

Charter Checklist

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Principle	Guideline	Description	Requirement
Ensuring Leaseholders are provided with the information they need to understand their Service Charges			
Transparency	Early information	Providing potential buyers with early information on service charges and other fees will help them to understand their obligations and make informed decisions, avoiding surprises further down the line.	Prior to purchase new buyers should be provided with explanatory information on service charges in plain English.
Transparency	Early information	Providing potential buyers with early information on service charges and other fees will help them to understand their obligations and make informed decisions, avoiding surprises further down the line.	For Shared Ownership homes, GLA funding requires the provision of Key Information Documents prior to purchase, in which estimates of service charges should be included.
Transparency	Early information	Providing potential buyers with early information on service charges and other fees will help them to understand their obligations and make informed decisions, avoiding surprises further down the line.	The sinking (reserve) fund should be clearly explained in Key Information Documents, including an explanation of what the fund will be used for and an estimate of the annual contribution. The value of sinking fund contributions should form part of the affordability assessment prior to purchase.
Transparency	Early information	Providing potential buyers with early information on service charges and other fees will help them to understand their obligations and make informed decisions, avoiding surprises further down the line.	Where a cap or arrangement is in place to limit service charges, these should be clearly stated prior to completion, including information on when they expire and the impact on future charges.
Transparency	Early information	Providing potential buyers with early information on service charges and other fees will help them to understand their obligations and make informed decisions, avoiding surprises further down the line.	The information provided to potential buyers should contain details about warranty and defect periods of major components in the development and buyers should be made aware of how service charges may be affected once these periods have expired.
Transparency	Early information	Providing potential buyers with early information on service charges and other fees will help them to understand their obligations and make informed decisions, avoiding surprises further down the line.	Potential buyers should be provided with a long-term estimate of their service charges that goes beyond warranty/defect periods. As an example, they could be provided with a year-3 estimate with all the expected repair and defect costs included.

Transparency	Early information	Providing potential buyers with early information on service charges and other fees will help them to understand their obligations and make informed decisions, avoiding surprises further down the line.	Housing providers should publish a list of their additional fees and charges (other than service charges) on their website and ensure this is updated annually.
Transparency	Early information	Providing potential buyers with early information on service charges and other fees will help them to understand their obligations and make informed decisions, avoiding surprises further down the line.	Housing providers should clearly explain their relationship to the building to new buyers. This should include an explanation of who the freeholder is, the role of the housing provider in holding the head lease. If there is a managing agent (or multiple parties providing services), it should be made clear who they are, who appoints them and on what terms, and what their responsibilities are.
Transparency	Service Expectations	Leaseholders should be able to find out what level of service they can expect. As well as providing practical information on the maintenance, repair and running of their building, this may serve to improve transparency for leaseholders in understanding what service charges are paying for.	Housing providers should outline what level of service their leaseholders can expect with respect to relevant components of their service charge statements. For example, leaseholders should be told how frequently they can expect cleaning of communal areas, how often regular maintenance will be performed or how quickly they can expect repairs to be completed. Residents should be provided with full contact details of the relevant people to whom any concerns about service level performance should be communicated. Such contact details should be updated when those people change.
Transparency	Service Expectations	Leaseholders should be able to find out what level of service they can expect. As well as providing practical information on the maintenance, repair and running of their building, this may serve to improve transparency for leaseholders in understanding what service charges are paying for.	Leaseholders should be made aware of the communal areas that they will be liable for through their service charges.
Transparency	Service Expectations	Leaseholders should be able to find out what level of service they can expect. As well as providing practical information on the maintenance, repair and running of their building, this may serve to improve transparency for leaseholders in understanding what service charges are paying for.	Sinking fund contributions should be reasonable and aligned to major works programmes. Information on major works programmes (including the nature of the work involved and planned timescales) should be accessible to leaseholders in order to help them understand their sinking fund.

Transparency	Service charge statements and apportionment	Service charge statements are the primary means through which leaseholders understand their service charges. Statements that are easy to understand and consistent from year to year are therefore vital to providing leaseholders with the clarity they need – particularly where costs or services change significantly.	The service charge statement should be laid out clearly with costs broken down by service.
Transparency	Service charge statements and apportionment	Service charge statements are the primary means through which leaseholders understand their service charges. Statements that are easy to understand and consistent from year to year are therefore vital to providing leaseholders with the clarity they need – particularly where costs or services change significantly.	Detailed explanatory information should be provided in service charge statements to assist leaseholders with understanding the charges.
Transparency	Service charge statements and apportionment	Service charge statements are the primary means through which leaseholders understand their service charges. Statements that are easy to understand and consistent from year to year are therefore vital to providing leaseholders with the clarity they need – particularly where costs or services change significantly.	The proportions that leaseholders pay for particular services should be clearly and consistently stated and the method for apportioning service charges should be clearly explained.
Transparency	Service charge statements and apportionment	Service charge statements are the primary means through which leaseholders understand their service charges. Statements that are easy to understand and consistent from year to year are therefore vital to providing leaseholders with the clarity they need – particularly where costs or services change significantly.	Where the charge for a particular item has changed by a significant amount, leaseholders should be given a clear explanation of why. It is for providers to establish and communicate a reasonable objective threshold for circumstances in which an explanation will be provided.

