

Service Charge Policy for Residential Properties 2026-27

1. Aims of the policy

This policy document sets out the approach to calculating, managing and reviewing service charges for residential properties managed by Soho Housing Association (the Association) with the aim of ensuring compliance with legal and regulatory requirements and delivering value for money for residents.

2. Legal and regulatory framework

This policy complies with:

- Rent Act 1977
- Landlord & Tenant Act 1985 and 1987
- Commonhold and Leasehold Reform Act 2002
- Regulatory Standards issued by the Regulator of Social Housing

3. Scope

The policy applies to all tenants, leaseholders and shared owners where service charges are payable.

Typically services may include:

- Communal heating, lighting and electricity
- Lift provision, cleaning, maintenance and servicing
- Fire risk assessments and fire safety equipment servicing and maintenance
- Emergency lighting
- Other health and safety charges including water safety and electrical testing
- Secure building access provision, maintenance and servicing
- Communal refuse collection
- Cleaning of communal areas and window cleaning
- Communal grounds maintenance
- Management and administration costs

The list is not exhaustive and services will vary across different properties.

4. Policy statement

The Association's key aim is to be a resilient, inclusive, independent organisation that champions affordable living in the heart of London to strengthen its diverse community. Our residents expect their homes to be safe, energy efficient and properly maintained and this expectation underpins our financial plans in the short and longer term.

Service charges form part of the Association's income from property assets and are payable by residents to cover the services provided to communal areas or shared facilities associated with their home. Our policy is to maximise service cost recovery with key principles being:

- **Transparency:** residents who pay a service charge will receive clear information on services provided and how costs are calculated
- **Fairness:** charges will be estimated annually based on forecast costs for the year. Where fully variable service charges apply the charges will be adjusted the following year to reflect actual costs (see section 5 below)
- **Value for Money:** services will be procured competitively and monitored for quality
- **Compliance:** all charges will comply with legal and regulatory requirements

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We know that some of our residents may suffer occasional extreme financial hardship and we have established a tenant support fund that those residents are able to access via their housing officer.

5. Policy approach

The Association charges for services as either Fixed Charges or Variable Charges;

- **Fixed charges** are estimated annually in advance and added to the weekly or monthly rent charge, where permitted under the tenancy agreement. There is no reconciliation at the year-end between actual costs incurred and the estimated costs on which the charges were based.
- **Variable charges** are estimated annually in advance and after the end of the financial year the actual costs are compared to the estimated costs on which the charges were based. Any over-recovery is refunded and any under-recovery charged.

The Association's policy is that variable service charges are applied for leaseholders and shared owners.

All service charges to residents are based on the method of apportionment set out in the tenancy agreement or lease. Where no apportionment is prescribed the Association will adopt a fair and reasonable approach and will share that with the tenant.

Residents are notified annually of service charge estimates for the next financial year alongside rent changes, with rent letters sent at least 4 weeks before the start of the new financial year on 1st April. The new service charges will form part of the new rental charged from the 1st Monday in April for weekly tenants or 1st April for monthly tenants, leaseholders and shared owners.

Where variable service charges apply, the actual costs and any over- or under-recovery will be reported within six months of the year-end (by 30th September each year).

The Association may charge residents for services that are not eligible for Housing Benefit or Universal Credit and these are shown separately on the service charge estimate and statement. Examples include recharged personal heating or water costs for individual flats or provision of furniture or equipment in communal rooms.

The Association collects sinking funds or reserve funds through the service charge to save money that can be used to pay for future equipment renewals, such as a lift or door entry system. Leaseholder sinking funds or reserve funds are saved to pay for cyclical costs or repair or replacement of shared assets. All sinking funds and reserve funds are held in bank accounts separate from the Association's day to day banking and are clearly designated for tenant or leaseholder sinking funds.

The Association charges Ground Rent to leaseholders in accordance with the terms of the lease.

The Association will consult formally with leaseholders and shared owners before committing to any qualifying works or qualifying long-term agreements as required under Section 20(1) of the Landlord and Tenant Act 1985.

Whilst formal consultation with other tenants may not be required, where significant works are planned that could impact those other tenants the Association will consult and have regard to their views.

6. Responsibilities, monitoring and evaluation

The Association's Board (the Board) is responsible for a service charge policy that underpins continuing financial viability and complies with legal and regulatory requirements.

The Resident Services Committee (RSC) is responsible for scrutinizing the draft policy and making recommendations for consideration by Board as part of the approval process.

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The Board delegates implementation of the service charge policy to the Chief Executive to ensure all staff and stakeholders are aware of the policy and to ensure that appropriate procedures are established that will ensure the policy objectives for service charging are met.

At Executive level, the Operations Director owns the policy and related procedures and is responsible for ensuring day-to-day management of service costs, providing advice and reports to the Board and Executive team as required. The Finance Director will lead on setting the service charges annually as part of the rent setting process and will rely on budget forecasts from the Operations team to support this work.

The Finance Director is responsible for service cost accounting and the annual comparison of actual and estimated charges with any consequent recovery of under-charges or repayment of over-charges.

Should there be a challenge by a leaseholder or any other resident, the challenge will be managed as a service charge dispute and the most appropriate person to respond and resolve the dispute will be identified by the Operations Director. Should the dispute escalate to a complaint, this will be addressed in line with the Association's Complaints Policy and Procedure.

7. Equality and diversity

Soho Housing will ensure that this policy is applied fairly and consistently. We will not directly or indirectly discriminate against any person or group of people in line with our Equality, Diversity and Inclusion Policy. We will act sensitively towards the diverse needs of individuals and communities and will take positive action or make reasonable adjustments where appropriate.

8. Related policies

Rent Policy for Residential Properties 2026-27
Rent Collection Policy
Complaints Policy

9. Policy review

Approval

Document Owner: Operations Director

Date Approved: 2nd March 2026

Review Date: March 2029

Version	Type of change	Date	Revisions from previous issue	Approved By
1	Full review	2026	No reference to commercial tenancies which are managed separately. Refresh and simplification to improve transparency	Board