

## Rent and Service Charge Policy

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### 1. Introduction

- 1.1. This policy sets out the methods used in calculating rents for residential properties owned or leased by Westmoreland Supported Housing Limited (WSHL). It includes details for the initial rent calculation and how this will be reviewed annually.
- 1.2. This policy also sets out the methods for calculating the service charge for properties where additional services are provided. It includes details of how this charge will be reviewed annually and the actual cost of services is reported to customers.
- 1.3. This policy seeks to ensure that rent and service charge setting is transparent and does not discriminate between residents on any grounds and in particular, race, gender, sexual orientation, ethnic origin, religious belief, disability/illness or age.
- 1.4. This policy aims to ensure that WSHL charges rents for its properties that comply with the Regulator of Social Housing's (RSH) Rent Standard, the latest version of which being the Rent Standard 2020, where applicable.
- 1.5. Where the Rent Standard is not applicable, due to a specified exception, WSHL will nevertheless apply similar principles in calculating rents.

### 2. Definitions

- 2.1. The following definitions are used within this policy:

Term	Explanation
Consumer Price Index (CPI)	The official Consumer Price Index in the United Kingdom as published by the Office for National Statistics. It reflects the movement in price of in a range of goods and services used regularly, such as food, heating, household goods, bus fares and petrol. But CPI leaves the costs of your home out of the calculation - so rises in mortgage payments, rents, and council tax, are not reflected in the calculation. For rent reviews, the annual change in CPI as measured in the preceding September is the relevant statistic.

Core Rent	The basic weekly rent cost inclusive of all repairs, insurance and council tax costs, but excluding Service Charges.
Depreciated Replacement Cost (DRC)	Special rules permitting a different valuation method for Supported Housing in determining property values for purpose of calculating Formula Rents.
DLUHC	UK Government Department for Levelling Up, Housing & Communities
Existing Use Value (EUV)	The standard method used to value properties for the purpose of calculating Formula Rents in order to comply with the Rent Standard 2020.
Formula Rent	The notional rent set for each social property (based on a combination of size, average rents & average earnings for the region): see paragraphs 2.2 - 2.7 of the Policy Statement.
General Needs	General needs housing covers the bulk of housing stock for rent and is stock that does not meet the criteria for the classification of Supported Housing.
The Red Book	The RICS Valuation – Global Standards (Red Book) contains mandatory rules, best practice guidance and related commentary for all Royal Institute of Chartered Surveyors (RICS) members undertaking asset valuations.
Registered Provider	Social Housing providers registered with the Regulator of Social Housing.
Rent Caps	The maximum ceiling on Formula Rents, dependent on the number of bedrooms in a property. See paragraphs 2.8 - 2.12 of the Policy Statement.
Rent Flexibility Level	Upward tolerances of individual Formula Rents permitted under paragraphs 2.13 and 2.14 of the Policy Statement.
Rent Standard	One of three economic standards that the Regulator of Social Housing expects Registered Providers to comply with. It looks at whether Social Housing rents are set in accordance with Government policy. The most recent version is the Rent Standard 2020 which took effect from 1 April 2020.
Safety and Quality Standard	One of four consumer regulatory standards that Registered Providers of Social Housing must comply with; this policy is specifically concerned with providing quality accommodation and a cost-effective repairs and maintenance service. This standard took effect from 1 April 2020.
Service Charges	Additional services provided to tenants in their homes, such as grounds maintenance, cleaning of communal areas and the payment of utility costs (where these are not individually metered for each tenant).
Social Rent	Low-cost rental accommodation as defined in the Housing and Regeneration Act 2008, excluding any affordable rent, intermediate rent, high income social rented properties or any other exceptions set out in the Rent Standard.
Specialist Supported Housing	Defined in paragraph 5.5 of the Policy Statement (see Section 6 of this policy), and is exempt from the rules of the Rent Standard under Chapter 5 of the Policy Statement.
Supported Housing	Defined in paragraphs 2.39 and 2.40 of the Policy Statement (see Section 5 of this policy), and is subject to the rules of the Rent Standard.

