



Service Charges Policy

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1.0 Introduction

- 1.1 The Service Charges Policy (the policy) outlines the principles and approach we take to applying service charges.
- 1.2 The policy enables the charging of variable service charges to new tenants or the charging of new services to existing tenants. Tenants whose tenancy started before 1st April 2014 are not charged separately for services that were provided before that date (except for heating charges).

2.0 Purpose

- 2.1 This policy is intended to outline the process for managing and setting service charges.
- 2.2 This policy aims to set out clear guidelines for service charges and the methodology behind their calculations.

3.0 Principles

- 3.1 The principles underpinning this policy are aligned to our values of trust, respect, innovate and working together.
 - **Trust –**
We build trust by being transparent with our service charges and communicate with customers to take their views into account.
 - **Respect –**
We listen to customers, treat them as individuals and respond to their needs in a fair, respectful, and caring way.
 - **Innovate –**
We will use our data to adapt our services to meet customer needs
 - **Work together –**
We will work well and collaborate with teams and our partners to understand customer needs to deliver services in a joined-up way.
- 3.2 This policy also covers the principles behind the calculation of service charges for tenants and the methodology of the calculations used in their annual service charge statements.

4.0 Definitions

4.1 The key terms used in this policy are defined below.

Service charge	Payment made by a tenant or freeholder towards the cost of providing and maintaining additional services and benefits provided to them beyond the benefit of enjoying occupation of their home. These charges are not included in the normal rent charge.
Variable service charge	<p>Method whereby charges can be changed annually with the estimated cost being set at the beginning of the financial year.</p> <p>The main effect of variable service charges is that any surpluses or deficits can be carried forward when determining the following year's charges. Any over / under recovery of costs will be either recouped or offset against future year's charges.</p>
Tenant	Person who rents and occupies a property owned by someone else under an agreement (i.e. tenancy agreement).
Homeowner/ Freeholder	Person who owns the freehold on a building or piece of land.
Tenancy agreement	The legal document signed by the tenant(s) and us upon which the tenancy exists.

5.0 Scope

- 5.1 This policy is relevant to all tenants and freeholders with service charge obligations.
- 5.2 A list of services charged will be provided annually, on the service charge statement, and cover the cost of services relating to a customer's property or estate.
- 5.3 This policy also applies to homeowners (freeholder) where a relevant service charge is due in accordance with their freehold transfer document.

6.0 Contribution to Plan A

- 6.1 Our Plan A 2022-25 business strategy has six complementary, joined-up delivery strategies focussing sustainable delivery actions within our communities and places.
- 6.2 The charging of service charges supports our strategy of Providing Quality Sustainable Homes and Supporting Sustainable Places and helps in maintaining high levels of compliance and building safety and in enabling the delivery of physical environmental improvements to focus communities to improve the perception of places and increase biodiversity.
- 6.3 Consultation of this policy supports the key strategic objective of delivering an effective framework for tenants to engage and influence that is meaningful, open and honest to continuously improve services.

7.0 Legislative and regulatory framework

Regulatory framework

- 7.1 Relevant legislation:
- Landlord and Tenant Act 1985 (as amended by the Commonhold & Leasehold Reform Act 2002)
 - Regulator of Social Housing: Consumer Standards 2024:
 - The Safety and Quality Standard
 - The Transparency, Influence and Accountability Standard
 - Regulatory Reform (fire Safety) Order 2005 as amended
 - Building Safety Act 2022

8.0 Policy statements

- 8.1 A service charge is an additional charge payable towards providing and maintaining additional services and benefits provided beyond the benefit of enjoying occupation of your home. These charges are not included in the normal rent charge and would cover services such as communal cleaning, grounds maintenance of surrounding area, maintenance of door entry systems, communal heating and lighting, replacement of communal fixtures and fitting, provision of communal laundry equipment etc.
- 8.2 We adopt a variable service charge method, amending the charges each year for forecast costs. This also includes an adjustment for previous years actual costs incurred (once they are known) compared to the forecast costs we charged (see appendix 1 for a worked example).

- 8.3. We will estimate an annual increase in variable service charges based on current costs, level of service and estimated or, if known, actual price increases applied by suppliers. Therefore, variable service charges can vary at a different level to the annual rent increase. There is no limit to the amount a variable service charge can be increased annually providing the overall charge is reasonable.
- 8.4. We will only adjust service charges once in any financial year (usually the first Monday in April), unless any of the following circumstances apply;
- a customer was incorrectly charged for a service charge they do not have access to;
 - a new service is introduced; or
 - an existing service is permanently withdrawn.
- 8.5. Any changes in the service charge mid-year due to suppliers costs, level/scope of service or actual price increases will be corrected in future years adopting the variable service charge method.
- 8.6. We will inform customers of any increase or decrease to their service charge in their annual service charge statement.
- 8.7. When a service is permanently withdrawn we will adjust the charge in year from the date the service ceases.
- 8.8. When a service is only temporarily suspended, we will not adjust the service charge during the year as any under/over charge will be adjusted in future years under the variable service charges method.
- 8.9. We will not apply an over/under recovery adjustment to tenancies terminated part way through the year. When final costs are known and a valid request for a refund is made, then after offsetting against any other amounts owed to us, we will honour this refund.
- 8.10. We will spread the replacement cost of communal fixtures and fittings across the 'life expectancy' of the products and will be charged as 'Provision of equipment' on the service charge statement. The aim is to recover the cost of the fixture or fitting evenly over the expected life and not as a one-off service charge in the year of purchase. There will be no refunds for this charge if a customer moves out of their home before the communal fixture or fitting is replaced.
- 8.11. We will charge an administration fee of up to 15% of the service charges payable for that individual property. From April 2025 this administration charge will be reduced to 10%.

