

**Rent Setting Policy**

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| **Policy Manual Section:** | Customer Services |
| **Policy Number:** | OPERHM09 |
| **Scottish Social Housing Charter Reference:** | 1.Equalities  3.Participation  13.Value for Money  14&15. Rents and Service Charges |
| **Regulatory Assurance Framework Reference** | CH2/2.1/2.4/3.4 |
| **Date Approved by Board:** | January 2020 |
| **Review date:** | January 2024 |
| **Next Review Date:** | January 2029 |
| **Govan Housing Association can provide this document on request, in different languages and formats, including Braille and audio formats.** | |



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| **1** | **Purpose of Policy** |
| 1.1 | Govan Housing Association is committed to providing the best possible service we can to meet the needs and aspirations of our tenants. This policy sets out the criteria in which Govan Housing Association will use for setting rents. |
| 1.2 | In 2016 Govan Housing Association undertook a full rent restructure exercise with an aim of ensuring that rents were fair, consistent and transparent throughout our stock. This outcome of this exercise meant that the same set of rules now apply across all properties ensuring that no tenant pays more or less than they should depending on the property that they live in. We believe that to deliver future obligations we had to introduce a modern rent structure linked to affordability. |
| 1.3 | This policy outlines the criteria that Govan Housing Association will use in setting rents for its housing stock with the exception of Secure Rents (Registered Fair Rents). |
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| **2** | **Aims & Objectives** |
| 2.1 | The Association considers that the main principal aims and objectives of this policy are as follows: |
| 2.2 | In setting rents, we aim to ensure that we set and maintain rental income at a level that guarantees the Association’s future long-term financial viability whilst taking account of affordability to current and future tenants, and comparability of rents charged by other social landlords for similar properties. |
| 2.3 | In setting rents and other charges, Govan Housing Association will ensure every tenant and customer is treated fairly and with respect and receives fair access to housing and housing services (see also the Associations Equality, Diversity and Inclusion Policy). |
| 2.4 | To ensure the policy complies with good practice in relation to consulting tenants about rent setting levels on an annual basis. This will include comparative figures of rent levels set by other RSL’s to allow tenants to assess reasonability by comparison as well as demonstrating to tenants about rent increases in ways that enable them to express informed views on options for different rent levels with clear information on what they mean for services and investment in homes. |
| **3** | **Legal and Regulatory Framework** |
| 3.1 | The Rent Setting Policy complies with legislation, guidance and practice, including: |
|  | The Housing (Scotland) Act 2001 (Sections 25 & 54) – Requires landlords to give each tenant not less than four weeks’ notice, in writing, before increasing rents or other charges. Where a landlord proposes to increase rents generally, it must first consult those tenants who would be affected. |
|  | **Scottish Social Housing Charter**  The Scottish Government, through the Social Housing Charter, sets the outcomes it expects social landlords to achieve for its residents. In terms of how rent and service charges are applied the relevant Social Housing Charter indicators include:  Outcome 13 –Tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay.  Outcome 14 – 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, and how far current and prospective tenants and other customers can afford them.  Outcome 15 – Tenants get clear information on how rent and other money is spent, including any details of individual items of expenditure above thresholds agreed between landlord and tenants. |
|  | **Data Protection Act 2018** - Defines UK law on the processing of data on people. It is the main piece of legislation that governs the protection of personal data in the UK. |
|  | **Equality Act 2010** - Requires equal treatment in access to employment as well as private and public services, regardless of the protected characteristics of age, disability, gender reassignment, marriage and civil partnership, race, religion or belief, sex, and sexual orientation. |
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| **4** | **Rent Affordability** |
| 4.1 | Rent affordability is a complex matter and we recognise that we must set rents that take account of affordability, the costs of managing and maintaining our properties, comparability with other RSL’s in the area and be able to service existing loans and fulfil contractual obligations. We recognise that we must have a fair and consistent system for determining rents between individual properties. |
| 4.2 | This rent policy will explain the criteria used in rent setting by the Association and how each part of the criteria is to be applied. |
|  | **Affordability:** Govan HA is committed to trying to achieve rent levels which are affordable to all tenants no matter their income but will also need to ensure its financial viability.  There is no professionally agreed definition of affordable rents. A key aim of this policy is to set rents which are affordable and take account of people on low incomes.  Assessments of affordability are dependent on household type and the link with the DWP benefits and universal credits systems. This is why it is difficult to identify a single measure of affordability which is suitable across all household types. However good practice indicators suggested by SFHA and Housemark ‘New Rent Affordability Tool 2018’ have been taken into account when developing this policy. The Tool calculates five measures to test rent affordability:  ● % of income  ● % of market rent comparison  ● % of LHA rate  ● Income after rent; and  ● Income after rent above Minimum Income Standard (MIS) |
|  | **Viability:** In line with the terms of the Scottish Secure Tenancy Agreement the rent charge will be reviewed annually.  Govan Housing Association’s main source of income is from rent and one of the main objectives of our rent policy must be ensuring the long-term financial viability of the Association and protecting the standard of the homes and services provided to both our current and future tenants.  Following a full and realistic assessment of the relevant costs, rents will be set to meet those costs to ensure the long-term financial viability of the Association consistent with the Association’s commitment to providing a high quality management and maintenance service. The Association is conscious of balancing rents with the costs of providing services as all of these costs are funded from rental income. In controlling our costs, we aim to ensure that proposed rent increases are kept to a minimum. |
