
Rent & Service Charge Setting Policy

Document History

Version	Date	Change	By
0.1	5-Sep-2019	Initial Draft for Board Review	M Margrie
2.0	28-Jan-2020	Update to ensure compliance with regulatory advice and addition of intermediate rent definition	M Margrie

Approvals

Version	Date	Approved By (Note minute number if applicable)	Equality & Diversity Impact Analysis Completed By
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Rent & Service Charge Setting Policy

1 General

- 1.1 Cirencester Housing will adopt any new Government or Regulator for Social Housing (RSH) rent increase mechanism that supersedes the Government's direction to the regulator of May 2014 and the Rent Standard Guidance dated May 2015.
- 1.2 Every effort will be made to set and maintain rents at a level that is within the reach of people in low paid employment, on a state pension or benefits, whilst at the same time ensuring the viability of Cirencester Housing.

2 Social Rents

- 2.1 Cirencester Housing will set formula rents for its social rented properties in accordance with the Governments 'Guidance on rents for social housing' and Regulator for Social Housing's Regulatory Framework (or any subsequent legislation).

3 Affordable and Intermediate Rents

- 3.1 Cirencester Housing will set rents as follows:
 - 3.1.1 Affordable rented homes at a level that will not exceed 80% (inclusive of service charges) of open market rents for similar properties in similar locations in compliance with the regulatory framework;
 - 3.1.2 Intermediate rented homes at a level that is above social rent levels and below market rent level;
 - 3.1.3 Endeavour to set rent within any other limits on a scheme by scheme basis which have been formally agreed as part of a Section 106 or grant funding agreements; and
 - 3.1.4 be guided by the Local Housing Allowance rate for the area in which the properties are located.
- 3.2 Market rents will generally be expressed inclusive of any service charges.
- 3.3 Where the Board deem a rent set at 80% of market rent is too high for local people in housing need they may reduce the rent charged at their sole discretion.
- 3.4 Subject to the general points above, affordable and intermediate rents will be calculated at a level that covers the costs of providing and maintaining the housing and increased thereafter in accordance with the Government's and the Regulator's requirements.
- 3.5 Upon each new tenancy being entered into the open market rent for the property will be re-assessed and the rent set accordingly.

4 Fair Rents

- 4.1 Cirencester Housing will set its fair rents in accordance with the Government Rent Officer's decisions.
- 4.2 Cirencester Housing cannot impose a rent increase higher than that set by the Government Rent Officer but may impose a lower rent increase.
- 4.3 Whilst a fair rent is set for a two-year period, Cirencester Housing may impose the rent increase in two phases (as currently set within the regulations) provided the final rent does not exceed that set by the Government Rent Officer.
- 4.4 Cirencester Housing will endeavour to set its fair rents in line with comparable formula rents, so long as these are within the Government Rent Officer's limits.

- 4.5 When fair rent tenancies lapse, these will be replaced by assured tenancies on formula rents for social housing.
- 5 Properties where Cirencester Housing is not the Landlord
 - 5.1 Where Cirencester Housing is the property manager or agent for other Landlords, rents will be calculated and set in accordance with the Landlord's tenancy agreement.
- 6 Rent Reviews
 - 6.1 Where properties have been improved the value of the property may increase to reflect the improvement. This may have an impact on rent reviews.
 - 6.2 Cirencester Housing will conduct annual rent reviews in accordance with the Governments Regulatory Framework or any subsequent legislation. Its financial plans will indicate how rent revenue is used to support the delivery of services, investment in existing and new housing assets.
 - 6.3 Where the Board deems applying its rent review is too high for local people in housing need in a particular location or scheme, they may reduce the rent increase at their sole discretion.
 - 6.4 **Formula Rents (applies to Social rented properties):** Tenants taking up their tenancies during the year will be subject to a rent increase the following April and thereafter annually.
 - 6.5 **Affordable and Intermediate Rents:** Whenever a new tenancy is entered into, the open market rent for that property will be re-assessed and the rent will be set in accordance with paragraph 3.
 - 6.6 **Fair Rents:** Requests will be submitted to the Rent Officer in accordance with the Regulations. After receipt of notification from the Rent Officer, increases will be implemented on the first possible date.
- 7 Service Charges
 - 7.1 Service charges will be set to cover the cost of any services provided on a scheme by scheme basis. Cirencester Housing will aim to set service charges at as low a level as possible based on tenant consultation and securing a good balance between cost and quality of service. Service charges will be levied equitably on each property that receives benefit from the service, which may be by scheme, block or group of units.
 - 7.2 Service charges will be subject to annual review, to come into effect in April each year in line with annual rent increases, and tenants will be advised of the new service charge at the same time as they are notified of rent increases
 - 7.3 Details of any services provided will be stated in the Tenancy Agreement. These will usually include some or all of the items identified in Appendix A.
 - 7.4 In the case of Fair Rent Tenancies, Rent Officers will be asked to set service charges at a level that will cover costs.
 - 7.5 Tenants will be provided with an annual statement of the costs incurred and service charges received.
 - 7.6 Cirencester Housing will add a 10 to 15% administration fee to the cost of services on a scheme by scheme basis.
 - 7.7 Where service charges were not originally charged to all tenants on a scheme but where services are nevertheless provided for the benefit of the whole scheme, Cirencester Housing will undertake a consultation to ensure charges will apply to all tenants at that scheme from the rent increase date.

Appendix A – Schedule of Service Charges

Service charges may be levied to cover the following costs associated with Cirencester Housing Limited communal areas. This is not an exhaustive list.

Communal Groundworks, Grass Cutting & Pruning

Maintenance of communal garden and landscaped areas, grass cutting, gardening materials including plants, shrubs and trees.

Communal Cleaning

Cleaning of landing, stairs, halls, windows, gutters, etc.

Energy and fuel costs

Street lighting, lights, emergency lighting, heating and electric.

Repairs and maintenance to communal services

Lights and emergency lights, streetlights, communal doors and door entry systems, fire detection equipment, fire equipment, landscape structures, private roads, parking, pavements, etc.

Communal TV Aerial/Satellite Relay

Communal Area Pest Control

Communal Waste Disposal and Treatment Systems

Communal rubbish disposal, wastewater and storm water collection and treatment systems, etc.

Depreciation of equipment

TV aerial equipment, door entry systems, fire equipment, etc.

Sinking funds for future replacements

A long-term savings account contributed to through service charges that builds up every year and should pay for any major works to communal areas such as private roads, parking, pavements, foul water treatment facilities, storm water soak-aways, etc. and equipment where it has not been included as depreciation.

Estate Management Company Charges

Costs charged to Cirencester Housing via an estate Management Company are directly passed onto the tenant, leaseholder or shared ownership homeowner.

Estate Management

Cost of staff and related costs, but only to extent that these relate directly to the provision of the services provided under this schedule.

Administration Charge

Cost of administering the services listed on this schedule.

For Lease Holders Only

A charge associated to cover the costs of managing the housing estate and an equitable and proportionate contribution towards overheads.