



**STROUD
DISTRICT
COUNCIL**
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RENTS AND SERVICE CHARGES POLICY

MARCH 2023

TENANCY SERVICES

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Document Responsibility		
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Strategic Head of Housing	Rents and Service Charges Policy	Tenant Services

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Name	Action	Date
Accountancy Manager	Consulted, reviewed, and approved	8 February 2023

RENT AND SERVICE CHARGES POLICY

1 POLICY STATEMENT

- 1.1 **Rent** – Stroud District Council aims to ensure current and future rents are fair and affordable for tenants and are set at levels which maintain our financial stability and viability. We seek to strike a balance between keeping rents affordable and having enough money to fund maintenance and improvement to our housing stock, for the long-term benefit of tenants.
- 1.2 **Service charges** - Stroud District Council aims to deliver fair and transparent chargeable services, to high standards and good value for money. Residents should pay for all the services they receive: we aim to recover no more than all relevant costs through the service charges, but we may subsidise an element of service to protect our assets and vulnerable customers.

This policy is the framework to support how we meet all statutory, contractual, regulatory, and legal requirements relating to rent and service charges and to apply best practice.

2 SCOPE

- 2.1 The policy applies to all residents of Stroud District Council, whether they rent a property or receive chargeable services from Stroud District Council. Residents can be tenants, licensees, leaseholders, shared owners, or freeholders. Properties include flats, houses, maisonettes, specialist accommodation, hostels, commercial properties, garages, garage sites and parking spaces. This policy does not apply to charges collected by landlords on behalf of other organisations, such as water rates.
- 2.2 If there is any difference between this policy and the terms of an occupancy agreement, any terms in the agreement takes priority over this policy.
- 2.3 This rent and service charges policy enables us to recover fully - where possible - the costs we incur delivering services to our residents.

3 WHAT ARE RENTS

Under the Rent Standard 2020 all registered providers (landlords registered with the Regulator of Social Housing) must charge rents in accordance with the government Rent Policy Statement 2020. Social rents (as opposed to affordable rents) are defined as excluding any identified service element (whether fixed or variable service charges).

- 3.1 **Social rents also called formula rents** are calculated using a national set formula that takes account of local earnings, property value and the number of bedrooms; they are limited by a rent cap. Landlords have the flexibility to set rents up to 5% above that formula for general needs properties (up to 10% above for supported housing properties). Formula rents are exclusive of any service charges.
- 3.2 **Affordable rents** are set at a level which is no more than 80% of the estimated market rent for the property (inclusive of service charges). The market rent is based on a valuation method recognised by the Royal Institution of Chartered Surveyors (RICS). A market rent would not be expected to include personal charges such as heating inside the dwelling, those are in addition to the market rent and dealt with as a separate contract or a clause within a tenancy agreement.

- 3.3 **Fair rents** apply to secure tenancies, where the initial tenancy started before 15 January 1989; they are governed by the Rent Act 1977 and are set by rent officers from the Valuation Office Agency. Fair rents are reviewed every two years from the tenancy start date. A fair rent may include a fixed or a variable service charge. For tenancies under fair rent protection, the maximum weekly rent is the lower of the fair rent set by the Rent Officer, and formula rent.
- 3.4 Private rented sector: housing benefit is capped at Local Housing Allowance rates that were based on the lower 50th percentile of private market rents when first introduced. The rates have since been updated to the lower 30th percentile, on a mixture of inflation and actual market rents. Although it does not apply as a housing welfare cap to social rent tenants, it is often used as an affordability benchmark in the social housing sector, especially for rent setting in new developments, mixed tenure schemes, or to test the market where there are market rent units.
- 3.5 For Universal Credit purposes, shared ownership schemes are treated as social rented sector cases and housing costs are based on the rent and any Universal Credit eligible service charges. However, no size criterion is applied to shared ownership.
- 3.6 **Shared ownership rents** are calculated on the remaining percentage share of the property that is not owned by the resident, the rent is defined in the shared ownership agreement, usually a percentage is applied to the remaining share using the capital value of the property, an annual inflationary increase is set within the agreement as well as any changes should the resident decide to increase or decrease their share (also called “staircase” up or down).
- 3.7 A **licence** is personal permission for someone to occupy accommodation. It does not give the licensee a legal interest in (or control of) the land. Garages are often the subject of a licence.
- 3.8 **Temporary accommodation**: means short-term, temporary, or transient accommodation. At Stroud District Council, such accommodation is provided on a case-by-case basis, usually with private landlords under specific service level agreements that are outside of this policy. Stroud does not currently manage hostels or supported living accommodation. Where SDC manages such accommodation, rent and service charges would be in line with this policy.
- 3.9 **Commercial rents and shops**: any new lettings are agreed based on an open market rent. Rent reviews will be as per the rent review clause in the lease for that specific property.
- 3.10 **Ground rent** is payable under a long lease for the use of the ground on which the building stands and is charged annually by way of a demand using the form prescribed under Section 166 of the Commonhold and Leasehold Reform Act 2002. Since 30 June 2022 (April 2023 for retirement properties), ground rent in new leases cannot be more than a peppercorn rent (Leasehold Reform (Ground Rent) Act 2022).

4 WHAT ARE SERVICE CHARGES

- 4.1 A **service charge** is a payment made by residents for services received in connection with the occupation of their home and includes estate rent charges for freeholders. A “Rentcharge” is an annual sum paid by a freehold homeowner to a third party who normally has no other interest in the property.
- 4.2 For **tenants**, and usually **licensees**, their rent covers the costs of repairs, maintenance, and insurance of the properties, as well as housing management that includes the administration of tenancies from start to finish. Service charges are for

services provided in addition to the rent and usually reflect additional services that may not be provided to every tenant, or that may relate to communal facilities rather than being particular to the occupation of a dwelling.

