



RENT AND SERVICE CHARGE SETTING POLICY

Version Number	V8
Date of Current Version	January 2024
Approved by / Date	J Sinclair / January 2024
Annual Review Date	September 2024
Full Review Date	September 2024

Executive Summary:
<p>This policy outlines the approach that we take in the setting of the rents and service charges each year. It seeks to ensure that the rents and service charges we charge will be compliant with; the Regulator of Social Housing (RSH) Rent Standard 2020, the associated guidance within the Government's Policy Statement on Rents for Social Housing and The Landlord and Tenant Act 1985 (and 1988 additions). The service charges also enable us to maximise our ability to deliver the highest quality services possible for our customers. The aims of the policy are to comply with existing statutory requirements within the legal framework, give a clear and consistent message to tenants about their rental and service charge obligations and as service charges are based around use of services, we want to ensure tenants have a clear understanding of the costs of the services that they receive.</p>

Policy Grouping/Directorate(s)	Resources / Finance & Procurement	
Author Name / Job Title	Simon Hill / Sarah Grantham	
EIA Completed	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Publication	Intranet <input checked="" type="checkbox"/>	Website <input checked="" type="checkbox"/>
Notes:		

1 Introduction

- 1.1 This policy outlines the approach that Rochdale Boroughwide Housing (RBH) takes in the setting of the rents and service charges each year.

2 Context

- 2.1 This policy has been developed in collaboration between the Finance and Procurement team and the Rents and Payments team. It seeks to ensure that the rents and service charges we charge will be compliant and enable us to maximise our ability to deliver the highest quality services possible for our customers.

3 Aims & Objectives

- 3.1 The aims of the policy are:

- Comply with existing statutory requirements within the legal framework.
- Comply with existing regulatory requirements including RSH Rents Standard.
- Give a clear and consistent message to tenants about their rental and service charge obligations.
- Be transparent, ensuring customers have a clear understanding of the costs of the services that they receive.

- 3.2 The policy fits with the mutual values of RBH:

Responsibility - We take responsibility to ensure that the rents we charge will be calculated in accordance with the Government policy.

Equity – This policy will help to maintain a consistent rent and service charge policy. Any future changes will be calculated in line with the Governments rent policy.

Democracy – This approach has been developed in partnership with members.

Pioneering – This policy supports a forward thinking approach to recognise the importance of maximising income to fund vital services to customers but also to reduce debt and promote social and economic inclusion among its residents.

4 Policy Statement

- 4.1 The Executive Leadership Team will have responsibility for this policy. The Director of Neighbourhoods will have responsibility for managing the Income Team. The Director will also ensure that the Income Team receive the necessary training in the application of the Rents and Service Charges Setting Policy and procedures.

- 4.2 The Finance Business Partner (Rents and Service Charges) will be responsible for the calculation of rents and service charges. A review of increases and decreases

in service charges will be undertaken and any excessive movements in charges will be investigated. Any additional steps considered necessary for the accuracy of the data will be taken.

- 4.3 The Income Manager – Rents and Payments will be responsible for the notification of proposed rents and service charge changes to all customers.
- 4.4 Rents and service charges will be charged weekly or monthly in line with the tenancy agreement.
- 4.5 Rents and service charges will be charged /collected weekly, making allowances for rent -free weeks where applicable. Shared Ownership are charged/collected monthly, unless stated in their agreement.
- 4.6 Changes to rent and service charges will be applied annually, with effect on the first Monday of April. The Board will approve the annual rent adjustment prior to application.
- 4.7.1 In setting the level of the rent charge we will fully comply with the Government Rent Policy. For re-lets, from April 2021, we will apply an uplift above target rent up to the permitted 5% for individual general needs rents and up to 10% for supported housing and sheltered housing (subject to the overall rent cap in accordance with rent restructuring formula) and subject to affordability checks.
- 4.7.2 In setting the level of rent charge for the forthcoming year, all rents, before input into open housing, will be verified against a recalculated formula rent calculated in compliance with the 2020 Rent standard, subject to any further government guidance issued.
- 4.8 A customer can ask for a review of the new rent before it becomes effective by appealing to the First-Tier Tribunals (Property Chamber). The Tribunal may set a rent that is higher, lower or the same as the proposed new rent.
- 4.9 There may be up to 4 'rent free' weeks each year.
- 4.10 When a tenancy is terminated for any reason and a person remains in occupation, no rent will be accepted by us. Any money received for use and occupation will be treated as mesne profits and separately identified.
- 4.11 Affordable Rents
RBH will:
- Set rents for accommodation (inclusive of service charges) at a level that is no more than 80% of the market rent at time of letting, by reference to the appropriate Beacon Property. Market rent for the beacon properties will be confirmed by an annual RICS valuation.
 - The inclusive rent for accommodation charges each year will be in line with Government policy.
 - Affordable rent properties will be identified by the Rents Team when a property becomes empty. The rent will be reset when let to a new customer, and an appropriate tenancy agreement will be offered, when a