### **3. Legal and Regulatory Responsibilities**

- 3.1. In enacting this policy WSHL will adhere to all relevant regulatory and legal requirements.
- 3.2. To be a Registered Provider, WSHL must provide Social Housing which refers to the definition of Social Housing set out in the Housing and Regeneration Act 2008 (the 2008 Act).
- 3.3. There are different types of Social Housing, but in the context of WSHL this is low-cost rental accommodation, which is defined under Section 69 of the 2008 Act as:

*“Accommodation is low-cost rental accommodation if:*

- a) It is made available for rent,*
- b) The rent is below the market rate, and*
- c) The accommodation is made available in accordance with rules designed to ensure that it is made available to people whose needs are not adequately served by the commercial housing market.”*

- 3.4. As a Registered Provider of Social Housing, WSHL must set rents of properties in accordance with the requirements of the RSH, unless one of the permitted exceptions applies.
- 3.5. Social Housing rent levels are determined by Government policy, which is set out in the Direction on the Rent Standard in 2020 (the Direction) and DLUHC’s Policy Statement on Rents for Social Housing (the Policy Statement). The RSH implemented the Direction and Policy Statement in the Rent Standard 2020; this is the latest version of the Rent Standard which came into force from 1 April 2020.
- 3.6. For the year from 1 April 2023 to 31 March 2024, the process of setting Social Housing rent levels was modified to include a 7% ceiling in annual rent increases, via the Direction on the Rent Standard in 2023 (the 2023 Direction). The Rent Standard April 2023 applied for this year.
- 3.7. The Rent Standard sets out a number of exceptions, with the most relevant of these to WSHL being Specialist Supported Housing. This exception is explained in Section 6 below.

### **4. WSHL Rent and Service Charge Policy Statement**

- 4.1. For all WSHL properties that are designated as either General Needs or Supported Housing, WSHL shall charge rents in accordance with the Government’s Direction to the RSH and the Rent Standard 2020.
- 4.2. Specifically, we shall set rents with a view to achieving the following:
  - 4.2.1. Setting rents and service charges at a reasonable level that allow us to meet our obligations to tenants, maintain our stock to the requirements of the Safety and Quality Standard and continue to function as a financially viable organisation;

- 4.2.2. Core Rents conform with the pattern produced by the rents formula set out in the Rent Standard (Formula Rent) with an upward tolerance on individual rents of 10% for Supported Housing (Rent Flexibility Level), such upward tolerance being used only with clear rationale which takes into account local circumstances and affordability, but subject to the maximum rent levels specified in the Rent Standard (Rent Caps);
- 4.2.3. Weekly Core Rent for accommodation increases each year by an amount which is no more than CPI + 1% (with CPI taken from the September preceding the increase date);
- 4.2.4. Weekly Core Rent for accommodation which is above the limit of the Rent Flexibility Level increases each year by an amount equivalent to CPI in any year, until it reaches the limit of the Rent Flexibility Level;
- 4.2.5. Rent Caps increase annually by CPI +1.5%;
- 4.2.6. Formula Rents increase annually by CPI +1% for 5 years from 2020 (subject to a 7% overall cap in the year from 1 April 2023 to 31 March 2024).
- 4.3. WSHL may charge Service Charges in addition to the Core Rent where required by the needs of individual tenants and/or requirements under its own leases. Changes to Service Charges are not covered by the Rent Standard even where increases to the Core Rent are subject to the limits described in 4.2.
- 4.4. More information explaining how rents will be calculated for Supported Housing is shown at Section 5.
- 4.5. For properties that are designated as Specialist Supported Housing, where the Rent Standard does not apply, we will set and agree the Core Rent and Service Charge with commissioners and Local Authority benefit teams and recover only the full costs of providing, maintaining and managing the accommodation, ensuring that this charge represents good value for money. The Core Rent will be at or below the market rate for the property type and the services provided will be according to the needs of individual tenants and/or requirements under its own leases.
- 4.6. More information explaining how rents will be calculated for Specialist Supported Housing is shown at Section 6.
- 4.7. In addition, WSHL provides a small number of homes to tenants that in most respects appear to meet the requirements to be classified as Specialist Supported Housing, except that these properties did not meet the Board's assessment against the market rent tests when the property was first acquired or since.
- 4.8. The provision of such properties still meets WSHL's purpose; however, in line with the relevant standards, WSHL considers these properties as being non-Social Housing.
- 4.9. Despite this, for the sole purposes of rent setting, WSHL treats these properties as Specialist Supported Housing and so applies the principles of Section 6.

