



Affordable homes.
Exceptional care.

FP26

Rent & Service Charge

Policy

Last Review | May 2024

Next Review | April 2025

Lead Officer | Director of Finance & People



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1. Introduction

Trust was established in 1973 as a non-profit organisation and is regulated by the Scottish Housing Regulator under the Housing (Scotland) Act 2001 and is also a registered Scottish charity. Wishaw & District Housing Association (WDHA) joined Trust under a Transfer of Engagements (TOE) in December 2019.

Trust is a national provider of housing, support and care, offering a range of accommodation and support services across Scotland. We offer General Needs, Homes for older people and Mid-Market Rent accommodation options, with various associated service charges.

Currently Trust and properties transferred to Trust through the WDHA TOE are subject to a different rent and service charge structure. The long-term intention is to harmonise the rent charging structure across the whole organisation, until that point this policy is split in two main sections to cover both charge structures.

2. Aims and objectives

The aims and objectives of this policy are to ensure the rent and service charges for Trust, properties transferred to Trust through the WDHA TOE and Mid-Market Rent properties are;

- Transparent and easily understood,
- Affordable and offers value for money to our tenants,
- Simple and cost effective to administer, and
- Assists Trust Housing to raise enough income to ensure appropriate long-term investment in homes and financial stability of the organisation

The policy also sets out the process for any deviations to the standard charges.

3. Trust rent and service charges (Appendix 1)

A formal rent and service charge review was last completed in 2015, this review was endorsed by tenants following a formal consultation process and remains adopted by Trust. The main findings and principles adopted as part of this review are;

- That most properties are of a similar standard and apart from home size, are considered to be of equal value to tenants
- Therefore, all properties of the same size should be charged the same base rent regardless of location or any other factor.
- That Housing Benefit eligible service charges should be included in rent, via a set of attributes (Appendix 1).
- Where applicable, the Heating Charge, Communal Energy and Meals Charges are separate charges within the tenancy agreement.

3.1. Trust rent

Trust rental charges comprises a Base Rent according to the size of the property together with rent attributes specific to each property. These elements are defined as follows;

3.1.1. Trust base rent

Trust's base rent structure establishes the differentials between different property sizes based largely on a value per person and per bedroom. This approach and existing differentials were reviewed and deemed relevant and therefore maintained in the points-based structure.

Trust base rent covers the following central costs; management and administration overheads, property repairs and maintenance, major repairs and alterations to properties, buildings insurance, loan costs and repayments and depreciation.

3.1.2. Trust rent attributes

Rent attributes are assigned via a points based system by individual property to reflect the services and facilities available at each property, this will only change if the services provided at the property change. So, for example if we added a lift from a development, then we would add the points for lift provision and maintenance, and the charge would increase accordingly.

Items covered under the rent attributes include; communal cleaning services, window cleaning, grounds maintenance, development based staff costs, small equipment and repairs and replacement of communal facilities (lifts, kitchens, lounges etc), off-set by income from guest room and lounge hire.

3.2. Trust service charges

Trust provide a small range of Landlord Services, charged as Service Charges only where these services are provided. Service Charges are intended to recover the costs of provision of those Landlord Services.

Where applicable the following services charges are detailed within the tenancy agreement as a separate charge to the rental charge;

- Heating Charge (Heat with Rent)
- Communal Energy
- Meals Service

3.2.1. Heating charge (Heat with Rent) and communal energy

The Heating Charge covers the energy costs for heating within individual homes. The Heating Charge aims to ensure all participating tenants live in warm homes and have certainty of the amount they will pay. Following consultation with tenants, a pooling approach is taken for the Heating Charge, in which the same flat rate charge is made for each property regardless of actual energy consumption or size of property.

Communal Energy covers the energy costs to light and heat communal areas. The Communal Energy charges are based on the actual communal facilities at each location and again a pooling approach is taken. Tenants do not pay according to actual consumption.

Trust purchases the majority of its utilities via a Public Sector Framework, designed to guarantee supply and deliver bulk buying discounts. The Heating Charge and Communal Energy charges are intended to recover the actual utility cost to Trust. Trust will use estimated prices from our utilities supplier to set charges for each financial year.

The income and cost are separately ring fenced in an equalisation account held on the balance sheet. Any over or under recovery for each financial year is carried forward and subsequent years' charges adjusted accordingly.

Where provision of energy charges forms part of the Tenancy Agreement, Communal Energy charges are eligible for Housing Benefit for those in receipt of Housing Benefit, Heating Charges are not eligible.

3.2.2. Meals service (see also CS011 - Catering Services Procedure)

Meals charges are reviewed annually, based on the preparation cost per meal, including ingredients and staffing cost.

There are currently 2 separate charges for meals; main meal and light meal. Housing with Care tenancies include 2 meals (one main, one light) as a condition of the tenancy and Supported housing is a mix of one or two meals.

