



Rent Setting and Fixed Service Charges Policy

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Policy	RENT SETTING & FIXED SERVICE CHARGES POLICY			Central Services
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1. Purpose

- 1.1. This policy sets out how Hull Churches Housing Association Limited (the Association/HCHA) will set, review, vary and manage rents and fixed service charges for its homes. It is intended to ensure that charges are lawful, transparent, affordable, consistently applied and compliant with the requirements of the Regulator of Social Housing, government rent policy, tenancy agreements, leases, funding conditions and relevant legislation.

2. Scope

- 2.1. This policy applies to homes owned by HCHA where rent and fixed service charges (where applicable) are payable. It applies to social rent and intermediate or sub-market rent tenancies and shared ownership leases, subject to the terms of the applicable tenancy, lease, licence or agreement.

3. Legal and Regulatory Framework

- 3.1. HCHA will have regard to and comply with, where applicable, the Rent Standard, the government's Policy Statement on Rents for Social Housing, the Housing and Regeneration Act 2008, the Landlord and Tenant Act 1985, the Housing Act 1988, the Commonhold and Leasehold Reform Act 2002, the Welfare Reform and Work Act 2016, the Consumer Standards, relevant Homes England or Greater London Authority funding requirements, tenancy agreements, leases, licences and other contractual documents.

4. Policy Principles & Objectives

- 4.1. The principles and objectives of this policy are
 - Comply with all applicable rent standards, government policy statements, legislation, regulatory expectations, funding agreements and contractual terms.
 - Set rents and fixed service charges fairly, consistently and transparently.
 - Maintain affordability for tenant or shared ownership leaseholders while supporting the long-term financial viability of HCHA.
 - Recover the reasonable cost of providing communal and property-related services through fixed service charges where permitted.
 - Provide clear information to tenant or shared ownership leaseholders about how rents and service charges are calculated, reviewed and changed.
 - Ensure robust governance, internal controls, audit trails and assurance over rent and service charge setting.

5. Rent setting principles

5.1. Rents will be set according to the rent regime applicable to the property, tenancy or lease. HCHA will maintain records showing the basis of each rent, including formula rent calculations for social rent, market evidence for intermediate or sub-market rent, shared ownership lease provisions, funding conditions, rent caps, tolerance levels and any permitted exceptions. Rents will not be set or increased above the level allowed by law, regulation, policy or funding conditions.

5.2. Social Rent

Social rents will be set by reference to the applicable formula rent, rent cap and permitted tolerance. HCHA will review formula rent inputs, including property valuation, bedroom size and local earnings data, when required and will retain evidence of the calculation.

5.3. Intermediate and sub-market rent

Intermediate and sub-market rents will be set at a level below comparable open market rent and in accordance with any applicable funding conditions, tenancy terms, nomination agreements, planning obligations or organisational approvals. HCHA will obtain and retain appropriate market rent evidence and document the rent-setting basis applied. Intermediate and sub-market rents will also be assessed for affordability for the intended customer group.

5.4. Shared ownership rent

For shared ownership properties, rent will be charged on the unsold equity retained by HCHA in accordance with the terms of the shared ownership lease, any applicable funding conditions and relevant regulatory or statutory requirements. Initial rent levels, rent review provisions, staircasing changes and any rent reductions following additional equity purchase will be calculated and recorded in accordance with the lease. Tenant or shared ownership leaseholders will be given clear information about how their rent is calculated, how it may change and the effect of any staircasing transaction.

6. Annual rent review

6.1. Rents will normally be reviewed annually. Any increase, decrease or other variation will be calculated using the relevant regulatory formula, rent cap, lease provision, contractual provision and notice requirements.

6.2. Tenant or shared ownership leaseholders will receive written notice of any rent change within the timescale required by their tenancy, lease or legislation. HCHA will maintain a timetable and control process for annual rent review, including data validation, calculation checks, approval and communication.

