



Policy Name:	<b>Rent &amp; Service Charge Setting Policy</b>
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Policy Champion: (if applicable)	<b>Head of Finance</b>

This document also relates to the following St Basils' policies, procedures and guidelines:

- Data Protection Policy
- Equality, Diversity & Inclusion
- Financial Regulations

Consultation Framework:

Consultation of this policy has taken place with the following parties during the following periods of time:

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## **Policy Statement**

St Basils has developed a rent and service charge setting policy which will assist in setting the rent and service charges for its occupied properties in line with its obligations as a housing association registered with the Regulator of Social Housing (RSH), the 'Regulator'.

The aim of this Policy is to govern how rents are set by the organisation as St Basils has many variations of rent charge which reflects the different accommodation types, sizes and tenancies it offers.

St Basils is committed to ensuring that its rental charges and service charges are set consistently and fairly whilst enabling the organisation to maintain homes to a high standard of repair.

Rents collected from the occupiers of our properties help us to continue to provide new and improved housing, deliver neighbourhood services, and to support local partners who are providing services in our communities.

## **Scope of Policy**

This policy applies to all employees in all departments and services as well as young people who occupy St Basils' properties.

For the purposes of this policy the term 'employee' will include all employees (whether full time or part time), volunteers, casual workers and contracted workers.

## **Definitions**

Rent (sometimes referred to as 'core rent')- a charge for the occupation of a property.

Service Charge - a payment made towards the costs of providing and maintaining services and benefits to an occupier of a property, beyond the benefit of enjoying occupation of their home.

Eligible Service Charge – the element of the Service Charge that is eligible for Housing Benefit (HB), encompassing services connected to providing adequate accommodation. These services usually relate to the use of furniture / white goods, and a contribution to the costs of the communal areas, for example repairs and maintenance, gardening, communal energy and water. Service Charges can only be eligible if their payment is a condition of the occupancy agreement.

Ineligible Service Charge – the element of the Service Charge that is ineligible for Housing Benefit (HB) and therefore is paid for by the occupant's own funds. This covers costs to do with the occupant's individual accommodation, for example their own energy and water and the cleaning of their accommodation / windows.

Occupier – individuals or couples granted a tenancy or licence by St Basils for a property where St Basils is the Landlord.

Occupancy Agreement(s) – a contract between the occupier of a property and a landlord. These could be in the form of an excluded licence, protected licence or assured shorthold tenancy (AST) offered by St Basils in its capacity as a landlord.

## **Legislation and Guidance**

Housing Act 1985, Housing Act 1988, Housing Act 1996

Landlord and Tenant Act 1985 and Landlord and Tenant Act 1987

Welfare Reform and Work Act 2016 The Social Housing Rents (Exceptions and Miscellaneous Provisions) Regulations 2016

Social Housing (Regulation) Act 2023

Regulatory/Government Policy requirements:

The Regulator of Social Housing Regulatory Framework for Social Housing in England April 2015 (last updated March 2023)

Government's Policy Statement on Rents for Social Housing 2022

Rent Standard 2020 (covering supported housing) and the Rent Standard 2023 (covering most general needs social housing)

St Basils will ensure rents are set in line with formulae developed by Government for the social housing sector and approved by the Regulator within the Rent Standard of the Regulatory Framework. St Basils will also set rents in accordance with the most up-to-date guidance produced by The Department for Levelling Up, Housing and Communities (DLUHC).

## General Principles

### Objectives

Our rent and service charge setting policy has four main objectives.

1. To comply with all regulatory requirements relating to rents and service charges levied by registered providers.
2. To ensure that sufficient rental and service charge income is generated to cover the costs of:
  - Finance costs
  - Property leasing costs
  - Management costs, including an allocation of staff time, related management costs and central administrative overheads
  - Property compliance
  - Repairs and maintenance
  - Major repairs and replacement
  - Cyclical works (such as the painting of communal areas)
  - Service costs, including an allocation of staff time, related management costs and central administrative overheads
  - Any rent losses arising from voids
3. To provide sufficient income to enable the organisation to continue providing its occupiers with high quality services and to ensure its properties meet the required standards.
4. To demonstrate that rent levels are competitive and comparable with similar local housing providers.
5. To provide value for money in the services we provide.

Whilst taking into account the four points above to maximise the available income within the constraints of the Government's rent setting regulations.

### Regulatory Environment

The Rent Standard 2020 applies to the majority of St Basils' housing accommodation units as they meet the definition of 'supported housing' contained in the standard. For the units which are not considered supported housing, for example the Live and Work schemes, the Rent Standard 2023 will apply. The Rent Standard 2020<sup>1</sup> sets out the Regulator's requirements on rent increase limits, which is calculated by:

- (a) determining the average weekly rent for the occupier's accommodation in the fourth of the relevant years specified in section 23(6) the 2016 Act, and
- (b) increasing that amount by CPI + 1% (as at September).

### Service Charges

In addition to their rent, occupiers may also pay service charges. Rents are generally taken to include all charges associated with the occupation of a property, such as maintenance and general housing management services. Service charges usually reflect additional services which may not be provided to every occupier, or which may be connected with communal facilities rather than being particular to the occupation of a dwelling. Service charges are subject to separate legal requirements and are limited to covering the cost of providing the services.

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<sup>1</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/781730/Direction\\_to\\_the\\_regulator.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/781730/Direction_to_the_regulator.pdf)

Registered providers are expected to set reasonable and transparent service charges which reflect the service being provided to occupiers. Occupiers should be supplied with clear information on how service charges are set if requested. In the case of social rent properties, providers are expected to identify service charges separately from the rent charge.

