

Rent and Service Charge Policy

1.0	SCOPE
	Purpose
1.1.	In February 2019 the Government published a direction to the Regulator that would allow social housing rents to rise by up to the Consumer Price Index ("CPI") + 1% for five years from 2020. This marked the end of the 1% annual rent reduction which was introduced by the Welfare Reform and Work Act 2016 and is the rent settlement arrangements up until 2025.
1.2.	This Policy sets out how whg apply the Government's direction published in February 2020 for setting and reviewing rents for social and affordable housing from 1 April 2020 onwards. It also sets out how whg sets and reviews rents for properties that fall outside the remit of the Government's direction.
1.3.	This Policy also sets out the approach to setting and reviewing service charges for all whg customers where a service charge applies. Reference to 'service charge' includes any estate charge or freehold charges for the provision of services that whg may charge. This Policy aims to provide the framework for setting reasonable and transparent service charges that reflect the service being provided to customers and are limited to covering the cost of providing the services. Service charges will comply with current legislation and terms and conditions of occupancy agreements.
	Legal and regulatory framework
1.4.	Registered Providers of social housing ("RPs") must set rents from 1 April 2020 in accordance with the: <ul style="list-style-type: none"> • The Government's Direction on the rent standard 2019 (the "2019 Direction"); • The Department of Levelling Up, Housing and Communities' Policy statement on rents for social housing (most recently updated in December 2022) (the "Policy Statement"); and • The Regulator of Social Housing (the "RSH's") Rent Standard 2020 (the "Rent Standard 2020"). The Rent Standard 2020 requires RPs to comply with the Policy Statement.
1.5.	For 2023/2024, RPs also had to comply with:

	<ul style="list-style-type: none"> The Government's Direction on the rent standard 2023 (the "2023 Direction"); and The RSH's Rent Standard 2023 (the "Rent Standard 2023"). <p>There is no separate policy statement for 2023: the existing Policy Statement was just amended to reflect 2023 Direction. So, all references to the 'Policy Statement' in this Policy are to the Policy Statement as amended. Under the 2023 Direction and Rent Standard 2023 (for applicable properties) RPs had to impose a 7% cap on rent increases during 2023/2024. The 7% cap applied to the net rent element of social rent tenancies and to the total rent (inclusive of service charges) for affordable rent tenancies: it did not apply to supported housing. whg complied with that cap. As the 2023 Direction and Rent Standard 2023 no longer apply moving forward, this Policy does not set out the detailed requirements of them. For 2024/25, RPs were notified of the 'Limit on annual rent increases 2024-25' in January 2024 which provides updated information on rent caps.</p>
1.6.	Service charges may be fixed or variable depending on the terms of the tenancy agreement or lease.
1.7.	A fixed service charge is one where there is a limit on the amount that whg may charge, so that it is not possible to vary the charge according to actual costs incurred.
1.8.	<p>Section 18 of the Landlord and Tenant Act 1985 (the "1985 Act") provides:</p> <p><i>"service charge" means an amount payable by a tenant of a dwelling as part of or in addition to the rent –</i></p> <p><i>(a) which is payable, directly or indirectly, for services, repairs, maintenance, improvements or insurance or the landlord's costs of management, and</i></p> <p><i>(b) the whole or part of which varieties or may vary according to the relevant costs."</i></p> <p>This is a variable service charge. This definition does not currently apply to freeholders paying charges for services.</p>
1.9.	<p>Where the occupancy agreement provides for a variable service charge, whg must comply with the legislative requirements set out in sections 18 – 30 of the 1985 Act (as amended from time to time). In summary, these are:</p> <ul style="list-style-type: none"> Section 19 – reasonableness of charges (including any costs charged in advance) and of services/works; Section 20 – consultation before entering any qualifying long-term agreements (agreements for more than 12 months, where the cost to a customer is more than £100 per year) and undertaking qualifying works (works where the cost to a customer is more than £250) unless an order for dispensation is obtained. Where required, consultation must be undertaken in accordance with the Service Charges (Consultation Requirements) (England) Regulations 2003 (as amended);

