



SHA Rent Setting Policy

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Appendix 1 Equality Impact Assessment

1. Introduction

- 1.1 This policy outlines the criteria that Southside Housing Association (SHA) will use in setting rents and service charges.
- 1.2 In setting rents, we aim to ensure that we set and maintain rental income at a level that guarantees SHA's future long term financial viability whilst taking account of affordability to current and future tenants, and comparability of rents charged by other social landlords for similar properties.
- 1.3 As rents are the main source of revenue income for SHA it is imperative that we ensure that they are set at levels which are not only affordable to tenants but also cover all of our revenue costs such as loan repayments, management costs, and repairs and maintenance. The rent setting process is an integral part of the SHA's internal management including budgeting and longer-term planning. This policy is also intended to ensure that both individual property rents and annual rent increases are set within a framework which can be seen to be consistent, fair, and equitable. The policy is intended to explain and clarify the rent setting and rent review processes for SHA's properties.

2. Scope of the Policy

- 2.1 This policy outlines the criteria that SHA will use in setting rents for its housing stock across a number of specified tenure types.

3. Aims

- 3.1 The aims of the Policy are to:
 - Ensure SHA's rent setting generates sufficient income to meet our reasonable financial requirements, planning for the medium and longer term where possible;
 - Set rents which are affordable to our customers for the different type and size of properties in our stock using a recognised measure of affordability;
 - Ensure that the costs of providing our housing and services should be met in full by the rents set;
 - Have a fair system for apportioning rents between individual properties ensuring equitable rents within our overall rent structure;
 - Ensure our rent setting mechanism is transparent and is understood by staff, Management Committee members and customers;

- Comply with legal duties, regulatory requirements, and good practice standards, and;
- Ensure that rents set represent good value when compared with rents charged for equivalent properties by other social housing providers operating in the area.

4. Context

4.1 SHA continues to work with its partners in order to provide housing solutions which reflect local needs and local opportunities. Through effective collaboration, we can ensure that more resources are channelled to strategic priorities.

4.2 SHA's Rules contain details of our charitable objects which emphasises that the ethos of SHA is "to provide for the relief of those in need by reason of age, ill health, disability, financial hardship or other disadvantage." This charitable purpose is considered when reviewing our rent policy, structure and rent levels against the competing business requirements of SHA.

5. Legal and Regulatory Framework

5.1 In approving and implementing the Rent Policy and associated procedures the Association aims to comply with the following legislation and contractual obligations:

- Housing (Scotland) Act 2001;
- Housing (Scotland) Act 2014;
- Housing (Scotland) Act 2010;
- Data Protection Act 2018;
- UK General Data Protection Regulation;
- Scottish Secure Tenancy Agreement;
- The Private Housing (Tenancies) (Scotland) Act 2016, and;
- Housing (Scotland) Act 1988.

6 The Scottish Social Housing Charter

6.1 The Scottish Social Housing Charter came into effect in April 2012 setting out the standards and outcomes that all social landlords should aim to achieve when performing their housing activities. Social landlords are responsible for meeting the standards and outcomes set out in the Charter. The Scottish Housing Regulator (SHR) is responsible for monitoring, assessing, and reporting on how well social landlords, individually and collectively achieve the outcomes.

6.2 SHRs' approach to monitoring landlords' achievement of the outcomes and standards in the Charter will be based on the landlord's performance information and their own assessment of their performance. For each year ending on 31 March, landlords will be expected to:

- Measure and assess their performance in progressing towards or achieving the Charter outcomes and standards;
- Provide the SHR with key performance information on their achievement of the outcomes and standards; and
- Report their performance to their tenants and other service users who use their services.

6.3 SHA will review each element of the Charter with its tenants and agree locally based standards designed to demonstrate the achievement of outcomes.

6.4 The following Charter outcomes are directly relevant to this policy:

Charter Outcome 13: Value For Money

Social landlords manage all aspects of their businesses so that tenants, owners, and other customers receive services that provide continually improving value for the rent and other charges they pay.

This outcome covers the efficient and effective management of services. It includes minimising the time houses are empty; managing arrears and all resources effectively; controlling costs; getting value out of contracts; giving better value for money by increasing the quality of services with minimum extra cost to tenants, owners, and other customers; involving tenants and other customers in setting rents and service charges; and in monitoring and reviewing how landlords give value for money.

