

This policy sets out Amplius' approach to setting and administering service charges under a Fixed Service Charge regime for customers and shared owners across Amplius. In respect of other tenure types, such as Leasehold Schemes for the Elderly (LSE), Right to Buy (RTB), Shared Ownership for the Elderly (SOE) and Outright Sale, Amplius will administer service charges under a Variable Service Charge regime which is in line with the various terms and conditions of existing leases.

# Fixed Service Charge Policy

## Document management

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<b>Directorate</b>	Finance
<b>Policy sponsor</b>	Chief Financial Officer
<b>Policy owner</b>	Director of Financial Operations
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## Review process

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<b>Approval route</b>	Customer - Directors Team – Executive Leadership Team
<b>Approved by</b>	Executive Leadership Team
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## Part 2

# Overview

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### Policy statement

This policy supports Amplus' values and is a commitment to improving lives and supporting colleagues by:

Seeking to align income with the cost of services delivered and will establish a clear and consistent approach to the regular review of service charges.

Charges for services will be in accordance with the contractual obligations that exist within the terms of our tenancy agreements.

The policy will ensure that the services that are provided offer value for money, are undertaken to a good standard and are delivered consistently.

All colleagues will be given clear guidance regarding service charges, and we'll ensure that they're provided with the information they need to deal with customer queries effectively.

Amplus will calculate service charges and define them as Fixed Service Charges, which means that Amplus won't be able to recover any overspends at the end of each financial year from its customers or refund any underspends.

Amplus will calculate service charges on a scheme-by-scheme basis to provide greater transparency to its customers and ensure that customers pay the true cost of the service provided.

This policy ensures that Amplus operates service charges within the current framework of the law and follows good practice guidance.

The intent is to achieve greater consistency across all tenures in terms of setting and administering service charges, and to give customers and stakeholders clear guidance about the services they can expect to receive and the associated costs they're expected to pay.

This policy will give customers a clear understanding of how they're being charged for these services and ensure that they're given the opportunity to comment on the services and information provided, as well as how they can change the services they're receiving or want to receive.

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### Scope

The term Amplus incorporates all member companies and subsidiaries.

The policy applies to:

- All parts of Amplus.

The Service Charge Team will ensure that a consistent approach is taken in the setting and monitoring of service charge budgets.

All other teams, such as Housing Management and Property Services Teams within Amplus will also be responsible for the implementation of effective customer care with regards to service charges.

This may include:

Housing Management including the Lettings Team

- Regular review of tenancy agreements.
- Appropriate customer consultation about service delivery and charges.
- Implementation of service charges on new schemes.
- Introduction or removal of services.
- Dealing with customer contact.

Property Services:

- Ensuring that annual service contracts are up to date, processed onto our asset management systems and split at scheme level.
- Ensuring that correct tendering processes are completed when services reach the end of any given contract period.
- Appropriate customer consultation about service delivery and charges.
- Introduction or removal of services.
- Dealing with customer contact.

The policy does not form part of any colleague's contract of employment and the policy may be amended at any time.

## Part 3

# Policy details

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## Definitions of a Fixed Service Charge

Fixed Service Charges are where an estimate is calculated of how much it'll cost to deliver a service for a financial year. This may be based on actual historical cost information, known contract costs or estimated service delivery costs.

A Fixed Service Charge will be defined within tenancy agreements and will be set at the start of each year, depending on the review date within the tenancy agreement. The service charge cannot therefore be changed during the year.

A Fixed Service Charge also means that Amplius won't be able to recover any overspends on the service charge at the end of the year or refund any underspends. It's therefore important that service charges are calculated as accurately as possible.

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## Scope of services

The service charge will cover the cost of providing and maintaining all services provided for the customer that are in addition to the benefit of living in their own home.

Amplius will calculate service charges on a scheme-by-scheme basis to provide greater transparency to its customers and ensure that they pay the true cost of the service provided.

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## Content of the service charge

The content of the service charge will vary according to the tenure, scheme, location and property type, i.e. house, bungalow, flat, sheltered accommodation. Customers will only be charged for the services that are available to them and as defined by the terms of the tenancy agreement.

Costs to be included within the service charge are those which are directly incurred for providing the service, meaning that costs are transparent and can be checked through an appropriate audit trail. In contrast, costs which are incurred indirectly, such as the management charge for administering the charge, would be more difficult for Amplius to identify the exact breakdown of cost.

