

Policy Name:	Charges Policy
Lead Directorate:	Finance
Author:	Amy Sweeting, Group Financial Controller
Reason for change:	Change from Rent Setting Policy to Charges Policy, to incorporate all resident charges into one policy
Date:	20 November 2023

Approval process for current version

Presented to:	Finance Committee
Date:	20 November 2023
Decision:	Approve

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1. Introduction

- 1.1. This policy covers;
- All residential rent and service charges.
 - All non- residential charges, excluding commercial and other property.
 - All other residential charges recharges.

2. Rent Setting Approach

- 2.1. Poplar HARCA sets its rents according the following objectives, in order of priority:
- Statutory and regulatory obligations
 - New properties as agreed in grant applications
 - Raising funds required for Business Plan and security for stock valuation
- 2.2. Poplar HARCA will maximise its income through increasing rents annually usually by the maximum permitted by the Rent Standard (April 2023), determined by the government's Rent Policy Statement (Dec 2022)
- 2.3. When a valuation is required it will be carried out using an approved RICS (Royal Institute of Chartered Surveyors) methodology.
- 2.4. Poplar HARCA will give tenants one month's clear notice prior to the annual rent change per the Housing Act (1988), as amended by the Regulatory Reform (Assured Periodic Tenancies) (Rent Increases) Order 2003.

3. Rent Setting Approval

- 3.1. The Finance Director has delegated authority to set regulated rents. The Director of Housing has delegated authority to set non-regulated rents.
- 3.2. The Finance Director must approve the initial rent level and any commitment on rent increases when bids for grant are made.

4. Newly Build Stock: Rents

- 4.1. For new properties initial rents are to be agreed in writing by the Finance Director before notifying tenants. The service element must be included.

5. Rent Setting

	New build	Re-lets	Annual review	Service element	Approval
Affordable rent	If funded, as agreed with grant-body*. Otherwise, 80% of market rent inclusive of service element.	80% of market rent inclusive of service element.	As allowed by tenancy, but no more than 80% of market rent inclusive of service element.	Included with rent.	Finance Director

	New build	Re-lets	Annual review	Service element	Approval
Intermediate rent	If funded, as agreed with grant-body.** Otherwise, 80% of market rent inclusive of service element.	80% of market rent inclusive of service element.	As allowed by tenancy, but no more than 80% of market rent inclusive of service element.	Included with rent.	Finance Director
Market rent	As valued inclusive of service element.	As valued inclusive of service element.	As allowed by tenancy.	Included with rent.	Director of Housing
Shared ownership	As set out in lease.	As set out in lease.	As set out in lease.	As allowed by the lease.	Director of Housing
Social rent	If funded, as agreed with grant-body. Otherwise maximum allowed by relevant regulation and guidance.***	Maximum allowed by relevant guidance.	As allowed by tenancy, subject to relevant regulation and guidance.***	As allowed by tenancy, subject to relevant guidance.	Finance Director
London Affordable rent	As per London Affordable Rent benchmark****	Maximum allowed by relevant guidance.	As allowed by tenancy, subject to relevant regulation and guidance.***	As allowed by tenancy, subject to relevant guidance.	Finance Director
Leasehold	As set out in lease.	As set out in lease.	As set out in lease.	As allowed by lease.	Director of Housing

* Regulator of Social Housing (RSH) or Greater London Authority (GLA)

** Regulator of Social Housing (RSH) and its predecessor bodies

*** Rent Policy Statement (December 2022)

**** Homes for Londoners Affordable Homes Programme (November 2016)

6. Service Charge Approach

- 6.1. Estimated Service Charges are calculated on an annual basis to cover the period 1 April-31 March based on historic actual costs.
- 6.2. Tenant service charges are fixed as at 1 April until 31 March, based on the estimated service calculation.
- 6.3. Leasehold service charges are variable; Actual service charges are calculated after the service charge year end, and leaseholders receive either a balancing credit note or invoice.
- 6.4. Service, support and other charges will be based on the estimated costs of providing services. These may change by giving one month's notice in writing.