- 4.3 **Leaseholders** receive and pay for the same services as tenants; they also pay towards the upkeep, repairs, improvements, and maintenance of buildings, including building insurance and a management fee; the payment is usually based on a proportion of their occupancy or other apportionment basis as defined in the lease. To spread the periodic costs, they may make an annual contribution to a **sinking fund** (also known as a reserve) for these services.
- 4.4 **Freeholders** may pay estate rent charges.
- 4.5 Some residents also benefit from **support services**, those are the delivery of person-centred services to support residents to occupy and sustain their homes. Those services are provided by the landlord under a separate agreement and need to be identified separately in any document. Additional personal charges which are not normally part of service charges can also be collected.
- 4.6 **A fixed service charge** is set according to best estimates and costs at budget time, it is a contribution towards the costs of the services provided. It reduces admin and suits predictable service charges spend, usually for tenants. This means that the landlords bear responsibility for:

- any shortfall between the cost of services and the amount of money collected in charges; or
- any amount that accrues if collected charges are more than the cost of providing the services

- 4.7 **Variable service charge** – most of Stroud District Council’s agreements with leaseholders have a variable service charge as defined by Section 18 of the Landlord and Tenant Act 1985 which states:

“Service charge” means an amount payable by a tenant of a dwelling as part of or in addition to the rent –

- (a) which is payable, directly, or indirectly, for services, repairs, maintenance improvements or insurance or the landlord’s costs of management, and*
- (b) the whole or part of which varies or may vary according to the relevant costs.”*

Reference to ‘tenant’ in Section 18 means tenants or leaseholders but excludes freeholders and licensees.

- 4.8 **Sinking fund** – by adding an annual contribution to the service charge, a fund is built up to pay for the future replacement of equipment or for a large item of planned expenditure such as internal redecorations, windows, or a roof. Some leases refer to sinking funds as reserves.

5 RENT AND SERVICE CHARGES SETTING

For existing tenants, annual rent increases of social rents, fair rents, and affordable rents, are regulated by the Regulator of Social Housing. They are currently limited by the annual published guideline of CPI (consumer price index at previous September) + 1% and usually take place from 1 April.

For service charges, we endeavour to keep the increases within the same limit, with an average for the years where charges fluctuate up and down across several years. At the same time, we endeavour to demonstrate the service charge and the

administration fee levied and collected represent the costs to deliver chargeable services and no more.

5.1 RENT SETTING

5.1.1 Social rents are subject to a **rent cap** ([Gov limit on annual rent increases](#))

5.1.2 **Conversion** between different types of rent may occur when a property is “relet”, usually when there is a change of tenancy, within restrictions set out in the [Rent Policy Statement](#) 2020 (or as updated subsequently), including:

- an affordable rent can be converted to a social rent but not to a market rent
- a social rent cannot be converted to a market rent or an affordable rent
- a fair rent is usually converted to a social rent

5.1.3 **At relet**, an affordable rent is reviewed against the existing market rent and cannot exceed 80% of the market rent or formula rent if this is higher.

5.1.4 At relet, social, and fair rents are set at formula rent (adding up to 5% for general needs or up to 10% for supported housing if required by the scheme), plus service charges. A scheme requirement for a higher rent may be justified by additional works usually funded by rents such as to retrofit buildings, to make them more energy-efficient and reduce personal and shared area utilities bills.

5.1.5 To calculate a formula rent, a **1999 valuation** is used: the value of the property should be based on an existing use value, assuming vacant possession and continual residential use. A valuer may provide generic values based on types and sizes of properties in different locations, rather than value each property. A landlord may re-value a property where it has carried out major works that materially affect the value of the property, for example major structural alterations or significant improvements, such as adding an extra room or extension.

5.1.6 **Shared owners’** rent increases are as agreed in the lease agreement.

5.1.7 **Leaseholders’** ground rent is as determined in the lease agreement. Ground rent in new leases cannot be more than a peppercorn rent. (The Leasehold Reform (Ground Rent) Act 2022).

5.1.8 **New development** rents are often subject to conditions when in receipt of Homes England grants. Stroud District Council endeavours to maximise the number of affordable new homes for rent to meet the diverse needs of the local community. For new affordable rents, the rent cannot exceed 80% of the market rent or formula rent if this is higher; it is also compared to current local median rents *and, being mindful of affordability, it may be capped at that level or the Local Housing Allowance (e.g. using LA analysis* <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/privaterentalmarketsummarystatisticsinengland/april2021tomarch2022>). The development appraisal identifies service charges costs now and, in the future, how those are met by the different tenures, what income remains after service charges spend to cover the expenditure the rent pays for.

5.2 SERVICE CHARGE SETTING

5.2.1 At least 4 weeks before payment is due, we provide annually to each existing resident a breakdown of their charges to show the rent (if any) they will pay for their home and a **schedule of their service charges** (if any) also to be paid, identifying any subsidy

by Stroud District Council. On the schedule, service charges are split between housing benefit eligible and non-eligible. An annual sinking fund statement is included where applicable. Where the rent includes some service charges, such as market rents, the breakdown shows what service charges costs are included in the rent. Payment due is clearly identified on the correspondence – either the rent letter or the invoice, including payment terms. Residents will be forewarned of any chargeable services due for contract renewal or review in the coming year, to encourage residents' involvement.