- 4.10. These properties make up a very small percentage of WSHL's entire portfolio. The Board has established a maximum limit of 5% of the prevailing portfolio for properties in this category.
- 4.11. Any properties that are designated as market rent do not meet the definition of Social Rent and so are not covered by the Rent Standard. WSHL will set Core Rent in line with the wider housing rental market.
- 4.12. More information explaining how Service Charge amounts will be calculated for all property types is shown at Section 7.
- 4.13. When setting both our Core Rent and Service Charges, WSHL will ensure that we meet the obligations of our leases both in terms who we let our properties to and the Service Charge commitments that we must make.

## **5. Rent Setting – Supported Housing**

- 5.1. Supported Housing must meet the definition specified in paragraph 2.39 of the Policy Statement which states that it is low-cost rental accommodation provided by a Registered Provider that:
  - a) *“is made available only in conjunction with the supply of support;*
  - b) *is made available exclusively to households including a person who has been identified as needing that support; and*
  - c) *falls into one or both of the following categories:*
    - i. *accommodation that has been designed, structurally altered or refurbished in order to enable residents with support needs to live independently; and*
    - ii. *accommodation that has been designated as being available only to individuals within an identified group with specific support needs.”*
- 5.2. The vast majority of WSHL's stock complies with the definition of Specialist Supported Housing as opposed to Supported Housing, therefore this section applies to only a small number of properties.
- 5.3. Since 2002, rent for properties let as Social Rent have been based on a formula set by Government, creating a Formula Rent for each property, which aims to ensure that similar rents are charged for similar social rent properties. This is calculated based on the relative value of the property, relative local income levels and the size of the property. Formula Rents for Social Housing properties are exclusive of any service charges.
- 5.4. For Social Rents, the valuation must be made at January 1999 prices. A common approach to the valuation of properties for rent purposes must be followed as far as possible. Valuations must be in accordance with a method recognised by RICS. RICS sets out its principles for valuations in The Red Book.

- 5.5. In calculating the Formula Rent for Social Rent accommodation, the Rent Standard requires that the value of the property should be based on an Existing Use Value (EUV), produced by the comparative method, assuming vacant possession and continual residential use, with an average national property value in January 1999 of £49,750. The Policy Statement leaves providers free to obtain their own appropriately qualified advice on property valuations.
- 5.6. Where it is not appropriate to value Supported Housing properties on the basis of EUV, Registered Providers can use a Depreciated Replacement Cost (DRC) method of valuation to establish the property value in 1999.
- 5.7. Registered Providers are not expected to carry out an individual valuation for each property, although they will need to attribute a value to each Social Rent property in order to calculate its Formula Rent. Rather than carrying out individual valuations, Registered Providers may decide to rely on more generic valuations for particular types and sizes of properties in different locations.
- 5.8. The Policy Statement contains flexibility for Registered Providers to set rents at up to 10% above formula rent for Supported Housing (Rent Flexibility Levels). If applying this flexibility, Registered Providers should ensure that there is a clear rationale for doing so which takes into account local circumstances, affordability and concerns, and is done so in consultation with tenants.
- 5.9. WSHL adheres to all of the requirements listed above in respect of its Supported Housing properties, both at the point of initial rent setting and at all subsequent rent increase dates.

