

Rent and service charge policy	
Document Owner: Head of Finance	Document No: FIN-PL-002
Date Approved: January 2026	Review Date: January 2027

Contents

1.0	Purpose	1
2.0	Scope	1
3.0	Definitions	2
4.0	Responsibilities	4
5.0	Legislative and statutory requirements	5
6.0	Policy detail	5
7.0	Underpinning procedures	8
8.0	Controls and reporting	8
9.0	Consultation	9
10.0	Approval and review	9

1.0 Purpose

- 1.1 The purpose of this policy is to provide guidance to stakeholders in the setting of customer rents and service charges at Beyond Housing (BH).
- 1.2 In implementing this policy, BH will set customer rents and service charges correctly. It will ensure compliance with the regulatory, statutory and legislative guidance provided by government and help BH maintain its G1 governance rating with the Regulator of Social Housing (RSH). Strong governance as demonstrated by a G1 rating will support our strategic objectives in many ways but particularly from a customer experience and reputational perspective.
- 1.3 Implementation of this policy will also ensure the correct rent and service charge is collected, protecting our rental income whilst avoiding future customer liabilities. Certainty of our income increases confidence in our financial planning and treasury management; and increase our ability to demonstrate financial resilience and viability to the RSH and our funders.

2.0 Scope

- 2.1 This policy applies to the board of directors and all colleagues who have an element of responsibility for setting and collecting rent and service charges at Beyond Housing regardless of property or tenure type.

Rent and service charge policy	
Document Owner: Head of Finance	Document No: FIN-PL-002
Date Approved: January 2026	Review Date: January 2027

3.0 Definitions

- 3.1 This section describes the terms and definitions used within the policy to apply the relevant regulatory and legislative guidance to the rent setting process undertaken by colleagues at Beyond Housing.
- 3.2 **Exemptions:** categories of properties that are identified as exempt from the RSH rent standards and associated policies.
- 3.3 **Social rent (formula rent):** a low-cost rent calculated in accordance with the formula for calculating social rents set out in the Ministry of Housing, Communities & Local Government, MHCLG) rent standard, chapter 2, excluding any applicable service charges. Rent flexibility, allowing rents above formula rent in certain circumstances (in consultation with tenants), is allowed but historically not been applied consistently.
- 3.4 **Affordable rent:** a rent set at up to 80% of gross market rent including service charges. An affordable rent should not be lower than the social (formula) rent for a given property. The intention of affordable rent is to enable properties to be let at a higher rent than a social rent, to generate additional capacity for investment in new affordable housing, as set out in the DLUHC (MHCLG) rent standard, chapter 3.
- 3.5 **Intermediate rent:** a form of low-cost rental tenure that can only be applied to investment programmes specified by Homes England and / or the Regulator of Social Housing. Examples include key worker homes, assured shorthold tenancy and supported schemes. Such accommodation needs to meet the exemption criteria set out by the DLUHC (MHCLG).
- 3.6 **Shared ownership rents:** a rent charged on properties classified as shared ownership, calculated utilising the percentage of unsold equity of the property in line with legislation and/or RSH guidance. More information on this can be found, using the appropriate links in section 2 of this policy and shared ownership policy on Mypad.
- 3.7 **Leasehold rents: ground rents that are applicable**
- 3.8 **Rent and buy rent:** these rents are applicable in properties with a lease charge (similar to a social rent).
- 3.9 **Market rent:** accommodation let at the amount of market rent that can be expected for the use of a property compared with similar properties in the same area. There are two

Rent and service charge policy	
Document Owner: Head of Finance	Document No: FIN-PL-002
Date Approved: January 2026	Review Date: January 2027

categories: properties held for the purpose of letting for market rental income, those that do not meet s69 of the Housing & Regeneration Act 2008 and high-income tenants where the household income must be at least £60,000 per annum under section 4 of the DLUHC (MHCLG) policy.