- 8.12. We will charge service charges for the provision of additional services which tenants are entitled to use even if they choose not to use them.
- 8.13. We will provide a list of charges to new tenants at the start of their tenancy agreement and annually on their service charge statement.
- 8.14. For qualifying major works and long-term agreements, consultations will take place in accordance with applicable legislation (Section 20 notice, Landlord & Tenant Act 1985 as amended by the Commonhold & Leasehold Reform Act 2002).
- 8.15. When a new service is being considered we will consult with affected customers prior to any decision being made as per the tenancy agreement.
- 8.16. We will contact customers affected by new services following consultation and inform them of the new cost and start date of the charges.
- 8.17. We will calculate communal service charges relating to blocks of flats or maisonettes using the total cost of the service divided by the total number of homes in that block.
- 8.18. We will calculate service charges relating to an entire estate or area (i.e. grounds maintenance), using the total cost of the service to that estate divided by the total number of properties in the area, to achieve a fair and reasonable apportionment.
- 8.19. We will charge service charges to tenants who transfer/mutually exchange to another dwelling which attracts a service charge unless their original tenancy started before 1 April 2012. Any customers whose tenancy started before this date who are not currently paying service charges will keep their right to be exempt from service charges.
- 8.20. We will take action in accordance with our income recovery procedures in the event that a customer falls behind with their service charge payments.
- 8.21. We will be responsible in taking debt collection action and where appropriate support customers by referring to partnering organisations that provide debt advice including welfare benefits and debt counselling.
- 8.22. We will not hold service charge income in designated separate client accounts, under the exemption allowed to registered providers of social housing.

- 8.23. We may waive the charge for services provided to homeowners where the total annual cost of all services provided to that address, or customer is less than £10 (including vat).

Customer data and voice

- 8.24. We commit to make the best use of data and to engage customers in the ongoing development, implementation and monitoring of the policy and its associated interventions.
- 8.25. We will respect customers privacy and any information we hold will be in accordance with our **Customer Privacy Notice**.

Accessing Services

- 8.26. To ensure customers can access services we will:
- Monitor and use service access data, including service access by protected characteristic, to ensure customers can access and receive services in a fair and equitable way
 - Work with customers to find and agree the most suitable way to ensure equal access to services. This might include the customer appointing a trusted representative or advocate, providing information in alternative formats, or using our translation and interpretation services.

Service Standards and Performance

- 8.27. We will always be polite and treat customers with fairness and respect and we will maintain high performance standards in relation to tenant satisfaction in this area.
- 8.28. We will maintain high levels of customer data integrity, safely keep accurate records on protected characteristics and vulnerabilities, and use these to make reasonable adjustments to meet your needs.
- 8.29. We will monitor the condition of our communal areas on a quarterly basis to ensure and safety and quality standards are upheld.
- 8.30. We will carry out fire risk assessments on internal communal areas annually.
- 8.31. We will test smoke alarms located in internal communal areas quarterly.

- 8.32. We will provide customers with accurate and timely information about the services they receive, the cost and the amount due in service charge payments.
- 8.33. We will report our performance against service standards to customers on our website and provide accessible options to customers can use this information.

Diverse needs

- 8.34. Where there is an identified need or vulnerability, we will work with the customer to understand how this affects their access to services, then find and agree reasonable and practical ways of adapting our services to meet their needs.
- 8.35. This policy will have an accompanying Equality and Vulnerability Impact Assessment prior to approval every 3 years. Any known relevant vulnerabilities will be identified, and we will set out how services can be adapted.

Communication

- 8.36. We are committed to the provision of seamless, responsive and convenient services and as such are a digital first organisation. We advocate encourage and support our tenants to engage with us via the most efficient and effective method, suitable to their needs, and will assist tenants or their advocates to engage with us digitally. Digital copies of this policy and related guidance are available on our website and hardcopies are available to any tenants who may not be able to access services digitally, on request.
- 8.37. We will send customers details of their service charges annually and produced in accordance with their tenancy agreement or other legal requirements.

Complaints and feedback

- 8.38. In line with the Customer Complaints, Compliments and Feedback Policy, we will work with customers who have specific needs and vulnerabilities to make sure they can access the service, have their views listened to and receive their complaint response in a way that meets their needs.
- 8.39. Customers can provide feedback about the services they have received in respect of this policy. If a customer is dissatisfied with the service they have received from us, they can make a complaint to us in line with our Complaints, Compliments and Feedback Policy.