	<ul style="list-style-type: none"> • Section 20B – costs must be charged within 18 months of been incurred, unless whg have served notice within 18 months of the costs to be charged in the future; • Section 21 – the customer has a right to request a summary of relevant costs for specific periods; • Section 21B – the right for the customer to withhold payment of service charges until they have been served with the prescribed information, which is the ‘Service Charges – Summary of Tenants Rights and Obligations’ document; • Section 22 – the customer has a right to inspect supporting accounts when the customer has obtained a summary of relevant costs; and • Section 27A – an application may be made to the First-tier Tribunal (Property Chamber) (the “FTT”) to determine liability to pay a service charge. <p>The above summary is just intended to be a plain English overview of the requirements: it is not intended to limit or extend the rights and obligations within the 1985 Act.</p>
1.10.	The type of service charge set out in the occupancy agreement can only be changed by individual customers agreeing in writing with us to change the terms of their occupancy agreement.
1.11.	<p>For long leaseholders in ‘relevant buildings’ (see paragraph 3.42 below), the amount whg can charge through a variable service charge for some works may also be limited by the operation of Schedule 8 of the Building Safety Act 2022 (the “2022 Act”). whg will comply with the Regulations made pursuant to that Act in relation to charges which at the date of this Policy are the:</p> <ul style="list-style-type: none"> • Building Safety (Leaseholder Protections) (England) Regulations 2022; and • Building Safety (Leaseholder Protections) (Information etc) (England) Regulations 2022, <p>(collectively, the “2022 Act Regulations”), both as amended by the Building Safety (Leaseholder Protections etc.) (England) (Amendment) Regulations 2023.</p>
1.12.	<p>The key principle for service charges (whether fixed or variable) is that for a valid service charge to be raised:</p> <ul style="list-style-type: none"> • The occupancy agreement must include an obligation on whg to provide the particular service (either because the occupancy agreement has been completed at sign-up to include that service or because the tenancy agreement has been validly varied to include); and • An obligation on the occupant to pay a corresponding charge for that service.
1.13.	Written notice of changes to (net) rent and (net) service charge will be given to customers, complying with section 13 of the Housing Act 1988. Changes will normally take place on the first Monday in April each year for weekly rents and 1 April each year for monthly rents. whg will usually give at least 4 weeks’ notice of the change in charges.

1.14.	Where rents are increased pursuant to section 13 of the Housing Act 1988, customers have the right to refer their rent to the FTT for determination of the market rent for their property. Any application must be made before the rent increase takes effect.
1.15.	If there is any variance between this Policy and individual leases, covenants, deed of transfer or tenancy agreements, then the lease, covenant, deed of transfer or tenancy agreement will take precedence.
2.0	POLICY STATEMENT - RENTS
	Rent setting - social rents
2.1.	RPs must set social rent at a level that is no higher than formula rent (paragraph 2.2), subject to the rent flexibility level (paragraph 2.3) and the rent caps (paragraph 2.4).
2.2.	The 'formula rent' calculation is included in Policy Statement. The formula uses several indices and calculations that include the 1999 valuation of the property, average earnings of those in work in the geographical location and a weighting dependent on the number of bedrooms. The formula rent for each property is recorded on our housing management system. For new properties, this information is entered by the Rent and Service Charge – Finance team.
2.3.	The Policy Statement also contains flexibility ("Rent Flexibility Levels") for RPs. This allows RPs to set rents at up to 5% above the formula rent for general needs properties and 10% above formula rent for supported properties if RPs feel there is a clear rationale for doing so, taking into account local circumstances and affordability. Any use of Rent Flexibility Levels will be kept under periodic review, so that their use can always remain justified. Rent Flexibility cannot be applied to accommodation let on an affordable rent. whg has applied Rent Flexibility to all of its social rented housing.
2.4.	The rent caps apply as a maximum ceiling on the formula rent (paragraph 2.2) and depends upon the size of the property (the number of bedrooms it contains). Where the formula rent, with or without the Rent Flexibility Level uplift discussed above, would be higher than the rent cap for a size of property, the rent cap must be used instead. The rent caps for 2019-20 are outlined in Policy Statement and increase by CPI+1.5% annually.
2.5.	Rents for social rent properties will be calculated in accordance with the above requirements by the Rent and Service Charge – Finance team.
2.6.	Social rent properties cannot be converted to: <ul style="list-style-type: none"> Affordable rent, except where this has been agreed by Homes England or the Secretary of State; Market rent (unless the Board decides to apply the exemptions to high income social customers permitted under Chapter 4 of the Policy Statement); or

