

Rent Setting Policy

Document ID/Version:	V1			
Executive Lead (Owner):	Ian Johnson, Chief Financial Officer			
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Strategic alignment:	N/A. This policy fulfils a legal, regulatory, or operational requirement.			
Review frequency:	Every 3 years <input checked="" type="checkbox"/>	<input type="checkbox"/>	Other (state period) <input checked="" type="checkbox"/> Annually	
Previous review date:	N/A – first combined policy			
Date policy approved:	12 February 2026			
Policy approved by:	Group Common Board			
Next policy review date:	February 2027			
IMPACT ASSESSMENTS				
Equality Impact Assessment				
Completed?	No <input type="checkbox"/>	Yes <input checked="" type="checkbox"/>		
	If not required, state reason:			
Resident Impact Assessment				
1) Is this one of the agreed policies requiring resident consultation? Please refer to:	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>		
2) If yes, please confirm resident consultation has taken place <input type="checkbox"/>	Briefly detail changes arising from resident feedback:			
APPROVAL - To show transparency and accountability, specify whether policies have been approved by the Board/Executive/Committee. Clear approval lines strengthen governance, ensuring assurance and accountability.				
Approval journey:	Executive Team	Committee		Board
	<input checked="" type="checkbox"/>	Yes <input checked="" type="checkbox"/>	Committee name(s)	<input checked="" type="checkbox"/>
			Resident Experience Committee	
Which Regulatory Standard does this Policy support?	Economic			
	Governance & Viability	Rent		Value for Money
	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
	Consumer			
	Neighbourhood & Community	Safety & Quality	Tenancy	Transparency, Influence & Accountability
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

Rent Settings Policy February 2026

Associated legislation	<ul style="list-style-type: none"> • The Regulator of Social Housing (RSH) Rent Standard 2020 • The Policy Statement on Rents for Social Housing (Rent Policy Statement) • Shared Ownership Rent Reforms (Oct 2023) 		
Associated procedures	Rent procedures		
Where is this policy to be published?	Website	Intranet	Both
	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Rent Setting Policy

1. Policy Statement

This policy sets out the Group's methodology to the setting and reviewing of residential property rent. The Policy supports our business plan objectives to continue to develop new affordable homes, and to provide a fair deal for existing customers.

2. Objectives, desired outcomes and strategic alignment

The policy ensures that our rent setting and rent review arrangements:

- Comply with the requirements for social rented properties through the Rent Standard of the Regulator for Social Housing;
- Comply with legal, regulatory and other requirements or formulae set by Homes England (or predecessor bodies) as a condition of grant funding;
- Maintains our financial viability and ability to invest in new and existing homes; and
- Takes account of the cost of living and the affordability of living in our homes for our customers.

3. Scope

This policy applies to all our residential properties where we charge a rent. Almshouses' rent settings are covered by a separate and specific policy.

4. Policy Principles

4.1 Rent types regulated by Rent Standard

These rents will be reviewed annually and increased by up to CPI +1% in line with the Policy Statement and Rent Standard. Any changes are applied from the first Monday in April with residents given written notice at least 4 weeks in advance of the increase.

The rates applicable for 2026/27 are listed in Appendix 1.

The following sections describe how we set rents at first let and re-let.

4.1.1 Formula (Social) Rent

Formula rents (previously known as social or target rents) are set according to a formula set out in the government's Policy Statement on Rents for Social Housing.

At first let and each subsequent relet, the rent will be set to the formula rent, increased in accordance with the allowed tolerance (rent flexibility) up to:

- 10% for supported housing: and
- 5% for all other housing types.

For each new scheme proposed, the appraisal process will also consider the extent to which the use of the tolerance on those properties is required to make the scheme viable.

4.1.2 Affordable Rent

Affordable rents apply on those properties specifically identified as being within that rent regime for the purposes of providing funds for investment in new housing stock, either from development or converted from existing stock under agreement with Homes England.

Affordable rents are set at a level up to a maximum of 80% of the local market rent for that type of property at the time of letting. We will use a RICS recognised on-line desktop portal which is managed by an independent professionally qualified valuer to establish market rent. In most cases, affordable rent levels are inclusive of service charges for all communal services provided. Any additional charges relating to the property will be identified in the tenancy agreement.

In addition, at first let and each subsequent re-let we have chosen to cap Affordable Rent at the lower of:

- 30th centile of rents in the Broad Market Rental Area (BRMA) or rent charged to the previous tenant, whichever higher; and
- SettleParadigm Affordable Rent cap - applicable rates for 2026/27 are per Appendix 1.

Where applicable, we will comply with local authority requirements or planning conditions (including Section 106 restrictions) that impose limits on the Affordable Rent level for specific properties.

Where an affordable rent would be less than the formula rent plus associated service charges, we will use the formula rent and service charge.

4.1.3 Fair Rent (Registered Rent)

Fair Rents apply only to secure tenants, and no new Fair Rent registrations can be made since the system has been closed to new applications.

Fair Rents are determined by the Valuation Office Agency (VOA), and landlords may request a review every two years. The maximum weekly rent chargeable is the lower of the Rent Officer-determined fair rent and the applicable formula rent.

As a registered provider, we must also comply with the Rent Standard, meaning we cannot increase the rent for a resident protected by Fair Rent regulations by more than the Rent Standard permits in any given year, even where the rent is below formula rent and the maximum Fair Rent set by the VOA is higher.

4.2 Rent types NOT regulated by Rent Standard

4.2.1 Shared Ownership Rent

Shared ownership rent contributes towards the cost of financing the landlord's retained equity, ensuring that the landlord can continue to invest in the homes and fulfil its obligations under the lease.

