



**POLICY**

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**RENT SETTING**

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# Wellhouse - The Place to Be

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Reviewed by: Housing and Customer Service Manager

**We can produce this document in different formats, for instance, in larger print, Braille or audio-format; we can also translate this document into specific languages, as appropriate.**

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### **Linked Policies/Procedures**

1.	Equality and Diversity Policy
2.	Openness and Confidentiality
3.	Tenant Participation Strategy and Action Plan
4.	Complaints Policy
5.	Income Collection and Debt Recovery Policy
6.	Business Plan Protocol

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## 1. Vision and Values

### Wellhouse – the Place to Be

Our rent setting policy supports our vision of Wellhouse as an attractive place where people feel safe, benefit from having a good home and an attractive environment and feel proud to be part of a vibrant community. It does this by setting out how we will set our rents and steps we take to ensure rents are affordable, comparable with neighbouring registered social landlords and maintain the Association's viability

The policy is underpinned by our strategic values of Trust, Honesty, Integrity, Excellence, Accountability and Sustainability.

## 2. Governance

Wellhouse HA is a community controlled Registered Social Landlord and is managed by our Management Committee.

Our rent setting policy has been approved by the Management Committee. and they will monitor its implementation. Rents are set to ensure that we can deliver against our strategic aims and our agreed service standards.

## 3. Policy Aims

Rents represent the main source of the Association's income. It is, therefore, crucial that we set the right rent levels. We need to balance what is affordable to our tenants with the resources we need to deliver excellent services. This includes maintaining and repairing our tenant's homes and managing the Wellhouse area to a high standard.

Our tenants have a right under the Housing (Scotland) Act 2001 to be consulted on our policy and the rent levels we set. This policy sets out:

- How we set our rents
- The role of the Management Committee
- How we spend our customer's rents
- How we consult with our customers on this policy
- How we consult on any rent increase
- How we communicate with our customers on rents and service charges

## 4. Equal Opportunities Statement

We aim to ensure that all our services provide equality of opportunity.

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We will not discriminate against any individual for any reason, including age, disability, gender re-assignment, marriage, civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation, or other status.

We will promote equality and diversity throughout our rent setting policy and related procedures by:

- providing accurate and clear information to tenants about any rent increase
- using interpreters for people from black and minority ethnic groups, or for disabled people, as appropriate
- responding to the different needs and service requirements of individuals (including those with protected characteristics)

## 5. Legislation

The following legislation is relevant to this policy:

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- The Housing (Scotland) Act 1987 (as amended)
- The Housing (Scotland) Act 2001
- The Housing (Scotland) Act 2010
- The Housing (Scotland) Act 2014
- Equality Act 2010
- Equality Act 2010 (Specific Duties) (Scotland) Regulations 2022
- Data Protection Act 2018
- Human Rights Act 1998
- Welfare Reform and Work Act 2016

## 6. Scottish Housing Charter

The Scottish Government's Social Housing Charter came into force in April 2012, was reviewed in 2019 and 2022. The Charter sets out the standards and outcomes that Registered Social Landlords should achieve.

There are 7 outcomes under the Charter that are especially relevant to our Rent Setting Policy. These are:

### Outcome 1 : Equalities

Social landlords perform all aspects of their housing services so that:

- they support the right to adequate housing
- every tenant and other customer has their individual needs and rights recognised, is treated fairly and with respect, and receives fair access to housing and housing services

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## **Outcome 2: Communication**

Social landlords manage their business so that:

- tenants and other customers find it easy to communicate with their landlord and get the information they need about their landlord, how and why it makes decisions and the services it provides

## **Outcome 3: Participation**

Social landlords manage their businesses so that:

- tenants and other customers are offered a range of opportunities that make it easy for them to participate in, and influence their landlord's decisions at a level they feel comfortable with

## **Outcome 11: Tenancy Sustainment**

Social landlords ensure that:

- tenants get the information they need on how to obtain support to remain in their home and ensure suitable support is available, including services provided directly by the landlord or other organisations

## **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

## **Outcomes 14 and 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 services, and how far current and prospective tenants and other customers can afford them
- tenants get information on how rent and other money is spent, including any details of individual items of expenditure above thresholds agreed between landlords and tenants.

## 7. Our Principles and Standards

We have agreed a set of guiding principles:

- Rent Setting is clear and transparent and rent levels reflect property type, size and level of amenities
- Consult with our customers on rent increases
- We comply with the law, any guidance and the Social Housing Charter
- Sufficient income is generated to meet all of the Association's financial requirements
- The rents set are affordable to those customers who are in full time employment
- Rents are broadly consistent with comparable rents charged by similar landlords
- Provide our tenants with information on how we spend the rent charges we collect
- Make the rent our customers pay go as far as possible by focusing on value for money and working efficiently and effectively

## 8. The Policy

### What Our Rents Deliver

Our customer's rents are the main source of income for Wellhouse Housing Association. We use it to:

- carry out repairs to our customer's homes;
- maintain our customer's homes;
- manage the Wellhouse area;
- provide excellent services;
- provide high quality and affordable homes;
- support and consult with our tenants;
- support any borrowing that we have or need to do, to build new homes and carry out major works to our tenant's homes;
- make sure that we have enough money in reserve to meet future works or to respond to the unexpected;
- cover our staff and office costs so that we can remain easily accessible to our customers and maintain a well-trained staff

### How We Set Our Rents

We want our rent setting policy to be as transparent and easy to understand as possible.

