

# The Social Landlords Discretionary Reduction of Service Charges (England) Directions 2014

The Secretary of State for Communities and Local Government makes the following Directions in exercise of the powers conferred by sections 219 and 220 of the Housing Act 1996.

## **Citation, commencement, application and interpretation**

**1.**—(1) This Direction may be cited as the Social Landlords Discretionary Reduction of Service Charge (England) Directions 2014 and shall come into force on 12 August 2014.

(2) This Direction shall apply to social landlords making a service charge which is payable by a lessee in respect of a dwelling in England for the costs of repair, maintenance or improvement.

(3) Terms used in this Direction have the same meaning as set out in sections 219 and 220 of the Housing Act 1996.

## **Discretion to reduce service charges**

**2.** Subject to paragraph 3, where a social landlord makes a service charge in respect of works of repair, maintenance or improvement, the social landlord may waive or reduce the service charge by an amount the landlord considers to be reasonable.

## **Criteria**

**3.** The social landlord should have regard to the following criteria in deciding whether to waive or reduce the service charge under paragraph 2—

- (a) any estimate of the costs of the works of repair, maintenance or improvement notified to the lessee or any predecessor in title before the purchase of the lease of the dwelling;
- (b) whether the purchase price paid by the lessee took account of the costs of the works of repair, maintenance or improvement;
- (c) any benefit which the social landlord considers the lessee has received or will receive as a result of the works of repair, maintenance or improvement, including an increase in the value of the lease (including the reduction of a negative value of the lease), an increase in the energy efficiency of the dwelling, an improvement in the security of the dwelling and an improvement in services or facilities;
- (d) whether, upon receipt of an application by a lessee, a social landlord, having regard to the criteria set out in paragraph 4, considers that the lessee would suffer exceptional hardship in paying the service charge; and
- (e) any other circumstance of the lessee which the social landlord considers relevant.

## **Exceptional hardship**

**4.** In considering an application to reduce the service charge because of exceptional hardship a social landlord should have regard to—

- (a) whether the dwelling is the lessee's only or principal home;
- (b) the total amount of the service charges paid or are payable by the lessee since the purchase of the lease of the dwelling;
- (c) the amount of the service charge payable in the year in which the lessee applies for the reduction because of exceptional hardship;
- (d) the financial resources available to the lessee;
- (e) the ability of the lessee to raise funds to pay the service charge;

- (f) the ability of the lessee to pay the service charge if the landlord extended the period for payment; and
- (g) any other relevant consideration.

**Waivers and reductions**

5. Any waiver or reduction made under any paragraph in these Directions is in addition to any other waiver or reduction that may be made.

**Previous service charges**

6. This direction permitting the waiver or reduction of service charges shall have corresponding effect in relation to charges—

- (a) already demanded so as to permit the non-enforcement of the charges; and
- (b) already paid so as to permit a refund.

Signed



Paul Downie

For and on behalf of the Secretary of State for Communities and Local Government

Date

11 August 2014