Rent Setting Policy

Version:	**1**	2	3	4	5	6	7	8	9	**Document Reference:**	*16-24*
Policy Lead:	Rent Setting and Service Charge Manager										
Approved by:	Board of Trustees									**Approval Date:**	*06-2025*
Supersedes:	Rent Setting Policy 16-24									**Review Date:**	*06-2028*
Standard Letters and/or Forms:	Rent, Sub Market, Secure Rent, Assured Rent, Market Rent, Sheltered Schemes, General Needs, Shared Ownership										

Version	Date Issued	Originator/Modified by	Reason(s) for Change
1	06-2025	Rent Setting and Service Charge Manager	Three year policy review
2			
3			
4			
5			
6			
7			
8			
9			

1. POLICY AIM & SCOPE

The aim of this policy is to:

- ensure that BVT Tenants can see and understand how BVT sets and adjusts their rents,
- ensure that rent levels are sufficient to meet BVT'S financial obligations,
- ensure that rent levels are sufficient to provide a good level of service to customers,
- ensure that rent levels remain affordable to our residents,
- enable homes to be maintained to the agreed corporate standard of repair,
- ensure that rents are sufficient to cover the cost of improving and modernising properties to acceptable standards in the future,
- support opportunities for the building of new developments,
- maintain rental income at a level which contributes to the long-term financial stability of BVT,
- ensure that BVT complies with legislative and regulatory requirements in terms of rent setting.

The policy relates primarily to the setting and review of social rents. There are separate arrangements specific to lease obligations for shared ownership homes, other leasehold properties and business-to-business leases. In such cases, the relevant lease or contract should be referred to. This policy only covers residential property and does not cover parking spaces, garages, locking posts or any commercial rent setting.

2. RELATED DOCUMENTATION

- 369-02-01 Income Management Policy
- 355-02-01 Lettings Policy

3. POLICY DETAIL

This policy sets out the approach taken by Bournville Village Trust to rent setting and the rent review arrangements for all properties held within and managed by BVT.

Methods used to set and review rents vary depending upon the type of tenancy, and any specific agreements associated with the provision of the property. Rent setting figures are agreed annually by the Trustees and will comply with all statutory and regulatory requirements.

BVT is committed to ensuring that customers receive a high level of service, regardless of where they live. BVT is also committed to working within guidelines and regulations published by the Regulator for Social Housing, and with regard to best practice and guidance from organisations such as the National Housing Federation (NHF).

BVT ensures all tenants are informed of any rent changes in good time and in a format that is compliant with all legal and regulatory requirements. This includes informing tenants of their ability to challenge rent increase and raise queries.

Social Rents

Much of the existing stock within BVT is let at a social rent (also known as formula rent). In addition, some new build properties are also let at a social rent.

Social rents for BVT are calculated by the Rent Setting and Service Charge Team within Finance, using the set formula detailed in the Government's Policy Statement on Rents for Social Housing (2019) as part of the 2020 Rent Standard. This formula utilises property details and a 1999 valuation figure which has been calculated by external appropriately qualified experts. A 1999 valuation is calculated, even when a house was not built until after 1999 and we use appropriately qualified valuers to do this. These details are input into a rent formula to produce the correct rent charge. Once this rent charge is set, it is reviewed annually.

BVT utilises "rent flexibility" as allowed under the Government's Policy Statement on Rents for Social Housing (2019). This allows BVT to charge up to 10% more on supported housing and 5% more on general needs housing. The flexibility BVT applies was originally approved by Trustees in 2001 under the Government's Rent Restructuring Plans. The Board's decision was to apply a +5% flexibility to all general needs Social Rents with the exception of bungalows where a -5% flexibility was adopted. This means we charge 5% more than the standard calculated rent charge for our homes, except for bungalows, where we charge 5% less. The Board also opted not to apply any flexibility to the rent charge made in our sheltered schemes. The Board continue to believe these flexibility decisions should remain in place.

