

Rent Setting And Service Charge Policy



1 Aims of policy

Chorley Community Housing aims to set charges for tenants and leaseholders which:

- Use a fair and consistent approach
- Ensure the future viability of the Association
- Comply with Housing Corporation requirements
- Is affordable to the Associations tenants who are in low paid employment.

2 Scope of the policy

The Policy relates to rents and service charges made to tenants and leaseholders

3 Monitoring, review and consultation

Chorley Community Housing will:

Undertake regular reviews of this policy to ensure it continues to meet the requirements of the national policy agenda and the Housing Corporation.

Reviews will take place annually as part of the budgeting and business planning process:

- The Board will be responsible for ensuring the reviews of this policy are undertaken
- All tenants will be issued with periodic statements of charges made to them
- Tenants will be consulted on the rent and service charges policy. Feedback from this consultation will be reported back to the Board.

4 Responsible Officer

Director of Corporate Services

5 Contact details

Sue Davidson

Tel: 01257 414895

E-mail: sue.davidson@chorleych.co.uk

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Executive Summary

Chorley Community Housing will set rents and service charges in line with the national policy agenda and Housing Corporation requirements. They will be set in a clear, consistent and transparent way. All tenants will receive information as to what the charges are for their property and how they were calculated.

1 Introduction

In April 2000, the Government announced a new rent policy for a fairer system for affordable rents for all social housing. The policy requires the need to meet target rents within 10 years, i.e. by 2011/12. The formula used reflects the value, size, condition and location of properties and local earnings.

The Government also advises that social landlords should make a charge for communal services separate from the rent.

2 Policy

Rents

Chorley Community Housing will:

- provide a guarantee for all existing tenants who were subject to transfer from Chorley Borough Council that until target rents are reached, rents will be set in accordance with the national formula which will be the same as increases would be with the Council
i.e. rents will increase by $RPI + 0.5\% + £2.00$.
- Once the target rent is achieved, rent increases will be limited to no more than the $RPI + 0.5\%$.
- Rents for new tenants to Chorley Community Housing will be set according to the convergence path rather than being immediately set at target rent.
- The initial rent on first letting of new Social Housing Grant funded developments will be the target rent.

Target rents will broadly be achieved by 2011/12.

Service Charges

Chorley Community Housing will:

- provide specialist housing related services on developments in accordance with the needs of tenants and characteristics of the buildings;
- provide details of all charges to tenants including those relating to specialist housing related services at the commencement of tenancy, providing information and advice relating to eligibility in respect of housing and other welfare benefits;
- not make a profit from service charges and will aim for a balanced budget. Any surplus/deficit on the account will be adjusted annually;
- for sheltered housing, up until 2010/11 service charges will increase in accordance with the service charge plan plus RPI.

- For general needs properties subject to a service charge, the increase for 2007/8 will be in accordance with the service charge plan plus RPI.
- Once the target service charge is achieved, the service charge element of the total weekly charge will not go up by more than RPI + 0.5%.

Service charges will be made for the following types of services to communal areas:

Heating	Repairs and maintenance of furniture and fittings
Lighting	Repair, maintenance & servicing of equipment
Caretaking and cleaning	TV aerials
Grounds maintenance	Door entry/ security equipment
Insurance	Internal decoration and floor covering

Assumptions

In accordance with the Business plan, RPI is assumed at 2.5%

Implementation

Chorley Community Housing will set service charges by taking into account the following factors:

- the full cost of the service provided;
- value for money;
- a provision for the maintenance and replacement of equipment used in the supply of the service.

Chorley Community Housing will:

- recharge the actual cost of providing the service only to the extent that they are reasonably incurred;
- provide a written summary of costs in the service charge;
- when considering the provision of additional services, consult with tenants and leaseholders, seeking views on the service to be provided, before a final decision is made.
- calculate the service charge estimates representing the expenditure which the company is likely to incur in the following twelve months (the account year) in providing the relevant services;
- as soon as possible after the end of each account year, determine and certify the amount by which any estimates provided for that year have exceeded or fallen short of the actual expenditure that year;
- carry forward any differences between the estimate and the actual amount for the relevant year.

Chorley Community Housing will:

- in March each year, provide all tenants with a breakdown of the service charge elements of their rent for the new financial year;
- assess service charges for new properties prior to the property being allocated to a tenant;
- provide leaseholders of properties sold under Right to Buy, Preserved Right to Buy or Right to Acquire legislation with an annual estimate of service charges.
- Inform tenants and leaseholders in writing at least 1 month before any change in the service charge

All rent increases will be made on an annual basis, with an increase date of the first Monday in April.

3 Monitoring, review and consultation

Consultation

Chorley Community Housing will:

- consult with tenants on the rent & service charge policy and rent plan. Feedback from this consultation will be reported back to the Board.
- provide tenants and leaseholders with clear information about the services being provided which are paid for by service charges and about their cost to residents;
- inform tenants and leaseholders in writing at least one month before any change in the service charge.

Chorley Community Housing may go to a Leasehold Valuation Tribunal to ask if a charge or proposed charge is reasonable and Tenants and Leaseholders have the right to go to a Leasehold Valuation Tribunal if they believe their service charge or proposed service charge is unreasonable.

Monitoring

Monitoring reports will be provided to all Board members on the effectiveness of this policy, consulting on recommendations for change where necessary. These reports will consist of performance information as required by the Housing Corporation and any other reports the Board feels may improve service delivery.

Chorley Community Housing will monitor performance against the income profile on a monthly basis.

Review Mechanisms

There will be an automatic review of this policy whenever there is a change of legislation or policy from Department of Communities and Local Government (DCLG) or the Housing Corporation, particularly in relation to rent and service charges. The policy will also be reviewed when other information becomes available that will impact on the policy, otherwise the review period will be no greater than one year.

Questionnaires/surveys will be carried out at least annually to identify tenant and leaseholder satisfaction in relation to service delivery.

4 Jargon Buster

RPI – Retail Price Index / inflation.