

Rent Setting and Service Charging Policy

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West of Scotland Housing Association – Rent Setting and Service Charging Policy

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1	Introduction
	<p>West of Scotland Housing Association provides around 3,500 tenanted homes, and we are committed to providing high quality, safe and affordable homes that you are proud to call home.</p> <p>This policy sets out how we will set our rents and service charges for our homes, taking into account both:</p> <ul style="list-style-type: none"> • The need to collect enough income to ensure the financial viability of the Association • The need to provide homes that are affordable for our customers at rent levels that are comparable with other social landlords who provide similar properties
2	Policy Aims
	<p>The overall aims of our Rent Setting and Service Charge Policy are as follows:</p> <ul style="list-style-type: none"> • To comply with relevant legislation and good practice • To 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) • To provide rent levels that are affordable for our customers • To set rents at a level that ensure the Association collects enough income to remain financially viable • To set target rents for properties that are broadly similar, so that we have a reference point for rent setting and can work towards harmonising rent levels • To set rents in a way that is transparent and consistent for staff and customers to understand, and will be straightforward to update on an annual basis • To set service charges at a level which covers the costs of the services being provided • To deliver on the Associations commitment to provide high quality services for our tenants and customers
3	Affordability, Comparability and Viability
	<p>Affordability & Comparability</p> <p>WSHA aims to provide homes that are affordable for all of our tenants no matter their income.</p> <p>To help inform the Board in making any decisions about rent levels the Association will undertake a number of processes to assess the affordability</p>

	<p>of our rents including:</p> <ul style="list-style-type: none"> • Making use of the Scottish Federation of Housing Associations Affordability Tool when we are reviewing rent levels. • Regularly seek the views of our tenants as part of our ongoing Customer Satisfaction Surveys on the affordability of their rent • Compare our rent levels with other landlords who are in our Peer Group and also with landlords who operate in the same geographical areas that WSHA does, to ensure our rents are broadly comparable <p>Viability</p> <p>The rent level will require to be set at a level which ensures the Association remains financially viable, and will be linked to priorities in our Corporate Plan and Asset Management Strategy.</p> <p>The expenditure expected to be financed by rental income includes:</p> <ul style="list-style-type: none"> • Management costs • Day to day and planned maintenance costs • Provision for voids and bad debts • Loan repayments and compliance with our lenders' conditions of borrowing (e.g. covenants) <p>The Association will monitor expenditure on an ongoing basis, and in line with our Value for Money Strategy will look to identify savings and efficiencies.</p>
4	<p>Legislative Background</p>
	<p>The Scottish Social Housing Charter outcomes relevant to this policy are 14 and 15: Rents and Service Charges.</p> <p>This outcome states that 'social landlords set rents and service charges in consultation with their tenants and other customers so that:</p> <ul style="list-style-type: none"> • A balance is struck between the level of services provided, the costs 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, including any details of individual items, of expenditure above thresholds agreed between landlords and tenants <p>We will also undertake any tenant consultation about rent levels in line with the relevant provisions from the Housing (Scotland) Act 2001. (See section 8 for more information).</p>

5	Rent Structure
	<p>The Association undertook a review of our rent policy in 2017 which resulted in changes to how we set the rent for each property. A key aim of the review was to remove charging discrepancies where similar properties had different rent levels. We now set base rents and we aim to ‘harmonise’ rents so that rents for similar properties are equivalent. This process is continuing and we expect will be completed for the vast majority of homes by 2022/23.</p> <p>The Association will set our base rent levels using three distinct criteria:</p> <ul style="list-style-type: none"> • Type of property • Size of property • Age of property <p>The Association has a base rent level which is set for every property. Each property will then be assessed with reference to the base rent for that property using the above criteria (age, size and type). We may also set a maximum by which a rent can increase in any one year. This can be important for tenants with a current rent that is significantly below the base rent.</p> <p>For more information about this please see Appendix 1 for the worked example showing the base rents that applied for 2019/20.</p>
6	Exceptions to the rent structure
	<p>There are some exceptions to our rent structure mainly relating to our properties where existing tenants have ‘secure rents’. These rents will be increased every three years and the final rent level will be set by Rent Service Scotland.</p> <p>We also have some homes which we have taken over in the recent past which are subject to separate rent agreements.</p> <p>Shared Owners will have their occupancy charge calculated with reference to the Scottish Housing Regulator’s Shared Ownership Guide. The occupancy charge will be set as for mainstream properties taking account of a reduction for management and maintenance allowances and the tranche owned by the sharing owner.</p>
7	Service Charges
	<p>It is our aim that tenants and other customers only pay for the services they receive, and therefore on an annual basis service charges will be reviewed in line with the contractual requirements we have with different contractors</p>

	<p>and others providing services to our tenants. A service charge will generally be made in addition to the monthly rent charge. It covers the cost of providing and maintaining services with costs apportioned between all those that may benefit from the service, for example lift maintenance will be apportioned equally between tenants, owners and sharing owners.</p>
8	<p>Board and Tenant involvement</p>
	<p>As part of our rent setting process we will undertake a consultation with our tenants on the proposed annual rent increase.</p> <p>On an annual basis both our Board and our Tenant Advisory Group will approve the rent review consultation process. This process will aim to:</p> <ul style="list-style-type: none"> • Inform tenants about our planned maintenance priorities in line with our Asset Management Strategy • Indicate to tenants what efficiency gains we will look to make in the coming year • Offer tenants different options in rent levels linked to genuine choices in service delivery or investment decisions (options will only be presented which are fully compatible with the Corporate Plan and Asset Management Strategy) • Allow tenants a wide range of opportunities to provide feedback to us to allow our Board to make an informed decision about rent levels • We will give at least 28 days notice of any change in any rent increase or service charge.
10	<p>Data Protection</p> <p>WSHA recognises the importance of data protection legislation, including the General Data Protection Regulation (GDPR), in protecting the rights of individuals in relation to personal information that we may handle, use and disclose about them, whether on computer or in paper format. We will ensure that our practices in the handling, use and disclosure of personal information as part of the processes and procedures outlined in this policy comply fully with data protection legislation. More information is available from our Data Protection Officer.</p>
9	<p>Policy Review</p>
	<p>This policy will be reviewed every three years in line with our internal policy review schedule.</p> <p>If during the annual rent consultation concerns are raised about the structure then we may commit to review earlier than set out by our policy review schedule.</p>

Appendix 1 – Rent Structure Worked example of the rent setting that applied for 2019/20

1. The below figures are the base rents that apply for 2019 / 2020. Actual rents charged for individual properties may be different as individual rents may be higher or lower than the base rent. In 2019/20 a £17.00 per month rent cap applied, which was the maximum rent increase that could be applied (excluding new builds since 2000 and two apartment pre-1919 flats);

Monthly Base Rent 2019 / 2020	£323.26
Property Type Supplement	
Tenement	0
Flat	0
Four in a block	0
Mid terrace	£16.44
End terrace	£16.44
Semi detached	£21.92
Detached	£21.92
Property Size Supplement	
0 -1 bedroom	0
2 bedroom	£21.92
3 bedroom	£43.83
4 bedroom	£65.75
5 bedroom	£87.66
➤ 5 bedrooms	Determined individually
Age Supplement	
Built since 2000	Extra £10 per month
0 – 1 bedroom built pre 1919	Less £10 per month