Charter 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, and;*
- *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 and tenants.*

These outcomes reflect a landlord's legal duty to consult tenants about rent setting; the importance of taking account of what current and prospective tenants and other customers are likely to be able to afford and the importance that many tenants place on being able to find out how their money is spent. SHA will consult with tenants on an annual basis in order to determine their views on the proposed rent for the forthcoming year. Tenants will be provided with an overview of the reasons determining the proposed changes. Views will be collated and discussed with the Management Committee, in order to support them to make an informed decision about the appropriate rent level based on affordability for the tenant, the SHA Business Plan, and the views from the consultation.

- 6.5 The Scottish Social Housing Charter effectively supersedes the SHR's Performance Standards, however SHA remains committed to achieving these standards as an indicator of good practice. The following areas are relevant to rent policy and procedures:

GS1.2 Policies and Procedures – we have high quality written policies and procedures to guide our actions.

GS2.1 Equal Opportunities – we embrace diversity, promote equal opportunities for all and eliminate unlawful discrimination in all areas of our work.

GS4.3 We conduct our affairs with honesty and integrity and demonstrate the values of good governance through our behaviour. We promote clear values for the whole organisation.

GS3.1 Responsiveness to service users – We place the people who want to use our services at the heart of our work. We treat people with respect and are responsive to their views and priorities.

GS4.7 Financial Management – We have a robust financial management framework in place.

AS1.6 Rents – We set rents that take account of affordability, the costs of managing and maintaining our houses, comparability with other social landlords in the area, and that enable us to service existing loans and fulfil contractual obligations. We have a fair system for apportioning rents between individual properties.

7. Affordability

- 7.1 In assessing the affordability of rents SHA uses the SFHA/HouseMark Scotland rent affordability calculator. We also adopt the assumption of tenants having to pay no more than 30% of their incomes in rent. The rent policy and structure ensure that all of SHA's rents are within this threshold based on current average incomes.

8. Comparability

- 8.1 SHA will compare its rents to that of other Registered Social Landlords who operate in the same geographical areas. The aim of this is to ensure that rental charges remain comparable to other rents in the social housing sector locally.
- 8.2 Where marked differentials in comparability are observed, SHA will establish if there is reasonable justification for these or will take steps to address them.

9. Viability

- 9.1 SHA recognises that rents set must sustain the business that it operates and the service it delivers thereby ensuring financial viability and the long-term sustainability of the organisation. The Management Committee reviews, considers, and agrees the range and extent of the SHA's services to its customers.

10. Rent Setting

- 10.1 SHA specifies what services it wishes to provide over the year and costs this. Rents are set to cover costs. Costs include:
- Housing and estate management;
 - Day to day repairs, cyclical and planned maintenance;
 - Loan charges;
 - Management Costs, finance and IT;
 - Voids and bad debts;
 - Contribution to wider action/community activities, and;
 - Depreciation.
- 10.2 Actual costs against these expenditure categories are met from rents. To ensure that rental income is sufficient to cover costs an annual budget is prepared, indicating the total running costs to be met from rental income. Where possible, planning for the medium and longer term will also take place to calculate costs to be met from rents over more than one financial year.
- 10.3 Historically, SHA has reflected on September CPI and used this as a benchmark and as part of the overall consideration (along with that in 10.2) for rent setting. For example, following the COVID-19 pandemic and significantly below inflationary rent increases in recent years, it was considered at that time that we would be likely to increase rents at or above CPI in future years for some time.
- 10.4 The rent structure (see Section 12) is based on the size and type of the property. SHA's property database calculates the total rent for the stock as a whole.

- 10.5 Those properties exempt from the policy (see Section 11) have their rents deducted from the total income required.
- 10.6 The rent structure must provide a fair method of allocating rents to the varied range of properties owned by SHA. Rent differentials are an important aspect in ensuring that rents charged are based on the amenities offered, and in particular the size of the accommodation.
- 10.7 The rents for our properties will be reviewed on an annual basis. The service charges for all properties will also be reviewed on an annual basis (see Section 13). These reviews will take into account our expenditure in the previous financial year and any known or reasonably anticipated changes in costs.
- 10.8 Any increase in rent will be applied on 1 April, for all tenants. The rent for a leased property will be increased according to the provisions in their agreement.
- 10.9 All tenants and leased property agencies will receive at least 28 days written notice of the proposed rent and/or service charge increase.
- 10.10 The rents of Shared Ownership tenants will be increased in line with SHA social rented tenants.

