

RENT SETTING & SERVICE CHARGE POLICY

1. INTRODUCTION

a. Purpose

To establish the principles and policy points on which rent and service charges are set.

b. Scope

This policy covers the setting of rents for housing stock and garages and the setting of tenancy related service charges.

c. Legal and Regulatory Framework

Housing Act 1988 (section 13 &14)

Housing Act 1996 (section 83)

Landlord and Tenant Act 1985 (sections 18-30)

Housing Corporation Rent influencing regime

Housing Corporation Regulatory Code

Government Housing Policy Statement 12/00 "The Way Forward for Housing"

d. Responsible Manager

Chief Accountant

e. Date Last Reviewed

August 2009

f. Date Adopted by Board

7th August 2006

2. PRINCIPLES

- 2.1 To set rents that are affordable to our customers and which also provide sufficient income to deliver good quality services.
- 2.2 To maximise income from garages by charging market rents
- 2.3 To set variable service charges on a scheme by scheme basis for both general needs and supported housing properties.
- 2.4 To reduce the impact of exceptionally large service charge increases through charge variations as deemed appropriate by the board.
- 2.5 Any decision to deviate from this policy to address issues such as affordability and fairness will be determined by the board.

RENT SETTING & SERVICE CHARGE POLICY

3. POLICY IMPLEMENTATION

3.1 Rents

- 3.1.1 Rents will be set according to the Governments rent restructuring policy.
- 3.1.2 Flourish Homes Limited (Flourish) will not use its permitted flexibility of + or – 5% for general needs and 10% for supported housing unless it is deemed appropriate on an individual basis. The Director of Finance, as part of the annual rent setting procedure, will have discretion to vary individual rents, for example where the level of rent charged is making it hard to let a general needs or sheltered property.
- 3.1.3 Rental increases will be determined annually and applied on the 1st April each year. The exceptions to this will be properties that become void and new properties which will have the target rents set for them at the point of letting.
- 3.1.4 Rental increases or decreases which are designed to move rents towards the target rent will be a maximum of inflation + ½ % + £2.00.

4.1 Service Charges

- 4.1.1 Service charges will be raised to take account of additional tenancy related services that are provided. A list of services which will attract a service charge are detailed in Appendix one.
- 4.1.2 A guide to service charges will be produced and maintained by the Finance Team and updated as necessary. This will include the financial codes which will be used when paying for services and collecting services charges.
- 4.1.3 Additional charges may be set following tenant consultation and Board agreement for new services as and when developed.

RENT SETTING & SERVICE CHARGE POLICY

4.2 The Rent Year

- 4.2.1 As from 1st April 2006 rent will be charged over a 48 week year, commencing on a Monday. The four rent free weeks will be the first fortnight of the rent year and the fortnight which includes Christmas Day.
- 4.2.2 This pattern will repeat until the next 53 week year when three rent free weeks will be set during the first three weeks.
- 4.2.3 Thereafter the normal pattern will be two rent free weeks at the start of the rent year.

4.3 Annual Schedule

- 4.3.1 Each tenant will be sent, at least one month before the commencement of the new rent year, a letter notifying them of their revised rent and service charges. This will be accompanied by a calculation schedule for their existing rent and the proposed increased rent for their home. The schedule will show the amount of any protection against large increases as rents move towards the Government's restructured target rent.
- 4.3.2 Tenants liable for service charges will be sent a schedule identifying the costs to be recharged in their estimated service charge for the new rent year. A statement of actual expenditure and income in the financial year will be sent to all service charge payers by the end of the following September.

4.4 Annual Report

- 4.4.1 Flourish will publish general information on rents and rent setting in the annual report to tenants and this will include information on rent levels and rent increases for a sample of property types together with comparative data from other associations working in the Mendip area.

RENT SETTING & SERVICE CHARGE POLICY

4.5 Monitoring Charges

- 4.5.1 Service costs will be monitored and compared with others to ensure value for money is achieved. Where appropriate reviews will take place with customers to achieve improvements in quality and / or reductions in cost.
- 4.5.2 Budgets will be monitored on a monthly basis ensuring that service costs are met by service charges. Any proposed changes in service charges will be determined by the Board following appropriate tenant consultation.
- 4.5.3 The Board will monitor rent and service charge levels on an annual basis and will be responsible for determining annual increases and any deviation from this policy.

5. Monitoring and Review

In accordance with the Tenant Participation Agreement, this policy and any related procedures shall be the subject of a review at least once every five years, the timing of which shall be agreed in the review programme set under the agreement.

In accordance with Flourish's procedure of policy reviews, this policy will be checked on an annual basis and fundamentally reviewed at least every three years.

6. REFERENCES

Tenant Participation Agreement
Tenants' Handbook
A Guide to Service Charges for Flourish Homes Limited

RENT SETTING & SERVICE CHARGE POLICY

Appendix One

SERVICE CHARGE SUMMARY

ITEM

Property Services

Communal boilers
Communal TV aerial
Fire / smoke alarms/emergency lighting
Fire fighting equipment
Door entry rental /maintenance
Maintenance of water purifying equipment
Portable appliance testing
Passenger lift
Stair Lift
Estate lighting
Burglar alarm maintenance / depreciation
CCTV
Water treatment
Special automatic doors
Specialised bath unit
Sewage treatment plant

Neighbourhood Services and Care and Support Services

Laundry equipment
Kitchen appliances
Scheme managers
Office running costs
Cleaning of common parts
Communal electricity
Communal window cleaning
Bulk refuse collection
Communal telephone rental
Grounds, gardens, paving & car park maintenance
Communal furniture and equipment
Communal fuel supply