

1 Background and objectives

- 1.1 Alliance Homes Group (Alliance) owns and manages over 7,000 homes and most customers pay a service charge – a payment made for services received in connection with the occupation of their home.
- 1.2 Alliance manages the delivery of services and administers and applies service charges for any associated costs in line with our legal contract with each customer – typically the tenancy or lease agreement. Customers include, tenants, leaseholders, shared owners, sheltered leaseholders and customers of commercial premises.
- 1.3 This Service Charge Policy sets out the approach to the reviewing and setting of service charges at Alliance and aims to ensure that we:
 - Administer and account for charging in a fair, open and transparent way that reflects best practice
 - Maximise our income recovery to cover our costs of administering, managing, and providing services
 - Strive to secure the best value for money when delivering and procuring services
 - Provide information to customers and colleagues that is easy to understand and is quality checked and accurate
 - Deliver a service that is supported by clearly defined procedures and efficient processes that meet our contractual, regulatory, and legal requirements for all tenure types
 - For new schemes we will consider service charge implications for customers from the outset and aim to achieve value for money on any services provided
 - Review cases where we provide services but are historically unable to recover costs and pilot ways to explore the potential of varying agreements in consultation with customers.

2 Policy Detail

2.1 Tenure

- 2.1.1 The legal contract we have with each customer will determine the legal basis of charging and is typically the tenancy agreement for customers who rent their homes and a lease agreement for our residential and commercial leaseholders, and shared owners.

2.1.2 Alliance are the freeholders for most properties managed, in cases where Alliance do not hold the freehold we will administer and manage service charges on behalf of the legal agreement we have with the freeholder or the superior landlord.

Leaseholders and Shared Owners

2.1.3 The lease agreement determines which services a leaseholder and shared owner will be responsible for paying and this may include contributions to a sinking fund or reserve fund. Leaseholders of flats, and all shared owners (except for a small number DIYSO¹ customers) are charged a buildings insurance premium.

Affordable Rents

2.1.4 Properties let on an affordable rent basis include service charges as part of the overall rent. Rent is set at up to 80% of the market rent and is deemed to include the costs that would otherwise be separately service chargeable. We will seek to have visibility of the services provided and the costs of services provided to manage quality and value for money.

2.1.5 Commercial Leases

A small number of commercial leases have a separately specified service charge element, and the basis of the charging will be determined by the lease.

Section 20 Consultation

2.1.6 Section 20 consultation under the 1985 Housing Act will be required for all tenures that have variable service charges for:

- Any major works that meet the requirement of 'qualifying works'
- Contract renewals that fall under the terms of 'qualifying long-term agreements'

Section 20 consultations with customers are led and managed by the Home Ownership and Service Charge Team.

2.2 Types of Charges

Variable Service Charges

2.2.1 Most service charges that Alliance administer are variable service charges, and all new contractual agreements are set up on this basis. Section 18 of the Landlord

¹ DIYSO – Do it Yourself Shared Ownership – customers who accessed this shared ownership product (which is no longer provided) have lease agreements that state they are responsible for arranging buildings insurance for their own property

and Tenant Act 1985 defines a variable service charge as an amount payable by a tenant of a dwelling as part of or in addition to rent:

- which is payable directly or indirectly for services, repairs, maintenance, improvements or insurance or the landlord's costs of management, and
- the whole part of which varies or may vary according to the relevant costs.

Fixed Service Charges

- 2.2.2 A small number of customers have agreements where the level of service charges is fixed where the charges that can be recovered are 'fixed' regardless of the cost of providing services. No new contractual agreements are set up on this basis.

Sinking Funds, Reserve Funds and Depreciation

- 2.2.3 Where the terms of the occupancy agreement allow, we will manage and administer sinking and/or reserve funds and depreciate large capital items of expenditure. The purpose of this is to spread the cost of large items of expenditure for our customers.

Administration Charges

- 2.2.4 Administration charges are applied to service charges to cover the cost of the management and administration of the services provided and accounting for the associated costs.

