



# **HRA Rent & Other Charges Policy**

Version Number 1.0

Date of Publication January 2024

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## 1. Accessibility of Document

Our aim is to make our services easy to use and accessible for everyone

We will take steps to make any reasonable adjustments needed for you to contact us, access our policies, or any requests to provide responses in other formats.

Depending on the individual's needs, these might include:

Using larger print, or a specific colour contrast

- Giving more time than usual to provide information or comments on a complaint
- Using the telephone rather than written communication
- Communicating with a person through their representative or advocate
- Arranging a single point of contact
- Having an 'easy read' version of the document

If you would like to contact us about reasonable adjustments or alternative formats, please email [edi@dacorum.gov.uk](mailto:edi@dacorum.gov.uk) or call us on **01442 228000**

If you prefer to write to us, send your letter to:

**Equality, Diversity and Inclusion Team**  
**Dacorum Borough Council**  
**The Forum, Marlowes, Hemel Hempstead**  
**Hertfordshire**  
**HP1 1DN**

You can find information on Advocacy support here:

<https://www.dacorum.gov.uk/home/do-it-online/contact-us/advocacy-support>

## **2. What is the goal of the policy?**

This policy is designed to set out the Council's approach to:

- Rent setting across its rented homes, within the Housing Revenue Account (HRA).
- Collection of other charges payable to the HRA.

## **3. Who and what does the policy impact?**

The Housing Revenue Account is the statutory account for Income and expenditure relating to the management and maintenance of local authorities housing stock. As law dictates, this account is separate from the General Fund (which is used for other fiscal purposes). This policy impacts on Council tenants of Dacorum Borough Council.

## **4. How does the policy comply with the law and other requirements?**

The Council sets rent levels in line with central government policy and the Rent Standard. This policy covers the charges for tenants living in a Housing Revenue Account (HRA) property.

- Housing Act 1985 Section 24.
- Landlord and Tenant Act 1985.
- Local Government and Housing Act 1989.
- Housing and Regeneration Act 2008 (a) Section 197.
- Guidance on rents for social housing - Department for Communities and Local Government, May 2014.
- Rent Standard Guidance - Homes and Communities Agency, April 2015.
- Social Housing Rents (Exceptions and Miscellaneous Provisions) Regulations 2016.
- Welfare Reform and Work Act 2016.
- Direction on the Rent Standard 2019.
- Rent Standard 2020 - Regulator of Social Housing, 1 April 2020.
- Rent Standard 2023 – Regulator of Social Housing , 1 April 2023 and associated Rent Policy Statement
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## **5. Supporting Policies or Procedures**

N/A

## 6. EDI Statement

The Council is committed to promoting equality of opportunity. The Council has procedures in place to ensure that all individuals are treated fairly and without unlawful discrimination.

## 7. Aim of the policy

The aim of this policy is to outline:

- How rent levels are set for the HRA's properties, including formula rents, affordable rents and the use of rent flexibility.
- How service charges and other charges are set.
- How an under recovery of service charges will be addressed.
- How heating charges from communal heating systems will be set.
- Guidelines for issuing refunds when tenants have not received the level of service covered by the service charge.

This policy contributes to the council's priority of "providing good quality affordable homes, in particular for those most in need", which is set out in the Corporate Plan.

## 8. Exceptions to this policy

The legal exceptions to the above approach include the following tenancy changes:

- Successions or assignments.
- Mutual Exchanges.

## 9. Definitions

The following definitions are used in the policy:

- **Social housing** is low cost rental accommodation as defined in section 69 of the Housing and Regeneration Act 2008. Social housing is let at a Social Rent (also often known as formula rent or target rent), which is based on a calculation derived from a 'formula' set by government and is substantially lower than an equivalent market rent (exclusive of service charges) or at an Affordable Rent, which is set at up to 80% of the equivalent local market rent and is inclusive of service charges. Properties are not permitted to be converted to another rent type, even on re-let without the appropriate permission and a focus on supporting the development of new homes.
- **Formula Rent (Social Rent)** is calculated from a government formula by using 30% of the property's relative value (based back to 1999), 70% of the relative local income levels (based back to 1999) and applying a weighting based on the number of bedrooms so that smaller properties will have lower rents. Information on how to

apply the calculations is detailed on the Government's website:

[www.gov.uk/government/publications/rent-standard](http://www.gov.uk/government/publications/rent-standard)

- **Affordable Rent** can only be charged where a property has been provided under an agreed housing supply delivery agreement between the Council and the Secretary of State. No Affordable Rent can be set higher than the Local Housing Allowance (LHA) which is the maximum amount of housing benefit available for a property of that size (in terms of bedroom numbers).
- **Rent Flexibility Level** allows Registered Providers (RPs) to have some discretion over the Social Rent set for individual properties, which takes into account local factors. This allows RPs to set rents at up to 5% above formula rent for general needs properties and 10% for supported housing if there is a clear rationale for doing so.

