



# RENTS & SERVICE CHARGES POLICY

# DOCUMENT CONTROL

<b>Document Reference / Version Number</b>	<b>Version 3 – January 2017</b>
<b>Title of Document</b>	<b>Rents and Services Charges Policy</b>
<b>Authors Name(s)</b>	<b>Marian Coutts</b>
<b>Authors Job Title(s)</b>	<b>Rents and Service Charges Accountant</b>
<b>Directorate(s)</b>	<b>Resources</b>
<b>Document Status</b>	<b>Final</b>
<b>Supersedes (Version &amp; Date)</b>	<b>Version 2 - 27<sup>th</sup> August 2015</b>
<b>Approved By</b>	<b>EMT and electronically by D of R</b>
<b>Date of Approval</b>	<b>23rd November 2016 and 12<sup>th</sup> January 2017</b>
<b>Publication / Issue Date</b>	<b>January 2017</b>
<b>Date of Annual Review</b>	<b>August 2017</b>
<b>Changes Made at Last Review</b>	<b>7 required actions from EMT 23.11.16 – Refer to minutes for detail</b>
<b>Full Review Date</b>	<b>August 2018</b>
<b>Distribution</b>	<b>Website/Intranet</b>

Rochdale Boroughwide Housing Limited is a charitable community benefit society.

FCA register number 31452R.

Registered Office: Sandbrook House, Sandbrook Way, Rochdale OL11 1RY.

Registered as a provider of social housing. HCA register number: 4607



## **1. Policy Statement**

- 1.1 The effective and efficient setting of the rents and service charges due from tenants is a key activity for Rochdale Boroughwide Housing (RBH).
- 1.2 RBH recognises the importance of maximising income to fund vital services to tenants but also to reduce debt and promote social and economic inclusion among its residents.
- 1.3 Throughout this policy, RBH aims to:
- Comply with existing statutory requirements within the legal framework.
  - Give a clear and consistent message to tenants about their rental and service charge obligations.
  - Be transparent, ensuring tenants have a clear understanding of the costs of the services that they receive.

## **2. Definitions**

- 2.1 For the purpose of this policy, the following definitions shall apply:
- Consumer Price Index (CPI) is an indicator of inflation that measures the change in the cost of a fixed basket of retail goods. The Government, as part of its official statistics, publicises the CPI figure.
  - Actual Rent – The weekly rent actually charged to the tenant.

## **3. Commitments**

- 3.1 RBH provides the following commitments for tenants regarding rents and service charges. We will:
- Ensure the rents we charge will be calculated in accordance with the Government policy;
  - Maintain a consistent rent policy, in other words all transferring tenants will pay the same rent for their home, as they would have done had they remained with the Council. Any future increase will be calculated in line with the Governments rent policy;
  - Operate a 2 tier rent policy where new tenants will pay the rent as calculated as their formula rent on commencement of their tenancy.

The maximum that any individual weekly rent will increase will be limited by government guideline limits;

- Ensure the rents we charge will be used to deliver the highest quality services possible;
- Help tenants complete their housing benefit forms and provide benefit advice including in relation to Universal Credit as required;
- Work with other statutory and voluntary agencies to reduce social exclusion and maximise benefit entitlement. Refer tenants to RBH's Rents & Payments Money Advisors or an independent agency such as the Citizen's Advice Bureau for help with budgeting and specialist financial advice as required.

#### **4. Key Points of the Policy**

- 4.1 The Executive Management Team will have responsibility for this policy. The Director of Customer Services will have responsibility for managing the Rents & Payments Team. The Director will also ensure that all employees concerned (e.g. Neighbourhood Housing Officers, Contact Centre, Rents & Payments Team) receive the necessary training in the application of the rent and service charges policy and procedures.
- 4.2 The Rents and Service Charges Accountant will be responsible for the calculation of rents and service charges. A review of increases and decreases in service charges will be undertaken to ensure excessive movements are avoided. The review will be initiated where the proposed increase in service charge would be in excess of 100% or £1 per week.
- 4.3 The Rents & Payments Team Co-ordinator will be responsible for the notification of proposed rents and service charge changes to all tenants.
- 4.4 Rents and service charges will be charged weekly in line with the tenancy agreement.
- 4.5 The amount of actual rent and/or service charge charged to the tenant each week will be the weekly rent/service charge multiplied by the number of rent weeks in the year making allowance for non rent paying weeks.
- 4.6 Changes to rent and service charges will be applied annually, with effect on the first Monday of April.
- 4.7 In setting the level of the charge we will fully comply with the Government Rent Policy.

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4.8 A tenant can ask for a review of the new rent before it becomes effective by appealing to the First-Tier Tribunals (Property Chamber). The Tribunal may set a rent that is higher, lower or the same as the proposed new rent.

4.9 There will be 4 “rent free” weeks each year.

4.10 When a tenancy is terminated for any reason and a person remains in occupation, no rent will be accepted by us. Any money received for use and occupation will be treated as mesne profits.

