ST ANNE'S COMMUNITY SERVICES

POLICY

6.01 Rent Setting and Income Management Policy

Policy Category	6.01 Rent Setting and Income Management Policy
Policy/Procedure Cross Ref	4.45 Voids Policy 6.00 Financial Authorisation Financial Regulation and Standing Order Policy
Summary of Policy Changes	V2.2 April 2026 - Amendments made in line with current national legislation and St Annes processes
Policy Owner	Chief Financial Officer
Approval Route	ELT – Finance & Business Committee July 2026
Published Date	July 2026
Expiry Date	July 2029

1.0 Policy Summary

As a registered charity, an organisation substantially funded by the public sector and similarly to observe good corporate governance, St Anne's needs to conduct its affairs in an appropriate, transparent, and consistent manner being accountable for the decisions it makes. This policy sets out these requirements specifically in reference to income management processes

For the full details of this policy, please read the entire document, not just the summary.

2.0 Scope

This policy is an organisation wide policy and applies to all employees, but particularly those who have a responsibility in a process that is ultimately connected to the income we receive as an organisation, but will particularly include finance, FLM's and the housing team.

This policy therefore equally applies to any of St Anne's subsidiaries, partnerships or other such relationships that operate under the remit of St Anne's including joint ventures or partnerships with other Registered Providers of Social Housing.

3.0 Main Policy Content

This policy details how income should be managed within St Anne's to ensure there are appropriate controls in place to ensue income is recognised accurately and that our customers, whether that be local authorities or our tenants and clients, are billed accurately and on time and clearly understand what they need to pay St Anne's.

4.0 Effects

This policy effects the following:

- Regulatory Compliance: ensuring rents are set and managed in compliance with the Regulator of Social Housing's Rent Standard, and that rent and service charge arrangements are clear and fair.
- Clients and tenants: ensuring charges are set correctly and income received reflects the services and accommodation provided, in line with transparent and consistent charging principles.
- Financial stability: maintaining sustainable income streams and appropriate reserves for contingencies.
- Funders: providing assurance that charges are calculated correctly and income is managed in accordance with contractual and regulatory requirements.
- Auditors and regulators: ensuring audit and regulatory requirements are met and that appropriate records and controls are maintained.

5.0 Rental income – rent setting

Rent setting should be considered in conjunction with the service charge setting section of this policy.

St Anne's ability to set rents is directed by the Regulator of Social Housing Rent Standard, which is determined by a government direction under Section 197 of the Housing and Regeneration Act 2008.

Rents are reviewed and agreed annually and approved by Board prior to notifying tenants (and their appointee where appropriate). St Anne's will also notify the housing

benefit agencies.
This policy follows the annual rent formula as set out by central government subject to the flexibility allowed by the exemptions available to providers of supported housing.

Social and affordable rents can be increased by up to CPI+1% each year. For social rent properties, the maximum rent to charge is the formula rent. The Rent Standard also allows for rent flexibility with an upward tolerance of 10% of formula rent on supported housing.

The relevant rent standard and available exemptions is set out at the link below:

St Anne’s falls under these exceptions as detailed at:
(www.gov.uk/government/publications/rent-standard-guidance).

St Anne’s will undertake to notify residents of the increase to their rent by providing all tenants with at least one months’ notice via written notification. The notification will include the following:

- The new weekly rent and service charges.
- The date on which the rent increase will take effect.
- The process for how tenants can raise concerns or ask questions in relation to their rent or service charge or any historic arrears.
- Signposting of charity organisations for individuals in financial difficulty.
- A copy of “Form 4” - Landlord’s Notice proposing a new rent under an Assured Periodic Tenancy of premises situated in England

5.1 Service charge income – service charge setting
Service charge setting is managed in conjunction with the rent setting.
This policy recognises that a service charge differs from rents. Rents are used by St Anne’s as a landlord to cover the costs of repairs, maintenance and insurance of the properties, as well as housing management that includes the administration of tenancies from start to finish (Intensive Housing Management charge)
The service charge is the payment made by the tenant (often paid by housing benefit on behalf of the tenant) for services received in connection with the occupation of their home. This charge is for services provided in connection with the property not covered by the rent and provided by St Anne’s and is split between communal and individual charges.
The tenant is made aware of what services are provided by referring to the tenancy agreement and this is explained during the sign-up procedure by the housing team representative.

Variable service charges
St Anne’s uses a variable service charge where the provisions of the occupancy agreement allow the landlord to amend the service charge each year according to actual costs incurred or estimated.

Statutory definition of a variable service charge
Section 18 of the Landlord and Tenant Act 1985
Service charge means an amount payable by a tenant of a dwelling as part of or in addition to the rent

a) Which is payable directly or indirectly for services, repairs, maintenance, improvements or insurance or the landlord's costs of management, and
b) The whole part of which varies or may vary according to the relevant costs

The relevant costs are the costs or estimated costs incurred or to be incurred by or on behalf of the landlord in connection with matters for which the service charge is payable. For this purpose, 'costs' includes overheads and are relevant costs incurred in relation to a service charge, or to be incurred in the period when the service charge is payable, or in an earlier or a later period.
In other words, it is possible to collect in the service charge expenditure that has already been incurred and budgeted expenditure for the future. This is subject to any contractual restrictions in the occupancy agreement.