Transparency	Service charge statements and apportionment	Service charge statements are the primary means through which leaseholders understand their service charges. Statements that are easy to understand and consistent from year to year are therefore vital to providing leaseholders with the clarity they need – particularly where costs or services change significantly.	Statements should be consistent and comparable over time, using consistent itemisation, categorisation and definitions over time. Where changes are made, these should be explained, and leaseholders should be advised on the comparability between new and old items and categories.
Transparency	Service charge statements and apportionment	Service charge statements are the primary means through which leaseholders understand their service charges. Statements that are easy to understand and consistent from year to year are therefore vital to providing leaseholders with the clarity they need – particularly where costs or services change significantly.	Housing providers should aim to update leaseholders of whether incurred costs are in line with the estimated service charges mid-period in order to allow leaseholders to budget accordingly.
Transparency	Service charge statements and apportionment	Service charge statements are the primary means through which leaseholders understand their service charges. Statements that are easy to understand and consistent from year to year are therefore vital to providing leaseholders with the clarity they need – particularly where costs or services change significantly.	Where services are provided by more than one party, the accounting year used by each party should be made clear.
Transparency	Consulting Leaseholders	The operation and management of buildings may change over time and it is reasonable for leaseholders to expect that they should be consulted if such changes would result in significant changes to their service charges. Greater transparency in the process of changes to service charges is likely to facilitate greater trust in the administration overall.	Housing providers should have a published policy on when and how they consult leaseholders when proposing significant changes to service charges.
Ensuring that the affordability of service charges is a key consideration when setting or reviewing service charges			

Affordability	Setting service charges	To ensure affordability, prioritising economies of scale and appropriately managing potential cost rises after defects and warranty periods are key. Regular reviews can also ensure that costs to leaseholders are minimised and setting realistic service charges also helps to builds trust between housing providers and leaseholders.	New service charges should be set at a realistic level wherever possible to ensure customers are clear on their likely ongoing costs.
Affordability	Setting service charges	To ensure affordability, prioritising economies of scale and appropriately managing potential cost rises after defects and warranty periods are key. Regular reviews can also ensure that costs to leaseholders are minimised and setting realistic service charges also helps to builds trust between housing providers and leaseholders.	Services should utilise economies of scale and deliver value for money to the customer.
Affordability	Setting service charges	To ensure affordability, prioritising economies of scale and appropriately managing potential cost rises after defects and warranty periods are key. Regular reviews can also ensure that costs to leaseholders are minimised and setting realistic service charges also helps to builds trust between housing providers and leaseholders.	When setting budgets, housing providers should have regard to potential defects and warranty periods to ensure that potential future cost rises after this period are managed appropriately.
Affordability	Setting service charges	To ensure affordability, prioritising economies of scale and appropriately managing potential cost rises after defects and warranty periods are key. Regular reviews can also ensure that costs to leaseholders are minimised and setting realistic service charges also helps to builds trust between housing providers and leaseholders.	Service provision and cost expenditure should be reviewed regularly to ensure that ongoing costs to leaseholders are minimised and where appropriate are reduced accordingly.
Affordability	Setting service charges	To ensure affordability, prioritising economies of scale and appropriately managing potential cost rises after defects and warranty periods are key. Regular reviews can also ensure that costs to leaseholders are minimised and setting realistic service charges also helps to builds trust between housing providers and leaseholders.	Dealing with overpayment is sometimes specified in the lease. In all scenarios, leaseholders should be made aware and promptly refunded (or credited against their next service charge payment) where there is an overpayment.

