



Rent Setting and Service Charges Policy

Policy Number

POL 01

PURPOSE OF POLICY

In April 2000 the Government announced a new rent policy for a fairer system of affordable rents for all social housing. The policy requires the need to meet target rents within 10 years based on average earnings, property values and number of bedrooms.

The policy reflects the requirement for Derwentside Homes to set charges for both tenants and leaseholders annually using a fair and consistent approach.

POLICY STATEMENT

Derwentside Homes's Rent Setting and Service Charge Policy will be implemented in line with Derwentside Homes's Charitable Objects and the Housing Corporation's Regulatory Code and Guidance.

Derwentside Homes will ensure that target rents are reached in 2011/12 and that it will set charges for both tenants and leaseholders annually using a fair and consistent approach.

PERFORMANCE MEASURES

Responsible Officer

Head of Housing Services

Policy Author(s)

Head of Housing Services
Performance Monitoring Officer

Date Approved by the Shadow Board

Frequency of Review

Three years or as dictated by legislation/guidance

Review Date

File Reference

Consultees

LSVT Working Group –Policies and Procedures
Tenants Forum
Staff
Management Team
Derwentside Homes Shadow Board

Rent Setting and Service Charge Collection Policy

1 Statement of Intent

1.1 Derwentside Homes will:

- 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 to set charges at the limit needed to cover the cost of the service provided. Any surplus or deficit on services provided will be taken into account when setting charges in the following year;
- provide a guarantee for all existing tenants who were subject to transfer from Derwentside District Council that existing rent charges will not increase in the first five years following transfer by more than RPI +0.5% plus/minus £2.17 per week (48 weeks);
- limit rent increases to no more than the Housing Corporation's annual guideline (currently RPI +0.5%) once the target rent is achieved.

1.2 This guarantee will remain with the tenant even if the tenant transfers to another dwelling owned by Derwentside Homes. Albeit that the guarantee will extend to the appropriate rent and service charge for the dwelling to which the tenant transfers.

2 Implementation

2.1 Derwentside Homes 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.

2.2 Derwentside Homes will:

- recharge the actual cost of providing the service only to the extent that costs 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.

2.3 Section 5, paragraph 3 of the Tenancy Agreement states that in 'Setting Your Service Charge' (if this applies) that Derwentside Homes will follow the following procedures:

- (i) If you receive services we may increase your Service Charges on the first [Monday] in [April] [] by an amount set out in a written notice sent in advance of it taking effect (the "First Service Charge Increase"). We will send you a Service Charge Schedule showing the full details.
- (ii) After the First Service Charge Increase you will be asked to pay a Service Charge based on our estimate of the sum we are likely to spend in providing services to you over the coming year. That will be the Service Charge we will ask you to pay for that year and will be set out in a Service Charge Schedule.
- (iii) At the same time we will work out how much we have actually spent on providing services for you in the previous year. If we have overcharged you, we will reduce your Service Charge for the coming year. If we have undercharged you, we will increase your new Service Charge.
- (iv) If you are required to pay a service charge for the first time, we will give you at least one month's notice in writing of the service charge amount after we have consulted you about the introduction of the service.
- (v) Each year when you receive your Service Charge Schedule, you have the right, within six months of receiving it, to examine the service charge accounts, receipts and other documents relating to them and to take copies or extracts from them. We will make a reasonable charge to cover the cost of any copying.
- (vi) We can only make reasonable Service Charges and the services or work we do must be of a reasonable standard. If you believe that your Service Charge is unreasonable (in terms of amount charged or standard of work) you can apply to the Leasehold Valuation Tribunal for a decision as to what is reasonable. Further details are given in the Tenants' Handbook.
- (vii) We will not increase your Services Charges more than once a year after the First Service Charge Increase without your prior consent.

We may establish a sinking fund to be applied to any unusually heavy cost expected to be borne by the Service Charge account in the foreseeable future

2.4 Leasehold service charges will be administered in accordance with the terms of the lease

3 Consultation

3.1 Derwentside Homes will consult tenants about Rent Setting and Service Charge Collection and changes in the company's practice and policy in line with the arrangements established by Derwentside Homes' Tenant Consultation Policy. In addition Derwentside Homes will:

- 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 rent and/or service charge;
- leaseholders have the right to go to a Leasehold Valuation Tribunal if they believe their service charge or proposed service charge is unreasonable.

4 Review of Policy

- 4.1 Derwentside Homes will review this policy, as a minimum every three years or automatically whenever there are any changes to legislation or policy from the Office of the Deputy Prime Minister, taking into consideration good practice and any research that would impact on this policy and/or service delivery, including trends in complaints received by Derwentside Homes. This policy will be reviewed and implemented in line with the Housing Corporation's Regulatory Code and Guidance.
- 4.2 Monitoring reports will be provided to the Board on the effectiveness of this policy, consulting on recommendations for change where necessary.
- 4.3 Derwentside Homes will monitor income/ expenditure on at least a quarterly basis

5 Legislation and Guidance

- 5.1 Derwentside Homes will ensure that its approach to Rent Setting and Service Charge Collection is in line with the Housing Corporation's Regulatory Code and Guidance, Guidance for Charitable Registered Social Landlords – the Joint Guidance – the Charity Commission and the Housing Corporation. Derwentside Homes will have regard to Derwentside District Council's Homelessness and Housing Strategy in the formulation and implementation of its policies. It will ensure that this policy is compatible with the obligations of existing legislation including but not limited to:
- Disability Discrimination Act 1995;
 - Race Relations Act 1976(As amended 2000);
 - Sex Discrimination Act 1975(As amended 1986);
 - Crime and Disorder Act 1998;
 - Anti Social Behaviour Act 2003;
 - Housing Act 1996;
 - Housing Act 2004;
 - Data Protection Act 1994;
 - Charities Act 1993.