SAXON WEALD

CUSTOMER GUIDE TO THE RENT AND SERVICE CHARGE POLICY

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1.0 Introduction

1.1 This Customer Guide to the Rent and Service Charge policy explains how Saxon Weald sets rents, service charges and other charges. It is written for customers and has been reviewed by our customer Publication & Policy Review group, so we have tried to explain our approach clearly and avoid unnecessary jargon.

1.2 Our aim is to keep charges fair and affordable while making sure we can maintain homes, provide services and invest in new and existing homes for the future.

1.3 Essentially, the policy covers:

- How we set social rents and affordable rents.
- How rent increases are calculated.
- What service charges pay for and how they are reviewed.
- How shared ownership rents, sinking funds (money collected from residents and set aside for future major works. Explained further in section 7.0 of this guide.), garage charges and other charges work.
- How we review the policy and make sure it is applied fairly.

1.4 We follow the relevant government rent rules and regulatory standards. These include the rent standard, rent policy statements and any annual rent limits set by government or the Regulator of Social Housing.

1.5 If there is a difference between the policy and a tenancy agreement, lease or legal requirement, the tenancy agreement, lease or legal requirement will take priority.

2.0 How rent rules affect what customers pay

2.1 Most social housing rents are controlled by government rules. These rules help make sure rents are set consistently and remain affordable.

2.2 Social rents are set by a strict government rule known as 'formula rent'. The formula calculates a fair, uniform weekly rent based on the value of the home, local earnings and the number of bedrooms. Social rents are normally around 50% of the market rent for the local area.

2.3 Affordable rents are different. They can be set by landlords at up to 80% of the market rent for a similar home in the same area, including normal service charges. They were introduced by government to help housing providers and associations raise funds to build more new homes.

2.4 How can customers find out which rent type applies to them? If you have an 'Assured Tenancy Agreement' you will be paying a social rent. If you have an 'Affordable Assured Tenancy Agreement' you will be paying an affordable rent.

2.5 Government rules also limit how much most social and affordable rents can increase each year. The permitted increase is usually linked to the Consumer Price Index, known as CPI, plus an additional percentage set by government.

2.6 CPI is the main tool used to track inflation and measures the average change in prices for everyday goods and services. Government rent rules usually allow rents to increase by CPI plus 1%. This helps us cover rising costs, so we can continue to carry out repairs and provide services for customers.

2.7 Sometimes government sets a different limit for a particular year. For example, in 2023/24 rent increases were capped at 7% for social and affordable rent homes.

2.8 We review rent changes each year and apply the rules that are in force at the time. We will tell customers about any rent or service charge change before it takes effect.

3.0 Social rents

3.1 Social rents are set using the government formula rent rules as explained at 2.2 of this guide.

3.2 Our usual approach is to set social rents at, or as close as possible to, formula rent plus £2 per week when a tenancy starts, as long as this stays within the permitted limits.

3.3 When a home is re-let at a social rent, we normally use the formula rent amount estimated for the following April, plus £2 per week.

3.4 Sometimes, we may charge above formula rent because:

- The extra income helps us maintain existing homes and build new affordable homes.
- Many Saxon Weald rents are lower than comparable rents in local areas.

3.5 Formula rent does not include service charges. Service charges are explained separately in section 6 of this guide.

3.6 Social rent cannot usually be increased until 365 days have passed since the last increase or the start of the tenancy. For new tenancies, we may need to estimate the following April's rent increase before the final CPI figure is known.

4.0 Affordable rents

4.1 Some Saxon Weald homes are let at affordable rent. Affordable rent is usually linked to the market rent for a similar home in the same area.

4.2 Affordable rents are set at no more than 80% of the market rent for a similar home. This amount includes normal property service charges, such as lifts, communal lighting, heating of shared areas and grounds maintenance.

4.3 We aim to keep affordable rents at or below the Local Housing Allowance where we can.

4.4 Some charges are not included in affordable rent and may be charged separately. These include:

- Personal charges that are not eligible for housing benefit or universal credit, such as heating and hot water in some flats.
- Specialist services in retirement, extra care and supported housing.
- Meal charges that cover food and direct labour costs.

