

Your observations and our replies

Consultation B - Reviewing service charges

Last updated: 10 February 2023



Received between – 6 November 2022 and 10 February 2023

Observation: *Please can you tell me what services a secure tenant that currently pays just rent would be paying for? For example are you talking about ongoing upkeep repairs to the property or services such as boiler checks? Will tenants be expected to pay for things like replacement of very old kitchens and bathrooms or windows and doors as an extra charge as and when the council decide they need doing? Also when these charges are separated from the rent will our rent just stay as it is now and as extra service charge be added? Will this mean that the government cap will only be implemented on the rent charge and that the council will be able to increase the service charge to huge amounts to bolster their income? Please do reply as I did not receive a response from my first questions.*

Reply: Service charges are an amount that tenants should pay to cover the cost of providing communal or shared services to a building and, if applicable, the surrounding estate. For example, grounds maintenance, cleaning or repairs in areas that are shared with other residents. So, to confirm, tenants will not be expected to pay for replacements to their individual properties. There are a number of tenants who do not currently have any services provided, and therefore do not pay any service charges. In some cases, where MKCC has not separated the costs of some shared services, these are being recovered from the rent element. The rent element charge will still be subject to the Rent Standard (where the Government decides the amount rent charges can be increased). The cost of the service charges will be recovered in accordance with the legislation i.e., the actual cost.

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Received between – 3 and 6 November 2022

Observation: *I am more than happy to help with the working group / review although I am shared owner so don't pay a service charge, so not sure how much help I can be? Thought I would say incase you wanted input from shared ownership tenants too.*

Reply: All residents are welcome to join the working group. You can do it by completing the [Housing Consultation](#) online form.

Observation: *Wasn't service charges paid separately years ago with a yearly breakdown on your rent account if this is to happen then repair work really needs to be reviewed to a better quality and standards.*

Reply: Identifying the correct charges in the correct way will provide additional income which we will use to invest in improving and repairing our properties. By joining our [Housing Consultation](#) group, you can help us by agreeing the quality and standard of services provided.

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Observation: *Can you tell me how much of what I pay now is the service charge and how much is rent? I really wish you would just decide how much more money you want so that we can start planning for the increase. It's bad enough that everything else is costing so much more without having to worry about huge "service charges" aka rent increases. Also as a council tenant I don't think I am a lease holder am I?*

Reply: The aim of the consultation is to identify all of the services provided, and the relevant costs. In some cases, where the services are not currently identified separately, it is likely that charges for services provided will be an additional charge to the rent. Also, in some cases there may not be any services provided, in which case there will not be any service charges applied to those properties. The working group will help us make the decisions about the services to be provided, and the relevant costs to be charged, however these changes cannot be introduced before the consultation is completed. You can join the working group by completing the [Housing Consultation](#) online form. Only residents who have purchased their flat in a block owned by MKCC are defined as Leaseholders.

Observation: *I do have an issue with this. The fact that the rent and service charge are combined at present is preventing you from increasing the rent portion of this as set by the UK Govt. The way this reads is, if you separate them out, you can then increase the rent. I am assuming this increase could be any amount up to, and including, the service charge, currently £37.00 I believe. As a shared owner any costs for maintenance or repairs that are carried out in my block are passed to the residents in full so this would see my rent increase, as well as my service charge to cover any maintenance work, at no benefit to me.*

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On a general note, the timing of this change sucks. MKC go to great lengths to advertise the fact they are helping some of the poorest in the city, yet, when people are seeing sky rocketing prices across the board you decide you want to separate rent from service charges so you can increase rents? I have no doubt that this change will take place and that my rent will increase accordingly but I find this change, at this time, morally questionable at best.

Reply: Currently, the Government decides the level of increase that is applied to social housing rents through the Rent Standard (CPI + 1%) - this increase does not apply to Services Charges as these are calculated separately from the rent. Shared Owners are excluded from the Rent Standard, as the rent increase is applied using the terms of their Lease agreement. By joining our [Housing Consultation](#) group, you can help us by shaping the level of services provided and agree the best way to recover them fairly. These changes cannot be introduced before the consultation is completed.

Observation: *As long as you send a statement showing what the service charges are at the start of the new year I think everyone would like them to be included in the rent payment.*

Reply: Following review of service charges, and recommendations from the consultation group about what services should be included, all tenants will be notified about the services provided to them (if any), and the cost of those services.

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Observation: *All tenants should receive papers with details of rent and charges. How the council can justify the rise without updating the houses? They don't have enough money, but waste it on Christmas decoration and fireworks. Example, the one person bungalow we live in had only the kitchen re-done, but (the bathroom needs doing, bath has a rusty patch that soon will break so we can't use it, walls in the bedroom leaks water! No insulation, mould everywhere, insulation under the roof needs doing, right under the tiles, fascia, gutter need doing).*

Reply: There will not necessarily be any changes to services provided to any residents. What will change will be the level of information available to tenants regarding the services provided, the cost of those services, and the level of service provision. If you have any queries or concerns about repairs, please visit our [Council Housing Repairs](#) page

Observation: *Thanks for the invitation to comment on service charges. I appreciate this is simply a box ticking exercise on your behalf and you are extremely unlikely to take notice of anything that is said. But in the remote chance that anyone actually reads this stuff and acts then I will respond.*

The most important issue, way more important than the 3 items you have highlighted, is to actually get the sums right. Might seem like an obvious thing but after 25 years of service charge bills that have been riddled with errors and not one single one that is fully correct then it is a serious issue. Examples include having to pay for refurbishment of council tenants kitchens, paying for the insurance of buildings in completely different part of MK and bills that seem totally made up with expensive maintenance items that did not take place.

