

Policy

TITLE	Rent and Service Charges Policy		
Policy ref:	LG028P	Approval date	February 2026
Owner	Customer Operations Director	Planned review date	February 2029
Approved by	Finance Committee on behalf of The Board		

Version	Purpose/change	Author	Date
1.0	Policy written and approved by ECM	Amanda Gilboy, DD North	January 2015
2.0	Policy reviewed	Jonathan Sweet, Director of Legal & Compliance	January 2021
3.0	Policy reviewed updated legislation references included	Julie Freear	February 2026

1 Background	The Abbeyfield Living (ALS) reviews its rent and service charges on an annual basis. This is to ensure that the total rent charged is: • Affordable to current and potential tenants. • Appropriate to the accommodation and services provided. • Clear and transparent. • Operating in accordance with legislative, regulatory and contractual requirements on rent and service charge setting Rent setting and rent reviews must be in line with the Government's Direction and the Ministry of Housing, Communities and Local Government (MHCLG) Policy Statement on Rent Setting and with the Regulator of Social Housing's (RSH) Rent Standard. The Government's rent policy applies to annual changes in Social Rent and Affordable Rent levels.
2 Objectives	ALS is committed to providing services that enhance the quality of life for older people and developing services that will meet the needs of future generations. This commitment is based on the Mission and Values of ALS and compliance with all relevant legislation.

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	The objective of this policy is to demonstrate that ALS has a fair, consistent and transparent approach in the way it sets and varies rent and service charges. Our aims are to: • Set rents at a level that reflects the size and facilities of the accommodation being rented and operate in accordance with the requirements of the Regulator of Social Housing as set out in the Rent Standard where required. • Set service charges that reflect the cost and value of the services being provided subject to any fixed service charge provisions. • Provide clear information to tenants on the composition of rent and service charges. • To have in place a process for tenants who may need to use the Abbeyfield complaint procedure on matters relating to the accommodation, and services included in their total rent charge.
3 Scope	All housing managed by ALS. Care home resident fees are covered within the Care Home Fees Policy (LG042P).
4 Policy	4.1 Rent Setting Introduction Rent and Service Charges are reviewed annually, and a budget is set based on actual and planned expenditure at each individual house. Residents are notified at least 1 month prior to the start of the new rent year - 1st April to 31st March, of the rent and service charges due in that year The Gross Rent charge is made up of the: • Core rent; and • Additional costs of services - the service charge element. These other costs are fundamental to the type of accommodation ALS provides as a Registered Provider. 4.2 The Process of Setting and Reviewing Rent Annually, ALS will calculate the rent change based on the latest Government and regulatory guidance and prepare a report for the Board setting out:

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- The methodology used to set the rents including the rates of inflation applied;
- The financial and non-financial implications of applying the proposed rent increase; and
- Confirmation that all rent increases comply with the Rent Standard

The Abbeyfield Society's rents differ depending on the product type:

4.2.1 Social Rent:

- The method of calculating this Social Rent is set by the Regulator of Social Housing, currently under the Rent Standard 2020, issued in February 2020. This is to ensure that all registered social landlords apply a consistent approach to the setting of Social Rent.
- When units become available for re-letting the rent is set at the formula rent calculated in accordance with the Rent Standard plus up to 10% rent flexibility level subject to the rent caps.
- The Rent Standard 2020, started on 1st April 2020 and allows for a maximum annual increase in core rent calculated by reference to the annual change in Consumer Price Index plus 1% uplift. The CPI rate applied is that published for September each year, by the Office for National Statistics and is applied from the 1st April the following year.
- Where existing residents' Social Rent is currently below the formula (or target) rent, then any annual increase will be limited to CPI plus 1%
- Social Rent is not inclusive of service charges, which vary year on year.

4.2.2 Specialist Supported Housing:

- For properties that meet the definition of specialist supported housing as defined in MHCLG's Policy Statement, no exemption will be relied on.

