



PEAKS & PLAINS
Housing Trust

The Trust

Rent Setting and
Service Charges
Policy

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TABLE OF CONTENTS

1. INTRODUCTION..... 1

2. SCOPE 1

3. LEGAL & REGULATORY REQUIREMENTS..... 1

4. DEFINITIONS 2

5. OUR POLICY 2

6. EQUALITY, DIVERSITY & INCLUSION..... 4

7. RESPONSIBILITIES..... 4

8. MONITORING AND REPORTING 4

9. CONSULTATION..... 4

10. REVIEW 5

11. ASSOCIATED DOCUMENTS..... 5

12. POLICY INFORMATION 5

1. INTRODUCTION

1.1. Purpose

- 1.1.1. The purpose of this policy is to set out the principles and guidelines that Peaks and Plains Housing Trust (the Trust) commit to in terms of setting rent and service charges.
- 1.1.2. This policy should be read in conjunction with the Rent Setting Procedure.
- 1.1.3. In setting rents the Trust will secure rental income to meet its business plan commitments including operating costs, investment/improvement programmes and meet the loan repayment requirements of its lenders.

2. SCOPE

- 2.1. Where applicable the Trust will ensure rents are set in line with formulae developed by Government for the social housing sector and approved by the Regulator for Social Housing (RSH), within the Rent Standard of the Regulatory Framework.
- 2.2. The Trust will also set rents in accordance with the most up-to-date guidance produced by the Ministry of Housing, Communities and Local Government (Capital Funding Guide) where this applies to properties let through one of the Homes England affordable homes programmes.
- 2.3. It should be noted that the setting of service charges for leaseholders are not covered by this policy, please refer to the Leaseholder Management Policy for this information.
- 2.4. Market rents are not subject to the Rent Standard and will be set in accordance with the current market.

3. LEGAL & REGULATORY REQUIREMENTS

- 3.1. With effect from April 2020 rents and rent increases are governed by the Rent Standard issued by RSH permitting annual increases of CPI + 1% from 2020 for at least five years.
- 3.2. Due to the current cost of living crisis the government announced in November 2022 that rent increases would be capped at 7% for social and affordable rent for 2023/24.

3.3. In summary, the rents and service charges are:

Social Rents	Rent increase of CPI +1% however this is to be a maximum of 7% for 2023/24
Affordable rents (up to 80% of market rent)*	Rent increase of CPI +1% however this is to be a maximum of 7% for 2023/24
Intermediate rents (up to 80% of market rent)*	Rent increase of CPI +1% however this is to be a maximum of 7% for 2023/24
Shared Ownership	Rents set in accordance with lease, this is to be voluntarily capped at 7% for 2023/24
Service charges for Peaks & Plain tenants	Set to recover cost of services in accordance with the tenancy agreement, but capped at CPI+1% for 2023/24.

CPI is the consumer price index figure from the previous September.

*Rent may be set at less than 80% of market rent subject to EMT approval

3.4. The Policy Statement on rent for social housing, updated 14 December 2022, notes that the rent cap

...does not affect the calculation of the maximum initial rent when properties are first let or subsequently re-let. In particular, the restriction does not apply to the calculation of formula rent or the rent caps that apply to social rent properties; these continue to increase by CPI plus 1 percentage point and CPI plus 1.5 percentage points respectively.

Re-lets will therefore continue to be let at CPI +1% but may be capped at LHA subject to EMT approval.

4. DEFINITIONS

4.1. The Trust is committed to providing good quality affordable housing to a diverse group of customers, which includes people on modest incomes. To recognise the diversity of our customers and provide affordable housing to people on a range of incomes, the Trust offers a variety of tenancy and rent options. This variety of rent options includes; social rent, affordable rent, intermediate rent (Rent to Buy), and shared ownership rent.

4.2. All the Trust's affordable rents are set in accordance with legislation and guidance from the Regulator of Social Housing ('RSH') on calculating rent to ensure they are broadly comparable with other housing providers local to our areas of operation and are affordable to existing and potential new customers.

5. OUR POLICY

5.1. The Rent Setting and Service Charge Policy will be approved by the Board and the accompanying procedures approved by EMT.