- 5.2.2 **New residents** will be informed of any service charge and rent before they sign a tenancy or leasehold agreement, using the same schedule/ rent format as above.
- 5.2.3 **Annual sinking fund** contributions are backed up by a sinking fund statement, showing items covered by the fund, their lifecycle and estimated renewal costs, receipts, payments, and interest for the year, estimated future cashflows and adequacy of the fund. It is expected that a fund will be supported by a five yearly stock condition survey, the contribution reviewed when a significant price change occurs or lifecycle is updated, the contribution is increased annually by major works' inflation.
- 5.2.4 **Payment** - service charges are usually chargeable in advance for the forthcoming 12 months. Tenants pay for the charges weekly with their rent; shared owners pay monthly with their rent; leaseholders' invoices are due on receipt; payments terms may be agreed.
- 5.2.5 **Annual service charges setting** is based on forecast expenditure as part of the budget cycle for the forthcoming financial year, it includes planned and cyclical maintenance programmes. It is usual to compare each service spend to the previous year and explain changes. To minimise over/ under recovery, service charges should be set once all relevant expenditure budgets are completed (see [Appendix A](#) timing). A charge or refund for variable service charges over/undercharge may be included in the annual schedule or recovered separately.
- 5.2.6 **Variable service charges** are reconciled to actual spend and demands for payment need to be issued within 18 months of the expenditure being incurred (section 20B of the Landlord and Tenant Act 1985), this usually means that a statement is issued no less than 6 months after the year-end: for a 1 April to 31 March year (year X0), a statement is issued by 30 Sept (year X1), it may be accompanied by an invoice for a leaseholder or the notification that an adjustment will be made to the following year annual schedule.
- 5.2.7 **The apportionment basis** of chargeable services is how users share the costs of the services. First, the costs are usually allocated by scheme, using contract specifications or actual time spent per scheme, or meter readings at scheme level. Secondly, the scheme costs are shared equally across all units (a unit basis) or are shared on the proportion of the area occupied by each unit (a square meter basis). Adjustments may be made, however, to reflect specific development design and layout. To encourage residents to be more energy efficient, individual meters are fitted to individual homes whenever possible.
- 5.2.8 **New developments** are planned to minimise the creation of unnecessary shared areas for which service charges will require to be levied; although planning requirement may necessitate landscaping, planting, and parking, those are chargeable services that need to be affordable for all residents. Where shared external and internal communal areas are to be provided, we will aim to maintain such areas to

good environmental and amenity standards that are affordable to residents now and for the future.

6 HOW THE CHARGEABLE SERVICES ARE PAID FOR AND SUBSIDY

- 6.1 **Transparency and reporting** - at Stroud District Council, not all service charges are identified separately from the rents, either because they are part of a market rent or an affordable rent – rents that are inclusive of service charges - or because they have not yet been separated from the rents: this is called depooling of service charges from rents. To ensure the annual rent and service charges setting process is transparent, a comparison should be made between tenures, with a split between flats and houses, to identify any rent or service charges shortfall or subsidy, measuring annual progress for tenanted properties towards the full depooling of the service charges and the relet of all properties at formula rent plus service charges or affordable rent where applicable.
- 6.2 **Impact of service charges on rents and funding for non-chargeable services** Any service charge that is not recovered £ for £ reduces the availability of the rent for the costs of repairs, maintenance, and insurance of the properties, as well as housing management, including the administration of tenancies from start to finish. Therefore, where a rent is inclusive of service charges, it is important to identify all chargeable services costs and evaluate what remains for other expenditure requirements. The formula rent used for social housing is useful as a base to benchmark and identify any shortfall as the formula rent is deemed to exclude any service charges. The impact of service charges on rents is shown at [Appendix B](#).
- 6.3 **Subsidy** - if leaseholders' service charges are not fully recovered, this means that tenants' rents are subsidising the service charges. Any such subsidy should be identified and minimised as far as existing agreements allow.
- 6.4 **Hardship fund** – Instead of a blanket subsidy policy for specific service charges, a fund will be set up to aim for equal access to services based on needs, rather than ability to pay. A set of criteria is being developed for this. Currently, it is assumed that a physically vulnerable resident cannot afford some services that may help them stay at home longer or make their life more enjoyable whilst affordability is not always an issue. For example, individual gardening service are restricted to few residents when more could enjoy a service they can afford to pay for. Subsidy or rationing of services are applied when it may not be necessary.

7 RESIDENT INVOLVEMENT AND ENGAGEMENT

- 7.1 **Feedback and involvement** – Stroud District Council wants to promote transparency and openness and will take every opportunity to do this in its service charges communications with residents, seeking feedback and involving residents through questionnaires, surveys, focus groups and site meetings, as well as formal consultations.
- 7.2 **Continuous improvement framework** - Stroud District Council is committed to ensure residents' voice is heard and chargeable services are reviewed regularly in consultation with residents so that a balance is struck between the level of services provided, the cost of the services, and how far current and prospective residents can afford them.
- 7.3 **Changes in services** - to ensure greater transparency for residents, to support democracy and to help meet our legal and regulatory obligations, we will engage with residents when there is a planned change to a service, either to provide an additional

service, to reduce, discontinue or modify a service or to enter into a contract or agreement with an organisation to provide a service. Residents may request such a change. The consultation will clearly address any change in service provision, quality of service and frequency to the residents affected by the changes. To avoid misunderstanding, any consultation should be clear at the outset regarding what is for information or for decision by residents, how any decision will be made and by whom.

