

Housing Services - Rent and Service Charge Policy

Purpose	This policy sets out our approach to the setting of rent and service charges. Its aim is to ensure that we comply with all relevant legislation, Regulator of Social Housing regulatory requirements and recognised best practice
Owner	Head of Tenancy Services
Related documents	
Approved by	Executive
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1. Policy statement

- 1.1 Ipswich Borough Council's Corporate Strategy, Proud of Ipswich, recognises the importance of meeting the housing needs of our community. We aim to be an excellent landlord to the people who live in our properties.

This policy sets out our approach to the setting of rent and service charges. Its aim is to ensure that we comply with all relevant legislation, Regulator of Social Housing regulatory requirements and recognised best practice.

- 1.2 We aim to set rents and service charges for our tenants in a fair and consistent way, regardless of tenure. We will do this in accordance with the appropriate legislation and regulation, the terms of the tenancy agreements and with industry best practice in mind.
- 1.3 As a financially sustainable council providing good quality services this enables Ipswich Borough Council to manage and maintain our properties well and invest in new housing and other community amenities in accordance with our objectives and the aspirations of our tenants.

2. Scope

- 2.1 This policy provides guidance on the principles by which rents and service charges are set and ensures that those who are affected by the policy are identified and considered.
- 2.2 The policy applies to Ipswich Borough Council tenants and leaseholders of any Council-owned accommodation. It also applies to people we house under licenses in temporary accommodation.
- 2.3 We shall provide clear information to tenants that explains how their rent and any service charge is set, and how they are changed.
- 2.4 The policy adheres to ensuring compliance with all relevant legislation, and regulatory requirements, and guidance, including but not limited to, the legislation listed in section 7 of this policy.
- 2.5 The policy assumes that all contractual obligations regarding tenancy agreements will be fulfilled but does not identify specific terms of these documents within the content of the policy unless it is appropriate to do so.

3 Principles

We aim to ensure that our rent policy is clear and transparent for our customers.

Rent Setting

- 3.1 Rent is the regular payment received by Ipswich Borough Council.
- 3.2 In line with the Ipswich Borough Council's tenancy agreement, rent will be charged weekly every Monday.
- 3.3 **Property category** the setting of rent will be determined according to the following categories and the Regulator of Social Housing's Rent Standard:

Category	Rent based on
Existing general needs properties	Formula rent
Sheltered Housing	Formula rent
Properties bought on open market or through s.106 process	Typically, affordable rent, provided that the terms for purchase or development meet with the requirements of Affordable Rent under the Rent Standard i.e. with an agreement via Homes England or Secretary of State. Otherwise, formula rent shall be charged.
Properties developed by Ipswich Borough Council	Either affordable rent or social rent. Charging affordable rent only where the development meets with the requirements for Affordable Rent under the Rent Standard i.e. with an agreement via Homes England or Secretary of State.
Temporary accommodation	Formula rent
Temporary accommodation which fully meets the criteria of the Temporary Accommodation excluded category within the Rent Standard	The rent charged shall be set at the relevant Local Housing Allowance at (LHA) rate, provided this does not exceed current market rents for similar properties in the locality
Garage rents	Garage rent setting will be in accordance with an annual review.
Ground rent (Leaseholders)	Fixed by the lease, is an annual charge and not subject to review

- 3.4 Rents are reviewed annually with any increase/decrease applied in April each year or in accordance with the tenancy or lease agreement. The proposed changes to rent are reviewed by the organisation's corporate management team before approval at both Executive and Full Council.
- 3.5 For clarity, the rent will not change in the case of assignments, including mutual exchanges, or in the case of successions (unless the successor moves to alternative accommodation). In these cases, the existing rent level will continue to be charged.

4. Aims and outcomes

- 4.1 In setting rent, Ipswich Borough Council's intention is that rents are fair and consistent whilst acting in accordance with the terms of the tenancy agreement and applicable laws and regulations. This means that there will be variations in the basis of calculation for rents dependent on contractual obligations and categorisation of the properties. In addition, we will also make specific provision in this policy to address areas not driven by the legal position.

5. Rents & Service Charges

- 5.1 The mechanisms for recovery and increasing of rent charges are set out in the terms of the tenancy agreement or lease.

Formula Rent

- 5.2 Social rent levels are set at Formula Rent which is set for all properties in accordance with the Government's Policy Statement on Rents for Social Housing <https://www.gov.uk/government/publications/direction-on-the-rent-standard-from-1-april-2020/policy-statement-on-rents-for-social-housing>
- 5.3 Where the rent for a property is below formula level, it will remain unchanged until the property is re-let. On re-let or change of tenancy the property will be re-let at formula rent.
- 5.4 The Rent Standard permits an additional 5% flexibility on top of formula rent.
- 5.5 Where properties are subject to extension or structural works, and this results in a change to the number of bedrooms, we will recalculate the formula rent based on the number of bedrooms and the revised property valuation upon re-let.