11. Exceptions to the Rent Policy

- 11.1 Pre-1989 Secure Tenancies are not subject to the rent policy. These properties have their rents set subject to a determination by the Rent Registration Service (part of the Scottish Government). These types of rents are also known as “fair rents”.
- 11.2 If not requested by the individual tenant, SHA will seek a determination by the Rent Registration Service every 3 years. Information will be provided to the Rent Officer making the determination on comparable rents for properties covered by our rent policy.
- 11.3 The Rent Officer in setting a fair rent will give details of the period over which any increase can be applied, and SHA will comply with this.
- 11.4 Shared Ownership properties are subject to the normal rent structure and pointed accordingly. An allowance is deducted for repairs (which are not carried out by SHA) and the net figure is subject to a percentage deduction based on the tranche purchased by the sharing owner. (25%, 50% or 75%). Any service charges are added to the total and are subject to SHA’s policies in these areas.
- 11.5 In some instances particular funding arrangements may require rent structures which do not follow SHA’s normal policy and uplifted rents will be

used to reflect actual development costs. This may be where a development is carried out in partnership with another organisation.

- 11.6 Similarly there may be a need to set rents in line with local agreements or as part of our strategic partnerships with the local authority.
- 11.7 In such circumstances the individual requirements of the properties will wherever possible be contained within our policy, but any alterations required will be reported to and approved by the Management Committee.

12. Rent Structure

- 12.1 Rents are calculated from a base property and agreed base rent. The base property has values added or subtracted based on its size and type and any additional amenities. Below are the monthly rent levels for each property type.
- 12.2 Rents are calculated from a base property. The base property has values added or subtracted based on its size and type and any additional amenities. Below are monthly rent levels for each property type.

	2023/2024		2023/2024		2023/2024
Base Rent - All Properties	338.91				
Size	Add	Type	Add	Heating System	Add
1 Apt 1 Person	-43.24	High Rise	0	Gas/Electric Wet	18.83
2 Apt 1 Person	-32.43	High Rise-Low	11.3	Electric	0
2 Apt 2 Person	-22.59	Deck Access	22.59	Lift	Add
3 Apt 3 Person	45.19	Mini Multi Storey	33.9	Lift	22.59
3 Apt 4 Person	56.49	Tenement	50.84	2 Lifts	22.59
4 Apt 4 Person	67.78	Maisonette	62.14	No Lift	0
4 Apt 5 Person	79.09	Main Door	84.74	Concierge	Add
4 Apt 6 Person	96.03	Terraced	84.74	Concierge	31.37
5 Apt 6 Person	107.33	House	84.74	No Concierge	0
5 Apt 7 Person	118.61	Town House	152.51		
5 Apt 8 Person	129.92				
6 Apt 7 Person	146.86				
6 Apt 8 Person	158.16				
6 Apt 9 Person	169.45				
7 Apt 9 Person	180.76				
8 Apt 11 Person	192.05				
10 Apt 14 Person	203.35				

- 12.3 The rent structure is used not only for existing properties but is used in submissions to the Scottish Government/ Glasgow City Council for development funding.
- 12.4 Cost related uplifts will be set at various levels reflecting the need to meet HAG rent targets in full or alternative funding models. As part of our strategic partnerships with the local authority we may set alternative rents for new build properties (see section 11) but these will, wherever possible be contained within our rent structure and will be reported to and approved by the Management Committee.
- 12.5 In order to update the total rent for each property to take account of rent increases the rent will increase by whatever rent increase percentage is agreed annually and the rent policy amended annually. This will be controlled through the use of a multiplier which will treat 2023/2024 as the base year and will be amended annually to reflect the annual rent increase. The multiplier will be used to calculate new build rents on the year that they come off site.
- 12.6 SHA will regularly review its rent structure to ensure that all properties are treated equally in respect of rent charged and to equalise structures for properties which have been acquired through the Affordable Housing Supply Programme.