Service charges are not governed by the same factors as rent. However, registered providers should endeavour to keep increases for service charges affordable.

See the Government's Policy Statement on Rents for Social Housing 2022 for further information.

In order to maximise income and minimise subsidies, the general service charge for each project will be based on the following:

- a) Estimated direct service costs
- b) An allocation of staff time, related management costs and central administrative overheads which fall within the Housing Benefit regulations as they apply at the time.
- c) An allowance for voids as accepted for housing benefit purposes, which is set in line with the expected void levels for each scheme.
- d) A provision for anticipated inflation in the following year.

The ineligible amounts for Housing Benefit purposes for personal heating, lighting, cooking and hot water costs will be calculated for each project rather than rely on the statutory rates which are a lot higher than actual. This will help to ensure that personal arrears are kept to a minimum. The ineligible amount is the amount a resident has to pay out of their own funds.

The costs of providing any support beyond Intensive Housing Management (IHM) to the organisation's occupiers are excluded from the service charge as those costs are covered by support contracts commissioned by the relevant local authority, and in some cases grant funding or fundraising.

#### Applicable Dates for Applying the Annual Rent Increase

The annual rent increase will be applied to all tenancies on the first Monday of the new financial year, which marks the start of the 'rent year'.

All residents affected by a rent increase or decrease will receive written notification **no less than four weeks before** the change is to take effect.

Should a mid-year rent increase be required for any reason, four weeks' written notice will need to be provided to the occupier, however for a rent decrease mid-year, two weeks' written notice will be given.

#### Affordability

As a result of the short-term nature of St Basils accommodation projects and the level of general service charges required to maintain the intensity of service, it is recognised that it is not possible to set all rents (including service charges) at a level which is generally affordable to working residents. Whilst the majority of residents obtain maximum housing benefit, St Basils is keen to support young people into education, training and employment and will seek to maximise access to affordable accommodation for working young people, whilst sustaining support to them.

We have adopted the following principles in respect of affordability:

1. Core Rents will be set at affordable level in line with the Government's Rent Reform guidelines
2. The service charges will be kept as low as possible but must be sufficient to cover all costs including the allowance for voids

- The ineligible amount will be kept as low as possible

### Live & Work and Non-Supported Schemes

St Basils operates a number of Live & Work schemes which are not classified as supported accommodation and so have a different rent setting process. The schemes are designed to allow working young people, who are usually on low incomes, the opportunity to pay for their accommodation (and related bills) out of their own money, enabling them to develop the necessary life skills to live independently. Live & Work occupiers will only be charged core rent, and no service charge will be levied. Core rents will be affordable for the target occupier group.

St Basil's also operates several schemes in which the occupiers do not receive support. Occupiers living in these properties will be charged both core rent and service charge, but the core rent will be inflated annually in accordance with the government's rent direction for general needs housing providers.

### Properties where St Basil's doesn't set the Rent

St Basil's manages some properties on behalf of other registered providers. Rents and service charges in these properties will be set according to the rent setting policy of the relevant registered provider and the underlying management agreement.

### Rent Setting Timeline

Over the course of the rent setting timeline, the rent setting working group (usually the Director of Finance, Head of Finance, Director of Housing and Rents & Service Charges Manager) will frequently meet to ensure everyone understands their role and deadlines.

<b>Date</b>	<b>Task</b>	<b>Lead</b>
September	Commence Rent Setting Exercise - review expenditure against budget and any new budget items	Finance
September/ October	Review CPI and Rent Standard set by the Homes and Communities Agency	Finance/Rents
December	Contact landlords to ask for new rent charges	Rents
January	Finalise new rent figures ahead of contacting Local Authorities	Finance/ /Rents/YSMs
January	Contact local authority Benefit Departments to ensure contact details are correct	Rents
February	Issue new Rent Levels to Local Authorities	Rents
End of February	Send notification of new rent charges to all current occupiers	Finance/Rents
February/ March	Send list of occupiers and rent breakdown information to Local Authorities	Rents
March	Upload new rent information to QL software	Finance
April	Activate new rent charges in QL	Finance
May	Monitor HB and Social Service to ensure HB payments are amended correctly	Rents/Housing Officers

### **Roles and Responsibilities**

The Head of Finance will be responsible for the application and operational review of this policy, and monitoring its legal and regulatory compliance, subject to the approval of the Board.

### **Training Requirements**

Members of the Board, Committees, SLT and Employees will be provided with training and professional development opportunities where necessary. Training in varying formats can be requested from the Learning & Development team to ensure a fair and consistent understanding and application of the policy

across the organisation. The key members of the rent setting working group will be given sufficient additional training to allow for compliance with relevant legislation and this policy.

### **Equality, Diversity and Inclusion (EDI)**

St. Basils is committed to creating and maintaining an environment for young people, staff and partners where diversity is embraced and free from all forms of discrimination. Ensuring rents are set according to legislation enables St Basils to provide well managed and maintained social housing for its occupiers, which in turn helps to reduce health and social inequalities for occupiers.

### **Communication**

This policy will be communicated effectively to all employees via a range of different media avenues and can be produced in other formats where needed.

### **Responsibility**

The Director of Finance is responsible for ensuring this policy is implemented and monitored.

### **Continuous Renewal Clause**

This policy and procedure will be reviewed every 3 years by the organisation to ensure it is in accordance with good practice guidance, prevailing legislation and statutory frameworks. However this policy may be assessed before that time as necessary – such as:

- if it becomes ineffective
- to reflect substantial changes in practice
- following inspection, as recommended by auditors
- changes required by law or regulatory changes by the Regulator.

### **Disclaimer**

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