The statutory definition of a variable service only applies where:

- There is a long lease (21 years)
- There is a tenant of a housing association.

Service charge calculations
New rents are calculated annually in line with the rent setting process.
Detailed records of how service charge calculations are performed along with the supporting invoices and contractual agreements will be kept by the finance team. The definition of items to be included in service charge calculations will be reviewed at least annually by the Finance and Housing teams, along with changes in the relevant housing legislations and regulatory guidance and best practice issued by the Regulator for Social Housing.

Ineligible service charges are defined in Schedule 1, Part 1 of the Housing Benefit Regulations 2006.

- Most charges in respect of food.
- Laundry (other than the provision communal rooms and or equipment to enable a person to do his or her own laundry).
- Leisure items such as either sports facilities (except a children's play area) or television rental and licence fees (unless it is the only practicable means of receiving the standard TV channels).
- Cleaning of rooms and windows except cleaning of:
    - Communal areas.
    - The exterior of any windows where neither the claimant nor any member of his or her household is able to clean them where payment is not made in respect of such cleaning by a local authority (including in relation to England, a county council) or the National Assembly for Wales to the claimant or his or her partner or to another person on their behalf.
    - Transport.
    - Charges in respect of furniture or household equipment and the use of such furniture or equipment where it will become the property of the claimant by virtue of an agreement with the landlord.
    - **Charges in respect of the provision of an emergency alarm system.**
    - **Charges in respect of medical expenses (including cost of**

counselling relating to mental disorder, learning disability, physical disablement or past or present alcohol or drug dependence).

- **Charges in respect of the provision of nursing or personal care (including assistance at meal-times, or with personal appearance or hygiene).**
- **Charges in respect of general counselling or any other support services, whoever provides those services.**
- Charges in respect of any services not specified above which are connected with the provision of adequate accommodation.

• Schedule 1 Part 2 of the Housing Benefit Regulations 2006 (payments in respect of fuel charges).

• A service charge for fuel except a charge in respect of services for communal areas shall be ineligible to be met by Housing Benefit.
'Communal areas' means areas (other than rooms) of common access (including halls

If a service provided by the landlord falls into one of these ineligible categories, the cost cannot be recovered through Housing Benefit. In that scenario, landlords should decide if they still want to provide that service and if so, do residents have to pay for the service themselves or will the landlord absorb the costs.

5.2 Fee income – existing business

Prior to the start of the financial year the annual bed prices / weekly charges are reviewed and then agreed by the funder (either local authority, NHS or a mixture of both and clients). Invoices will be issued in a format and at a frequency, in accordance with the requirements of the contract.
To ensure St Anne's maintain proper and accurate accounting records, it is ensured that the Income Team in finance are notified of any changes and have up to date information regarding tenant's circumstances. This covers weekly bed prices, any 1:1 charging, delivery of hours or changes to support hours provided. Amendments are notified to the income team by St Anne's business partners, based on information provided by our services regarding the client's care and provision.
The Finance Business Partners will coordinate working with commissioners to ensure all services are financially sustainable. Where services continue to not be financially viable the future of the service will be considered including the impact on clients, colleagues and financially.

5.3 Fee income - new business

All new business must be approved in line with the Financial Authorisation Financial Regulation and Standing Order Policy (6.0). Approval, for costing known as a Service Cost Analysis Form (SCAF), must be produced for all new business to understand if the new business is financially viable. All details are to be communicated to the relevant Finance Business Partner (FBP) at the earliest possible opportunity so that a SCAF can be completed. Once costed, the SCAF will be forwarded to the FBP and the Chief Financial Officer (CFO) for final agreement of the financial impact of the bid/tender. At this point this will be shared with the Business Development team who will pull the bid/tender together and seek approval of the bid/tender before submitting it.

For any successful bid/tender, a signed copy of the contract must be sent to the FBP and Finance Manager - Income at the earliest opportunity so that the billing can be set up for the new contract. Within the finance income team, the sales ledger team will add the detail to their invoicing schedule and raise the invoice(s), as appropriate, to ensure they are paid when they are due.

5.4 Grant income

Where available, historical grant information and records are held by finance.

For any new potential grants the information should be finance with the relevant FBP in the first instance. They will be responsible for reviewing the grant and gaining the appropriate authorisation for the grant. They will also provide confirmation to the funder that St Anne’s is going to accept the grant with the appropriate authorisation.

Subsequent reporting against the grant sits within finance.

Once any funding is agreed a signed copy of the contract must be sent to Finance Manager - Income and the FBP, if the contract is received via another route.

The Finance Manager - Income, will ensure that the monitoring and reporting requirements are in hand to facilitate payment and that the sales Ledger team add the detail to their invoicing schedule, raising the invoice(s) when required.

5.5 Donations and fundraising income

As a registered charity St Anne’s maintains a general charity fund in compliance with the Charities Act. The Fund’s income comes from donations, fundraising events, and specific appeals.