4.5 Affordable rent increases follow the rent rules that apply at the time. We normally apply rent changes from the first Monday in April and will explain the change to affected customers in advance.

5.0 Shared ownership rents

5.1 Shared ownership customers pay rent on the share of the home that Saxon Weald still owns. The starting rent is usually 2.75% to 3% of the value of that share.

5.2 Shared ownership rent increases are set by Homes England. Depending on how old the property is and the lease terms, they may be linked to RPI (Retail Prices Index – another measure of inflation the government uses), RPI plus 1%, or CPI plus 1% for newer leases where this applies.

6.0 Service charges

6.1 A service charge is a payment made by a tenant or leaseholder for services received in connection with the occupation of their home. Examples include communal cleaning, grounds maintenance, lighting in shared areas, lifts and fire safety equipment.

6.2 We aim to make service charges reasonable, transparent and linked to the services customers receive.

6.3 We try to keep increases affordable. However, service charges are based on the actual cost of providing the service, so they may increase by more than the rent increase limit if the cost of the service has gone up.

6.4 **Appendix A** on page 7 of this guide gives examples of services that may be included in a service charge. The services vary by scheme and property type.

6.5 Most Saxon Weald service charges are variable. This means we estimate the cost at the start of the year and then adjust future charges when the actual cost is known. The service charge year runs from 1 April to 31 March.

6.6 Leaseholder service charges are set in line with the lease. They are usually payable/collected either quarterly or monthly in advance.

6.7 In February of each year, tenants and leaseholders receive a breakdown of their estimated service charge costs for the next financial year. This is the amount we expect the service to cost.

6.8 In September of each year, we send a statement showing the actual cost of the service that was provided in the previous year. The actual cost is compared against the estimated cost to calculate any difference and produce a 'balancing adjustment'.

6.9 For tenants, any adjustment is made to the charges they pay in the following year. For leaseholders, any balancing adjustment is collected (or reimbursed) from October to the end of March.

7.0 Sinking funds

7.1 Some shared ownership and equity schemes have a sinking fund. This is money collected from residents and set aside for future major works to the building.

7.2 The fund may be used for major replacements, such as roofs, windows or other structural items, depending on the scheme.

7.3 We calculate the annual sinking fund contribution so that the fund can help meet future replacement costs when they arise.

7.4 Sinking fund money is held in a separate account for each scheme. Interest is added to the fund.

7.5 If a home is sold, the sinking fund arrangements transfer in line with the relevant lease.

7.6 We send residents an annual sinking fund statement showing money paid in, interest added, money spent and the closing balance.

8.0 Other charges

8.1 In extra care schemes, the cost of providing the meal service is split between overhead costs for running the kitchen and a meals charge covering the cost of food and labour.

8.2 Meal charges are a condition of tenancy in extra care schemes. Leaseholders may be able to opt in to meal and payment plans. Increases are usually linked to contract terms.

9.0 Private market rents (investment properties)

9.1 Some Saxon Weald properties are let at private market rent. These are investment properties and are managed to provide income for the business.

9.2 Market rents can go up or down depending on local rental conditions. We review market comparisons and take advice from letting agents when setting rents for these properties.

10.0 Garages (investment properties)

10.1 Garage charges depend on whether the customer is also a Saxon Weald tenant. VAT is not charged to Saxon Weald tenants, but it is charged to members of the public.

10.2 Garage charges are reviewed against local market costs, such as parking or storage charges, and may increase where the market supports this.

11.0 Value for money

11.1 We know rent and service charges are a significant cost for customers. We aim to keep charges fair and affordable while making sure Saxon Weald remains financially strong.

11.2 Where possible, we aim to keep rents within the Local Housing Allowance, so homes remain affordable for customers who receive housing benefit or universal credit.

11.3 Income from rents and charges helps us maintain homes, improve services and support the development of new affordable homes.

12.0 Monitoring and review

12.1 We will review the Rent and Service Charge Policy and this customer guide annually, or sooner if there are changes in law, regulation or government rent policy.

13.0 Equality and diversity

13.1 We are committed to ensuring fair and equitable access to our services.

13.2 We will take the needs of different customer groups into account, including making reasonable adjustments for customers with disabilities. We will ensure our communications are easy to understand.

