Service Charge Setting Policy

A plain-English guide for our tenants

Policy Name	Service Charge Setting Policy
Effective Date	September 2026
Approved By	Board
Approval Date	September 2026
Policy Owner	Susan Forbes Finance Manager
E & D Impact Assessed	Yes
Next Review	September 2029

1. Why we have this policy

This policy explains what service charges are, how they are calculated, and what you can expect to pay as part of your tenancy agreement.

Our aim is to be open and transparent about how service charges are set and how they help us maintain and manage your home and communal areas.

2. What are Service Charges

Service charges are payments that help cover the cost of providing services to your home, estate, or communal areas that are not included in your rent.

These services may include:

- Cleaning communal areas
- Scheme Manager Services and warden call.
- Grounds maintenance, gardening and estate services
- Communal lighting
- Lift maintenance and servicing

- Fire safety checks and equipment
- Door entry systems and CCTV
- Window cleaning
- Communal water, heating and light charges
- Communal Pest Control
- Laundry
- Health and Safety services

Not all tenants receive the same services. The services provided, and the charges applied, will depend on the type of property you live in and the services available at your location.

3. The types of Service Charges

There are two main types of service charges and tenants will pay either a Fixed Service Charge or a Variable Service Charge.

For all new tenancies, service charges will be charged on a fixed basis.

Fixed Service Charges - A fixed service charge is set at the beginning of the financial year and does not change during that year.

How it Works

- The charge is based on the estimated cost of providing services.
- You pay the agreed amount throughout the year.
- We do not adjust the charge based on the actual costs incurred.
- Any difference between the actual cost and the amount collected is managed by us.

Variable Service Charges - variable service charge is based on the actual cost of providing services.

How it Works

- We estimate the expected costs at the start of the year.
- You pay a charge based on that estimate.
- At the end of the financial year, we compare the estimate against the actual costs.
- If actual costs are higher than estimated, there may be an additional charge, which will be added to the service charge in the following year.
- If actual costs are lower than estimated, you will receive a credit reducing the service charge for the following year.

4. Our Commitment to you

We will ensure our service charges are:

- Fair and Reasonable
- Easy to understand
- Clearly explained
- Based on services that are provided
- Reviewed regularly
- Applied Consistently.

We will provide information about the services we charge for and answer any questions you may have about your service charge.

5. How we Calculate Service charges

We calculate service charges using information such as:

- Contractor and supplier costs
- Utility costs
- Maintenance and repair costs
- Staffing costs directly related to service delivery
- Inflation and changes in market prices

Costs are allocated fairly between the homes that benefit from the service.

Service charges can also include payments towards the cost of provision and replacement of certain assets through a provision or usage charge. This includes assets like door entry systems, fire safety equipment, TV aerial systems and other services.

The charge is based on the cost of replacement of the asset spread over the anticipated life span of the asset.

The following assumptions are made when calculating the anticipated life span of communal assets:

Standard Life Cycle - Equipment		
	Housing for Older People	General Needs
Warden call system	12	
Pull Cords for Warden Call	12	
Fire alarm	12	15
Door entry system	15	12
Communal TV aerial	15	15
Laundry equipment	10	
Communal Kitchen equipment	15	
Communal lounge furniture	10	
Painting Communal areas	10	10
Corridor, stairwell carpets etc.	12	12
Blinds	12	
Gates	12	12
Moving gates (only at City Road)		10
Lighting external communal areas	15	15
Lighting internal communal areas	15	15
CCTV System	10	

6. Management Fees

The service charge will include a management fee. This is a charge to cover the cost of managing the services, including (but not limited to) setting up and monitoring service contracts, paying invoices, compiling annual service charges and accounts and associated overheads.

Arawak Walton currently charges a management fee of 15% of the total cost of services provided.

7. Reviewing Service Charges

We review service charges every year.

As part of the review, we will:

- Check the cost of providing services
- Review contracts and supplier costs
- Consider any changes to services
- Ensure charges remain fair and reasonable

Where charges change, we will notify tenants and explain:

- The new charge
- The date it will start

8. Information about your service charge

We want tenants to understand their service charge. You can ask us for information about:

- The services included in your service charge
- How your service charge has been calculated
- Any changes to your service charge and the reason for the changes

9.If you have a question or a complaint:

If you have any questions about your service charge, please contact us.

We will:

- Explain the charge
- Provide available supporting information
- Investigate any concerns
- Respond as quickly as possible

If you are unhappy with our response, you can use our complaints procedure.

10. Who looks after this policy

- The Board approves this policy.
- The Finance Manager is responsible for the policy overall.
- Our Finance and Housing teams work together to set and apply service charges fairly and accurately.

11. Treating everyone fairly

We apply this policy fairly and consistently to everyone, whatever their age, disability, gender, race, religion, sexual orientation or any other protected characteristic. If you need this policy in another format – large print, audio, another language – just ask and we'll arrange it.

12. Keeping this policy up to date

We review this policy every three years, or sooner if the rules change. This version was approved by the Board on 22nd September 2026.

Questions about your rent or struggling to pay? Please contact your Housing Officer – we're happy to talk it through.