WILLOW TREE
HOUSING PARTNERSHIP

Service Charge Policy

Version:	**v2**
Responsibility for the Policy	**Head of Housing and Customer Experience**
Date approved by Executive	**October 2026**
Tenant Consultation	**Yes – November 2026**
Date approved by Board (if applicable)	**Yes - Outstanding**
Date due for review:	**October 2027**

1. Statement of Intent

Willow Tree Housing Partnership Limited (WTHP) has at its heart the best interests of all residents. Residents will be consulted on any significant changes that are proposed to the policy and any comments/queries received will be considered before the policy is approved and implemented.

2. Policy Objectives

The purpose of this policy is to set out Willow Tree Housing Partnership's (WTHP) approach to setting and reviewing service charges for all properties where a service charge is payable.

2.1. A service charge is a payment made by a resident (this includes tenants, leaseholders and freeholders where applicable) for services received in connection with the occupation of their home. The payment is in addition to the rent, where payable. The service charge should aim to recover all reasonable costs incurred in delivering the service from start to finish.

2.2. This policy sets out the key principles of setting service charges for the organisation. Service charges will always be determined by the tenancy agreement or lease in place.

2.3. WTHP will apply a fair and reasonable methodology (approach) for service charges including how they are apportioned (distributed) and collected. We will meet all legislative and regulatory requirements.

2.4. This policy should be read alongside WTHP's Rent Policy, with consideration of Affordable Rents which are set at up to 80% of the market rent, inclusive of service charges.

2.5. The aim of this policy is to ensure that service charges are accurate, financially sustainable, transparent, fair and reasonable; support the delivery of quality services; demonstrate value for money; remain affordable; and are reviewed in line with legal and regulatory requirements and best practice.

2.6 WTHP will comply with all applicable legislation and regulatory requirements governing service charges, including the Landlord and Tenant Act 1985 and the current Rent Standard and government policy statement on rents for social housing.

3. Policy Accountability and Implementation

3.1 The responsibility for the setting of annual service charges lies with the Board.

3.2 The responsibility for implementing the service charge policy lies with the Head of Housing & Customer Experience (HHCE).

3.3 Compliance with this policy will be overseen by the Finance Director.

3.4 Assurance against the implementation and effectiveness of this policy will be reviewed periodically via our internal controls and internal audit service reviews. Financial performance will be overseen via WTHP management accounts which are presented to the Board.

4. Service charge principles

4.1 WTH will set reasonable and transparent service charges that reflect the services provided. Charges will be apportioned among the properties that benefit from those services in accordance with the relevant tenancy agreements or leases and applicable legal requirements. Residents will receive clear information explaining how their service charges have been calculated.

4.2 Where new or extended services are introduced, and an additional charge may need to be made, WTHP will consult with residents in line with all regulatory and legislative requirements.

4.3 Where existing service charges are reviewed and amendments identified, WTHP will consult with affected residents, in line with all regulatory and legislative requirements.

4.4 A management charge of up to a maximum of 15% will be added to the service charge except where it is wholly provided by another organisation and where no management fee is levied on WTHP.

4.5 The following may be included in the service charge where these services are supplied to residents; communal electricity, replacement light bulbs, communal gardening, tree work, communal cleaning, communal window cleaning, refuse removal, maintenance of communal TV aerials, water rates, maintenance of door entry systems, maintenance of fire safety equipment, testing of fire safety equipment and maintenance of lifts. Please note this list is not exhaustive.

4.6 WTHP will apply either a fixed or a variable service charge methodology, as required by the relevant tenancy agreement or lease, where applicable. Variable service charges will reflect the actual or estimated costs of providing services and will be reconciled where required. Fixed service charges will be set and reviewed in accordance with the applicable agreement and legal requirements.

5. Service Charge Setting

In setting service charges, WTHP will ensure the following:

We aim for all our service charges to be cost reflective, fair and value for money

5.1 We will use data and our knowledge of our properties to ensure that all services and any sinking fund provisions are accurately budgeted for and correctly reflected in the annual charge for residents.

5.2 We will correctly record and allocate all service charge costs in the ledger for each property.

5.3 We will deliver an appropriate level of service to each property, and we will demonstrate that the services offer value for money by procuring effectively (through a competitive process where appropriate) and benchmarking costs where possible.

5.4 We will ensure that costs are apportioned accurately and fairly across all residents who benefit from the service(s). Where the tenancy or lease agreement does not specify how we will apportion costs, we will seek to apportion these in a fair and reasonable way, and we will share the costs between residents in shared properties. Charges for communal areas will be split across those residents with access to those areas.