	<ul style="list-style-type: none"> Intermediate rent.
	Rent setting - affordable rents
2.7.	<p>Affordable rent (an “Affordable Rent”) may only be charged where the property in question is provided by a:</p> <ul style="list-style-type: none"> RP pursuant to a housing supply delivery agreement between that provider and the Homes and Communities Agency (now known as Homes England) or the Greater London Authority and the accommodation is permitted by that agreement to be let at an affordable rent; RP pursuant to an agreement between a local authority and the Secretary of State and the accommodation is permitted by that agreement to be let at an affordable rent; or Local authority, and the Secretary of State, Homes England or the Greater London Authority has agreed that it is appropriate for the accommodation to be let at an affordable rent. <p>It includes where the property has been acquired by an RP and was affordable rent housing when it was acquired.</p>
2.8.	<p>Where Affordable Rent can be charged, the maximum rent inclusive of service charge for a new customer under a new tenancy is 80% of the gross market rent. ‘Gross market rent’ means the rent (inclusive of any applicable service charges) for which the accommodation might reasonably be expected to be let in the private rented sector. Property size, location type and service provision must be taken into account when determining what gross market rent a property might achieve if let in the private rented sector.</p>
2.9.	<p>If the formula rent for the property (paragraph 2.2) is higher than 80% of the weekly Market Rent (inclusive of service charges) for the customer’s accommodation, the formula rent constitutes a minimum floor for the rent to be charged and would be exclusive of service charges.</p>
2.10.	<p>The valuations for initial rent setting will be made in accordance with a method recognised by the Royal Institution of Chartered Surveyors (“RICS”) as set out in the Red Book. These will be obtained by the Development Team and passed onto the Rent and Service Charge – Finance Team.</p>
2.11.	<p>whg will ensure these valuations are kept up to date so appropriate rents are set when letting Affordable Rent properties. However, it will not be necessary to undertake a full valuation on each occasion a property is let on Affordable Rent terms: rents may be reset during the financial year using a desktop review of recent transactions (ensuring appropriate comparisons are made between the area, size of property and service provision). whg will however have up to date valuations produced every six months.</p>

2.12.	The rent must also be set in compliance with any relevant terms of the agreement with Homes England or the Secretary of State, and the Capital Funding Guide regarding the affordable homes programme.
2.13.	The Rent Standard 2020 also provides additional protection for Affordable Rent customers on fixed term tenancies. This protection caps any increase on the reissue or renewal of the tenancy, to the same customer at the annual change CPI+1% even if this means the rent inclusive of service charge may be less than 80% of the market value.
2.14.	Where a property is let on an Affordable Rent, whg will review the total charge (inclusive of rent and service charge) annually for existing customers however a rent review will also take place on a void property prior to the property being re let to a new customer to ensure it does not exceed 80% of gross market rent, which is referred to as 'rebased'. If the charge is not at 80% of the market rent when rebased, whg may adjust the charge at the start of the new tenancy to reach 80% gross market rent value. However, if rent is being rebased as a result of re-letting an Affordable Rent property to an existing customer of that affordable rent property, then whg will not increase the rent by more than CPI + 1%. If a property is re-let to an existing customer as a consequence of a starter tenancy coming to an end, the rent will not be rebased.
2.15.	Rents for Affordable Rent properties will be calculated in accordance with the above requirements by the Rent and Service Charge – Finance team (having received valuation information.) They will be logged on our housing management system against the property.
2.16.	Affordable Rent housing will not be converted (including on re-let) to: <ul style="list-style-type: none"> • Market rent (unless the Board decides to apply the exemptions to high income social customers permitted under Chapter 4 of the Policy Statement); or • Intermediate rent.
	Rent review
2.17.	whg review current customers' rents with effect from April on an annual basis.
2.18.	From 1 April 2020 for an intended five years, RPs can increase social rents by a maximum of the annual change in CPI (as at September of the previous year) +1%. This limit does not apply to any service charge payable under the tenancy agreement.
2.19.	From April 2020 for an intended five years, RPs can increase Affordable Rents inclusive of service charges by a maximum of CPI (as at September of the previous year) +1%.
2.20.	Each year, generally in November/December a report is presented to the whg Board by the Corporate Director of Finance to request Board approval of recommendations in relation to the following year's rent review. This recommendation will consider the

