

London Borough of Waltham Forest Housing

Rent Setting Policy

For residents

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Owner – Corporate Director of Housing	

Table of contents

1.	Introduction	3
2.	Purpose and scope	3
3.	Aims and objectives.....	3
4.	Legislation and other obligations.....	3
5.	Background	4
6.	Rent calculation principles.....	4
7.	Affordable rent.....	4
8.	Rent caps	4
9.	Allowable uplifts.....	5
10.	Service charges.....	5
11.	Housing Revenue Account Sustainability	6
12.	Equality and Diversity, Vulnerability, and Reasonable Adjustments	6
13.	Transparency and Communication	6
14.	Policy Review and Governance	6
15.	Monitoring, review and evaluation	6

1. Introduction

- 1.1. This document outlines how the London Borough of Waltham Forest (LBWF) will calculate, consult on and charge rent for council-owned homes under the Housing Revenue Account (HRA).

2. Purpose and scope

- 2.1. This policy applies to all HRA residential properties let to tenants to which the Rent Standard applies. It excludes properties under the HRA used as temporary accommodation for homeless persons, those managed under the General Fund, including temporary accommodation, or those managed by external partners.
- 2.2. The purpose of this policy is to ensure that rents for council-owned homes are set fairly and determined in accordance with government legislation and the Regulator of Social Housing's Rent Standard.
- 2.3. The policy gives the council scope to maintain the financial viability of the Housing Revenue Account (HRA), ensuring that sufficient income is generated to sustain housing services and support future investment in its housing stock. The policy also promotes transparency and consistency on how rents are calculated, helping tenants understand how their charges are set and ensuring fairness across the council's range of housing stock.

3. Aims and objectives

- 3.1. The primary aim of this policy is to allow the council the scope it needs to maintain the financial viability of the HRA. The objectives of the policy are as follows:
 - 3.1.1.1. To set rents fairly and transparently using the formula rent model.
 - 3.1.1.2. To ensure rent increases are predictable and aligned with government rent policy.
 - 3.1.1.3. To comply with statutory obligations and align with the strategic objectives of the council and its Housing Service.

4. Legislation and other obligations

- 4.1. LBWF are legally required to set rents in accordance with national legislation and regulatory guidance. The Council adheres to the following statutory and regulatory frameworks:
 - 4.1.1. The Equality Act 2010.
 - 4.1.2. Data Protection Act 2018.
 - 4.1.3. Government's Policy Statement on Rents for Social Housing (RSH)
 - 4.1.4. Housing Act 1985 (Section 24).
 - 4.1.5. Housing Act 1996.
 - 4.1.6. The Local Government and Housing Act 1989
 - 4.1.7. The Human Rights Act 1998.

- 4.1.8. Landlord and Tenant Act 1985.
- 4.1.9. LBWF Tenancy Policy and Strategy.
- 4.1.10. Welfare Reform and Work Act 2016.
- 4.1.11. Rent Standard (Regulator of Social Housing).

5. Data protection and GDPR

- 5.1. The Council is committed to protecting personal data in accordance with the UK GDPR and the Data Protection Act 2018. We only collect and process information that is necessary for delivering our statutory housing functions.
- 5.2. LBWF does not use special category (sensitive) personal data, such as health information, racial or ethnic origin, political opinions, religious beliefs, biometric data, sexual life or sexual orientation for the purposes of rent setting.

6. Background

- 6.1. Local authorities have the power to determine their own rent levels, but for low-cost council housing, rents must be set in accordance with the Regulator for Social Housings published Rent Standard Rent Standard - April 2023 (accessible version) - GOV.UK (www.gov.uk)
- 6.2. The Rent Standard has two effects on rent setting. Firstly, it sets the maximum rent for new Council tenancies (the 'formula rent'), and secondly, the maximum increase which can be applied to current tenants' rent charges.
- 6.3. The Council recognises that there will be existing properties where the rent is not set at formula rent. Once these properties are let to new tenants, rents will increase to formula levels.

7. Rent calculation principles

- 7.1. Rent will be calculated annually and details published in the Council's annual HRA report to Cabinet. Under the social rent policy rents will be set based on a formula that has consideration of:
 - 7.1.1. The condition and location of a property – reflected in its value.
 - 7.1.2. Local earnings.
 - 7.1.3. Property size (specifically, the number of bedrooms in a property).
- 7.2. The basis for the calculation of formula rents is:
 - 7.2.1. **Property value:** 30% of the rent is based on the relative value of the property, using January 1999 prices.
 - 7.2.2. **Local earnings:** 70% of the rent is based on average local earnings, ensuring affordability is considered.
 - 7.2.3. **Property size:** a bedroom weighting factor is applied so that smaller properties have proportionally lower rents.
- 7.3. Rents are charged on a weekly basis. A weekly rent debit will be applied to tenants' rent accounts every Monday. Rent must be paid every week, one week in advance, unless there is an agreement to pay monthly.