- 5.2. The Trust will review the rents it sets on an annual basis. Changes to rent charges will be on the first Monday in April each year. We will inform all customers in writing of any changes to their rent including providing information of how the rent has been set giving a minimum of 1 calendar months' notice before the changes come into effect, outlining how the rent has been calculated.
- 5.3. In line with the RSH regulatory standard the Trust will exempt the following categories from social rent and the Rent standard:
- Shared ownership
 - Intermediate rent (including rent to buy)
 - Market rent
 - Commercial rents.
- 5.4. Rent Flexibility – the rent set may include an upwards tolerance called rent flexibility. This allows social rents for properties at re-let or for new developments to include the flexibility of:
- For supported housing accommodation, up to 10% of formula rent
 - For non-supported housing accommodation, up to 5% of formula rent

The Board will review the option to apply the application of the rent flexibility, taking into account local factors and circumstances and affordability in consultation with customers.

- 5.5. The accompanying procedures provide details of the rent methodology for each tenure type for both existing tenancies and re-lets taking account of the relevant legislation, regulations, and guidance.
- 5.6. Where the Trust develop new build properties for affordable rent and on completion of schemes, RICS Red Book valuations to confirm the market rent will be obtained.

Where rents are set at affordable rent (80% of market rent) for new build properties they will remain on this basis for all future tenancies.

5.7. **Service Charges**

- 5.7.1. The Trust is committed to providing effective quality services that are affordable within the income generated, ensuring at all times that it remains cost effective and viable in its provision of services. Prior to and up to 1st September 2011, rent has been charged which includes an element for services provided. This type of service charge is "fixed" and "pooled" across the whole stock. All new social rent tenancies since 1st September 2011 are charged for the services relevant to the property and services received. These will be charged in accordance with the tenancy agreement in place.
- 5.8. This policy supports our Corporate Objective of:
- To be a great landlord

6. EQUALITY, DIVERSITY & INCLUSION

- 6.1. The Trust will follow its Equality Diversity and inclusion Policy and consider individual need when communicating and dealing with customers regarding rent setting and service charges.
- 6.2. We will inform all new and existing tenants of the potential impacts of any welfare reform measures, including those already introduced and any scheduled, on their income and rent payment liabilities.

7. RESPONSIBILITIES

- 7.1. The Trust's Board is responsible for approving variations to rent on an annual basis. It is the responsibility of the Trust Board to take the appropriate decisions in relation to rent setting in accordance with recommendations from the Director of Resources and the Chief Executive. The Board is also responsible for approving this policy.
- 7.2. The Executive Management Team is responsible for approving the rent setting procedures and flowcharts which support this policy.
- 7.3. The Director of Resources is responsible for the effective implementation of this policy. The Trust's Director of Resources is also responsible for ensuring that all appropriate staff are aware of and are trained in the Trust's Policy and associated procedures.
- 7.4. The Head of Customers is responsible for preparing the communication to customers regarding the rent increase, and ensuring it is issued in line with section 5.2 of this policy.
- 7.5. The Trust's Finance Team is responsible for the Trust's rent plan and the setting of rents for Trust properties as outlined in the procedures.
- 7.6. Individual departments are responsible for providing records to support the recovery of service charges. The Finance Team is responsible for consolidating the information provided into an annual service charge.

8. MONITORING AND REPORTING

- 8.1. The performance of Peaks & Plains in setting rents annually and providing the appropriate notification to tenants of any changes in rent will be assessed by the RSH. Any failings in this area or performance on rent collection which affects the viability of Peaks & Plains may be subject to regulatory control measures.
- 8.2. Performance on setting rents and sending appropriate notification will be reported to the Board and will also be subject to scrutiny by internal and external auditors.
- 8.3. Complaints received regarding the setting of individual rents or in communicating the rent to customers will be handled in accordance with the Compliments, Comments and Complaints Policy.

9. CONSULTATION

9.1. The Trust have consulted with tenants in the initial development of this policy. The Trust will regularly review internal procedures to ensure they are fit for purpose and in line with best practice. Changes in legislation may also impact on this Policy. If a change in procedure or legislation affects this Policy, the Policy will be updated and reviewed by Board for approval. Any changes will also be notified to Challenge Group.

10. REVIEW

10.1. The Trust Board will review and approve any changes to rent setting on an annual basis.

10.1.1. The policy will be reviewed sooner if there are any major legal, regulatory or other changes which make this necessary.

ASSOCIATED DOCUMENTS

- The Trust's Rent Plan
- The Trust's Business Plan
- Rent Setting Procedures and Flowcharts
- Rent Collection and Arrears Management Policy
- Corporate Debt Policy
- Debt Write Off Policy
- Former Tenant Debt Collection Policy
- Tenancy Management Policy
- Complaints Policy
- Scheme of Delegation
- Customer voice strategy

POLICY INFORMATION

Policy Name:	Rent Setting and Service Charges Policy
Status:	Approved
Approved by:	PPHT Board
Drafted By:	Head of Finance
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