Rent Setting Policy

A plain-English guide for our tenants

Policy Name	Rent Setting Policy
Effective Date	September 2026
Approved By	Board
Approval Date	September 2026
Policy Owner	Amanda Harris, Finance Director
E & D Impact Assessed	Yes
Next Review	September 2029

1. Why we have this policy

This policy explains how we work out and charge the rent you pay. We want to be fair, open and easy to understand.

Every year we review rents. Rent is our main source of income, so it pays for looking after your home, carrying out repairs, making improvements and building new affordable homes for people who need them.

We will always give you clear, written notice of any change to your rent before it happens, and we will tell you where to get help if you're worried about affording your rent.

2. Who this policy covers

This policy applies to everyone who rents a home from Arawak Walton, including:

- Social rent tenants (general needs and sheltered housing)
- Affordable rent tenants

- Intermediate (sub-market) rent tenants
- Secure tenants with a fair rent
- Shared owners (rent on the share we own)

Your agreement with us (eg tenancy agreement or lease agreement) will set out which basis your rent is charged.

Service charges are covered by a separate policy and are not included here.

3. A few terms explained

- CPI (Consumer Price Index) – a national measure of how prices are changing. Government rules link our rent increases to CPI.
- RPI (Retail Price Index) – a national measure of how prices are changing. Similar to CPI. RPI is used in shared ownership lease agreements.
- Formula rent – the rent level set by a government formula, based on property value, local wages and the number of bedrooms. This is the maximum we can normally charge for social rent.
- Social rent – our standard, lower-cost rent for general needs and sheltered housing.
- Affordable rent – set at no more than 80% of the local market rent.
- Intermediate rent - set at no more than 80% of the local market rent.
- Fair rent (secure tenancies) – a rent registered by the Valuation Office Agency for some long-standing tenancies.
- 5% flexibility – government rules allow us to set rent up to 5% above formula rent (10% for sheltered housing) to help fund investment in homes.
- Rent Convergence – for rents that are below formula rent, the government allows an additional increase of £1 increase per week in 2027/28 and £2 pw from 2028 onwards.

4. The rules we follow

Rent for social and affordable housing is controlled by the Regulator of Social Housing's Rent Standard. In June 2025, the Government introduced a 10-year rent settlement: from 2026, social housing rent can increase each year by up to CPI + 1%.

This limit has not always applied in full – for example, rents were cut by 1% a year between 2016 and 2020, and increases were capped below CPI + 1% in 2023/24.

We will always follow whatever rules are in force at the time, and we will never charge more than the maximum allowed.

5. How we work out your annual rent increase

Each year the Board will consider a rent increase and the impact on tenants carefully, alongside the cost of maintaining homes and investing for the future. Our policy on rent increases is shown below:-

Type of tenancy	What happens to your rent
Social rent – general needs & sheltered housing.	Increases to a maximum of CPI plus 1% plus rent convergence where applicable (from 2027/28 onwards). The 5% flexibility continues to apply where it already did.
Affordable rent	Increases by a maximum of CPI plus 1% to a maximum level of 80% of the local market rent.
Intermediate (sub-market) rent	Reviewed every year. Maximum increase of CPI plus 1%.
Shared ownership	Set out in your lease (based on RPI).
Secure tenancies with a fair rent	Set by your tenancy agreement, usually reviewed every two years. You'll never pay more than the lower of the registered fair rent or the formula rent, and any increase will be capped at CPI plus 1%.

New Tenants

When a home becomes empty, we will re-evaluate the rent level - social rent homes will be let at formula rent plus the 5% flexibility. Affordable and sub-market rent homes will be assessed individually and will never exceed 80% of the equivalent market rent.

6. Telling you about rent changes

We will always write to you before any change to your rent, giving you the notice set out in your tenancy agreement – normally at least one calendar month, and sometimes 28 days depending on your agreement type. If your rent is going down, we will usually still give you the same notice.

7. Help if you're worried about paying your rent

We know rent increases can be difficult, especially if money is tight. If you're struggling, please talk to us as early as possible – we're here to help, not to judge. Support available includes:

- A dedicated Housing or Scheme Officer who knows you and your circumstances
- Help checking you're claiming all the benefits you're entitled to
- Our Tenant Welfare Fund, for emergency financial help in a crisis
- Referrals to independent money and debt advice services
- Flexible payment plans if you fall behind

Contact your Housing Officer or our office as soon as you have any concerns – the earlier we know, the more we can do to help.

8. Who looks after this policy

- The Board approves this policy.
- The Finance Director is responsible for the policy overall.
- Our Finance and Housing teams work together to set and apply rents fairly and accurately.

9. Treating everyone fairly

We apply this policy fairly and consistently to everyone, whatever their age, disability, gender, race, religion, sexual orientation or any other protected characteristic. If you need this policy in another format – large print, audio, another language – just ask and we'll arrange it.

10. Keeping this policy up to date

We review this policy every year, or sooner if the rules change. This version was approved by the Board on 22nd September 2026.

Questions about your rent or struggling to pay? Please contact your Housing Officer – we're happy to talk it through.