

# **HALTON HOUSING TRUST**

## **RENT SETTING AND SERVICE CHARGES POLICY**

*Date due for Review:*

### **Introduction**

Halton Housing Trust (the Trust) recognises that it needs to make appropriate charges to cover all of its costs in providing services to ensure that the commitments outlined in its Business Plan are achieved, and to guarantee that the Trust is financially stable in the long term.

The Trust is also committed to ensuring that its rents and other charges are affordable to people on low incomes and that dependence on housing benefit is minimised.

As part of its commitment to provide Best Value, the Trust will ensure that it monitors the charges it makes for providing services and will compare its costs with other similar housing providers in the area. The Trust's Board will receive reports on such comparisons and monitoring and will take any action that is appropriate.

This policy meets the requirements of the Housing Corporation's Regulatory Code which requires housing associations to set rents in accordance with the Government's rent restructuring formula.

### **Government Rents Policy & Target Rents**

In December 2000 the Government published its guide to rent reforms in the social housing sector in '*Quality and choice: a decent home for all - the way forward for housing*'. The proposals stated that future target rent levels would be determined by a formula broadly based on regional national earnings, property values and the number of bedrooms in individual properties

The aim is to achieve convergence of housing association and local authority rents through a rent restructuring process by 2011/2012. Average rent increases in the housing association sector over this period will be restricted to inflation plus ½ % plus £2.00 per week. This formula is based on a 52 week collection period. HHT will need to adapt this to take account of the 48 week collection period operated by the Trust. This means that the maximum ceiling for rent increases is inflation plus ½% plus £2.17 per week. Local authority rents are allowed to increase at a faster rate.

However, some tenants may also pay service charges as well as rent. These will be for a small range of services, such as district heating schemes, the Lifeline/warden service etc. These will continue to be levied after transfer. However, the Trust will not introduce any additional service charges for any other service currently provided. Service charges will be based on the actual cost of providing the service.

Housing associations are expected to properly distinguish between rents and service charges before applying the rent restructuring framework. To reflect this, the Trust's policy is presented as two separate policy statements:-

- 1) Statement of Policy – Rents
- 2) Statement of Policy – Service Charges

### **1) Statement of Policy – Rents**

Although the Trust is a not-for-profit organisation, financial efficiency is extremely important to it. It will ensure that through its Rent Arrears Recovery Policy it will take all appropriate steps to ensure that its income is maximised.

The Trust is committed to providing effective quality services and to honouring the commitments contained in its offer to tenants. It will raise the necessary income to achieve these aims whilst ensuring at all times that it remains cost effective in its provision of services. The Trust is also committed to a policy of continuous service improvement under a Best Value regime that will provide regular reviews through a process of challenge, comparisons with the best, consultation and open competition.

The Trust will charge rents for those tenants transferring from Halton Borough Council, having proper regard to Housing Corporation Guidance and the Government's Target Rents Policy. Rent levels for 'new' tenants of the Trust - i.e. those not transferring from Halton Borough Council - will be set at full Target Rents upon reletting.

The Trust will continue to honour the existing arrangements regarding 'Bridge Rents' \* for those tenants who qualify to receive them.

The Trust will set future garage rents to reflect the cost of providing the facilities but will take account of market factors to avoid garage rent levels becoming a deterrent to lettings. Garages let to Trust tenants will be exempt from VAT. Garages let to anyone who is not a Trust tenant will have VAT at the standard rate added to the garage rent.

*\* ' Bridge Rents ' refer to rents charged to a small number of tenants in Runcorn. These people were originally rehoused by the Council at the time of the construction of the Runcorn-Widnes bridge. These tenants retain a personal entitlement to have their rents fixed at a certain level.*

## **2) Statement of Policy – Service Charges**

The Trust will levy charges for a small range of services, such as district heating schemes, the 'Lifeline'/warden service and the tenants' contents insurance scheme. These charges will be for existing services provided at the time of transfer. The Trust would not introduce additional service charges for services currently provided.

The Trust may, however, introduce new services in future which may be as a result of requests from or after consultation with tenants; for which service charges may be payable.

Heating charges and any other service charges will be fixed at a level to cover the costs of service provision. These costs will include the administration of such services, where legislation permits.

The Trust's Board will agree details of all service charges and how they are calculated on at least an annual basis. Changes to charges will be notified to each tenant by giving at least one month's notice.

Tenants will normally be expected to make their own arrangements for the payment of Council Tax, Water Charges and other utilities. There are a few exceptions to this, namely :-

- tenants of Townley Court, Widnes who do not need to arrange for their own water rates payments. This is because they have a separate charge for water rates included in their rent because their supply is via a common water meter ; and
- tenants in certain properties in Companys Close, Coronation Rd, Lavender Close and Rowan Close in Runcorn who do not need to arrange for their own gas supply. This is because they have a separate charge for a common gas supply to cooker points in their properties included within their rent.

### **Implementation**

The Trust's rents will be increased on an annual basis taking effect from the beginning of each financial year and will be fixed by the Board. Tenants will be notified in writing of such increases within the one month statutory notice period.

Rents will continue to be based on their existing model which is the traditional method of 'rent pooling'. Rents will not be increased for individual tenants following completion of improvements. However, the Trust still has to follow Government guidelines relating to target rents, which state that any increase in the value of

a property because of improvements has to be taken into account. This means that if the value of a Trust property increases significantly because of

improvement work carried out, then the Government's target rent for that property would be increased to reflect this.

Rents will be calculated on a 48 week rent year with four 'payment free' weeks. These will be at the Easter, Christmas and New Year weeks and one other week at the Trust's discretion, which will normally be the last week shown on the rent card. However, there will occasionally be years where there are 53 Mondays in the financial year, in which case rent will be collected over 49 weeks.

The rent is payable on the Monday of each week it is due and should be paid within the week it is due.

The Trust will ensure that, subject to the agreement of individual tenants, Housing Benefit be credited by Halton Borough Council direct to the tenant's rent account.

### **Responsibility**

The Director of Resources is responsible for the effective implementation of this policy.

The Director of Resources is also responsible for ensuring that all appropriate staff are aware of and are trained in this policy and associated procedures.

It is the responsibility of the Board to take the appropriate decisions in relation to rent setting in accordance with recommendations from the Director of Resources and the Chief Executive.

The Board of the Trust will receive reports which will consider whether procedures are being correctly followed by employees.

### **Consultation**

The Trust will consult with all of its tenants on levels of rent and service charges. This consultation will take place in accordance with the Trust's Tenant and Resident Involvement Policy.

The Trust will benchmark against levels of rent and service charges levied by other comparative housing associations in the area and provide this information to its tenants, its Board and the Housing Corporation.

### **Monitoring and Review**

The Trust takes seriously its commitment to ensure that rent levels are kept affordable for all income groups.

The Board or a designated Committee will monitor rents being charged by comparative housing associations on an annual basis to ensure that the

Trust's rents have taken account of the Government's rent restructuring process. Where any discretion exists the Trust will aim to keep rents at an affordable and competitive level.

The Trust will monitor the effectiveness and implementation of this policy to ensure that statutory requirements are adhered to and that tenants are treated fairly and equitably.

This policy will be reviewed on an annual basis to ensure that it continues to take account of Business Plan considerations, legislative changes and Housing Corporation guidance.

**Associated Documents**

Rent Collection & Payment Policy  
Rent Arrears Recovery Policy  
Write-off of Bad Debts & Credits Policy  
Tenant & Resident Involvement Policy