Certain costs will always be excluded from a service charge for rented property, and these are the costs of housing management, maintenance of the structure and exterior of the building and building insurance.

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## Appointment of service charges

Having established the content of the service charge and the cost of providing those services on an annual basis, we'll then split these costs fairly between everyone receiving the services.

Where apportionments exist, clear rules must accompany them so that they can be explained to customers and costs remain transparent.

Where mixed tenure schemes exist, the apportionment of the service charge will be done in the same way, and all occupiers will be charged their proportion of costs as defined both within the tenancy agreement and the lease.

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### **Setting service charges**

Tenancy agreements will define service charges as fixed. Therefore, the setting of the service charge must be as accurate as possible, to ensure that actual costs are recovered.

Service charges will be based on estimates of the sum that is likely to be spent when providing services over the coming year. This estimate will be based on actual costs for the previous years, together with any new contract prices for re-tendered services such as a grounds maintenance contract.

Service charges will be set at scheme or estate level. Scheme-by-scheme service charge budgets will be maintained so that income and expenditure can be matched. As well as the initial setting process, systems will exist to ensure that monitoring of expenditure is completed throughout the course of the financial year.

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### **Renewal of equipment provision**

Within the service charge, an allowance can be collected for the future renewal of communal equipment such as lifts, door entry system, communal TV aerials etc.

Amplius will determine the estimated life span of its installations by using historical information together with information provided by suppliers when equipment is replaced. Amplius will manage its own asset management strategy and will hold its own asset register in respect of service charge purposes and ensure that this information is regularly reviewed.

No management charge will be added to either the depreciation charge or the renewal allowance within the service charge.

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### **Eligibility of services for Housing Benefit**

Provided that there is a contractual obligation by Amplius to provide the services for which a customer shall pay a service charge, most services are eligible for Universal Credit or Housing Benefit. Tenancy agreements must therefore be explicit about the obligations to provide services and for the customer to pay for them.

[Universal Credit: service charges - guidance for social landlords - GOV.UK](#)

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### **Review cycle**

Due to varying tenure types across Amplius, different review processes will be required for different tenancy agreements. The different tenure types are detailed below:

- Assured tenancies
- Secure/Fair Rent tenancies

All Amplius service charges are reviewed annually.

Amplius also has different effective dates within tenancy agreements dependent upon whether a tenancy is weekly/monthly/quarterly. In most cases the review date is either 1 April or the first Monday of April each year. In exceptional circumstances, service charges

may be reviewed at other times during the year in accordance with the requirements of the tenancy agreement.

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### **Managing Fixed Service Charge policy**

As part of any service review, customers will be consulted on the proposed changes in line with legislative requirements, their tenancy agreement and good practice guidance.

We'll use different methods for customer consultation, including:

- Customer Forum / Customer representatives when procuring new services.
- The Board of Management

Different methods of consultation will also be implemented dependent upon the type of change within the service charge. For example, when the amount of the service charge is changed in line with the cost of the service, this may be communicated by letter to notifying the customer of the change.

However, where services are being introduced or removed, a meeting with customers may be needed to communicate all the information to them and to hear their views on the changes.

It's also important to adhere to the terms of the tenancy agreements, as different tenure types have different clauses within the tenancy about varying services.

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### **Stock transfers and Rent Guarantees**

Where a stock transfer or rent guarantee agreement exists which contains clauses referring to service charges, then any such agreement overrides certain sections of this policy until the end of the guarantee period. Service charges would be reviewed at the earliest opportunity under the terms of the rent guarantee or transfer agreement.

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### **Management charge**

Amplius has determined that a 15 percent management charge on services is reasonable and in line with good practice guidance. Within Amplius statutory accounts and management accounts, management costs will be shown at 15 percent, however a separate record will be maintained to provide Amplius with an indication of what actual true management costs are.

This management charge is added to enable Amplius to resource the administration of service charges and to monitor the quality of services provided whilst ensuring we provide value for money.

Depreciation/renewals charge is the only service chargeable item that will be excluded from the management charge.

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### **New developments**

When planning new developments, Amplius' Development Team will, as far as possible and within the constraints of design and planning requirements consider the reasonableness of service charges.

