



Service Charge Setting Policy

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Owner: Head of Neighbourhoods & Head of Finance

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V1.0	New policy	28/01/2026	Ongo Homes Board	2028/2029

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1. Our policy is...

- 1.1 This policy details how we set and manage service charges at Ongo Homes (OH). Service charges usually reflect additional services which may not be provided to every tenant or licensee, or which may be connected with communal facilities rather than being particular to the occupation of an individual property or tenant's home.
- 1.2 Under the Landlord & Tenant Act, a service charge is an amount payable by a tenant of a dwelling as part of, or in addition to, the rent, which is payable directly or indirectly for services, repairs, maintenance, improvements, insurance or the landlords' costs of management, and the whole or part of which varies or may vary according to relevant costs. Examples of service charges may include:
 - Cleaning, lighting and maintenance of shared areas (stairways, hallways)
 - Gardening and landscaping in communal spaces
 - Caretakers or emergency alarm systems
 - Heating and hot water from communal systems (e.g. heat networks)
 - Lifts, door entry systems and rubbish chutes
- 1.3 We calculate service charges for social rent tenancies separately to the rent, and, at the time of writing, service charges are not covered under the Regulator of Social Housing's (RSH) Rent Standard. For affordable rent tenancies, services charges are added to the rent, which together cannot exceed 80% of market rent.
- 1.4 The Rent Standard states that Registered Providers shall provide clear information to tenants that explains how their rent and any service charges are set and this policy aims to do the latter part of that requirement. For rent setting, please refer to the Rent Setting Policy.

2. It applies to...

- 2.1 This policy applies to all tenants and licensees that hold tenancy agreements or licence agreements that are covered by the requirements of the RSH's Rent Standard.
- 2.2 The policy does not apply to:
 - Leaseholders, shared owners, or outright owners. You should refer to the Leasehold Management Policy, Shared Ownership Policy and associated procedures
 - Where heat and hot water is provided for via a heat network (see definition below), tenants will be charged only for the heat and hot water they use when they use it

3. Because we want to...

- 3.1 The aims of this policy are to ensure that:
 - Everyone is clear on what services we will charge for and how those service charges are set by Ongo Homes
 - Ongo Homes is compliant with statutory and regulatory requirements

- Ongo Homes is open and transparent in its approach to the management and setting of service charges

4. We will...

- 4.1 When setting service charges, Ongo Homes will comply with all relevant legislation and regulation and ensure this policy is aligned to the *National Housing Federation – Services charges and rent charges guide for social housing landlords* and *The Landlord and Tenant Acts 1985 and 1987 (as amended)*.
- 4.2 Service charges may be ‘fixed’ or ‘variable’ according to the provisions of the specific tenancy agreement, lease, or other contract.
 - **Fixed service charges** are set annually and are estimated based on the previous year’s costs or latest contractual amounts. They can be altered up to a maximum of twice per year. Any difference between the amount charged and the actual cost of providing the service is borne by the landlord or tenant
 - **Variable service charges** are based on the actual cost of the services provided. An estimate of charges is provided at the beginning of each financial year and, after the end of the year, is balanced against the actual costs
- 4.3 Any service charges that are payable by tenants or licensees will be clearly set out in the tenancy or license agreement. The amount payable for the service charges may change year on year, however you will only be charged for the services that you have access to.
- 4.4 Service charges in respect of social rent tenancies / licences are set out alongside rent but treated as separate components under tenancy or lease agreements. Service charges are **not included in the social rent calculation** (which is based on the government’s formula rent model). They will be itemised separately and reflect only the cost of services provided.
- 4.5 For affordable rent tenancies, the total amount payable for rent and service charges combined will not exceed **80% of the market rent** for an equivalent property, as required under the Affordable Rent framework.
- 4.6 We will work with all our tenants to ensure that rents and service charges are paid fully and promptly for the benefit of Ongo and all tenants.
- 4.7 Ongo will not make a profit from service charges. Charges will be set at a level that recovers the actual cost of providing the service including administration costs.
- 4.8 Service charges will be apportioned reasonably between all those receiving the service. There will be a clear and transparent method of calculation and apportionment. Where the terms of calculation and apportionment are specified in the lease, these will be followed.

