



Putting People 1st

Rent Setting and Service Charges Policy

H.04

Reviewed

November 2022

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This policy document can be produced in various formats, for instance, in larger print or audio-format; and it can also be translated into other languages, as appropriate.

Our equality and diversity policy statement describes our key equality commitments that we use to develop all organisational services; this includes employment services and services to tenants and other customers.

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The Scottish Housing Regulator Reg. No: HAC231; Registered Scottish Charity No: SC038237; FCA Reg. No: 2375R(S); Property Factor Reg. No: PF000151

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1. Introduction

1.1 The rent levels determined and applied by Pineview Housing Association are of central importance in achieving our aim of providing good quality affordable homes to people in housing need.

1.2 This policy sets out the principles and framework for the setting of rents and service charges for our properties and also details how we will consult with our tenants on these charges.

2. Aims and Objectives of the Policy

2.1 The overall aim of this policy is to provide a fair and transparent method of calculating our rents and service charges which are sufficient for us to provide an efficient and effective service for our residents.

2.2 The key principles of our rent setting framework are:

- To ensure that our housing services are provided efficiently and give value for money
- To ensure that there is a fair system of setting and apportioning rents for different types of property.
- To be both transparent and accountable so that the basis for setting rents is clear to staff and tenants as well as being easy to administer

The specific objectives of the Rent Setting and Service Charge policy are:

- To set rents and service charges which generate sufficient income to ensure the short, medium and long term viability of the Association.
- To set rents that are broadly consistent with comparable rents charged by other housing associations in the area.
- To only make a service charge where it is necessary to do so i.e. where the costs of the services concerned are not covered by the rent.
- To ensure that the costs of providing services are recovered only from those who enjoy the benefits of the services.
- To ensure that there is fair differentiation of rent for different types of properties.
- To set rents that are based on accurate housing stock and financial information
- To set rents that are affordable to households on low incomes.

3. Legal Framework and Regulatory Compliance

3.1 Pineview Housing Association will have full regard to legislation, contractual obligations, good practice and the requirements of the Scottish Housing Regulator in its approach to rent setting and service charges.

3.2 Legislation

3.2.1 Under the terms of the Housing (Scotland) Act 2001 the Association is responsible for setting rent levels for properties within its ownership and for consulting with the tenants involved.

3.3 The Scottish Social Housing Charter (SSHC)

3.3.1 The Scottish Government, through the SSHC and monitored by the Scottish Housing Regulator, sets the outcomes it expects Housing Associations to achieve for their residents.

3.3.2 In terms of how rent and service charges are applied the Charter states as follows:

Outcome 14 & 15: Rents and service charges

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 provided, the cost of the services, and how far current and prospective tenants and service users can afford them.
- Tenants get clear information on how rents and other money is spent, including details of any individual items of expenditure above thresholds agreed between landlords and tenants.

3.4 The Scottish Federation of Housing Associations (SFHA)

3.4.1 Specific guidance has also been developed by the SFHA on the issues of developing affordable rents and service charges. Regard has been taken of this guidance in the development of this policy.

4. Affordability

4.1 We will seek to ensure that our rent and service charge levels are affordable to our residents, whether they are in receipt of welfare benefits or in low paid employment.

4.2 We will have regard to the SFHA's model affordability tool to assist us when considering our rent and service charge levels.

4.3 The Association will also take account of the following information when considering our rent levels and annual rent increase:

- The proposed rent increases / rents set by other housing associations in the area.
- The reasons for refusals of offers of tenancy.
- The reasons for tenancy terminations.
- Feedback / comments provided by new tenants at settling in visits.
- Arrears levels and links with rent levels

5. Viability

5.1 Our rental income is of paramount importance to the viability of the Association.

5.2 The annual review of rent and service charges will therefore be carried out in conjunction with our budget setting process.

5.3 This will ensure that a detailed assessment of all relevant costs is made and that the resulting rents will be set at a level to meet these as well as achieving an acceptable level of operating surplus to enable us to continue to maximise our investment in our housing stock and services.