7. Service Charge Approval

- 7.1. The Director of Housing has delegated authority to approve which services are recharged to all residents. The Finance Director has delegated authority to approve the calculation supporting service charge apportionment.
- 7.2. The director of each department is responsible for approving the source information that is relied upon by finance to calculate and apportion service charges.
- 7.3. The Director of Housing is responsible for coordinating and leading query resolutions, where source information investigations require the input from one or more directorates.

8. Newly Built Stock: Service Charges

- 8.1. The Director of Housing has delegated authority to approve which services are recharged to all residents. The Finance Director has delegated authority to approve the calculation supporting service charge apportionment.
- 8.2. The Director of Technical Resources is responsible for coordinating with the Development and other teams to ensure that the management of services provided to new built stock is effective upon handover.

9. Service Charges

Service	Applicable to Tenants	Applicable to Leaseholders	Applicable to Freeholders with Service Charge	Source	Approval
BOILER FUEL	Yes, where internal heating and hot water is supplied by a communal boiler (excluding blocks where heat metering arrangements are in place)	Yes, where internal heating and hot water is supplied by a communal boiler (excluding blocks where heat metering arrangements are in place)	No	Invoices received by energy provider	Director of Technical Resources
CARETAKING BLOCK	Yes	Yes	No	Combination of payroll cost and Block caretaking time sheets provided by Technical	Director of Technical Resources
CARETAKING ESTATE	Yes	Yes	No	Combination of payroll cost and Estate caretaking time sheets provided by Technical	Director of Technical Resources

Service	Applicable to Tenants	Applicable to Leaseholders	Applicable to Freeholders with Service Charge	Source	Approval
CCTV REPAIRS*	Yes	Yes	No	Invoices received for CCTV repairs	
COMMUNAL BOILER REPAIRS*	Yes	Yes	No	Invoices received for communal boiler repairs	Director of Technical Resources
COMMUNAL ELECTRICITY	Yes	Yes	No	Invoices received for communal boiler repairs	Director of Technical Resources
COMMUNAL REPAIRS: BLOCK*	Yes	Yes	No	Invoices received for communal block repairs	Director of Technical Resources
COMMUNAL REPAIRS: ESTATE*	Yes	Yes	Yes	Invoices received for communal estate repairs	Director of Technical Resources
COMMUNAL WATER	Yes	Yes	Yes	Invoices received for communal water	Director of Technical Resources
DOOR ENTRY SYSTEM REPAIRS*	Yes	Yes	No	Invoices received for door entry repairs	Director of Technical Resources
FREEHOLD MANAGEMENT CHARGE	No	No	Yes	20% of the Management & Administration Service Charge	Director of Housing
GROUND RENT	No	Yes, with the exclusion of Shared Ownership leaseholders where the purchased equity is less than 100%	No	Per lease	Director of Housing

Service	Applicable to Tenants	Applicable to Leaseholders	Applicable to Freeholders with Service Charge	Source	Approval
HORTICULTURAL MAINTENANCE	Yes	Yes	Yes	Combination of payroll cost and Horticultural maintenance caretaking time sheets provided by Technical.	Director of Technical Resources
INSURANCE	No	Yes	No	Invoices received for insurance	Director of Finance
LIFT MAINTENANCE*	Yes	Yes	No	Invoices received for lift maintenance	Director of Technical Resources
MAINTENANCE ADMIN	No	Yes	No	15% of all Repair costs (* indicates repair cost)	Director of Technical Resources
MAJOR WORKS	No	Yes	No	Invoices received for Major Works	Director of Technical Resources
MAJOR WORKS ADMIN	No	Yes	No	8% of Major Works charge	Director of Housing
MANAGEMENT & ADMINISTRATION	Yes	Yes	No	Tenants: 15% of all service charges Leaseholders: Percentage of staff time spent managing and administering leasehold units combined with payroll cost	Director of Housing
REFUSE CONTAINERS	Yes	Yes	Yes	Invoices received for refuse containers	Director of Technical Resources
TV AERIAL REPAIRS*	Yes	Yes	No	Invoices received for TV aerial repairs	Director of Technical Resources