Personal Charges

- 2.2.5 Some schemes have communal heating, electricity, gas, and water supplies where the overall cost of these requires apportioning to individual households for their personal use of these utilities. For newer schemes these communal services may be billed and managed by a third-party provider and will not form part of the service charges.

Third Party Management Fees

- 2.2.6 On some schemes a third-party management company will deliver services to customers for providing estate services. We will review and manage the quality and cost of these services and where appropriate will charge the cost back to customers.

2.3 Service Charge Setting and Accounting

Estimated Charges

- 2.3.1 We review service charges and service costs annually and we use information on actual costs incurred in the previous financial year and the latest information for

example, in relation to contract pricing to estimate the cost of providing services for the forthcoming year. The estimate and the breakdown of service charges will be sent to customers in February each year. These notifications run in parallel with the rent setting calendar.

Variance of Charges

- 2.3.2 Prior to the issuing of estimates a review of proposed charging will take place and any variations in charges above £5 a week will be reviewed by the Service Delivery Manager – Income and Lettings and then presented to the Strategic Leadership Team for scrutiny and consideration of the impact of any increases, their reasonableness and if they should be applied.

Actual Charges

- 2.3.3 In each financial year there is a reconciliation of estimated service charge expenditure against actual expenditure following the completion of the year end accounting. A final account will be produced which compares the actual cost of delivering the services against the estimate that was set, this may result in a surplus or a deficit. A service charge statement is produced and is sent to customers by the end of September each year.
- 2.3.4 Prior to the issuing of actuals statements any variations in charges above £5 a week will be reviewed by the Service Delivery Manager – Income and Lettings and then presented to the Strategic Leadership Team for scrutiny and consideration of the impact of any increases, and their reasonableness and if they should be applied.

3 Monitoring, Consultation and Review

- 3.1 The service charge budget is presented to the Board for approval as part of the annual budget round. Service charge income and expenditure is managed and monitored within Alliance management accounts.
- 3.2 Variances of new service charges of over £5 a week will be reviewed by the Service Delivery Manager – Income and Lettings and then be scrutinised and considered by the Strategic Leadership Team prior to charges being set.

4 Equality and Diversity

- 4.1 This policy is subject to a periodic Equality Impact Assessment (EIA).
- 4.2 The purpose of such an assessment is to consider the effect of the policy regarding the recognised characteristics of equality and ensure that it does not unfairly impact any individual or group. The protected characteristics are age, disability, gender reassignment, race, religion or belief, sex, sexual orientation, marriage and

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civil partnership, pregnancy and maternity or other grounds set out in our Equality and Diversity Strategy and Single Equality Scheme. Remedial action will be undertaken if a detrimental effect is identified.

- 4.3 The EIA also requires the policy author to consider whether the policy is likely to or negatively impact on a person's human rights.
- 4.4 This policy and any other related Alliance Homes publications can be provided in other formats for those with visual, literacy or language difficulties.
- 4.5 An Equality Impact Assessment has been undertaken – refer to Appendix 1.

5 Complaints

- 5.1 If you would like to raise a complaint in relation to this policy, you can do this by calling us on **03000 120 120** or emailing us at **act@alliancehomes.org.uk**.
- 5.2 All complaints will be handled in line with the latest Alliance Homes Complaint Handling Policy

6 Associated documents

- Rent Setting Policy
- Leasehold Management Policy
- Neighbourhood Management Policy
- Lettings Policy
- Debt Management Policy
- Complaints Policy
- Third Party Building Management Policy
- Reasonable Adjustments Policy.

7 Version control and approval dates

Approval stage	Date completed
Equality Impact Assessment completed	28 October 2025
EIA reviewed by Equality & Diversity Manager	30 October 2025
SLT review	17 th December 2025

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Audit and Risk Committee review	27 th January 2026
Board approval	18 th February 2026
Next review date	28 th February 2027

8 Appendices

Appendix 1 Equality Impact Assessment

Appendix 1: Equality Impact Assessment

An Equalities Impact Assessment must be conducted alongside the review of an existing policy or the creation of a new one.