- 5.7 Where the formula rent would be higher than a proposed rent cap for a particular size of property, the rent cap must be used instead. The rent caps are published each Autumn by the Regulator for the following year and increase by Consumer Price Index (CPI).
- 5.8 Ipswich Borough Council also caps rent at letting at Local Housing Allowance so the above rent must also not exceed this level at the time a property is let or re-let.
- 5.9 'Existing tenant' in this context means an existing tenant of the specific property concerned. The revised rent on re-letting to an existing tenant may only be re-based to 80% of current market value where the resulting rent would be no more than the rent arrived at by a CPI+1% increase.

Affordable rent

- 5.10 Affordable rents are typically higher than social rents. The intention behind this rent model is to generate additional capacity for investment in new affordable housing. The rent for affordable rent housing (inclusive of service charges) must not exceed 80% of gross market rent.
- 5.11 'Gross market rent' means the rent (inclusive of any applicable service charges) for which the accommodation might reasonably be expected to be let in the private rented sector. Valuations of market rents will be established for each new property, or at re-let, using a Royal Institution of Chartered Surveyors recognised methodology (RICS). Affordable rents will be set at 80% of this market rent or capped at the relevant Local Housing Allowance (LHA) rate if the LHA rate is lower.
- 5.12 An affordable rent should be no lower than the potential formula rent for the property. In cases where the rent would be lower than the formula rent, the formula rent constitutes a floor for the rent to be charged.

Rent flexibility

- 5.13 The Government's Rent Policy Statement recognises the need for discretion over rent levels to take into account local factors and concerns. As a result, the policy allows the Council to use some flexibility in setting rents up to 5% above formula rent or 10% above formula rent for supported housing.
- 5.14 This therefore permits Ipswich Borough Council to increase rental income in order to respond to local factors and to enable the provision of a better service to our tenants, for example, to increase investment in services or

accommodation, to tackle local issues, respond to the climate emergency or to reduce the carbon footprint of our homes.

- 5.15 Where the rent for a property exceeds formula rent plus the rent flexibility level, the increase in rent is restricted to just CPI, until the rent is brought within rent flexibility.
- 5.16 Rent Flexibility will only be implemented through agreement via the council's democratic process (this being Executive). The decision will have a clear rationale, considering local circumstances, economic climate and affordability.

Service charge setting

- 5.17 A service charge is a charge payable by tenants or leaseholders to pay for services such as housing-related support and the provision of communal area services. Tenants do not pay for repairs and maintenance or capital costs as these are met by the landlord and paid for through rents. However, leaseholders do pay their share of these costs.
- 5.18 Service charges may include the following, although this list is not exhaustive:
- Housing management services
 - Caretaking
 - Communal power and water supply
 - Communal heating systems
 - Communal cleaning including window cleaning
 - Door entry maintenance
 - Grounds maintenance
 - Management costs
- 5.19 The determination of service charges for leaseholders will be in accordance with the provisions in their lease. However, residents of a shared building or estate will be charged on an equal basis for the same service, irrespective of their tenure.
- 5.20 Charges for all services will be based on the actual cost. For tenanted properties, fixed service charges can be set from April each year and be based on the costs for the last full financial year.
- 5.21 Charges will be for services provided at the property or to the communal areas in the locality of it, from which the tenant, license holder or leaseholder benefits.

Exemptions to this rule could be made if its application meant that a service became unaffordable, as could be the case with some intensive housing management services. In these cases, the service charges would be pooled across multiple locations.

- 5.22 Where new properties are built or acquired, to which chargeable services are provided, or properties are remodelled, resulting in a significant change in services, then service charges will be based on an estimate of actual cost until the end of the first full financial year of provision. Charges for subsequent years will be based on the actual cost.
- 5.23 New or extended service charges will be introduced where there is a requirement to further maintain communal facilities or provide new services. Ipswich Borough Council will consult with tenants and leaseholders regarding such changes. Charges for these services will initially be set on an estimate of the actual cost.
- 5.24 It is important that services, and the charges for them remain affordable for tenants. Ipswich Borough Council will maintain oversight of service charges increases and annual changes will be decided annually year at full Council prior to implementation.