We define a complaint as:

‘Any expression of dissatisfaction, however made, about the standard of service, actions or lack of action by the organisation, our own employees, or those acting on our behalf, affecting a resident or group of residents.’

- 8.40. Issues relating to the quality of service a tenant or leaseholder has received will be dealt with under our Complaints, Compliments and Feedback Policy.
- 8.41. Initial queries relating to the allocation and calculation of charges will be investigated by us to ensure tenancy agreement and policies have been followed.
- 8.42. Tenants have the right to appeal to the First Tier Tribunal (Property Chamber) if they believe the allocation or calculation of the service charge is unreasonable.

9.0 Roles and responsibilities

9.1 Roles and responsibilities under this policy are outlined below.

Finance and Investment Committee	Review and approval of this policy.
Executive Director of Finance and Investment	Has overall responsibility for maintenance of this policy.
Strategic Head of Finance	Has operational responsibility for this policy.
Finance team	Provide day to day support to customers with service charge queries. Annually calculate the service charges for the year along with any under/over charge for the previous year. Produce annual statements and send these to customers.

9.2 This policy will be communicated to employees via the Intranet and communicated to customers via the website and in other formats where needed. Those who have responsibilities under this policy will be required to formally accept and confirm understanding of the policy and will confirm understanding following appropriate training, advice, and/or guidance.

10.0 Related policies and procedures

10.1 This policy should be read in conjunction with the following documents:

Arrears management policy	Our approach to managing arrears
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11.0 Monitoring assurance and review arrangements

11.1 This policy and its supporting procedures will be reviewed no less than every three years unless there is significant development that would require a more urgent review e.g. new legislation or regulation.

Type of assurance	Key source	Frequency
Management assurance	Budget control review (internal)	Monthly
	Leaseholder / Service charge calculations	Annually
	Performance Metrics: Agreement that the landlord treats tenants with fairness and respect (internal customer satisfaction surveys)	Quarterly
	Agreement that the landlord treats tenants with fairness and respect (TSM)	Annually
Corporate Oversight	Management Accounts (Finance and Investment Committee)	Quarterly
Independent assurance	Internal Audit	Periodic

Appendix 1

Working example

Address:
1 Example Street
Test Lane

Tenancy Commenced 24/06/2022

Tenancy Number 123456

22-23 Rent weeks 52

22-23 Chargeable weeks 32

Service Charge statement 01/04/2024 - 31/03/2025

Description	2022-23 Actual	2022 - 23 Budget	Variance	Variance based on Chargeable Weeks	2024-25 Budget	2024-25 Weekly service charge
Electric (Note 8)	1.92	1.92	-	-	1.88	1.88
Cyclical	1.91	1.89	0.02	0.01	2.14	2.15
Cleaning	4.76	4.93	-0.17	0.10	5.66	5.56
Laundry Lease	1.83	1.74	0.09	0.06	2.17	2.23
Wheely bin	-	-	-	-	-	-
TV Aerial	0.34	0.32	0.02	0.01	0.36	0.37
Total	10.76	10.80	-0.04	-0.02	12.21	12.19
Management Cost	1.61	1.62	-0.01	0.01	1.83	1.82
Heating	4.41	0.56	3.85	2.37	3.39	5.76
Grounds Maintenance	0.35	0.35	-	-	0.39	0.39
Provision for Equipment	0.66	0.66	-	-	0.66	0.66
Total Service charge	17.79	13.99	3.80	2.34	18.48	20.82
	Note 1	Note 2	Note 3	Note 4	Note 5	Note 6

Note 1

These are the actual costs for 2022/23. The total has been calculated in this way:

- We took the total cost for the block
- We divided this amount by the number of properties in the block to get your share of the cost
- Finally, we divided this by 52 to calculate your weekly amount

Note 2

These are the estimated costs for 2022/23 which you were charged. The total has been calculated in this way:

- We took the total estimated cost for the block
- We divided this amount by the number of properties in the block to get your share of the cost
- Finally, we divided this by 52 to calculate your weekly amount

Note 3

This is the overcharge or undercharge and shows the difference between actual and estimated costs above (overcharges are shown as a minus number).

Note 4

This uses the variance from note 3 and divides it based on how many weeks throughout 2022/23 you occupied the property. If you lived in the property for the full 52 weeks your "variance" and "variance based on chargeable weeks" (note 3 above) will be the same.

Note 5

These are the estimated costs for 2024/25. The total has been calculated in this way:

- We took the total estimated cost for the block
- We divided by the number of properties in the block to get your share of the cost
- Finally, we divided this by 53 to calculate your weekly amount

(note that tenants rent year runs from 1 April 2024 to 6 April 2025 and is therefore charged over 53 weeks).

Note 6

This is your updated weekly service charge for 2024/25. It shows changes based on chargeable weeks and the 2024/25 budget charge.