



THE LONDON BOROUGH

Rent and Service Charge Setting Policy

Section	Contents	Page
1.0	Introduction	3
1.1	<i>Rents</i>	3
1.2	<i>Service Charges</i>	3
1.3	<i>Income Recovery</i>	3
1.4	<i>Scope of the Policy</i>	3
2.0	Aims of the Policy	3
3.0	Legislative Framework	4
4.0	Performance and Compliance Monitoring	5
4.1	<i>Compliance</i>	5
4.2	<i>Review</i>	5
5.0	Rent Regimes	6
5.1	<i>London Affordable Rents</i>	6
5.2	<i>Temporary Social Housing</i>	7
5.3	<i>Social Rents</i>	7
5.4	<i>Gypsy and Travellers Plot Rents</i>	8
6.0	Managed Units	8
7.0	Application of the Policy	9
8.0	Equality and Diversity	9
9.0	Data Protection	9
10.0	Training	9
11.0	Related Documents	10
Appendix 1	Annual Rent Setting Timetable	11

1.0 Introduction

1.1 Rents

This policy outlines the approach taken by the Council to rent setting in respect of residential units owned by London Borough of Bromley. The policy covers:

- Initial rent setting for all new build schemes
- Annual rent reviews of all units with a rental element
- Relet rent setting for all units with a rental element.

The Council sets the rents for Bromley owned properties. These properties are managed under contract by an agent who are tasked with the collection of the rent charged and arrears management.

1.2 Service Charges

The setting of service charges is delegated to the managing agent on the basis that that they are set in line with the National Federation of Housing Service Charge Guidance and that all service charges are validated by the Council prior to charging. These service charges are fixed and, every effort is made to set them accurately based on the costs incurred in the previous year. We do not account for any surplus or deficit in the current year.

1.3 Income Recovery

The recovery of rents and service charges is delegated under a management agreement to Pinnacle.

1.4 Scope of the Policy

This policy applies to:

- All officers involved in the setting and/or validation of rents.
- All officers involved in the validation of service charges set by a managing agent operating on behalf of the Council.
- The Executive involved in the approval of rents.

2.0 Aim of the Policy

We aim to:

- Set rents in accordance with the legislative and regulatory requirements together with the adoption of nationwide good practice.
- Meet our commitments to the terms and conditions of our tenancy agreements.
- Provide transparency and accountability.
- Deal with errors in rent setting quickly and efficiently and in line with regulation.
- Understand and mitigate where necessary, the impact of rents we set in relation to our financial planning, budgeting and affordability to our tenants.

3.0 Legislation Framework

In developing this policy; the Council has followed and fully considered the following housing legislation, regulations, and statutory guidance:

- Data Protection Act 2018 and [UK GDPR]
- Equality Act 2010
- Housing Act 1985, 1988 and 2004
- Rent Act 1977
- Latest Mayor's Housing Covenant (Relevant Authority).
- Regulator of Social Housing Rent Standard 2020
- Policy Statement on Rents for Social Housing February 2019 MHCLG
- The Capital Funding Guide
- Landlord and Tenant Act 1985 and 1987
- Housing and Regeneration Act 2008
- Traveller Site Management Good Practice Guide (Published by Communities and Local Government July 2009)

The Rent Standard (2020) applies to social housing dwellings in England. The following properties are exempt from the rent standard:

- a. Shared ownership low-cost rental accommodation
- b. Intermediate rent accommodation
- c. Specialised supported housing but not sheltered or extra care
- d. Relevant local authority accommodation
- e. Student accommodation
- f. Private Finance Initiative (PFI) social housing
- g. Temporary social housing
- h. Care homes.
- i. High-income social tenancies (HIST)

Where a dwelling requires the rent to be set in accordance with the Rent Standard, the Council complies, and we recognise the risk of non-compliance is increased if we:

- Fail to take account of changing law, regulation or government policy within our policies and procedures.
- Incorrectly treat a property as exempt or excepted from elements of the rent standard or any other relevant law or regulation
- Incorrectly categorise a property within the categories of tenure recognised by the rent standard
- Incorrectly convert a property from one category of tenure to another
- Incorrectly calculate or apply rent calculations
- Contravene the Landlord and Tenant Act 1985 by incorrectly calculating or applying a service charge
- Introduce new, bespoke rental products with rents that do not comply with the requirements of relevant law or regulation
- Have poor quality underlying data.

