

Service Charge Recovery Policy

Document ID/Version:	V1 new integrated policy			
Executive Lead (Owner):	Chief Financial Officer			
Policy Author:	Director - Financial Operations			
Strategic alignment:	Supports financial sustainability, value for money, resident transparency, and regulatory compliance.			
Review frequency:	Every 3 years	☒	Other (state period)	
Previous review date:	Paradigm August 2024, Settle June 2025			
Date policy approved:	3 September 2026			
Policy approved by:	Executive Board			
Next policy review date:	Three years from approval date, or earlier if legislation, regulation, service delivery arrangements or organisational requirements change.			
IMPACT ASSESSMENTS				
Equality Impact Assessment				
Completed? ☐	No	☐	Yes	☒
	If not required, state reason:			
Resident Impact Assessment				
1) Is this one of the agreed policies requiring resident consultation? Please refer to:	Yes	☐	No	☐
2) If yes, please confirm resident consultation has taken place	☐	Briefly detail changes arising from resident feedback:		
APPROVAL - To show transparency and accountability, specify whether policies have been approved by the Board/Executive/Committee. Clear approval lines strengthen governance, ensuring assurance and accountability.				
Approval journey:	Executive Team	Committee		Board
		Yes	Committee name(s)	
	☒	☐	Add name, otherwise state N/A	☐
Which Regulatory Standard does this Policy support?	Economic			
	Governance & Viability	Rent		Value for Money
	☐	☐		☒
	Consumer			

	Neighbourhood & Community	Safety & Quality	Tenancy	Transparency, Influence & Accountability
	☐	☐	☐	☒
Associated legislation	Landlord and Tenant Act 1985; Landlord and Tenant Act 1987; Commonhold and Leasehold Reform Act 2002; Housing and Regeneration Act 2008; Equality Act 2010; Regulator of Social Housing Consumer Standards (2024); Leasehold and Freehold Reform Act 2024			
Associated procedures	Service Charge procedure			
Where is this policy to be published?	Website	Intranet	Both	
	☐	☐	☒	

Service Charge Recovery Policy

1. Policy Statement

We will provide fair, transparent, and accurate service charges, ensuring residents understand what they are paying for and receive clear information about costs and any changes.

2. Objectives, desired outcomes and strategic alignment

- Set and manage service charges fairly, transparently, and in line with legal requirements.
- Provide residents with clear, accurate, and timely information about their service charges.
- Recover eligible costs to support the long-term financial sustainability of our services.
- Deliver value for money through effective procurement, budget management, contract oversight, and regular review of service standards.
- Consult residents when required and keep them informed about decisions that affect their service charges.
- Respond to service charge enquiries and resolve disputes fairly and consistently.
- Build trust and confidence through open communication and accountable management of service charges.

3. Scope

This policy applies to all residents who pay a service charge or similar charge for services provided in connection with a property owned or managed by the Group and its subsidiaries.

Service charges do not usually apply to some tenancy types, including most Affordable Rent homes (except London Affordable Rent homes), because the cost of communal services is already included in the rent. A breakdown of these costs may be provided for information only and does not affect the rent charged. Residents may still need to pay separately for services used within their own home, such as gas, electricity, water, heating, or other utility costs.

If there is any conflict between this policy and any relevant contractual agreements, then the contractual agreement will take precedence.

4. Policy Principles

Service charges help us to recover the cost of providing essential services that maintain our building and local area.

Examples of services that may be included in a service charge are:

- Cleaning of communal areas
- Grounds maintenance, including grass cutting and care of planted areas
- Maintenance and servicing of shared facilities, such as lifts, door entry systems, alarms, and communal lighting
- Heating, lighting, water, and other utilities used in communal areas
- Estate management, caretaking, and concierge services
- Management fees charged by a third-party managing agent.

For homeowners, service charges may also include:

- Buildings insurance
- The cost of maintaining, repairing, and renewing shared or structural parts of a building, such as roofs, external walls, and communal areas
- Contributions to a reserve or sinking fund to help pay for future major repairs, replacements, or improvement works.

