



## **RENT SETTING AND SERVICE CHARGE POLICY**

### **1. Policy Statement**

- 1.1 Erimus Housing will have a rent setting policy that is consistent with meeting its financial obligations, but at the same time enabling the Company to maintain homes to a high standard of repair and provide a high level of service to its tenants.
- 1.2 The Board of Erimus Housing is committed to these aims and this document sets out its policy for achieving a service of which it will be proud.
- 1.3 Erimus Housing's staff, Board Members and contractors will be expected to adhere to the principles laid down in this policy and have an individual and collective responsibility to ensure that this policy is actively applied in practice.
- 1.4 Erimus Housing aims to have rents that are affordable. It will develop this rent setting policy in line with the Government's Rent Restructuring Guidance and develop its service charge policy in line with the Government's regulations and Supporting People guidance. It will make information on rent restructuring, rent levels and service charges available to tenants in the Tenants Information Pack.

### **2. Reference Material**

#### 2.1 External

- Government and Housing Corporation regulation on rent restructuring
- KLOE 4 Housing Income Management
- Government's Guide to Social Rent Reforms
- Best Practice Guidance on setting rents and service charges
- Performance Standards and Regulatory Requirements issued by the Housing Corporation

#### 2.2 Internal

- Company Standing Orders and Financial Regulations
- Five year strategic plan
- Transfer Document
- Erimus Housing Tenancy Agreement
- Service Plans

## 2. Definitions

- RPI – Retail Price Index
- Tenant – a tenant or leaseholder
- The Company – Erimus Housing

## 4. Policy Content

### 4.1 Calculation of target rents

4.1.1 Erimus Housing will, in accordance with the Government's Rent Restructuring guidance, calculate a target rent for each property to which actual rents will converge over a period ending in 2011/12. The method used to calculate this 'target rent' will be based on 30% relative property values and 70% local earnings levels. Bed room weights will be applied in line with Housing Corporation guidance.

4.1.2 This formula will follow the Government's Guide to Social Rent Reforms formula for calculating target rents for both local authorities and RSLs/LHCs

- Property values are based on January 1999 prices calculated assuming vacant possession.
- Relative earnings are specified in the Guidance, and based on average gross weekly earnings of manual workers at 1999 prices

4.1.3 Middlesbrough Council commissioned independent valuers to produce valuations based on property stereotypes in accordance with the Government guidelines and these will continue to be used in the calculation of target rents by the company.

4.1.4 As properties are improved their value may also increase relative to other non-improved properties in the stock. The Company may take this into account in the calculation of the target rent.

### 4.2 Achieving convergence

4.2.1 The guidelines indicate that target rents should increase, during the convergence period, by no more than 0.5% in real terms for RSL/LHC rents. This could alter from time to time in accordance with Government guidelines.

4.2.2 The guideline also indicates that actual rents should increase/decrease during the convergence period by no more than inflation (RPI) plus 0.5% plus £2. The Company will conform to this guidance.

4.2.3 Social Landlords have the discretion to set rents at up to 5% above or below the target rent. This is to allow flexibility to reflect local circumstances. The Company, should it adopt this discretion, will do so within the overall maximum stated above.

## 4.3 Service Charges

- 4.3.1 Service charges comprise elements that vary according to tenants' individual housing circumstances and there is a requirement for RSLs/LHCs to fully identify service costs and charge separately.
- 4.3.2 The Government guidance also indicates that service charges should closely reflect what is being provided to tenants. The Company will set service charges in accordance with these requirements.
- 4.3.3 Under Promises set out in the Transfer Document any increase in service charges will be restricted to RPI + 0.5%. This protection will apply until the first Monday of October 2010. Prior to this date Erimus Housing will under take all the necessary steps, including full consultation with tenants to review service charges and service charge policies. This will ensure that in line with the Transfer Document from October 2010 tenants will be asked to pay service charges based on our estimate of the actual cost of providing services over the coming year.
- 4.3.4 The Company will also identify separately property-related charges, such as concierge, from charges for support services that are provided to tenants based on their individual needs. This is to comply with the guidance relating to "Supporting People Grant." This grant is to cover the costs of supporting people in their homes and will apply to costs relating to sheltered accommodation.

## 5. Equality and Diversity

- Erimus Housing's approach to debt recovery aims to be all inclusive, (ie does not discriminate on the basis of sexuality, gender, ethnicity, race, religion and belief, age, disability, marital status or trade union activity).
- This policy also complements the Achieving Equality and Valuing Diversity Policy (service delivery), which should be referred to for specific guidelines on ensuring equality for all when following the Rent Setting and Service Charge policy and associated procedures.
- This policy will undergo a periodic review, and an Equality Needs Impact assessment will be conducted as part of this review process to ensure the policy remains fit for purpose, non discriminatory, and that any changes in legislation or statute are considered and incorporated.

This should also include any information that has been found as a result of the Equality Needs Impact Assessment.

## 6. Customer Involvement and Consultation

- 6.1 Erimus Housing will consult the Residents Panel, Area Partnership Forums, Residents' Associations, and other recognised Residents Groups, local voluntary and statutory agencies on a regular basis in order to continually develop good practice in

this policy area. The Company will also give due regard to Good Practice Guidance issued by the Housing Corporation, National Housing Federation and the Chartered Institute of Housing.

- 6.2 Staff groups involved in service delivery will also be consulted regularly to identify areas where services could be improved.
- 6.3 Erimus Housing will consult with tenants on its Rent Setting and Service Charge policy annually.

## **7. Monitoring and Review**

### 7.1 Monitoring

7.1.1 Erimus Housing will monitor its performance in relation to this Policy, and its progress to ensure income is maximised in line with the rent restructuring legislation within the provisions of this policy. Monitoring activities will include:

- Ensuring that this policy is implemented in accordance with company standing orders and financial regulations
- Research to monitor the financial effects of the rent setting policy on tenants and the effect on the financial standing of the company
- An annual review of performance against the specified objectives, targets and desired outcomes to ensure that all performance targets in relation to this policy are met
- Checks to ensure all changes to rent and services are carried out in line with this procedure and within the agreed specified notice periods
- This policy will be monitored by a principal officer and subject to annual reviews in order to reflect emerging best practice and regulatory guidance

### 7.2 Review

7.2.1 Erimus Housing will undertake a review of this policy whenever there are any relevant changes to legislation, case law or good practice that would impact on this policy.

7.2.2 In the absence of such a trigger for a review, the policy will be reviewed at yearly intervals or other such period as the Board may from time to time determine. The Board of Erimus Housing will be responsible for ensuring that a review of this policy is carried out.

7.2.3 Procedures relating to this policy will also be periodically reviewed, taking into account any operational issues that may arise.

7.2.4 Tenant representative groups will be involved and consulted in any review of the policy in line with Erimus Housing's policy on tenant participation and consultation

## **8.0 Responsibility**

- 8.1 It is the responsibility of Erimus Housing to review this policy, procedures and staff training needs at regular intervals to ensure that it continues to operate best practice, achieve measurable results, and aim for continuous service improvement. In addition the policy and procedure will be automatically reviewed following policy or legislation change, as required by the Housing Corporation.
- 8.2 It is the responsibility of the Chief Executive and Senior Officers to ensure that:
- All staff are aware of Erimus Housing's policies
  - All staff are trained on the policies
  - Monitoring records are collected in accordance with Erimus housing's Policy and Procedures
  - Customers are adequately informed of the policies
  - Appropriate action is taken against employees whose actions are inconsistent with this policy