Affordability	Setting service charges	To ensure affordability, prioritising economies of scale and appropriately managing potential cost rises after defects and warranty periods are key. Regular reviews can also ensure that costs to leaseholders are minimised and setting realistic service charges also helps to builds trust between housing providers and leaseholders.	Where appropriate, smart meters should be installed in communal areas to ensure billing relies on up-to-date actual readings for leaseholders.
Affordability	Setting service charges	To ensure affordability, prioritising economies of scale and appropriately managing potential cost rises after defects and warranty periods are key. Regular reviews can also ensure that costs to leaseholders are minimised and setting realistic service charges also helps to builds trust between housing providers and leaseholders.	Sinking funds should be reasonable and tailored to the nature of the development, accurately reflecting the extent of shared areas, associated levels of plant and infrastructure, and major works programmes. They should be reviewed periodically to ensure value collected will cover the cost of future replacement.
Affordability	Setting service charges	To ensure affordability, prioritising economies of scale and appropriately managing potential cost rises after defects and warranty periods are key. Regular reviews can also ensure that costs to leaseholders are minimised and setting realistic service charges also helps to builds trust between housing providers and leaseholders.	The value of sinking fund contributions should be sufficient to prevent large claims being made on leaseholders in years when high value cyclical or replacement works are required.
Affordability	Financial Hardship	Unexpected repairs or works may be necessary and are a common reason why service charges can fluctuate. These unanticipated changes in service charges may impact residents on lower incomes more adversely than others and some may find themselves in financial hardship as a result.	Housing providers should have a published policy on repayment options for leaseholders experiencing financial hardship, including where increases in their service charge have contributed to their situation.
Encouraging design approaches for new build developments that minimises service charges while ensuring high quality design			
Design	Designing to minimise service charges	The design stage is crucial to the performance of the service charge regime for the life of the building.	The affordability and apportionment of service charges derive from the built fabric, which often cannot be changed easily after schemes are completed and occupied. Where appropriate and practical, improvements to design should be considered which may have a higher initial cost but minimise ongoing cost to the leaseholder.
Design			Consideration should be given to the number of customers benefitting from a service relative to the cost of maintenance and replacement.

Design			Components and assets used in the development of new properties should be of sufficient quality to ensure maximum lifespan for replacement and minimal repair costs.
Design	Approaches to procurement	Developers and housing providers should pay specific attention to longevity and quality of components, to maximise whole life value-for-money for leaseholders.	Where possible, procurement of component parts should be standardised to achieve economies of scale and minimise costs.
Design			Where possible, procedures for procuring significant assets (such as lifts) should be standardised.
Design			Cyclic replacement cost considerations should be factored into all procurement.
Design	Consulting stakeholders	Understanding how a development will be managed once operational is central to understanding the potential impacts on service charges.	Developers should consult sufficiently widely, and at an appropriate stage, to ensure that scheme design has considered long-term service charge and building management implications. All relevant housing management departments should be consulted within the design and construction phases of development.
Design			Housing providers should liaise with developers on mixed tenure schemes at the planning stage to ensure their management needs are understood and to develop designs that sustain inclusive communities and affordable service charges throughout the life of the development.
Design			Feedback and challenge from existing residents should be used to inform the design of service charge regimes for future development.
Design	Creating Inclusive communities	Design should play a key role in encouraging inclusive communities to develop while at the same time maintaining the affordability of service charges and housing costs overall, particularly for residents of affordable housing. Access to amenities and facilities within a development is an important consideration in the apportionment of service charges.	Leaseholders and residents of affordable housing should be provided with equivalent or shared access to green and open spaces such as gardens, public realm and play space.
Design			Providers should make it clear to leaseholders and residents of affordable housing if there are facilities (for example, gyms, workspace and car parking) in their wider development that are not included in their leases or outside the scope of their service charge in the case of Shared Ownership homes.

Design			Leaseholders and residents of affordable housing should be able to access on-site amenity included in the leases of private housing through pre-paid arrangements at prices specified by providers (for example, gyms, workspace and car parking). This requirement does not have to be met in developments already occupied, but it will apply to any schemes occupied from April 2022 onwards.
Ensuring that Leaseholders are aware of how to challenge their service charges and the routes to redress that are available to them			
Challenge and redress	Challenging service charges	Housing providers should clearly describe the process that leaseholders should follow to formally challenge or complain about their service charges.	Challenge and complaints procedures should be made clear to leaseholders when they move in and made easily available after (for example flagged on service charge statements or easily located on the provider's website).
Challenge and redress			Where there is a managing agent, it should be made clear who leaseholders should contact to complain, what the housing provider's responsibilities are and how they can help.
Challenge and redress			Where further detail is required to challenge service charges (e.g. invoices, detailed accounts) this should be made available. Housing providers should set out what leaseholders can expect in relation to how such information will be provided and in what timeframe.
Challenge and redress	Achieving redress	Service charge errors should be rectified swiftly.	Providers should signpost external routes of redress and explain how they might be relevant to leaseholders who do not perceive their concerns have been adequately resolved (e.g. the First-tier Tribunal, Housing Ombudsman). The GLA webpage hosting the Charter will refer to other sources of independent leasehold advice.
Challenge and redress			Where an issue affecting multiple residents has been resolved for one resident, housing providers should proactively seek to remedy the issue for all affected residents (rather than in response to further individual complaints).