prospective customer has been advised of their responsibilities, to ensure the new customer is able to cover the rent.

- Market rent will be determined by reference to the Beacon group of properties identified by RBH or a specific valuation for that home.

4.12 Service Charges

4.12.1 Service charges aims and objectives:

- RBH aims to give our customers, residents and stakeholders clear guidance about the services they can expect to receive and how costs of those services are calculated.
- Services to social rental properties are defined as variable service charges, which means that charges raised reflect the cost of service delivery.
- Services to Affordable Rent properties are defined as variable service charges which means that charges raised reflect the cost of service delivery and are included in the Affordable Rent set at 80% of Market Rent and charges are amended in line with Government rent policy annually.
- RBH aims to ensure our customers, residents and stakeholders have a clear understanding of how they can change the services they are receiving or want to receive from us.
- Wherever possible RBH will not pool costs with rent to ensure customers only pay for the services they receive.
- RBH aims to ensure all customers pay their fair proportion of costs for services they receive.
- RBH will ensure all service charges are subject to a variable service charge regime and calculated accordingly.
- RBH will introduce and operate service charges within the current legal framework and reflecting best practice guidance.
- Provision of service charges will take account of RBH's responsibility to maintain communal areas in Neighbourhoods to satisfactory standards, regulatory health and safety requirements, and tenant's priorities.
- This policy on service charges is only applicable to rented properties.

4.12.2 Service charges are the cost of services provided by RBH which are above and beyond the management and maintenance of the home covered within the Tenancy agreement.

4.12.3 Variable service charges are calculated annually on the basis of the previous years cost of service, using the most up-to-date figures for budget setting purposes and estimates for some of the costs that RBH will not know. Once the financial year has ended, RBH will check the amount that was spent on delivering the service and adjust the following years charge with the surplus or deficit between the actual and estimated costs. The adjusted cost of service charges

is approved by the Board. The service charge calculation will be applied to rent accounts and charged over the total number of rent weeks for that year.

Service charges will be calculated at corporate, neighbourhood, scheme or flat block level as appropriate. Each neighbourhood or scheme will be grouped together according to geographic location or service provided.

4.12.4 RBH will monitor service charge costs throughout the year, and investigate and monitor significant variances from the forecast, and advise customers at any point throughout the year of any significant variances on actual costs compared to our estimated costs:

- RBH will send to every customer (as part of the rent changes letter) information outlining the proposed cost of the service charges for the year ahead including any surplus or deficit adjustments that have been made to an account.
- By the end of each September (within six months of the accounting period), RBH will provide a summary of actual service charges for the financial year to every customer paying a service charge.
- Supporting documentation such as accounts, receipts and other documents will be made available to customers on request.

4.12.5 Where customers terminate their tenancy, and there is a significant surplus or deficit adjustment from the previous years, provided it is economic to do so, RBH will attempt to refund/reclaim the outstanding amounts. Refunds will be net of any other outstanding debts. Where it is not possible to contact customers, any surplus/deficit will be carried into the costing of the service charge for the following year.

4.12.6 If we change the level of service given to a customer a new cost will be calculated and an adjustment be made to the charge levied at the point the service changes. This will follow consultation with customers.

