

# Rent and Service Charge Setting Policy



## Document Control

Responsible Person	Operations Director			
Review Frequency	5 Yearly			
Reviewed by	Board			
Date Approved	July 2020			
Next Review Due	June 2024 (in line with Corporate Services Handbook)			
Consultation Required	Yes	✓	No	
Equalities Impact Assessment	Yes	✓	No	
Added to Company Website	Yes	✓	No	
Associated Documents Considered	N/A			

## **1. Scope of the Policy**

- 1.1. All rent levels and other charges will be reviewed annually, with any increases implemented from the start of April each year. The decision as to the level of any increase in rents or other charges must be made by the Board. Prior to agreeing any increase in rent levels the Board will have regard to any representations received from tenants as a result of a consultation exercise on proposed rent increases conducted under the terms of section 25(a) of the Housing (Scotland) Act 2001.
- 1.2. Our rents are set according to two main criteria i.e. property type either house or flat and number of bedrooms in the property. Generally a higher rent applies to houses compared to flats and rents increase in relation to increases in the number of bedrooms in the property. The purpose of the Policy is to ensure that the rationale behind how Waverley calculates its rent and service charges is clear, unambiguous and easy to understand for our staff, customers and stakeholders.

## **2. Aim**

- 2.1. The aim of this Policy is to ensure affordable and comparable rents reasonably balanced with the need to ensure the ongoing financial viability of Waverley Housing. This Policy relates to rents which Waverley Housing requires to set for Scottish Secure Tenants under the Housing (Scotland) Act 2001. It also includes garage rents. The Policy also covers the approach of Waverley Housing to setting service charges.

## **3. Objectives of the Policy**

- 3.1. In addition to meeting all relevant legal and regulatory requirements the objectives of our Rent Setting Policy are to be:
  - a) Affordable – Our rents continue to be affordable to households on low or moderate incomes. We make use of the Affordability Tool developed by the Scottish Federation of Housing Associations which allows us to test our rent levels against the estimated incomes of eight different household types.
  - b) Viability – We incur a range of costs in providing our services including loan repayments, staffing costs, maintenance costs, voids and bad debts and provisions for future expenditure and contingencies. The long term viability of Waverley Housing depends upon rents being set at levels which meet these costs and achieves an acceptable level of operating surplus. In calculating the level of any proposed rent increase reference will be made to the level of inflation applying in October each year.
  - c) Comparability – Our rents will be checked against comparable rents charged by other social landlords offering similar types of property. Our comparisons will particularly focus on other social landlords in the Scottish Borders but will include other social landlords when appropriate.
  - d) Fairness – Waverley Housing operates a relatively simple system of setting rents based primarily on property type and size. These factors are well understood and accepted by tenants and other stakeholders.
  - e) New Build Properties- Until 2019 Waverley Housing had not built or acquired any new build properties. However in 2019 four properties in Jedburgh were purchased from Eildon Housing Association (EHA) and the rents were set at the same level as the other properties owned by EHA on the estate. It is intended to continue to set rent levels for these four properties at the same level as those set by EHA for the

other properties on the estate. This will be subject to an affordability test being carried out to ensure that any proposed rent level remains affordable for tenants.

- f) Waverley Housing will be building 109 new build properties in Upper Langlee, Galashiels over the next four years and it is intended to set the rent levels for these new properties at a higher level than the equivalent rent set for the same type and size of property in the rest of the housing stock owned by Waverley Housing. This increased rent reflects the fact that the new properties will be built to a high standard and designed to be energy efficient which will lead to lower fuel bills for tenants. In addition the increased rent will assist Waverley Housing in meeting the loan repayments required in respect of the funding obtained to provide these new build properties.
- g) The higher rent levels charged for these new build properties will be subject to testing using the Affordability Tool developed by the Scottish Federation of Housing Associations. In addition these rent levels will be compared with equivalent rent levels set by other local Registered Social Landlords.