13. Service Charges

- 13.1 Service Charges are levied to cover the cost to SHA providing services to tenants, shared owners and factored owners which are not covered by rent or other charges.
- 13.2 The following are examples of where service charges will be levied:
- Administration Costs (overhead costs associated with service charges);
 - Garden and ground maintenance;
 - Cleaning of common areas;
 - Community alarms;
 - Maintenance of passenger lifts;
 - Common electricity supplies;
 - Specific item maintenance charges, such as but not limited to:
 - stairlift servicing and maintenance;
 - maintenance of aerials and satellite dishes;
 - maintenance of sprinkler systems;
 - maintenance of photovoltaic cells (solar panels), and;
 - future replacement of the above.
- 13.3 The charge to tenants will be based on the prior year's cost of providing the service. A service charge equalisation income/expenditure account will operate. At the end of each financial year a reconciliation of costs and charges will be carried out. Any surplus or deficit in costs will be

added/deducted from the following years' service charge. An annual statement detailing costs incurred, and service charges levied, for each scheme will be produced and issued to affected tenants/ owners.

14. Complaints and Appeals

- 14.1 SHA's rent policy relates in part to the setting of rents for Scottish Secure Tenants under the Housing (Scotland) Act 2001. There is no external appeal system for tenants against rents set by the landlord, although complaints will be considered in accordance with our Complaints Handling Procedure.
- 14.2 Ultimately complainants have a final right of appeal to the Scottish Public Services Ombudsman (SPSO). SHA's Complaints Handling Procedure details the way in which complaints can be made and the timescales for responding.

15. Equality and Human Rights

- 15.1 In applying the Rent Policy, SHA will ensure it complies with the Equality Act 2010. The Act makes it unlawful to discriminate against, harass or victimise a person because they have one or more of the following protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, sex, and sexual orientation.
- 15.2 An Equality Impact Assessment (EqIA) (Appendix 1) has been carried out in relation to this policy to assess the positive and negative equality impacts of this Policy.

16 Data Protection

- 16.1 SHA will treat all personal data in line with our obligations under the Data Protection Act 2018, the UK General Data Protection Regulation and SHA's Privacy Policy and Data Retention Policy. Information regarding how SHA process personal data and the legal basis for processing personal data is set out in its Fair Processing Notices.

17 Delegated Authority

- 17.1 Delegated authority is granted by the Management Committee through SHA's Scheme of Delegated Authority to the Chief Executive Officer and SHA staff to implement the Rent Policy and Procedures.

18. Training and Development

- 18.1 Staff dealing with rent setting and any aspect of the rent policy will have training appropriate to their needs and to the needs of SHA identified within their Personal Training Plans to ensure the aims of the Policy are met.

19. Monitoring and Reporting

- 19.1 The Chief Executive Officer is responsible for ensuring the implementation of this Policy and supporting procedures by staff, and for the maintenance of all the necessary records on the Housing Management system, to enable the compilation of regular reports.
- 19.2 The Management Committee will receive reports from the Director of Housing and Communities/ Director of Finance and Corporate Services to allow effective monitoring of the rent policy. These reports will include:
- Rental income received against budget projections;
 - Comparability of rents based on local and national RSL comparators, and;
 - Updated affordability calculations.
- 19.3 Our performance will be regularly benchmarked against other comparable landlords.

20. Customer Service/Satisfaction

- 20.1 SHA is committed to a high level of customer satisfaction in the delivery of this Policy.
- 20.2 SHA will include aspects of the rent policy and structure within its main customer satisfaction survey and ensure that any feedback is taken into account in the review of the policy.
- 20.3 The survey information will be used to inform any policy review with a view to improving the services we deliver and the overall customer experience. The survey results will be reported to the SHR through our annual return on the Scottish Social Housing Charter and in our annual performance report to tenants.

21. Risk Management

- 21.1 The Rent Policy and setting of rents represents risk to SHA in that:
- Incorrect calculation of rents required to deliver agreed services may lead to a shortfall in income and affect viability;
 - Failure to specify amenities within properties may lead to a reduction in rent differentials;
 - Failure to monitor affordability may lead to a disproportionate amount of SHAs' intended client group being excluded from renting;

- Failure to monitor comparability may lead to an increase in refusals of accommodation and reductions in demand, and;
- The reputation of SHA may suffer, affecting tenant and partner confidence and customer satisfaction.

21.2 Given the importance of these risks the effective management of this Policy is vital.

22. Policy Review

22.1 This Policy will be subject to review initially on an annual basis.



Southside Housing Association

T: 0141 422 1112

F: 0141 424 3327

E: CSD@southside-ha.co.uk

A: Southside House, 135 Fifty Pitches Road, G51 4EB