Shared ownership rents are set in accordance with the terms of each property's lease agreement, which governs how the initial rent is calculated and how it must be reviewed each year.

New shared ownership rents will be set at a default of 2.75% of the unsold equity. Where market conditions or local viability considerations require a different approach, scheme-specific rent levels may be recommended by the Executive Director of Development and approved as part of the scheme approval process.

Annual rent reviews follow the mechanism prescribed in the lease. This typically means the rent increases each year by a formula linked to a specified inflation index, most commonly RPI or CPI plus a set percentage. Rent changes are applied from April each year and communicated to shared owners in accordance with statutory and contractual requirements.

Staircasing allows shared owners to buy further shares in their home. As the share owned by the resident increases, the rent payable decreases proportionally. When a shared owner reaches 100% ownership, rent on the equity portion ceases entirely (though service charges may still apply if relevant to the scheme).

4.2.2 Intermediate Rent

Intermediate Rent homes are intended to support households who are not eligible for social housing but are unable to afford full market rent.

Intermediate Rents are set at a discounted level, usually up to 80% of the local market rent for an equivalent property. We will use a RICS recognised on-line desktop portal which is managed by an independent professionally qualified valuer to establish market rent. Intermediate rent levels may be inclusive of service charges for communal services provided. Any additional charges relating to the property will be identified in the tenancy agreement.

Intermediate rents are reviewed annually at the rate stated in the tenancy agreement or if no rate is specified, the same rate applied to formula rents. Changes take effect from April.

4.2.3 Market Rent

Market rents are set by reference to the local market. At relet or first let, the market rent will be established using a local estate agent valuation or the RICS recognised on-line desktop portal which is managed by an independent professionally qualified valuer. Any additional charges relating to the property will be identified in the tenancy agreement.

They are reviewed annually at the rate set out in Appendix 1, and any changes applied from April.

4.2.4 Specialist and Temporary Housing Agreements

SettleParadigm owns and manages a number of schemes where the properties or tenancies have specific agreements detailing how we set and review the rent. In these cases, we will abide by the specific agreements.

Examples of such arrangements may include, but are not limited to:

- Temporary Housing
- Short-Life Hostel
- Local Authority Agreements
- Ex-NHS Trust Properties

5. Equality, Diversity & Inclusion

We will continue to assess affordability of rents. We will review our caps to balance our commitment “to provide homes to people that need them and can’t afford them in the open market” with our financial viability and capacity to build and invest.

6. Roles and responsibilities

Group Common Board holds ultimate responsibility for approving the Rent Setting Policy and ensuring it aligns with regulatory requirements, strategic priorities, and long-term financial viability across the Group.

Executive Board reviews and recommends the policy to the Group Common Board and oversees its implementation, ensuring rent decisions remain aligned with business planning assumptions and affordability commitments.

Chief Financial Officer is responsible for reviewing this policy annually and presenting to Board for approval.

Director - Financial Operations is responsible for overseeing the design and implementation of appropriate financial and compliance checks during the annual rent review process, ensuring accuracy before notices are issued and systems are updated.

Head of Rent and Service Charge is responsible for operational implementation of this policy, including staff training to ensure compliance and effectiveness.

Rent and Service Charge team is responsible for ensuring that rent information is communicated to residents and internal and external stakeholders clearly, accurately, and within required timescales.

Lettings and Sales teams are responsible for ensuring that properties are let at the correct rent for the relevant tenure type, and for providing clear, accurate information to new residents.

7. Compliance/Key Performance Measures

Rental income performance is monitored through regular budget and financial reporting processes to ensure income assumptions and business plan forecasts remain on track.

Accuracy of rent setting is assured through validation checks confirming that rent changes applied in the housing management system match approved calculations, tenure rules, and policy requirements, with any errors tracked and reported.

System integrity is maintained through reconciliations and end-to-end system testing prior to the annual rent uplift to ensure correct application of rents and service charges.

Timely resident communication is monitored by tracking the on-time issue of rent and service charge notifications in line with statutory and contractual notice periods.

Affordability oversight is supported through monitoring arrears trends, identifying early indicators to ensure rent changes do not disproportionately impact residents.

8. Related Policies, Procedures and Key Documents

- Tenure Policy
- Letting Policy
- Service Charge Policy

- Resident Arrears Management Policy
- Garage Letting Policy
- Ground Rent Policy

9. Version Control

Version control			
Date	Version	Approved By	Details of Amendments
Feb 2026	V1	Group Common Board	First integrated policy for SettleParadigm

Appendix 1 – Rent increase rates 2026/27

Tenure	Basis of increase	Rate of Increase
Formula rent	September CPI + 1%	4.8%
Affordable rent	September CPI +1%	4.8%
Affordable rent cap		£316.14
Fair rents	September CPI +1% Capped at registered rent set by the Valuation Office	4.8%
Shared ownership	Per lease agreement: September RPI +0.5% September RPI November RPI +0.5% December RPI +0.5% December RPI September CPI +1%	5.0% 4.5% 4.3% 4.7% 4.2% 4.8%
Intermediate rents	4.8% unless there is a specific arrangement within the agreement	4.8%
Market rent	5% unless there is a specific arrangement within the agreement	5.0%
Specialist and Temporary Housing Agreements including: <ul style="list-style-type: none"> • Temporary Housing • Short-term Hostel • Local Authority Agreements • Ex-NHS Trust Properties 	4.8% unless there is a specific arrangement within the agreement	4.8%