

RENTS AND SERVICE CHARGES

1.0 Strategic Links

- South Lakeland Sustainable Community Strategy 2007-2027
- South Lakeland Corporate Plan
- Cumbria Housing Strategy 2006/11

2.0 Key Objectives

South Lakes Housing's key policy objectives are to:-

- maximise income through the efficient collection of rental income and sundry debts;
- operate a rent and service charge policy that meets Government policy guidelines and which ensures that South Lakes Housing's rents are affordable to tenants;
- operate an equitable, open and transparent rent and service charge accounting policy.

3.0 Key Policy Standards

Government Policy

The objectives of the government's rent restructuring policy are to bring about convergence between social sectors, market stability and proper choices and to set rents on a national basis where rents:-

- remain affordable and below private sector levels
- are less confusing to tenants
- reflect the qualities which tenants value
- remove unjustifiable differences between properties
- remove unjustifiable differences between council housing and housing associations
- give tenants the opportunity to take more responsibility for their choice of housing whilst protecting the vulnerable amongst them
- encourage better management by social landlords of the housing stock
- complement Communities and Local Government (CLG) wider objectives to improve quality and choice

The underlying principles for implementation of the Guide to Social Rents Reforms, published by the Government are:-

- individual property target rents;
- rents to reflect the size, condition and location of properties, and local earnings;
- complete the restructuring of rents by 2012;
- at the end of 2012, rents on individual properties to be within a band of up to 5% higher or lower than the target rent;
- registered social landlords to have discretion over the pace and timing of restructuring but to change individual rents by no more than £2 per week, in addition to the guideline limit, in any year.

The guideline limit for rent increases is 0.5% a year in real terms from 2002/03 onwards.

In establishing the guideline limit for increases, local authorities should use the inflation figure including mortgage payments, commonly known as 'all items inflation' or RPI, for the September before the year of assessment.

Over the 10 year implementation period, target rents will increase by RPI + 0.5% a year. Changes in actual rents charged during that period are limited to £2 per week in addition to the guidelines limit for increases, ie RPI + 0.5% plus or minus £2.

Rent Plan

Key principles

- South Lakes Housing will comply with the rent restructuring framework, irrespective of size or of whether rents will need to increase or decrease to achieve compliance
- South Lakes Housing will produce an annual rent plan which demonstrates how it proposes to manage the transition over the 10 year implementation period
- A key factor in the Plan will be the assessment of the impact of rent restructuring on South Lakes Housing's finances

Formula

South Lakes Housing will use the target rents which resulted from the application by South Lakeland District Council of the ODPM (Office of the Deputy Prime Minister) formula:

The ODPM published figures to be used for the earnings element of the rent formula and the bedroom weightings. To achieve a consistent and fair pattern of social rents, a common valuation base and method was adopted. The Government determined that January 1999 should be used as the property valuation base for calculating restructured rents and that valuation methods should be the same for Local Authorities and RSL's. An Existing Use Valuation (EUV) was therefore adopted, assuming vacant possession and continued residential use. Although it accounted for only a small element of the rent calculation, it was considered important that the valuations reflect differences in size, condition and location of properties. A valuation of 2-5% of the stock was suggested.

The government subsequently carried out a three year rent review and this resulted in changes to the calculation of formula rents as from 2006/07 as follows:-

- revised bedroom weightings and the inclusion of 5 and 6 bedroom properties
- new national average property value as at January 1999 (from £41350 to £49750)
- new national average rent as at April 2000 (from £45.60 to £54.62)
- no limit of downward movement of rent
- limit of 5% average rent increase per property per local authority

Outcomes

- Each property has a calculated target rent.
- The maximum allowed annual increase is £2 per week above inflation. The average period for protected rents to reach target rents is 2 years.
- All properties will reach target rent by 2012.
- The average rent of all SLDC dwellings is equal to the average target rent.

Application of Changes

Annual increases will be applied as follows:-

- Rents below target rent will be increased annually by inflation plus the shortfall (subject to a maximum of £2 above RPI + 0.5% per week), until the target is reached;
- Rents at the target will have an annual increase of inflation plus 0.5%;
- New tenants (not protected) will be charged the target rent for the property.

Service Charges for Tenants

South Lakes Housing will charge tenants for additional services such as the communal heating and lighting, grounds maintenance, lifts maintenance etc. based on the actual costs of provision of the services.

Sheltered housing scheme costs are no longer pooled and instead each scheme has individual charges approved each year as part of the rent setting process.

The Council includes the cost of services such as grounds maintenance within the rent. To reflect best practice and Government policy for all social landlords South Lakes Housing will show the charges for any services provided so that tenants can see clearly how much of the gross rent payment each week goes towards these services. No profit will be made from service charges.

SLH and SLDC are working in partnership towards the unpooling of service charges to set reasonable and transparent charges which closely reflect what is being provided to tenants.

Service Charges for Leaseholders

South Lakes Housing will charge Leaseholders for additional services such as communal heating, lighting etc. based on the actual costs of provision of the services plus associated management fees. Service charges for leaseholders will be recovered on an actual cost basis calculated for each property individually.

Rent Rebate

Rent Rebate will be paid directly into the tenant's rent account.

Payment Methods

Rents will be payable on a 48 week year. The following payment methods will be made available:-

- Direct Debit;
- Debit Card (including by telephone);
- Touchtone telephone;
- Allpay swipe card at Post Offices, Paypoint and Payzone outlets;
- Text message (registration via SLH website);
- Internet payments;
- Direct payment from the Benefits Agency;
- Cheque payments by post to South Lakeland House

South Lakes Housing will continually review the methods of payment available to tenants having regard to customer service needs, effectiveness and cost.

4.0 Key Targets and Performance Indicators

- Compliance with CLG Guidance on Social Rent Reforms
- Rate of convergence for rent equalisation
- Benchmarking information from comparator organisations
- Business Plan performance on rental stream income
- Proportion of rent collected
- Proportion of rent written off
- Satisfaction with rent payment methods

5.0 Monitoring, Review and Consultation Process

The Board, South Lakeland District Council and Tenants` Groups will receive regular reports on rent performance and rental policy (see also Rent Collection and Arrears Recovery Policy).

Annual budget rent review and rent setting.

Reports on rent levels required by the CLG

Review and monitoring arrangements with South Lakeland District Council.

Tenant participation and consultation

6.0 Service Development and Review Priority

Changes to the service may take place as the result of the work of relevant Service Improvement Groups with tenant representation. The policy will be reviewed at least once every three years to ensure that it is meeting the current needs of the community, and to ensure that it takes into consideration any changes to legislation at any given time.

7.0 Equality and Diversity

South Lakes Housing recognises that there is a broad range of visible and non-visible differences that characterise its tenants. Some of these qualities include race, religion, culture, nationality, ethnic background, colour, disability, sex, sexual orientation, age, literacy and income level. By understanding and respecting this diversity it is able to set a policy which ensures that all tenants are able to access services provided by South Lakes Housing in an equitable manner.

South Lakes Housing is committed to providing information and services equally and without discrimination so that they meet the needs of all sections of the community who are either housed by South Lakeland District Council, living near properties managed by South Lakes Housing or seeking access to or information on housing services in the South Lakeland area. In carrying out all housing management policies, South Lakes Housing’s Equality and Diversity Policy will be adhered to.

