

LIVER CARE AND HOUSING (LCH)

Rent Setting and Service Charges Policy.

Approved by Board:	<i>19 July 2025</i>
Review date:	<i>July 2027</i>

1. INTRODUCTION

This policy applies to all LCH's properties, some of which are let as intermediate rent accommodation and the remainder as temporary accommodation in accordance with its allocations policy.

2. AIMS

This policy sets out:

- how rents are calculated and set; and
- how rents are varied annually.
- how service charges are calculated.

3. RENT SETTING - GENERAL

LCH has two types of rented properties as follows:

- Intermediate rent accommodation
- Temporary accommodation

A portion of the properties are let as intermediate rent accommodation. As such they are exempt from the provisions of the Rent Standard and the Rent Policy Statement published by the Regulator of Social Housing (RSH). Nevertheless, it is LCH's intention to seek to abide by the general provisions of the Rent Standard and Rent Policy Statement where it can in respect of these properties.

Properties let as temporary accommodation are also exempt from the provisions of the Rent Standard.

Intermediate rent properties

LCH will let its intermediate rent properties on a sub-market rent initially set at a maximum of 85% of the equivalent market rent at the point the property is let. It will strive to ensure that our rents remain sub-market to our residents, meeting our objects while raising sufficient funds to maintain our properties to a high standard, acquire new homes, deliver relevant services, and meet the commitments of our Business Plan.

Rents will be set at the start of a tenancy.

Rents may be rebased or restructured when the property is relet to another tenant, but for existing tenants the rent will not increase by more than the amount permitted in the rent increase direction issued by the RSH for any given year.

Temporary accommodation

Rents for temporary accommodation properties are not sub-market rents, and are set individually in agreement with the relevant local authority placing clients in the supported accommodation, at the point of the placement.

4. RENT SETTING - INITIAL CALCULATION

Intermediate rent properties

It is LCH's intention to set rents in accordance with the general provisions of the Rent Standard and the Rent Policy Statement published by the RSH. LCH will therefore charge a sub-market rent for each of its properties not exceeding 85% of the market rent for the property at the point the property is let.

In determining the market rent we will consider affordability in the local area; local agreements with the local authority; the size of the property in question; and the viability of any newbuild housing schemes or proposed acquisitions. The sub-market rent will typically range between 80% and a maximum of up to 85% of the market rent.

To align ourselves with the provisions of the Rent Standard and to ensure a consistent and transparent approach, the starting point will be market rent valuations provided by a suitably qualified independent valuer, using established methodologies. These will be assumed to include the cost of any service charges relating to the occupation of the property itself, but not any personal service charges such as charges related to any required support, or any other charges not related to the occupation of the property.

It may not always be necessary to undertake a full valuation on each occasion that a property is relet on intermediate rent terms. Where similar properties have recently (within the last 3-6 months, depending on the volatility of the local letting market) been let on the basis of a new market rent assessment, it may be possible to use these valuations as a proxy for a new market rent assessment. Each case must, however, be considered on its own merits.

Temporary accommodation

Rents for temporary accommodation properties are set individually in agreement with the relevant local authority placing clients in the supported accommodation, at the point of the placement. The total charge will include a range of eligible and non-eligible service charges reflecting the full cost of operating the properties and the associated support services.

5. ANNUAL RENT INCREASES

Rents will be reviewed annually. Any increases decided upon by LCH's board will be in accordance with all statutory and regulatory requirements including guidance published by the RSH.

LCH will usually increase rents on the anniversary of the granting of the tenancy. However, as the number of properties owned or managed by LCH increases, it may choose to standardise the rent increase day to the first Monday in April for all tenancies. LCH will give written notice of the rent increase as legally required;

typically, one month's notice. LCH will notify the relevant Housing Benefit or Universal Credit authority of any rent increase as appropriate. Tenants who are claiming Housing Benefit or Universal Credit must also notify the relevant authority and ensure their claim is amended.

6. FORMULA RENT

LCH will not be acquiring or providing any general needs social housing stock and therefore Formula Rents will not apply.

7. SOCIAL HOUSING TENANTS WITH HIGH INCOMES (HIST)

LCH will not be providing accommodation for social housing tenants with high incomes as they should have the resources to find suitable alternative accommodation.

8 VALUATION

Valuations of intermediate rent properties will appraise the property without consideration to any increased security of tenure over the market norm.

Valuations will be assessed using a RICS (Royal Institute of Chartered Surveyors) recognised method, and we will use the mid-point of any range of valuations. We may commission a professional valuation from an independent valuer or use a desktop valuation where sufficient data is held to appraise the market value by reference to recent lets in the private sector. We will use desktop valuations wherever possible due to cost, speed, and efficiency.

9 SERVICE CHARGES

LCH will also levy service charges in addition to the rent being charged. For intermediate rent properties these will be limited to the costs associated with the provision of support and services over and above those associated with the basic occupation of the property as required for properties with rents based on a market rent assessment.

These service charges are limited to covering the cost of providing services that are delivered to some residents depending on the terms of their occupancy agreement. LCH levies service charges under a fixed charge system.

Under the fixed service charge system, an estimate is made each year of the cost of providing the services being delivered and this cost is then split between the individual units within the property. Once the charge has been set, any variation between the actual cost and the estimate is absorbed by LCH in that financial year unless there is a variation of the services provided that year. Such a variation would ordinarily only be carried out following a consultation process with the residents affected.

Service charges will often be the result of a negotiated agreement between LCH and the local housing authority including where possible, the Manager of the Housing Benefit Department.

Following any change to the level of service charges or indeed the services provided the tenant is supplied with a clear breakdown detailing the weekly charge for each service charge element. At the beginning of the tenancy the tenant is also provided with information by LCH in respect of how the service charges are set.

10 STATUTORY APPEALS

Tenants will not have a statutory right to appeal to the First Tier Tribunal (Property Chamber) to determine an appropriate rent as the tenancies are either assured shorthold tenancies or licences with a fixed rent.

11 LCH RIGHT TO EXERCISE DISCRETION

LCH may exercise its discretion as appropriate in implementing this policy and setting and managing rents to ensure continued viability, equity and compliance with evolving rent legislation and regulation.

12 EQUALITY AND DIVERSITY

LCH will ensure that this policy is applied fairly and consistently. We will not directly or indirectly discriminate against any person or group of people in line with our Equality and Diversity Policy. We will act sensitively towards the diverse needs of individuals and communities and will take positive action where appropriate.

13 TRAINING

LCH will provide all staff responsible for implementing this policy with comprehensive training as required.

14 MONITORING

LCH will monitor compliance with rent setting obligations. We will report on our performance to our Board on a regular basis.

15 REVIEW

LCH will formally review this policy every two years unless changes in legislation or regulation require an earlier review.

16 SCOPE

This policy applies to tenants and licencees of LCH.

17 STATUTORY AND REGULATORY FRAMEWORK

This policy is informed by the following legislation and regulation:

- Regulator of Social Housing (the Regulator) - Rent Standard
- Rent Standard Guidance
- Housing Act 1985

- Housing Act 1988
- Housing and Planning Act 2016
- Welfare Reform and Work Act 2016
- Social Housing Rents (Exceptions and Miscellaneous Provisions) Regulations 2016
- General Social Housing Rents Permitted Review Day Consent 2016

18 ASSOCIATED DOCUMENTS

This policy is supported by the following documents:

- Allocations Policy
- Tenancy Policy