Factors to be considered when assessing what is reasonable include:

- Service charges compared to those of similar properties.

- Whether the services provided are necessary.
- Whether service charge costs may be avoided through modified design.
- Eligibility of services provided for Housing Benefit and Universal Credit.

This process is carried out through design review and future schemes meetings which are attended by all relevant teams within Amplus and contain an approval process.

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## **Risk management**

Risk arises from Amplus' Fixed Service Charge policy in a number of ways, including:

- Financial risk through potential failure to ensure that enough income is generated to cover operating costs.
- Failure to comply with legislation, performance standards, good practice guidance and the terms of tenancy agreements.
- The service charge being viewed as unfair and not affordable.

Given the importance of these risks, it's recognised that the effective management of these is essential. This will be achieved through the ongoing review of this policy, systems and practices within Amplus to ensure that service charges are administered in the correct way.

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## **Affordability**

Service charges can be a significant addition to customer's rent, and it is therefore important that affordability is taken into account when setting a service charge. Amplus will aim to always obtain value for money.

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## **Appeals procedure**

Customers have the right to complain against the level of service charge that has been set under Amplus' complaints procedure. The complaints procedure can be found on the 'Contact Us' page on our website.

Depending on the type of tenancy agreement that a customer has, they may also have the right to complain as follows:

- For secure tenancies with fixed service charges, this will be to the Rent Officer by the customer, within 28 days of the rent registration, requesting that the Rent Officer forwards the appeal to the Rent Assessment Committee.
- For assured tenancies with fixed service charges and where a rent review clause is omitted from the tenancy, tenants have the right to appeal to the Rent Assessment Committee following a Notice of Increase under Section 13 of the Housing Act 1988.

Where services are not delivered, charges will be reviewed, and changes or refunds will be made accordingly.



### **Benchmarking**

Amplus will seek opportunities to benchmark to ensure its service charges and associated practices are comparable with other landlords in its peer group.

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### **Training**

Amplus is committed to training and developing colleagues and Board members so that they have a good knowledge of the procedures and systems in place that meets the expectations of customers and stakeholders. As such, colleagues who are involved in the delivery of this policy will be provided with appropriate training and guidance to ensure that its aims and objectives are met.

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### **Equality, diversity and inclusion**

The policy adheres to Amplus' approach to Equality and Diversity.

Amplus is committed to equality and recognises diversity in all areas of its work. Amplus will seek to treat people with respect and deliver services that meet individual need.

Amplus encourages tolerance and respect for different lifestyles, beliefs and views. Amplus values diversity and believes that everyone should be treated with dignity and respect.

We won't discriminate or tolerate discrimination against any person or group on the grounds of their race, ethnic origin, religion, age, disability, gender or sexual orientation.

Equality Impact Assessments will be completed where there are any major changes to scheme-based services or service charges.

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### **Summary of local variations**

Local authority housing benefit departments can vary on what charges are eligible and the amount they deem reasonable, therefore this is considered when setting service charges across Amplus.

## Part 4

# Compliance and administration

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## Legal and regulatory compliance

This policy fully complies with Amplus' legal and regulatory obligations.

- This policy, along with the policies noted below ensure compliance with the Regulator of Social Housing regulatory standards. This policy will be updated to reflect changes, updates and new policy implemented by the government.

This list is not exhaustive, and policy authors will undertake thorough research and/or seek professional advice to ensure that Amplus meets its obligations and complies with the current and relevant legislation and regulations.

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## Evaluation, review and performance monitoring

This policy will be reviewed on a Triennial basis to ensure that it remains fit for purpose. A policy review may also be required earlier, in response to internal or external changes for example changes in legislation. Prompt and effective action will be taken where improvements are identified.

The Service Charge Team is responsible for overseeing the implementation and subsequent reviews of the Fixed Service Charge policy. This will be achieved by working with the senior management teams within Amplus to ensure that the policy considers any changes in legislation together with good practice guidance.

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## Related policies

- Service Charges Policy (legacy Grand Union)

Part 5

## Appendices

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**A. Associated documents – Internal procedural documents, colleague use only**

- No current documents
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**B. The Housing Benefit Regulations 2006**

<https://www.legislation.gov.uk/uksi/2006/213/schedule/1/2020-04-06>

Part 6

# Changelog

Amended date	Summary of changes	Version №