- 3.10 **Fair rent:** A fair rent is a tenancy starting before January 1989 (regulated or secure) that can make an application to have a fair rent protection registered and must not be charged more than the lower of fair rent and formula rent. Beyond housing don't currently have any fair rent properties.
- 3.11 **Rent to Buy:** offers properties to customers who are eligible for a discount, normally 20% below market rent. The initial tenancy agreement will be for up to 5 years and the customer will pay a reduced rent allowing them to save for the deposit. After that, if the customer needs more time to save for a deposit, Beyond Housing may agree to extend the tenancy. The rent paid will be 80% of gross market rent set through a RICS valuation.
- 3.12 **Garage rents:** rents for garages, garage plots and access ways, these rents are charged in accordance with the license agreements in place.
- 3.13 **Service charges:** charges for services provided by the landlord, most commonly applicable to communal areas and in blocks and grounds, examples include cleaning and grounds maintenance. Service charges are reviewed annually in line with the rent increase schedule as defined in the finance and service charge process and procedures. Service charges are used to inform valuations where appropriate. The Landlord & Tenancy Act 1985 controls the level of service charges, and the National Housing Federation (NHF) service charges guide for housing associations is used as a reference document for service charges. The service charge procedure and guidance booklet are on MyPad.
- 3.14 **RICS valuations:** valuations requested for initial rent setting (e.g., affordable rent) and re-let valuation standards as defined by the Royal Institution of Chartered Surveyors (RICS). The RICS 'red book' methodology ensures a consistent and transparent approach to the valuation of market rents.
- 3.15 **Rent increases and caps** – applicable rents can be increased annually in line with the MHCLG policy statement on rents for social housing.

Rent and service charge policy	
Document Owner: Head of Finance	Document No: FIN-PL-002
Date Approved: January 2026	Review Date: January 2027

- 3.16 **Local Housing Allowance** – a cap applied to housing benefit rates in specific areas by a Local Authority (this is not a rent type but may need to be considered when setting or increasing rent).
- 3.17 **Mortgage Rescue** is support from a Housing Association or Local Authority to help homeowners avoid repossession through for example (mortgage to rent or shared equity loan).

4.0 Responsibilities

- 4.1 The **Audit & Risk Committee (ARC)** review the rent and service charge setting policy and the **board** approve the policy and the annual rent and service charge increase/decrease in line with policy as defined in section 2 of this document. The board gain assurance of the responsibilities of the executive in section 7.
- 4.2 The **Chief Finance Officer (CFO)** is the accountable person and, in consultation with the **Senior Leadership Team (SLT)**, is responsible for reviewing the policy and proposed rent and service charge increases/decreases, and for submitting a report to board for approval.
- 4.3 The **CFO** is accountable for ensuring that the rents and service charges are set in accordance with this policy (in line with government regulation and policy) in consultation with the SLT.
- 4.4 The **head of finance** is responsible for the oversight and facilitation of actions relating to rent and service charge increases/decreases to customer accounts and communicating effectively with customers, to ensure that they are informed of the process associated with the annual changes. The head of finance will also ensure that there is an appropriate level of training provided to colleagues on rent and service charge policy and setting.
- 4.5 The relevant director is responsible for providing the information associated with the provision of services that are chargeable to customers to the finance team.
- 4.6 The **income manager**, is responsible for providing local authorities with the revised rent/service charge changes (provided by finance).
- 4.7 The **assets service manager** is responsible for ensuring that service charges are reviewed, in line with this policy and service charge procedures, and that they comply with government policy and legislation.

Rent and service charge policy	
Document Owner: Head of Finance	Document No: FIN-PL-002
Date Approved: January 2026	Review Date: January 2027

4.8 The **head of finance** in conjunction with the **relevant director** is responsible for ensuring that rents on all new development properties alongside existing properties are set using the DLUHC (MHCLG) and RSH rent standards, ensuring that the Housing Management System (HMS) correctly records these. The **development director** is responsible for compliance with Homes England grant and lease agreements.

4.9 4.10 The **director of ICT and change** is responsible for system related year-end procedures that support the application of the rent and service charge uplifts and maintenance of the housing management systems that host all rent related data.

