

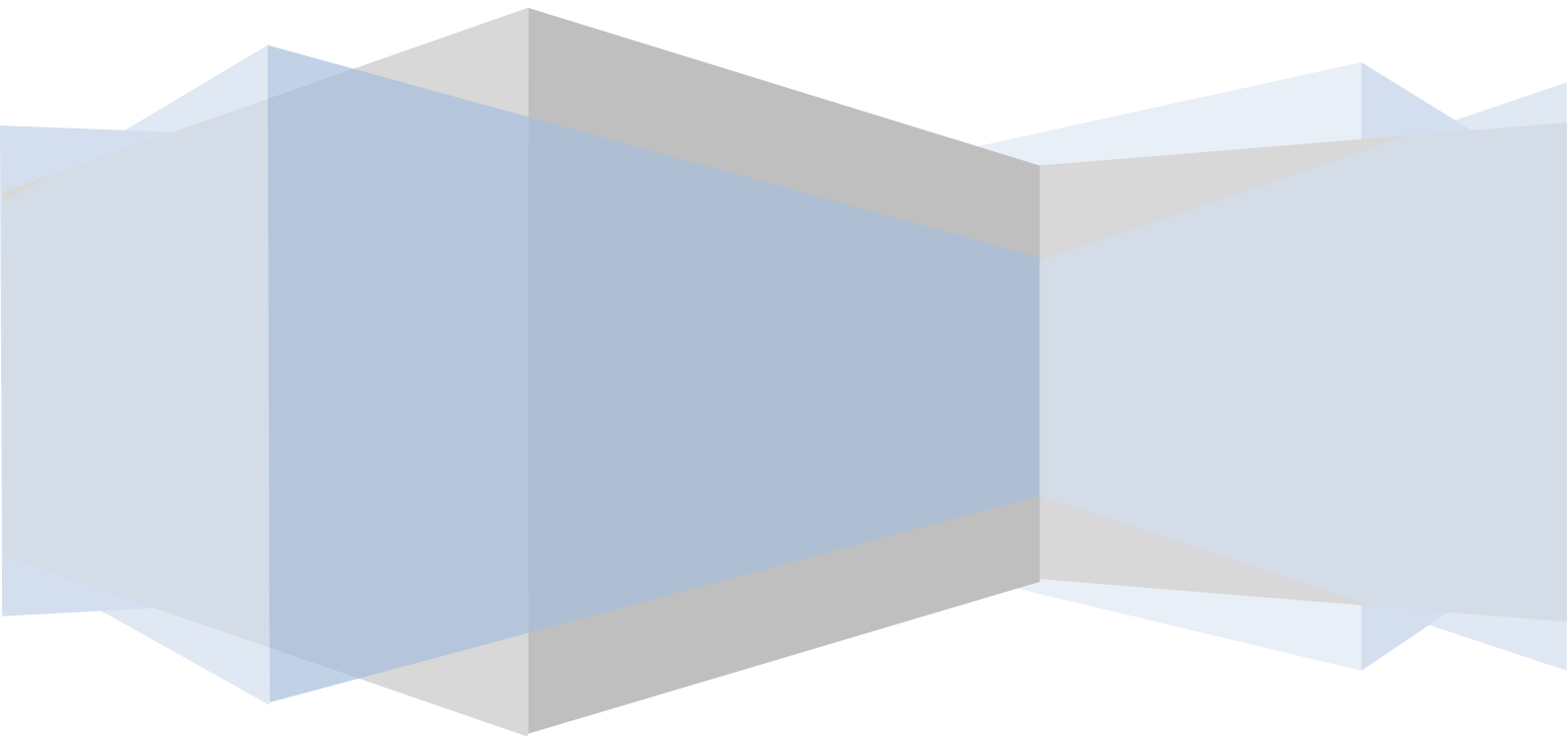


CDHA

Cathcart & District Housing Association

RENT SETTING POLICY

November 2020



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

Date of Policy Review: November 2020
Date of Committee Approval: 17 November 2020
Date of Next Review: November 2023

SCOTTISH HOUSING REGULATOR STANDARDS	<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 organisations purpose</p> <p>STANDARD 5: The RSL conducts its affairs with honesty and integrity</p>
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– Weightings for Rent Differential

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 SHFA 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 account of 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
- 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 General Data Protection Regulation (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 through 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	Finance and Audit Sub Committee responsible for making recommendations to 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 requires 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. 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.
- 6.3. 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 account of changes in the cost of living and overall sustainability of CDHA's business plan. CDHA will take cognisance of CPI in December 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 require 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 requires 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 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 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 debit card
- via 'Paypoint';
- at CDHA's office using a debit card and mobile 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 Welfare Benefits Policy and 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 – Applicable from 1st April 2018

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