Monthly meals charges are calculated by taking the daily cost (as show in Appendix 1) multiplying by 365 days and dividing by 12 months.

Where provision of meals forms part of the Tenancy Agreement, meals are eligible for Housing Benefit for those in receipt of Housing Benefit. A meals deduction is set annually by Social Security Scotland resulting in Housing Benefit being ineligible for this amount.

4. Wishaw rent and service charges (Appendix 2)

4.1. Wishaw rent

Rental charges for properties transferred to Trust under the WDHA TOE are based on a point-based system, these were inherited by Trust upon the Transfer of Engagement in December 2019.

The points system starts with a base of 1060 points for a property with one double bedroom, kitchen, living room and bathroom. Points are then added for each property specific amenity such as; being a detached property, having a dining space in the kitchen, off street parking, garden etc and deducts points if a property has no double glazing or an extra small kitchen. A multiplier, which is subject to annual review, is

than applied to the total points to calculate the annual rent and divided by 12 to provide the monthly rent.

The Points Value is subject to review each annum in line with annual rent increases.

As part of the tenant promises on the transfer of engagements Wishaw rents were frozen for three years (Financial years 2020/21, 2021/22 and 2022/23), followed by a period of inflation only increases, based on September CPI, for a further five financial years (2023/24, 2024/25, 2025/26, 2026/27 and 2027/28).

4.2. Wishaw service charges

Wishaw Service Charges are specific to each area/block for the services they receive, the actual cost is normally charged back based on actual spend divided by the number of properties in the area/block. Services Charges can include ground maintenance, including playparks, communal cleaning and communal electricity charges. Service Charges are reviewed annually and are intended to recover the full cost of provision of these services.

4.3. Wishaw garages

The rental charge of the Wishaw garages is increased in accordance with the annual rent increase. The relevant percentage increase is applied directly to the current rent charge each year.

5. Mid-market rent (MMR)

MMR is a form of affordable housing for rent to households on low to middle incomes. Rents for Mid-market homes are generally set lower than private rent but higher than the social housing rents. Since 1 February 2017, Private Residential Tenancies (PRT's) have been issued to new MMR tenants. Prior to this Short Assured Tenancies (SAT's) were issued.

MMR are subsidised via grant funding towards build cost and rents should be set at or around the same level as the Local Housing Allowance, which is designed to ensure MMR's remain affordable in comparison to mainstream private rents.

MMR are not subject to consultation with tenants, annual increases, normally applied from the 1 April, are approved by the main Trust Board and the Directors of Trust Enterprises Limited.

MMR tenants must be notified of any rent increases by giving at least **3 months' notice** prior to any change taking place. MMR tenants must be notified of any rent increases by giving at least **3 months' notice** prior to any change taking place. Tenants have the right to appeal the increase. Details of the appeal process must be included in the communication.

1 months' notice does still apply to SAT's however the Association will issue rent increases for MMR tenancies collectively therefore applying 3 months' notice to all.

6. Annual rent & service charge review (excluding MMR)

Rent and service charges are normally reviewed annually in order to ensure that costs will continue to be met. If necessary rents will be increased as an output of the budget process, having due regard to other relevant factors including the Consumer Price Index (CPI), average earnings, welfare benefit and state pension levels and the need to maintain rents at affordable levels.

As part of the annual budget process, proposed rent increases will be proposed by the Leadership team to the Board, normally no later than December for the following financial year. The Board are presented with a draft budget and a proposal for rent and service charges to be consulted with tenants for approval. Consultation can include various options.

Once agreed by Board, tenants will be consulted through small tenant focus groups representing each tenant types (i.e. general needs, housing for older people, city, urban, rural) and through a formal consultation pack which is sent to each tenant. Tenants are asked to formally respond to the consultation proposal and express opinions on the proposed charges for the following year.

The responses from the consultation will be collated and presented to the Board for final decision on any rent and service charge increases. The Board must take into consideration the results of the consultation when deciding on any increase however they are not bound by the results. It is used for guidance only.

Tenants (excluding MMR) will be informed of any changes to rent and service charges no later than 28 days prior to the changes taking effect.

Any rent and service charge changes will normally take effect from 1 April each year except where there are conditions in the Tenancy or other Agreement which require a different review date or in exceptional circumstances as approved by the Board.

7. Secured rents

Secure tenancy agreements were used for tenancies that commenced prior to 2nd January 1989. These tenants have, what is known, as a Fair Rent and this rent is registered with the Rent Officer.

Secured rents can only be increased tri-annually through agreement with Rent Officers, although any services charges can be increased annually. Secured rent tenancies are excluded from rent consultation.

As at January 2023, there are 6 tenancies with secured rents (3 Trust and 3 Wishaw) the next triannual increase is due on 1st April 2023.

