



Weekly Maintenance Contribution (Rent) Policy

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MAINTENANCE CONTRIBUTION (RENT) POLICY

1. INTRODUCTION

- 1.1. Pickering and Ferens Homes (PFH) are committed to the provision of social housing at rents which are affordable to our residents. Against this background the aim of this policy is to provide a framework which ensures that rents are set at a level that:
- is affordable for our residents within local and national market and policy contexts;
 - defines the type of housing product offered;
 - maintains PFH's financial viability;
 - delivers an economic return to PFH sufficient to sustain the delivery of quality housing and maintenance services;
 - ensures sustained and effective demand for our homes;
 - complies with the requirements of the Regulator (RSH); and
 - complies with other legislation and guidance applicable to Registered Providers and Almshouses.
- 1.2. The Government has powers granted by the Housing and Regeneration Act 2008 to issue directions to the Regulator to set out the rent regime for Registered Providers. This policy meets the requirements of the Regulator as set out in the Rent Standard and associated publications, in particular, the Limit on Annual Rent Increases and the Direction on the Rent Standard.

2. ALMSHOUSE STATUS & HISTORY

- 2.1. PFH is an Almshouse and therefore has certain legal and operational differences to most registered providers. It operates under licence (as opposed to a tenancy agreement) and charges maintenance contributions (rather than rents).
- 2.2. A licence is subject to different legislation and confers different rights to residents than would otherwise be the case under a tenancy agreement. This means that some restrictions do not apply, or do not apply fully in all cases. However, as PFH is also a social housing landlord, limits to rent increases are still set by law to keep rents affordable. The individual terms of the licence should always be considered when setting or adjusting maintenance contributions.
- 2.3. In 2009 the Regulator confirmed that all properties in the ownership of PFH should be designated as "supported or sheltered housing" therefore enabling PFH to adopt the policy of converging rents to +10% of the formula rent model (see below).
- 2.4. Our status as an Almshouse was a significant factor upon the introduction of 'The Welfare Reform and Work Act 2016 (social rent reduction) where it was confirmed

that Registered Providers that are also registered Almshouses were exempt from the 1% reduction for the first year (although still subject to the CPI + 1% restriction).

- 2.5. However, under the Social Housing Rents Regulations 2016 the classification of social housing stock was redefined and all PFH homes were re-classified as either '*General Need Housing for Older People*' or '*General Needs Sheltered Housing*'. This definition is significant as it must be used when applying the Rent Standard in the rent setting process.
- 2.6. The Government made a further announcement on 15 September 2016 which included further information on the application of rent reductions in the supported housing sector. In summary, the exemption for Almshouses extended over the remaining three years of the rent reduction policy.
- 2.7. Any future changes to Government policy should be carefully reviewed to ensure our specific status as an Almshouse is taken into account.

3. RENT STANDARD 2026

- 3.1. As an Almshouse and Registered Provider offering general need properties (Housing for Older People and Sheltered Housing) we are currently guided by the latest Rent Standard

The rent standard should be applied alongside the Government's Policy Statement on Rents for Social Housing, which forms part of a 10 year rent settlement framework commencing in 2026.

- 3.2. As part of the 10 year rent settlement, the Government have also agreed a period of Rent Convergence for charges that are below the 'formula rent'. Providers are able to additionally increase weekly maintenance contributions above the annual CPI +1% increase by up to £1 per week during 2027-28 and then up to £2 per week from 2028-29 onwards, until charges are in line with formula rent. This does not take effect until April 2027 and therefore is not applicable for 2026-27.
- 3.2. We review the maintenance charge (rents) of existing residents annually on 1st April each year and consider any increases in line with the standard. Currently a maximum increase of CPI + 1% (i.e. 4.8%) is allowable under the standard for 2026-27 for existing residents.
- 3.3. Under this standard, weekly maintenance charges (rents) for new lets (either new properties or re-lets of existing properties) should be calculated based on formula rent. In December/January each year the RSH publish the 'Limit on Annual Rent Increases' document which confirms how much rents can be increased by in the year, along with additional data needed to calculate formula rent for new properties, such as the inflation tables and formula rent caps.
- 3.4. Formula Rent calculations are based on:
 - 70% (national average rent x relative county earnings x bedroom weighting)
 - Plus 30% (national average rent x relative property values)