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Am sure you will say that some wonderful new system will sort all of these issues, just like you have said so many times before. In the far distant past when leaseholders were able to scrutinise the overall numbers and cross examine council officers it was admitted that there were elements such as admin costs that were totally made up. Presumably this is still the case or are you going to try ticking the 'transparency' box so that leaseholders can see the real costs.

Perhaps the most ridiculous thing about the nonsense bills that you send out is that I would be happy to pay the amounts if they were correct. It is not the amount of the bill that is the issue but the fact that it is always wrong and includes items that do not apply so sorting that out is the first priority.

Reply: To ensure accuracy and transparency, the working group will help us make the decisions about the services to be provided, and the relevant costs to be charged. We know we have not always got it right, but we are hoping to move forward with this consultation with residents. You can join the working group by completing the [Housing Consultation](#) online form.

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Received between – 29 October and 3 November 2022

Observation: *Will my service charges increase?*

Reply: The aim of the consultation is to identify all of the service charges provided, and the relevant costs. In some cases, where the services are not currently identified separately, it is likely that charges for services provided will be an additional charge to the rent. The working group will help us make the decisions about the services to be provided, and the relevant costs to be charged. You can join the working group by completing the [Housing Consultation](#) online form.

Observation: *I pay my rent on a weekly basis and have regular contact with the local housing officer. I'm afraid to say that the condition of the shared hallway, stairs, balcony, windows and stairs are in a very dirty state. Pigeons habitat here and I feel very uncomfortable and insecure knowing there is defecation. Please can you provide us tenants with a cleaner to mop and clean the flat on a weekly basis? I believe this would good for our health.*

Reply: The working group will be discussing what services could be included, the level of service provided, and the frequency. You are welcome to join the group by completing the [Housing Consultation](#) online form.

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If you have any concerns about the services currently provided, our new [Tenants Handbook](#) provides more information on the ways to report it.

Observation: *I don't think there was enough information to comment on the proposal. It is unclear how the various service charges are aggregated and then divided. This comment is particularly applicable to charges such as energy charges (which I understand are aggregated over H*** House and then divided by the number of flats), and repairs (again I PRESUME these are aggregated over H*** House and allocated to each flat). But at the moment this is unclear. I am also curious how the 'cost of building new homes' will be allocate to existing tenants. My understanding is that each flat). But at the moment this is unclear. I am also curious how the 'cost of building new homes' will be allocate to existing tenants. My understanding is that each new home project has to be individually viable and appropriately funded. For example I am aware that MKC has been building large (I.e. 4/5 bed rental properties) it would appear unreasonable to allocate these costs proportionally divided on a citywide basis to single occupancy sheltered housing.*

Reply: We want to place tenants and leaseholders at the heart of decision making. We are proposing to complete a full review of the services we provide to you, and the service charges that we collect to cover our costs. By joining our consultation group, you can help us by shaping the level of services provided and agree the best way to recover them fairly.

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Observation: *Would separating service charges from rent increase overall monthly costs for Council tenants?*

Reply: The aim of the consultation is to identify all of the services provided, and the relevant costs. In some cases, where the services are not currently identified separately, it is likely that charges for services provided will be an additional charge to the rent. The working group will help us make the decisions about the services to be provided, and the relevant costs to be charged. You can join the working group by completing the [Housing Consultation](#) online form.

Observation: *Can you explain what service charges will change under these proposals, for sheltered housing tenants?*

Reply: There will not necessarily be any changes to services provided to any residents. What will change will be the level of information available to tenants regarding the services provided, the cost of those services, and the level of service provision. These will be decided with the consultation group.

Observation: *I would like to ask a question or find out other peoples opinions on the rent charge for shared ownership properties and what it exactly covers?*

Reply: For general information regarding Shared Ownership visit our [Homeownership](#) page. For more information you can also contact the independent [Leasehold Advisory Service](#).

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Observation: *You mentioned in your recent postal letter leaflet that Consultation A would help tenants by reducing their weekly/monthly payments, though in Consultation B - Reviewing service charges, this suggests a possible separation of service charge from rent and an increase for tenants to pay overall weekly or monthly depending how they pay. Am I correct by suggesting that once a separation of service charge and rent takes place, it will allow the council to freely increase the service charge each year? and is this service charge capped by the government at all like the Rent?*

Reply: The consultation in respect of Service Charges is about separating the Service Charges from the Rent element. In some cases, where the services are not currently identified separately, it is likely that charges for services provided will be an additional charge to the rent. However, the introduction of variable service charges means the Council will only be able to recover the actual cost of providing the service. Part of the consultation with residents is for them to decide the level of services they want to receive. These changes cannot be introduced before the consultation is completed.