13.3 We will not treat anyone less favourably because of protected characteristics such as age, disability, gender reassignment, marriage or civil partnership, pregnancy or maternity, race, nationality, religion or belief, sex or sexual orientation.

14.0 Paying your rent – support and advice for customers

14.1 We provide support and advice to customers who might need help in paying their rent, claiming benefits and managing their finances. Information on what help is available is:

- On our website: https://www.saxonweald.com/money-matters
- In our tenants' guide: https://www.saxonweald.com/storage/downloads/tenants_guide-1760088486.pdf
- Through our contact centre:
  Telephone – 01403 226000
  Email – hello@saxonweald.com

Version	Amendment	By	Date
1.0	NEW Customer guide to the Rent and Service Charge policy	Kath Hicks Executive Director of Customer Operations	August 2026

Appendix A

Items typically included in the service charge. This list is not exhaustive and varies from property to property.

Service charge item	Description
Adjustment	Difference between estimated service charges you paid and actual costs for the services provided in the previous year.
Assisted bath	Cost of servicing the assisted bath.
Buildings insurance	Cost of insuring the building.
Call system/support line	Covers annual upkeep and running costs of the call system and the support alarm line.
Catering overheads	Covers the cost of providing on-site catering services, including staff and general operating expenses. Cost of meals is not included and charged separately (see ‘meal charges’ below).
CCTV and door entry systems	Cost includes regular maintenance and contribution towards relacing equipment over its lifespan.
Communal aerial	Contribution towards future replacement of communal aerial system, which we spread over the expected lifespan of the equipment.
Communal assets	Contribution towards future replacement of items in communal areas such as furniture, carpets and soft furnishings. We spread the cost of replacing these items over their lifespan.
Communal cleaning	Cost of contractor to clean shared areas in your block, such as hallways and entrances.
Communal electricity, gas and water	Covers cost of electricity, gas and water used in shared spaces e.g., corridors, stairwells, outside lighting, communal areas of your block/estate/scheme.
Communal gas boiler maintenance	Maintenance of gas boilers and heating plant room providing heating and hot water to the building.
Communal kitchen and laundry equipment	Covers the maintenance and eventual replacement of commercial kitchen appliances and share laundry machines.
Cyclical painting/planned maintenance	Cost of larger, scheduled works designed to keep your building in good condition over the long term. Examples include internal and external painting, roof replacement, or other planned works.
Enhanced housing management services (provided by a scheme manager)	Charge supports the management of communal facilities and provides enhanced housing management and tenancy services for residents.
Estate maintenance	Costs relate to the services provided by the external managing agent to keep the wider estate safe and well-maintained. They include essential tasks such as grounds maintenance, repairs, and meeting health and safety requirements.
Fire safety	Cost of testing of emergency lighting system and carrying out statutory checks for fire safety, e.g., fire risk assessments and electrical safety checks.
Garden	Budget for extra touches like planting, pots, and garden features chosen by residents to make outdoor spaces enjoyable.

Service charge item	Description
Grounds maintenance and trees	Cost of a contractor to look after the outdoor areas maintained by Saxon Weald. This includes cutting grass, trimming hedges, maintaining trees, and removing weeds.
Ground rent	Ground rent due under your lease.
Health and safety	Cost of carrying out checks to keep the building safe. This includes things like Legionella testing, pest control, asbestos reviews and water safety checks.
Lifts and stairlifts (servicing and maintenance)	Cost of insurance, annual servicing, safety checks, maintenance, and the alarm phone line. We also include a contribution towards future replacement costs, spread over the lift's lifespan.
Management fee (leaseholders only)	Cost of staff and resources in providing leasehold management functions such as managing leases, preparing service charges, managing neighbourhood issues, managing service charge accounts, arranging insurance, servicing and utility contracts.
Meal charges	Cost of food and the staff time required to prepare and service meals.
Refuse charge/green waste	Cost of providing and collecting bins, as charged by your local authority.
Sinking fund (leaseholders only)	Savings fund set aside to pay for major repairs (such as renewing pathways, resurfacing parking areas, replacing the roof). This helps spread the cost over time.