



RENT SETTING POLICY

Issue No	1
Responsible Officer	Andrew Saunders (CEO)
Author	Colin McInnes (Deputy CEO/Housing Manager)
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1. Introduction

We provide affordable housing for those in need. This document sets out how we set our rents for social rented properties and how we try to ensure that these are affordable to our customers.

Details of how and when we assess affordability are detailed at section 9 of this policy.

The policy objectives are detailed below and the rent structure detailing the specific mechanisms by which we set social rents is set out in appendix 1.

The rents for our Mid Market Rent Properties are set by Ore Valley Enterprises Ltd and the mechanism for setting these rents is set out in a separate policy.

In line with our commitment to equality and diversity, this Policy can be made available in a variety of formats, including large print, translated into another language or on audio tape. Reasonable adjustments will also be made to assist individuals who have a disability.

2. The Scottish Housing Regulator

The Scottish Housing Regulator (SHR) assesses and reports on how social landlords are performing their housing services, Registered Social Landlords' (RSLs') financial wellbeing and RSLs' standards of governance. The SHR will intervene to secure improvements where necessary. The SHR was established under the Housing (Scotland) Act 2010 with one statutory objective: 'to safeguard and promote the interests of current and future tenants of social landlords, people who are or may become homeless and people who use housing services provided by registered social landlords and local authorities'.

3. The Scottish Social Housing Charter

The Scottish Social Housing Charter sets out the standards and outcomes that all social landlords should aim to achieve for their tenants and other customers when performing their housing activities.

The relevant standards and outcomes for the Rent, Services and Occupancy Charges Policy are:

Charter Indicator 13: Value for Money

Social Landlords manage all aspects of their business so that:

- Tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay.
- To meet this objective we will regularly retain feedback from customers on whether their rent or service charges provide value for money and we will act upon the feedback we receive.

Charter Indicators 14 and 15: Rent and Service Charges

Social Landlords set rents and service charges in consultation with their tenants and other customers so that:

- A balance is struck between the level of services provided, the cost of the services and how far current and prospective tenants and other customers can afford them.
- Tenants get clear information on how rent and other money is spent.
- In order to meet this objective we will do four things:
 - (i) We will consult with tenants ahead of any increase
 - (ii) We will assess the affordability of the proposed new rents at the annual rent review
 - (iii) We will give tenants a range of options when presenting our annual rent review proposals
 - (iv) We will provide details on our website and in our annual report on the charter as to how your rent money is spent.

4. Objectives

The objectives of this policy are intended to ensure:

- The mechanism for setting rents generates sufficient income to meet our financial requirements.
- The rent structure is capable of setting affordable rents for the different type and size of properties in our stock.
- The mechanism for setting rents is transparent and is understood by staff, board members and customers.
- The policy complies with the Scottish Housing Regulator's guidance by ensuring that, where possible, rents set by the policy are affordable to those on low incomes and who do not receive housing benefit or universal credit.

5. Costs to be Covered

The rent structure provides a framework for setting rents for individual properties, which, when combined, will provide an annual income sufficient to cover all relevant costs incurred by us. Costs to be recovered by rental income will include:

- Housing Management costs – costs associated with managing all aspects of a housing service and determined by the annual budget.
- Maintenance costs – costs associated with undertaking day to day repairs on properties.
- Voids and bad debts – a provision to cater for income lost through voids or unrecoverable rents.
- Energy Efficiency Standards for Social Housing (ESSH) – supporting the Scottish Government's vision of warm, high quality, affordable, low carbon homes and a housing sector that helps to establish a successful low carbon economy.
- An additional charge may be applied where a property has Solar PV panels installed that provide a financial return that directly benefits the tenant.
- Major repairs and renewals – costs associated with planned maintenance and replacement of components within houses such as kitchens.
- Loan Charges – costs associated with servicing private loans taken out by us to fund the building of additional houses to meet demand.
- Insurances – costs associated with building, public and liability insurances which we are obliged to have in place.
- Additional Services – costs associated with providing services such as landscaping and stair cleaning for our social rented properties.
- Wifi Services – costs associated with providing access to internet services will incur a separate service charge in addition to the set rent charge.

6. Rent

We set charges that take account of affordability, the costs of managing and maintaining our houses, comparability with other social landlords in the area and that enable us to service existing loans and fulfil contractual obligations.

We have a fair system for apportioning rents between individual properties.

8. Rent Setting Categories

All our Social Housing tenants have Scottish Secure Tenancy Agreements.

The rents for these properties are set in accordance with Appendix 1. The rent structure includes a base rent agreed with our tenants in 2015 as part of an ongoing rent restructuring exercise which is supported by Arneil Johnston.

This approach is designed to be a consistent approach, calculating rents based on fair principles, reflective of the benefits and amenities provided by the property, simple to understand and transparent.

9. Affordability

One of our key objectives is to provide good quality, affordable housing to those on low incomes therefore we take affordability very seriously. The financial viability of the organisation is crucial for our survival and therefore must also be at the core of any debate on affordability.

Rents are considered to be affordable if the household pays no more than 25% of their income on housing costs.

We will consider the following key factors in our affordability assessments:

- We will take account of the rents charged by the other Fife based RSLs
- We will compare our rents with market rents in the private rented sector
- As part of all budget consideration we will work with our tenants and our Board to compare the affordability of our rents by household size using the SFHA and HouseMark Rent setting and affordability tool, and the latest data from the Annual Return on the Charter (ARC).

10. Annual Review of Charges and Tenant Consultation

Rents are due on the first day of every month and there are no rent-free periods.

We will consult with tenants and other customers regarding potential rent increases, giving reasonable and real options to consider and taking account of their views before finalising rent increases.

We will normally review our rents and charges once a year and all customers will receive one month's written notice of any change to their monthly charge.

If improvements are made to a property after the annual rent review, we reserve the right to increase the rent for that property before the next scheduled review to cover the cost of the improvement so long as we give one month's notice of our intention to do so.

The revised charges will apply from 1 April each year.

11. Policy Review

This policy will be reviewed 5 years from the date of implementation or latest review, which will be the date the policy is approved by the Board, or earlier if deemed appropriate.

Any policy changes likely to significantly impact on the tenant or changes to the standard of service must be consulted on.

In the event that this policy is not reviewed within the above timescale, the latest approved policy will continue to apply.

APPENDIX 1 – Rent Setting Structure

Base Rent Values

Base Rent (All properties) £280 as at 2015/16

Criteria and Values

Criteria **

Criteria 1 - Property Size:

1 Bedroom -£20

2 bedroom	+£15
3 Bedroom	+£40
4 Bedroom	+£70
5 Bedroom	+£110

Criteria 2 - Property Type

Flat	+£15
Bungalow	+£25
House	+£35

**Rent Restructure Caps

2016/17	Inflationary increase 2.0% plus £15.00
2017/18	Inflationary increase 2.5% plus £12.00
2018/19	Inflationary increase 4.0% plus £10.00
2019/20	Inflationary increase 3.0% plus £10.00
2020/21	Inflationary increase 2.5%
2021/22	Inflationary increase 1.0%
2022/23	Inflationary increase 4.0%
2023/24	Inflationary increase 5.35%
2024/25	TBC