	local market context in whether to implement a rent increase and the level of that increase. No changes are implemented without approval from the Board. All recommendations remain subject to regulatory compliance.
2.21.	The Government does not expect RPs to adhere to its social rent and affordable rent policy requirements in relation to social customers with high incomes. A high income customer is defined as households with an income of at least £60,000 per year. Due to the complexity of administering an alternative procedure for high income households whg will generally apply the Rent Standard irrespective of income. If it was viable to exclude high income customers from the Rent Standard and it was felt that there was a clear rationale to do so, this would be recommended by the Corporate Director of Finance to Board along with the rent recommendations in November/December to be approved.
2.22.	Rent reviews will be calculated in accordance with the above required by the Rent and Service Charge – Finance team.
	Rents excluded from the RSH's Rent Standard 2020
2.23.	Intermediate rents for intermediate rent accommodation (as defined in paragraph 5.4 of the Policy Statement) will increase in line with tenancy agreements on an annual basis. Rent to Buy rents (where the provisions of the Capital Funding Guide apply) will be set no higher than 80% of the gross market rent at the start of the tenancy and are inclusive of service charges. Annual increases in rent will be limited to the annual change in CPI (as at the previous September) plus 1%.
2.24.	Should whg provide temporary social housing in the future, rents for properties classified as temporary social housing (as defined in paragraph 5.10 of the Policy Statement) will be set taking account of current market conditions and the specialist nature of the accommodation. whg will review rents on an annual basis considering market conditions. At its discretion, whg may choose to calculate rents to be charged and annual review of rents in the same way as social rented properties.
2.25.	The approach for reviewing market rents is to compare rents in January against current market conditions. Where average private sector rents in the local area are higher, whg's market rents can be increased to the market level. Rents will be reviewed on an annual basis.
2.26.	Rents for garages, garage plots and access ways are charged in accordance with the tenancy agreement/lease. Rents will be reviewed on an annual basis considering market conditions.
2.27.	Shared Ownership rents are charged on the portion of the property still owned by whg. The annual rent charged will be specified in the lease for the share they do not own and be payable monthly. whg will increase rents by a maximum of what is specified in the lease terms on an annual basis.

2.28.	Commercial asset rents are charged and reviewed in accordance with the lease.
2.29.	Each year, generally in November/December a report is presented to the Board by the Corporate Director of Finance to request Board approval of recommendations in relation to the following year's rent review. This recommendation will consider the local market context in whether to implement a rent increase and the level of that increase for all properties where the Rent Standard 2020 does not apply.
2.30.	The setting of rents and review of rents for these properties will be calculated by the Rent and Service Charge – Finance team.
3.0	POLICY STATEMENT – SERVICE CHARGES
3.1.	If there is any variance between this Policy and individual occupancy agreement, then the contractual provisions will take precedence.
	Services Generally
3.2.	In addition to rent, customers may also be liable to pay service charges. Rents are generally to include all charges associated with the occupation of a property, such as maintenance and general housing management services whereas a service charge reflects additional services which may relate to communal facilities and the surrounding area rather than being particular to the occupation of a home.
3.3.	Customers may also be liable to pay a separate wellbeing charge where these services are opted in and not already included in their rent charge.
3.4.	whg will also charge a service charge to leasehold customers (including Shared Owners) and customers who own their property where whg provide a chargeable service.
3.5.	whg will only charge customers for services that they are obliged to provide (or have discretion to provide) under the terms of their particular occupancy agreement. Appendix 1 sets out the services currently provided and charged for (subject to the terms of the particular occupancy agreement): this list is not exhaustive and additional services may be provided and charged for where the occupancy agreement sets this out.
3.6.	Where the occupancy agreement provides, a charge may also be made for: <ul style="list-style-type: none"> • A contribution to a sinking or reserve fund; • Depreciation charge; • Management charge; and/or • Administration charge. The charges for management may be included within the cost of the particular service, rather than a separate management charge.

