

Rent Setting and Service Charges policy

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Author: Lynne Dunstone

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Document Owner:	Assistant Director of Resources		
Reviewed by:	Lynne Dunstone		
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TWO RIVERS HOUSING Rent Setting and Service Charges Policy

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1. Statement of intent

- 1.1 Two Rivers Housing (TRH) aims to set and maintain rents in accordance with the Regulator of Social Housing rent standard for socially rented homes, and in accordance with the conditions of any lease for Shared Ownership homes. It intends that rents and service charges will be set at levels within the reach of those in receipt of a low income whilst ensuring that all management, maintenance and other costs of Two Rivers Housing are met.
- 1.1.1 This Rent Setting and Service Charges Policy complies with all current legislation and the regulatory rent standard.

2. Rent setting methodology

- 2.1 Two Rivers Housing will set rents for all tenants either with the formula rent system (assured tenancies), at 80% of market rent (affordable tenancies and Rent to Homebuy tenancies), at market rent for market rented tenancies, or under the conditions of the lease for shared ownership homes.
- 2.2 Formula rent is the prescribed method used in England to calculate rents for social housing homes. It provides a consistent and transparent approach across the sector, ensuring that similar homes are charged similar rents while reflecting local affordability and property characteristics. It is sometimes referred to as social rent and is distinct from service charges, which cover communal services and maintenance.
- 2.3 The government recognises that registered providers should have some discretion over the rent set for individual properties, to take account of local factors and concerns, in consultation with tenants. As a result, the government policy contains flexibility for registered providers to set rents at up to 5% above formula rent for social rented homes or 10% above formula rent for supported housing. If applying this flexibility, providers should ensure that there is a clear rationale for doing so which takes into account local circumstances and affordability.
- 2.4 Annual rent changes will become effective from the first Monday in April each year for all tenants. Changes to rent levels, and caps on rent levels, will be based on guidelines set by the government for social rents, which is currently based on CPI plus 1%.
- 2.5 For rent increases in April 2027, where the social rent after applying CPI plus 1% remains below the formula rent for the home, and in line with the 2026 Rent standard, Two Rivers Housing will increase social rents by up to a further £1 per week.
- 2.6 For rent increases in April 2028 and onwards, where the social rent after applying CPI plus 1% still remains below the formula rent for the home, and in line with the 2026 Rent standard, Two Rivers Housing will increase social rents by up to a further £2 per week until the rent reaches the formula rent.
- 2.7 For shared ownership and intermediate rent homes the annual change will be as detailed in the agreement/lease.
- 2.8 Rents for new build homes will be set based on a formula rent for assured tenancies or calculated as 80% of market rent for affordable rent.
- 2.9 The proposed rent for existing tenancies and new build homes is compared to the Local Housing Allowance (LHA) to assess affordability and may be capped at LHA.
- 2.10 Reference is also made to the Joseph Roundtree Foundations' affordability model (the Living Rent Model) which is designed on the principle that rent is unaffordable if tenants

spend more than 28% of net income on their rent, or spend more than 33% of net income on their rent and associated service charges.

- 2.11 When assured homes are relet during the year, these will be let at the formula rent. When affordable tenancies and Rent to Homebuy tenancies are relet, a new market valuation will be obtained and the rent will be set at 80%.
- 2.12 A new valuation is not required if the previous valuation is within the last three months.
- 2.13 If a tenant requests that Two Rivers Housing install additional facilities in their home, and TRH agree the works are necessary (i.e. in curtilage parking), the tenant will be informed of the increase in rent prior to the works being carried out. Provided the works are agreed to be carried out, and the tenant accepts the change in rent level TRH, can increase the rent on the completion of these works.