4.0 Performance and Compliance Monitoring

4.1 Compliance

- a. Rents for new build schemes are set by the Head of Finance, Adult Social Care, Health & Housing. Regeneration officers ensure those rents are compliant and are in accordance with the way the development is funded (i.e., Homes England and Local Authority agreements).
- b. The Head of Finance, Adult Social Care, Health & Housing sets the annual rents and provides the rebased rent when a property is relet.
- c. All rents are validated by the Head of Finance, Adult Social Care, Health & Housing.
- d. The Senior Management Team will sign off annual rents and refer them to the Executive Committee for approval.
- e. The Senior Management Team will review affordability undertake appropriate consultation in order to make a recommendation to the Executive Committee on rent flexibilities.
- f. The Executive Committee will approve annual rents.
- g. Rents will be set in accordance with the rent standard or regulation applicable to units exempt from the rent standard and the terms and conditions of our tenancy agreements and the prescribed notice periods. Where these are not explicit, industry standards will be adopted in a manner consistent with the aims and objectives of this policy.
- h. Areas of non-compliance will be investigated under our rents non-compliance process.
- i. Rent setting is subject to periodic internal audit and delivery should be in line with industry practice.

4.2 Monitoring and Review

The rent setting policy will be reviewed annually during the annual rent setting process. This is to ensure the prevailing legislation and regulation is adhered to. Where a change is considered an impact assessment will be undertaken, if the change is considered to be minor with no significant impact to individuals or communities, then it may be approved by senior management within the Council. Major changes will require approval by the Executive with statutory consultation prior to the main decision with all known stakeholders.

5.0 Rent Regimes

Our responsibility currently is:

- a. The ownership of permanent social housing for the purpose of discharging our homeless duty and housing people from the housing register. These units are subject to secure tenancy agreements none of which have been issued prior to 1989 and they are therefore not subject to fair rent protection. The handover of these units commenced in 2022. They funded under the affordable rent programme as London Affordable Rents.
- b. We currently own a small number of properties for the sole purpose of providing temporary social housing' in line with homeless legislation as stated in the Housing Act 1996.
- c. We own a small number of properties which were previously used as tied accommodation for caretakers. As these units become vacant or the employment ceases, we will set the rents on social rents (formula rents) with 1999 valuations.
- d. The Council has a number of Gypsy and Travellers sites which are rented in accordance with the Mobile Homes Act 1983.

5.1 London Affordable Rents

London Affordable Rents (LAR) were introduced by the Greater London Authority (GLA) for the 2016-21 funding period. This is a benchmark rent, set by the GLA and based on the 2015/16 formula rent caps inflated by CPI +1%. There is a different LAR set for each bedroom size. The GLA publish a LAR each April. Whilst still an affordable rent product, the GLA recognises that LAR rents are exclusive of service charges.

- ✓ Initial Rent: GLA published LAR rate by bedroom size.
- ✓ Annual Rent Review: We will increase by CPI +1.0% until this cap is reviewed by central government in 2025.
- ✓ Relet Rent: All incoming tenants will be charged the published GLA LAR rate by bedroom size.

5.2 Temporary Social Housing Rents

In this policy statement, 'temporary social housing' means low-cost rental accommodation made available to a person who is homeless (within the meaning of the Housing Act 1996) either:

- a. by a private registered provider under an assured shorthold tenancy agreement or a licence where:
 - a local authority has nominated that person as a tenant of the accommodation on a temporary basis
 - that local authority owes a duty under Part 7 of the Housing Act 1996 to that person
 - the registered provider holds the social housing on a lease or a licence which has a term of more than two years and fewer than 30 years or holds the social housing on a lease with a term of 30 years or greater, or holds the freehold title to the social housing, and acquired the social housing without public assistance.
- b. by a local authority under a licence where:
 - that local authority owes a duty under Part 7 of the Housing act 1996 to that person
 - the accommodation provided is accommodation to which the account held pursuant to section 74(1) of the Local Government and Housing Act 1989 (duty to keep Housing Revenue Account) does not relate
 - the local authority holds the social housing on a lease or a licence which has a term of more than two years and fewer than 30 years.

The units the Council has as temporary social housing are covered under 5.2 (b).

- ✓ Initial Rent: Set at 90% of the 2011 London Housing Allowance.
- ✓ Annual Rent Review: There is no annual increase.
- ✓ Relet Rent: Set at 90% of the 2011 London Housing Allowance.

5.3 Social Rents

Units subject to a social rent be set according to the formula rent calculation in Policy Statement for Social Housing, February 2019. Each year the government publishes a rent cap. If the rent cap is lower than the formula rent it is charged instead. The Council will not exceed published rent caps.