## **6. Rent Setting – Specialist Supported Housing**

- 6.1. There are a number of exceptions to the setting and reviewing of rents operated by Registered Providers under the Rent Standard. One of those exceptions is Specialist Supported Housing.
- 6.2. The definition of Specialist Supported Housing is set out in paragraph 5.5 of the Policy Statement as meaning Supported Housing:
  - a) *“which is designed, structurally altered, refurbished or designated for occupation by, and made available to, residents who require specialised services or support in order to enable them to live, or to adjust to living, independently within the community,*
  - b) *which offers a high level of support, which approximates to the services or support which would be provided in a care home, for residents for whom the only acceptable alternative would be a care home,*
  - c) *which is provided by a private registered provider under an agreement or arrangement with:*
    - i. *a Local Authority, or*
    - ii. *the health service within the meaning of the National Health Service Act 2006,*
  - d) *in respect of which the rent charged or to be charged complies with the agreement or arrangement mentioned in paragraph (c), and*
  - e) *in respect of which either:*
    - i. *there was no, or negligible, public assistance, or*
    - ii. *if there was public assistance, it was by means of a loan secured by means of a charge or a mortgage against a property.”*

- 6.3. All five elements of the definition must be met, with WSHL periodically conducting an assessment against each property that is designated as Specialist Supported Housing to confirm that all requirements continue to be met.
- 6.4. For any WSHL properties that meet this definition (and any non-Social Housing Properties that in all respects other than the market rent test are considered to be Specialist Supported Housing), WSHL is not obliged to follow the Rent Standard when setting rents.
- 6.5. Instead, our rents will be set to ensure that they cover the base rent to our landlord, our management fee, reactive and planned maintenance, health and safety compliance checks, insurance, council tax and an appropriate void allowance. The rents will be lower than the market rent and, where possible, will be agreed with each Local Authority Housing Benefit department in advance.
- 6.6. Core Rent charges may therefore increase by amounts greater than would be the case if the Policy Statement limit of CPI + 1% applied, although every attempt will be made to align with the Policy Statement increase wherever possible.
- 6.7. In setting its rents, WSHL still abides by the overarching requirement for its Specialist Supported Housing properties to be low-cost rental accommodation, and so obtains additional information concerning market rent levels to be able to evidence that the rent it charges continues to be below the market rent.

## **7. Service Charge Setting**

- 7.1. In addition to Core Rent, tenants may also be required to pay Service Charges. Where charged, these reflect additional services which may not be provided to every tenant, or which may be connected with communal facilities, rather than being particular to the occupation of an individual dwelling. Service Charges are subject to different legal requirements and are limited to covering the cost of providing the services.
- 7.2. WSHL intends to provide good value services. The way we manage our procurement and supply chain makes a huge difference to our success. Using 3<sup>rd</sup> party vendors and business partners gives us flexibility to deliver services cost effectively and is integral to our business model.
- 7.3. In compliance with the Policy Statement, WSHL agrees to:
  - 7.3.1. Set reasonable and transparent service charges which reflect the service being provided to the tenant, in a cost-neutral and limited way;
  - 7.3.2. Supply tenants with clear information on how service charges are set and to identify service charges separately from the core rent charge in all tenancy agreements;
  - 7.3.3. For Supported Housing and General Needs properties (but not Specialised Supported Housing or market rent properties), endeavour to keep increases for service charges within the limit on rent charges, of CPI + 1% from 2020, to help keep changes affordable; and
  - 7.3.4. Consult with affected tenants where a new or extended service is introduced and where an addition to the service charge may be required.