3.7.	<p>The terms of the occupancy agreement will set out how whg may vary the services provided, either to stop providing a service (and stop charging for it) or to introduce a new service (and start charging for it). This will usually be in one of the following ways:</p> <ul style="list-style-type: none"> • At the discretion of whg, where the change thought to be reasonable and for the better management of the estate or scheme; • Following consultation with customers; • By serving a notice of variation on customers varying the terms of the occupancy agreement to remove/include the service; and/or • By written agreement with individual customers.
	Apportionment of service charges
3.8.	<p>All existing properties have been allocated a proportion of the service charges for the services they receive. This was an exercise previously undertaken by whg. When reviewing charges each year, the percentage change in costs (expected for fixed service charge payers and expected and then actuals for estimate service charge payers) will be applied to that amount.</p>
3.9.	<p>For new schemes, the estimated service charges are calculated as detailed below. The estimated scheme charges are then divided by the number of properties within the scheme.</p>
3.10.	<p>For leasehold properties, actual costs for the scheme are divided by the number of properties receiving the service.</p>
	Service charges in social rented tenancies
3.11.	<p>For social rented customers, the service charges will always be identified to customers as a separate charge to the net rent and clear information will be provided to customers on how the service charges are set. whg will provide service charges information in respect of eligibility for housing and other welfare benefits.</p>
3.12.	<p>All whg social rent tenancies set out a fixed service charge. This is where at the start of each calendar year whg make an estimate of cost for providing the chargeable services for the year ahead. It will also take into account the market value for each service (and not charge more than that), value for money, the provision for maintenance and replacement of equipment used to deliver services and the administration to manage them. However, we cannot take account of any surplus or deficit from the previous year. This means whg is responsible for any shortfall between the cost of services and the amount of money collected in charges. It also means whg does not refund any amounts if charges collected in fact exceed the cost of providing the services: but it is not whg's intention to make any profit in providing services and charging a service charge. In our charges, the aim is to recover no more than the actual cost of chargeable services provided.</p>

3.13.	For new developments, whg will also make an estimate of the cost of provide the chargeable services. It will take into account the market value for each service (and not charge more than that), value for money, the provision for maintenance and replacement of equipment used to deliver services and the administration to manage them. The Development team will provide supplier estimates sourced from the Neighbourhood Services Team and the amounts will be calculated by the Rent and Service Charge – Finance team.
3.14.	The service charges set at the beginning of the financial year will be applied to all new lets during the year. For example, if it's anticipated communal costs will be £2 per week for the year ahead, all new tenancies will include a service charge for that amount (where they receive that service). whg will not alter the service charge amounts for new customers in existing properties throughout the financial year.
3.15.	whg will endeavour to keep increases for service charges within the limit on the increases on social rent charges i.e. CPI + 1%, to help keep charges affordable in accordance with the Policy Statement. Where this is not possible, it will be evidenced with a clear rationale for the increase.
3.16.	When setting and reviewing service charges, these will be kept at or below the market rate equivalent for delivering these services.
3.17.	Each year, generally in November/December a report is presented to the Board by the Corporate Director of Finance to request Board approval of recommendations in relation to the following years' service charges. This recommendation will consider the local market context in whether to implement a service charge increase and the level of that increase. No changes are implemented without approval from the Board.
3.18.	Service charges for social rent properties will be calculated in accordance with the above requirements by the Rent and Service Charge – Finance team.
3.19.	Customers will receive written notification of the annual change in any service charge they pay.
Service charges in Affordable Rent tenancies	
3.20.	As set out in paragraph 2.8, for Affordable Rent tenancies, the service charge is set as part of the rent.
3.21.	The tenancy agreements will still be completed to show clearly what services whg is providing as part of the Affordable Rent.
3.22.	whg will provide information about how much of the Affordable Rent is eligible for housing and other welfare benefits.
3.23.	The limit on increases in Affordable Rent, i.e. the annual change in CPI + 1%, applies to the rent inclusive of service charges.

3.24.	Each year, generally in November/December a report is presented to the Board by the Corporate Director of Finance to request Board approval of recommendations in relation to the following year's rent review for Affordable Rents. This recommendation will consider the local market context in whether to implement a rent increase (inclusive of service charges) and the level of that increase. No changes are implemented without approval from the Board. All recommendations remain subject to regulatory compliance.
3.25.	Service charges for Affordable Rent properties will be calculated in accordance with the above requirements by the Rent and Service Charge – Finance team.
3.26.	Affordable Rent customers will receive written notification of the annual change in the Affordable Rent (inclusive of service charges) they pay.
Service charges – other forms of rented properties	
3.27.	<p>For any intermediate rent customers (see paragraph 2.23 above):</p> <ul style="list-style-type: none"> • In all cases, the tenancy agreement will be completed to show clearly what services whg is providing; • We will provide information about how much of any separate service charge is eligible for housing and other welfare benefits; • If the scheme is governed by the Capital Funding Guide, we will comply with any restrictions on the setting and review of any service charge in accordance with the provisions of the relevant chapter of the Capital Funding Guide; • If the scheme is not governed by the Capital Funding Guide, we will make an estimate of cost for providing the chargeable services for the year ahead. We will also take into account the market value for each service (and not charge more than that), value for money, the provision for maintenance and replacement of equipment used to deliver services and the administration to manage them; • Each year, generally in November/December a report is presented to the Board by the Corporate Director of Finance to request Board approval of recommendations in relation to the following years' service charge review for intermediate rent properties (where this is separate from the rent). This recommendation will consider the local market context in whether to implement a service charge increase and the level of that increase. No changes are implemented without approval from the Board; • Service charges for these properties will be calculated in accordance with the above requirements by the Rent and Service Charge – Finance team; and • Customers will receive written notification of the annual change in the any separate service charge they pay.
3.28.	<p>For any temporary social housing customers (see paragraph 2.24 above):</p> <ul style="list-style-type: none"> • In all cases, the tenancy agreement will be completed to show clearly what services whg is providing;