## 10. Policy Statement

The Council sets rent levels in line with central government policy and the Rent Standard. This policy covers the charges for tenants living in a Housing Revenue Account (HRA) property.

We offer a range of accessible ways for tenants and leaseholders to pay their rent and charges. We also offer several ways for tenants to check their current rent balance and we will send a printed statement on request. Information about paying rent, paying online and setting up a direct debit is available on the Council's website.

This policy is designed to set out the Council's approach to rent setting across its rented homes, within the Housing Revenue Account (HRA). The Council will ensure that it meets the requirements set out in the revised Rent Standard which came into effect on 1 April 2023. The Council must ensure that we understand and follow the requirements of the Rent Standard while ensuring affordability for our tenants and maximising income.

Failure to set rents correctly would put the Council at risk of non-compliance with rent and data quality requirements as set out by the Regulator of Social Housing ('RSH'), and impact on our ability recover rents and to maximise income, putting the services we provide to our residents at risk. We could also be at risk of breach of contract for non-compliance with the requirements of existing tenancy agreements.

The Council will follow Government policy when setting rents, service charges and other charges for the HRA properties.

All existing homes are set at a Social Rent and checks are in place to ensure that no overcharging occurs.

The Council may apply rent flexibility to general needs tenancies and Supported Housing tenancies at 105% and 110% respectively.

The Council may apply affordable rents in new developments to support the funding of these schemes or in existing properties (with the appropriate agreement of the RSH). Where this is the case, Affordable Rents will not exceed the lower of 80% of gross market rent (including service charges) or Local Housing Allowance.

The Council will not implement any discretionary means-tested rent setting.

Where applicable, we will charge tenants the actual cost of the services charged through a service charge. Service charges are charged in addition to the rent to meet the costs of additional services that are provided and which are met via a separate service charge.

The cost of heating recharged to residents through the service charge at those sites with a communal heating system will either be based on actual use per property (determined by a metred system) or on an-equally-shared rate.

The Council will recharge tenants for any repairs, clearances and other costs where the cause of this is due to a tenant doing something or not doing something that causes the Council to incur expenditure. This includes (but is not limited to): rechargeable repairs, void clearances, fly tipping and the removal of items from communal areas. This is in line with the Council's tenancy agreement.

## **10.1 Rent increases and setting rent levels**

The Council will follow government guidelines and policy when it comes to setting rents for our properties.

### Rent increases on general needs properties and supported housing::

Rent increases are limited to the Consumer Price Index (CPI as at September of the previous year + 1%). This limit is subject to a cap, when applicable. This cap is not applicable to supported housing. The rent standard policy dictates that when calculating rent increases, it should take into consideration local market rates. The formula is in place until 2025 when it will be reviewed accordingly.

### Rent setting for properties becoming vacant (with an EPC rating of C & above as of 01/04/2024).

For new build developments the rent will be set to formula rent levels in line with the Social Housing Rents (Exceptions and Miscellaneous Provisions) Regulations 2016, with rent flexibility applied as follows:

- 105% of target rent for general needs properties. This reflects the investment required by the Council to deliver these new homes. In addition, new homes meet the updated building standards for energy efficiency and are expected to reduce the relative costs for tenants compared to the Council's older housing stock.

- 110% of target rent for supported housing properties. This reflects the investment required by the Council to deliver these new homes and the additional features that are provided to support the needs of tenants.

Valuations will be obtained for all new homes using a method recognised by the Royal Institute of Chartered Surveyors (RICS).

The Council also reserves the right to incorporate affordable rent tenancies within new development schemes to maximise scheme viability and promote sustainable communities. Further details are set out below.

## **10.2 Affordable Rent Properties**

Affordable Rent properties are accommodation which Homes England or the Secretary of State have agreed can be let at an Affordable Rent (including service charges).

Affordable Rents are higher than Social Rents. The council will enter into agreements with Homes England to build new homes at Affordable Rent to help fund investment in new council housing where it is appropriate to do so. At present, Dacorum Borough Council do not provide any affordable rented properties.

## **10.3 Conversion of Social Rent properties to Affordable Rent**

A Social Rent property may be converted to Affordable Rent where it is agreed by Homes England or the Secretary of State.

Where appropriate to support the development of new homes, the Council will seek to enter into agreements with Homes England or the Secretary of State to convert existing general needs properties from Social Rent to Affordable Rent as they become vacant to help fund the construction of new council homes.

## **10.4 Property Valuations**

Valuations for initial rent setting will be made in accordance with a method recognised by the Royal Institution of Chartered Surveyors in “Royal Institution of Chartered Surveyors Valuation – Professional Standards” (known as the Red Book).

When tenancies come up for re-issue or re-let, the Council will seek adequate comparable properties to re-set rents using a desktop review of recent transactions.

If comparable rents are not readily available the Council will commission a full valuation.

## **10.5 Rent Charging**

Each property has an annual rent charge based on 52 (or 53) weeks of the year.