- 7.4. All service charges operate as variable charges: under a variable service charge, charges to tenants will reflect actual costs incurred and will comply with sections 18 – 30 of the Landlord and Tenant Act 1985.
- 7.5. WSHL will also charge a service charge fee, which covers the cost of procuring the services and any ongoing administration and reporting, including the issuance of Service Charge Accounts (as described in Section 8).
- 7.6. Landlords in the social rented sector are also responsible for clearly setting out to the tenant which of their service charges are eligible for payment via benefits (such as Housing Benefit) and which are ineligible. WSHL provides this information to tenants as part of their tenancy agreements and throughout their tenancy via the rent schedule. Currently, WSHL charges some tenants ineligible service charges for items such as light and heating in personal spaces and broadband/phone supplies.

## **8. Service Charge Accounts – Issuance**

- 8.1. For each property where Service Charges are incurred, WSHL will prepare Service Charge Accounts no later than 30 September of each year, this being six months after the end of the service charge year that runs from 1 April to 31 March.
- 8.2. The purpose of issuing Service Charge Accounts is to provide full transparency as to the costs incurred by WSHL and to ensure tenants pay the actual cost: this is achieved by refunding any surpluses and recovering any deficits.
- 8.3. The Service Charge Accounts will detail the total actual cost incurred by WSHL in the service charge accounts year for each Service Charge type as well as the total income received from tenants, with the difference between the two representing either a deficit (costs exceed income) or surplus (income exceeds cost).
- 8.4. The Service Charge Accounts will separate out eligible and ineligible services, and report a net surplus or deficit under each heading.
- 8.5. Where both categories have the same outturn (be that surplus or deficit), the two amounts will be considered separately in terms of subsequent actions taken by WSHL.
- 8.6. However, where one category reports a surplus and the other a deficit, WSHL will net the two amounts against one another and all subsequent actions will be taken as if there was a single deficit or surplus. This deficit or surplus will be applied to either the eligible or ineligible category, depending on which one had the highest absolute variance.
- 8.7. WSHL will issue the Service Charge Accounts to affected tenants. Affected tenants are tenants who:
  - a) were a tenant of one of WSHL's properties prior to 1 January in the service charge accounts year; and
  - b) are still a tenant as at the date the Service Charge Accounts are issued to tenants.



- 8.8. The first condition means a tenant who moves into one of WSHL's properties less than three months before the end of the service charge accounts year will not be an affected tenant in that year (although will be an affected tenant in future service charge accounts years).
- 8.9. This limit ensures that tenants that are new to WSHL's properties are not unduly exposed to deficits that substantially arose prior to their occupation. In turn, it also ensures that any surpluses that would be returned to longer-standing residents are not unduly diluted by returning surpluses to new tenants who were not resident for long enough within the service charge year to materially contribute to the surplus.
- 8.10. The second condition means a tenant will cease to be an affected tenant if they move out of their WSHL property at any time in the service charge year and in the six months leading up to the date the Service Charge Accounts are issued, even if they were a tenant for the full twelve months of the service charge accounts year.
- 8.11. This limit is a practical expedient that ensures WSHL does not waste unnecessary resources sending Service Charge Accounts to tenants it no longer has any relationship with. This is particularly relevant in the case where the Service Charge Accounts report a deficit: WSHL has no mechanism to recover service charge deficits from former tenants, so there is no value in writing to them and informing them of the shortfall.
- 8.12. However, where the Service Charge Accounts show a significant surplus to be returned to tenants, WSHL may, in the interest of fairness, deem a former tenant to be an affected tenant and so issue Service Charge Accounts to them. This exception will be enacted at management's discretion, and will also be dependent on WSHL having up-to-date forwarding address details of the tenant.

## **9. Service Charge Accounts – Deficits**

- 9.1. Where the Service Charge Accounts show a deficit, regardless of whether this is in relation to eligible charges only, ineligible charges only, or both eligible and ineligible charges, these deficits will be recovered from tenants, but the process will be different for each.
- 9.2. For deficits arising from eligible charges, this will be recovered via the addition of a weekly service charge adjustment on the next rent schedule for all affected tenants. The weekly amount will be calculated such that the full deficit is recovered after 52 weeks.
- 9.3. The adjustment will be calculated as the total eligible deficit divided by the total number of lettable rooms at that property during the service charge accounts year, divided by 52 weeks.
- 9.4. For example, if the Service Charge Accounts for the year from 1 April 2023 to 31 March 2024 report a deficit of £520 on eligible services, and there are 10 rooms in the property, the share attributable to each room would be £52. To recover this deficit, affected tenants would be charged an eligible service charge adjustment on their rent schedule for the year from 1 April 2025 to 31 March 2026 of £1 per week.

