

Service Charge Policy

Purpose	This policy sets out our approach to the setting of service charges
Owner	Head of Finance
Related documents	See s.8
Approved by	Executive Management Team
Date approved	1 December 2020
Review frequency	Tri-annual
Last review	December 2020
Next review	December 2023
Version	v.1
Author	Tricia Clark – Head of Finance

Contents

1. POLICY STATEMENT	3
2. SCOPE.....	3
3. PRINCIPLES	3
4. AIMS AND OUTCOMES	4
7. DEFINITIONS	5
8. STATUTORY AND REGULATORY REQUIREMENTS	5
9. REVIEW	5
10. DATE OF POLICY.....	5

1. POLICY STATEMENT

- 1.1 This policy sets out our approach to setting service charges.
- 1.2 We aim to set service charges for our customers in a fair and consistent way. We will do this in accordance with the appropriate legislation, the terms of tenancy and leaseholder agreements and with industry best practice in mind.
- 1.3 This will enable us to manage and maintain our properties well in accordance with our objectives and the aspirations of our customers.
- 1.4 We will procure services in a cost-effective way, that delivers value for money for our customers, and where the market is tested regularly to ensure value for money is achieved. We will develop homes that are affordable and that take into account the costs of ongoing maintenance.

2. SCOPE

- 2.1 This policy provides guidance on the principles by which services charges are set and ensures that those who are affected by the policy are identified, considered, and consulted.
- 2.2 The policy is drafted in compliance with the applicable legislation, regulations and guidance, including but not limited to, the documents listed in s.8. Where these are silent or there is uncertainty, we will rely on legal advice and the current advice issued by statutory bodies.
- 2.3 The policy assumes that all contractual obligations with regard to tenancy and leaseholder agreements will be fulfilled but does not identify specific terms of these documents within the content of the policy unless it is appropriate to do so.

3. PRINCIPLES

- 3.1 We aim to ensure that our service charge policy is clear and transparent for our customers.
- 3.2 Service charges are charges payable directly or indirectly for services received by our customers. These may include, but are not limited to, maintenance, improvements, utilities, insurance, and Eastlight's costs of management in respect of a dwelling.
- 3.3 We will only charge for services detailed in the original legal agreement between Eastlight and the customer, unless either, agreements have subsequently been varied to include additional services, or have been consulted and the majority affected agree to the change.
- 3.4 Where customers have been consulted as in 3.3 above, new chargeable services will not be introduced without consultation and the agreement of the

majority of customers affected, and who respond to the consultation. If more than one customer requests a new, improved, or additional service, the views of all customers affected by the request will be sought.

3.5 Charges are apportioned in accordance with the terms of the legal agreement, or where the apportionment method is not defined, apportionment charges are distributed amongst the residents who benefit from the services for which a charge is being levied.

3.6 Service charges are set annually in April. They are based on actual costs from the previous year to September, unless specified otherwise as part of a legal agreement.

4. AIMS AND OUTCOMES

4.1 In setting our service charges, our intention is that they are fair and consistent across all tenure types, whilst acting in accordance with the terms of the agreements and the applicable laws and regulations.

4.2 Where variations in agreements exist and given due regard to our legal and ethical obligations, we will, in the future seek to harmonize agreements enabling a consistent approach in our charging mechanisms.

5. SERVICE CHARGES

5.1 Service charges are applicable for all services provided to Eastlights' customers which provide benefit, over and above the occupation of their own home. Where a leaseholder agreement is in place, only charges permitted within the agreement will be charged.

5.2 Affordable rents are inclusive of any applicable service charges for the property. All other categories of rent will be exclusive of any applicable service charges and charged separately.

5.3 When service charges are reviewed, the management may, at its discretion, apply a £5 cap to the weekly increases. This does not apply to leaseholders.

5.4 The charges for tenanted and shared ownership properties are based on actual costs and notification will be sent to customers at least one month before the start of the charging period.

5.5 Leaseholder service charges are notified at least one month before the start of the charging period and are based on estimated costs. In the following period, the actual costs are calculated and compared to the estimated costs. Where there is a difference, the balance is either requested for payment or repaid to the leaseholder.

- 5.6 Under sections 18–30 of the Landlord & Tenant Act 1985 (as amended by the Commonhold & Leasehold Reform Act 2002) there are statutory consultation processes that are required when a service charge is levied. We will ensure that statutory requirements are met.
- 5.7 Where new properties are acquired or built, to which chargeable services are provided, service charges will be based on an estimate of actual cost until the end of the first full year of provision. Charges for subsequent years will be based on the actual cost.
- 5.8 Information on service charge costs and calculations will be available on request from our customers. Leaseholders will be provided with an annual statement not more than 6 months after the close of the charging period.
- 5.9 Sinking funds are a mechanism for collecting payment in advance for the replacement of equipment or when the fabric of the building is replaced. Unless an existing arrangement is in place, or it is specifically agreed with customers, sinking funds will not be collected.

6. FREEHOLD AND SERVICE CHARGES

- 6.1 Service charges will be applied to freehold properties on an annual basis. Where a covenant regarding additional charges exists in transfer documents, customers will be charged accordingly.

7. DEFINITIONS

Regulator of Social Housing

8. STATUTORY AND REGULATORY REQUIREMENTS

Commonhold and Leasehold Reform Act 2002

A Guide for Housing Associations

Social Housing's Regulatory Framework

Landlord & Tenant Act 1985 (as amended by the Commonhold & Leasehold Reform Act 2002)

9. REVIEW

Three years from the anniversary date of the latest review, or where changes there are revisions to Government policy that impact the content of this policy.

10. DATE OF POLICY

December 2020