



Policy Title: Rent Setting Policy

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Cadder Housing Association Ltd

Rent Setting Policy

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1.0 INTRODUCTION & BACKGROUND

- 1.1 Cadder Housing Association ('Association') is a registered social landlord, which took ownership of its properties through stock transfers from Scottish Homes in 1994 and 1998 with the aim to improve the living conditions for residents in the Cadder area in the north of Glasgow. The Association now rents 694 properties, following the completion of fifty new-build properties in 2019. It operates on a 'not for profit' basis and is run by an elected Management Committee, who employ a staff team to manage the Association on a day to day basis.
- 1.2 In-line with legislative and good practice requirements, our objectives of this policy are for there to be a consistent and fair structure for setting rents for our properties.
- 1.3 This policy supports the strategic requirements of the Association's Business and Development Plans, Standing Orders and strategies.

2.0 RENT SETTING PRINCIPLES, AIMS & OBJECTIVES

Our Rent Setting Policy is informed by the following underlying principles in calculating the Association's rents:

- 2.1 Affordable
 - 2.1.1 The Association is dealing with a high number of people on very low incomes and who have a reliance on housing and other benefits. The affordability of rents is essential to avoid households being caught in the 'poverty trap'
 - 2.1.2 The affordability of rents to our tenants will be a prime consideration when annual increase levels are being considered. The Association's rent levels were independently assessed by Arneil Johnston (housing consultant) in 2020. The vast majority of our rents were defined as 'affordable' when tested. A rent structure review has been commissioned for 2021, which will address any rent anomalies and ensure a fair balance across all Association rents.
 - 2.1.3 We will take account of the findings from our resident satisfaction survey with our tenants in relation to value for money in respect of their rent payments. Findings from the yearly resident satisfaction surveys will form part of the overall annual rent consultation exercise, which will in-turn be reported to the Management Committee to help inform their decision on any rent increase to be applied each year.

2.1.4 We will actively encourage the maximisation of tenants' income through benefits take up and money / debt advice. We will do this through promotions and individual contacts with our tenants. Our financial inclusion service will aim to meet with all new tenants at missive stage to carry out a benefit health check (with the tenant's consent). Updated benefits information is also displayed on our website.

2.2 Viability

2.2.1 Viability is another key underlying principle of our Rent Setting Policy, where we must ensure that our income covers our operating costs. The main costs incurred by the Association are management and maintenance costs, with income lost through vacant properties, non-payment of rent and bad debts.

2.2.2 The annual review of rents will be aligned to the Association's budget setting process. This will ensure that a detailed assessment of all relevant costs is made and that resultant rents will be set a level necessary to meet these, as well as achieving service delivery and a suitable operating surplus amount.

2.3 Comparability

2.3.1 The Association compares its rents each year with similar and neighbouring housing associations. We also benchmark our average rent against the Scottish social landlord average and private sector levels. Overall, the Association's average rent amount compares well with all groups.

2.4 Value for Money

2.4.1 As landlord, the Association appreciates that tenants, as with other services and products that they receive (purchase), look for value for money for their rent money.

2.4.2 Achieving value for money is enshrined in all that we do, as we appreciate that making every pound go further will allow for more services and improvements to our tenants and their homes. This approach also benefits the Association's Business Plan and rent level reviews. The Association believes in delivering maximum value while minimising cost.

2.4.3 Our objectives in achieving value for money are:

- Affordable rents
- Efficient procurement
- improving services

- maximising income
- investing for the future
- reducing our costs as proportion of turnover

- 2.4.4 The Association has spent considerable monies in recent times to significantly improve our tenants' homes. These improvements were delivered with cost efficiencies at the forefront and providing tenants with more pleasing and warmer homes, whilst reducing energy bills.
- 2.4.5 The Association has also achieved substantive value for money in its management of the Cadder estate. The Association employs its own in-house caretaking team, which has been supported by employability trainees. This has allowed the Association to deliver estate management services to our residents at very competitive rates.
- 2.4.6 To gauge if our tenants feel that their rent money provides value for money, the Association carries out a resident satisfaction survey every year and asks this question of the tenants who are contacted. Findings are reported each year to the Management Committee to help inform their decision on any rent increase to be applied.

