

Rent Setting Policy 2025/26

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1 Aims

1. The objectives of this policy are to outline the process for setting and reviewing rents.
2. Jigsaw Homes Group (the Group) is committed to providing quality homes and services. The Group sets rents that offer value for money and are affordable to existing and prospective customers, whilst ensuring we can meet our corporate plan objectives.
3. This policy sets out the mechanisms by which the Group calculates rents in line with the prescribed government rent setting standard, so that it is transparent, easily understood, and compliant with the Regulator of Social Housing's framework. In doing so the Group will ensure it has procedures and practices in place to guarantee the following: -
 - A rent setting process that meets all legal, regulatory, and financial commitments,
 - A quality housing service is provided reflecting **the needs and demands of its** customers, and
 - A range of rental products is available.

2 Scope

4. The policy will apply to all tenancies and leases of the Group's members including rented homes, shared ownership, garages, and commercial properties.

3 Policy Statement

5. The setting of rents is fundamental to the effective operation of the Group's business.
6. Where applicable the Group will ensure rents are set in accordance with the guidelines developed by the government for the social housing sector as outlined by the Regulator for Social Housing's Rent Standard 2023 which is in accordance with the central government's Policy Statement on Rents for Social Housing, updated in 2022. Other rents, not subject to this Rent Standard, will be set in accordance with the requirements of the tenancy or lease agreement, as indicated in this policy.

3.1. Rent Collection Cycles

7. The Group's members operate rent years commencing in either April or October with several charging cycles - weekly, monthly, quarterly, and annually. The frequency of charge will be stipulated in the individual tenancy or lease agreement.
8. Most of the Group's rents are set on a weekly basis, dependent upon historical charging frequencies; these may be set at either 48, 50 or 52 weeks with rent accounts charged

every Monday. All other charge frequencies are levied on the 1st of the month that they are due.

9. For its general needs and housing for over 55 homes, the Group operates an any-day sign-up process which means that rental obligations begin on the day a tenancy commences. Where a tenancy starts on any day except a Monday, a day rate will be applied for the remainder of the week and included in the first rent charged. A similar position applies to any lease that begins on any day other than the 1st day of the month.
10. Every five to six years there will be a situation whereby there are 53 Mondays in a financial year. When this event occurs an additional week's rent charge will be added to the weekly charge frequencies stated above.

3.2. Assessing Rents

11. The Group will determine rents through a variety of mechanisms depending upon the terms of the tenancy or lease agreement.

3.3. Social Rent

12. A Formula Rent is calculated for each "Social Rent" property considering the location, property size and local earnings.
13. The basis for calculating the formula rent is:
 - 30% of the property's rent is based on the property values relative to the national average (using January 1999 property valuations)
 - 70% of the property's rent is based on local earnings relative to the national average;
 - One of five bedroom weightings are applied so that, other things being equal, smaller properties have lower rents.
14. The Group will determine the latest increase to be applied on an annual basis having considered latest government guidance, affordability, and corporate plan objectives.
15. Charges for the provision of service charges and any support costs are added to the formula rent to arrive at the total amount payable.
16. The Group will ensure that none of its formula rents exceed the Rent Cap levels.
17. The Regulations give us flexibility to set rents at up to 5% above formula rent for general needs housing and up to 10% above formula rent for supported housing (which includes housing for older people)
18. The Group reserves the right to implement the upward tolerance allowed by Rent Flexibility as set out in the Rent Standard. If the flexibility option is used, the Group will demonstrate the rationale for this and ensure that the formula rent plus flexibility remains an affordable option to tenants.

19. When a new development has a social rented provision then the calculation of rent will be based upon the Rent Standard requirements for formula rents.
20. Other than under the conditions permitted in the Government's Rent Policy Statement, Social Rent properties will not be converted to Affordable Rent, Market Rent, or Intermediate Rent.

3.4. Affordable Rents

21. Affordable Rents are assessed having regard for the market rent in the local area with the initial rent capped at no more than 80% of market rent in line with the RICS valuation. The rent is inclusive of service charges if services are provided.
22. Affordable Rent properties will have a yearly increase applied in line with the requirements detailed in the Rent Standard or other Government advice which may be issued from time to time. Affordable Rents will not be set at more than 80% of the market rent upon re-valuation.
23. For homes let under an Affordable Rent, the Group will use information accredited by the Royal Institute of Chartered Surveyors to undertake an Affordable Rent assessment. Service costs are included in an Affordable Rent tenancy as part of the overall rent. Affordable Rent tenancies are not subject to Section 13 Housing Act 1988 rent notifications. Any appeal against an Affordable Rent will be heard through the Group's Complaints Policy.
24. For consistency, valuations will be completed by utilising either the [Savills Portal](#) or the [Home Track Portal](#) for all relets. These calculations will be recorded, and the process monitored. Where the valuation is given 'low confidence' status, because of a lack of data for the area, a RICS valuation will be sought.
25. Existing Affordable Rents will be assessed at the point of re-let. Where there is a significant change in the comparable market rent a new Affordable Rent assessment will be completed. If a new assessment generates an Affordable Rent which is lower than the equivalent formula rent (i.e., equivalent social rent), the Group will charge the equivalent formula rent. In exceptional circumstances, the Group may revert a previously converted Affordable Rent property back to the social rent regime where affordability has created a low demand scenario.
26. Other than under the conditions permitted in the Government's Rent Policy Statement, Affordable Rent properties will not be converted to market rent or Intermediate Rent.