|  | **Comparability:** A further objective of the Associations rent policy is to ensure, wherever possible, that our rents are comparable with those of other Registered Social Landlords offering accommodation in similar urban communities. We will seek to ensure that, as far as possible, our rents are broadly comparable with the rents of other local social landlords providing similar accommodation.  We will also promote the Scottish Housing Regulator’s website to allow tenants to make comparisons against individual RSL’s. |
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|  | **Fairness:** Following the rent restructure exercise carried out in 2016 by Govan Housing Association, this restructure ensures fairness across all aspects of our rent setting methodology. |
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| **5** | **Rent Setting Methodology** |
| 5.1 | The Association has implemented a simple and transparent approach to setting rents. The structure is based on a standard rent charge and the main amenities which each property includes. |
| 5.2 | The rental charge for each property will reflect the specific amenities associated with that property based on a ‘points’ system. |
| 5.3 | The points value assigned by this method remains static but the charge relative to each point (the unit point charge value) will be reviewed annually in line with the applicable rent increase. |
| 5.4 | The amenity pointing total of each property is simply calculated by adding together its applicable amenity points. This total is then multiplied by the unit point charge value to arrive at the respective annual rent figure. |
| 5.6 | Fair Rents (Pre 1989 Former Secure Tenancies)  The Association has some properties that are fair rent stock.  Fair rent is a term that applies to tenants who have held their tenancy prior  to 15th January 1989. These rents will be phased out naturally in the future  when a property becomes void and the tenancy is replaced by a Scottish  Secure Tenancy (SST). These rents are set by a Rental Valuation Officer  and will be increased every 3 years in accordance with legislation. Rent  charge proposals for these properties will be based on and in line with a  SST for a similar property.  The Association will propose a rental charge for the property however the  final charge will be determined by the Rental Valuation Officer. Tenants  have the right to appeal against the figure. Where the Association and the  tenant fail to reach an agreement over any proposed change, the tenant has  the right to refer the matter to the Rent Assessment Committee. |
| **6.** | **Rent Review** |
| 6.1 | In line with the terms of the Scottish Secure Tenancy Agreement the rent charge will only be reviewed annually. |
| 6.2 | This review will consider the rental income required to maintain the Association’s financial viability whilst recognising the desire to keep rents at affordable levels to those in low paid employment. |
| 6.3 | Although there is no particular link to either RPI or CPI rates, both these measures are of particular relevance when reviewing the rents as are any emerging trends in these rates, interest rates and their potential effect and relevance on key expenditure issues such as maintenance costs, loan repayments and colleague costs. |
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| **7.** | **Annual Rent Review Consultation Process** |
| 7.1 | The Housing (Scotland) Act 2001 and Social Housing Charter places a responsibility on social landlords to consult with tenants on their rent setting proposals. The Association aims to provide clear and easy to understand information to all tenants on the rent review process. The Association is committed to consulting extensively with tenants, Tenants and Residents Associations and our wider stakeholders. Consultation exercises will include public meetings, presentations to Tenants and Resident Groups, drop in and awareness sessions as well as information displayed on our Website and social media platforms. |
| 7.2 | All tenants will be given the opportunity to provide feedback and comment on options for any proposed annual rent increase. The results of the consultation will be reported to Board Members and will be taken into account when the rent levels for the following year are set. |
| 7.3 | At least 4 weeks’ notice, in writing, will be given of any proposed changes to rental charges. |
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| **8** | **Equalities & Diversity** |
| 8.1 | Govan Housing Association along with its subsidiary companies are committed to equality and diversity and will not discriminate in the operation of this policy on the basis of age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex or sexual orientation. |
| 8.2 | In line with our commitment to equal opportunities, this policy can be made available free of charge in a variety of formats including large print, translated into another language or on audio tape. |
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| **9** | **Implementation, Monitoring and Review** |
| 9.1 | The Head of Operational Performance is responsible for ensuring this policy is implemented by all relevant staff. |
| 9.2 | The Association will monitor our performance in relation to this policy by carrying out the following steps, to ensure we manage and implement effectively the Scottish Social Housing Charter outcomes noted in this policy.   * Annual reporting to the Association’s Board on any proposed rent increases * Check affordability in comparison to the national average and also against rent charged by local RSL’s * Reporting refusals of proposals for ‘Fair Rents’ charges to the Board   Reporting to Board of the outcome of satisfaction monitoring in relation to rents being value for money as required by the Scottish Social Housing Charter. |
| 9.3 | This policy will be reviewed every 5 years but reserve the right to make any additions or changes considered necessary out with the normal review date. |
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| **10** | **Complaints** |
| 10.1 | Anyone who feels aggrieved by the service they have received from staff in carrying out their responsibilities in relation to this policy and its associated procedures can make an informal or formal complaint. |
| 10.2 | All complaints will be fully investigated in accordance with Govan Housing Group’s Complaints Procedure. A written guide on the complaints process is readily available to customers on request, is on our website and is on display in the reception area of the office. |