5.5 By fair and reasonable we mean that residents are charged for services that are available to them, but not necessarily used by them, in accordance with their individual tenancy or lease agreement.

5.6 We will ensure that utility meters are either Smart meters or are manually read at least twice a year to prevent the build-up of unexpected costs.

5.7 We will charge an administration fee in addition to the direct costs of services which will cover the costs of administering service charges team, including colleague time, the IT system, invoice/statements, correspondence, communication, accounting, general overheads, debt recovery and consultation. The level of this charge will be reviewed and agreed annually.

5.8 Sinking funds will be based on the estimated future cost of replacement and the number of years the particular component is expected to last.

5.9 Residents will not be charged costs attributable solely to unlet properties unless the tenancy or lease agreement expressly permits this. WTHP will meet those costs until a new tenancy or lease begins.

5.10 We will be prudent about how we spend residents' money and make data driven decisions for example, whether to continue to spend money repairing an asset or whether a replacement would be more cost effective.

5.11 We will collect service charges in a flexible and effective way promoting a choice of payment methods.

5.12 We reserve the right to subsidise charges at the authority of the Executive Team for reasons of affordability, value for money, housing management or other considerations.

We set and manage service charges consistently across the organisation

5.13 We will benchmark the cost of providing services across similar internal properties.

5.14 We will monitor and manage service charge spend throughout the year via our management accounts.

5.15 We will use property knowledge and data to challenge over and underspend areas.

5.16 When assessing affordability, we will consider the total charge comprising rent and service charges, together with local knowledge and relevant information such as void and tenancy sustainability data.

5.17 We will recover costs in line with the terms of our tenancy or lease agreements.

We will provide clear communication to our reidents and seek their feedback on service quality, costs and the administration of service charges

5.18 We will be open and transparent in explaining costs associated with providing services at a property.

5.19 We will offer opportunities to tenants and leaseholders to provide feedback on service quality and costs to enable us to improve how we manage contracts and services provided.

5.20 We will comply with all legal requirements for consultation, such as Section 20 of the Landlord and Tenant Act 1985.

5.21 We expect residents to raise any concerns with us regarding service charge related issues, for example, issues relating to poor quality service so we can address them in a timely manner to ensure we are continually achieving value for money.

5.22 We will provide service charge accounts (for variable service charges) and budgets in an easy-to-understand format.

5.23 We will provide easily accessible information on our website to explain our charges and what they cover.

We will regularly review our approach to service charge management to ensure our policy and practices are fit for purpose

5.24 We will continually review and adapt our practices and approach to ensure we are in line with current legal and regulatory requirements.

5.25 We will utilise our networks, sector bodies and expert advisors, for example, National Housing Federation (NHF), Royal Institution of Chartered Surveyors (RICS) and consultants, to ensure that we benefit from guidance, benchmarking and learning from best practice.

6. Complaints

6.1 Complaints regarding service charges will be dealt with in line with WTHP Complaints Policy.

6.2 Complaints about WTHP's service, communication or administration of service charges will be considered under the Complaints Policy. Disputes about liability to pay, apportionment, the amount charged or the reasonableness of costs may require determination by the First-tier Tribunal (Property Chamber) and may fall outside the complaints procedure.

6.3 WTHP will use all complaints as opportunities for learning and improving our services.

7. Performance Standards

- Annual reconciliation of service costs v services charged to ensure VFM and correct application of the policy.

8. Reference Documents

Legislation:

- Data Protection Act 2018
- General Data Protection Regulations (UK-GDPR)
- Equality Act 2010
- Housing Acts (1985, 1988, 1996, and 2004) as amended
- Landlord and Tenant Act (1985, 1987 – as amended)
- Commonhold and Leasehold Reform Act 2002
- Housing Benefit Regulations, as amended
- The Service Charges (Consultation Requirements) (England) Regulations 2003 (the 'Consultation Regulations')

Other key guidance:

- Regulator of Social Housing Regulatory Standards for Landlords
- National Housing Federation Service Charges Guidance
- Royal Institution of Chartered Surveyors (RICS) guidance

WTHP Policies:

- Rent Policy
- Procurement Policy
- Complaints Policy
- Equality, diversity and inclusion Policy

When setting policy, the Willow Tree Housing Partnership will ensure a golden thread of best practice runs through all aspects of its operations in respect of equality, diversity and inclusion. It will seek to minimise adverse environmental impacts arising as a consequence of its work. This approach and all policies will be reviewed on their anniversary date or as new guidance or legislation is introduced, whichever occurs sooner.