Changes to rent

- 5.25 The weekly rent will usually be changed in April each year. Tenants will be given at least 4 weeks' written notice of a rent increase or decrease.
- 5.26 Both formula and affordable rents will be reviewed annually and will be increased or decreased in line with the guidance contained within the Government's Rent Policy Statement and Rent Standard 2020.
- 5.27 Annual changes to rent will be decided each year at full Council prior to implementation.

Temporary accommodation

- 5.28 Rents will be set at formula rent in accordance with the Rent Standard 2020, or as amended, where it applies.

Temporary Accommodation excluded from the Rent Standard

- 5.29 If units of temporary accommodation meet the criteria to be excluded from the Rent Standard a higher rent may be charged to as required to sustain the accommodation provision.



- 5.30 The rent charge may be set at LHA at the point of re-let and increased annually in line with LHA rates each April.
- 5.34 Ipswich Borough Council will ensure that the rents in these settings remain below market rate levels in order for them to meet the definition of low-cost housing/social housing as outlined in section 69 of the Housing and Regeneration Act 2008. At the point of increasing the rent, a valuation will be obtained using a RICS recognised methodology and the rent capped if necessary.

Ground Rent (Leaseholders only)

- 5.35 Ground Rent is not covered by the Rent Standard 2020.
- 5.36 Where Ground Rent is applicable this is stated within the lease.
- 5.37 Due to Ground Rent being a fixed amount, it is not subject to an annual review

6. Tenants Responsibilities

- 6.1 Tenants responsibilities are set out in the Tenants Handbook and Conditions of Tenancy.
- Tenants are responsible for:
 - paying their rent and other charges.
 - Making applications for Housing Benefit or Universal Credit and keeping the relevant agencies up to date on any changes in their circumstances.
 - Informing us of any circumstances that may affect their ability to pay their rent as soon as they become aware of them in order that we can signpost/offer relevant support eg: Money Advice, Food banks etc.
 - Paying their rent in advance and ensuring their rent account is in credit.
- 6.2 In the case of joint tenants each tenant is equally responsible for rent payments for as long as they remain the legal tenants. This applies regardless of whether both parties live in the property.

7. Statutory and regulatory requirements

- 7.1 Ipswich Borough Council will ensure that rents and service charges are set in line with statutory and regulatory requirements including the Rent Standard

2020 and associated guidance and also take into consideration recognised best practice.

7.2 This policy takes into account the following legislation and regulation:

- Housing Acts 1980, 1985, 1988 and 1996
- Housing and Regeneration Act 2008
- Regulator of Social Housing Rent Standard 2020
- Policy statement on rents for Social Housing (Feb 2019)
- Commonhold and Leasehold Reform Act 2002
- Leasehold Reform (Ground Rent) Act 2022
- Social Housing's Regulatory Framework
- Welfare Reform & Work Act 2016
- Social Housing Rents (Exceptions and Miscellaneous Provisions) Regulations 2016 (as amended in 2017)
- Landlord & Tenant Act 1985 (as amended by the Commonhold & Leasehold Reform Act 2002)

8. Equality and diversity

8.1 In formulating this policy, we have considered the implications for equality and diversity. Ipswich Borough Council is committed to meeting its equality objectives in its Rent and Service Charges Policy. An Equality Impact Assessment screening concluded that the policy is not discriminatory and demonstrates the Council's approach to equality for its tenants with no unlawful discrimination, harassment or victimisation.

8.2 Within the remit of this policy, the framework ensures that charges are applied in a fair and consistent way and without personal prejudice.

8.3 Where increases in rents impact residents, Ipswich Borough Council will provide help and support to understand the revised rent and work with those in need to ensure they are able to pay monies due and claim the benefits to which they are entitled in this respect.



8.4 Where there are rent arrears or other debt, we will endeavour to agree arrangements with the Tenant to reduce the debt and ensure that debt is not increased.

9. Appeals

9.1 We are committed to ensuring that tenants and leaseholders understand how their charges are set and relate to the services provided. If a tenant or leaseholder remains dissatisfied and believes that rent or service charges have been set incorrectly, they may request a review of that decision within 21 days of receiving the written decision from the Council. A request for a review should usually be made in writing although the Council may also consider verbal requests for a review to be undertaken.

9.2 The tenant or leaseholder should clearly outline the reasons that they have formally requested a review and a different officer at the Council will review the original decision. In some cases, the Council may need to request further information from the tenant in order to make a decision. The Council will respond to the review request in writing within 8 weeks.

10. Review

10.1 Income from rent and service charges is detailed in the quarterly financial reports and provided as a quarterly performance indicator.

10.2 The policy will be reviewed every three years or as legislation changes.