Properties Constructed Pre-2012

27. Social rented homes converted to affordable rent will be re-valued at 80% of market rent. These rents will not be charged above rent cap levels.

New Build Programme

28. Rents for new homes built after April 2025 will be agreed in advance with relevant local authorities to determine the appropriate affordable rent level, taking into

consideration local rents and Local Housing Allowance levels (LHA's), which are used to calculate Housing Benefit for tenants renting from private landlords. Rents will not be set higher than 80% of market rent and will be subject to a RICS valuation.

3.5. Fair Rents

- 29. The Group has a small number of Secure Tenancies which were created before 15th January 1989. Fair Rents for these Secure Tenancies are set by the Valuation Office Agency (VOA). The Group will request the VOA to register a new rent every two years from the date of the last registration with a maximum increase of CPI + 1% or government restriction.
- 30. Between registration periods the Group will apply Consumer Price Index (CPI) (at September of the previous year) + 1% to Fair Rent Tenancies provided that applying this increase does not take rent either above the formula rent or the Rent Cap levels, as defined in the Rent Standard. The Group will charge the rent determined by the VOA unless this determination is higher than the equivalent social rent (i.e., formula rent). In such circumstances the formula rent will be charged.
- 31. Tenants wishing to appeal for a new rent registration must follow the appeals process outlined by the VOA in their determination notice.
- 32. Unless there is a claim for succession when a Fair Rent tenancy ends, the Group will convert the property to either the Social Rent or Affordable Rent regimes.

3.6. Residential Property Tribunal

- 33. Tenants subject to a Section 13 Housing Act 1988 rent notification have the right to refer the proposed increase to a Residential Property Tribunal, unless there is a provision in the tenancy agreement which overrides this.
- 34. If the rent is to be reduced because of the Residential Property Tribunal's judgment, the Group will reduce the rent to the level determined by the Tribunal. If the Tribunal determines that the rent can be increased, the Group will charge the lower of either the formula rent or the rent set by the Tribunal's determination.

3.7. Higher Income Tenants

- 35. The Group will not typically offer social housing properties to new applicants who have an income in the previous financial year exceeding £60,000. Exceptional cases can be approved by the Executive Management Team.
- 36. Income will be assessed only on the two highest incomes in the household.
- 37. If approved, rents for higher income tenants will be charged at the local market rent level.
- 38. On re-letting of a property previously occupied by a high-income social tenant, the rent will be set at either the Social Rent or Affordable Rent regime.

3.8. Temporary Accommodation

- 39. Temporary homeless accommodation is not subject to the Rent Standard and rent levels will be agreed in liaison with the relevant Local Authority and/or support provider.

3.9. Shared Ownership

- 40. Rental charges for shared ownership properties are determined in line with the lease. These will be increased with effect from the landlord's relevant rent review date.
- 41. For properties delivered before the 12th of October 2023, the RPI figure used for the increase calculation will be the published RPI figure for September immediately preceding the increase unless in exceptional circumstances that the board determine otherwise.
- 42. From the 12th of October 2023 rents for new shared owners will be increased by the more modern measure, Consumer Prices Index (CPI) plus 1%. This must include a Rent Review schedule that enables the 'specified rent' to be increased once a year by a permitted maximum of CPI plus 1%. This reform brings shared ownership rents into line with the limit that normally applies to annual rent increases in other forms of social housing.
- 43. There is however discretion to raise this amount by lower than CPI plus 1% to protect new shared owners from particularly high rent increases during periods of high inflation.
- 44. The floor for shared ownership rent increases has now been reduced from 0.5% to 0%. This means that rents cannot be increased if CPI is minus 1% or lower.
- 45. Rental charges for new/first sale shared ownership properties will be calculated at 2.75% of value of the retained equity at the time of sale or lower if in agreement with a specific local authority.

3.10. Market Rents

- 46. Market rents and associated service charges are set by reference to the rent levels applicable to the property's local area. The terms of the tenancy agreement will determine if and when a periodic review of such rent and service charges is undertaken.
- 47. Such a review will consider affordability, and the Group may opt not to implement an increase in any given year.

3.11. Intermediate Rent/Rent to Buy

- 48. Intermediate Rents will be set at up to 80% of the local market rent. The rent is inclusive of service charges if services are provided. We will limit rent increases to a maximum of CPI (at September of the previous year) + 1%.