4.11 RBH will seek possession of the property where any tenant falls into significant arrears with rent and fails to keep to an agreed re-payment plan in line with our Income and Rent Collection Policy and procedures.

#### 4.12 Affordable Rents

4.13 RBH will:

- Set rents for accommodation (inclusive of service charges) at a level that is no more than 80% of the market rent. Market rent will be confirmed by a RICS valuation;
- The inclusive rent for accommodation charges each year will be in line with Government policy;
- Affordable rent properties will be identified by the Rents Team when a property becomes empty. The rent will be reset when let to a new tenant, and an assured shorthold tenancy will be offered, when a prospective tenant has been advised of their responsibilities, to ensure the new tenant is able to cover the rent;
- Market rent will be determined by reference to the Beacon group of properties identified by RBH.

### **5. Service Charges**

#### 5.1. Service charges policy aims and objectives

- I. RBH aims to give our customers, residents and stakeholders clear guidance about the services they can expect to receive and how costs of those services are calculated.
- II. Services to Social rental properties are defined as variable service charges which means that charges raised reflect the cost of service delivery.

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- III. Services to Affordable rental properties are defined as fixed service charges which means that charges are amended in line with Government rent policy annually.
- IV. RBH aims to ensure our customers, residents and stakeholders have a clear understanding of how they can change the services they are receiving or want to receive from us.
- V. Wherever possible RBH will not pool costs with rent and as a consequence ensure customers pay for the services they receive.
- VI. RBH aims to ensure all customers pay their fair proportion of costs for services they receive.
- VII. RBH will ensure all service charges are subject to a variable service charge regime and calculated accordingly.
- VIII. RBH will introduce and operate service charges within the current legal framework and reflecting best practice guidance.
- IX. Provision of service charges will take account of RBH's responsibility to maintain communal areas in Neighbourhoods to satisfactory standards, regulatory health and safety requirements, and tenant's priorities.
- X. This policy on service charges is only applicable to rented properties. The service charge arrangements for leaseholders are contained in a separate policy.

## 5.2. Service Charges Policy Description

- I. Service charges are the cost of services provided by RBH which are above and beyond the management and maintenance of the home covered within the rent.
- II. Variable service charges are calculated annually on the basis of the previous years cost of service, using the most up-to-date figures for budget setting purposes and estimates for some of the costs that RBH will not know. Once the financial year has ended, RBH will check the amount that was spent on delivering the service and adjust the following years charge with the surplus or deficit between the actual and estimated costs. The service charge calculation will be applied to rent accounts and charged over a 48-week period.
- III. Service charges will be calculated at corporate, Neighbourhood, scheme or flat block level as appropriate.

Each Neighbourhood or scheme will be grouped together according to geographic location or service provided.

- IV. RBH will monitor service charge costs throughout the year, and investigate and monitor significant variances from the forecast, and advise customers at any point throughout the year of any significant variances on actual costs compared to our estimated costs:
- RBH will send to every customer (as part of the rent changes letter) information outlining the proposed cost of the service charges for the year ahead including any surplus or deficit adjustments that have been made to an account.
  - By the end of each September (within six months of the accounting period), RBH will provide a summary of actual service charges for the financial year to every customer paying a service charge. Supporting documentation such as accounts, receipts and other documents will be made available to customers on request.
- V. Where tenants terminate their tenancy, and there is a significant surplus or deficit adjustment from the previous years, RBH will attempt to refund/reclaim the outstanding amounts. Where it is not possible to contact tenants, any surplus/deficit will be carried into the costing of the service charge for the following year. customers
- VI. If we change the level of service given to a customer a new cost will be calculated and an adjustment be made to the charge levied at the point the service changes. This will follow consultation with customers.
- VII. RBH will fully comply with the legislative regime controlling the imposition of service charges. Firstly, RBH will limit the amount of any charge raised to costs which have been reasonably incurred. This is contained within the Landlord & Tenant Act 1985 Section 19 which states relevant costs shall be taken into account in determining the amount of a service charge payable:-
- a) only to the extent that they are reasonably incurred
  - b) only if the services or works are of a reasonable standard.

Secondly, RBH have an obligation for extensive consultation with tenants before major works or long term contracts are entered into. The regime is contained in the Landlord and Tenant Act 1985 Sections 18 to 30 (as amended) and Service Charges (Consultation Requirements) Regulations 2003.

- VIII RBH may choose not to pass all costs to customers immediately if an annual increase in the individual charge to a customer is deemed excessive. If this is the case RBH will phase in the increase over a time period.

We aim to provide services in as cost effective a way as possible, balancing price with quality and reliability. To this end we aim to use various mechanisms such as feedback, inspection, and benchmarking to judge the value for money of services.

