



## **Rent Setting Policy**

**Approval Date - May 2017**  
**Review Date - May 2020**

## This policy applies to

- |  |  |  |  |
|--|--|--|--|
| <input checked="" type="checkbox"/> Link Group | <input checked="" type="checkbox"/> Link Housing | <input type="checkbox"/> Link Living   | <input type="checkbox"/> Link Property |
| <input type="checkbox"/> Horizon               | <input type="checkbox"/> Larkfield               | <input type="checkbox"/> West Highland | <input type="checkbox"/> Lintel Trust  |

## Policy Summary

The Scottish Housing Regulator (SHR) requires that Link Group, as a Registered Social Landlord (RSL), adopts a rent policy that takes account of affordability, costs of managing and maintaining properties, and comparability with rents charged by other RSLs operating in the same areas. RSLs are also expected to design a rent setting system which sets rents fairly for individual properties.

This policy relates to rents which Link is required to set for Scottish Secure Tenants under the Housing (Scotland) Act 2001. Fair Rents for tenancies which were secure prior to the introduction of the Scottish Secure Tenancy continue to be set by the Rent Valuation Officer and are out with the scope of the rent setting policy.

## Equalities

An Equality Impact Assessment has been completed and no groups are negatively affected by the review of this policy

## Privacy

Rent setting information is property based and therefore does not include personal information. Consideration of privacy issues will be required during the annual rent consultation. Data sharing agreements will be necessary if external consultants are used. Additionally, if prospective tenants are contacted then arrangements with Homehunt and Edindex will require to be reviewed

## Policy Owner

Director of Finance and Corporate Services

## Approved by

Link Group Board

## 1. INTRODUCTION

The Scottish Housing Regulator requires that Link Group, as a Registered Social Landlord (RSL), adopts a rent policy that takes account of affordability, costs of managing and maintaining properties, and comparability with rents charged by other RSLs operating in the same areas. RSLs are also expected to design a rent setting mechanism which apportions rents fairly to individual properties.

The rent setting mechanism has to address equity and consistency issues arising from the difficulty in setting rents which objectively reflect affordability and comparability across an extremely varied housing stock.

The rent setting mechanism adopted in 2001 is based on a points system for rent setting. This is designed to resolve the above issues and ensure transparency of rent setting to tenants, funders and the regulatory authority. The operation of the rent setting mechanism is the subject of annual review.

Fair Rents for tenancies which were secure prior to the introduction of the Scottish Secure Tenancy continue to be determined by the Rental Valuation Officer. Fair Rents are therefore outwith the scope of this policy for the setting of rent levels.

This policy relates to rents which Link is required to set for Scottish Secure Tenants under the Housing (Scotland) Act 2001. The policy sets out the way we set the basic element of rents to meet the costs of providing, managing and maintaining our properties and how that total is apportioned to each property.

In addition, many of our tenancies allow for the provision by Link of additional services, either for the upkeep of common areas or to meet the needs of individual tenants. Services are charged as additions to the basic rents and the total amount is collected in a combined payment. The provision of services and calculation of charges are in accordance with a separate policy for service charges.

Rents for other forms of tenure are set by reference to this policy, e.g. the rental element of charges for shared ownership properties. Other adjustments may be made to take account of differences in funding and variations in the obligations placed on residents when calculating rents for tenures other than social renting.

## 2. PRINCIPLES

The following principles govern the operation of this policy:

- (a) *Sufficient income*: the costs of providing the properties should be met from the rents set, in particular that loan charges, voids, management and maintenance costs, including amounts set aside for future expenditure, are met in full.
- (b) *Affordability*: rents should be affordable to tenants. We use the most commonly used measure of affordability which applies to households with at least one person in full time employment. We have also considered the impact on rents

of low energy efficient properties and this will be reflected in the points applied to properties (see Appendix 1 of the Rent Setting Policy)\* .

- (c) *Comparability*: rents set in each area should represent good value when compared with rents charged for equivalent properties by other social housing providers in that area.
- (d) *Limited increases*: the increase in rental income will be the product of increasing the value of one rent point following annual consultation with tenants which will take all of the above into account. We will also consider the published Consumer Price Index in October and the Bank of England's projection for the year ahead.
- (e) *Locality*: In order to reflect affordability and comparability across an extremely varied housing stock. In order to ensure fairness, points may be increased or decreased by up to 20 points. These points reflect locality and amenity. Factors we can take into account can be (but not restricted to) local comparable social rents, employment opportunities and transport links. These will be approved by the Director of Housing Services.

Link is committed to involving tenants in management and will adopt a flexible approach to enable tenants to participate as fully as possible in the development of policy and the annual increase.

### 3. OBJECTIVES

The objectives of the policy are to ensure that:

- Sufficient income is generated from rents to enable Link to provide a full range of services for our tenants to high standards
- Variations in rents fairly reflect the costs of providing different properties, balanced where necessary with other costs borne by tenants occupying the properties or with local rent comparisons.