The social rent figures are reviewed annually on the first Saturday in April in accordance with the guidelines set out in the Government's Policy Statement on Rents for Social Housing (2019) and any subsequent updated Government guidance on permitted annual rent increases. These social rent figures are then also used in calculating all re-let rents for social rent tenancies.

Rent levels for the categories of accommodation within the Rent Standard are limited to those published on an annual basis by the Government.

For existing social rent properties on re-let, the Rent Setting and Service Charge Team within Finance calculate the rent and charges, then advise the Lettings Team of the social rent and service charge figure to be used in advertising properties.

BVT produces compliant Section 13 notices and issues these to all assured tenants, in the correct timeframe annually. It is these letters that make Tenants aware of their rent for the forthcoming year and the process to challenge or raise queries.

Secure Rents

If a tenancy started before 15 January 1989, this is likely to be a regulated or secure tenancy. In relation to these properties BVT seeks a rent registration every two years from the Valuation Office Agency (VOA) where rent officers register fair rents.

Rents charged on these properties are reviewed annually in April and are subject to a maximum rent of either the Formula Rent or the Registered Rent in place at that time (whichever is the lower).

Sheltered Housing

All of our Sheltered Housing is let at a social rent and the setting of these rents is as outlined above.

Extra Care/Supported Housing

In Birmingham, we have nomination rights to Bournville Gardens Extra Care Scheme Village. Rents are set and administered by Extra Care Charitable Trust.

In Shropshire, we operate Bournville House, Extra Care Scheme. Apartments are let at a social rent and the setting of these rents is outlined as above. Bournville House offers two-bedroom apartments for those aged 50 years plus. Rental levels remain affordable due to exempt status. In addition to a service charge, there is also a weekly 'Wellbeing' charge to recover the cost of the 24-hour reactive care service.

Our Supported Housing in Birmingham is The Holdings. The majority of these units are let at a social rent and the setting of these rents is outlined as above.

Shared Ownership Rental Element

The setting of shared ownership rents is covered in the Capital Funding Guide and the individual shared ownership leases. BVT ensures all shared ownership rents are set and reviewed in line with the requirements of the lease.

Rent Increases

The 2020 Rent Standard states social rents can be increased by up to CPI+1% each year. This is subject to annual updated statements from the Government confirming this formula or any amendments to it.

For social rent properties, the maximum rent that can be charged is the formula rent (subject to a rent cap figure based on bedroom numbers as set out in paragraph 2.8 and 2.9 of the Government's Policy Statement on Rents for Social Housing (2019)).

The Board of BVT consider what changes to make to rent levels each year. They ensure they stay within the limits that are allowed by Government and assure themselves that all BVTs rents are set fairly. When reviewing the annual rent change the Board will consider the impact a change in rents will have on Tenants finances, how much BVT needs to remain financially secure and invest in our properties, so they remain of the standard our tenants expect and deserve. This is always a difficult balancing act.

If printed, this copy will not be amended in the event the document changes.
Please ensure you have the latest version.

Managed Societies

- BVT provides management services to Bournville Tenants Limited. These tenancies will have a rent review applied from April of each year with this increase set by the Bournville Tenants Ltd Committee. They are not regulated by the Rent standard.

Subsidiaries

- Bournville Works Housing Society tenancies are treated exactly the same as the BVT Tenancies, ensuring the rent standard is compiled with.

- Bournville Almshouse Trust is an Almshouse and therefore rent is not charged. The residents at The Quadrangle instead pay a contribution and as such, the figures are not regulated by the Rent standard. BVT reviews this contribution every 12 months, with any change to be applied from April of each year. BVT always seeks to balance the impact increases have on residents and the need to invest in and maintain the Quadrangle. The Endowment Homes tenancies linked to this scheme are increased in line with Bournville Village Trust social rent tenancies (that being the agreed rent formula set by the government) except for those properties where a decision has been taken to let at a market rent once the property becomes empty.

Market Rent

BVT has properties to rent in Birmingham on a market rent basis. Rents charged are set initially based on current market rental valuations provided by our lettings partner.

