



Procedure: Service Charges

Approved by: Leadership Group

Date
Approved: 1 September 2026

Frequency of review: Every 3 years

1. PURPOSE

This policy has been developed to ensure a high quality, value for money service continues to be provided to all those responsible for paying a service charge and that service charges are levied in accordance with legislation.

2. KEY STAFF RESPONSIBILITIES

The Board - are responsible for agreeing the level of increase in rents. The Board is provided with assurance about service charge levels when considering the annual rent increases.

Senior Managers - are responsible for ensuring that their teams implement this policy and continuous improvement of Service Charges.

Neighbourhood Officers & Scheme Managers- are responsible for explaining any service charges to new tenants during the allocation process.

Service Charge Officer- Is responsible for preparing the Service Charge actuals and estimates each year and ensuring any queries from tenants are dealt with in a timely manner.

3. DEFINITIONS

DEFINITIONS:

Service Charge: Section 18 (1) of the Landlord and Tenant Act 1985, as amended, defines a service charge as an amount payable by a tenant of a dwelling as part of or in addition to the rent. It is:

- Payable, directly, or indirectly, for services, repairs, maintenance, improvements or insurance or the landlord's costs of management, and
- The whole or part of which varies or may vary according to the relevant costs.

Procedure Owner: Louise Archer

Revised by: Stephani Davis
Verified by: Leadership Group

Personal Service Charges: Personal Service Charges are individual charges personal to residents, such as individual water or heating for your home.

Fixed service charges: A fixed service charge is an amount that is paid each week or month and the figure does not change during the rental year. A fixed service charge is based upon Broadland's own estimates and costs for the forthcoming year. Where there is a shortfall in the budget, because of the nature of the charge, Broadland will be required to pick this up.

Variable services charges: A variable service charge is an amount that can be changed in accordance with the provisions of the tenancy agreement or lease. A variable charge will be an estimate of charges for the forthcoming year and will be based upon the amount spent in previous years and knowledge of planned works and services. An annual review is carried out to review budgets vs actuals and any surplus or deficits of charges will be carried forward to the next financial year.

Maintenance - Broadland will recover the anticipated costs of maintaining and if necessary, repairing the service item over the period for which the service charge is set.

Replacement Costs (Provisions) Where the Association anticipates that it must meet the costs of eventual replacement of the item it will make a charge for that purpose. The charges will be recovered on an annual basis based on the total costs of replacement and the anticipated lifespan of the item.

Administration Charge:

The Association will recover a charge to meet the actual administration costs incurred by the Association in providing services.

Sinking Fund: If you are a leaseholder or shared owner, you may pay into a Sinking Fund. A Sinking Fund is a pot of money collected from leaseholders and shared owners through service charges to pay for future maintenance and renewals – such as roof replacements. It ensures costs are spread fairly over time, to try and limit sudden large bills.

4. RELATED DOCUMENTS

RELEVANT KEY LEGISLATION AND RELATED DOCUMENTS: (not limited to)	
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Legislation	Documents
Housing Acts 1985, 1988, 1996 Landlord and Tenant Act 1985, 1987 Leasehold Reform Act 2002 Commonhold and Leasehold Reform Act 2002 Housing and Regeneration Act 2008 RSH Standards Leasehold and Freehold Reform Act 2024	NHF guide - service charges – guide for HAs Rent Policy Income policy Tenancy Agreement or Lease Complaints Policy & Procedure Annual Rent Notification Letter & Service Charge Statement Service Standards Allocation Policy Neighbourhood Management Policy & Procedure

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5. Calculating Service Charges and notifying residents

A service charge is a payment made by a resident towards the cost of communal services and repairs for the block/site where their home is situated. Appendix 1 provides a list of services that Broadland may provide. The services you receive depends on where you live and some may not apply to you.

Service charges will be based on the actual cost of providing the service plus a charge to cover our administrative costs in providing the service.

We will provide annually to each customer:

- a breakdown of their new charges to show the rent and service charges to be paid for the new year from April.
- for new residents we will provide a summary of their service charge at the beginning of their tenancy or lease.
- A reconciliation of the service charge costs incurred, and payments made by the resident during the previous financial year by the end of September each year.