The Rent Setting Policy sets the framework for Link to meet three Charter outcomes detailed in the Scottish Social Housing Charter:

#### **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.

#### **Charter 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 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 any details of individual items of expenditure above thresholds agreed between landlords and tenants.

#### **4. APPROACH AND METHOD**

The Link Group Board in its formal approval of the policy acknowledges that it accepts full responsibility for its implementation. Day-to-day responsibility for the operation of this policy lies with the appropriate directors and managers of the Link group of companies. All relevant employees have a responsibility to ensure that this policy is applied as instructed.

The policy will be implemented using the following approaches:

- Devising procedures for compliance with the policy
- Keeping staff informed of policy and procedural requirements, amendments and changes
- Monitoring adherence to policy requirements and procedures

Staff may apply the rent setting mechanism to determine a rent for a property in preparation for relet. Locality points may be applied without reference to the Director of Housing Services if such points have already been approved for similar properties in the same development, or for the development as a whole. Any calculation of rent must be reviewed and approved by a senior member of staff (Housing Services Coordinator, Manager or Director) before making a formal offer of tenancy.

Rents for newly built or acquired properties are also determined by applying the rent setting mechanism. Where locality points are proposed these will be approved by the Director of Link Housing Association before making any formal offers of tenancy.

#### **5. MONITORING, PERFORMANCE MEASUREMENT AND REPORTING**

The following areas will be subject to monitoring:

- Risk management
- Provision of training and/ or information to staff
- Compliance with policy requirements and procedures
- Achievement of Charter outcomes 13,14 and 15

Link is committed to involving tenants in management and will adopt a flexible approach to enable tenants to participate as fully as possible in monitoring Charter outcomes and other assessments of performance by Link in relation to this policy.

These will be monitored by appropriate managers within each company and/ or function, and reported to the relevant director. If any significant issues of concern arise, these will be dealt with by the director who will report such matters to his/ her Board.

*\*Decreased points levels will be applied to existing stock from April 2017.*

Any matter which demonstrates a serious failure of internal controls should also be reported immediately to the Chief Executive.

## **6. APPEALS**

This policy relates to the setting of rents for Scottish Secure Tenants under the Housing (Scotland) Act 2001. There is no external appeal system for Scottish Secure tenants against rents set by the landlord. All tenancies are managed by a subsidiary company on behalf of the Link Group, mainly by Link Housing Association.

All notices of a change in rent will be accompanied by information about appealing the proposed rent. Tenants will be encouraged to make reasoned appeals where possible rather than simply stating that they oppose the proposed rent level.

There will be a time limit of 28 days from the date of the notice in which the tenant may make a written appeal to the local area manager of the subsidiary which manages his / her tenancy.

If an appeal is in progress at the date when a rent increase notice becomes effective the rent charged and payable will be at the new level from that date and throughout the appeal process. In responding to an appeal Link may agree to a rent being adjusted either from the date of the decision, or backdated to the rent change date or any other date, or hold that the increase proposed in the notice should stand.

Appeals against rents set based on this policy will therefore be processed within the Link group. Should the tenant still feel aggrieved it may be possible to refer the matter to the Scottish Public Services Ombudsman on procedural grounds (see paragraph below).

## **7. COMPLAINTS**

Link welcomes complaints and positive feedback, both of which provide information which helps us to improve our services. We use a complaints handling procedure (CHP) developed by the Scottish Public Services Ombudsman (SPSO) and the Scottish Housing Regulator.

The CHP allows for most complaints to be resolved by front line staff within a five day limit (first stage), or if the complaint is complex, a detailed investigation will be made by a manager within a 20 day limit (second stage). At the end of the second stage our response will be made by a director. If the customer remains dissatisfied he/ she may then refer the matter to the SPSO.

The SPSO does not normally review complaints about our factoring service. If a factoring customer is dissatisfied after using the CHP, the complaint may be referred to the First-tier Tribunal for Scotland (Housing and Property Chamber).

Anyone receiving care or support service from us has the right to complain either direct to the Care Inspectorate or to us.

At each stage Link will advise the customer how the complaint should be taken forward, and advise which agency would be most appropriate to consider the case.

## **8. SIGNIFICANT PERFORMANCE FAILURES**

A significant performance failure occurs if Link fails to do something or takes action that puts tenants' interests at risk; it will affect many or all of Link's tenants. If a tenant is aware of a significant performance failure he/she should report this to the Chief Executive. If the tenant is dissatisfied with Link's response he/she may then refer the matter to the Scottish Housing Regulator.

## **9. POLICY AVAILABILITY**

This policy is available on request free of charge from Link. A summary of this policy can be made available in a number of other languages and other formats on request.

## **10. POLICY REVIEW**

Link Group undertakes to review this policy regularly, at least every three years, with regard to:

- Applicable legislation, rules, regulations and guidance
- Changes in the organisation
- Continued best practice