2.5 Aims & Objectives

2.5.1 The aims and objectives of this policy are to: -

- ❖ Ensure it complies with all relevant legislation and good practice
- ❖ Be clear and easy to understand
- ❖ Offer a range of methods for tenants to pay rent monies.
- ❖ Consult with tenants and service users on the annual rent increase and take account of their views
- ❖ Ensure all tenants are given at least 28 days notice to advise them of the annual increase of rent
- ❖ Rent are set at fair levels, required to generate sufficient income to meet the Association's costs so as to secure its financial security and ensure its continuing financial viability
- ❖ Ensure that the Association is able to continue providing the highest possible standard of service to its residents
- ❖ To ensure that the rent setting process meets the costs of managing our 30 year planned maintenance investment programme.

2.6 Equal Opportunities

2.6.1 This policy complies with the Association's Equality & Diversity Policy.

3.0 STRATEGIC AIMS & VALUES

3.1 This policy is informed and driven by the Association's Vision and Mission:

Vision

‘Making a Positive Difference to Your Home and Community’

Mission

‘A community driven association committed to providing high quality homes and services in the Cadder community’.

- 3.2 This policy is aligned to and supported by Strategic Objectives (SO), contained within the Association’s Business Plan (2019-2022):

SO1 (Mitigating the Impact of Covid-19) - Where we will aim to continue the delivery of all services, whilst protecting the safety of our staff and customers.

SO2 (Improving Housing Services) - Where we will continue to put our tenants and other customers at the heart of all we do and continually seek to improve services, whilst ensuring that our income levels are maximised and value for money is achieved in the delivery of these.

SO3 (Improving Housing Quality) – Where we will continue to deliver a first-rate repairs service and carry out improvements to our tenants’ homes, with tenant safety in the home being our main priority.

3.1.2 Association Values:

The application of this and all other policies will be driven by the Association’s core values. We will:

- Be **Respectful**
- Work with **Integrity**
- Be **People Focussed**
- Aim for **Excellent Outcomes**

4.0 LEGISLATION, REGULATION & GUIDANCE

The Rent Setting Policy complies with legislation, regulation and good practice guidance, including:

4.1 Housing (Scotland) Act 2001 / 2010

Housing (Scotland) Act 2001 (Sections 25 & 54) - Requires landlords to give each tenant not less than four weeks’ notice in writing before increasing rents or other charges. Where a landlord proposes to increase rents generally, it must first consult those tenants who would be affected.

Housing (Scotland) Act 2010 – Provides that clear information to tenants on their tenancy and rent situation; direct provision of advice and assistance; provision of information about other sources of information and advice.

4.1.1 The Cadder Scottish Secure Tenancy Agreement, part 1, outlines the tenant / property details, date of entry and monthly rental amount due.

4.2 Equality Act 2010 - Requires equal treatment in access to employment as well as private and public services, regardless of the protected characteristics of age, disability, gender reassignment, marriage and civil partnership, race, religion or belief, sex, and sexual orientation

4.3 The Social Housing Charter

The Social Housing Charter sets the standards and outcomes that all social landlords should aim to achieve when performing their housing activities. The Association's Rent Setting Policy will take account of and comply with the relevant Outcomes contained within the Social Housing Charter:

Outcomes 13; 14 & 15:

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

(14) 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.

(15) 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.

4.4 Regulation Framework (Scottish Housing Regulator)

This policy is particularly aligned to Standards 2, 3 and 5 of the Scottish Housing Regulator's Regulation Framework:

Standard 2 – 'The landlord 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'.

