



## **Service charge Definitions**

### **Service Charge**

A service charge is a payment made by a resident towards the cost of communal services and repairs for the block/site where their property is situated. For example, if you live in a block of flats with a communal garden, the cost of maintaining that garden is covered by a service charge.

### **Actual cost**

This is the actual cost of providing communal services and repairs to the block/site throughout the financial year.

### **Estimated cost**

This is the estimated cost of providing communal services to the block/site throughout the coming financial year.

### **Fixed service charge**

If you have a fixed service charge you will pay the estimated cost sent out at the beginning of the financial year. If the actual cost is higher than estimated, you will not be asked to pay any additional amounts. If the actual cost is lower than estimated, a refund will not be made. Your tenancy agreement or lease dictates whether you pay a fixed or variable service charge.

### **Variable service charge**

If you have a variable service charge you will pay the estimated cost set out at the beginning of the financial year. At the end of the financial year, you will be sent a service charge statement comparing the estimated to the actual costs. If the actual cost is higher than estimated, this will 'roll over' and added to next year's charge. If the actual cost is lower than estimated, this will 'roll over' and be deducted from next year's charge.

### **Personal service charge**

This is a payment made by a resident towards the cost of services or repairs to their individual property. For example, if the utilities within a block of flats are provided by a shared system, you will be allocated a proportion of the cost for your personal use. Personal service charges are not eligible for Housing Benefit or Universal Credit.

### **Provision**

A provision is a fund covers the future cost of more expensive replacements that do not take place every year, such as door entry systems and lifts. Regular payments included in the service charge are made by each resident within the block/site into this fund.

**Communal areas**

A communal area is an area shared with other residents, such as corridors or stairs. If you live in a house, you may have communal grass areas such as spaces outside the boundary of your home. An example is paths and grass and shrubbed areas.

**Ineligible for Housing Benefit/Universal Credit**

This means that Housing Benefit or Universal Credit will not cover this charge and you will be responsible for paying it.

**Eligible for Housing Benefit/Universal Credit**

This means that Housing Benefit or Universal Credit may cover this charge, but it will depend on how much you are entitled to. If you have any queries about this, please contact [rent@broadlandgroup.org](mailto:rent@broadlandgroup.org)