We undertook a rent and service charge setting exercise in consultation with all our customers in 2016, the result of which informed how we set rents at Wellhouse.

Our approach to rent setting takes account of 3 things:

- A base rent set for every property, based on a 2apt

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- An additional amount per bedroom, based on the property size
- An additional amount, based on the property type

## **How We Review Our Rents and Service Charges and Decide on Increases**

Starting from the model described above, we then consider each year the following factors:

### **Affordability**

Making sure our rents are affordable to our tenants and future tenants is at the heart of our approach to rent setting. There is no universally accepted definition of affordability in Scotland. We use the definition recommended by the Scottish Federation of Housing Associations (SFHA).

*“For a rent (including service charges) to be affordable households with one person working 35 hours or more should only exceptionally be dependent on housing benefit in order to pay it.” (SFHA Guidance)*

We keep this definition under review to make sure that it continues to be relevant and meaningful as things change, such as welfare benefit reform, inflation, minimum wage levels etc.

To help us test the relevance of this definition we will ask our customers to provide us with information on their income so that we can build a profile of affordability to inform our rent setting and rent increases.

### **Comparability**

We look at the rents of other local landlords in order to test how comparable our rent levels are.

We do this annually, when we propose a new rent. We provide our tenants with information on other rent levels for similar properties, using available benchmarking information.

We aim to be comparable with other providers.

However, different landlords will inevitably have different rent structures, different financial commitments and different Business Plan priorities so it is not possible to achieve full comparability. The type and age of an organisation, as well as its loan commitments, will also drive their rent levels.

### **Viability**

As part of our annual Business Plan review process, we will look at the rental income and what we need to pay for and other future commitments. We consider what we need to spend and what income we will get with:

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- what we need to meet our existing commitments to deliver services, repairs, maintenance, staffing costs, office costs, loan repayments, contingencies to cover bad debts such as arrears and what we think inflation will be;
- what we need to meet the costs of any service improvements, new projects and initiatives;
- the continuing impacts of Welfare Benefit Reforms

## Rents

All of this information tells us how much money we need to collect for the coming and future years.

We then look at the total rental income we collect in the year. The difference between what we need/want to spend and the income we receive will tell us how much more we need to raise. That is then translated into a rent increase.

The Management Committee will consider a range of options and make a decision on the level of increase we should apply. We will then consult with our tenants on the rent increase before making a final decision.

We begin to review our Business Plan and begin to set our annual budget in October of every year and we aim to make final decisions about the budgets and any rent or service charge increases by February of the following year. Any increases will start from 1st April.

## Service Charges

Our current policy is not to raise service charges but to set rents at a level which meets all our costs.

This policy is informed by the guidance provided by the Scottish Federation of Housing Associations and Scottish Housing Regulator.

## 9. Monitoring

We have monitoring systems in place to ensure that our rent setting, and any rental increases based on this, are applied accurately using information held on each property.

Our staff and external auditors carry out annual checks.

## 10. Consultation

Rent consultations are a right our tenants have under the Housing (Scotland) Act 2001. Tenants **must be** consulted on rent policy and rent increases.

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We normally begin this process in December each year:

- We tell our customers about how they can be involved in our rent setting, normally in our December newsletter;
- We will set out any options with regards proposed rent increase levels and what they would mean in terms of our customers' services, investment plans and the cost implications to our tenants;
- We will normally arrange meetings or drop -in sessions for customers to tell us what they think
- Our customers can also tell us what they think in writing, by telephoning, by e-mail, face to face or by completing and returning any surveys to the office in person, by post or on-line;
- We will publish what our customers have told us and show how that has influenced our decision;
- We advise our tenants of the outcome of the consultation exercise and the final decision made by our Committee, normally in January of each year.

### **How We Communicate With Our Tenants On Their Final Rent Increase**

In February/March every year we send all our tenants a letter giving 28 days' notice of the rental increase, to comply with legislative requirements. Tenants are advised of:

- what the rent increase will be
- What their new rent will be from 1st April

We also send all our tenants an individual annual rent statement that will set out how much rent was charged during the previous year and how much rent the tenant has paid, along with details of any arrears or credit balance.

## **11. Complaints**

We have a separate complaints policy and procedure. Leaflets and copies of the complaints procedure are available from the Association's office and on our website. We also provide information on how our customers can make a complaint to the Scottish Public Services Ombudsman, Bridgeside House, 99 McDonald Road, Edinburgh, EH7 4NS, telephone, 0800 377 7300 or 0131 225 5300 and how to contact the Scottish Housing Regulator.

The Ombudsman will not normally deal with complaints unless customers have followed the Association's complaints' procedure

## **12. Review Timeframe**

The policy will be reviewed every three years, or sooner, in response to a change in legislation or circumstance.

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### **13. General Data Protection Regulations - UK**

The organisation will treat your personal data in line with our obligations under the current GDPR regulations and our own policy. Information regarding how your data will be used and the basis for processing your data is provided in Wellhouse HA's Fair Processing Notice.