4.2.3 Affordable Rent:

- Affordable rents can be set up to a maximum of 80% of the local market rent for the equivalent property (inclusive of service charges), at the time that they are let to new tenants. However, if the affordable rent would be less than formula rent for the property, the rent can be set at formula rent plus service charges.
- Annual increases are capped at a maximum of the annual change in CPI + 1%: that limit applies to the service charges element too.

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4.2.4 Market Rent:

- There is no maximum uplift applicable to Market rents. However, Market rents are compared against similar properties in the local area to ensure affordability.
- Market rents are not inclusive of service charges.

4.2.5 Care Homes:

- Care home residents do not have a tenancy agreement; they have a licence agreement.
- The fees they are charged are covered by a separate policy – Care Home Fees Policy (LG042P).

This area is not covered by the Social Housing legislation.

4.3 Apportionment of Service Charges

Service Charges are set using a budget, based on actual and planned expenditure at each house. Included within the budget is a management charge. The increase notified to tenants may vary from house to house and in some cases Abbeyfield may offer a discount at our discretion, to ensure that the gross rent charge is affordable for the existing tenants.

- Costs are shared between communal spaces and residents accommodation based on the % floor space. If the floor space is not known costs are allocated as follows:
- Electricity - 70% Tenant, 30% Communal.
- Gas – 70% Tenant, 30% Communal.
- PAT Testing - 20% Tenant, 80% Communal.
- Water Rates - 80% Tenant, 20% Communal.
- Window Cleaning – 20% Tenant, 80% Communal.
- Tenants are responsible for the payment of their own utilities bills if individual meters are fitted in their accommodation and stated in their tenancy agreement.
- Tenants are also responsible for the payment of their own council tax bill if their accommodation is billed separately from the house and is stated in their tenancy agreement.

In cases of bedsits and flats, a weighting is applied based on the size of the rooms within each scheme. This ensures fair apportionment of utilities, council tax and window cleaning.

4.4 Rent and Service Charges for Void Accommodation

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	The total rent charge for void accommodation will be set at the true charge, i.e. the levels that would otherwise be charged to a new tenant. 4.5 Existing Resident Transfers Prior to the move, the tenant will be advised of the rent charge for the new accommodation based on the void accommodation principles set out at paragraph 4.4. Transferring from one accommodation to another means that the tenancy agreement is ended and a new tenancy is started from the moving in date. 4.6 Helping Residents with their Benefit Claims Abbeyfield will endeavour to support any individual tenant who has difficulties with the payment of their rent, by ensuring they are properly assessed by the local welfare officer at the benefit office or by directing them to the Citizens Advice Bureau, or Age UK. Abbeyfield are partnered with Independent Age, a not-for-profit organisation that supports older peoples with finance management and benefit application. To simplify and help our tenants understand what is and what is not eligible for housing benefits, Abbeyfield breakdown the rent and service charge to align with benefit funding. • Social Rent (eligible for Housing Benefit) • Service Charges Eligible (eligible for Housing Benefit) • Service Charge Ineligible (not eligible for Housing Benefit) the tenant will fund this charge from their own income
5 Finance, Value for Money & Social Value	Central Procurement Contracts are in place to keep costs down and ensure VFM for our residents.
6 Linked policies	Care Home Fees Policy (LG042P) Complaints, Compliments and Concerns Policy (LG006P) Rent and Charges Income and Debt Management Policy (LG029P) Safeguarding Adults Policy (LG031P) Tenancy Management Policy (R017P)
7 Relevant Legislation / Regulation	2020 Rent Standard Housing and Regeneration Act 2008 Housing Act 2018 Service Charge requirements under the Landlord and Tenant Act 1985 The Transparency, Influence and Accountability (TIA) Standard

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	Commonhold and Leasehold Reform Act 2002
8 Guidance	MHCLG's Policy Statement on Rents for Social Housing (2026-2036)
9 Review	Every 3 years, subject to any regulatory or legislative updates.
10 Procedure(s)	Rent & Service Charges - Making Changes to Rent and Service Charges SOP (LG028P)
11 Process Map(s)	N/A