- 49. Such a review will consider affordability, and the Group may opt not to implement an increase in any given year.
- 50. Rents for new homes will be agreed with relevant local authorities in advance.

3.12. Jigsaw Support and Supported Housing

- 51. For agency managed properties, Jigsaw Homes Group advise the provider of the core rent element and landlord service charges and agree the rent and service charge levels with the provider.
- 52. In accordance with the Government exempt accommodation guidance (A3/2022 (revised)), Jigsaw Support may set enhanced charges up to a maximum of 10% above LHA in agreement with landlords, to meet the additional housing needs of vulnerable people.
- 53. The Rent Standard contains flexibility for registered providers to set rents at up to 10% above formula rent for supported housing that they own. Should landlords' make use of upward tolerances they will have a 'clear rationale' for doing so, having regard to local circumstances and affordability.
- 54. The definition of "supported housing" includes our housing for over 55's schemes, our extra care schemes and supported living.

3.13. Garage Rents

- 55. Garage rents are not subject to the Rent Standard and can therefore be increased annually at a rate the Group determines is appropriate.
- 56. All garage rents are subject to VAT unless they are provided to an existing tenant of the Group who rents their home under a Secure, Assured or Affordable Rent tenancy agreement.

3.14. Commercial Properties

- 57. Rents for commercial properties will be set and reviewed based on the terms within the individual leases.
- 58. Where necessary the Group will seek a RICS accredited surveyor to confirm likely rental ranges dependent upon use.

3.15. Rent Review

- 59. All tenants will be given one calendar months notice of any rent review unless the tenancy agreement or lease states otherwise.

3.16. Applying the Rent Review

60. On an annual basis the Group will notify tenants in writing, in the prescribed format, of their total charges, including rent and service, personal or support charges.
61. Where a property is let within one month of the annual rent review date, the rent payable up to the rent review date and the revised rent payable after the rent review date will be provided within the tenancy agreement.

3.17. Property Sizes

62. The Group may consider requests for bedroom classification on an individual basis taking account of the property layout, family size and family composition.
63. In the event the Group becomes aware of a property where the number of bedrooms or the type of property is recorded incorrectly on their systems the rent will be adjusted accordingly.
64. Should it become apparent that the details are incorrect, the following will apply:
 - Where there will be a rent reduction: the rent will be reduced immediately and fully backdated to the date the error occurred, or
 - Where there will be a rent increase: the existing rent will continue to be increased in accordance with the Rent Standard. The rent would only be adjusted to the correct level at that point of relet.
 - Where a property has been adapted to meet the needs of a tenant, or their household and this adaptation results in a change in the number of bedrooms the following will apply;
 - Where adaptation results in the loss of the use of a bedroom, the Group will reclassify this property into a smaller dwelling. In such circumstances the tenant would be notified of their revised rent charge and any future rent increases will follow the regimes outlined above.
 - Where the adaptation results in an additional bedroom being built the existing tenant's rent will remain unaltered, but the target rent will be recalculated so upon re-let the property is charged based upon its true bedroom size.

4 Partnership Working

65. The group will continue to maximise on any opportunities for collaboration, joint-working or partnerships with other organisations to help deliver this policy.

5 Monitoring and Delivery

- 66. Regular audits will take place to ensure that rent setting is accurate due to the risks associated with inaccuracies.
- 67. Rent reviews are assessed each year by the Executive Management Team and approved by the Board prior to the relevant review dates.

6 Legislation and Regulation

- 68. The relevant legislation and regulatory standards which underpin this Policy are:
 - The Housing Act 1988 (as amended) The Local Government and Housing Act 1989
 - The Housing Act 1996
 - Landlord & Tenant Act 1985
 - Regulator of Social Housing Regulatory Framework - Rent Standard guidance
 - Welfare Reform and Work Act 2016
 - The General Data Protection Regulation
 - Policy statement on rents for social housing (updated December 2022)
 - Regulator for Social Housing's Rent Standard 2023

7 Related Policies and Procedures

- 69. This Policy has links to other Group policies and procedures as follows:
- 70. • Service Charge Policy and associated procedures
- 71. • Allocations Policy and associated procedures
- 72. • Income Management Policy and associated procedures List related policies.

8 Glossary

- 73. • Regulator of Social Housing's Rent Standard is part of the regulatory expectations a registered provider should meet. This includes guidance on the setting of rents.
- 74. • Local Housing Allowance - are used by Local Authorities to calculate the amount of Housing Benefit payable within the private rented sector.
- 75. • Formula Rent - the calculation of a social rent based on paragraphs 2.4 to 2.6 of the Ministry of Housing, Communities & Local Government's Rent Policy Statement.
- 76. • Rent Cap - the maximum permitted amount of formula rent any social landlord can charge per property type for social rented homes.

9 Document Control

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Creating homes. Building lives.

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