

SERVICE CHARGE POLICY

Date Reviewed	January 2026	Next Review Date	January 2027
Consultation	Completed	Reviewed By	Director of Resources
EIA	Completed	Responsible Officer	Head of Housing & Head of Finance
DPIA	N/A	Approval By	BCHG Board

1. Purpose

The purpose of this policy is to set out how we will charge and recover service charges linked to our properties within the legal, regulatory and good practice requirements.

2. Scope

This policy applies to all properties and residents where additional services are provided by BCHG. Additional detail for leaseholders is provided within the Leasehold Management Policy.

3. Definition

For the purpose of this policy a service charge is defined as a payment made by a resident towards the cost of providing and maintaining services and benefits, provided for them beyond the benefit of enjoying occupation of their own home. These are often referred to as communal facilities and are subject to the actual terms of the particular lease/tenancy agreement.

When the service charges are variable, the Landlord and Tenant Act 1985 gives rise to a duty on BCHG to make a reasonable and accurate assessment of service charges and to consult with residents. It also sets out the rights of residents to challenge BCHG through the First Tier Tribunal (Property Chamber) (the “Tribunal”) and request information.

Fixed service charges are part of the rent and BCHG has agreed in the tenancy agreement that the total rent will not be more than the amount that a Tribunal could determine (a market rent inclusive of services). Tenants do not have the right to refer the rent to the Tribunal.

The Regulatory Framework as set out by the Regulator of Social Housing requires BCHG to achieve value for money in respect of the services it delivers.

4. Related policy and procedures

Rent Setting Policy
Leasehold Management Policy

5. Roles and Responsibilities

The Director of Resources has the overall responsibility for this policy. Delivery of the policy is the responsibility of the Head of Finance and the Head of Housing.

6. Policy Statement

We will take account of the following principles in setting service charges:

- **Affordability** – We will endeavour to keep social rent service charge increases to within the limit on rent increases as determined by the Rent Standard, where this is not possible, we will evidence a clear rationale for the increase. We will continue to explore the best way of delivering services as well as ensuring that prices remain competitive to keep costs affordable and achieve good value for money.
- **Transparency** - Service charges levied to tenants will be based on reasonable costs incurred in providing the services during previous years, or an estimate of future year costs. The way in which charges are set will be clear to residents and communicated in a transparent format.
- **Viability** - Service charges should be set at levels that seek to maintain financial viability by generating sufficient income to cover the costs associated with providing services as far as possible.

Affordable rents are inclusive of service charges for the purposes of rent regulation and are therefore restricted to a maximum increase of CPI+1%, in accordance with the Rent Standard.

Social rent service charges are excluded from the maximum rent increase as determined by the Rent Standard, however providers should endeavour to remain within this limit.

A Fixed Service Charge applies to tenants in our general needs and supported housing rented properties as set out in the Tenancy Agreement. Charges are reviewed and adjusted annually in accordance with their tenancy agreements however any under or overspends are not carried forward into the following financial year and remain with BCHG as the Landlord.

A Variable Service Charge applies to leaseholders and shared ownership properties. Under a variable service charge any under or overspends must be carried forward and received by / met by the customer.

7. Policy

7.1 Data Processing

All data in relation to service charges linked to tenancies is held on the core housing system of BCHG, Civica Cx, and processed in accordance with our Data Protection Policy.

7.2 Legal and Regulatory Considerations

- Rent Act 1977
- Landlord and Tenant Act 1985
- Housing Act 1988
- Limit on annual rent increases 2025-26*
- Policy Statement on Rents for Social Housing (December 2022)
- 2020 Rent Standard

** notification of the limit on annual rent increases for 2026/27 is yet to be published. This policy is compliant with the latest Rent Standard and guidance as issued by MHCLG.*

7.3 Equality Diversity & Inclusion

The Service Charge Policy ensures that BCHG charges are in line with regulation, statute and contract, and are based on the principles of affordability, transparency and viability to ensure that they are fair for all.

7.4 Policy Detail

- a. We will comply with relevant legislation and regulatory requirements for setting and collecting service charges seeking the full recovery of the costs of additional services provided by BCHG where possible.
- b. We will remain within the encouraged limit for social rent service charges, subject to increases in specification, exceptional increases in costs or where there is evidence to support long standing under recovery.
- c. Where a duty arises, we will consult within the legal framework defined within sections 18-30 of the Landlord and Tenant Act 1985. Where there is no legal obligation, we will consult as a matter of best practice. (See Leasehold Management Policy for more detail)
- d. We will charge an administration fee for managing services where we are permitted to do so under the terms of the tenancy or lease agreement.
- e. We will apply service charges fairly in line with the requirements of the tenancy or lease agreement.
- f. We will apply a usage charge (depreciation) to cover the cost of providing eligible capital works and items, such as door entry systems, where we are permitted to do so under the terms of the lease/tenancy agreement. We will not request any sinking fund contribution in respect of a facility where we levy a usage charge.
- g. We will seek to minimise service charges on new developments. Charges in the first year will be based on a best estimate of costs. In subsequent years charges will be based on actual costs (notwithstanding the restrictions around Affordable Rent service charges).
- h. We will give a minimum notice period of 4 weeks prior to any change to either a service or its associated charge (or the term defined in the lease if this requires a longer notice period).

- i. We will provide a clear statement of service charges annually to variable service charge payers.
- j. We will publish a transparent breakdown of service charges via the Tenants Portal or upon request.

8. Compliance, Monitoring & Reporting

Any non-compliance with this policy will be reported to the next BCHG Board as it has the potential to create non-compliance with the Rent Standard. Should this be the case, the Regulator for Social Housing will also be informed.

The implementation of the policy will be reviewed annually through the annual service charge review process and agreed by BCHG Board and be subject to regular internal audit.

Any breach of data protection will be reported to the Information Commissioners Office.