Currently the Council charges the annual rent charge based on 52 weeks over 48 weeks and 53 weeks (leap year) over 49 weeks, where there are a maximum of 4 weeks where a charge is not levied and these are referred to as “rent free” weeks.

Tenants paying by Direct Debit are required to make 12 equal monthly payments (each equivalent to four weeks' rent) so do not have a separate "rent free" period.

The Council may review the use of this approach and will take into account feedback from tenants and the agencies who support tenants with financial and debt issues.

## **10.6 Service charges**

Service charges reflect additional services which are provided on an estate, in a block or to an individual property.

Service charges are limited to covering the cost of services provided to an estate, block or property, and ensure the charge reflects the service provided to tenants and any administration costs that are incurred in delivering this.

We aim to ensure our approach is transparent and an overview of service charges will be displayed in the offer letters at the start of the tenancy and in the annual rent and service charge review letter that is sent to all tenants.

We will set charges by taking into account the full cost of the service provided. Details of how each charge is allocated will be available on the Council's website and a copy can be requested by post.

Service charges to tenants will be fixed and not reconciled at the end of the financial year, therefore no adjustments will be made the following year where estimates are used (e.g. electricity charges).

Service charges will be reviewed annually. Where there is expected to be a significant increase to tenants the Council may stagger the increase over more than one year.

Where the service charge income from an estate, block or property is not covering the costs incurred, the Council may increase the service charge by applying the CPI + 1% formula to help recover the income. Any under recovery on service charges impacts on the amount of rental income available to cover services and the investment in the housing stock.

Where new or revised services are introduced, and an additional charge may need to be made, the Council will consult with tenants. If a change to the service level is implemented, tenants will be informed in writing, with at least one month's notice prior to any changes to an existing charge or implementation of a charge for a new service.

## **10.7 Communal Heating Systems**

Where there is a communal heating system that services individual dwellings, tenants will be recharged the cost of energy used. There are two main methods that the Council will use to achieve this:

- Billing for the actual cost incurred for the heating used in the property by the tenant. This will be evidenced through the metering system used.

- Billing for a proportion of the heating cost incurred in the block. Please note the heating of communal areas is included in the service charge (as a Utility) and is eligible for Housing Benefit and Universal Credit.

## **10.8 Recharges**

The Council will take action to minimise any unnecessary costs being incurred by ensuring that tenants meet the full cost of any works required as a result of action, neglect or an accident involving a tenant, leaseholder, their household or a visitor.

The cost of this work will be charged to the tenant or leaseholder at cost plus an administration fee.

Examples of works that we will recharge to a tenant include (but are not limited to):

- Damage to fixtures and fittings.
- Clearance of items from communal spaces.
- Toilet or sink blockages caused by inappropriate waste.
- Clearing a home at the end of a tenancy.
- Breaking into a property to carry out essential safety checks or repairs.

Examples of works that we will recharge to a leaseholder include (but are not limited to):

- Damage to fixtures and fittings in communal areas.
- Clearance of items from communal spaces.

## **10.9 Refunds**

Our aim is to fully deliver the services our residents pay us to provide. We acknowledge, however, that we may sometimes fail to deliver a service in line with the service charge. We will always aim to resolve any problems initially and this may include providing an enhanced service where appropriate.

Where this is not possible - and in exceptional cases only - a credit for an amount not spent will be given on tenants' rent accounts. Any refunds would be credited to the tenant's rent account at the start of the following financial year.

## **11. Consultation, Governance and Review**

This policy is overseen and implemented by the Housing Income Manager.

This policy will be reviewed every three years or earlier if there is a change in government policy or the Rent Standard.

The Council's Housing & Communities Overview & Scrutiny Committee (HCOSC) and Tenant and Leaseholder Committee (TLC) have been consulted on this policy and their comments have been taken into account when producing it.

The current version of this policy will be held on the Council's intranet (SharePoint) alongside supporting information, such as procedure guidance or impact assessments. Policies and strategies are continually monitored, and reviewed at appropriate intervals.

Policies and other key documents intended to be viewed publicly are published on the Council's website. If a policy has been updated or reviewed, these changes will be shown in the website copy. Internal policies are stored on the Council's intranet (SharePoint) alongside supporting information. All policies may be viewed on request.

## **12. Appendix**

### **12.1 Appendix 1 Policy Information**

**Document Owner:** Dacorum Borough Council

**Service:** Housing Operations

**Approval Body:** HCOSC

**Author:** Raj Patel

**Directorate:** Housing & Property Services

**Date of Publication:** January 2024

**Team:** Housing Income

**Version no.:** 1.0

**Date of Review:** June 2026

**Non-executive partners: (any team, external body contributing to the policy/strategy):** N/A

### **12.2 Appendix 2 List of Version Control**

**Revision date:** 2 January 2024

**Previous revision date:** 1 July 2022

**Previous revision level:** 0.0

**Summary of changes:** Adoption of corporate policy template

**Approved by:** D Welsh, Strategic Director

**Next review:** June 2026