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| Policy on: | Rent Policy |
| Compliant with Charter Outcomes and Standards: | 13- Value for Money and 14 and 15- Rents and Service charges |
| Compliant with Equalities | Yes |
| Compliant with Business Plan: | Yes |
| Compliant with Risk | Yes – Risk area 2 - Finance |
| Date for Approval: | January 2022 |
| Date for Review: | January 2027 |
| Responsible Officers: | Head of Corporate Services and Customer Service Manager |



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This policy is available, on request, in different languages and in other formats such as large print, audio format and braille as required.



1. Introduction

The Scottish Housing Regulator requires that Registered Social Landlords adopt rent policies that take account of affordability, costs of managing and maintaining properties, and comparability with rents charged by other RSLs operating in their areas.

This policy outlines the approach Shire Housing Association takes in setting rents for its housing stock.

2. Rent Policy Statement

Shire Housing Association aims to provide affordable socially rented housing across East Ayrshire for the benefit of a wide range of households.

The Association aims to manage and maintain its properties to the highest possible standards demonstrating value for money for tenants whilst meeting the cash flow requirements of the business. It is committed to working with local communities to meet their housing needs through the provision of homes designed and built to the highest standards, with a particular focus on minimising energy costs.

Responsibility

- The Management Board is responsible for rent setting and Rent Policy.
- The Director together with the Senior Management team is responsible for implementing the policy as set by the Board.

3. Rent Policy Aims

Shire Housing Association has the following aims in relation to rent setting:

- A fair system for charging rents that is open and transparent to existing and potential new tenants
- Rents that are affordable to tenants with low levels of earned income
- Rents that ensure the long-term viability of the Association
- Rents that enable the Association to provide a level of service which is of high quality and assessed via customer surveys
- Rents which enable the Association to build up reserves to cover longer-term future property upgrades and renewals
- Review annual inflationary rent increase

4. Rent Restructure Consultation and Review

Shire Housing Association engaged external consultants to carry out a review of all rents in 2015/16. The aim was to create a fair system for charging rents, a process to create a



new baseline rent charge for every property and a chance for tenants to have their say on how rents should be charged.

The restructuring methodology applied was: -

- Set a base rent to apply to all properties
- Add or subtract values depending on property characteristics e.g., property size, type and heating source

5. Rent Setting

Following the review in 2016, the rent setting mechanism allows every tenant to see and understand how his or her rent has been calculated.

In 2016 a base rent was established for all property types, and charges allocated to each component which makes up the total rent. Since then, following consultation, an annual increase is applied to all elements.

The current base rent structure is as follows:

| | 2021/2022 |
|------------------|------------------|
| Base Rent | 312.83 |
| 2 beds | 33.52 |
| 3 beds | 67.04 |
| 4 beds | 100.55 |
| Flat | 11.17 |
| Maisonette | 16.76 |
| Mid Terrace | 22.35 |
| End Terrace | 27.93 |
| Semi-Detached | 33.52 |
| Detached | 39.10 |
| Electric Heating | (11.17) |

6. Rent Charge following a period of void

When a property becomes void, the rent will be calculated using the new rent structure methodology.

a) Increase to Rent Charge



If the new rent assessment is higher than that previously charged the prospective tenant is advised of the new rent and this is applied at point of let.

b) Decrease to Rent Charge

The policy is **no rent will be reduced**. The rent will be frozen as at that charged during before the property became void until the new restructured rent is reached via annual inflationary uplift.

The property will be subject to annual inflationary increases after it reaches the new restructured base rental value.

In reaching the above policy decision board considered the following factors: -

- Fairness
- Business risk
- Customer risk

7. Affordability

An affordable rent is that level of rent which a tenant can pay without having to forgo any other perceived needs and is compatible with the financial and operational viability of the Association.

The Association is committed to setting rents that can be met from the incomes of its tenants, giving particular attention to those in low paid employment whilst ensuring that certain standards (both of housing and of living) are maintained. Tenants are given 28 days' notice of changes to their rent charge, and any changes to the Rent Policy which may affect their tenancies.

The Scottish Federation of Housing Associations ("SFHA") defines affordability in the following terms:

"for a rent to be affordable, a household with one person working 35 hours or more should only exceptionally be dependent on Housing Benefit" (or Universal Credit Housing Costs) "to pay it."

The Association uses a number of measures to assess rent affordability in advance of each annual rent increase consultation process and will continue to monitor rent affordability through tenant surveys, and consultation events.

8. Value for Money

The Association aims to ensure its customers receive value for money from the rent they pay.



