

### 1.0 INTRODUCTION

- 1.1 This policy outlines the methodology that Scottish Borders Housing Association (SBHA) uses to set rents and service charges, taking account of statutory and regulatory requirements.
- 1.2 SBHA's Rent Setting & Service Charges Policy applies to all of SBHA's social housing tenancies (i.e do not include properties for Mid-Market Rent).
- 1.3 As rents are SBHA's main source of income, it aims to set rent levels and service charges that balance viability for the Business Plan while ensuring rents remain affordable to Tenants and broadly comparable with other landlords.

### 2.0 AIMS & OBJECTIVES

- 2.1 The main objectives of this policy include:
  - Establishing a framework for setting rent and service charges that is affordable, fair & equitable, transparent and consistent, and which allows sufficient consultation with Tenants when charges are reviewed annually;
  - Ensuring that the rent and service charges set each year provide sufficient resources for SBHA to provide a quality management and maintenance service, as well as cover the costs associated with empty homes, bad debts, debt interest & repayments, planned maintenance investment & new build development;
  - Setting rent levels and service charges that are affordable to households on low to moderate incomes, taking account of available data on household incomes and charges levied by other comparable social landlords within the local housing market
  - To provide a framework for calculating rents for a full range of new build & reconfigured property types to be used when applying for Housing Association Grant and appraising new Development & Regeneration projects.
  - Set out the principles for how this Policy will be implemented.

### 3.0 LEGISLATIVE AND STATUTORY DUTY

- 3.1 SBHA will comply with the law and the principles contained within legislation, guidance and good practice including:
  - The Housing (Scotland) Act 2001 (Sections 25 & 54);
  - Scottish Social Housing Charter
  - Scottish Federation of Housing Associations: Guide to Rent Setting and Affordability
  - Scottish Federation of Housing Associations and Housemark Scotland: Rent Affordability Tool
  - Scottish Housing Regulators: Thematic Report on Rent Consultation
  - Scottish Government set Local Housing Allowance rates: Broad Rental Market Area (BRMA).

#### 3.2 Scottish Social Housing Charter

The Scottish Social Housing Charter sets out the standards and outcomes that all social landlords should aim to achieve for their tenants and other customers when performing their housing activities. The relevant standards and outcomes for the Rent, Services and Occupancy Charges Policy are:

Charter Indicator 13: Value for Money

- Tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay.

### Charter Indicators 14 and 15: Rent 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 other customers can afford them.
- Tenants get clear information on how rent and other money is spent, including details of any individual items of expenditure above thresholds agreed between landlords & tenants.

### 3.3 Equalities

SBHA's Rent Setting & Service Charges Policy seeks to ensure equality of treatment for all tenants without discrimination or prejudice, regardless of sex, faith or religion, race, ethnic origin, sexual orientation, mental or physical health, disability or marital status.

### 3.4 Confidentiality

SBHA recognises that confidentiality is important to Tenants and will treat their tenancy information in the strictest confidence under the General Data Protection Regulation (GDPR) and in line with SBHA's Privacy Policy.

## 4.0 AFFORDABILITY & COMPARABILITY WITH OTHER RSL's

4.1 SBHA will aim to set rents at levels which are:

- affordable to Tenants on low to moderate incomes.
- meet management and maintenance costs, loan charges, empty homes, bad debts, provision for future planned maintenance and costs of other services provided; and
- comparable with the rents charged by other registered social landlords in the area.

4.2 SBHA defines affordability and continues to monitor rent levels based on the SFHA affordability guidance and uses the rent affordability tool to measure this. This considers various housing properties by size for typical household compositions and seeks to ensure that no one should be spending any more than 30% of their income on rent (using the moderate income level parameter based on the Annual Survey of Hours and Earnings (ASHE) data, 30<sup>th</sup> percentile).

4.3 SBHA will proactively encourage the maximisation of tenant income through benefit take up activity. To this end SBHA's Financial Inclusion Team will develop and target information and advice to promote benefit maximisation for Tenants.

