing Service Charge Policy in place with a cap of any possible annual increase in its overall rental charge (including Service Charges) to a maximum rise of £3 per week.
 - 3.2.2. **Option 2: Gradual incremental removal of the Cap** - Review and amend the existing policy with a view to introducing incremental increases over a 3-year period to bring all service charges in line with full cost recovery. The cap will only come into effect where charges exceed the agreed weekly cap.
 - 3.2.3. **Option 3: Remove the Cap** - Remove the cap completely from the existing policy with contract holders meeting the full cost of usage from 2024/25.

3.3. Within the body of the report, we have considered the benefits and disadvantages to all stakeholders, the impact that this will have in terms of affordability and balancing with investment as well as the financial risk to the Council.

4. Recommendations

- To confirm Scrutiny members views on the future Service Charge Policy as part of the pre-decision process for policy development, prior to submission to Cabinet

DETAILED REPORT ATTACHED?

YES – Options Paper.V3_150923

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report:

Signed: Jonathan Morgan Head of Housing & Public Protection

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
YES	YES	YES	NONE	NONE	NONE	NONE

1. Policy, Crime and Disorder & Equalities

We will undertake an equality impact assessment to ensure that the policy is fair and transparent to all contract holders and stake holders. As part of developing the Policy, and taking into consideration Scrutiny Members recommendations, we will consult with all contract holders affected by the policy decision.

2. Legal

The Policy decision will be in line with the HRA Guidance Manual on what we can charge for, what we can't and how that is accounted for. There are clear guidelines within the HRA Guidance Manual set out by CIPFA how we should manage revenues and additional charges.

The Policy will also need to be in line with the requirement of the Renting Homes (Wales) Act which has placed certain obligations on social landlords when varying contract, amending rents and including additional charges.

3. Finance

Based on 2021/22 actual expenditure we spend £903k on additional services. With the £3 cap we recovered £762k- this leaves a shortfall of 141k but this will widen if the cap is maintained for the coming years. This will then have an impact on revenue to support the HRA Business Plan. Every 100k additional income could support an additional £1m capital spend.

**CABINET MEMBER PORTFOLIO
HOLDER(S) AWARE/CONSULTED**

Yes

Section 100D Local Government Act, 1972 – Access to Information List of Background Papers used in the preparation of this report:

THESE ARE DETAILED BELOW

Title of Document	File Ref No.	Locations that the papers are available for public inspection
Existing Service Charge Policy	Housing General Files	Council website- Democratic Services