### 5.3 Service Charges Consultation Arrangements

- All customers will be consulted in respect of the services being delivered to their home. The following groups will be consulted, as appropriate, when any new service is introduced or when service provision is reviewed:

<b>Group</b>	<b>When RBH will consult</b>	<b>How RBH will consult</b>
Customers affected by the service charge or any proposed changes	When RBH propose a change in the local level of service provision or introduce new services to customers at their home.	Individually with customers. Confirmation in writing. Annually by issuing statements.
Leasehold customers affected by major communal building works.	Prior to commencement of works and in line with relevant legislation	Individually with customers
The Board	When RBH propose procurement of new external service charge contracts	Board meeting

### 5.4 Identifying Service Charges

- Services will vary according to individual properties but could include the following:
  - Caretaking
  - Grounds maintenance
  - Digital TV
  - Communal lighting
  - Independent living – heating, lighting, cleaning and furnishing of communal areas
  - Independent living – heating of dwellings

- CCTV and concierge
- Window cleaning
- Furnished accommodation
- Door entry systems
- Management costs

This list may be added to subject to agreement with customers.

- II. Customers living within designated elderly persons supported accommodation are also responsible for the payment of the costs associated with “intensive housing management” services.
- III. The policy applies to existing service charges and new services which are introduced at the request of our customers. Where customers are consulted about a service within a block or specific area of benefit, RBH will implement the provision of new services where a majority of the residents express a wish to receive the service.
- IV. RBH will raise charges for former tenants who have acquired their properties through the Right to Buy/Right to Acquire schemes where specific provision for this possibility has been and will be included in the sale documentation. In these situations the charge will be calculated on the same basis as undertaken for those in the surrounding neighbourhood.
- V. Wherever possible we will work with the local authority to ensure our customers do not pay for services that should be paid for out of Council Tax or other local authority funding. Where this is not possible RBH will look to recover the full cost through a variable service charge.
- VI. We charge a management fee covering the administration and management of services, the maximum fee that can be charged is recognised as 15% and the % charged will be reviewed as part of the annual rent uplift.
- VII We charge for service chargeable elements that will require replacement over time, such as door entry systems, communal furnishings etc.

## **6. Service Standards**

6.1 RBH will meet the following Service Standards:

- We will provide all tenants with an annual letter notifying of any rent and/or service charge increase. The letter will be sent to all tenants at least 4 weeks before the new rent is due.

- We will provide all customers who pay a service charge with a summary of actual costs for each accounting period. This summary will be sent within six months of the financial year end.
- We will make statements available online at all times, with an option for customers to print a hard copy if required.
- We will make available the following methods to allow tenants to pay their rent and/or service charge:
 

 Telephone or internet banking	 Direct Debit
 By cheque	 Internet payment
 Payment card/barcode	 Over the phone
 Credit or Debit card	 Cash kiosk
 Standing Order	 Payments by text
- Be flexible about when rent and service charges are paid: weekly, fortnightly or monthly in advance.
- Order a new payment card/bar code within 5 working days of a request.
- Contact tenants by telephone, text messaging, e-mail and in writing if the rent account falls into arrears.
- Arrange a language translator if English is not the first language.
- Arrange a same sex interview if requested.
- Our housing management system will record the individual type of service relevant to each property and the current cost of provision of that service. Each rent increase notification sent to customers will include a detailed breakdown of the total amount payable in respect of service charges.
- Customers allocated properties will be advised prior to the start of the tenancy what services are applicable and the level of any charge. All service charges will be written into the tenancy agreement.
- The service standards for service delivery will be publicised and service area managers will be responsible for ensuring satisfaction levels with service delivery are monitored.

## **7. Equality and Diversity**

- 7.1 The Rents and Service Charges Policy has been subject to a 'Relevance Test' and as a result an Equality Impact Assessment has been undertaken.
- 7.2 The outcome of the assessment is that this policy has a medium impact on our customers.

## **8. Monitoring and Review**

- 8.1 The Director of Customer Services will report to the Board on a quarterly basis performance on rent and service charge collection.
- 8.2 RBH will provide information to tenants on an annual basis about rent and service charge collection performance.

The following performance measures will help us monitor this policy:

- Percentage of rent and service charge income collected
  - annual Service charge actuals v. charged recovery calculations
  - Benchmarking costs of service against other registered providers
  - Customer satisfaction feedback through STAR questions on VfM of rents and service charges
- 8.3 RBH will consult tenants and residents groups, service employees, and local voluntary and statutory agencies on a regular basis in order to continually develop good practice in this policy area.
- 8.4 RBH will review this policy, procedures and employee training needs at regular intervals to ensure that it continues to operate best practice and comply with legislative requirements. In addition the policy and procedures will be automatically reviewed following policy or legislation change, as required by the HCA or Government.
- 8.5 The Director of Customer Services will be responsible for ensuring that the policy has a desk top review annually and a full review at least one every three years.

## **9. Publicising the Policy**

- 9.1 RBH will publicise this policy to customers and leaseholders in a number of ways:
- Tenant Handbook
  - Service standard leaflets, outlining the levels of service

- Tenant newsletter
- Website