	<ul style="list-style-type: none"> • whg will provide information about how much of any separate service charge is eligible for housing and other welfare benefits; • whg will make an estimate of cost for providing the chargeable services for the year ahead. It will also take into account the market value for each service (and not charge more than that), value for money, the provision for maintenance and replacement of equipment used to deliver services and the administration to manage them; • Each year, generally in November/December a report is presented to the Board by the Corporate Director of Finance to request Board approval of recommendations in relation to the following years' service charge review for temporary social housing properties. This recommendation will consider the local market context in whether to implement a service charge increase and the level of that increase. No changes are implemented without approval from the Board; • Service charges for these properties will be calculated in accordance with the above requirements by the Rent and Service Charge – Finance team; and • Customers will receive written notification of the annual change in the any separate service charge they pay.
3.29.	For any market rent customers, service charges are charged as part of the rent. Paragraph 2.25 above therefore applies.
	Wellbeing charge
3.30.	The wellbeing charge will be set at the start of the tenancy and reviewed annually intending to cover the estimated costs of providing the support services. The amounts set will vary according to the specific needs of the individual and take account of any local agreements.
3.31.	Each year, generally in November/December a report is presented to the Board by the Corporate Director of Finance to request Board approval of recommendations in relation to the following years' review of the wellbeing charge. This recommendation will consider the cost of providing the service in the context of whether to apply an increase and the level of that increase. No changes are implemented without approval from the Board
3.32.	All wellbeing charges will be calculated by the Rent and Service Charge – Finance team.
3.33.	whg will notify customers of any change in wellbeing charge at the same time as giving them notice in any change in rent and (if applicable) service charge.
	Service charges for leaseholders
3.34.	In this section of the Policy, 'leaseholders' includes Shared Ownership leaseholders. Leaseholders have a long lease of a unit (usually a flat or an apartment, but this may be a house where there is a shared ownership lease).

3.35.	In addition to service charges for communal services, leaseholders also pay a service charge towards the upkeep, repairs, maintenance and (where the lease permits) improvements of buildings, including building insurance. We will provide clear information to leaseholders about what their service charge covers and how it is calculated.
3.36.	All leaseholders pay variable service charges as defined in section 18 of the 1985 Act, raised in accordance with the terms of the lease. Variable services charges are calculated using actual costs from the previous 12 months and estimated costs for the next 12 months.
3.37.	Within 6 months of the end of the financial year, whg will calculate the actual costs incurred and notify leaseholders of any deficits that will subsequently be recovered or any surplus that will be repaid or credited to the leaseholder's account.
3.38.	whg operate all variable service charges in accordance with sections 18 – 30 of the 1985 Act.
3.39.	Each year, generally in November/December a report is presented to the Board by the Corporate Director of Finance to request Board approval of recommendations in relation to the following years' service charge review for leaseholders. This recommendation will consider the cost of providing services and the level of that increase. No changes are implemented without approval from the Board (albeit the Board taking into account the leases expressly allow recovery according to actual costs incurred).
3.40.	All service charges for leaseholders will be calculated and all annual service charge statements will be produced by the Rent and Service Charge – Finance team.
	Impact of the 2022 Act on service charges for leaseholders
3.41.	whg shall ensure service charges for leaseholders are limited in accordance with the provisions of the 2022 Act and all Regulations made pursuant to it, including the 2022 Act Regulations. The 2022 Act provisions are very complex: this section of the Policy seeks to summarise the provisions for ease, but the legislative provisions do apply in full.
3.42.	The provisions of the 2022 Act in respect of service charges, only apply to a 'relevant building'. 'Relevant building' is defined in section 117 of the 2022 Act, which in summary is a self-contained building or part of a building which is at least 5 storeys or 11 metres high and contains 2 or more dwellings (subject to some defined exemptions). At the date of this Policy, we have identified the blocks in the borough of Walsall which are 'relevant buildings' for the purpose of the 2022 Act, detailed in appendix 1.