7.4 **Decision making, votes and consensus** – unless there is a 60% consensus, then on most occasions the change will not happen, because residents' views are particularly important in shaping the service they receive. Proxy votes will be given by default to the Stroud District Council representative unless a resident makes a specific nomination. One resident vote per unit/ household. Once a change is made by such a vote, it is expected to remain for a minimum set time (e.g., 5 years to tie in with any contract). See [Appendix C](#).

7.5 **Section 20 process** as it applies to variable service charges

We are legally obliged to enter into a formal consultation with our homeowners before carrying out any major works at their properties, or when entering into a long term agreement for the provision of services to residents, where the likely cost of any works/services per unit exceed £250 for major works and £100 for agreements that exceed one year. The process includes the serving of formal notices on each resident, known as Section 20 Notices. Failure to consult correctly may result in not being able to recover more than £250 per unit for major works or £100 per unit per annum, for services for the duration of the contract. S20 notices should be served to all leaseholders (including shared owners*), regardless of whether there is a sinking fund at their property. In exceptional circumstances such as emergency works, applications to dispense of the Section 20 Requirements (S20ZA) can be applied for. For charges below the £250 (works) or £100 (long term agreement) limits, it is good practice to at least inform residents of forthcoming changes and engage with them to ensure their voice is heard.

* Owners of shared ownership properties are responsible for all repairs and works to their property., Given the above, the section 20 process would usually only apply for communal services as the resident would manage their own building repairs and renewal.

8 MANAGING RENT AND SERVICE CHARGES

8.1 Stroud District Council will further develop **monitoring, reporting and assurance controls**:

- to ensure **health and safety** requirements are met and to ensure sites are safe for residents to use
- to encourage residents to understand and feedback on the **standards** of the services they receive
- aiming to demonstrate that all service charges represent **value for money** and are based on high standards and current good practice

8.2 **Debt management** - residents are required to pay rent and/or service charges as a condition of their tenancy and occupancy agreements. Non-payment will result in the relevant Income Management Policy being applied.

9 SPECIFIC SERVICES

9.1 **Major works** - sinking funds for future repairs work could be established for leaseholders where there is a requirement to undertake major works such as roof, doors, or windows. These funds will be identified and accounted for separately by block or estate, ring-fenced to specific items, and annual statements will be provided to those that contribute. Where there is insufficient fund in the sinking funds, billing for major works may be outside of the usual service charges cycle. Whether or not there is sufficient funds in the sinking fund, consultation needs to take place under section 20 if applicable (variable service charges and over £250 per unit limit). The 18-month rule to request payment under section 20B also applies, any retention money may be dealt with by giving notice to the resident.

Offer Notice Protection - New leases or resale of leases give an offer notice protection on the ability of the landlord to recover costs in full. At the time the offer is made, the offer notice includes a statement of costs and services identified, costs may be updated by inflation allowances (per an index), the period is five years minimum, but it may be longer due to financial years and expected commencement date. When the period has elapsed, the costs can be recovered in full.

9.2 **An annual usage charge** may be levied to spread and meet the cost of eventual replacement of a service chargeable item where its useful life exceeds 1 year and the replacement cost would distort the annual charge, usually for tenants' fixed service charges. The charge will be recovered on an annual basis, based on the costs, and expected life cycle of the item.

9.3 **Administrative and management fees** include the costs of running a service charges team, including the IT system, invoice / statement / correspondence production, communication, accounting, general overheads, debt recovery and consultation. For third party management fees, there will be additional costs to manage the third-party contract and manage the accounts. Such costs should reflect the costs of administering the service charges from start to finish and good practice suggest the costs would not exceed 15% of all chargeable service costs. There may be a separate management fee for leaseholders as set out in their lease agreement. The direct costs associated with the chargeable services such as procurement, contracting, service management or supervision would usually be included in the cost of the actual service, not the admin fee. Any digression from this should be clearly defined to ensure costs are not duplicated.

9.4 **A full list of existing chargeable services** and their definitions is shown at [Appendix D](#).

10 OTHER CHARGEABLE SERVICES

10.1 **Chargeable Repairs** – from time to time, Stroud District Council must carry out works that are the resident's responsibility, either

at the resident's request for example:

- to replace a lost key
- to repair a broken window or door

or when we think it is necessary, for example:

- when we must deliver repair work due to damage caused by neglect, misuse or failing to report repairs;
- force entry because of the resident's neglect or misuse of the unit, property, or failure to report repairs;

- carry out reinstatement work relating to a resident's DIY work;
- undertake repair work to bring the unit or property back up to a reasonable standard because the resident has not kept it clean or tidy;
- remove any of the resident's personal belongings or rubbish from communal areas;
- remove any of the resident's rubbish, furniture, or appliances from the garden.
- In exceptional circumstances, we will also offer chargeable repairs for minor repairs that are the resident's responsibility if the damage is causing a health and safety hazard that presents a serious risk of harm or non-repair would cause further damage.

The charge will include an element of admin charge to cover our costs in arranging and managing the works. Any works from our direct maintenance team will include all relevant costs such as materials, labour, and supervision. Whenever possible, chargeable repairs should be paid for in advance of the works being carried out, based on a schedule of rates or estimate, with a balancing figure due on completion of the works. The recovery of chargeable repairs is referred to in the Income collection and recovery policy.

- 10.2 **Support Services in Independent Living.** Support is available to enable older people to maintain their tenancies, sustain independence and lead a good quality of life. The Support team will sign post for housing related support, verify support needs and agree support plans where appropriate. Social inclusion and isolation will be explored as well as fund raising and income generation to support and sustain activities and events for inclusion of independent living tenants as well as the local community. Tenants self-refer to this service.

