

How your rent and service charge is set

How is the rent calculated?

Assured Tenants

You are an assured tenant if you first rented your property from us after 15th January 1989. Rents for assured tenancies change on the first Monday of April each year.

Rents are set by using a formula determined by the Government.

In April 2020, the Government's Rent Standard set a limit on the amount we could increase rents by. The Rent Standard explains that Housing providers can increase social and affordable rents by a maximum of inflation plus 1% (by using September 2020's Consumer Price Index plus 1 percentage point). We plan to use the resources raised through the rent increase to invest more in our existing homes.

Therefore, from the 05th April 2021, your rent will increase in line with the above formula, which is a total increase of no more than 1.5%.

What is Consumer Price Index (CPI) plus 1%?

This is one of two ways that the government measures inflation – the other is the Retail Price Index (RPI).

It is the amount by which prices rise over time. The inflation rate gives us a snapshot of how much prices for goods and services have risen over a 12-month period.

CPI measures the fall/rise of prices of consumer goods, such as food and cinema tickets. This doesn't include the change in pricing of council tax, mortgages, and housing costs. The government have stated that CPI is to be used to determine the annual rent for Assured tenants rather than RPI. CPI normally reports a lower rate of inflation than RPI. The official index is available on the website of the Office for National Statistics or on www.gov.uk.

Secure Tenants

You are a secure tenant if your tenancy began before 15th January 1989.

Your rent is set by an independent Rent Officer from the Valuation Office Agency every two years. The Rent Officer will determine a maximum rent that can be charged and will take regard of the property age, character locality, and local rents (also known as a fair rent). The rent you pay will never be above the fair rent.

Rents are increased on the anniversary of the last rent increase, so your rent may not change on 05th April 2021, but you may still receive a letter to confirm your current rent charge.

Alternatively, you might have already received a letter from the Valuation office Agency stating how much they think your rent charge should be. If you have received this letter, we will write to you one month before your rent charge is due to change, and we will confirm the amount to you in writing.

My secure rent has not changed although I have received a letter about a rent change. Why is this?

We send rent change letters for all tenancy types around February each year. As a secure tenant, your rent may be subject to different times in the year depending on the last time your rent was changed with the Valuation Office Agency. If your rent is due to change, you will receive a letter from us and the Valuation Office Agency ahead of time.

I am a Secure tenant and I disagree with the secure rent increase – what can I do?

When you receive your letter from the Valuation office Agency, they will explain that you can appeal their decision. This is by applying to the First-tier Tribunal (property Chamber). You will need to fill out a form. You can find this at: <https://www.gov.uk/housing-tribunals/disputes-about-rent> or from the Citizens Advice Bureau.

Affordable Tenancy

Affordable Rents are set at 80% of the local market rent on the start of the tenancy and this is guided by Royal Institute of Chartered Surveyors (RICS). Your rent will be increased annually on the first Monday of April by CPI plus 1 percentage point.

Shared Owners

Shared owners (also known as leaseholders) own a share in their home. You will need to pay rent on the share of the property that belongs to BCHG.

Your rent is set by the term in your lease that tells you how and when the rent is reviewed. We use the Retail Price Index for the month stipulated in your lease and base the percentage increase on this.

The Retail Price Index is an official measure telling the rise in the cost of goods and service over time but also includes the cost of living. Your lease specifically states the month we use to calculate the increase in your rent. The official index is available on the website of the Office for National Statistics or on www.gov.uk. You can also refer to your lease to check the month used.

Leaseholder

Leaseholders who are not shared owners are where you own a leasehold property for a fixed period of time. A legal agreement is in place with the landlord (or freeholder), which is called a lease. This tells you how many years you'll own the property.

Ownership of the property returns to the landlord (or freeholder) when the lease comes to an end. Most flats are leasehold, but houses can be leasehold too. If you are a leaseholder and there is a communal service provided to your building or estate, you will receive a letter one month before to explain what the new cost will be.

