

# **Service Charge Policy.**

## **Verda Living RP Limited**

<b>Document Classification:</b>	Confidential
<b>Policy Approval Level:</b>	Verda Living RP Limited Board
<b>Document Owner:</b>	Sam Winnard
<b>Last Updated By:</b>	Rasheed Rahman
<b>Version:</b>	1.0
<b>Last Review Date:</b>	July 2025
<b>Next Review Date:</b>	July 2026

## 1 Background

This policy sets out Verda Living RP Limited's (Verda Living) approach to setting and managing service charges for customers in rented homes where a service charge is payable. It applies across all rental tenures, including social rent, London Affordable Rent, and intermediate rent. Verda Living does not operate shared ownership homes, and this policy explicitly excludes leaseholders.

We recognise that service charges are a highly sensitive issue across the sector. When poorly managed, they can undermine tenant trust and damage organisational reputation. This policy is an important part of maintaining public confidence in our role as a Registered Provider. Verda Living is committed to managing service charges in a way that is robust, fair, and demonstrably value-driven.

We are committed to:

- Transparent and fair service charge setting.
- High-quality, well-maintained homes.
- Delivering services that are affordable and aligned with regulatory expectations.
- Full compliance with the GLA's Service Charges Charter.

## 2 Policy Objectives

We aim to:

- Ensure all service charges reflect the actual costs of services provided.
- Actively challenge and minimise costs before they are passed on, asking whether each service is essential, efficiently delivered, and proportionate to the benefit received by tenants.
- Promote transparency and accountability in how charges are set, managed, and reviewed.
- Deliver value for money and keep charges affordable, consistent with the Mayor of London's affordability criteria.
- Provide customers with clear and timely information on charges and their rights to challenge them.

## 3 Definition of Service Charges

Service charges are the costs recoverable from tenants for the maintenance, repair, management, and provision of shared services beyond the individual unit. Common services include:

- Communal cleaning and lighting
- Grounds maintenance
- Fire safety systems and inspections
- Lifts and M&E maintenance
- CCTV or door entry systems
- Buildings insurance (if not included in rent)
- Estate management charges (e.g., third-party managing agents)

Service charges do not cover costs related to the individual property, e.g., repairs inside the home.

## 4 Types of Charges

All charges must be supported by clear evidence and subject to internal scrutiny before they are passed on to tenants.

- **Fixed Charges:** These are estimated annually and remain unchanged during the year. Fixed charges are used for most social and London Affordable Rent tenures.
- **Variable Charges:** Not currently used at Verda Living, but we reserve the right to introduce these where legally permitted and where reconciliation is operationally viable.
- **Management Fee:** A reasonable charge to recover the cost of administering service charges and managing services, including scrutiny of third-party managing agents. This will be benchmarked and reviewed periodically to ensure value for money.

## 5 Compliance with the GLA Charter

Verda Living is fully committed to meeting the principles of the GLA Service Charges Charter, including:

### Transparency

- We provide clear service charge estimates before tenancy begins and update them annually.
- Statements will break down charges by service type, with accessible explanations.
- Any increase beyond a reasonable threshold will be clearly explained.
- Our approach to inflation and cost control will be transparent, with tenants informed of any actions taken to minimise unavoidable increases.
- Where applicable, we will publish our management fee methodology.

### Affordability

- All charges are set with reference to the affordability criteria in the London Plan: annual housing costs (rent plus service charge) must be below 40% of net household income.
- Charges are benchmarked against similar properties to ensure they remain reasonable and provide value for money.
- We proactively monitor schemes for unusually high-cost items and seek efficiencies in procurement and specification.

### Design

- We work with developers and managing agents to design out high-cost features and ensure robust, low-maintenance components are used.
- Procurement strategies focus on whole-life value, not just lowest upfront cost.
- All service charge implications are considered during scheme design and management planning.

### Challenge and Redress

- We will clearly communicate how tenants can raise queries or disputes.
- Customers can inspect the breakdown of costs and request supporting documents in line with the Landlord and Tenant Act 1985.
- We will resolve errors swiftly and offer repayment or credit in the next billing cycle where overcharges are identified.

## 6 Setting and Reviewing Charges

Each year, Verda Living will:

- Review actual service delivery costs and forecast future charges.
- Challenging each cost item to assess:
  - Is the cost essential to delivering a safe, high-quality home?
  - Is it efficient and competitively procured?
  - Is it fair and proportionate to pass on to tenants?
- Engage with property managers, agents, and internal teams to verify accuracy.
- Notify residents of any changes at least one month in advance.
- Consult with residents on proposed new services or significant changes.

Where managing agents set the service charge (e.g., through an estate management company), we will:

- Review their breakdown and challenge costs that appear excessive or unclear.
- Apply our own management fee only on costs within our control.

This process ensures that service charges are not simply passed through but are actively managed, controlled, and explained.

## 7 Estate Management and Third-Party Charges

Where an external managing agent is responsible for part or all of the service delivery:

- We will thoroughly review and challenge their cost schedules before agreeing to recharge tenants.
- We will only pass on charges that are contractually justified, reasonable, and evidenced.
- Where Verda Living adds a management fee for administering these charges, we will explain the basis for this fee and review it periodically.

## 8 Sinking Funds

Verda Living does not operate sinking or reserve funds for rental properties. Costs of major works are covered by the landlord and not recharged to tenants.

## 9 Communication with Tenants

We are committed to:

- Issuing annual service charge schedules in a clear and comprehensible format.
- Publishing an explanatory guide alongside each statement.
- Responding to reasonable requests for breakdowns or clarification within one month.
- Consulting tenants where required, particularly where a new service is introduced.

## 10 Service Charge Disputes

If a tenant believes a service charge is incorrect:

1. They should contact Verda Living’s customer service team (Pinnacle) in the first instance.
2. If not resolved, the matter can be escalated through our complaints procedure.
3. If still unresolved, tenants may contact the Housing Ombudsman.

## 11 Value for Money Commitment

Verda Living is committed to ensuring that tenants receive services that are necessary, efficient, and good value. Our approach includes:

- Reviewing and streamlining service specifications annually.
- Benchmarking costs against market comparators.
- Procuring services through competitive, transparent processes.
- Scrutinising all charges proposed by external managing agents or contractors.
- Rejecting any cost that cannot be clearly evidenced or justified.

We will never pass on unnecessary or inefficient costs. Our objective is to deliver high-quality shared services at the lowest sustainable cost.

## 12 Annual Review

This policy is reviewed annually by the board of the Company.

Version	Date Approved	Date for Review	Updates
1.0	July 2025	July 2026	Creation of first version of policy