

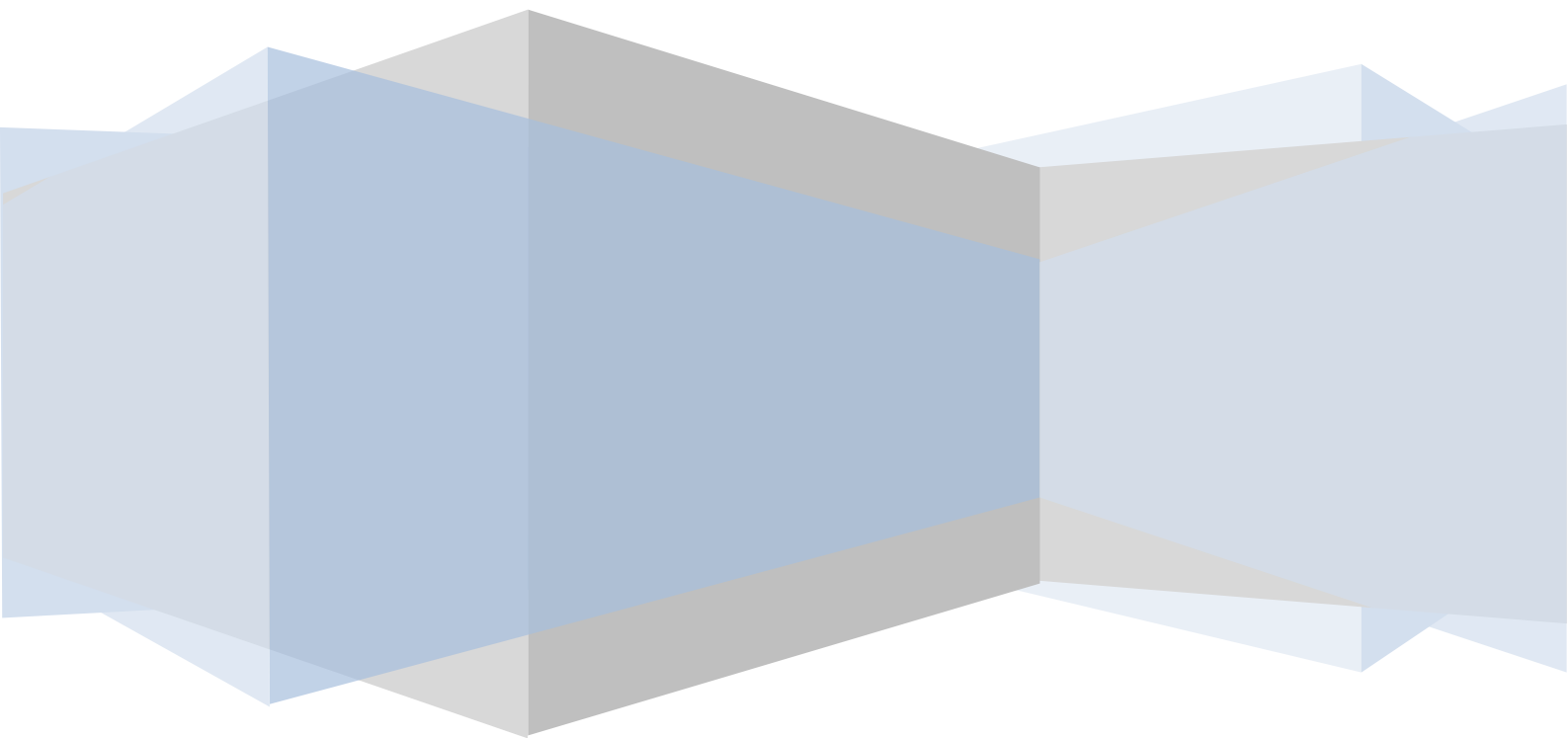


**CDHA**

Cathcart & District Housing Association

# **RENT SETTING POLICY**

**February 2024**



All Policies are available on tape, in braille, and translated into most languages. Please ask a member of staff if you would like this policy in a different format.