- 9.5. Tenants who are not affected tenants would receive a different rent schedule for the year from 1 April 2025 to 31 March 2026 and so would not pay these adjustments.
- 9.6. Where the amount of eligible service charge deficit attributable to each room is so high as to mean the per-week adjustment to be charged to affected tenants is unreasonably high, WSHL may limit the weekly amount to a more affordable level. However, WSHL reserves the right to continue the deficit recovery into future rent schedules (including offsetting any surpluses that may be realised in subsequent service charge accounts years); it will not automatically waive its right to recovery beyond the adjustment charged in one year's rent schedule.
- 9.7. Where a tenant who was an affected tenant at the point the Service Charge Accounts were issued ceases to be a tenant, they will not be required to pay any service charge adjustment after their tenancy end date.
- 9.8. In addition, should a new tenant move into a property that was previously occupied by an affected tenant who was paying a service charge adjustment, the new tenant will not be required to pay this adjustment themselves.
- 9.9. However, for the avoidance of doubt, where a tenant simply moves to a different property within WSHL's portfolio, they will still be required to pay the service charge adjustment charged to them prior to their move.
- 9.10. For deficits arising from ineligible charges, this will be recovered via an immediate charge of the entire value of the deficit attributable to that tenant. The charge will be applied to the tenant's rent account, increasing the value of any arrears or decreasing the value of any overpayment.
- 9.11. The amount of deficit attributable to each affected tenant will be calculated as the total ineligible deficit divided by the total number of lettable rooms at that property during the service charge accounts year. However, for tenants that were not resident for the full year, the amount of charge will be discounted to reflect the actual period of occupation.
- 9.12. For example, if the Service Charge Accounts for the year from 1 April 2023 to 31 March 2024 report a deficit of £260 on ineligible services, and there are 10 rooms in the property, the share attributable to each room would be £26. However, if an affected tenant had only moved into the property on 1 October 2023, their period of occupation equates to only 50% of the service charge accounts year and so the net deficit they would be charged would only be £13.
- 9.13. This limit exists to ensure that tenants who are only in occupation for part of a service charge year do not receive a charge for ineligible service charges deficits that is the same value as that for other tenants who occupied the same property for the full year, as they would not have contributed to the full extent of the deficit.
- 9.14. WSHL will work with affected tenants to agree an affordable payment plan for recovery of the deficit amount added to their rent account, though in most cases payment plans of longer than a year will not be allowed. Longer payment plans will be considered where the deficit exceeds £260, as this would require a payment amount in excess of £5 per week over and above any existing charges for ongoing service provision.

- 9.15. Where the Service Charge Accounts record a deficit on eligible charges and a smaller surplus on ineligible charges (or vice versa), the two amounts will be netted off against each other. The net deficit will then be recovered as either an eligible or ineligible deficit in line with the above, with the type being based on the charge that had the deficit.