All income or gifts in kind may only be used for the benefit of the person(s), home(s) or service(s) specified by the donor. All gifts in kind should be notified. All donations will be acknowledged.

Record keeping

Charity funds must be kept separate from all other monies and records will be kept by the finance team, detailing funds received and any distribution of those funds.

5.6 Other income

At St Anne’s other income is any income that doesn’t fall into any of the above detailed categories. By its nature other income can be ad hoc or one-off or just not a typical source of income for St Anne’s.

The structure of the business generates further income where third parties may rent office space or use of our training programs.

For any such income, contracts should be kept, and copies provided to the Finance Manager – Income to ensure that the appropriate invoicing is raised, and any tax implications are considered. The Finance team should be made aware if any of these agreements change and of any new agreements put in place.

5.7 Client contributions – ineligible costs

Where tenants/clients contribute directly to some of the charges associated with their support they are encouraged to pay up to 4 weeks in advance at the start of their tenancy. Any missed payments are classed as arrears and chased with the support of the relevant service staff member.

5.8 Void management

Void management information can be found in 4.45 Voids Policy.

5.9 Arrears
We aim to be sensitive and supportive in our approach to collecting any tenant rent arrears and client charge arrears due. However equally collecting rent and other charges is an essential part of ensuring the organisation is sustainable and we can provide the right support to our clients and tenants.
For some charges, the responsibility for payment and arrears lies with the client, or in some cases their appointee, although this funding may come via a funding body. St Anne's committed to making every effort to assist clients who are in financial difficulty and support clients around the management of their finances. Similarly, in more independent living settings, it is essential that clients and tenants recognise their responsibilities and the importance of paying for any charges as part of living independently and we will support them appropriately to do so. We also promote signposting for clients and tenants who are uncertain of their financial position.

Prevention of arrears
The best way to manage arrears is for them not to arise in the first place, therefore staff proactively engage with clients/tenants around ensuring charges are collected.

Managing arrears
Arrears can result from the non-payment of the funding for the tenant from the funding body and or a result of non-payment by the tenant of charges (rental on costs incurred on site that are recharged to the tenant).
It is essential that the details of funding are provided to the finance team at the time of a client/tenant moving into the property, negating the chance of late payment or future arrears.
In communicating with tenants, or their advocates, about arrears, wherever possible, this should be initially done through direct personal contact, rather than written correspondence, as this should aid with understanding the situation fully.
Contact, records of conversations and agreements will be recorded on the relevant system: housing management system / nourish.
However, this should be followed up with written correspondence to evidence action is being taken and for audit trail purposes. It is however important that any communication is easy to read, understand and is tailored to the needs of the client.
In negotiating repayment of arrears, the client can be offered the option of; lump sums, instalments, or a combination of the two.

5.11 Credit control
The finance team should always ensure prompt payment of invoices and charges. Wherever possible this should ensure all payments are made within 30 days of when they were due. For invoices that are over this age additional steps should be taken to collect those monies, including the following: a direct dialogue with the funder and providing appropriate evidence, statements, and information to demonstrate the invoices are due and are valid charges.
For invoices that continue to be unpaid they are highlighted to the Finance Manager – Income and then to the Head of Finance and an action plan agreed. Regular monthly reporting is provided and reviewed within the finance team to highlight any aging invoices that haven't been paid with a clear action plan for each debt, communicated to the relevant service manager or support officer.
First Line Managers (FLMs) with a responsibility for income, ensure timely and accurate

information is passed over to the finance income team to support the payment of any outstanding invoices.

5.12 Bad debt

Aged debt is reviewed by the finance income team to understand whether this is a bad debt or doubtful debt and whether a provision for this debt is needed.
A debt shall only be considered a bad debt if it is viewed as unlikely to be recovered and all possible actions to collect the debt have taken place. This should include a robust dialogue with the funder, family member or appointee and St Annes staff member(s) who supports the client to provide all appropriate information to explain the debt. This is done to avoid the consideration of eviction or sharing of client/tenant information with external debt recovery partners.
In line with the 6.0 Financial Authorisation Financial Regulation and Standing Order Policy, bad debts should be proposed to the CFO to agree to write-off in the first instance. The Audit & Risk committee will also be informed on a periodic basis of any bad debts to be written off and provide approval where necessary.

5.13 Raising invoices and credit notes

The responsibility of raising invoices and credit notes sits with the finance income team and it should be ensured that they are always accurate and raised on a timely basis. Procedures for raising invoices and credit notes are contained within the finance team. Any questions around this process should be directed to the finance income team.
FLM's, and other managers with a responsibility for income, should aid this process as needed and particularly ensure timely and accurate information is passed over to the finance income team to support the raising of invoices and credit notes.

6. Roles and Responsibilities

It is everyone's responsibility covered under the scope of the policy to follow this policy. The finance team has a responsibility to ensure adherence to this policy when something covered under the scope of this policy arises in their day-to-day roles. Line managers have a responsibility to ensure the people they manage adhere to this policy.