Date of Policy Review: February 2024  
Date of Committee Approval: 20 February 2024  
Date of Next Review: February 2027

<b>SCOTTISH HOUSING REGULATOR STANDARDS</b>	<p>STANDARD 1: The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users.</p> <p>STANDARD 2: The RSL is open about and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users, and stakeholders. And its primary focus is the sustainable achievement of these priorities.</p> <p>STANDARD 3: The RSL manages its resources to ensure its financial well-being and economic effectiveness.</p> <p>STANDARD 4: The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose.</p> <p>STANDARD 5: The RSL conducts its affairs with honesty and integrity.</p>
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## **1. Introduction**

- 1.1. This policy outlines the methodology that Cathcart & District Housing Association (CDHA) uses to set rents and service charges, taking account of statutory and regulatory requirements.
- 1.2. CDHA's Rent Setting & Service Charges Policy applies to all of CDHA's tenancies. This policy has been set by the Management Committee of CDHA and will be operated by officers of CDHA.
- 1.3. Rental income is the largest part of CDHA's cash flow. CDHA therefore aims to set rent levels that are affordable to tenants. The Committee will test all rents against the SFHA Affordability tool and aim to keep all rents in either green or amber. We will also compare our rents with other similar landlords and will use information provided by GWSF for comparability purposes. CDHA must ensure that costs are covered and that sufficient income is generated for the ongoing provision of good quality accommodation and associated services for people in housing need.

## **2. Aims and objectives**

- 2.1. The Rent Setting Policy aims to provide a strategic framework for setting charges that are affordable, equitable, transparent, and consistent while ensuring that at all times CDHA is a financially viable and sustainable organisation.
- 2.2. The main objectives of this policy include:
  - establishing a framework for setting rents that is equitable, transparent, and consistent, and which allows sufficient consultation with tenants when charges are reviewed annually;
  - ensuring that the rents set each year provide sufficient resources for CDHA to provide a quality management and maintenance service, as well as cover the costs associated with voids and bad debts, loan repayments, planned programmed renewals, and new build; and
  - setting rent levels that are affordable to households on modest incomes, taking into account available data on household incomes and charges levied by other comparable social landlords within the local housing market.

## **3. Strategic approach**

### **3.1. Legislation and best practice**

CDHA will comply with the law and guidance notes issued by the Scottish Housing Regulator in terms of rent setting and service charges.

The Rent Setting Policy complies with legislation, guidance, and good practice including:

- The Housing (Scotland) Act 2001 (Sections 25 & 54); and the Housing (Scotland) Act 2014
- Scottish Social Housing Charter.

CDHA's Rent Setting Policy is consistent with its Debt Management Policy, Equality and Diversity Policy, Welfare Benefits procedures, Tenant Participation Strategy, and Tenancy Sustainment Policy.

### 3.2. Equalities

CDHA's Rent Setting Policy complies with CDHA's Equality Policy to ensure equality of treatment for all tenants without discrimination or prejudice. At all times CDHA will therefore consider all tenants, regardless of sex, faith or religion, race, ethnic origin, sexual orientation, mental or physical health, disability, or marital status.

### 3.3. Confidentiality

CDHA recognises that confidentiality is important to tenants and will treat their tenancy information in the strictest confidence under the Data Protection Act 2018 and UK General Data Protection Regulation (UK GDPR), and in line with CDHA's Openness and Accountability Policy.

### 3.4. Business Plan and Risk Management

CDHA's Business Plan depends significantly upon generating revenue from the properties that it rents. CDHA, therefore, seeks to mitigate against business risk by setting rent levels and service charges that are affordable, equitable, transparent, and consistent, while ensuring that at all times that the organisation is financially viable and sustainable.

### 3.5. The Management Committee

The Management Committee will monitor the outcomes from this policy to ensure that there is appropriate Officer involvement in the processes used in setting rent levels and that there is effective scrutiny of the Rent Setting Policy.

The Committee will ensure that the Rent Setting Policy is meeting its intended objectives and that appropriate monitoring and reporting of activities takes place.