#### **4. Principles**

- 4.1. We aim to apply a fair and consistent rent structure as far as possible regardless of the location of properties. Generally we will charge similar rents for similar properties.
- 4.2. Tenant participation in reviewing and commenting on annual rent increase proposals and the rent setting policy are strongly encouraged and various methods of participation will be used to maximise such participation.
- 4.3. We will evaluate any level of rent increase by reference to our current rent levels, our budget forecasts for the forthcoming financial year and our financial forecasts for the short to medium term i.e. the next 3-5 year period.

#### **5. Consultation**

- 5.1. The Housing (Scotland) Act 2001 and Social Housing Charter places a responsibility on Registered Social Landlords to consult with tenants on their Rent Setting Policy and annual rent proposals.
- 5.2. Tenants will be given details of any annual rent increases proposed, the reasons for any increase and any options that may be available. Questionnaires will be issued to all tenants and feedback received will be reported to the Board for consideration before a final decision on the rent levels to apply will be made.
- 5.3. Feedback on rent levels obtained from other areas of our operation e.g. reasons given by applicants for refusals of offers of tenancy, comments made by new tenants at their settling in visits and reasons given by tenants terminating their tenancies will also be considered as part of the annual rent review process.
- 5.4. All tenants will receive at least four weeks written notice of any increase in their rent which will usually apply from April each year. Any tenant may request a reassessment of the proposed rent before the increase is applied. If they remain dissatisfied they may submit a complaint using our complaints procedure.

## **6. Legal and Good Practice Standards**

### **6.1. This policy has been developed taking into account the following:**

The Housing (Scotland) Act 2001 which gives Registered Social Landlords the responsibility for setting rent levels for properties it owns and for consulting with the tenants of these properties.

The Scottish Government through the Social Housing Charter sets the outcomes it expects Registered Social Landlords to achieve and in relation to rent and service charges 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 landlords and tenants.

The Scottish Federation of Housing Associations Rent Setting Guidance and Affordability Tool 2017 have been taken into account in developing this Policy.

This Policy supports the strategic requirements of our Business Plan, Asset Management Strategy, Financial Plan and Customer Engagement Strategy.

## **7. Service Charges**

- 7.1. Where services are to be provided, for which there will be a service charge in addition to rent, such services and the charges for them will be subject to consultation with all the tenants concerned.
- 7.2. A services specification shall be prepared which shall clearly set out the services being provided with a breakdown of the charges being made for the services.
- 7.3. Waverley Housing shall ensure that any services provided will be introduced on a value-for-money basis.
- 7.4. Costs shall be allocated fairly and equitably on a proportional basis relative to the services being provided on a property unit by property unit basis. In cases where owners are in receipt of services these will be apportioned in accordance with the relevant provisions of the title deeds.
- 7.5. Service charges are based on the actual cost of providing the service plus a charge to cover our administrative costs in providing the service.
- 7.6. Tenants and other occupiers in receipt of services shall be consulted on each occasion prior to the re-tendering of any services.

- 7.7. Where services are provided these shall be identified separately from rents and each tenant in receipt of the service shall be notified at the time of taking up a tenancy by means of a schedule outlining the services being provided and the charges for those services. Owners who receive services will receive a Written Statement of Services which will detail the type of service provision and payment arrangements.
- 7.8. Tenants and others who are in receipt of services shall be entitled to request details of the total cost of providing such services and how the charges are apportioned.

## **8. Training**

- 8.1. Waverley Housing will ensure that the relevant employees have the appropriate level of skills and knowledge to deliver the requirements of this policy.

## **9. Complaints**

- 9.1. Tenants who feel that Waverley Housing has not delivered the service outlined in this policy have the right to complain. Complaints will be dealt with in accordance with Waverley Housing's Complaint Policy, a copy of which can be obtained on request. Tenants also have the right to refer the matter to the Scottish Public Services Ombudsman upon exhaustion of the complaints process.

## **10. Review Process**

- 10.1. This policy has been approved by the Board of Waverley Housing and will be subject to regular review on a five yearly basis in accordance with Waverley Housing's policy review procedures. However where there are relevant changes in legislation, regulatory guidance or good practice then this policy will be reviewed.