8. Affordable rent

- 8.1. In addition, London Affordable Rent (LAR) may be applied to new homes delivered under the Greater London Authority's Affordable Homes Programme. Affordable Rent can be set up to 80% of market rent, inclusive of service charges.

9. Rent caps

- 9.1. LBWF will ensure that rent levels for Council-owned homes do not exceed government-set limits, in full compliance with the Regulator of Social Housing's Rent Standard. This standard governs both the maximum rent that can be charged for new tenancies, based on formula rent and the allowable annual increases for existing tenants. Where the government imposes temporary caps, the Council will adhere strictly to these caps to maintain affordability and regulatory compliance across its housing stock.
- 9.2. The Council will comply with the requirements as set out by the Regulator of Social Housing for the appropriate calculation of rent convergence to our properties.

10. Affordability Assessments

- 10.1. An assessment of rent affordability will be produced by Housing Finance as part of the annual HRA report, informing the rationale for rent setting and rent increases to ensure fairness and sustainability for our tenants.
- 10.2. For more information regarding support for vulnerable tenants and those on low incomes, see the Rent Collection policy.

11. Rent flexibility for new tenancies

- 11.1. Landlords are permitted under the regulations to set rents at levels above the social formula rents providing local factors, market conditions and affordability are considered:
 - 11.1.1. For general needs accommodation a 5% flexibility is allowable.
 - 11.1.2. For supported housing, such as sheltered schemes a 10% flexibility is allowable.
- 11.2. Not all our rents will be at a level equal to the formula rent for the property.
- 11.3. The Council will set the formula rent for new tenants at 105% of formula for general needs accommodation and 110% of formula for new lets in supported housing units.
- 11.4. In accordance with the Rent Standard 2026, when a tenancy of social rent housing is granted to an existing tenant, the rent must not be re-set to a formula rent.

12. Service charges

- 12.1. Service charges are applied where tenants receive additional services beyond standard housing management, such as cleaning of communal areas and grounds maintenance. These charges must reflect the actual cost of services provided. The Council will ensure that service charges are transparent, reasonable, and reviewed annually to reflect changes in service delivery or cost.
- 12.2. Tenants and leaseholders will be consulted on any changes via the Resident, Influence and Accountability Panel (RIAP), particularly when new or extended services are introduced.
- 12.3. Chargeable services may include:
 - 12.3.1. Bins charges for refuse and recycling
 - 12.3.2. Caretaking
 - 12.3.3. Communal lighting
 - 12.3.4. CCTV
 - 12.3.5. Cleaning of communal areas.
 - 12.3.6. Grounds maintenance.
 - 12.3.7. Heating and hot water were provided communally.
 - 12.3.8. Lift maintenance.
 - 12.3.9. TV Aerial
- 12.4. Service charges are:
 - 12.4.1. Calculated based on actual costs incurred by the Council.
 - 12.4.2. Reviewed annually to reflect changes in service delivery or cost.
 - 12.4.3. Set transparently, with clear breakdowns provided to tenants.
 - 12.4.4. Subject to consultation when new or extended services are introduced.
- 12.5. Service charges are not governed by the Rent Standard but must comply with legal requirements under landlord and tenant law. Charges must reflect the cost of the service provided and cannot be used to generate surplus income.

13. Housing Revenue Account Sustainability

- 13.1. The Council is required to maintain a financially sustainable HRA, which records all income and expenditure related to council housing. Rent and service charges play a critical role in supporting the HRA's ability to manage, maintain, and invest in the housing stock. These charges must be set at levels that ensure the long-term viability of housing services while remaining fair and transparent to tenants.

14. Equality and Diversity, Vulnerability, and Reasonable Adjustments

- 14.1. When implementing this policy, the Council will have regard to the Equality Act 2010 and show due regard to an individual's medical condition or vulnerability

such as mental health and learning disabilities, as and when applicable.

15. Transparency and Communication

- 15.1. The Council is committed to ensuring transparency in how rents and service charges are calculated. Tenants and leaseholders will receive clear annual notifications of any changes to their charges, including supporting information where applicable. All rent-setting policies must be accessible and inclusive, with opportunities for tenants to provide feedback, particularly during consultations or when new services are introduced.
- 15.2. The Council will publish an annual HRA report setting out how rent will be set for the forthcoming year.
- 15.3. Under Section 103, Housing Act 1985, the Council will vary rent annually by giving tenants at least 28 days' notice in writing. The annual changes in rent and service charges will be effective from the first Monday in April.

16. Policy Review and Governance

- 16.1. It is the decision for Cabinet to approve the yearly change to rental charges and service charges in line with Government guidance in line with the Council's budgetary and governance framework.
- 16.2. Responsibility for implementing the Rent Setting Policy is delegated to relevant Finance and Housing Directors. These officers are accountable for applying the policy consistently, ensuring compliance with regulatory standards, and maintaining the financial sustainability of the HRA.

17. Monitoring, review and evaluation

- 17.1. Performance of rental income collected is monitored and reported on both a weekly and monthly basis.
- 17.2. This policy will be reviewed every 2 years by Cabinet or earlier if there are changes in legislation.