

Service Charge Policy

Version Number: 1.0

Effective From: November 2025

Applicable To:

This policy and its procedures apply to all members and colleagues of Bernicia Group, including Board Members, Trustees, Independent Committee Members, Directors, Involved Tenants, and colleagues whether full-time, part-time, fixed-term, casual employees, and volunteers of Bernicia, and subsidiaries of the group.

Associated Documents:

The following resources support the Investment policy and Bernicia colleagues to deliver financial investment. These can be found on the right of the Connect policy page:

- Rent Setting Policy
- Rent Recovery Policy

Equality, Diversity & Inclusion: An ED&I Assessment was completed in October 2025. Please contact the Governance team if you require a copy.

Approved By: Group Board November 2025

Policy Author: Director, Finance

Policy Owner: Executive Director, Finance

Next Review: November 2028

Reference Number: POL-0216

1. Policy Scope

This document sets out the service charge policy of Bernicia Group (**the association**). It has been approved by the Board of the association.

The Board recognises that the service charge policy must be kept under review. It will be reviewed internally annually and more often if changes in the external environment, for example legal, tax or market changes, mean it requires more urgent review. All minor changes will be reported to Board each year as part of the budget setting process. Any major changes will instigate a full policy review, outside of the normal review cycle.

The association will calculate service charges in accordance with regulation and best practice in a fair, reasonable and transparent manner ensuring value for money is achieved and communicated effectively to our customers.

The service charge policy covers service charge setting and review arrangements for the association's properties and is relevant to all tenancies (including leases) where a service charge is levied.

Service charges for properties are reviewed and set annually as part of the Group's annual budget process. This service charge policy is effective for all rents charged from April 2026.

The Group has adopted the National Housing Federation's (NHF) 'Service charges and rent charges: a guide for social housing landlords' for guidance. The guidance is legally robust as it is based on the principles or rules set by the courts during similar legal cases (case law).

The guide includes a standard list of chargeable items, providing a consistent framework for how we calculate and charge for services. A list of current service charge headings and information provided to customers in their rent increase letter is attached at Appendix 1.

In setting service charges, the association will comply with the provisions of S.18-30 of the Landlord and Tenant Act 1985. This means that costs will be reasonably incurred and relate to services or works which are of a reasonable standard.

2. Policy Standards

Standard 1: Types of Service Charge

A service charge is a payment made by a tenant or a leaseholder for services received in connection with the occupation of their home.

All customers with a Social Rent Tenancy Agreement for a property where services are provided will be charged a fixed service charge. This will be in addition to the rent. Customers with an Affordable Rent; Rent to Buy Tenancy Agreement will not be charged separately for any services delivered, instead they will be charged a single amount known as Gross Rent and this will be inclusive of any service charge. All customers with a Lease Agreement will be charged a variable service charge.

For fixed service charges, an estimate is prepared at the beginning of the year, and any surpluses or deficits are absorbed by the association.

For variable service charges, an estimate is provided at the beginning of the year and then compared to the actual costs after the charge year has ended, and the difference is charged/re-imbursed to the customer.

The services provided and the charge for those services are detailed initially in the Tenancy or Lease Agreement (including mutual exchanges). Customers will then receive an annual rent increase letter including a statement detailing any actual or estimated service charges for the year ahead in accordance with their agreement.

For customers with variable service charges, we will calculate the actual costs and send a service charge statement within 6 months of the end of the financial year. The statement will provide details of any under/over payment, and any differences will be charged / refunded (credited to the customers' account).

Standard 2: Calculation of Charges

All service charges are recalculated annually. They will be prepared by the Finance Directorate and presented to the Executive Management Team for review and the Board for approval. Charges will be calculated to recover costs and any variation to this will be approved by Board.

The calculation of charges will use the latest available information, including the consideration of inflation or changes in the price or rates of any existing contracts.

The association will record costs at scheme / block level and allocate appropriately to ensure that customers are only charged for the services they receive. Calculations will be rounded to the nearest whole pence for each charge heading using 2 decimal places.

Standard 3: New Developments

New developments often require a management company to deliver estate management services. They will deliver services such as grounds maintenance, cleaning and looking after communal areas to all customers at a scheme whether they are renting, shared owners, leaseholders or freeholders.

The association will monitor the quality and costs of these services and charge the costs back to the customer.

Standard 4: Consultation

The Housing Services Directorate is responsible for consulting with tenants about any new services they are not currently charged for or involving customers in changes to existing services such as the procurement of new contracts.

If consultation has not taken place, then the new charges will only apply to new customers at re-let.

The Leasehold and Home Ownership Team are responsible for consulting with shared owners and leaseholders. Under Section 20 of the Landlord and Tenant Act 1985 (amended by section 151 of the Commonhold and Leasehold Reform Act 2002), the association must consult before doing any of the following:

- Carry out works which will cost any one leaseholder more than £250. This includes repairs, maintenance and improvements to their building or estate.
- Enter into a long-term agreement (for more than 12 months) with outside contractors for work, supplies or services which will cost any one leaseholder more than £100 a year. Examples include cleaning, grounds maintenance and lift servicing.
- Carry out work under a long-term agreement where the work will cost any one leaseholder more than £250.

Standard 5: Complaints

In the first instance customers should report any query relating to their service charges to the Customer Contact Centre on 0344 800 3800; via email to complaints@bernicia.com, or in writing to the Head Office: Ashwood House, Oakwood Way, Ashwood Business Park, Ashington, NE63 0XF.

The association will endeavour to respond and resolve the query after initial contact. If a customer is not satisfied the query will be escalated to our complaints process.

If a leaseholder/shared owner customer is not satisfied with the outcome of the complaints process they can contact the Leasehold Advisory Service (LAS) who can help with advice on key issues that affect leasehold properties. More guidance is available at www.lease-advice.org.

**Uncontrolled if printed – This may not be the latest version of the policy
All policies must be printed from Connect only – please make sure it is the latest version.**

Tenants and leaseholders have a right to appeal to the First-tier Tribunal (FTT) (Property Chamber Commercial Property) if they are not satisfied with the demand for payment from the association. The FTT can determine:

- If costs were/are reasonable.
- If works were of a reasonable standard.
- If amount payable before costs incurred is reasonable.
- If costs are payable.

The association also has the right to apply to the FTT before works or proposed works commence for the same determinations outlined above. The right exists for either party's behalf except where the leaseholder has previously admitted liability, the matter is subject to ongoing arbitration, or a court order has been granted.

In addition to the FTT route, tenants and leaseholders can also complain to the Housing Ombudsman who can investigate the dispute.

The association will comply with the Complaint Handling Code, which has been updated and is now a statutory requirement. The purpose of the Code is to enable landlords to resolve complaints raised by their customers quickly and to use the learning from complaints to improve services.

Standard 6: Training and Awareness

Bernicia will ensure that all those involved in the calculation of service charges either directly or indirectly are provided with appropriate training in the application of this. All training and awareness raising activities will be logged.

3. Version Control

Version Number	Effective Date	Amendment made by	Version approved by	Description of changes
V1.0	20 October 2025	Director, Finance	Executive Director, Finance	Conversion to new policy template. No other changes.

**Uncontrolled if printed – This may not be the latest version of the policy
All policies must be printed from Connect only – please make sure it is the latest version.**