7. Fixed service charges

7.1. A fixed service charge is a set charge payable by a tenant or shared ownership leaseholder for services, facilities, repairs, maintenance, management or administration that are not included in rent and are provided for the benefit of the tenant or shared ownership leaseholder, the property, the block, the estate or communal areas. The charge is fixed for the relevant charge period and is not normally adjusted retrospectively to reflect the actual cost incurred, unless the tenancy, lease, licence or legislation requires otherwise.

7.2. Method for calculating fixed service charges

Fixed service charges will be based on the estimated reasonable cost of providing the relevant services for the charge period. Estimates may be informed by contract prices, budgets, prior-year expenditure, known changes in service standards, inflation, utility forecasts, staffing costs, management costs and other relevant evidence. Costs will be allocated to properties on a fair and reasonable basis.

7.3. Surpluses, deficits and reconciliation

Because HCHA uses fixed service charges, charges will not normally be reconciled to actual expenditure at year end, and tenants or shared ownership leaseholders will not normally receive refunds or additional demands for underspends or overspends. However, actual expenditure and service performance will be reviewed to inform future fixed charge estimates, identify material variances, improve value for money and ensure charges remain fair and reasonable.

7.4. New, changed or removed services

HCHA may introduce, vary or remove services where this is permitted by the relevant agreement and where it is reasonable to do so. Tenants or shared ownership leaseholders will be consulted where required by law, regulation, contract or good practice, particularly where changes would materially affect the service received or the amount charged.

8. Affordability and value for money

8.1. HCHA will consider affordability when setting rents and fixed service charges, including the combined weekly or monthly housing cost payable by tenants or shared ownership leaseholders. It will seek to secure value for money by procuring and managing services efficiently, reviewing contract performance, challenging unnecessary costs and ensuring that tenants or shared ownership leaseholders receive services that are appropriate, reliable and reasonably priced.

9. Tenant or shared ownership leaseholder information and consultation

- 9.1. Tenants or shared ownership leaseholders will be given clear, accessible information about their rent and service charges, including the amount payable, the services covered, and how to query or challenge a charge. HCHA will consult tenants or shared ownership leaseholders where required and will take feedback into account when reviewing service standards, costs and proposed changes.

10. Governance, approval and controls

- 10.1. The Board is responsible for approving this policy and receiving assurance that rent and service charge controls are effective. Executive responsibility will sit with the Finance Director. Annual rent and service charge changes will be approved in outline by the Board, with flexibility within set parameters delegated to management. Management will maintain documented procedures, calculation records, and approval records.

11. Errors, corrections and refunds

- 11.1. If a rent or service charge error is identified, HCHA will investigate promptly, correct the charge, communicate with affected tenants or shared ownership leaseholders and take reasonable steps to put matters right. Where tenants or shared ownership leaseholders have been overcharged, refunds or account credits will be made in accordance with law, the relevant agreement and HCHA's compensation or redress procedures. Where tenants or shared ownership leaseholders have been undercharged, HCHA will consider the circumstances before deciding whether and how to recover arrears, taking account of fairness, affordability and legal restrictions.

12. Complaints and disputes

- 12.1. Tenants or shared ownership leaseholders may query or complain about rent or service charges through HCHA's complaints process. HCHA will provide explanations, supporting information and review outcomes. Tenants or shared ownership leaseholders may also have statutory rights to challenge certain service charges through the appropriate tribunal or court, depending on their tenure and agreement.

13. Monitoring and assurance

- 13.1. HCHA will monitor compliance with this policy through annual rent and service charge review controls, external audit, complaints analysis, tenant or shared ownership leaseholder feedback, arrears monitoring and periodic reporting to the Board.

14. Equality, Diversity and Accessibility

- 14.1.** HCHA will apply this policy fairly and consistently and will consider the needs of tenants or shared ownership leaseholders who may require information in alternative formats or additional support to understand or respond to rent and service charge information. Equality impacts will be considered when reviewing this policy and when making material changes to services or charges.

15. Policy review

- 15.1.** This policy will be reviewed at least every three years, or sooner if there are changes to legislation, regulation, government rent policy, funding requirements, organisational strategy or significant operational learning.