Value for money may mean different things to different people, however for Shire, value for money means:

- The Association will receive maximum benefit from available resources, while minimising costs.
- Providing an effective and high-quality service which meets the needs and expectations of customers.
- Working as effectively and efficiently as possible while maintaining and improving the service to customers/tenants.
- Being transparent and understanding costs and the quality and level of service provided.

The Association will monitor value for money information from new and existing tenants.

In line with our Policy and Values, the Association will:

- Undertake a survey with existing tenants as part of our tri-annual Tenant Satisfaction Survey.
- Engage and consult with tenants to ensure the Association is doing the right things in its service delivery.
- Use exit surveys which includes rent affordability as a reason for termination of the tenancy
- Undertake tenant consultation events throughout our communities and Annual General Meetings to seek tenant views.
- Provide clear information on costs.

9. Financial Viability and Governance

The Association will consider the short and long-term viability of the organisation in reviewing annual rent setting. In doing so it will consider the economic climate and associated rent charges in the housing market.

Standard 3 of the Scottish Housing Regulator Standards of Governance and Financial Management states: “The RSL manages its resources to ensure its financial well-being, whilst maintaining rents at a level that tenants can afford to pay”.

The Association must ensure that any new property acquisition represents a sound financial investment for the Association.

Management costs for the properties, together with the costs associated with the loan repayments and or acquisition costs, will all be considered in reviewing annual rent levels that enable the Association to provide a quality service. Rent is considered in the context of the overall budget for the year and the longer-term forecasts for the Association.

The level of rent set must not jeopardise the overall viability of the Association.

The Association considers it is discriminatory to charge extra when a tenant requires specific aids or adaptations to allow them to live in a property.

10. Comparable Rent Levels

Shire recognises that for its rents to represent value for money they should be broadly comparable with those set by other providers of similar housing in the area. From information collated by the Scottish Housing Regulator, Shire Housing's rents are broadly comparable to those charged by other housing associations in East Ayrshire.

Proposed annual rent increases are also benchmarked with other RSL's across Glasgow and the West of Scotland.

Although the Association is aware of the need to operate as a viable organisation the Board will consider all opportunities to limit future rent increases whilst ensuring that promised levels of service delivery are honoured.

11. Annual Rent Reviews

Shire Housing Association reviews the annual inflationary rent increase as part of the budget process. The rent review is the subject of information and consultation with tenants in December and January, in accordance with the Tenant Participation Strategy and the Housing (Scotland) Act 2001, section 25.

A consultation pack is provided to all tenants, along with several ways to respond to the consultation. Responses can be verbal, paper based or by electronic and digital means. The results of the consultation are presented to the January Board meeting to consider prior to the Management Board making their final decision.

Once the Board has reached a final decision, all tenants receive a letter notifying them of their new rent charge which is applicable from 29 March. Letters are issued at least 28 days in advance to allow a tenant to terminate before the new charge is applied if they do not accept the revised rent.

Shire staff will liaise with East Ayrshire Council to update rents for Housing Benefit purposes. Staff will also advise and assist tenants in updating the Universal Credit system.

12. Service Charges

All tenancy agreements contain a clause, which permits the Association to introduce service charges if deemed necessary.

The Association currently has service charges for:



- The provision of services for cleaning of common access and upkeep of communal areas by a contractor on behalf of the Association.

The Association will advise and explain to the tenants the reasons behind the introduction of service charges:

If service charges are levied, the amount charged is separately identified to tenants and is based on the cost of providing the service. Any review of service charges would be undertaken at the same time as the rent review.

13. Equality and Diversity

The Association will comply with the terms of our Equality and Diversity policy and our commitment to the promotion of equal opportunities throughout our day to day business. We do not discriminate on the grounds of ethnic origin, disability, gender, marital status, sexuality, age, language, political and religious beliefs, social class or any other form of discrimination.

The Association is committed to monitoring data and use our completed Equalities Monitoring Form to inform how we shape our service delivery.

14. Feedback and Complaints

Shire Housing Association strives to provide an excellent customer service at all times and welcomes feedback and comments from our customers. We will seek feedback via our website, e-mail, in writing and verbally to learn from service users experiences, using them to shape and develop our service.

We operate a Complaints Policy that is open and transparent, should any customer or service user feel the need to make a complaint against an individual or the organisation, the complaints policy and procedure will be implemented. All complaints will be recorded and dealt with under Complaints Policy and Procedures, which meet the requirements of the Scottish Public Services Ombudsman

15. Policy Review

This policy will be reviewed every 5 years or earlier if deemed necessary. The policy will be revised in the light of:

- The annual 30-year cash flows which inform all our financial decisions
- Changing legislation
- Scottish Housing Regulator guidance
- Demands of our tenants
- Performance information collected by the Association.

