

M&G Affordable Living RP Limited (“MAL”)

Service Charge Policy

Landlord: MAL Affordable Living RP Limited “MAL”

Version: MAL 1.0

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1. Introduction

This policy sets out the organisational framework for the legal, regulatory and operational management of service charges. It applies to all homes owned by MAL under the following tenures:

- Affordable Rent
- Shared Ownership

Residents under these tenures are liable for a service charge in addition to rent (or mortgage payments for Shared Ownership) to cover costs associated with the provision, management and maintenance of communal services and areas.

Affordable Rent tenancies are excluded where service charge costs are incorporated within the total periodic rent.

2. Definition:

Under Section 18 of the Landlord and Tenant Act 1985, a service charge is defined as:

“An amount payable by a tenant of a dwelling as part of or in addition to the rent which is payable directly or indirectly for services, repairs, maintenance or insurance or the landlord’s cost of management and the whole or part of which varies or may vary according to the relevant costs.”

This definition also applies to Shared Ownership leases.

3. Policy Aims and Principles

- MAL will ensure that service charges are calculated, set and administered in a manner that:
- Complies with contractual, legislative and regulatory requirements.
- Is transparent, consistent and aligned with best practice.
- Reflects value for money in the procurement and delivery of services.
- Ensures accuracy and robust quality control in service charge information.
- Is communicated clearly to relevant internal stakeholders and residents.

We will take all reasonable and practicable measures to provide housing that is suitable for meeting the needs of our tenants or members of their household who become disabled or who have a disability that affects the enjoyment of their home.

We will not offer a tenancy if a property is unsuitable or if it cannot be adapted reasonably and practically to meet the needs of the proposed new tenant.

4. Service Charge Setting and Management

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Service charges will be set and managed in accordance with legislation, regulatory requirements and recognised sector best practice.

All costs included in service charges must be relevant, reasonable and directly attributable to the block and/or estate.

For new developments, estimates may be less accurate where services are not yet fully operational. Tenancy agreements and leases will specify the services for which charges are payable.

5. Scope of Services

Services typically recoverable through service charges may include, but are not limited to:

- Maintenance and repair of communal areas, lighting, lifts, CCTV and fire safety systems.
- Cleaning of shared spaces and refuse/estate management services.
- Employment costs for caretaking or concierge services.
- Buildings insurance and sinking/reserve funds for Shared Ownership in accordance with lease terms.

6. Apportionment

MAL will apply the apportionment method defined in the tenancy agreement or lease. Where no method is stated, apportionment will be based on the square metre measurement of each dwelling.

Where a dwelling has been adapted for wheelchair use, adjustments will be applied to avoid disadvantaging the resident. The floor area used will reflect an average of comparable non adapted units.

7. Communication and Key Dates

The following timetable will be followed:

- February: Issue estimated service charges for the following April–March financial year.
- September: Issue annual reconciliation of actual costs against estimates.
- Within 18 months: Section 20B notices issued where final accounts cannot be confirmed.

8. Reconciliation

Surplus: Credited to the rent account or refunded where the account is in credit.

Deficit: Added to the rent account and payable within 28 days; payment plans may be agreed.

Applies across all relevant tenures including Shared Ownership.

9. Benefit Entitlement

Where eligible, elements of the service charge may be recoverable through Housing Benefit or Universal Credit. Any shortfall remains payable by the resident.

10. Consultation Requirements

MAL will undertake statutory consultation in accordance with Section 20 of the Landlord and Tenant Act 1985 for:

- Qualifying works costing over £250 per service charge payer;
- Qualifying long term agreements exceeding 12 months and costing over £100 per payer per year.
- Urgent works may require seeking dispensation from the First tier Tribunal (FTT).

Where statutory consultation is not required, residents will be informed of proposed changes and invited to provide feedback.

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11. Management Fees

Management fees cover costs associated with administering service charges, managing properties and overseeing third party service providers.

For rented tenures, the fee is 15% of service costs, capped at £200 per unit per year, and varies proportionately with service costs.

Fees increase annually in line with the relevant month’s CPI.

For Shared Ownership, fees apply as defined in the lease.

12. Capital Contributions

Where capital items are replaced, repaired or renewed, costs will be recovered through service charges in line with lifecycle expectations.

Example: Replacement of a £50,000 lift with a 25 year lifespan results in an annual charge of £2,000 apportioned across the relevant units.

13. New Developments

MAL will work with developers to ensure new development service charges are:

- Affordable and reasonable;
- Relevant to the long term maintenance requirements of the building;
- Estimated accurately to support resident financial planning.
- Lifecycle-based contributions may be applied where applicable.

Where MAL is not the freeholder, reasonable cooperation will be provided in response to information requests from residents or recognised associations.

14. Fixed and Variable Service Charges

Fixed Charges:

MAL bears the risk of deficits and retains surpluses.

Variable Charges:

Charges are based on estimated expenditure with annual reconciliation. Any over or under charging will be reflected in the following year’s charges.

15. Statements

MAL / managing agents will:

- Provide annual estimates in advance of the financial year where required.
- Provide actual expenditure statements within six months of year end or as contractually required.
- Support flexible payment options and signpost residents to debt advice where appropriate.

16. Appeals

Disputes regarding service charge costs will be addressed through MAL’s Complaints Policy and Procedure.

17. Legislation and Regulation

- Landlord and Tenant Act 1985
- Commonhold and Leasehold Reform Act 2002

18. Policy review

We will review this policy every year to make sure it remains relevant and accurate, or more frequently where:

- Legislation, regulation or industry changes require otherwise, making sure that it continues to meet our aims and industry best practice.
- We identify any problems or failures in this policy or procedure as a result of customer, colleague or stakeholder feedback, complaints, or findings from an independent organisation.
- We become aware of any circumstances which may affect the content of this policy.

19. Version Control

Version	Checked by	Amendments	Date of Approval	Review date
MAL Affordable Living Limited.	Director Fund Management	Policy adoption.	Feb. 2026	Feb 2027