We apply variable service charges, unless a fixed service charge is required by a lease, tenancy agreement, contractual arrangement, or inherited legal obligation. This ensures residents pay only their share of the actual cost of the services provided.

- A variable service charge is set based on the estimated cost of providing services at the start of the financial year. At the end of the financial year, we compare the estimated charges with the actual costs incurred and issue an annual statement showing the difference. If the actual costs are higher or lower than estimated, the service charge will be adjusted in line with the terms of the lease or tenancy agreement, which may result in an additional charge or a credit being applied.
- A fixed service charge is set in advance and does not change based on the actual cost of providing the service. Where a fixed service charge applies, any difference between the charge collected and the actual cost of the service will normally be met by us, unless the relevant agreement states otherwise.

In administering service charges, we will be guided by the following principles:

Fair and Accurate Charging – We will:

- Set realistic and fair charges that reflect the anticipated costs for the forthcoming year taking into consideration what was spent in recent years, expected inflation and any increases or decreases due to changes in contracts or service requirements.
- Apportion (divide) the cost of services provided to residents who benefit from them in accordance with the relevant tenancy agreement, lease, transfer, or other legal agreement. Where the agreement does not specify an apportionment method, costs will be apportioned on a fair and reasonable approach among the properties that benefit from the service.
- Cover the service costs for that property during the unoccupied period when a property is vacant. These costs will be calculated as if the property were occupied, ensuring that other residents in the scheme are not unfairly burdened.
- Collect sinking or reserve fund contributions where leases permit, enabling residents to contribute towards the future cost of major repairs, maintenance, and replacement works through planned and gradual payments.

Transparency and Communication – We will:

- Provide clear and transparent information, in simple language about service charges prior to the tenancy sign-up or during the conveyancing process and throughout the period they occupy or own the property.
- Notify residents of service charge changes in accordance with legal requirements and clearly explain the services covered by the charges.
- Issue annual service charge statements to residents who pay a variable service charge, showing the costs incurred and any overpayment or underpayment for the year. If we cannot issue the statement within the required timescales, we will send a formal notice called Section 20b notice to make residents aware that charges are due but there will be a delay in providing a detailed statement.
- Publish clear guidance and information to support this policy on our website, including explanatory guides on service charges and sinking funds and answers to Frequently Asked Questions (FAQs).
- Provide training and briefings to ensure colleagues understand their responsibilities and can support residents effectively.

Value for Money – We will:

- Procure and manage services to balance cost, quality, reliability and resident impact.
- Ensure service charge costs are reasonable, eligible and supported by evidence.
- Monitor budgets, spend and variances to identify issues early and control avoidable costs.
- Review service standards, contract performance and resident feedback to improve value.

Resident Engagement and Consultation – We will:

- Consult residents where required by law, including statutory consultation on qualifying works and qualifying long-term agreements in line with our Section 20 Consultation Policy. Where statutory consultation requirements have not been met, or cannot be fully met, we will consider seeking dispensation in accordance with applicable legislation and our Section 20 Consultation Policy. Where consultation requirements are not complied with and dispensation is not granted, recoverable expenditure may be capped in accordance with legal requirements.
- Consider resident feedback when designing, reviewing, or changing services.

Payment and Collection – We will:

- Offer a range of convenient payment methods, including direct debit which is the easiest and most reliable way to pay.
- Manage service charge arrears in line with the Arrears Management Policy and our arrears collection procedures.
- Signpost residents to support available if they are struggling to pay their charges.

Queries, Complaints and Continuous Improvement – We will:

- Provide clear routes for residents to query service charges, request supporting information, and raise complaints.

- Respond to enquiries and complaints fairly, promptly, and in accordance with our Complaints Policy.
- Actively seek resident feedback and use it to improve service charge processes, communication, and service delivery.

5. Equality, Diversity & Inclusion

We are committed to treating all residents fairly and with respect, in line with the Equality Act 2010 and our own values. We will:

- Monitor whether this policy creates barriers or unequal outcomes and will use Equality Impact Assessment findings to improve communication, engagement and decision-making.
- Consider the diverse needs of residents when communicating service charge information, including language, literacy, disability, digital access and additional support needs.
- Make reasonable adjustments and provide alternative formats where needed so residents can understand their charges and participate in consultation or engagement activity.