5.4 Costs to be considered within the rent and service charge budget setting exercise will, for example, include:

- Management costs of our housing stock.
- Maintenance of our housing stock (reactive and cyclical)
- Costs of providing services (including administration charge)
- Loan charges and repayments
- Voids and bad debts allowance
- Provision for future major repairs, component renewal, planned maintenance work

- Provision for any contingencies.

5.5 We will continue to ensure proper accounting practices are maintained including financial control and analysis of income and expenditure to ensure the Association's long-term viability. This is of key importance in the consideration of these costs and all associated issues.

6. Comparability

6.1 In setting rents (acknowledging viability and business planning constraints) we will aim to demonstrate that our rents are broadly consistent with comparable rents charged by similar social landlords in similar circumstances.

6.2 Appropriate comparisons may include:

- Rents of other Registered Social Landlords in the Drumchapel area.
- Rents of other Registered Social Landlords within our peer group.
- Average national rents

6.3 We will therefore undertake an annual rent comparison exercise across a range of these providers as applicable and report the details/outcome to Management Committee for consideration as part of the rent setting process.

7. Rent Setting Framework

7.1 The Association has chosen a **Value System** as the best method of achieving the aims of this policy.

7.2 We will set rents by attributing a **Basic Value** to all properties to reflect the fact that they all have a living room, hall and bathroom and then adding **Additional Values** to reflect the various property types and individual facilities.

7.3 These **Additional Values** are those which are considered higher amenity and therefore most important to tenants in enjoying their homes and also any which may represent additional maintenance costs to the Association.

7.4 This rent setting framework / structure adopted by the Association aims to be easy to understand, easy to apply, flexible and fair.

7.5 Appendix 1 provides details of the **Basic Values** and **Additional Values** used in the Rent Setting Framework /Structure.

7.6 Using these values, a values total is calculated for each property and the rent is then calculated by applying a multiplier to the total. The value of the multiplier will be set each year by Management Committee as part of the annual rent review process.

8. Homelink / Supported Accommodation

8.1 The Homelink property is a special needs unit which houses people with learning and physical disabilities. In recognition of this the Association will set rent / occupancy charges for such projects out with its value-based rent setting structure.

8.2 In determining the appropriate level of rent we will consider the costs of the following in addition to mainstream costs:

- Maintaining or replacing any special equipment or features provided with the accommodation.
- Any specific costs associated with the registration of the property or compliance with the requirements of other external regulatory bodies.
- Providing, maintaining and renewing communal areas and facilities and staff accommodation.
- Anticipated void levels where responsibility for rent loss through voids rests with the Association.
- Providing, maintaining and renewing any furniture, appliances and fittings for which the Association is responsible
- Rents and service charges comparisons with similar supported accommodation both in Glasgow and nationally.

9. Shared Ownership

9.1 The rent and service charges for new shared ownership properties will be set in accordance with the principles of this policy.

10. Service Charges

10.1 The service charges applied by Pineview Housing Association are additional to the basic rent charge.

10.2 We will only apply a service charge where it is necessary to do so i.e. where the costs of the items concerned would not be covered by the rent e.g. specialist Geze doors.

10.3 Service charges will where possible be based on the actual cost of providing the service plus a charge to cover our administrative costs in providing the

service. In line with Scottish Government guidance, an administration charge is made where service charges are applied to contribute towards the Association's costs in this area of work.

10.4 Service charges are reviewed on an annual basis to ensure that the service charge income is sufficient to cover the future cost of the services. Where any service charge requires to be based upon estimated costs, adjustments will be made for the following year when actual costs are known. The costs of the services provided will be charged on a proportionate basis as applicable amongst those tenants/owners who receive the service.

10.5 Any service charge for which an individual tenant or sharing owner is liable will be detailed in their tenancy/occupancy agreement, therefore residents are required to pay service charges as a condition of their tenancy and occupancy agreements. Non-payment will result in action being taken in accordance with the relevant arrears policy.

10.6 For all service charges we aim to achieve the following:

- All service charges represent value for money and are based on high standards and current good practice.
- New residents are informed of any service charge before they sign their tenancy or occupancy agreement.
- Existing residents will receive clear information regarding their service charges and be given the opportunity to be involved in reviewing services
- We will inform tenants of revised service charges along with their annual rent review notifications.
- We will inform sharing owners of revised service charges in accordance with their occupancy agreement, whereby a certified written statement of projected costs for the coming year will be issued along with their annual rent review and management fee notification. A breakdown of expenditure incurred in the preceding year will also be issued.
- We will inform owner occupiers of service expenditure incurred in the previous year and revised charges for the coming year along with their annual factoring charge review notification.