In implementing its Rent Setting Policy certain functions are the responsibility of the Committee, although staff have delegated authority to undertake many tasks. Examples of key functions/tasks are summarised below.

Function/Task	Responsibility
Rent Setting Policy – review, amendment & approval	The Finance and Audit Sub Committee is responsible for making recommendations to the Committee of Management for approval.
Rent Procedures – development, monitoring & review	Director and Housing Officers to develop operational procedures that reflect the principles set out within the Rent Setting Policy.

CDHA's Management Committee has the ultimate responsibility for setting rents and service charges and for policy review. As a result, the Committee is required to approve all rent increases. The Committee is committed to tenant participation and acknowledges the legal requirement placed upon all social landlords to consult with tenants when reviewing charges and updating policy.

#### **4. Setting charges – affordability**

- 4.1. Establishing and maintaining rents that are affordable to households on fixed or modest income is a key objective of CDHA's Rent Setting Policy.
- 4.2. In order to consider the affordability of its rent levels, CDHA will use the SFHA affordability tool as well as rents being charged by other social landlords within the local housing market. CDHA will also survey tenants on their perceptions of affordability and value for money, and consider information from other sources.
- 4.3. CDHA will proactively encourage the maximisation of tenant income through benefits take-up activities. To this end, CDHA's Welfare Rights Officer will actively promote benefit maximisation for tenants.

#### **5. Setting charges – financial viability**

- 5.1. It is crucial that CDHA sets rents that take account of the costs of running the business, as set out in its business plan. The majority of CDHA's income is derived from rents and it is therefore vital that the level of rents charged allows CDHA to remain financially viable and sustainable
- 5.2. This means that CDHA will:
  - a) calculate annually the projected expenditure to be financed from rental income in the following areas:
    - housing management;
    - responsive repairs and cyclical maintenance;
    - planned programmed renewals;
    - loan repayments;
    - employee and administration costs;
    - office costs and overheads; and
    - any other costs associated with running the organisation.
  - b) compare the management and maintenance costs with other RSLs of a similar size and type to help provide context on efficiency and cost-effectiveness;
  - c) ensure that expenditure is continually monitored against rental income due and received, via the various Committee reporting arrangements in place; and
  - d) Through good arrears control and void management, minimise the amount of rental income lost.

#### **6. Setting charges – rent setting mechanism and rent differentials**

- 6.1. CDHA will apply a differential rent level weighting for each property according to size and type. These weightings are set out in Appendix 1. A two apartment flat in a close will be used to set CDHA's base rent (equivalent to 170 points). Thereafter the rental value of all other properties will be adjusted to reflect

differences in amenity, based upon apartment size and property type. CDHA intends that rent charges should apply uniformly to established, acquired, and new build properties.

- 6.2. New build construction rents will be set in line with the Scottish Government's 3p equivalent rent level for the year of completion. In the unlikely situation that the required starting rent to break even is below the Scottish Government's benchmark then CDHA will be required to increase these to the benchmark. More likely is the required rent will exceed the benchmark and this will then be set no greater than 10% above the specific benchmark amount per bedspace.
- 6.3. However, there may be exceptions to CDHA applying standardised rents, such as where CDHA is part of a development partnership arrangement with other social landlords, and a parity is to be achieved. In these exceptional circumstances, different rent levels may apply.
- 6.4. CDHA does not intend to impose rent levels that differentiate between those who are existing tenants or those who become new tenants. Similarly, CDHA will not impose cost-reflective rent increases for works required to meet the Scottish Housing Quality Standard (cost-reflective rent increases are increases in rent to reflect the fact that improvements have been carried out to a property). Such costs will be met over the whole stock on a phased basis.
- 6.4. The mechanism used for reviewing rent charges annually will take into account changes in the cost of living and the overall sustainability of CDHA's business plan. CDHA will take cognisance of CPI in October each year and will use this as the reference point for planning budgets and determining rent increases in the financial year ahead. Rent setting will not be solely reliant on the national inflation figure and this is reflected in our business plan.