3.43.	<p>whg will consider whether charges for works are covered by the 2022 Act. This is include determining if the works are ‘relevant measures’ because:</p> <ul style="list-style-type: none"> • They are resolving ‘relevant defects’ as defined in section 120 of the 2022 Act: in summary, a relevant defect is a defect that arises as a result of anything done (or not done) and anything used (or not used in connection with relevant works and causes a building safety risk; • If there have been ‘relevant works’ previously undertaken. ‘Relevant works’ are defined in section 120 of the 2022 Act, but in summary are: <ul style="list-style-type: none"> ○ Works relating to the construction or conversion for residential purposes of building if completed in the relevant period; ○ Works were undertaken or commissioned by or on behalf of the relevant landlord or management company if works completed in the relevant period; or ○ Works undertaken after the end of the relevant period to remedy relevant defect; • The ‘relevant period’ is 30 years from 29 June 1992; and • A ‘building safety risk’ is defined in section 120 of the 2022 Act: in summary it is a risk to the safety of people in or about the building arising from the spread of fire or the collapse of the building or any part of it. <p>The costs of undertaking relevant measures are defined as “remediation costs”.</p>
3.44.	<p>In some cases, the protections only apply to those leaseholders where there was a ‘qualifying lease’ as of 14 February 2022 (the ‘qualifying time’). Section 119 sets out the meaning of ‘qualifying lease’, but in summary is one where:</p> <ul style="list-style-type: none"> • There was a long lease (i.e. a lease granted for a period of over 21 years) of a single dwelling in a relevant building; • The leaseholder is liable to pay a variable service charge under the terms of the lease; • The lease was granted as at the qualifying time; and • At the qualifying time: <ul style="list-style-type: none"> ○ The dwelling was the relevant customer’s (i.e. the leaseholder’s) only or principal home; ○ The leaseholder did not own any other dwelling in the UK; or ○ The leaseholder owned no more than two dwellings in the UK, apart from their interest in the lease. <p>We will follow the processes set out in the 2022 Act Regulations to determine whether there was a qualifying lease at the qualifying time.</p>
3.45.	<p>If the ‘relevant landlord’ (i.e. the landlord at the qualifying time) or their associate (as defined in section 121 of the 2022 Act) was responsible for the relevant defect, then we will not charge any of the remediation costs to leaseholders (irrespective of whether there is a qualifying lease or not).</p>
3.46.	<p>Where there is a qualifying lease, we will:</p> <ul style="list-style-type: none"> • Not charge the remediation costs for the removal or rectification of cladding; • Not charge the remediation costs, where we have not provided a Landlord’s Certificate in accordance with the requirements of the 2022 Act Regulations;

	<ul style="list-style-type: none"> • Not charge any remediation costs where the value of the leasehold interest at the qualifying time was below £175,000 (as determined by provisions of the Act); and • Charge no more than the permitted maximum in a period of 10 years (and more than 1/10th of the permitted maximum each year). The permitted maximum is: <ul style="list-style-type: none"> ○ For leases valued between £175,000 and £1 million: £10,000; ○ For leases valued between £1 – 2 million: £50,000; and ○ For leases valued over £2 million: £100,000. <p>The permitted maximum takes account of charges charged in the past 5 years.</p>
3.47.	whg will apply the other provisions of the 2022 Act relating to service charges when they come into force. This will include taken reasonable steps to identify other sources of funding.
	Charges for freeholders (if any)
3.48.	Any charges for freeholders will be set and reviewed in accordance with the provisions of the freehold transfer and/or estate rent charge deed.
3.49.	Where whg does charge freeholders, each year, generally in November/December a report is presented to the Board by the Corporate Director of Finance to request Board approval of recommendations in relation to the following years' charges. This recommendation will consider the cost of providing services and the level of that increase. No changes are implemented without approval from the Board.
3.50.	All service charges for freeholders will be calculated and any statements required will be produced by the Rent and Service Charge – Finance team.
4.0	PERFORMANCE MEASURES
4.1.	RP's must adhere to all legal and regulatory requirements when setting rents and services charges. There are no performance measures, however we have a commitment to the Board to complete an internal annual self-assessment to ensure compliance.
4.2.	whg will also review any claims issued by customers at the FTT to identify any issues arising.
4.3.	From time to time, we may also commission an independent audit.
5.0	EQUALITY AND DIVERSITY
5.1.	This Policy is applied by occupancy agreement type and in line with legal and regulatory requirements. Each year within the proposal to whg Board to change rents and service charges whg will consider any impact on our customers and outline the