6. Roles and responsibilities

Executive Board are responsible for:

- Approving and implementing this policy.
- Approving annual service charge budget.
- Reviewing year on year service charge movement and providing guidance on actions required to manage affordability concerns.

Chief Financial Officer is responsible for:

- Ownership of this policy.
- Ensuring suitable resource is made available to allow delivery of a sufficient service.
- Monitoring any significant risks surrounding the service charge provision.
- Ensuring compliance with current regulations.

Director - Financial Operations is responsible for:

- Monitoring any significant risks surrounding the service charge provision.
- Ensuring this policy is reviewed to reflect changes in relevant legislation or regulation, and that this policy is compliant with those changes.

Head of Rent and Service Charge is responsible for:

- Operational ownership of the policy, including oversight of compliance, monitoring outcomes, supporting consistent application of the policy and ensuring operational procedures align with policy requirements.

Rent and Service Charge Managers and team are responsible for:

- Timely issue of service charge statements and demands in line with current legislation and policy.

- Setting service charges at an appropriate level to support anticipated expenditure and comply with lease or tenancy agreement terms and conditions, current legislation and good practice.
- Approving service charge expenditure within their budget and limit.
- Monitoring service charge income and expenditure in line with budgets and estimates and ensuring accuracy of cost allocation.
- Highlighting any operational risks.
- Responding to complaints and enquiries in accordance with Customer Care Standards.

Head of Procurement is responsible for:

- Working with the business to procure contracts that meet the requirements of each scheme and deliver value for money.
- Working with the business to ensure that procurement and contract renewal timelines allow sufficient time for required Section 20 consultations.
- Ensuring contracts are procured in line with the internal financial policy and the Procurement Act.
- Maintaining reconciled utility accounts and ensuring meter reads are provided to energy suppliers regularly where required.

Head of Project Delivery is responsible for:

- Provision of complete, timely and relevant information relating to new schemes and acquisitions to support the setting of initial service charge, in line with development process review.

Head of Sales and Aftercare is responsible for:

- Clearly communicating service charge information to residents on sales or resales.

Lettings Team is responsible for:

- Clearly communicating service charge information to residents as part of new lettings.

Finance Team is responsible for:

- Accounting controls, financial reporting, budget monitoring and assurance over service charge income and expenditure.

Homeownership Team is responsible for:

- Management of the consultation process in line with the Section 20 Consultation Policy.
- Investigate homeowner queries relating to service charges or service delivery, liaising with relevant teams to review concerns and communicate findings and outcomes to residents.

Customer Teams are responsible for:

- Responding to general service charge queries at first point of contact from residents.

Rent Recovery Teams are responsible for:

- Collecting service charge arrears in line with the Arrears Management Policy.

Managers responsible for chargeable services are responsible for:

- Commissioning, monitoring and evidencing the delivery and quality of chargeable services.

7. Compliance/Key Performance Measures

Compliance and effectiveness of this policy will be monitored through appropriate management oversight.

- Service charge budgets and year end statements issued in compliance with regulatory requirements and within prescribed deadlines.
- Service charge expenditure against budget reviewed and explanations provided for material variances within the monthly management accounts.
- Statutory consultation requirements completed before qualifying works or qualifying long-term agreements are entered into, unless lawful dispensation applies.
- Periodic internal assurance reviews completed to test compliance with this policy and associated procedures.
- Service charge complaints, enquiries and information requests monitored for themes, response times and learning.

8. Related Policies, Procedures and Key Documents

- Rent Setting Policy; Resident Arrears Management Policy; Procurement Policy; Complaints Policy; Section 20 Consultation Policy; Lettings Policy.
- Service charge procedure, Section 20 consultation procedure; Arrears management procedures.
- Tenancy agreements, leases and licences.

9. Version Control

Version control			
Date	Version	Approved By	Details of Amendments
3 September 2026	V1	Executive Board	New integrated policy