



EKAYA HOUSING ASSOCIATION

Service Charge Policy

Referenced in relation to:



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1. Introduction

- 1.1. As a responsible business, we want to deliver quality, affordable value for money services to all our customers. Operational costs of providing services must be covered, but we acknowledge that service charges need to be reasonable, self-financing and represent value for money.
- 1.2. We aim to:
 - 1.2.1. meet our legislative and regulatory requirements along with the terms included in the tenancy, lease, or license agreement that apply to the setting and management of service charges;
 - 1.2.2. develop a consistent approach to setting fair and reasonable service charges that provide value for money;
 - 1.2.3. ensure that service charges are reasonable;
 - 1.2.4. deliver quality services that are cost efficient, clear and transparent and take account of affordability;
 - 1.2.5. deliver services that our customers want, allowing them to input on frequency/ level of service when applicable; and
 - 1.2.6. engage with our customers wherever practical and in accordance with legislation in setting service charges and provide them with clear information about service charges.

2. Policy Statement

2.1. What is a service charge?

- 2.1.1. The Statutory definition of a Service Charge, under S.18 of the Landlord & Tenant Act 1985, states: *Service Charge means an amount payable by a tenant of a dwelling as part of, or in addition to the rent, which is payable:*
 - ... for services, repairs, improvements, maintenance, insurance or the landlord's costs of management and
 - The whole or part of which varies or may vary according to the relevant costs
- 2.1.2. We therefore levy a service charge towards the costs of services, insurance, general maintenance, repairs or reserves and sinking funds. A management fee will also be included to cover our costs of providing the services. The management fee is based on a tiered structure, based on the services provided to each development.

2.1.3. Service charges can apply to any property that shares common areas.

2.1.4. Service charges are either **variable** or **fixed**, and this is specified in individual tenancy agreements and leases

2.2. Definitions

2.2.1. In this policy, we use the following terms:

Apportioned or Apportionment	the basis on which the costs are charged between customers;
Block	the external parts of a building where there is more than one customer;
Core	the internal parts of a building where there is more than one customer;
Estate	all customers on the scheme/development;
Management and administration fees	our costs associated with managing properties, administering service charge and rent accounts, income collection and providing customer services;
Service Charge	the charge payable by a tenant, leaseholder, freeholder or licensee towards the costs of services, general maintenance repairs or reserve and sinking funds. It also covers other charges or costs, including any administrative or management costs, incurred now and in the future, where the cost is not recovered through a rental charge;
Service Charge - Fixed	we set the cost of providing services to a property at the beginning of each financial year. The customer pays the service charge throughout the year and at no point will there be additional amounts to pay or refunds due back;
Service Charge - Variable	we set an estimated charge at the beginning of the financial year, and then produce a final account once the year is complete. The final account compares our actual costs in delivering services to a property against the estimate that we set and may result in a credit back or an additional amount due from the customer; and

Sinking fund or reserve fund	a fund that saves money to pay for future long-term maintenance and renewals required to maintained property, such as repairs to the roof or a lift.
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2.3. Planned Maintenance & Cyclical Repairs

2.3.1. We will identify within future stock condition surveys any repairs, servicing, testing and renewals, which are chargeable under a service charge. This information will be used for subsequent planned maintenance and cyclical maintenance repairs programmes, and we will budget for these works accordingly. A sinking fund forecast will be developed from this information which will be shared with customers as and when required.

3. Affordability, Quality & Value for Money (VFM)

3.1. We will continuously improve, challenge, manage and monitor the efficiency and effectiveness of the services we provide. We will treat each scheme on an individual basis to ensure that services provided are of good quality, offer good value for money, demonstrate good housing management practice and meet the needs of the specific scheme.

3.2. Procurement

3.2.1. Services paid for by service charge will be procured in compliance with our Procurement Policy. We regularly re-procure contracts to ensure that our customers are receiving good value for money. We will continue to use our procurement process to ensure that new contracts provide maximum benefit for our customers.

3.2.2. We will ensure that customers paying service charges are aware of the procurement arrangements for their scheme or development, and the standards to which the contractor or service provider should be working.

3.3. Housing Benefit or Universal Credit

3.3.1. When considering which services to provide, we will consider if the charges will be eligible for payment under Housing Benefit or Universal Credit criteria to ensure they remain affordable, and our properties remain desirable.

3.3.2. Further information regarding Housing benefit and Universal Credit can be found in the *Universal Credit: service charges – guidance for Landlords* guidance note issued by the Department for Work and Pensions.