## 5.0 FINANCIAL VIABILITY

5.1. It is crucial that SBHA sets rents that take account of the costs of running the business, as set out in its Business Plan. The vast majority of SBHA's income is derived from rents and it is therefore vital that the levels of these rents allow SBHA to be financially viable.

5.2 This means that SBHA will calculate annually the projected expenditure to be financed from rental income in the following areas:

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- Housing Services – the costs of providing a high standard housing management service, as costed in our budget, including items such as rent collection, allocation, estate management, information and advice and Community Initiatives
- Responsive repairs and cyclical maintenance;
- Planned programmed renewals and new build – the cost of improving or replacing components / maintaining Scottish Housing Quality Standards and Energy Efficiency Standard for Social Housing;
- Loan repayments and interest charges;
- Employee and administration costs;
- Office overheads; and associated costs with running the organisation.

### 6.0 RENT SETTING STRUCTURE

- 6.1 SBHA has undertaken a comprehensive review of the rent and service charge structure and is set in accordance at **Appendix 1**. The approach is designed to be a consistent approach to calculating rents based on fair principles, reflective of the benefits and amenities of the property, simple to understand and transparent.
- 6.2 SBHA will apply a base rent for all properties, applying additions or subtractions based on the criteria detailed in the appendix.
- 6.3 The rent structure includes a premium for New Build properties, to reflect building standards and overall modern facilities provided. This applies to properties built from 2014 onwards. New Build properties are costed and appraised for grant purposes on the number of bedrooms and person space, therefore the rent premium is set according to the person space.
- 6.4 An Amenity Housing Premium is chargeable to those properties deemed as Amenity with communal areas.
- 6.5 In order to meet Net Zero commitments SBHA may provide Renewable Energy Systems within properties as a measure to improve the energy efficiency of existing homes and rent or service charges may be adjusted accordingly

### 7.0 SERVICE CHARGES

- 7.1 From April 2024 SBHA will amalgamate 9 service charges into the main rents. This will not impact on any existing services delivered without prior consultation with Tenants. The four remaining Service Charges that will sit outside the rental charge are:
- General Needs Stair Cleaning
  - Amenity housing Communal Cleaning
  - Amenity housing Window Cleaning
  - Personal Heating with rent charge (non-housing benefit eligible heating costs provided by a common heating system)
- 7.2 The charge for each of the above services is determined by the total cost for providing the service and dividing it amongst the total properties across SBHA's housing stock which receive that service.
- 7.3 Personal Heating from a Communal heating system is reviewed each year based on the cost, with the aim to charge the cost directly amongst the properties receiving the heating service in the scheme. The Board reserve the right to review the charge each year to take into account market conditions.

7.4 Service charges will be detailed clearly in the Scottish Secure Tenancy Agreement and charged weekly along with the rent.

## 8.0 CONSULTATION

8.1 Under Section 25 of the Housing (Scotland) Act 2001, SBHA is required to give Tenants four weeks' notice of any rent review and can do so once per annum. Before giving notice of the rent review, SBHA will consult Tenants and consider their views.

8.2 The rent review process will seek to achieve a balance between the quality and cost of service delivery, aiming to set charges that represent best value and affordability to Tenants.

8.3 SBHA will write to every Tenant and in general as per the timescales set out below:

Task	Timescale
Initial discussion on proposed rent increases at Board	October/November
Consumer Price Index Figure for October published	November
Board discussion based on affordability assessment; benchmarking and inflationary environment	December
Rent increase consultation to Tenants	December/January
Rent Increase Approved	January
Rent Increase letters sent (at least 28 days before 1 <sup>st</sup> April)	February
New Rent applied (first Monday in April)	April

8.4 SBHA's annual rent consultation will normally be published through the Association's newsletter which is available to all Tenants. A number of ways for Tenant feedback will be available, such as posting or emailing the paper survey; an online survey tool; telephone call and from time to time an in-person event.