5.0 Legislative and statutory requirements

5.1 Rents and service charges must be compliant with the regulatory, statutory and legislative guidance provided by government. The following standards are used and referenced in this policy:

- **The Regulator of Social Housing (RSH) ‘Rent Standard’** Rent Standard – April 2023- GOV.UK (www.gov.uk)
- Department for Levelling Up, Housing and Communities (DLUHC (MHCLG)) ‘policy statement on rents for social housing’: Policy statement on rents for social housing - GOV.UK (www.gov.uk)
- Government UK ‘Shared ownership homes, buying and paying rent’ guidance. <https://www.gov.uk/shared-ownership-scheme> and DLUHC (MHCLG) rent policy.
- Homes England, Capital Funding Guide: applicable to new development properties: Capital Funding Guide - 4. Housing for Rent - Guidance - GOV.UK (www.gov.uk)

6.0 Policy detail

6.1 BH sets rent in accordance with the relevant MHCLG policy statement on rents for Social Housing noting the Regulator of Social Housing (RSH) Rent Standard Guidance, whilst taking account of affordability and maintaining the stability of the business plan. Rents are reflected in tenancy agreement and/or contract for affordable housing, shared ownership etc.

6.2 New development properties: First lets

6.2.1 The rent and service charge for new properties will be proposed by the development team and approved by the head of finance. New build properties are generally delivered under an

Rent and service charge policy	
Document Owner: Head of Finance	Document No: FIN-PL-002
Date Approved: January 2026	Review Date: January 2027

“affordable homes programme” funding provided by Government and could be classified as an **affordable rent, social rent, rent to buy or as shared ownership**.

- 6.2.2 **Affordable rents (and intermediate rents)** are set in line with the MHCLG policy statement on social rents for social housing (on initial let and re-let) using 80% of the gross market rent valuation inclusive of service charges where applicable. The affordable rent will include service charges including reach and respond for designated properties where the property is classified as having support. Service charges that sit outside of the inclusion criteria for housing benefit/universal credit, for example supported services or enhanced reach and respond services, will be charged separately and categorised as personal charges and will not be included in the affordable rent calculation.
- 6.2.3 The development team are responsible for instructing and obtaining a RICS valuation needed to set the first rent on a new property. The valuation must include the market rent inclusive of service charges and 1999 values. The valuer should be furnished with all the service charge information that applies to the new property to enable the market rent to be calculated. If the valuation is over three months old at the time of letting, a new valuation should be sourced to set the rent. Valuations must be recorded and stored for future reference.
- 6.2.4 **Where the calculated affordable rent is lower than the calculated social formula rent, the social rent will be set as the rent and service charges added.**
- 6.2.5 **Social rents** are calculated in line with government guidance and using the appropriate formula for setting social rents (formula rent calculation), as set out in the DLUHC (MHCLG) chapter 2 and RSH rent standards. The rents are set using formula: 70% of the national average rent (multiplied by relative county earnings, multiplied by the bedroom weight) Plus 30% of the national average rent, multiplied by relative property value. Service charges are charged in addition to the social rent on a variable basis, costs are calculated based on previous years actuals reducing the likelihood for in-year adjustments for customers.
- 6.2.6 **Shared ownership** rent is calculated on the share of the property the customer does not own. Rents for shared ownership properties are set at 2.75% (sector standard) of the unsold equity at the point of the initial sale. A RICS valuation should be obtained to determine the market value of the property to set the rent at first let. The development team are responsible for this in the same way as outlined in paragraph 6.2.3.