4. Service Charge Setting and Statements

4.1. We will manage service charges in a transparent way, compliant with all statutory obligations to provide annual service charge statements and accounts in the

prescribed format and in accordance with the relevant lease, tenancy or license agreement.

- 4.2. We will provide our customers with clear up to date information to understand the service charge payable.
- 4.3. A significant proportion of Ekaya properties are operated on a **Fixed Service Charge basis**. This means that, should the costs of maintaining buildings or estates be overspent at the end of the year, Ekaya cannot request any further sums from our tenants or leaseholders to cover these. It also means that should the building or estate be underspent, no money will be returned to residents either
- 4.4. Ekaya uses the actual **Service Charge** costs from the previous financial year (from October of the prior year to September of the current financial year), this means that prior 12 months cost is used to project future service charge costs, applying an increase based on CPI from the September prior to the new financial year (April) where the increase will be effected.
- 4.5. Ekaya charges an 'administration fee' of 15% for providing the services.
- 4.6. For Affordable Rent, London Affordable Rent and London Living Rent the relevant regulatory regimes operate on a service charge inclusive basis.

5. Apportionment of charges

- 5.1. Costs will be apportioned on an [equal basis/gross internal floor area basis/unit size] between customers at Estate, Block and Core, unless stated otherwise within the lease, license or tenancy agreement.

6. Recovery

- 6.1. We will collect service charges in a flexible and effective way, promoting a choice of payment methods, where the agreement allows, and signpost to debt advice if required.
- 6.2. All directly linked costs, together with administration or management costs, will be recovered in accordance with the terms of any lease, tenancy, license, or legal transfer agreement.
- 6.3. Any service charge demand will be accompanied by a summary of the customer's rights and obligations.

7. Customer Involvement

7.1. Customer Consultation

- 7.1.1. In accordance with current legislation and with our customer-focused approach, we will consult with and listen to our customers' views about service provision and the charges for any works completed.
- 7.1.2. Consultation over works or contracts will be made in accordance with legislation, including but not limited to, the Landlord and Tenant Acts 1985 and 1987 (as amended by the Commonhold and Leasehold Reform Act 2002), case law, and the content of tenancy and leasehold agreements.
- 7.1.3. Where applicable, we will consider our customers' views regarding the level/ frequency of service we are providing and either increase/ decrease that level/ frequency of service where possible to do so.
- 7.1.4. We will ensure that our customers have a minimum of 4 weeks notification/ consultation period in regard to any charges.
- 7.1.5. Where practical, we will provide opportunities for our customers to be involved in the decision making and monitoring process, providing the appropriate responses and feedback.

7.2. Customer Complaints and Queries

- 7.2.1. Customer queries and complaints will be dealt with in accordance with our Complaints Policy.

8. Roles and Responsibilities

Role	Responsibility
Director of Operations	Monitoring overall compliance with this policy. Overseeing customer engagement in relation to service charge, including reviewing customer feedback and performance of services
Financial Controller	Compiling service charge statements and dealing with financial calculations regarding service charge

9. Review

- 9.1. We will carry out a fundamental review of this policy every three years or sooner subject to legal, regulatory changes or if internal changes require it.

10. Essential Information

- 10.1. All our policies and procedures are developed in line with our approach to the following: data protection statement, equality diversity and inclusion (EDI) approach, complaints policy and our regulatory and legal obligations to ensure we deliver services in a lawful manner and treat people equally and fairly. Our privacy policy can be accessed on our website www.ekaya.co.uk.

11. Regulation and Legislation

- 11.1. This policy links to or considers:
- Landlord & Tenant Acts 1985 & 1987
 - Commonhold and Leasehold Reform Act 2002
 - Housing Act 1988
 - Localism Act 2011, Value for Money Standard
 - RSH Consumer Standard: Transparency, Influence and Accountability Standard
 - National Housing Federation Service Charges; a guide for housing associations 6th edition, 2020
 - Royal Institution of Chartered Surveyors (RICS) Code of Practice
 - Universal Credit: service charges – guidance for Landlords
 - Building Safety Act 2022

12. Scope

- 12.1. This Policy sets out our approach to the setting and management of service charges payable by tenants, leaseholders, shared owners, freeholders and licensees.
- 12.2. This Policy does not cover commercial properties.

13. Policy Approval

Approval Date:	13/08/2026
Approval By:	Audit & Risk Committee
Policy Owner:	Director of Finance & Resources/Deputy CEO
Consultation Completed:	Administrative change only - None
Next Review Date:	November 2029