11 RELEVANT LEGISLATION AND GUIDANCE

Rent Standard :

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1014903/Rent_Standard_-_April_2020.pdf

Rent increase : <https://www.gov.uk/government/publications/rent-standard/limit-on-annual-rent-increases-2022-23-from-april-2022>

Policy Statement:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/781746/Policy_Statement.pdf

The Charter for Social Housing Residents (white paper)

<https://www.gov.uk/government/publications/the-charter-for-social-housing-residents-social-housing-white-paper/the-charter-for-social-housing-residents-social-housing-white-paper>

Rent Act 1977: <https://www.legislation.gov.uk/ukpga/1977/42/contents>

Landlord and Tenant Act 1985 <https://www.legislation.gov.uk/ukpga/1985/70>

Valuation Office Agency: <https://www.gov.uk/government/organisations/valuation-office-agency/about#voa-rent-officers>

Local Housing Allowance – how it is set:

<https://www.gov.uk/government/collections/local-housing-allowance-lha-rates>

Royal Institution of Chartered Surveyors (RICS): <https://www.rics.org/uk/>

12 CROSS REFERENCES TO OTHER POLICIES AND STRATEGIES

Income Collection and Recovery Policy

Corporate Strategy

Strategy for New Council Homes 2020-2024

Housing Strategy – 2019/24

Older People Strategy 2019/23 – the new model of independent living hub, independent living +, independent living and incorporating outlying general needs housing to access enhanced services will impact the services as changes are made. The likely impact is lower charges when services are shared by more users, or when shared accommodation is converted to dwellings. Any grant funding would reduce charges.

13 APPENDICES

APPENDIX A

RENT AND SERVICE CHARGES SETTING AND TIMING

	MONTH	Expenditure	Income	
			Rents	Service Charges
Financial Year	APRIL	Evaluate slippage and actions (capital/ revenue)	Rent increases start	Service charges increases start
	MAY	Year-end work. Review previous year's performance, benchmark, update policies and procedures		
	JUNE			
	JULY	Planned and cyclical programmes draft for service charges elements	Review budget to actuals, including increased income from relets	Review budget to actuals, including increased income from relets
	AUGUST			Agree assumptions and programmes. Review transfer to full charge ref depooling
	SEPTEMBER	Sinking funds requirements, major works programme and section 20 plan	September Inflation used for following year rent increase	Variable service charges - sent residents previous financial year's statement of actuals to budgets, balancing figure due/refund and sign off before auditors by 30 Sept (18 months rule)
	OCTOBER	Budget prep	Budget prep	Budget prep

	NOVEMBER	Budget review and board papers prep	Rent increases calculated	Service charges set to match costs in expenditure budgets. Test increases and outcomes
	DECEMBER	Expenditure budgets agreed	Rent increases agreed	Service charges adjusted to match costs in expenditure budgets
	JANUARY	Year-end forecasts and identify any service charges under-delivery or overspend	Rents set in system and prep records/ print run	Service Charges set in system and prep records/ print run
	FEBRUARY		Rent and Service charges letters to printers	
	MARCH		Rent and Service charges letters to tenants: >4 weeks before payment starts	

APPENDIX B

: Rent and Service Charges Setting and Timing

APPENDIX A Service Charges and Rents – Impact of Rent Inclusive Charges on Core Services

APPENDIX C

: Service Charges Consultation

APPENDIX D : List of Service Charges

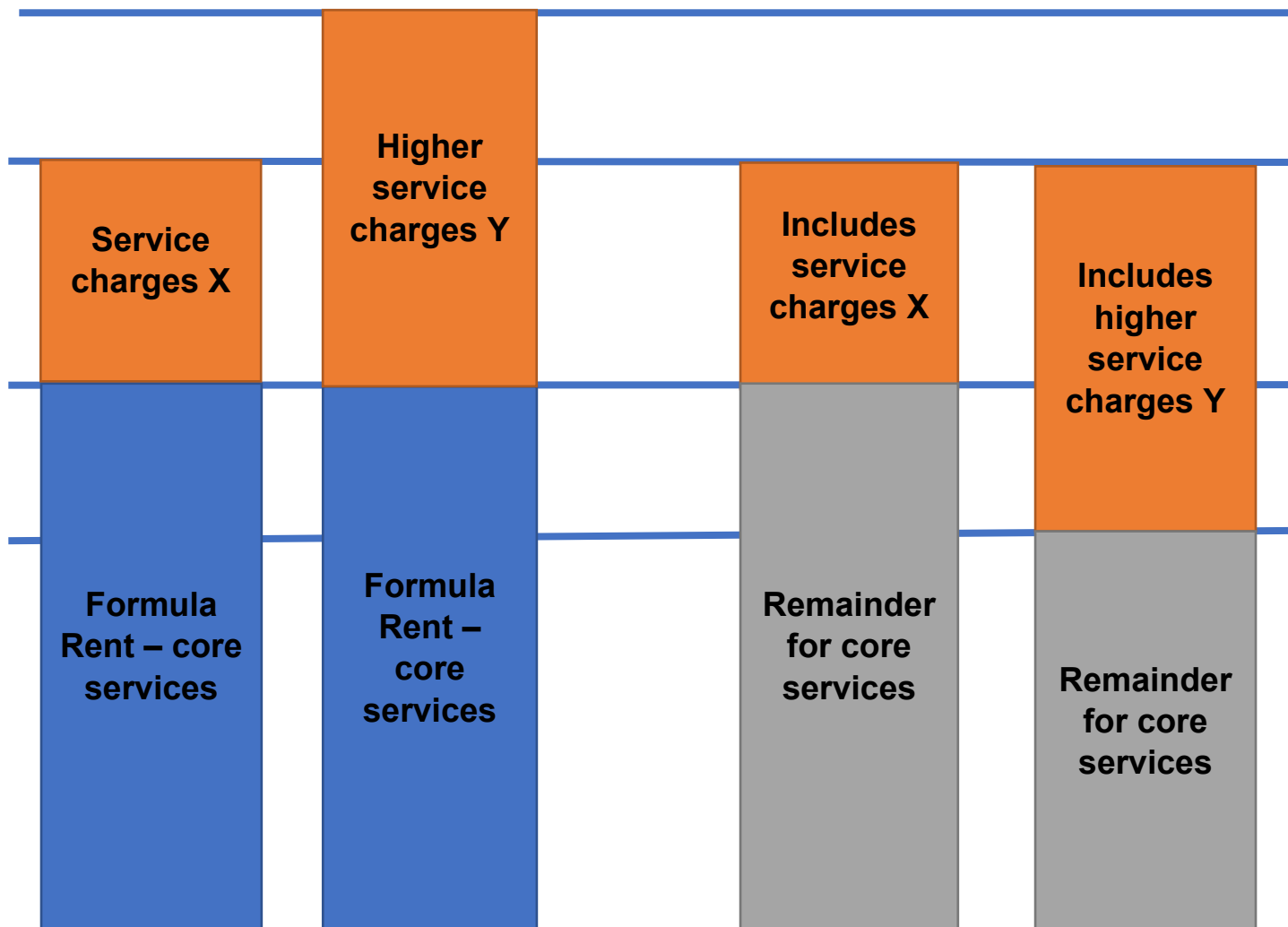
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APPENDIX B