## **7. Setting charges – service charges**

- 7.1. For certain properties, CDHA may provide additional services (e.g. close cleaning, stair lighting, estate caretaking, etc.). The costs of these additional services are required to be recovered through the rents.
- 7.2. CDHA will incorporate the actual costs incurred for providing the common services into the overall budgetary information.

## **8. Setting charges – consulting tenants**

- 8.1. Under Section 25 of the Housing (Scotland) Act 2001, CDHA is required to give tenants four weeks' notice of any rent review. Before giving notice of the rent review, CDHA will consult tenants/sharing owners and consider their views.
- 8.2. The rent review process will seek to balance the scale of investment required to deliver business plan priorities with the quality of service delivery necessary to meet the needs and expectations of customers. The aim will be to set charges that are perceived to represent best value and affordability to the majority of tenants. In line with the Tenant Participation Strategy and the Scottish Social Housing Charter, CDHA will commission periodic customer satisfaction surveys

and seek to measure general tenant perceptions in this regard. When reviewing rents, consideration will be given to CDHA's investment programme, service delivery arrangements, and any new duties or initiatives.

- 8.3. CDHA's Scottish Secure Tenancy Agreement confirms that we will consult tenants about proposals for changes in rent and service charges, as does CDHA's Tenant Participation Strategy. CDHA will therefore contact every tenant through the tenant's newsletter in December/January of each year.

## **9. Setting charges – comparability with other registered social landlords**

- 9.1. In determining the rent levels for the properties that it owns, CDHA will consider those set by other social landlords in the area and out with the area, but of a similar size and type. This means that CDHA will:
- collect details on the rents set by other registered social landlords operating within our area and out with the area but of a similar size and type;
  - aim to set rents that compare favourably with those charged by other social landlords for similar property; and
  - seek to justify any rent levels that are not broadly comparable with those charged by other social landlords for similar property.

## **10. Making payments**

- 10.1. CDHA will aim to combine cost-effectiveness and convenience to tenants in its payment methods and subject to review may extend, restrict, or otherwise change rent payment methods in the future.
- 10.2. CDHA operates a monthly rent debit, meaning that it collects rent on a monthly basis. Unless a tenant wishes to make payments weekly (which can be agreed with the tenant's Housing Officer), tenants must pay their rent every month in advance by the date due on the tenancy agreement.
- 10.3. There are currently several ways that tenants can pay their rent to CDHA, including:
- by Direct Debit;
  - by Standing Order;
  - by phone using a payment card
  - via 'Paypoint';
  - at CDHA's office using a payment card and online payment terminal (note that for security reasons significant cash payments cannot be accepted at the office);
  - by cheque;
  - Online banking through the Royal Bank of Scotland or Allpay Ltd.
- 10.4. In line with CDHA's Debt Management Policy, CDHA will assist tenants in applying for such benefits that provide assistance with rental payments. CDHA will seek to maintain a close working relationship with other agencies to minimise any difficulties in connection with benefit claims, to maximise the general take-up of benefits, and to expedite the payment of rental income to CDHA.

## **11. Monitoring and review**

- 11.1. CDHA will publicise its Rent Setting Policy through its newsletters, and website.
- 11.2. CDHA will typically review its methodology for setting rents and service charges every three years, or sooner if required by statutory, regulatory, or best practice requirements.
- 11.3. Actual rent levels and service charges will be reviewed annually in consultation with tenants. In line with its Tenant Participation Strategy and the Scottish Social Housing Charter, CDHA will commission periodic customer satisfaction surveys and thereby seek to measure and assess general tenant perceptions. As part of the survey process, feedback will be sought on the affordability and value for money of rents and service charges.



