

1.0 INTRODUCTION & OBJECTIVES

- 1.1 This document sets out the general Rent Setting and Service Charges Policy of Saffron Housing Trust (Saffron).
- 1.2 Saffron is committed to providing decent homes and services at rents and service charge levels that are affordable, whilst ensuring that regulatory requirements as laid down by Regulator for Social Housing statutory requirements and obligations to the funders, are met.
- 1.3 Rents will be reviewed annually in accordance with the Rent Standard and relevant government legislation/guidance to ensure that increases or decreases are within the guideline limit.
- 1.4 Service charges will be set at levels which recover the costs (including administration) of providing those services and will only be levied on customers deemed to be in receipt of those services.
- 1.5 Saffron will make information on rent levels and service charges available to tenants via its Rent and Service Charge help sheet.

2.0 RENT SETTING

- 2.1 Saffron uses four different rent structures:

- **Social rents.** Since 2012, these have all been set using a formula to create “Formula rents”, laid down by Government. These rent levels will apply to the majority of Saffron Housing Trusts general housing stock, housing for older people and supported. The calculation of formula rent is included in the Rent Standard (Regulator of Social Housing) and The Policy Statement on Rents for Social Housing (Ministry of Housing, Communities and Local Government)
 - The formula rent calculates the rent applicable in 2000-01, which is then adjusted each year by a % set by government to set the rent for current financial year.
 - Social rents will be adjusted each year in accordance with the % set by government and in adherence with the Rent Policy Statement and Rent Standard.
 - Where social rent properties are relet, Saffron will apply the maximum social rent permissible under the Rent Standard and any associated regulations or legislation. This includes charging rent flex where it has been approved by Board and there is a clear rationale for doing so which takes into account local circumstances and affordability.
- **Affordable Rents.** These rents apply to some of Saffron’s general housing stock and are set at up to 80% of the market rent for the

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property. An affordable rent will compare the property to the local, privately rented market and is calculated at a maximum of 80% of this gross current market rent.

- The rent will be determined using the Royal Institute of Chartered Surveyors (RICS) methodology. Service Charges will be included within this 80% market rent value.
 - Affordable rent will be set in accordance with any relevant legislation with regard to future rent review.
 - **Intermediate rents.** These rents are initially set at a level agreed with the relevant local authority and are approximately half way between social rents and open market rents.
 - **Shared Ownership.** These rents will be increased in line with the lease for each property.
- 2.2 Rents will be changed on the first Monday of April of each year in line with government guidance. Tenants will be informed at least one month in advance of the change and will be given details of the new rent and service charges if applicable.

3. RENT LEVELS AND MONITORING

- 3.1 Saffron will record comparative rent levels for different sizes of homes within its own stock. This information will be updated annually.
- 3.2 Saffron will monitor the financial effects of the rent setting policy on tenants and the effect on its own financial standing.
- 3.3 It will make this information available to governmental bodies for the purpose of informing government reviews of rent policy. It will also use the information to make decisions where it has discretion and to inform its business planning function.

4. SERVICE CHARGES

- 4.1 Saffron will set service charges for both tenants and leaseholders annually, using a fair and consistent approach.
- 4.2 Residents for whom service charges are applicable will be provided with annual estimates of service charges for the next financial year in February/March of each year.
- 4.3 Saffron will apportion all service charges reasonably between the households receiving them. Service charges are set taking into account;

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- i) the full cost of the service provided including administration
- ii) a provision for the maintenance and replacement of equipment used in the supply of service

4.4 Service charges will normally be increased annually at the same time as rents. Affected Tenants will be consulted where applicable before Saffron changes any of the services provided or provides additional services.

5. LEASEHOLDERS

5.1 Where Saffron is considering the provision of new services, or carrying out major works, all leaseholders affected by the proposal will be consulted in accordance with the provisions of the Commonhold and Leasehold Reform Act 2002.

5.2 Leaseholders may be charged an annual fixed charge if the lease allows for this. Where the lease requires a variable charge then leaseholders will be provided with annual estimates of service charges for the next financial year in February/March of each year. This will be followed in September/October of each year by distribution of a statement of actual service charges for the previous financial year.

6. GARAGES, GARAGE PLOTS, PARKING BAYS AND GARDEN PLOTS

6.1 The rents will be set in accordance with local market conditions and will be reviewed annually.

6.2 The Board will approve the rents to be charged each year and any changes will normally be applied with effect from the first Monday in April each year. Tenants will be given four weeks' notice of the rent increase prior to the rent increase taking effect.

7. RESPONSIBILITIES & DELEGATION

7.1 The Director of Finance is responsible for ensuring that this policy is implemented. It is the responsibility of all other employees to ensure that their work is carried out in line with this policy and any related procedures.

8. CONSULTATION

8.1 Consultation will be carried out;

- before any significant changes to services – tenants affected

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- before any significant changes to the rent and service charge setting policy

9. REVIEWS

9.1 The consequences of this policy will be considered annually prior to undertaking the assessment of rent and service charges for the forthcoming year. This policy will be reviewed every three years or at any time if the government revises its policy on rent restructuring.

10. APPEALS

10.1 Assured tenants have the right to request details of the calculation of their rent. If the tenant considers the rent assessed under the rent restructuring system is incorrect, they have the right of appeal to the First Tier Tribunal who will determine the maximum rent to be paid.

REFERENCE MATERIAL

- Regulator of Social Housing Rent Standard (April 2020)
- Regulator of Social Housing Limits on annual rent increases 2022-23
- Local Government and Housing Act 1989
- Housing Act 1985, 1988
- Housing and Regeneration Act 2008
- Welfare Reform and Work 2016 (including amendments)
- Policy Statement on Rents for Social Housing 2018 (amended February 2019)

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