SERVICE CHARGES AND RENTS – IMPACT OF RENT INCLUSIVE CHARGES ON CORE SERVICE



1 - Rent plus service charges

2 - Rent includes service charges

Formula rent (figure 1) does not include service charges, the rent goes up annually by CPI plus 1% or as per the guideline. The service charges reflect the costs they are based upon.

Rent inclusive of service charges (figure 2) goes up annually by CPI +1% (if affordable rent). If the service charge costs go up by more than that inflation figure, the remaining income available for core services reduces.

APPENDIX C

SERVICE CHARGES CONSULTATION

ARE YOU BEING SERVED? Getting your views and how to request new services or review existing services on which you pay a service charge

Stroud District Council aims to deliver fair and transparent chargeable services, to high standards and good value for money. Residents should pay for all the services they receive: we aim to recover no more than all relevant costs through the service charges, but we may subsidise an element of service to protect our assets and vulnerable customers.

We involve you in setting standards for the existing services you currently receive and you help us ensure these standards are met by telling us how we – and our contractors - perform.

WHAT IS CONSULTATION?

Listening to your views is an important part of service charges to ensure all residents have an opportunity to contribute, to be heard and to help shape the service delivery. Annual increases are not usually subject to consultation.

YOUR OPINION MATTERS

We will ask you what you think:

- Before introducing new or ending existing services
- When standards are set or changed

You can request a new service: if you want additional services, you can buy these either individually or as a group, depending on the service or where you live. The last page has a list of optional services from which you can choose. This list can be added to according to your needs.

- If the service is already listed and only involves you, please contact the individual named next to the service who will make arrangements with you and give you an estimate of costs before you commit yourself.
- If the service is already listed and involves other residents, please contact the individual named next to the service who will make arrangements to consult with your neighbours and give you an estimate of costs before you commit yourselves.
- If we do not currently provide the service, please contact XXXX to discuss how Stroud could best deliver this for you.

How to review or change existing services:

Needs are changing and we want to continuously improve the standards and range of services we deliver for you. New technology brings challenges and opportunities which we want to respond to. If you think a service you currently get has “passed its sell by date” in that it does not meet your current needs, you should not wait for the next review but tell us how you think we could improve. To do this, please contact the individual named next to the service.

- You can expect all services to be reviewed every [five years] and we would not expect to review services more than once in [three years].
- Standards of services are set in consultation with you. If you want to be actively involved, please contact XXXX.

HOW WILL WE DO THIS?

We like to speak to you personally to get your views and will do this by face to face door knocking, by telephone or via a meeting at a local venue. Where appropriate, a postal survey can be used for small changes and for leaseholders who do not live in the property. If we are unable to obtain

views from over 50% of affected householders, we will make a second and final attempt, again using the above methods.

WHO MAYBE AFFECTED?

Tenants, leaseholders, shared owners, and freeholders.

HOW LONG WILL IT TAKE?

When we consult with you it will be clearly communicated in writing and we will give you 30 days to consider your response.

VOTE AND MAKING DECISIONS

One vote per household: if there is no response from the household or no nomination of a proxy to represent that household (for example in a meeting), the default proxy will return to Stroud District Council.

Decision: changes will only be made if over 60% of householders wish it to be so. Sometimes we may choose to continue with the change for specific reasons, for example, on health and safety grounds. The decision will remain valid until the service is reviewed as applicable.

If there is not a 60% consensus, then on most occasions the change will not happen, so your views are important in shaping the service you receive.

FEEDBACK

Householders will be notified of the outcome within 30 days of the decision being made, together with a timetable as to when the changes will take place.

VARIABLE SERVICE CHARGES AND SECTION 20 LEGISLATION

Where a lease or tenancy agreement includes variable service charges, this means that consultation must be carried out under Section 20 of the Landlord and Tenant Act 1985 when the service charge exceeds a specific amount for one of the dwellings: this is currently £250 for a one-off charge and £100 for an agreement exceeding one year. Stroud District Council will ensure consultation happens at the appropriate level, without the need to repeat all or part of the process for a section 20 requirement. We will consider individual and local needs and will undertake regular feedback and monitoring of work performed by contractors, thus building local partnerships.