6. New Developments

In planning new homes and schemes, we will aim to minimise the creation of unnecessary shared external areas for which service charges will be levied. However, planning authorities and the desire to create sustainable schemes may result in the need to include service charge areas

7. Third Party Management Companies

Some of our properties are within a development with private housing for sale or homes which are owned by other landlords. In many of these cases, Broadland is not the freeholder but a leaseholder. The freeholder may appoint a managing agent to manage services, maintenance, and repairs. The third-party agent will then recharge us for costs associated with providing these services. If we agree that the charges have been reasonably incurred, we will include your share of the costs in your service charges.

8. Sinking Funds

If you are a leaseholder or shared owner, you may pay into a sinking fund. A sinking fund is the total contributions made by leaseholders and shared owners towards future maintenance work to take place across the lifetime of a development. Not all developments have sinking funds and we will only collect contributions from you if your lease allows. If you sell your home or the share of the home you own, your sinking fund contribution will not be refunded, it will remain as a contribution towards the development's future maintenance costs. All sinking funds are held in their own separate bank account.

9. Adding or removing service charges

We believe you should have a say in how your development is managed, such as adding, removing, or changing services that are provided. However, we are unable to add, remove or change services provided by Third-Party Managing Agents.

We will consult with residents when making changes to services where you live.

10. Apportionments

We will apportion costs between homes on an estate, or in a scheme or block, as set out in the tenancy agreement or lease or otherwise on a fair basis. In doing so, we will ensure the amount set is reasonable, as required by the Landlord and Tenant Act 1985.

The apportioned amount will represent a fair and proper proportion of the costs incurred.

If a basis of apportionment is not specified in the tenancy agreement or lease, we will use a fair method to apportion costs between homes in an estate, scheme, or block. This may be through an equal division of cost between the number of homes or based on the size of each home such as the number of bedrooms, or the floor area.

Apportionments of costs are attributed to each customer whether or not customers choose to make use of the facility to which the service and associated charge applies because that facility is maintained for their benefit and available to them to use if they choose to.

11. Section 20

We will consult tenants and homeowners on service charges whenever the anticipated cost of service chargeable services or works meets the relevant cost threshold set by the government. This is in compliance with the requirements set out in Section 20 Landlord and Tenant Act 1985 as amended by Section 151 Commonhold & Leasehold Reform Act 2002.

Where Broadland is unable to carry out the full procedure of consultation detailed in Section 20, for example due to emergency works, we will consult with residents where possible and either apply for dispensation to charge full costs or cap the charge applied to the maximum allowed under the relevant works type.

12. Section 22 Requests

All residents with variable service charges have rights allowing them to inspect and check our accounting for service charges and supporting documents whether accounts have been published or not. These rights are subject to time limits set out in the 1985 Landlord and Tenant Act 1985, Sections 21-23.

When a resident makes a formal request under these provisions we will comply in accordance with the Landlord and Tenant Act 1985 and provide all the required documents to the resident. When a resident is unspecific with their request or the request is ambiguous, signpost the resident to Leasehold Advisory Service.

13. Service Charge Arrears

Broadland will ensure that residents understand the importance of regular service charge payments, and wherever possible work with them to avoid the escalation of debt.

Where required to do so we will liaise with mortgage lenders to comply with the Shared Ownership model lease mortgage protection clause.

Where a resident makes a partial payment of the total rent and service charge due this will be apportioned to rent and service due as Broadland sees fit.

14. Value for Money

Broadland's Procurement Policy and processes ensure that we consider Value for Money when tendering new contractors. We recognise the importance of this as many of the services which are charged back to residents through service charges are undertaken by contractor.

Where services are delivered internally by Broadland, we will carry out an evaluation every 3 years to ensure that services provide good value for money and meet good quality standards.

15. Review

This procedure will be subject to ongoing review, reasons for a review may include but are not limited to:

- Feedback from residents and staff using the policy
- Learning from complaints
- Changes in Legislation
- Changes in associated policies or procedures