The Council is not permitted to convert a social rent to another rent product without prior agreement from the funding agent if the unit is being developed or from the regulator if the unit is in management. The decision to convert must be made by the Executive.

The rent standard allows rent flexibility provided there is a rationale for doing so which takes the local market context and affordability into account. Rent flexibilities will be agreed annually and the following will be considered:

- Analysis of arrears levels in the scheme.
- Rent levels at alternative accommodation in the local area
- Appropriate consultation with residents.
- Annual feedback from the managing agent.
- Overall economic conditions and affordability.

The table below shows the permitted rent flexibility under the rent standard.

Unit Type	Rent Flexibility
All units (except supported)	Formula Rent + 5%
Supported units (including extra care and sheltered)	Formula Rent + 10%

The housing department is not currently responsible for any extra care units.

- ✓ **Initial Rent:** New builds subject to social rents will be calculated on a formula rent plus a 5% rent flexibility. The rent charged will be formula rent plus the 5% rent flexibility or the capped rent whichever is the lower.
- ✓ **Annual Rent Review:** The annual increase will be including any rent flexibility.
- ✓ **Relet Rent:** All incoming tenants will be charged the formula rent plus the 5% rent flexibility or the capped rent whichever is the lower.

5.4 Gypsy and Travellers Plot Rents

The Council sets the core rents for its sites in conjunction with the Gypsy and Traveller Site Management Good Practice Guide (Published by Communities and Local Government July 2009). In fixing rent levels, account should be taken of fairness for what is offered, particularly in the light of the average rent applied by the landlord for other social housing it provides, affordability and the cost of managing and maintaining the site.

Under the Mobile Homes Act 1983 rent should be reviewed annually on the review date, Landlords need to consider certain factors in proposing changes to rents, and there is a general presumption that rents should not change by more than any percentage increase or decrease in the retail price index since the last review date.

6.0 Managed Units

We do not currently manage units on behalf of another landlord. In the event that this changes, the rents would be set by the landlord and charged by the Council in accordance with a management agreement. Service charges would be set by the Council and the recovery of all charges would very likely be delegated to the Council under the management agreement.

7.0 Application of the Policy

This policy is implemented through the following processes:

- Initial rent setting process for new build schemes
- Annual rent setting process for schemes in management. The annual rent setting timetable is set out in [Appendix 1](#).
- Relet rent setting process for units that are being let after a void period
- Rent non-compliance process where a rent is set in error.

8.0 Equality and Diversity

This policy will be implemented in accordance with equality legislation and our Equalities Policy, ensuring that we will not discriminate against any resident on grounds of their protected characteristics. We will address any special communication requirements in order to ensure all our customers have equal access to the information they need to meet their obligations. The policy itself, has been tested under an Equality Impact Assessment (EIA) to ensure it is compliant with legislation.

9.0 Data Protection

This policy will operate in accordance with the principles of the Data Protection Act 2018, General Date Protection Regulations UK and our Data Protection & Confidentiality Policy. Documents relating to rent setting will be retained and disposed of in line with our Retention & Disposal Policy.

10.0 Training

We will ensure that the managing agent, officers and members involved in setting, validating or approving rents have the required skills and knowledge. Officers, members where necessary our agents, will receive induction, vocational training and refreshers during their employment with the Council.

11.0 Related Documents

- *Rent Standard April 2020*
- *Policy Statement on Rents for Social Housing February 2019*
- *Retention & Disposal Policy August 2021*
- *Data Protection & Confidentiality Policy May 2021*
- *Information Governance Policy May 2021*
- *Corporate Information Security Policy May 2021*
- *Equalities Policy March 2021*

Appendix 1

Annual Rent Setting Timetable

The table below represents the annual timetable, the detail is captured in the annual rent setting process.

Month	Action
September	<ul style="list-style-type: none"> Revise policy
October	<ul style="list-style-type: none"> September CPI published www.ons.gov.uk used to uplift the rent annually Sign off revised policy Validate stock list by regime Rent calculations Managing agent service charge schedule
November	<ul style="list-style-type: none"> Validate rents Validate service charges Agree rent flexibility for social rents Sign off by heads of service
December	<ul style="list-style-type: none"> Executive approve revised policy. Executive approve rents and rent flexibilities
January	<ul style="list-style-type: none"> Finalise rents Release rent schedule to managing agent
February	<ul style="list-style-type: none"> Managing agent serves notice no later than 1st Monday in March
March	<ul style="list-style-type: none"> 28-day consultation period for tenants no late Finalise rents and service charges Upload to the housing management system Validate upload
April	<ul style="list-style-type: none"> New rents and service charges LIVE from 1st Monday in April