3. Service Charges

- 3.1 Where appropriate, Two Rivers Housing will set service charges by taking into account the following factors:
 - the full cost of the service provided;
 - value for money;
 - a provision for the maintenance and replacement of equipment used in the supply of the service;and in the provision of new services:
 - tenant and leaseholder views on the service to be sought.
- 3.2 Where Two Rivers Housing considers introducing a new service charge, it will at first consult with tenants prior to any charge being introduced. Following the consultation process and a decision to introduce a service charge, TRH will inform service charge clients in writing, giving at least one month's notice, of the commencement of that service charge including details of the amount of the charge.
- 3.3 In general, service charges will be reviewed annually and tenants will be given at least one month's notice prior to the implementation of any change to the charge. These annual service charge changes will become effective from the first Monday in April each year for all customers.
- 3.4 Service charges can be altered more than once a year if there is a change in the service being provided. Tenants and leaseholders will be consulted before any change is implemented and given at least one month's written notice of any change to charges. Leaseholders will be consulted with in Line with Section 20 of the Landlord and Tenant Act and the Commonhold and Leasehold Reform Act.
- 3.5 All service charges will be issued with a summary of tenants' rights and obligations annually. This document lays out how a determination (appeal) can be made to the first tier tribunal and the upper tribunal regarding service charges.
- 3.6 Further information on leaseholder service charges can also be found in Section 3 of the Homeownership and Leasehold Management Policy.

4. Notice of rent and service charges increases/decreases

- 4.1 From 1 May 2026, there will be two calendar months' notice for rent changes in market rented tenancies.
- 4.2 For all other rented tenancies (general rented, Housing for Older People and intermediate rented) there will be one month's calendar notice given prior to any rent or service charge increase. There will be one month's notice for shared ownership homes.

5. Accountability

- 5.1 In setting the rent and service charges, Two Rivers Housing are accountable to the Regulator of Social Housing and our tenants.
- 5.2 Two Rivers Housing are required to submit an annual Statistical data Return to the Regulator confirming average rents and services charges across the various local authorities by number of bedrooms.
- 5.2.1 As well as accountability on the rent and service charges fees, Two Rivers Housing are also accountable for the quality of the services provided.
- 5.3 Where there is a dispute of the rent or service charge, tenants and leaseholders have the right to apply to the First-Tier Tribunal in the first instance and the Upper Tribunal in the event of an appeal. In making such an application the tenant or leaseholder may incur additional costs, such as professional fees. The tribunals have the power to award costs in accordance with section 29 of the Tribunals, Courts and Enforcement Act 2007.

6. Financial support

- 6.1 Two Rivers Housing understand the difficulties of getting by on a limited budget and there may be times when our tenants struggle to pay all of their bills. In these circumstances Two Rivers Housing want to help. There is a dedicated Income Collection Team who can work with the tenants to agree a repayment plan.
- 6.1.1 Two Rivers Housing also provide a free of charge benefit and debt advice team. They are dedicated to helping tenants manage their finances and can help with budget planning, benefit applications and other sources of available funding.
- 6.1.2 As well as our dedicated team, there are other organisations that can provide financial help and other support. The benefit and debt advice team can signpost tenants to find the help and support they need quickly and easily.

7. Implementation

- 7.1 Two Rivers Housing has detailed procedures for rent and service charges setting for tenants and leaseholders. It will ensure that this policy and the procedures attached to it are implemented in accordance with TRH's relevant policies.
- 7.2 It is the responsibility of the relevant Two Rivers Housing employees to ensure that this policy and the procedures related to it are correctly applied.
- 7.3 Two Rivers Housing will provide training in rent and service charges setting and any related issues in order to ensure that this policy is implemented by experienced and qualified staff.

- 7.4 Two Rivers Housing will ensure that this policy and the procedures attached to it are implemented in accordance with TRH's Equality, Diversity and Inclusion Policy.

8. Supporting Procedures

- 8.1 The following procedures support the Rent and Service Charge Setting Policy:
- Rent increase model update procedure;
 - Rent setting procedure;
 - Service Charges annual review procedure.

9. Monitoring

- 9.1 Two Rivers Housing's Assistant Director of Resources is responsible for monitoring this policy to ensure it is correctly applied.
- 9.2 Two Rivers Housing will consult with its tenants, using existing consultation mechanisms, should the need arise to review its rent and service charge levels.
- 9.3 Two Rivers Housing will ensure that there is a two stage process for setting rents and service charges. We will ensure that charges are set by one Team and independently reviewed for accuracy by a separate Team or individual.
- 9.3.1 At least every five years Two Rivers Housing will engage independent auditors to undertake an audit of the rent and service charges calculations and to audit that the rent and service charges policies and procedures are followed.

10. Review

- 10.1.1 Two Rivers Housing's Assistant Director - Resources will be responsible for ensuring that reviews of this policy are carried out annually for housekeeping changes and every three years for Group Board approval.
- 10.2 In the absence of any other trigger for a review, the policy will be reviewed at such other times as the Board of Management may from time to time determine.