- 9.1. The overall level of service income will increase each year in line with;

	REGULATED BY	APPROVAL
TENANTS: REGULATED RENTS	Rent Policy Statement (December 2022)	Director of Finance
TENANTS: NON-REGULATED RENTS	The Market	Director of Housing
LEASEHOLDERS	Lease	Director of Housing
FREEHOLDERS WITH SERVICE CHARGE	Lease	Director of Housing

10. Services provided by Managing Agents

- 10.1. Where services to Poplar HARCA stock are provided by managing agents, the Director of Housing is responsible to approve service charge budgets, and for ensuring all estimate and actual invoices received are appropriately reviewed and approved.
- 10.2. The Director of Finance is responsible for ensuring that budgets and invoices received from managing agents are taken into consideration when preparing estimate and actual service charge calculations.

11. Other Recharges: Internal Water and Heating

- 11.1. Where there is a water meter for the block, and Poplar HARCA are invoiced for the internal water supply to dwellings, this cost is recharged to the residents.
- 11.2. Where the internal heating and hot water for a dwelling is received from a communal boiler, and Poplar HARCA are invoiced for the energy usage of the boiler, these costs are recharged to the residents. For tenants, this cost is in addition to their service charge, for leaseholders this cost is a part of their overall service charge invoice.
- 11.3. Where the internal heating and hot water for a dwelling is received from a communal boiler, but there are heat metering arrangements in place, residents will be billed for their energy usage by a heat metering intermediary, not by Poplar HARCA.
- 11.4. Water and Heating charges are ineligible for housing benefit.

12. Other Recharges: Court Costs

- 12.1. In the event that Poplar HARCA apply to court for possession of tenancies, the court fees that Poplar HARCA incur, are passed onto the tenant.
- 12.2. In the event that Poplar HARCA apply to court with regard to leaseholders for any reason, the court fees, solicitors' fees and interest (at 8% of the arrears balance at the time of application, as stipulated by the court) are passed onto the leaseholder.
- 12.3. The Director of Housing is responsible for ensuring all court cost recharges are correctly apportioned.

13. Other Charges: Home Contents Insurance

- 13.1. Poplar HARCA have entered into an agreement with a home contents insurance provider to administer a home contents insurance scheme. Residents who purchase home contents insurance will have home contents insurance charges added to their rent or service charge account.
- 13.2. Home contents insurance charges are ineligible for housing benefit.

14. Garages, Car Permits and Sheds

- 14.1. Garage, car permits and shed charges will be reviewed annually.
- 14.2. Resident households that include someone with a disabled vehicle badge will be offered a 50% discount on garage charges; car bays will be let free of charge.
- 14.3. Charges to all resident tenants, leaseholders, and respective spouses are exempt from VAT
- 14.4. Charges to everyone else are subject to standard rate VAT

15. Policy review

- 15.1. This policy will be reviewed every five years or sooner if it no longer reflect best practice.

16. Internal Controls

- 16.1. Rent levels are checked as part of several financial processes including business planning, budget setting, monitoring of actual income against budget, loan security valuations and regulatory returns.

17. Impact assessment

How does the policy contribute to Poplar HARCA's aims?	Maximising income ensures Poplar HARCA can fund delivery of its vision.
Which group(s) of people will benefit from the policy? If any group could be disadvantaged, what is the mitigation or justification?	Anyone benefiting from Poplar HARCA's aims and objectives.
How have residents been involved in developing the policy? If they have not been involved, why not?	Through governance structure.
How will the policy be monitored and measured? (e.g. performance indicators?)	Financial performance is regularly monitored and reported.
If any, what are the Value for Money implications?	Maximising income ensures Poplar HARCA can fund delivery of its vision.

18. Revision Table

Name	Reason for change	Date
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Neville Reid	Original author	March 2005
Neville Reid	Review	February 2006
Andrea Baker	Review	October 2008
Andrea Baker	Review	March 2012
Amy Selmon	Review	November 2017
Amy Selmon	Review	November 2019
Amy Sweeting	Change from Rent Setting Policy to Charges Policy, to incorporate all resident charges into one policy	November 2023