6.3 Relet rents

Rent and service charge policy	
Document Owner: Head of Finance	Document No: FIN-PL-002
Date Approved: January 2026	Review Date: January 2027

- 6.3.1 For **affordable and intermediate** rent categories, the rent must be reassessed at relet. The finance team will instruct a RICS valuation and recalculate the affordable rent as outlined in paragraphs 6.2.2 - 6.2.4.
- 6.3.2 For **social rent** properties the rent at relet will be the existing formula rent plus tolerance as set out in paragraph 6.2.5 unless the relet results from accession or succession. In these instances the rent will be that of the existing rent. Service charges continue to be added.
- 6.3.3 For **shared ownership staircasing** an updated RICS valuation is required to determine the current market value and the cost of purchasing the additional equity is then based on the updated valuation.
- 6.3.4 The rent for all tenures categories of property should be reassessed if the property is adapted e.g the property is extended or the number of bedrooms change, to ensure the correct rent and service charges are charged.
- 6.3.5 Social rent properties must not be converted to:
- Affordable rent except where this has been agreed by Homes England, the Greater London Authority or the Secretary of State
 - Market rent (unless it is a rent for social tenant with higher incomes)
 - Intermediate rent.
- 6.3.6 Affordable Rent properties must not be converted (including on re-let) to:
- market rent (other than in the circumstances set out in the DLUHC (MHCLG) rent policy; or
 - Intermediate rent

6.4 Annual Rent and Service Charge Increase

- 6.4.1 The MHCLG policy states applicable rents are increased annually in line with the MHCLG policy statement on rents for social housing.
- 6.4.2 The MHCLG guidance on consumer price inflation (CPI) and rent increase ceilings will be considered when deciding the rent increase for the applicable year. Guidance in relation to service charges is that registered providers should endeavour to try and maintain increases in line with the rent increase caps where possible.

Rent and service charge policy	
Document Owner: Head of Finance	Document No: FIN-PL-002
Date Approved: January 2026	Review Date: January 2027

- 6.4.3 The board will be provided with information annually in relation to rent and service charges, including proposed changes and details of affordability assessments that have been undertaken. The board is required to approve the changes ahead of the start of the financial year.
- 6.4.4 Customers will receive a rent change notification letter at least 28 days (or as contracted) before the date on which the rents are due to change. This is usually the first Monday in April. The letter will contain concise information advising of the rent and service charge increase and the next steps.
- 6.4.5 The customer letter will meet statutory legal requirements in both format and content and will also include details of any changes to service charges or garage rent increases, collection method (Allpay, direct debits etc) where applicable.
- 6.4.6 If a tenancy starts on or after the rent change notifications have been sent to customers, the new customer will be notified at sign up of the new rent which will apply from the first Monday in April.
- 6.4.7 With effect from 12 October 2023 the DLUHC (MHCLG) changed the annual rent review on shared ownership leases (new leases from 12 October 2023) from a maximum of retail price index (RPI) + 0.5% to CPI + 1.0%, thereby aligning Shared Ownership rents with the maximum annual rent increase for Social and Affordable rented homes.

7.0 Underpinning procedures

- 7.1 The underpinning procedures to this rent policy are the rent setting procedures, development procedures and service charges procedures.

8.0 Controls and reporting

- 8.1 This section includes the **controls** identified to assess the effectiveness of the policy and where testing of the controls is **reported**.

Control	Line of defence (1st, 2nd or 3rd)	Responsible (Job role)	Reported to:
Rent Setting Procedures – day to day checking	1 st	Head of Finance	ARC

Rent and service charge policy	
Document Owner: Head of Finance	Document No: FIN-PL-002
Date Approved: January 2026	Review Date: January 2027

Rent Setting Procedures – performance team audit	2 nd	Senior Performance & Research Analyst	HOF
Service Charge Procedures – service charge reviews	2 nd	Asset Services Manager	HOF
Internal/External Audit	3 rd	Head of Finance	ARC

9.0 Consultation

9.1 Through the rent review audit and regulatory recovery project (2022-2024) consultation on the policy and the rent setting procedures was extensive involving colleagues from finance, development, housing, performance, and asset management.

10.0 Approval and review

10.1 This policy is subject to annual review, or sooner if there is a change in legislation or regulation.

Accountable – executive director	Chief Finance Officer
Responsible -policy owner	Head of Finance
Approval body:	Board

Version	Date	Information
4	February 2023	Annual Review
5	October 2023	Annual Review
6	November 2024	Annual Review
7	January 2026	Annual review