



PEAKS & PLAINS
Housing Trust

The Trust

Rent Setting and Service Charges Policy

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1. INTRODUCTION

1.1 Purpose

- 1.1.1 The purpose of this policy is to set out the principles and guidelines that Peaks & Plains Housing Trust (the Trust) commit to in terms of setting rent and service charges.
- 1.1.2 This policy should be read in conjunction with both the Rent Setting and Service Charge Procedures.
- 1.1.3 In setting rents the Trust will secure rental income to meet its Business Plan commitments including operating costs, investment/improvement programmes and to meet the loan repayment requirements of its lenders.
- 1.1.4 In setting service charges, the Trust will seek to recover service charges where the services are provided in line the tenancy agreement and tenure type.

2. SCOPE

- 2.1 Where applicable the Trust will ensure rents are set in line with formulae developed by Government for the social housing sector and approved by the Regulator for Social Housing (RSH), within the Rent Standard of the Regulatory Framework.
- 2.2 The Trust will also set rents in accordance with the most up-to-date guidance produced by the Ministry of Housing, Communities and Local Government (Capital Funding Guide) where this applies to properties let through one of the Homes England affordable homes programmes.
- 2.3 Market and Private Rented Sector (PRS) rents are not subject to the Rent Standard and will be set in accordance with the current market.
- 2.4 The Trust will ensure service charges are calculated in accordance with regulation and best practice in a fair, reasonable and transparent manner ensuring value for money. Leaseholder service charges are not covered by this policy, please refer to the Leasehold Management Policy for this information.

3. LEGAL & REGULATORY REQUIREMENTS

- 3.1 With effect from April 2020 rents and rent increases are governed by the Rent Standard issued by RSH permitting annual increases of Consumer Price Index (CPI) + 1% from 2020 for at least five years, with the exception of 2023/2024 which saw rental increases capped at 7%. The government announced in April 2024 that the existing rent settlement would be rolled over by a further year, meaning annual rent increases continued at CPI+1% for 2025-26. A further announcement in July 2025 (as part of the Spending Review) confirmed there will be a 10 year rent settlement for social housing from 1 April 2026 in which rents will be permitted to increase by CPI +1% per annum.

3.2 In summary, the rents and service charges are:

Social Rents	Rent increase of CPI +1%.
Affordable rents (up to 80% of market rent)*	Rent increase of CPI +1%.
Intermediate rents (up to 80% of market rent)*	Rent increase of CPI +1%.
Shared Ownership	Rents set in accordance with lease with a rent increase of RPI +0.5%, or CPI+1%
Service charges for Peaks & Plain tenants	Set to recover cost of services in accordance with the tenancy agreement.

CPI is the consumer price index figure from the previous September.

RPI is the retail price index figure from the month specified in the lease

*Rent may be set at less than 80% of market rent subject to Executive Management Team approval

4. DEFINITIONS

4.1 **Rent** – a payment due to us by the customer, as established in their tenancy agreement.

4.2 **Social rent** – a ‘formula rent’ (exclusive of service charges), which is calculated based on the relative property value, relative local income levels and the size of the property.

4.3 **Affordable rent**- a rent set at up to 80% of market rent (inclusive of service charges).

4.4 **Rent to Buy (Intermediate rent)**-a rent set at up to 80% of market rent (inclusive of service charges).

4.5 **Shared ownership rent**– a rent paid on the share of the property owned by the landlord.

4.6 **Service Charge**- a service charge as an amount payable by a tenant of a dwelling as part of or in addition to the rent, as defined in Section 18 (1) of the Landlord and Tenant Act 1985, as amended.

4.7 **Consumer Price Index (CPI)**- the official measure of inflation in consumer prices, produced by the Office for National Statistics.

4.8 **Retail Price Index (RPI)**- measurement of consumer inflation, tracked alongside CPI, produced by the Office for National Statistics.

4.9 **Ministry of Housing, Communities and Local Government** – a ministerial department central to the mission driven government, from fixing the foundations of affordable home to handing power back to communities and rebuilding local governments.

4.10 **Capital Funding Guide (CFG)**- rules and procedures for all providers delivering affordable housing through Homes England’s affordable homes programmes.

4.11 **Regulator of Social housing (RSH)**- executive non departmental public body, sponsored by the Ministry of Housing, Communities and Local Government. Responsible for the regulation of registered providers of social housing.

4.12 **Rent standard**-strict guidelines for registered providers to follow, set by government and RSH.

5. OUR POLICY

5.1 The Trust is committed to providing good quality affordable housing to a diverse group of customers, which includes people on modest incomes. To recognise the diversity of our customers and provide affordable housing to people on a range of incomes, the Trust offers a variety of tenancy and rent options. This variety of rent options includes; social rent, affordable rent, intermediate rent (Rent to Buy), shared ownership rent, and market rent.

5.2 All the Trust's affordable rents are set in accordance with legislation and guidance from the Regulator of Social Housing (RSH) on calculating rent, to ensure they are broadly comparable with other housing providers local to our areas of operation and are affordable to existing and potential new customers.

5.3 The Trust will review the rents it sets on an annual basis. Changes to rent charges will be from the first Monday in April each year. We will inform all customers in writing of any changes to their rent including providing information of how the rent has been set giving a minimum of 1 calendar months' notice before the changes come into effect, outlining how the rent has been calculated.