11. Consultation / Annual Review

11.1 All rent levels and other charges will be reviewed annually, with any increases implemented from **1st April each year**.

11.2 The decision as to the level of any rent or service charge increase will be made by the Management Committee.

11.3 Prior to agreeing any increase in rent levels, the Management Committee will have regard to any representations received from tenants as a result of a

consultation exercise on proposed rent increases carried out under the terms of section 25(a) of the Housing (Scotland) Act 2001.

11.4 We will consult and involve tenants, our Customer Forum Group and other relevant stakeholders as part of our consultation exercise.

11.5 We will carry out comprehensive consultation measures e.g. by individual letter and through newsletter articles.

11.6 The consultation process will be made in time for views expressed to be made available to Management Committee when it meets to consider the annual budget.

12. Training

12.1 The training requirements of Management Committee and staff will be regularly assessed to ensure that they have the necessary skills to effectively implement and monitor this policy.

13. Equality and Diversity

13.1 Our core values include providing a fair and equal service for all people and this is detailed in our Equality and Diversity Policy. Our approach to managing rent and service charges setting will reflect that commitment.

14. Complaints/ Appeals

14.1 Appeals against rents or service charges set based on this policy will be actioned in accordance with our Complaints Policy. Please see the Complaints Policy for details on how to do this.

15. Policy Review

15.1 This policy will be reviewed every 3 years unless amendment is prompted by a change in legislation or monitoring/reporting reveals that a change in policy is required sooner.

15.2 The rent setting framework/mechanism will be reviewed annually to consider the appropriateness of its various components in relation to the actual rents which it produces.

15.3 As part of the budget process rents and service charges will be reviewed annually by the Management Committee and will be increased at 1st April.

15.4 The Management Committee will be given all the relevant information on which to make an informed decision.

15.5 We will give at least 28 days written notice of any change in rent and service charges payable.

16. Risk Management

16.1 Risk factors which can arise from this policy are as follows:

- Financial risk through potentially insufficient income being generated to cover operating costs.
- Setting charges which are viewed as being unfair and / or not affordable.
- Emerging risks from changes to the welfare benefits system.
- Non-compliance with the Scottish Social Housing Charter outcomes.

16.2 Given the importance of these risks it is recognised that these have to be effectively managed.

16.3 This will be achieved by combining the annual review of the rent setting structure with a comprehensive budget and business plan review process.

16.4 This overall process will involve active consideration of all relevant issues relating to the achievement of comparability, viability, fairness and affordability in accordance with this policy.

Appendix I : Rent Structure (2020+)

| | |
|--|------|
| Base Rent / Basic Value | 1350 |
| | |
| Additional Charges / Values: | |
| Tenement Flat | 0 |
| Main Door Flat | 35 |
| 4 in Block (Cottage Flat) | 65 |
| Mid Terrace | 100 |
| End Terrace | 140 |
| Semi Detached | 160 |
| Detached (Homelink) | 190 |
| Integral Kitchen | 0 |
| Separate Kitchen | 80 |
| Utility Room (Homelink) | 100 |
| Double Bedroom | 175 |
| Single Bedroom | 135 |
| Extra WC | 45 |
| Extra WC with Shower | 85 |
| Both (Extra WC + Extra WC with Shower) | 130 |
| Tenement Stair Cleaning | 65 |

Points multiplier applied each year = % rent increase

Appendix 2: Service Charges – Shared Ownership / Owner Occupied Properties

- Common Ground Maintenance
- Common Stair Cleaning
- Common Glass Cleaning
- Backcourt Maintenance
- Gutter Cleaning & Roof Report
- Roof Anchors
- Cyclical Painterwork
- Gas servicing (optional / by agreement with owner occupiers)

N.B. Ground floor, owner occupied main door flats are liable for stair and glass cleaning charges because they require access to their close cupboards.