## **10. Service Charge Accounts – Surpluses**

- 10.1. Where the Service Charge Accounts show a surplus, regardless of whether this is in relation to eligible charges only, ineligible charges only, or both eligible and ineligible charges, these surpluses will be repaid to tenants, but the process will be different for each.
- 10.2. For surpluses arising from eligible charges, this will be repaid via the deduction of a weekly service charge adjustment on the next rent schedule for all affected tenants. The weekly amount will be calculated such that the full surplus is repaid after 52 weeks.
- 10.3. The adjustment will be calculated as the total eligible surplus divided by the total number of lettable rooms at that property during the service charge accounts year, divided by 52 weeks.
- 10.4. For example, if the Service Charge Accounts for the year from 1 April 2023 to 31 March 2024 report a surplus of £520 on eligible services, and there are 10 rooms in the property, the share attributable to each room would be £52. To repay this surplus, affected tenants would receive an eligible service charge repayment on their rent schedule for the year from 1 April 2025 to 31 March 2026 of £1 per week.
- 10.5. Tenants who are not affected tenants would receive a different rent schedule for the year from 1 April 2025 to 31 March 2026 and so would not receive this repayment.
- 10.6. Where a tenant who was an affected tenant at the point the Service Charge Accounts were issued ceases to be a tenant, they will no longer be entitled to receive any eligible service charge repayment after their tenancy end date.
- 10.7. In addition, should a new tenant move into a property that was previously occupied by an affected tenant who was receiving a service charge repayment, the new tenant will not be entitled to receive this deduction themselves.
- 10.8. However, for the avoidance of doubt, where a tenant simply moves to a different property within WSHL's portfolio, they will still be entitled to receive the service charge repayment that was being deducted from their rent schedule prior to their move.
- 10.9. For surpluses arising from ineligible charges, this will be repaid via an immediate credit of the entire value of the surplus attributable to that tenant. The credit will be applied to the tenant's rent account, reducing the value of any arrears or increasing the value of any overpayment.
- 10.10. The amount of surplus attributable to each affected tenant will be calculated as the total ineligible surplus divided by the total number of lettable rooms at that property during the service charge accounts year. However, for tenants that were not resident for the full year, the amount of credit will be discounted to reflect the actual period of occupation.

- 10.11. For example, if the Service Charge Accounts for the year from 1 April 2023 to 31 March 2024 report a surplus of £260 on ineligible services, and there are 10 rooms in the property, the share attributable to each room would be £26. However, if an affected tenant had only moved into the property on 1 October 2023, their period of occupation equates to only 50% of the service charge accounts year and so the net credit they would receive would only be £13.
- 10.12. This limit exists to ensure that tenants who are only in occupation for part of a service charge year do not receive a refund of ineligible service charges surpluses that is the same value as that for other tenants who occupied the same property for the full year, as they would not have contributed to the full extent of the surplus.
- 10.13. Where the Service Charge Accounts record a surplus on eligible charges and a smaller deficit on ineligible charges (or vice versa), the two amounts will be netted off against each other. The net surplus will then be repaid as either an eligible or ineligible surplus in line with the above, with the type being based on the charge that had the surplus.

## **11. Annual Rent and Service Charge Review**

- 11.1. WSHL will review rents and service charges for each of its properties on an annual basis, with any changes usually applying from the first Monday in April. The annual increase will be approved at a strategic level, by the Board and will not breach any relevant legal or regulatory requirements.
- 11.2. In addition, as WSHL operates a system of variable service charges, it is possible that the Service Charge element may be increased or decreased during the year, in addition to any change that was effective as part of the annual increase.
- 11.3. All tenants will receive a rent schedule for the upcoming period as least a month before any changes to rents or services charges are proposed. This statement will be in plain English and easy to read and understand. The statement will provide a break down the rent, service charges and other charges related to their property. This will be provided in other languages or formats where needed.
- 11.4. Tenants who live in Wales will receive a rent schedule for the upcoming period as least two months before any changes to rents or services charges are proposed.
- 11.5. Where a rent increase is issued under Section 13 of the Housing Act 1988, tenants will also be sent a prescribed Form 4 notifying them of the increase and their rights.

## **12. Monitoring and Review**

- 12.1. This monitoring and review of the policy is the responsibility of the Managing Director.

- 12.2. This policy will be reviewed every two years or earlier if:
- 12.2.1. There is a change in the policy of Government or the Regulator of Social Housing that directly impacts the setting of rent and/or service charges;
  - 12.2.2. WSHL starts to operate any other form of not already covered in this policy; or
  - 12.2.3. WSHL introduces a new policy regarding high-income households.