



RENT & SERVICE CHARGE SETTING POLICY

call 01452 424344
email customer.experience@gch.co.uk
visit www.gch.co.uk

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RENT & SERVICE CHARGE SETTING POLICY



DOCUMENTATION MASTER SHEET

Amendments to this Document are Detailed Below.

Version Number	Date Amended	Comments	Date Approved	Author	Approved By
01	21/07/2010	Created	22/07/2010	LDP	Income Manager
02	17/09/2014	Update	24/09/2014	LDP	Resources Committee
03	24/01/2019	Full review Audited by Mazars with assurance given to Board	21/02/2019	LN	Tenant Panel Audit and Risk Committee
04	15/01/2020	Update following 2020 Rent Standard - reviewed by Capsticks Solicitors LLP	23/01/2020	LN	Audit and Risk Committee
05	16/10/2022	Update following review by the rent task and finish group	07/11/2022	NT	Board
06	29/04/2024	Update following review by DTP	15/05/2024	ALS	Board
07					
08					
09					
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POLICY AIMS

This policy aims to set and maintain rents in accordance with the Regulator of Social Housing's Rent Standard and in line with relevant legislation.

GCH's policy aims to ensure that:

- Rents are set in compliance with the required outcomes and specific expectations of the RSH's Rent Standard and other legislative requirements
- GCH's business plan continues to demonstrate the organisation's viability
- Customers are clear on how rents are set, the rent review process, and their views can be considered by the Board in its decision making in relation to rents
- GCH charges appropriate service charges to cover the costs of maintaining and managing its homes and carrying out essential repairs and improvements.

The purpose of this policy is to ensure that staff and customers understand how rent and service charges are set and how any rent and service charge increases are calculated.

Following the confirmation of the CPI rate for September, which GCH uses to set the rate for the forthcoming financial period, a recommendation is made to the GCH Board regarding the rent charge and other charges to be made to Customers in the forthcoming financial year. This determination is shaped by economic factors (inflation) and external factors set by the Regulator of Social Housing and internal factors decided by the GCH Board.

GLOSSARY OF TERMS

Social rent: Is based upon a prescribed formula that is detailed within our rent setting procedures.

Affordable rent: A social rent product charging up to 80% of market rent and is inclusive of service charges. This is capped at LHA for the purposes of affordability

Intermediate Market Rent: A non-social rent product charging up to 80% of market rent that include products such as rent to buy,

Formula rent: Introduced in 2013, this is the Government policy for rent controls previously referred to as target rent.

Local Housing Allowance (LHA) This is the average rents for a specific market area set by Government. This is used by Housing Benefit when calculating rent to be paid to Customers of landlords.

CPI: Consumer Price Index.

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RICS: Royal Institute of Chartered Surveyors.

SCOPE OF POLICY

- The policy applies to all of GCH’s accommodation.
- The Board of GCH will consider its approach to rent setting annually and will delegate implementation of their rent setting decision to the officers.
- GCH will notify customers by post of any change in the rent at least 4 weeks in advance, providing information about how the rent has been set and is payable.
- Most rents, including Social and Affordable, will be charged weekly and over a 52/53 week rent year. Others may be charged monthly, e.g. shared ownership and commercial properties.

Type of rent	Information	Rent Policy
Social Rent (General Needs)	<p>Rents are set for all Customers using a formula rent’ system. Any changes to rent levels will be based on guidelines set by the Government for social and affordable rents.</p> <p>Rent Standard 2020:</p> <p>The formula rent of accommodation is to be calculated in accordance with the method set out in paragraph 3.4 to 3.7 of the Rent Standard (and paragraphs 2.4-2.6 of the Rent Policy Statement) with potential upwards tolerance of:</p> <p>(a) if the accommodation is supported housing, 10% of formula rent; or</p> <p>(b) if the accommodation is not supported housing, 5% of formula rent.</p> <p>The tolerance is permissible for new lettings or, provided the tolerance is not increased, where a tolerance is already in use.</p> <p>But as set out in paragraphs 2.8 and 2.9 of the Rent Policy Statement formula rent is subject to the rent cap. The rent cap is determined within the table of paragraphs 11 and 12 in Appendix A of the Rent Policy Statement.</p>	<p>Max CPI plus 1%</p> <p>or if the rent exceeds the rent flexibility level, CPI in any year.</p> <p>On relet, to utilise rent flexibility and set rent at 105% of target rent (if not already done so)</p> <p>In exceptional circumstances, discretion may be used in the application of the 105% target rent (e.g., Hard to let)</p>