# Appendix 1

## Rent Points

ITEM	POINTS
<b>All properties (base rent)</b>	170
<b>Property size – no. of bedrooms</b>	
1	30
2	50
3	70
4	90
5	110
6	130
7	140
<b>No. of bed spaces</b>	
1	20
2	30
Each additional bed space thereafter	20
<b>Property type</b>	
New Build property	70
Dedicated Parking spaces	
	60
	60
	40
	30
Flat – private entry	30
Flat – common entry	0
<b>Heating</b>	
Electric white meter (old system)	0
Electric white meter quantum	10
Gas radiators	50
<b>Amenities (additional rooms)</b>	
Separate toilet	10

## Appendix 2: Equality Impact Assessment

<b>Name of policy to be assessed</b>	Rent Setting Policy	<b>Is this a new policy or a review?</b>	Review
<b>Person completing the assessment</b>	Christine Leitch, Director	<b>Date of Assessment</b>	09.02.24

1. Briefly describe the aims, objectives, and purpose of the policy	<p>This policy outlines the methodology that Cathcart &amp; District Housing Association (CDHA) uses to set rents and service charges, taking account of statutory and regulatory requirements.</p> <p>The Rent Setting Policy aims to provide a strategic framework for setting charges that are affordable, equitable, transparent, and consistent while ensuring that at all times CDHA is a financially viable and sustainable organisation. The main objectives of this policy include:</p> <ul style="list-style-type: none"> <li>• establishing a framework for setting rents that is equitable, transparent, and consistent, and which allows sufficient consultation with tenants when charges are reviewed annually;</li> <li>• ensuring that the rents set each year provide sufficient resources for CDHA to provide a quality management and maintenance service, as well as cover the costs associated with voids and bad debts, loan repayments, planned programmed renewals, and new build; and</li> <li>• setting rent levels that are affordable to households on modest incomes, taking into account available data on household incomes and charges levied by other comparable social landlords within the local housing market.</li> </ul>
2. Who is intended to benefit from the policy? (e.g. staff, applicants, tenants, staff, contractors)	Staff and tenants

<p>3. What outcomes are wanted from this policy? (e.g. benefits to customers)</p>	<ul style="list-style-type: none"> <li>To ensure that rents are set on a comparable basis for all CDHA's properties</li> <li>To ensure that rents are affordable for our tenants</li> <li>To ensure that rents are in line with rents charged by other providers</li> <li>To ensure that rental income is sufficient to meet the costs of delivering the service.</li> </ul>	
<p>4. Which protected characteristics could be affected by the policy (tick all that apply)</p>		
<p>Minority Ethnic: <input checked="" type="checkbox"/></p> <p>Gender: <input checked="" type="checkbox"/></p> <p>Disability: <input checked="" type="checkbox"/></p> <p>Sexual Orientation: <input checked="" type="checkbox"/></p> <p>Marriage/civil partnership: <input checked="" type="checkbox"/></p>		<p>Age: <input checked="" type="checkbox"/></p> <p>Religion/belief: <input checked="" type="checkbox"/></p> <p>Transgender: <input checked="" type="checkbox"/></p> <p>Maternity/Pregnancy: <input checked="" type="checkbox"/></p> <p>Socio-economic status: <input checked="" type="checkbox"/></p>
<p>5. If the policy is not relevant to any of the protected characteristics listed in part 4. State why and end the process here.</p>		
<p>The policy applies to property size, types, and amenities rather than anything related to tenants. Therefore, it is not relevant to any specific group.</p>		
<p>6. Describe the likely positive or negative impacts the policy could have on the groups identified in part 4.</p>	<p><b>Positive Impacts</b></p> <p>The policy will have a positive impact on the groups identified as it will ensure rents are set at an affordable and fair level to reflect the home that they are renting.</p>	<p><b>Negative Impacts</b></p> <p>Minority Ethnic – All of our communications such as rent consultations and rent increase notification letters are written in English and could be restrictive for those where English is not the persons first language.</p> <p>Disability – All of our communications such as rent consultations and rent increase notification letters are written in English and usually in Arial font size 12 and could be restrictive for those with learning disabilities or visual impairments.</p>
<p>7. What actions are required to address the impacts arising from this assessment?</p>	<ol style="list-style-type: none"> <li>Offer translated versions or other formats of communications where needed.</li> <li>Offer interpreter and translation services where needed.</li> <li>Communications will be written in plain English.</li> <li>Offer assistive technology on our website e.g., accessibility toolbar which offers a screen reading tool, translation and language tools, and the ability to change font size etc.</li> </ol>	

Signed: Christine Leitch

Date: 09.02.24