Standard 3 – 'The RSL manages its resources to ensure its financial well-being and economic effectiveness'.

Standard 5 – 'The RSL conducts its affairs with honesty and integrity'

4.5 This Policy has taken account of:

- ❖ Rent Setting Guidance - Scottish Federation of Housing Associations
- ❖ Rent Affordability Perspective – Chartered Institute of Housing (Scotland)
- ❖ Openness & Accessibility in Scottish Social Housing - Scottish Housing Regulator
- ❖ National Panel of Tenants & Service Users reports - Scottish Housing Regulator
- ❖ First Month's Rent Flexibilities – Shelter Scotland
- ❖ Recommended Business Planning Practice - Scottish Housing Regulator
- ❖ Data Protection Act 2018 - Defines UK law on the processing of data on people. It is the main piece of legislation that governs the protection of personal data in the UK
- ❖ Equality Act 2010 - Requires equal treatment in access to employment as well as private and public services, regardless of the protected characteristics of age, disability, gender reassignment, marriage and civil partnership, race, religion or belief, sex, and sexual orientation
- ❖ Rent Affordability in the Affordable Housing Sector – Scottish Government

5.0 Consultation

5.1 Consultation with the community and resident participation has always been one of the key aspects of the way in which the Association operates. We therefore, welcome the statutory provisions of the Housing (Scotland) Act 2001, which require all social landlords to take tenants' views into account when formulating key service policies.

5.2 Consultation

5.2.1 There are two strands to policy consultation within Cadder: -

- ❖ Firstly, where required, we believe it is important to inform all tenants when a policy review is due, together with some information on the proposed changes by the Association.
- ❖ Secondly, to invite feedback from tenants on (i) how well they feel the proposals address the needs of the community and (ii) whether there are any particular amendments they would like to see.

5.3 Resident Participation Strategy

5.3.1 The Association's Resident Participation Strategy outlines our commitment to providing information and consulting with residents on our policies and in particular, the ones that affect them.

5.4 Annual Review

5.4.1 Rents for all properties will be reviewed annually with any increases agreed being applied on the first of April each year. All tenants will be given the opportunity to comment on the proposed annual rent increase. The results of the consultation will be reported to the Board and will be taken into account when the rent levels are set for the following year. At least 4 weeks' notice in writing will be given of any proposed change to property rents.

5.4.2 The Association will use the Consumer Prices Index (CPI) figure at September each year as a baseline amount in its considerations for consulting on any rent increase to be set for the following financial year. This will take account of the needs of the Association's Business Plan and aligned costs, such as staffing; planned maintenance; services; loans.

5.4.3 The Association will use a wide range of consultation methods to maximise tenant views on its annual rent view and other areas. These include:

- ❖ Written correspondence
- ❖ Newsletter articles
- ❖ Text messaging
- ❖ Website articles
- ❖ Materials being placed at reception area
- ❖ Focus groups
- ❖ Tenant scrutiny
- ❖ Resident satisfaction survey
- ❖ One to one dialogue with tenants
- ❖ Social media (Survey Monkey; Facebook; Twitter)

6.0 RENT STRUCTURE

6.1 A fair and balanced rent structure is a key area of the Association's Rent Setting Policy. The key objective of a rent structure is to enable the Association to charge a similar rent for properties with similar amenities and property characteristics, whilst meeting the needs of the Association's Business Plan.

6.2 The Association carried out a restructure of all its rent during 2005/06. A further independent review of our rent structure is due to be completed during 2021. This will ensure that any imbalances in the rents that we charge are resolved. This will in turn, create an overall better balance and fairness for our tenants. The Association will ensure that our tenants are kept fully updated in this process.

7.0 OTHER FACTORS

7.1 To achieve best value we will monitor the efficiency and effectiveness of all services, as well as assess tenants satisfaction on key services funded through rents i.e. repairs, close cleaning, landscape maintenance, management costs (staffing), etc.