Freeholder

The freeholder of a property owns it outright, including the land it is built on. If you buy a freehold, you are responsible for maintaining your property and land. If we provide a communal service to your building or estate, you will receive a letter one month before explain what the new cost will be.

Service Charges

Service charges are calculated to recover actual costs of services we provide to your estate from the year before. For example, communal cleaning, lighting or grounds maintenance. If applicable to you, a service charge breakdown and how we calculate it can be sent to you on request. Please contact your Customer Relations Manager for this information. Their details can be found on the Contact us Page on our website.

How is the service charge calculated?

Fixed service charge

For assured tenants, we apply fixed charges for the year.

Fixed service charges are set for the year ahead based on the known costs, and unknown costs are calculated using previous years accounts for your building or estate, with a small increase to account for inflation.

The amount we charge is based on actual costs, prices from contractors which are increased by inflation. The cost for gas and electric is based on bills received and increased by forecasts made known to us at the time of setting your charge

If the actual cost of the service at the end of the year is higher or lower than the estimate, the charge cannot be changed. However, the charge may be changed the following year to ensure that the full cost of the service is recovered.

Variable Service Charges for Shared Owners and Leaseholders

We apply variable service charges for leaseholders. This charge can vary and is set at the start of the year, based on an estimate of the service cost.

Unlike a fixed service charge, if the cost of the service changes, the charge can be altered in line with the true cost of the service, which is then reflected in the following years calculation.

What you must do when you receive your rent increase notice

Following receipt of your notice, you need to make arrangements to pay it. We have answered some frequently asked questions below about making sure your rent is paid following the rent increase.

How do I pay my rent and/or service charge?

The easiest way to pay your rent is by direct debit. You can call us to set this up over the phone. Alternatively, please visit our website where you can make payments online at <https://www.bchg.co.uk/customer-area/online-services/> or by downloading the All Pay app on your smart phone. You will need your Tenancy Reference Number.

How can I check my rent account to make sure my account is clear?

Paying your rent is a priority and you are responsible to make sure it is paid in advance in line with your tenancy agreement. You can sign up to your own BCHG online account by visiting our website at <https://myhome.bchg.co.uk/> and clicking on "Register". Here you can access your rent account 24/7, make rent payments online, report repairs or contact us about something else.

All or part of my current rent is covered by Housing Benefit; do I need to do anything?

You are responsible to make sure your rent is paid. Whilst we will tell the Housing Benefit department of your new rent charge, you should also tell them to make sure your new award is changed in line with the new charges.

I receive Universal Credit; do I need to do anything?

Yes, you must tell The Department of Work and Pensions of your new rent charge. You may be able to do this through your online journal or through your Work Coach. You should check your journal to complete any "To Do" tasks as quickly as possible to make sure your benefit are paid correctly. You should speak to the Department of Work and Pensions in advance about the best time to tell them of the change, because this may affect the amount you get for your housing costs.

My current rent is paid by standing order; do I need to contact the bank?

Yes, we cannot amend standing orders so please contact your bank immediately to amend payments.

Do I need to amend my direct debit?

No, we will do this for you. You will receive a letter from All Pay to confirm this change. Please check the letter to make sure the details are correct and let us know if anything needs to be changed.

How do you calculate payments per calendar month?

Multiply the total weekly charge by 52 and divide by 12. This will ensure you pay the same amount every month and that your account is kept up to date.

There are some arrears on my account. Do I need to continue to pay the agreed amount?

Yes, this will have been included automatically in the direct debit change. You will need to include this in any standing order increases. Please continue to pay the agreed amount off the arrears if you make your payments online or by rent payment card.

If you have any queries about this, please contact your Customer Relations Manager, whose details can be found on our website at <https://www.bchg.co.uk/customer-area/contact-your-customer-relations-manager/>

Difficulties in paying your rent?

We can give advice on who to contact if you have multiple debts or need help to budget to pay for priority debts such as rent. Please contact your Customer Relations Manager for further information.