These rents are then reviewed annually on the anniversary of the tenancy start date with increases based on CPIH at the previous September subject to a re-set after three years based on updated market rental valuations provided by our lettings partner.

Submarket Rent

BVT has properties available to rent on a submarket rent at Lightmoor and Lawley, Telford:

- Investment Package Properties - Market rental valuation is discounted by 20%
- Section 106 Submarket Rents: Market rental valuation is discounted by 10%

Updated valuations are obtained annually from our lettings partner. Rents are reviewed annually on the anniversary of the tenancy start date with increases based on CPI +1%, with any increase being capped at the most recent market rental valuation discounted by either the 20% for investment package properties or 10% for the S106 submarket rents.

If printed, this copy will not be amended in the event the document changes.
Please ensure you have the latest version.

4. REASONABLE ADJUSTMENTS

Information provided on rents to be charged will be adjusted to take account of the known needs of customers, in accordance with the Customer Communications Needs and Preferences Policy.

5. RESPONSIBILITIES

The Rent Setting and Service Charge Team are responsible for the delivery of this policy.

6. MONITORING & REVIEW

Regular reports are provided to Finance Committee and the proposed annual rent increases for all tenancy types under this policy are presented to the Finance Committee with their recommendation considered by the Board of Trustees, who take the final decision.

Periodic reviews of rent setting data will be completed as part of the internal audit strategy set by the Audit and Assurance Committee.

7. DATA PROTECTION STATEMENT

Bournville Village Trust manages the data referred to in this policy in accordance with the Data Protection Act 2018 and General Data Protection Regulations. For more information on how we handle information, please see the Data Protection Policy and all other related documents.

INFORMATION FOR APPROVING BODY

8. LEGISLATIVE & REGULATORY IMPACT

This policy covers rent setting and rent review arrangements for residential properties within BVT, and ensures that it complies with the requirements of the following:

- Housing Act 1988
- Welfare Reform and Work Act 2016
- Homes England – Regulatory Framework for Social Housing in England 2015 as amended (including the Rent Standard)
- Homes England Capital Funding Guide
- Government's Policy Statement on Rents for Social Housing 2019
- Rent Standard 2020 and subsequent Government Policy statements on permitted annual rent increases

9. PEER GROUP ANALYSIS

The Rent and Service Charge Team attend seminars and forums with other Registered Providers where rent setting policies are discussed and any best practices are identified.

BVT is also committed to working within guidelines and regulations published by Homes England, and with regard to best practice and guidance from organisations such as the National Housing Federation (NHF).

10. RISK & ASSURANCE IMPACT

Implementation of the policy will assist BVT in mitigating risk by ensuring that rent setting adheres to current legislative and regulatory standards.

The policy links to the following corporate risks:

CR5 – Deteriorating stock quality and inability to maintain decent homes standard
CR6 – Inability to deliver landlord services and meet customer expectations for a prolonged or indefinite period
CR8 – Financial viability reduced to the point that delivery of objectives is compromised

Our risk appetite is cautious in all these areas and this policy supports keeping these risks within this appetite.

11. VALUE FOR MONEY IMPACT

The policy is designed to ensure that, whilst ensuring the issue of affordability to tenants is a major consideration, rent levels achieved allow BVT to meet its financial obligations alongside providing sufficient income to continue to invest in improvements to homes as part of the Trust's long-term strategy.

12. TRAINING & CHANGE MANAGEMENT PLAN

The Rent and Service Charge Team regularly discuss the implementation of this plan. Communication to customers is via tailored communication to explain any rent changes alongside required legal documentation.

13. CUSTOMER INSIGHT SUMMARY

This is a technical policy, so no specific customer insight review has been undertaken.

14. EQUALITY IMPACT SUMMARY

This Policy sets out how BVT complies with the Government's Policy Statement on Rents for Social Housing (2019), so there is nothing substantive in this policy that alters the equality impact of the original legislation.