

POLICY TITLE	Rent Setting & Service Charge
POLICY NUMBER	JO/PO/13
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OFFICER RESPONSIBLE FOR REVIEW	Rob Thompson

1 POLICY STATEMENT

- 1.1 Tees Valley Housing (TVH) and Erimus Housing (Erimus) will have a rent setting policy that is consistent with meeting its financial obligations, but at the same time enabling TVH to maintain homes to a high standard of repair and provide a high level of service to its tenants.
- 1.2 The Boards of TVH and Erimus is committed to these aims, and this document sets out its policy for achieving a service of which it will be proud.
- 1.3 TVH and Erimus 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 TVH and Erimus 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 TSA 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 TSA.

2.2 Internal

- Company Standing Orders and Financial Regulations;
- Five-Year Strategic Plan;
- Tenancy Agreement;
- Service Plans.

3 DEFINITIONS

- RPI – Retail Price Index;
- Tenant – a tenant or leaseholder;
- TVHL – Tees Valley Housing Limited;
- TSA – Tenant Services Authority.

4 POLICY CONTENT

4.1 Calculation of Target Rents

4.1.1 TVH and Erimus 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. Bedroom weights will be applied in-line with TSA 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 Independent valuers are commissioned 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 TVH and Erimus.

4.1.4 As properties are improved their value may also increase, relative to other non-improved properties in stock. TVHL 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. TVH and Erimus will conform to this guidance.

4.2.3 Social landlords have the discretion to set rents at up to 10%. TVH and Erimus, should it adopt this discretion, will do so within the overall maximum limits 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. TVHL will set service charges in accordance with these requirements.

4.3.3 TVH and Erimus will also identify separately, property-related charges such as concierge or ground maintenance 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 care and support costs relating to supported accommodation. Support-related costs are not eligible for Housing Benefit payments.

4.3.4 Whenever possible, TVH and Erimus will employ variable service charge clauses within tenancy agreements, and allow sufficient time to consult with tenants before any increase in charges is implemented.

5 EQUALITY AND DIVERSITY

- TVH and Erimus' approach to debt recovery aims to be all inclusive, (i.e. 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 & 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.

5.1 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 TVH and Erimus 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. TVH and Erimus will also give due regard to Good Practice Guidance issued by the TSA, 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 TVH and Erimus will consult with tenants on its Rent Setting and Service Charge policy annually.

7 MONITORING AND REVIEW

7.1 Monitoring

7.1.1 TVH and Erimus 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 Regulation;
- Research to monitor the financial effects of the Rent Setting policy on tenants and the effect on the financial standing of TVH and Erimus;
- 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 TVH and Erimus 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 TVH 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 TVH and Erimus' policy on tenant participation and consultation.

8 RESPONSIBILITY

8.1 It is the responsibility of TVH and Erimus 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 TSA.

8.2 It is the responsibility of the Managing Director and Senior Officers to ensure that:

- All staff are aware of TVH and Erimus' policies;
- All staff are trained on the policies;
- Monitoring records are collected in accordance with TVH and Erimus' policies and procedures;
- Customers are adequately informed of the policies;
- Appropriate action is taken against employees whose actions are inconsistent with this policy.