7.2 The Association will regularly monitor and review the performance, quality and cost of the services provided to the residents of Cadder. This will be achieved by:

- ❖ Regular environmental inspections
- ❖ Regularly tendering work carried out by our contractors
- ❖ Customer satisfaction surveys
- ❖ Periodic quality assurance techniques
- ❖ Customer Focus Groups
- ❖ Performance monitoring

7.2.1 The Association will continue to make efforts to reform a tenant scrutiny panel and in the absence of this, will engage with tenants and owners in short-term focus groups, which will cover rent increases and service areas.

8.0 RENT COLLECTION

8.1 The Association has a variety of payment methods to allow tenants to have accessible and convenient payment options to pay their rent. These are:

- ❖ Direct Debit facility (staff are able to set these up, which aids income collection)
- ❖ Our payment agent, Allpay, through:
 - Paypoint outlets
 - Post Office
 - Telephone
 - Internet
 - Allpay App
 - Debit card (phone or at office)
 - By cheque
- ❖ Housing Benefit
- ❖ Alternative Payment Arrangement (direct payment from tenants' Universal Credit payment)
- ❖ DWP Third Party Payment Deductions (for payment to rent arrears owed)

8.2 Rent payments are required to be received to accounts by the last day of each calendar month. Payments received after the last day of each

month, will be considered as being made late and as such, the Association will take appropriate action, where required. This will include making early contact with tenants to discuss payment and offering support.

8.3 The Association will support and assist tenants to make and maximise rent payments. We will do this by:

- Providing benefits and money / debt advice
- Arranging specialist representation at benefit tribunals
- Keeping up to date with welfare reform issues
- Staff training
- Ensuring tenants have suitable methods of paying their rent
- Making fair and reasonable repayment plans
- Assisting tenants to access suitable banking facilities
- Assisting tenants to access IT facilities in Cadder Community Centre for the purpose of claiming Universal Credit (UC)
- Assisting tenants with the submission of applications to financial support schemes - Discretionary Housing Payment and any other available schemes
- Advising UC tenants of their right to mandate the rent element of their UC payment directly to the Association
- Submitting Alternative Payment Arrangement and Third Party Payments applications to the DWP
- Providing benefit updates and information of available support through the Association's Financial Inclusion Team in our social media platforms and newsletter.
- Marketing the Association's Financial Inclusion Team in tenant correspondence and reception materials
- Hosting DWP and Social Security Scotland surgeries for Cadder residents.
- Arranging for our Financial Inclusion Team to attend new tenancy sign-ups (missives)

9.0 ANNUAL RENT INCREASE

9.1 The Association may apply an annual rent increase, which will be effective from 28th of March each year. Tenants will be given at least 28 days' notice of an increase in rent. We will only apply one increase of rent in any twelve-month period. The overall rent amount will incorporate costs for the provision of services to tenants (management cost such as staffing, office premises, etc and maintenance costs such as repairs close cleaning / estate management).

9.2 The decision as to the level of any increase in rents must be made the Association's Management Committee. Prior to agreeing any increases, the Management Committee will have regard to comments received from tenants, received through the annual consultation exercises.

- 9.3 The Association's budget planning process will be a main factor for determining any rent increases.

10.0 REPORTING & MONITORING

- 10.1 In order to measure the success of this policy and procedure, the Management Committee will monitor performance on a quarterly basis. Our performance will be monitored through:

- ❖ Comparative statistics
- ❖ Rent due against target
- ❖ Rent arrears information
- ❖ Void Loss
- ❖ Credit Balances

- 10.2 This Policy will be reviewed in March 2022 or earlier to take account of:

- ❖ Legislative, regulatory and good practice requirements
- ❖ Association performance
- ❖ Views of tenants, Committee and staff
- ❖ Findings and outcomes of the rent restructure exercise to be carried out by Arneil Johnston, housing consultant, in 2021.