

# Consulting on Service Charges Policy

## The basics

Some customers may receive and pay for additional services through their service charge such as cleaning of communal areas or maintaining communal gardens. We provide some services to customers which we charge a service charge for. All new customers receive information on the cost of these services when they first move in. We provide updates each year as part of the rent review process. We want to hear how satisfied customers are with the standard and cost of services they receive and provide opportunities for them to have their say. We also consult with customers and any formal resident associations when we're proposing to change a level of service or introduce a new service. If we don't consult in the proper way, we will not charge the full-service charge but limit what we charge to the amount allowed by the regulations.

## Our approach

We operate variable service charges in line with our tenancy agreements and leases and follow the law and regulatory guidance on consulting with tenants and leaseholders. Generally, our tenancy agreements and leases state that we must give a minimum of one month's notice if we want to make changes to the services that they pay for through a service charge. This includes providing new services, withdrawing services or changing the way in which we provide existing services. We must also consult with customers before moving from fixed to variable service charges or vice versa and when registering fair rents. When we consult with customers about their service charge, they can expect to:

- Receive clear and timely information about any proposed changes to the services provided and the reasons for the change
- Have access to accurate information about the costs at all stages
- Have an opportunity to comment on the proposals

Customers can expect us to take account of people's individual differences and needs and provide clear information that customers can understand. In certain circumstances, we will follow a particular consultation process so we can inform customers about proposed changes and fully recover service charge costs. This is known as Section 20 consultation under the Landlord and Tenant Act 1985 (as amended by Section 151 of the Commonhold and Leasehold Reform Act 2002).

## Section 20 consultation

Where there's a variable service charge, we have a **legal obligation to consult with customers** if we are:

- **carrying out major works** such as installing a new lift, which will cost any one tenant or leaseholder more than £250. (Equivalent to £4.80 per week based on a 52-week rent payment period).
- **entering into a long-term agreement (contract) for more than 12 months**, for services like cleaning or gardening, which will cost any one tenant or

leaseholder more than £100 a year. (Equivalent to £1.92 per week based on a 52-week rent payment period).

- **carrying out work under a long-term agreement** for example, undertaking additional tree work where there is a long-term gardening contract in place **and** where the work will cost any one leaseholder more than £250. (Equivalent to £4.80 per week based on a 52-week rent payment period).

Before we start any work or make any long term-agreement, we will **serve a Section 20 notice** on all customers who receive the service or will be affected by the work. The notice will explain what we plan to do and how much we estimate it will cost. It will give customers the opportunity to comment on what we are planning and what it will cost.

In line with the law, we will give customers a **minimum of 30 days** to let us know their views at each stage of the tender process.

In some circumstances, **customers can suggest a person, firm, or contractor** that they would like to tender for the work or long-term agreement. However, this does not apply if the work is over a certain monetary value, and **we must give a public notice**.

When public and government organisations tender large contracts, European Union rules dictate when a public notice is necessary. Organisations publish the public notices in the Official Journal of the European Union (OJEU) which **allows firms and contractors from other European Union countries to tender for the work or long-term agreement**. Although UK has left the EU, this rule remains in place. Sometimes we must do **emergency works**, for example repairing a roof where there's a major leak, and we are not able to carry out our legal obligation to consult with customers. We can **apply to the [First Tier Tribunal](#) (FTT)** for 'dispensation' from consultation.

**Dispensation means that we would not have to consult with customers in the usual way.** Before giving us dispensation, the FTT would have to be satisfied that the situation was an emergency and that we had taken all reasonable steps to make customers aware of the work.

## Key points for customers

We will **write to customers and registered tenants' associations to explain any proposed changes to service charges**. We will give people **at least 30 days to provide their feedback**.

Each year, we will send **a questionnaire to customers asking for their views** on the quality of the services they have received and whether they provide value for money.

Sometimes, we may need to provide a new service to meet either a health and safety or a regulatory requirement. Before we introduce the service, we will **consult with customers and listen to feedback**.

We will offer customers the **opportunity to meet with staff** and other customers to discuss services that they pay a service charge for in more detail.

We will **properly train staff** on service charges so they can assist customers with their queries.

Where customers are unhappy with the quality of services provided, they can **raise a complaint using the complaint procedure**. Where customers are **disputing the cost of any service we provide, we'll direct them to the First Tier Tribunal** who have the authority to deal with such matters.

We also encourage **leaseholders to seek free and impartial legal advice** from the [Leasehold Advisory Service](#) about any service charge queries they may have. In all our contact about service charges we will be **open, purposeful, positive and personal**, taking account of people's individual circumstances.

We will engage with our [Customer Voices Panel](#) on how we put this policy into practice and how we can improve it.

## Key points for colleagues

Colleagues will implement this policy and all relevant [legislation](#), [regulatory standards](#) and [good practice](#).

Colleagues **must consult with customers** and take account of their views:

- before **introducing a new service** or
  - before **changing an existing service** or
  - where the **thresholds for Section 20 consultation are met**
- 
- **Consultation period** - any consultation period will be for a minimum of 30 days. We will consult with affected customers and any recognised tenant or resident association.
  - **Consultation meetings** – we will arrange resident consultation meetings as a matter of course where 50% or more of customers on a given scheme request a meeting through the consultation process.
  - **Decisions** – we will take account of customer comments and views on any proposed changes to the service charge they pay before making a final decision.
  - **Failure to consult** - we recognise that if we do not consult correctly, we will only be able to recover the service charge amount allowed by law which could be lower than the actual costs.
  - **First Tier Tribunal** – we will only apply to the FTT for dispensation from consultation where this is essential and doing so will not adversely affect customers.
  - **Communication channels** – we will use existing communication channels such as tenant newsletters wherever possible to educate and forewarn customers of potential service charge changes to enhance the consultation process.

The leadership team will **review and update this policy** at least every two years, with consultation from the Customer Voices Panel.

### Key points for board/committee members and the regulator

Our [Board and Customer Experience Committee](#) are responsible for approving this policy and making sure it **supports our [objectives](#)** to:

- Thrive
- Engage
- Evolve
- 

Through this **governance**, we consider setting and collecting service charges as part of our:

- Budget and business plan
- Strategic risk register
- Corporate balanced scorecard and performance management
- Regulatory compliance and [Tenant Satisfaction Measures](#)
- Equality, diversity and inclusion strategy
- [PlaceShapers](#) commitment to education, skills, work, wellbeing and financial inclusion

The Board and Customer Experience Committee receive regular reports on how we set and collect service charges, and are responsible for approving [statistical and performance returns to the Regulator of Social Housing](#).

Policy updated and approved May 2025. Next review due May 2027.

### Policy updates

The Housing Management team is responsible for updating this policy.

Policy updated and approved May 2025. Next review due May 2027.