- Inflated at the relevant cumulative inflation index applicable each year

where

- Relative county earnings: Specific 'county weekly earnings' divided by England average weekly earnings
- Relative property values: Estimated 1999 capital value of the property to be rented divided by the 1999 national average property value.

The following historic rates are used in the rent formula calculation,

- The national average rent (April 2000) - £54.62
- Relative county earnings - County earnings / England average earnings
 - County weekly earnings (1999) - Humberside £318.40
 - County weekly earnings (1999) - North Yorkshire £299.60
 - England average weekly earnings (1999) - £316.40
- Bedroom weighting

Number of bedrooms	Bedroom weight
0 (i.e. bedsits)	0.80
1	0.90
2	1.00
3	1.10
4	1.20
5	1.30
6 or more	1.40

- The national average property value (January 1999) - £49,750

All values above are fixed at these historic rates, however the estimated 1999 capital value will vary based on the actual property to be rented. The 1999 valuation should be provided by a suitably qualified valuer (such as RICS). Once established, this figure generally remains static, but could be amended should significant structural alterations be made (i.e. 1 bed converted to a 2 bed).

3.5. Putting the relevant information into the above formula will give the formula rent for 2000-01 for the property which can then be inflated from 1999 at the official historic rates to achieve a relevant rate for the current year..

3.6. The formula rent inflation table (as adjusted for Almshouses for years 2016/17 to 2019/20 inclusive) can be found in RSH's Limit on Annual Rent Increases document.

4. Rent Flexibility

4.1. There is flexibility around the establishment of new rents and discretion can be used

in some instances, subject to approval by the Chief Executive.

4.2. In line with government policy, PFH sets maximum target rent at formula rent with the following tolerances in order to take account of local factors,

- 5% for Housing for Older People, and
- 10% for Sheltered Housing

- 4.3. Formula rent is subject to rent caps, a maximum ceiling dependent upon the number of bedrooms in the property, and must not be set above this level. Rent caps are subject to any inflationary and regulatory changes.

An example of how a formula rent is calculated is as follows,

Based on a 2 bedroomed bungalow on Broadway Drive - using the original 1999 value of £35,000 and set government formula parameters,

- Average sector rent for the area is £54.62
- Local average earnings for Hull is £318.40
- National average earnings is £316.40
- 1999 property value of Broadway Drive £35,000
- national average property value is £49,750
- Bedroom weighting (2 beds) is 1.00

Thus, formula rent is

- $70\% \times (£54.62 \times (£318.40 / £316.40)) \times 1.0 = \mathbf{£38.48}$
- $30\% \times (£54.62 \times (£35,000 / £49,750)) = \mathbf{£11.53}$

Thus, uninflated formula rent = £38.48 + £11.53 = **£50.01**

The formula rent cap for a 2 bedroomed property in 2026-27 is **£216.35**, significantly above this figure, hence formula rent is **£50.01**.

Inflated using formula rent inflation cumulative index of 2.2361 (cumulative inflation for 2000 to 2026-27 inclusive) inflates formula rent (our target rent for this property) to **£111.83**

Where justified, a potential increase of 5% could be added to the base formula rent of £50.01, increasing this to £52.51, which when inflated would increase target rent to **£117.42**.

5. RENT FLEXIBILITY

- 5.1. In line with government policy, PFH sets maximum target rent at formula rent with the following tolerances in order to take account of local factors,

- 5% for Housing for Older People, and
- 10% for Sheltered Housing

- 5.2. However, the organisation is aware of the need to maintain charges at affordable levels whilst balancing the ongoing financial requirements of the business. Currently rents are slightly above average for the local area and the organisation has a stable, long term financial outlook.