	support in place for customers that may be impacted by the change in rents and service charges.
6.0	TRAINING AND DISSEMINATION
6.1.	This Policy will be circulated to all teams involved in rent and services charges.
7.0	MONITOR AND REVIEW
7.1.	This Policy will be monitored by the Director of Finance (Financial Reporting) and reviewed every three years by the Policy Group and Customer Service Oversight Committee and approved by the whg Board. It will also be reviewed when there is a change in law or regulation altering the legislative or regulatory requirements.
8.0	ASSOCIATED DOCUMENTS, POLICIES AND PROCEDURES
8.1.	<p>Documents, policies and procedures associated with this Policy are:</p> <ul style="list-style-type: none"> • Tenancy agreements • Lease agreements • Freehold transfers and any deed of covenants/estate rent charge deed • Rent to Buy Policy • Leasehold Management Policy • 2019 Direction • 2023 Direction • Policy Statement • Rent Standard 2020 • Rent Standard 2023

Document author	Head of Finance
Document owner	Director of Finance (Financial Reporting)
Legal advice	Anthony Collins Solicitors LLP
Consultation	N/A
Approved by	whg Board February 2024
Review Date	February 2027
Corporate Plan aim	<ul style="list-style-type: none">• Deliver high quality homes and services for our customers• Deliver a strong business, fit for today and prepared for tomorrow
Equality Assessment	N/A
Key changes made	Additional detail regarding service charges added, including reference to the Building Safety Act 2022.

Appendix 1 – List of Services

Note: this list is not intended to be exhaustive. The particular occupancy agreement sets out the services to be provided.

1. **Door entry, smoke and fire alarm systems** – provide, maintain, servicing, testing and remedial works in communal areas.
2. **Electric Gates** – maintenance and servicing of equipment.
3. **Communal Cleaning (inc windows)** – cleaning of shared communal areas, and exterior upper floor windows.
4. **Grounds Maintenance** – maintenance of the landscaped and communal areas around blocks or communal gardens, including grass and tree cutting, flower beds, hedges and boundary maintenance.
5. **Communal Lighting** – provision of light or power to internal communal areas, includes power to lifts and emergency lighting etc
6. **External Security Lighting** – includes bollards, security lighting on car parks and street lamps on private roads.
7. **Communal Lifts** – maintenance, cleaning, servicing, remedial works, electrical and fire testing for lifts in communal areas.
8. **Water Testing** – testing for legionella in high rise blocks, including risk assessment, remedial works and periodic testing.
9. **TV Aerials** – provision of equipment (aerials) to enable access to free- to-air television and radio, including servicing and remedial works.
10. **Caretaking and Security** – cleaning and caretaking work to communal areas, includes materials, equipment, Neighbourhood Impact Officer staffing costs (NIO), provision of skips and removing rubbish from site.
11. **Fly Tipping** – NIO litter picking on POS areas, emptying waste bins on play areas and removal of fly tipping where required.
12. **Wellbeing charge** – provision of services to support customers in maintaining their homes and live independently.
13. **SUDs (Sustainable drainage system)** – maintenance and servicing of equipment.
14. **Electric Charging Point** – maintenance and servicing of communal charging point equipment.

15. **Third Party Charge** – management company charge.

16. **Major Works** – works to the structure and exterior of the property, including maintenance, repairs and replacement **(for leaseholders only)**

‘Relevant Buildings’ referred to in paragraph 3.42

- Humphries House
- Little London House
- Austin House
- Thomas House
- Smith House
- Wood House
- St Annes Court
- St Giles Court
- Newhall House
- Severn House
- Orlando House
- Barleyfield House
- Hamilton House
- Woodhall House
- Whiston House
- Jones House
- Bamford House
- Warewell Close