4.12.7 RBH will fully comply with the legislative regime controlling the imposition of service charges. Firstly, RBH will limit the amount of any charge raised to costs which have been reasonably incurred. This is contained within the Landlord & Tenant Act 1985 Section 19 which states relevant costs shall be considered in determining the amount of a service charge payable: -

- a) only to the extent that they are reasonably incurred.
- b) only if the services or works are of a reasonable standard.

Secondly, RBH have an obligation for extensive consultation with customers before major works or long term contracts are entered into. The regime is contained in the Landlord and Tenant Act 1985 Sections 18 to 30 (as amended) and Service Charges (Consultation Requirements) Regulations 2003.

4.12.8 RBH may choose not to pass all costs to customers immediately if an annual increase in the individual charge to a customer is deemed excessive. If this is the case RBH will phase in the increase over a time period.

We aim to provide services in as cost effective a way as possible, balancing price with quality and reliability. To this end we aim to use various mechanisms such

as feedback, inspection, and benchmarking to judge the value for money of services.

4.12.9 Service Charges Consultation Arrangements

All customers will be consulted in respect of the services being delivered to their home. The following groups will be consulted, as appropriate, when any new service is introduced or when service provision is reviewed:

Group	When RBH will consult	How RBH will consult
Customers affected by the service charge or any proposed changes	When RBH propose a change in the local level of service provision or introduce new services to customers at their home.	Individually with customers. Confirmation in writing. Annually by issuing statements.
Leasehold customers affected by major communal building works.	Prior to commencement of works and in line with relevant legislation	Individually with customers
The Board	When RBH propose procurement of new external service charge contracts	Board meeting

4.12.10 Identifying Service Charges

- RBH will comply with National Housing Federation guidance on service charges. Services will vary according to individual properties, further details are available on the RBH website at [Service Charges | RBH](#)
- Customers living within designated elderly persons supported accommodation are also responsible for the payment of the costs associated with 'intensive housing management' services.
- The policy applies to existing service charges and new services which are introduced at the request of our customers. Where customers are consulted about a service within a block or specific area of benefit, RBH will implement the provision of new services where a majority of the residents express a wish to receive the service.
- RBH will raise charges for former tenants who have acquired their properties through the Right to Buy/Right to Acquire schemes where specific provision for this possibility has been and will be included in the sale documentation. In these situations, the charge will be calculated on the same basis as undertaken for those in the surrounding neighbourhood.
- Wherever possible we will work with the local authority to ensure our customers do not pay for services that should be paid for out of Council Tax or other local authority funding. Where this is not possible RBH will look to recover the full cost through a variable service charge.
- RBH will comply with The Heat Network (Metering and Billing) Regulations in respect of the supply and billing of heat to individual units that are fed by a communal boiler.
- We charge a management fee covering the administration and management of services, the current fee that is charged is 15% and this percentage charged will be reviewed as part of the annual rent and service charges calculation.

- We charge for service chargeable elements that will require replacement over time, such as door entry systems, communal furnishings etc.

4.13 RBH responsibilities

RBH will:

- provide all tenants with an annual letter notifying of any rent and/or service charge increase. The letter will be sent to all tenants at least 1 calendar month before the new rent is due.
- provide all customers who pay a service charge with a summary of actual costs for each accounting period. This summary will be sent within six months of the financial year end.

5 Monitoring

5.1 The policy is monitored annually by the Finance Business Partner (Rent & Service Charge). This is accomplished by comparing service charge actuals against the estimates charged and by benchmarking costs of services against other registered providers or service providers.

6 Review

6.1 All RBH strategies, policies, service standards and procedures are reviewed on a regular basis to ensure that they are 'fit for purpose' and comply with all relevant legislation and statutory regulations.

6.2 This policy will go through the full policy approval process every 3 years and will undergo a desktop review annually. This is to ensure that it is fit for purpose and complies with all relevant and statutory regulations.

7 Links with Other RBH Documents

7.1 This policy links to the following policies and strategies:

- Income Policy
- Complaints Policy