1. Name the Strategy, Policy, Procedure or Function (SPPF) being assessed and name of author.

Service Charge Policy – Elaine Hargate, Service Delivery Manager – Home Ownership and Service Charges

2. Aims of the SPPF being addresses.

This policy sets out the approach to the reviewing and setting of service charges at Alliance with the aim of ensuring that we administer and account for charging in a fair, open and transparent way that reflects best practice.

3. Who has been consulted in developing the SPPF?

Cath Stenson, Service Director – Customer Service Operations
Rob Staplin, Service Director – Finance
Andy Copeland, Leasehold Manager
Julie Lewis, Service Delivery Manager – Income and Lettings
Michelle Harper, Service Delivery Manager - Neighbourhoods
Vickie Allen, Service Charge and Energy Business Partner
Toni Simmonds, Rents Business Partner

4. Does the SPPF promote equality of opportunity?

The policy promotes equality of opportunity across the protected characteristics by aiming to ensure that we administer and account for charging in a fair, open and transparent way. We routinely ask our customers about communication

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requirements and preferences to ensure we can accommodate communication and language needs.

5. Identify potential impact on each of the diversity “groups” by considering the following questions:

Protected Characteristic	No Impact	Negative Impact	Positive Impact	Information source/s*	Comments/Evidence
Race			X	Reasonable Adjustments Policy	Alliance will make reasonable adjustments to ensure accessibility to services for our customers. This will include providing communications in other languages where possible. We can use interpretation and translation services to enable communication and understanding.
Disability			X	Reasonable Adjustments Policy	Where possible Alliance will make reasonable adjustments to ensure accessibility to services for our customers. We will endeavour to ensure that information is accessible in requested format/via multiple avenues (online, in person) and that reasonable adjustments are made where possible to ensure those with disabilities have an opportunity for full consultation and can do so in accessible venues when held, alongside clear communications to explain what the charges are, and why they are being applied.
Gender	X				No evidence to support a positive or negative impact

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Protected Characteristic	No Impact	Negative Impact	Positive Impact	Information source/s*	Comments/Evidence
Transgender	X				No evidence to support a positive or negative impact
Sexual Orientation	X				No evidence to support a positive or negative impact
Religion or Belief	X				No evidence to support a positive or negative impact
Age	X			Reasonable Adjustments Policy	Where possible Alliance will make reasonable adjustments to ensure accessibility to services for our customers.
Marriage and Civil Partnership	X				No evidence to support a positive or negative impact
Pregnancy and Maternity	X				No evidence to support a positive or negative impact
Rural Issues	X				No properties currently in rural areas – transport links and accessibility are considered as part of the Scheme Appraisal process.
Social Mobility			X	Reasonable Adjustments Policy	We will ensure that a variety of methods for communication is available to ensure those who may not have access to the internet still have the opportunity to respond.

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Was there a negative impact identified in question 5? If yes go to question 6. If not go to question 7.

6. If “negative impact” identified in table (4) above, is it?

Legal	YES	NO
What is the level of impact?	HIGH	LOW

If it is not legal and/or high impact (i.e. If you have highlighted NO to legal and HIGH to impact) **then the document should be referred to Head of HR**

7. If positive impact has been identified in table (4) above, how can it be improved upon or maximised, either in this SPPF or others?

Where possible Alliance will make reasonable adjustments to ensure accessibility to services for our customers. We routinely check with customers what their preferred access requirements are and record this on our housing management system and refer to these requirements when we send service charge information to our customers.

8. Full EIA (or if you decide full EIA is not necessary but some changes should be considered)

YES	NO
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9. Does this proposal have any human rights implications?

If yes, please describe (If necessary, please refer to the Alliance Homes Human Rights Policy)

This policy supports Alliance’s approach to Human Rights which is detailed in our Human Rights Policy.