

T3 Residential Limited

Service Charge Setting Policy

1 Introduction

- 1.1 The purpose of this policy is to outline the approach that T3 Residential Limited (“**T3 Residential**”) will take to setting service charges.
- 1.2 In setting service charges, T3 Residential will be transparent with its residents and balance its need to maintain financial viability with ensuring that charges are affordable for residents.
- 1.3 This policy applies to all Social (Formula) Rent properties owned by T3 Residential.

2 Legal and Regulatory Responsibilities (not exhaustive)

- 2.1 This policy is aligned with the following legislative and regulatory requirements:
 - The Landlord and Tenant Act 1985, Sections 18 – 30 (as amended by the 1987 Act and the Housing Act 1996) and the Leasehold Reform Act 2002, Part 2, Sections 150-159;
 - Section 20 Service Charges (Consultation Requirements) (England) Regulations 2003;
 - Commonhold and Leasehold Reform Act 2002;
 - Regulator of Social Housing’s Rent Standard; and
 - Government’s policy statement on rents for social housing (December 2022).

3 Scope

- 3.1 This policy applies to T3 Residential’s properties which are let for Social (Formula) Rent. All staff, managing agents and vendors are expected to work in line with this policy.

4 Policy Aims

- 4.1 T3 Residential aims to:
 - Ensure that all legal and regulatory obligations in respect of rent and service charges are met, including the service charge cap specified in the s106 agreement;
 - Deliver a consistent and fair approach to setting service charges;
 - Deliver a high-quality service that is user friendly, transparent and provides value for money;
 - Recover from tenants all service costs where allowable at a frequency that aligns with rent payments; and
 - Scrutinise and review all third-party charges.
- 4.2 T3 Residential will:
 - Send service charge statements of accounts and budgets on time and in a clear format;
 - Communicate in a manner that ensures residents understand what services they can expect to receive and how much they are required to contribute towards those services;
 - Notify customers of service charges on time and in a clear format;
 - Notify customers of any changes to service charge in time for revised charges to be payable each year;
 - Address service charge arrears urgently with customers, explaining the implications of non-payment in line with our Rent Collection and Arrears Policy and procedures;
 - Ensure that services are properly accounted for, service costs are clearly reported and charges are set accurately, to recover the costs of providing the services where allowable under a tenant’s tenancy agreement; and

- Ensure services are carried out to a high standard and monitor the performance of those delivering them.

5 Setting Service Charges

- 5.1 In setting service charges, T3 Residential is mindful of the need to be open and transparent to enable tenants to plan financially, and to ensure that properties are affordable. Service charges related to the property, will be clearly outlined within the tenancy agreement.
- 5.2 The basis and method of apportionment should be demonstrably fair and reasonable, ensuring that individual occupiers bear an appropriate proportion of the total expenditure, reflecting the availability, benefit and use of the services.
- 5.3 We will normally apply fixed service charges. Service charges will be set annually at a predetermined amount, based on estimated costs for providing services. The fixed charge will be applied from April each year and will not be subject to reconciliation or adjustment during the year. Tenants will receive confirmation of the fixed charge and the basis on which it has been calculated.
- 5.4 After reconciliation where a resident is in credit this will be refunded to them within 3 months of reconciliation. Where the resident is in debit, the charge payable will be apportioned over the following 12-month period.
- 5.5 Service charges will be estimated before properties are purchased, and the costs will be included on adverts for the property and in the affordability assessment so that applicants are aware of these costs. We will provide customers with a revised schedule of service charges a minimum of one month prior to the start of the next financial year.

6 Service Charge Items

- 6.1 Service charge will be levied, where applicable, to recover reasonable costs incurred for the provision of chargeable services. This is laid out in resident tenancy agreements.
- 6.2 When the scheme service charges are apportioned a management fee of 15% is applied in the case of a fixed service charge and a fee dependent on the value of services provided for variable service charges.

7 Tenant Engagement

- 7.1 When setting the service charge, T3 Residential or its appointed managing agent will consult annually with tenants on the services to be provided such as the repair and maintenance of communal areas and provide an opportunity for tenants to comment on the cost and quality of the services being provided. This consultation will be undertaken at least two months in advance of the service charge being approved for the new financial year.

8 Appeals and Complaints

- 8.1 Where a tenant is not satisfied with a decision taken under this policy they can complain or appeal using the process outlined in our Complaints Policy. If a tenant remains dissatisfied or they consider that their service charges are unreasonable, or that the service we provide is inadequate, they may be able to take their case to the First-tier Tribunal (Property Chamber).

9 Policy Review

9.1 The board is responsible for maintaining, implementing, monitoring, and evaluating this policy to ensure it remains current.

9.2 The policy will be reviewed every two years or more frequently as a result of an incident occurring, feedback obtained, internal/external audits and change in legislation or regulation. This process ensures the policy continues to be appropriate, adequate and effective.

10 **Background Documents**

10.1 This policy should be read in accordance with the following policy documents:

- Rent Setting Policy;
- Repairs and Maintenance Policy; and
- Rent Collection and Arrears Policy

December 2025

Current version	Data approved	Date for Review	Document Owner	Date change log updated
1.0	December 2025	December 2026	Linzzie Wallace	n/a