5.4 In line with the RSH regulatory standard the Trust will exempt the following categories from social rent and the Rent Standard:

- Shared ownership
- Market and PRS rent
- Commercial rents.
- Garage rents

5.5 Rent Flexibility – the rent set may include an upwards tolerance called rent flexibility. This allows social rents for properties at re-let or for new developments to include the flexibility of:

- For supported housing accommodation, up to 10% of formula rent
- For non-supported housing accommodation, up to 5% of formula rent

The Board will review the option to apply the rent flexibility, taking into account local factors, circumstances and affordability.

5.6 Rent Convergence – the annual rent increase on social rent properties may include an additional amount over and above CPI + 1% until the rent charged reaches formula rent level.

The Board will review the option to apply rent convergence, taking into account local factors, circumstances and affordability.

5.7 The accompanying rent setting procedure provides details of the rent methodology for each tenure type for both existing tenancies and re-lets taking account of the relevant legislation, regulations, and guidance.

5.8 **Service Charges**

5.8.1 The Trust is committed to providing effective quality services that are affordable within the income generated, ensuring at all times that it remains cost effective and viable in its provision of services. Prior to and up to 1st September 2011, rent has been charged which includes an element for services provided. This type of service charge is "fixed" and "pooled" across the whole stock. All new social rent tenancies since 1st September 2011 are charged for the services relevant to the property and services received. These will be charged in accordance with the tenancy agreement in place.

The associated service charge procedure provides details of the service charge methodology for each tenure type for both existing tenancies and re-lets taking into account relevant legislation, regulations and guidance.

6. **EQUALITY, DIVERSITY & INCLUSION**

6.1 The Trust will follow its Equality, Diversity and Inclusion Policy and consider individual need when communicating and dealing with customers regarding rent setting and service charges.

6.2 We will inform all new and existing tenants of the potential impacts of any welfare reform measures, including those already introduced and any scheduled, on their income and rent payment liabilities.

6.3 An Equality Impact Assessment (EIA) has been carried out with no negative impacts identified. The policy will be made available in alternative formats (larger font etc) where necessary.

7. **RESPONSIBILITIES**

7.1 The Trust's Board is responsible for approving variations to rent on an annual basis. It is the responsibility of the Trust Board to take the appropriate decisions in relation to rent setting in accordance with recommendations from the Director of Resources and the Chief Executive. The Board is also responsible for approving this policy.

7.2 The Executive Management Team is responsible for approving the rent setting procedure and service charge procedure which support this policy.

7.3 The Director of Resources is responsible for the effective implementation of this policy. The Trust's Director of Resources is also responsible for ensuring that all appropriate staff are aware of and are trained in the Trust's Policy and associated procedures.

- 7.4 The Head of Neighbourhoods is responsible for preparing the communication to customers regarding the rent increase, and ensuring it is issued in line with section 5.3 of this policy.
- 7.5 The Financial Reporting Manager alongside the Rent & Service Charge Accountant are responsible for the Trust's rent plan and the setting of rent for Trust properties as outlined in the procedures.
- 7.6 Individual departments are responsible for providing records to support the recovery of service charges. The Financial Reporting Manager alongside the Rent & Service Charge Accountant are responsible for consolidating the information provided into an annual service charge.

8. MONITORING AND REPORTING

- 8.1 The performance of Peaks & Plains in setting rents and service charges annually, and providing the appropriate notification to tenants of any changes will be assessed by the RSH. Any failings in this area or performance on rent collection which affects the viability of Peaks & Plains may be subject to regulatory control measures.
- 8.2 Performance on setting rents and service charges, and sending appropriate notification will be reported to the Board and will also be subject to scrutiny by internal and external auditors.
- 8.3 Complaints received regarding the setting of individual rents or service charges will be handled in accordance with the Complaints Policy.

9. CONSULTATION

- 9.1 The Trust have consulted with tenants in the initial development of this policy and the policy is reviewed by Challenge Group on an annual basis. The Trust will regularly review internal procedures to ensure they are fit for purpose and in line with best practice. Changes in legislation may also impact on this Policy. If a change in procedure or legislation affects this Policy, the Policy will be updated and reviewed by Board for approval and any changes will also be notified to Challenge Group.

10. REVIEW

- 10.1 The Trust Board will review and approve any changes to rent or service charge setting on an annual basis.
- 10.1.1 The policy will be reviewed on an annual basis, or sooner if there are any major legal, regulatory or other changes which make this necessary.

ASSOCIATED DOCUMENTS

- The Trust's Rent Plan
- The Trust's Business Plan
- Rent Setting Procedure
- Service Charge Procedure
- Rent Collection and Arrears Management Policy
- Corporate Debt Policy
- Former Tenant Arrears and Credits Policy
- Tenancy Policy
- Complaints Policy
- Standing Orders, Financial Regulations and Scheme of Delegation
- Customer Voice and Customer Experience Strategy
- Leasehold Management Policy
- Equality, Diversity & Inclusion Policy

POLICY INFORMATION

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Approved by:	PPHT Board
Drafted By:	Assistant Director of Finance
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