- 4.9 Where a tenancy agreement requires a contribution to a sinking fund we will set the contribution annually and collect in the same way as we collect service charges.
- 4.10 All customers paying a service charge will receive an annual statement showing the new service charge, broken down into its constituent parts.
- 4.11 For social rent tenancies, where a new service charge is introduced or there is an increase from the previous year's charge that we deem to be significant, tenants will be consulted and given the opportunity to provide feedback or challenge the decision.
- 4.12 All customers will be given at least one calendar month notice, in writing, before any changes in service charges are implemented unless the tenancy agreement or transfer document stipulates a different notice period, which will be adhered to.
- 4.13 Where a tenant appeals a service charge, this will be dealt with promptly by the appropriate service area.
- 4.14 If still unhappy, tenants can make a formal complaint in line with our complaints policy and procedure.
- 4.15 OH will provide details annually of all charges to those customers who pay a separate service charge, providing information and advice relating to eligibility in respect of housing benefit and Universal Credit.

5. Making sure we do what we say...

- 5.1 The Head of Landlord Services and Head of Finance are responsible for ensuring that this policy is implemented.
- 5.2 Relevant service leads working alongside the Financial Accountant are responsible for preparing service charge calculations and ensuring that these comply with the requirements of this policy
- 5.3 Reports will be prepared for the Board and/or ELT with recommendations for annual changes to service charges and these reports will be checked against the requirements of this policy
- 5.4 Community Voice, our recognised tenant panel, will be informed of the service charges to be set each year and consulted if required as part of the service charge approval process

6. Other things to bear in mind...

- 6.1 This policy also links to our...
 - ✓ Delegations Framework
 - ✓ Income Collection Policy

- ✓ Lettings Policy
- ✓ Homeownership Policy
- ✓ Shared Ownership Policy
- ✓ Rent to Buy Policy
- ✓ Rent Setting Procedure

6.2 The main pieces of legislation / regulation associated with this policy:

- Landlord and Tenant Act 1985 (Sections 18-30)
- Landlord and Tenant Act 1987
- Housing Benefit Regulations 2006

7. We'll look at this again...

7.1 This policy will be reviewed every three years. We will review earlier if any regulatory or legislative changes occur that have an impact on this policy.

8. What we mean...

Reference	Definition
Service charge	A payment made by a tenant or licensee towards the costs of providing and maintaining services and benefits beyond the benefit of enjoying occupation of their own home. A service charge can be fixed or variable according to the provisions of the tenancy agreement or license agreement.
Sinking fund	A fund formed by periodically setting aside money for the gradual payment of a wasting asset
Heat network	A heat network refers to a system that supplies heating and hot water to multiple homes from a central energy source, rather than each property having its own boiler.

APPENDIX 1 – Housing Benefit Regulations 2006 - Ineligible service charges

Schedule 1 Part 1 of the Housing Benefit Regulations 2006

- Most charges in respect of food
- Laundry (other than the provision of premises or equipment to enable a person to do his or her own laundry)
- Leisure items such as either sports facilities (except a children's play area) or television rental, licence, or subscription licence fees (unless it is the only practicable means of receiving the standard TV channels)
- Cleaning of rooms and windows except cleaning of:
 - a) communal areas
 - b) the exterior of any windows where neither the claimant nor any member of his or her household is able to clean them where payment is not made in respect of such cleaning by a local authority (including in relation to England, a county council) or the Welsh Ministers to the claimant or his or her partner or to another person on their behalf
- Transport
- Charges in respect of furniture or household equipment and the use of such furniture or equipment where it will become the property of the claimant by virtue of an agreement with the landlord
- Charges in respect of the provision of an emergency alarm system
- Charges in respect of medical expenses (including cost of counselling relating to mental disorder, mental handicap, physical disablement or past or present alcohol or drug dependence)
- Charges in respect of the provision of nursing or personal care (including assistance at meal-times, or with personal appearance or hygiene)
- Charges in respect of general counselling or any other support services, whoever provides those services, and
- Charges in respect of any services not specified above which are not connected with the provision of adequate accommodation.

Schedule 1 Part 2 of the Housing Benefit Regulations 2006 (payments in respect of fuel charges)

- A service charge for fuel except a charge in respect of services for communal areas shall be ineligible to be met by housing benefit.
- 'Communal areas' means areas (other than rooms) of common access (including halls and passageways) and rooms of common use in sheltered accommodation.