8.5 SBHA will continue to commission periodic Tenant satisfaction surveys and seek to measure general Tenant perceptions. When reviewing rents, consideration will be given to SBHA's investment programme, service delivery arrangements and any new duties or initiatives.

## 9.0 IMPLEMENTATION

9.1 The rent structure aims to maintain SBHA's overall rent income level. This involves an increase in some rents and a decrease in others, whilst some rents may not change significantly. This also involves implementation over a phased period to reduce the impact on those adversely affected. It has been agreed by the Board of Management for 2024-25, at a time of high inflation, that no increase or decrease due to the restructure be greater than £2 per week for existing Tenants. This means that it will take approximately 5 years to fully implement the new rent policy, although some properties will take longer.

9.2 From the Board of Management date of approving this Policy, new Tenancies will be let at the full new target rent including service charges, with the exception of where the previous rent charged is higher than the target rent. The reduction will be phased-in in line with existing Tenants of the same property type and size.

## 10.0 ROLES & RESPONSIBILITIES

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- 10.1 The Board of Management has overall responsibility for setting and reviewing SBHA's Rent and Service Charges. Normally, these will be reviewed on an annual basis as part of setting the annual rent increase.
- 10.2 The Director of Finance is responsible for the review of Rents and Service Charges in accordance with Business Plan requirements for consideration by the Board of Management.
- 10.3 The Director of Customer Services is responsible for ensuring the statutory consultation is held with Tenants and formal notification of annual rent setting outcomes to Tenants.
- 10.4 SBHA's Finance Manager & Head of Neighbourhood & Solutions are responsible for ensuring SBHA's systems record the appropriate rent and service charges.
- 10.5 SBHA's Neighbourhood team are responsible for advising any new Tenant of the Rent charge and ensuring this is reflected in the Tenancy agreement.

### **11.0 MONITORING AND REVIEW**

- 11.1 This Policy will be implemented for new Tenancies from 22<sup>nd</sup> February 2024 and will include the agreed increase for 2024-25. Revised rents for existing Tenants will be implemented from 1<sup>st</sup> April 2024. The policy will then be subject to a 3-yearly review.
- 11.2 The Board of Management will agree any future rent caps (increase or decrease) for existing Tenants each year when considering the annual rent increase, in light of the current economic environment.

**APPENDIX 1**

**RENT & SERVICE CHARGE SETTING STRUCTURE**

Base Rent	£107.50 per week (48 weeks per annum) plus/minus weekly property rent attribute
Rent Criteria 1	Property Size
Rent Criteria 2	Property Type
Rent Criteria 3	New Build Premium
Rent Criteria 4	Amenity Premium

<b>Criteria 1: Property Size</b>	<b>Weekly Adjustment</b>
Bedsit	-£15.00
1 Bedroom	-£10.00
2 Bedroom	£ 0.00
3 Bedroom	£10.00
4 Bedroom	£20.00
5 Bedroom	£30.00
6 Bedroom	£40.00
<b>Criteria 2: Property Type</b>	
Bedsit	-£25.00
Amenity Housing	-£20.00
Flat	-£15.00
Four in a Block	-£10.00
House	£ 0.00
<b>Criteria 3: New Build Premium</b>	
New Build 2 person space - Flat/Four-in-Block/House	£ 5.00
New Build 3 person space - Flat/Four-in Block	£12.50
House	£ 5.00
New Build 4 person space - Flat/Four-in-Block	£15.00
House	£10.00
New Build 5 person space - Flat/Four-in-Block	£17.50
House	£12.50
New Build 6 person space - Flat/Four-in-Block	£20.00
House	£15.00
<b>Criteria 4:Amenity Premium</b>	
Amenity Housing with communal area	£10.00

<b>Service Charges</b>	
General Needs Housing Stair Cleaning	Tenants receiving these services will be informed of the values each year.
Amenity Housing Communal Cleaning	
Amenity Housing Window Cleaning	
Personal Heating (non-housing benefit eligible)	

(Base Rent is applicable as at 2023-24 and subject to the agreed increase for 2024-25).