- 5.3. Given this, weekly maintenance contributions for new lettings will be set by the Business Service Director and will take into consideration,

- PFH's Target Rent for the property (formula rent inflated, excluding any upper tolerance),
 - Current rent charges for similar properties, and
 - Affordability for both the resident and the organisation.
- 5.4. PFH has flexibility around the establishment of new rents and discretion can be used in some instances. Any charges set above PFH's Target Rent (by applying the upper tolerances of 5% for Housing for Older People, and 10% for Sheltered Housing), will be subject to approval by the Chief Executive.

6. WEEKLY MAINTENANCE CONTRIBUTIONS (RENT CHARGES) 2026-27

- 6.1. Our corporate plan includes long-term proposals for investment in our existing properties (e.g. replacement of doors, windows, bathrooms, kitchens, energy improvement works and scheme environmental works) and improvements in the delivery of our services. For 2017-18 and 2018-19 we froze all rents at 2016-17 levels; for 2019-20 we increased them by CPI only (i.e. 2.4%); between April 2020 and March 2023 we increased rents by CPI + 1% (i.e. 2.7%, 1.5% and 4.1% respectively). In 2023-24 we applied the rent cap of 7% and therefore have had to absorb increases in costs levied by our contractors and suppliers; this will persist throughout 2026-27 as inflationary pressure on all costs continue to filter through.
- 6.2. In 2025-26, in line with our corporate plan and government guidelines, we increased all rent charges by CPI + 1% (i.e. 2.7%).
- 6.3. Following the announcement of the 10 year rent settlement, we plan to continue this approach for 2026-27 and increase rents at CPI + 1% (i.e. 4.8%) to keep pace with inflation. We have consulted with the Residents Committee on this basis.
- 6.4. **Service Charges**
- 6.4.1. Registered providers are expected to set reasonable and transparent service charges which reflect the service being provided to residents. Residents should be supplied with clear information on how service charges are set. In the case of social rent properties, providers are expected to identify service charges separately from the rent charge.
- 6.4.2. Service charges are not governed by the same factors as rent. However, registered providers should endeavour to keep increases for service charges within the limit on rent changes to help keep charges affordable.
- 6.4.3. Where new or extended services are introduced, and an additional charge may need to be made, PFH will consult with its residents.
- 6.4.4. PFH has a separate policy for Service Charges.

7. ROLES, RESPONSIBILITY AND AUTHORITY

- 7.1. The PFH Board have a responsibility to approve the policy and to ensure that it complies with charity law and regulations.
- 7.2. The effective implementation of this policy is the responsibility of the Director of Business Services.

8. POLICY MANAGEMENT

- 8.1. General requirements:
 - Effective systems, procedures and processes will be in place for rent setting.
 - PFH will self-assess compliance against regulated rent standards.
 - A process and project plan will be in place to ensure rent increases are effective and advice will be taken to ensure compliance with legal, regulatory and contractual responsibilities..

9. IMPLEMENTATION, MONITORING AND REVIEWING

- 9.1. Rent levels for all properties will be recorded within our Statistical Data Return (SDR). This ensures the regulator is aware of the rents that the organisation is charging.
- 9.2. PFH will carry out an independent compliance check against the Rent Standard on at least a 3 yearly basis (last review was completed by Internal Auditors during January 2026).
- 9.3. PFH will provide a minimum of 28 days notice of changes to Weekly Maintenance Contributions to all residents, which will clearly explain how the charges have been set. Support for residents experiencing financial difficulties will also be offered.
- 9.4. This policy will be reviewed every year to ensure that it continues to represent best practice and is aligned to regulatory guidelines and PFH's objectives. Following review the policy will also be published on the PFH website.