MENU OF SERVICES DRAFT

OPTIONAL SERVICES	CONTACT	REVIEW DATE
Contents insurance		
Repair person/woman service and maintenance; van service		
Internal or external decorating service individual home		
Landscape services and individual home garden		
Window cleaning individual home		
Caretaker/cleaner individual home		
Electrical repairs or installation; improvements to individual properties or works such as installing showers		
Heating maintenance and repairs service (leaseholders)		

APPENDIX D – LIST OF SERVICE CHARGES (shorter version also available for residents)

Be mindful to split communal areas and individual homes (different eligibility to welfare benefit)

SERVICE	COSTS INCLUDED IN THE SERVICE ARE:
Admin and management fees	
Third party management costs, managing agents	Management and administration of the service charge; may include third party management costs, audit fee & housing management (leaseholders). Direct costs of procurement, supervision and management of a service are usually included at the service level unless decided otherwise; requirement of consistency of approach to avoid double counting.
Housing management and administration of the service charge - leaseholders	
Service charge audit fee - variable charges	
Management and administration of the service charge	
Staff providing some of the services: <ul style="list-style-type: none"> • Site officers • caretakers • support coordinators • Independent Living staff 	Define what services are delivered and include all relevant costs (including staff time, materials, equipment, storage, insurance and maintenance of equipment, vehicle hire, insurance and fuel). For comparison purposes, it may be useful to split the costs between cleaning/ grounds maintenance and other services that are provided elsewhere by a contractor. Intensive housing management to be identified separately as well as support costs.
Cleaning	
General cleaning - communal areas	All cleaning to include materials, equipment, staffing, contractors. Where services are provided in-house, personnel may deliver other services and should be apportioned consistently. Provision, maintenance, decontamination, and repair of refuse collection and refuse containers; cleaning bulk bins and refuse chutes, communal refuse collection and its disposal, and skip hire. Abandoned vehicle recovery. Pest control costs for communal areas unless provided separately (under health and safety). Litter picking is included in grounds maintenance.
External and internal window cleaning - communal areas	
Tenants' window cleaning (Universal Credit eligible 1st floor and above only)	
Refuse collection, bulk bins, and rubbish chutes	
Fly tipping on communal areas - collection and disposal	
Bulk collection ad hoc	
Abandoned vehicle	
Health and safety	
Pest control	May be included in cleaning charge; individual charges where appropriate.
Fire safety and prevention:	All fire safety requirements from assessment, inspection, testing to provision of equipment, servicing, and

<ul style="list-style-type: none"> • Fire risk assessments • Fire alarm, detection, and smoke dispersal systems • Fire panels • Fire-fighting equipment 	<p>maintenance, building works and equipment. Equipment may include buckets of sand and water, fire blankets, hose reels, fire extinguishers, sprinkler or fire dispersal systems and alarms. Periodic testing will be guided by assessment and advice, it is likely to differ between buildings and clientele, with increased frequency for the more vulnerable. The testing may be conducted in-house by caretakers/ housing officers or other personnel and recharged. May include building works as required by assessment</p>
Electrical inspections - internal/ external communal parts and services	Electrical inspections – internal and external communal parts and services
Equipment PAT Testing	Electrical Portable Appliances Testing for items under 18kg
Air safety – ventilation systems	Maintenance, servicing, and replacement, including replacement of communal extractor fan systems for Radon
<p>Security</p> <ul style="list-style-type: none"> • Secure building access door entry • Closed circuit television (CCTV) 	<p>Servicing, repairing and replacement of door entry system or appliances, including auto-door access, keys, key cards, keypad door locking mechanism and door entry phone; may include CCTV. Key/fob replacement are usually dealt with through rechargeable repairs. Security costs may include personnel.</p>
<p>Water safety</p> <ul style="list-style-type: none"> • Legionella testing and water safety • Water tanks 	<p>Legionella testing, water softness. Cleaning, servicing, renewal, and de-chlorination of water tanks.</p>
Heating, septic tanks and green agenda equipment	
<ul style="list-style-type: none"> • Communal heating, plant & equipment • Internal communal lighting and emergency lighting • Septic tanks • Green initiatives/ green agenda such as solar panels 	<p>As restricted by LTA sections 11 (1985) and 116 (1988) for tenants' ref landlord statutory obligations with costs funded by the rent. Utilities provision separate.</p> <p>Providing heating to communal areas, as well as setting heating time clocks. Running, maintaining and insuring heating plant and equipment: includes the future cost of replacement or major repairs such as one-off costs. Costs restricted as shown for tenants.</p> <p>Includes all maintenance, servicing, testing, replacement and running costs of communal and emergency lighting</p> <p>Septic tanks and private sewerage systems: restricted for tenants but maintenance / servicing may be allowed depending on system design.</p> <p>Green agenda components are usually allocated to the relevant service they serve, costs restricted as shown for tenants.</p>
Hospitality - Guest Rooms	<p>Guest rooms costs including furnishings and replacement. Visitor room costs reduced by any income received</p>
Equipment split within a dwelling and in communal areas	