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Type of rent	Information	Rent Policy
Shared Ownership	For existing pre stock transfer shared owners this will be set at CPI plus 1% and for new shared ownership units the charge will be in line with their lease agreement.	Max CPI + 1% (pre stock transfer) Lease (New Build) – Max RPI + 0.5%
Independent Living	Rents are set for all Customers using a formula rent system. Any changes to rent levels will be based on guidelines set by the Government for social and affordable rents. We do have the rent upwards tolerance (10%) with the rent flexibility which allows us to recalculate the rent levels at re-let. <i>(a) if the accommodation is supported housing, 10% of formula rent.</i>	Max CPI + 1% On relet, to utilise rent flexibility and set rent at 110% of target rent (if not already done so) In exceptional circumstances, discretion may be used in the application of the 110% target rent (e.g., Hard to let)
Affordable Rent	The maximum rent inclusive of service charges are set at 80% of market rent (no longer capped at the LHA rate, however in exceptional circumstance discretion to be used to apply the cap e.g., Hard to let). GCH will comply with s106 requirements limiting Affordable Rents to the LHA if required to do so. Rent rebasing to 80% market rent - only take place for new lettings.	Max CPI + 1% To rebase rent using updated market rent figures at every relet.
Homeless Accommodation	We review all homeless accommodation fees and rent annually. These charges are not subject to the rent standard.	Exclusions – homeless accommodation is not covered by the rent standard. Max increase of CPI + 1%
Rent to Buy	These tenancies are Intermediate products, setup as Assured Tenancies and therefore on this basis we apply a maximum annual increase of CPI plus 1%.	Max CPI + 1%
Commercial Properties	Commercial rents are all set at an initial market value, with some terms negotiated on a social and/or commercial purpose.	Determined on an individual basis, balancing our social and commercial purposes

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Type of rent	Information	Rent Policy
Garages	All garages and parking spaces will be reviewed annually. These charges are not subject to the rent standard.	Max CPI + 1%

Exceptions to standard rent calculations

GCH will use the rent flexibility allowed on rents which allow them to be set at up to 105% or 110% of target as detailed above with the additional income being used to fund investment in our customers' homes. Where it is proposed to set a rent below the 105% or 110% target as detailed above or lower than 80% of market rent for affordable rent, this will require approval of ELT and will be dependent on a business case, including an assessment of the impact on the viability of the property.

Service Charges

Where relevant we set service charges by taking into account the cost of the service provided, value for money and the provision of the maintenance and/or replacements of equipment used in the supply of the service or the provision of new services. In setting the service charge, we will ensure that we accurately identify the costs of providing all services and that properties are charged only for the service elements they receive together with a 15% charge for administration.

Service charges are not governed by the same factors as rent. As a registered provider we will endeavour to keep increases for service charges within the limit on rent changes, of CPI + 1% as far as practicable, to help keep charges affordable. We will seek to achieve value for money and minimise the costs associated with delivery of the service.

Service charges are variable and are reviewed annually, and Customers will be given at least one calendar months' notice prior to the implementation of any change to the charge. These annual service charge changes will usually become effective from the first Monday in April each year for all Customers.

LEGAL AND REGULATORY EXPECTATIONS

- Landlord and Customer Act 1985, 1987.
- Rent Act 1965 and 1977.
- Housing Finance Act 1972.
- Housing Act 1985, 1988,
- Housing and Building Control Act 1984.
- Housing Association Act 1985.
- Housing and Planning Act 1986.
- Housing Benefit (general) Regulation 1987 (as amended).
- The Rent Acts (Maximum Fair Rent) Order 1999.
- The Assured Tenancies and Agricultural Occupancies (Forms) [amendment] {England} Regulations 2003.
- Housing and Regeneration Act 2008
- Welfare Reform and Work Act 2016
- Social Housing Rents (Exceptions and Miscellaneous Provisions) Regulations 2016
- Housing and Planning Act 2016

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- Capital Funding Guide
- The Regulator of Social Housing's Rent Standard 2020
- Policy statement on rents for social housing

SERVICE STANDARDS

We will write to all customers annually giving them at least one month's notice of any increase to the amount of rent or service charge.

To ensure we are clear and transparent with our customers we will provide additional information on payments, guidance on help & support, frequently asked questions, and we will demonstrate the breakdown of how we spend their rent.

We will ensure we are available to answer your questions and provide further advice or guidance on the process as required.

We will work in partnership with local authorities to provide the updated rent and service charge figures.

CONSULTATION

This policy has been developed and reviewed with members of our Board, and relevant members of our leadership team.

We are committed to understanding any potential impacts of our policy on our customers and stakeholders. Through our customer commitment we are dedicated to listening and acting on feedback and to ensure we develop the annual rent setting documentation taking account of our customers' requirements we utilise the customers views captured as part of the annual process.

APPEALS

Not applicable

REVIEW

This policy will normally be reviewed every three years to ensure that it remains fit for purpose, unless an earlier review is required due to regulatory, statutory or other requirements.