Aids and adaptations and specialist equipment	Maintenance, cleaning, repair, insurance and provision for major repairs or replacement of stairlifts and adaptations in communal areas, including electrical maintenance (only UC eligible if no grant funding available); some restrictions ref direct access only for stairlifts; within the dwelling is rechargeable but not UC eligible.
Carpets, flooring, and furnishing	Maintenance, repair and replacement of flooring and furnishings such as blinds
Furniture and white goods in communal areas or kitchen; other appliances and equipment (e.g., kettles)	Maintenance, servicing, repairs, and replacement of such equipment: such charges in individual homes may also be eligible for welfare benefit as long as the tenant does not become the owner of the goods.
Laundries	Maintenance, repair, running costs, replacement of laundry equipment in communal areas (washing machines, tumble dryers, spin dryers). If key fobs / pay as you go income, record this separately and deduct from charge. Utilities may be included here or separately
Lifts and stairlifts	Maintenance, servicing, cleaning, repair, insurance and provision for major repairs or replacement of lifts, including electrical maintenance and replacement, fire safety, emergency phone/ internet (line installation, rental, calls). 6-monthly inspections. Stairlifts may be shown in aids and adaptations.
Building management systems	Servicing, periodic testing, repairing, and replacing the IT system and equipment to operate the building, including phone lines, internet connections and Wi-Fi. The costs may be apportioned between communal areas and dwellings, depending on the application of the system and what it relates to.
Rotary dryers and external drying areas	Provision and maintenance of rotary dryers and external drying areas.
External safety equipment such as fall arrest systems for abseiling or lightning protector	External safety equipment which may include abseiling gear for external property maintenance or lightning protectors to protect property from storm damage.
TV and communications	
Broadband, satellite dishes and cable; TV and computer equipment	Communal internet consumption costs and broadband line charges are UC eligible, other charges including provision of equipment may be eligible for housing benefit depending on the installation, accessibility and agreements but are usually excluded from UC.
Television and radio (not satellite/ cable/ internet)	Provision, servicing, repairing and replacement of equipment (such as aerials, central amplifier, TV relay or masts) to enable access free-to-air television and radio, digital inclusion.
TV Licences	Providing concessionary license fees, such as disabled concession in sheltered schemes (not welfare eligible)

Outdoor services	
Car or bike parking	Maintenance, servicing and replacement of car and bike park provision, including access, gates, bike/ buggy/ scooter, and electric car facilities. If key fobs / pay as you go income is received, it is recorded separately and it reduces the service charge. Includes visitors' parking
Electric power points and scooter park plug-in	Electric power points, including communal charging points and vehicle charging
External access lighting and maintenance	Includes all maintenance, servicing, testing, replacement and running costs of external communal lighting.
Playground areas and equipment	Maintenance of the playground areas and equipment: it includes insurance, inspections and replacement of equipment and ground surface but excludes any grant received.
Unadopted roads	An "unadopted road" is simply a track or road which has not been adopted by a local authority or highways authority and so the said authority has no responsibility to maintain it, it may include car parking areas; the burden falls on the local residents; all costs for maintenance, repairs and renewals to be shared by the residents, regardless of tenure. Traffic calming costs may be included.
<p>Grounds maintenance</p> <ul style="list-style-type: none"> • Footpaths • Woodlands • Trees • Shrubs 	<p>Grounds maintenance (including equipment renewal and maintenance as required), repair and renewal of the landscape and communal areas around blocks, areas of external access or communal gardens, to include grass and tree cutting, flower beds, hedges, and shrubs maintenance, including litter picking.</p> <p>Initial landscaping costs of a development are part of capital development costs, including tree and shrub planting. Tree, shrub and plant replacement and maintenance are in the service charge.</p> <p>Paths repairs, maintenance, and clearance.</p> <p>Maintenance of the woodlands, shrubs, and trees, including planting, tree cutting, fire prevention and maintenance of access to the woods.</p> <p>Footpaths, woodlands/ tree surgery may be included here or separate; tree programme may be charged annually to spread costs but be mindful of variable services 18 months rule.</p> <p>External signage included.</p>
Utilities	
Electricity – Communal or Personal	Electricity consumption; may include apportionment of energy efficiency consultants' fees.
Gas – Communal or Personal	Gas consumption; may include apportionment of energy efficiency consultants' fees.

Heating and hot water – Communal or Personal	Consumption; may include apportionment of energy efficiency consultants' fees.
Communal lighting and emergency lighting	Includes all maintenance, servicing, testing, replacement and running costs of communal and emergency lighting
Sewerage and drainage charges	Testing and treatment costs, including land drainage and culverts, private drainage. Leaseholders' liable for maintenance and replacement of external sewers/ external pipes if not water authority's; Tenants' rent covers this under landlord's obligation (section 11 LTA 1985). May want to split this service between internal/external if too complex.
Water – Communal or Personal	Consumption; communal taps repairs and maintenance
Business rates of some communal areas / offices	As appropriate
Decoration of communal areas	Communal cyclical decorations - internal and external; for tenants, exclude any elements deemed to be repairs to the fabric of the building that are covered by the rent (not cosmetic, small repairs are allowed)
Leaseholders Services	
Building insurance	Leaseholders only
Maintenance and repairs - reactive	Reactive repairs that are rechargeable services for leaseholders
Major Works and Component Replacements	All major works and renewals that are rechargeable to leaseholders such as roofs, doors, windows (may be subject to section 20 consultation or restricted in lease agreement)
Property maintenance	Maintenance and repairs
Sinking Fund Contribution	Annual contribution to major works, component replacements, redecorations, and other items as defined in a sinking fund policy (large items identified as cyclical or planned for leaseholders)
Ground Rent	Ground (peppercorn) rent to reflect the use of the land by a leasehold - this is not a service charge per se but is often included in the invoice/ statement and needs to be accompanied by a S166 notice