There are restrictions on the maximum amount of rent increase that can be applied, the rent can only be increased by the greatest of;

- a. a maximum of £104 (£2 per week) or
- b. one quarter of the current rent, or

- c. one half of the difference between the current rent and the amount of the registered rent.

The process of increasing these rents takes around 3 months and is owned by the Customer Experience Team. To commence the process a RR1 form with the proposed rental figure and description of the property is submitted to the Rent Officer. The form can be sent in jointly between the landlord and tenant if they agree on the proposed rent. If the landlord sends in the RR1 without agreement of the tenant, the rent officer will offer the tenant a meeting to discuss their views. The rent officer will consider all these factors and then set a Fair Rent. The rent officer can, and often does, carry out an inspection of the property.

8. Affordability and comparability

Trust Housing aims to minimise the cost of housing to all tenants consistent with reasonable investment in our stock and maintaining acceptable quality standards.

When assessing rent affordability we will consider the following:

- CPI and increases in welfare benefits and state pension levels;
- Rent as a proportion of moderate income (applicable for general need tenants only);
- A comparison with other landlords' rents, to ensure that Trust rents remain broadly comparable but while maintaining and enhancing the quality of our homes;
- Qualitative feedback from tenants collected during the annual rent consultation and customer satisfaction survey;
- The financial viability of Trust, to ensure all costs are adequately resourced in the short and long term.

For General Needs Customers only

A higher proportion of general needs customers are self-funders and therefore it's not considered sufficient to review only CPI and increases in welfare benefits and state pension.

Trust will therefore also use the Scottish Federation of Housing Associations (SFHA) Rent Setting Tool to assess affordability of our general needs rents. The rent affordability tool provides a range of different incomes to test against, the income measure which Trust will use for assessment is Moderate Income.

Moderate Income is calculated at the 30th percentile for household income each local authority area. HouseMark (who provide the data for the SFHA affordability tool) and SFHA advise that Moderate Income is the appropriate approach for social housing tenants. Tenants whose earnings are less than the 30th percentile would be expected to benefit from the levelling impact from eligibility to benefits (universal credit and housing benefit) and tax credits which would bring total income to an amount broadly in-line with Moderate Income.

The SFHA guidance on the moderate-income approach and rent setting tool includes the following parameters against which the affordability of rents can be assessed:

- Rents less than 25% of income – likely to be an affordable rent (Green)
- Rents between 25-30% of income – less affordable (Amber)
- Rents at 30%+ of income – likely to be unaffordable (Red)

Trust will review general needs rents proposed against these parameters and report the results to the Board for consideration as part of annual rent review.

9. Deviation from standard charges

On rare occasion, flexibility may be required to deviate from the standard charges from time to time e.g. to deal with difficult to let situations or because of unique local circumstances. Any such variations will be justified, with benchmarking undertaken and properly documented.

Such deviations must be approved by the Chief Executive and should be strictly by exception only.

10. Re-let policy

With effect from 1st July 2024, any Trust property which becomes vacant will be re-let at the standard Trust rent and service charge (Appendix 1) applicable to that property, this includes properties transferred to Trust on different rents, e.g. MHA homes and any Trust rents which have historic charges e.g. via secured rents, new build with capped rents for the first 12 months or other deviation from standard charges.

The Re-let policy does not extend to properties transferred to Trust under the transfer of engagements from Wishaw and District Housing Association in Dec 2019.

11. Rent and service charge payments

All rent and service charges are due monthly in advance on the 1st of the month. Collection of rent and arrears management is covered in Customer Experience policies; CS016 - Arrears Management Policy and LA005 – Rent Accounting and Arrears Management Policy (re MMR).

12. Outcomes & Standards

12.1. Scottish Social Housing Charter Outcomes & Standards

- 13: Value for Money
- 14/15: Rents and Service Charges

12.2. Regulatory Standards of Governance & Financial Management

- 3: The RSL manages its resources to ensure its financial well-being, while maintaining rents at a level that tenants can afford to pay.

13. Data Protection

We will comply with the provisions of the Data Protection Act 2018, which gives individuals the right to see and receive a copy of any personal information that is held about them by the Association and to have any inaccuracies corrected.

14. Anti-Bribery

The Association is committed to the highest standards of ethical conduct and integrity in all its activities and, to ensure compliance with the Bribery Act 2010, it has introduced an Anti-Bribery policy and procedures. These must be adhered to by all employees, Board Members and associated persons or organisations acting for or on behalf of Trust when undertaking any actions referred to in this policy.

15. Statement Equality, Diversity & Inclusion (EDI)

As leaders of EDI, the Association aims to promote equality and diversity and operate equal opportunities policies which inform all aspects of its business. It will ensure that it adheres to the Equality Act 2010 by being committed to equal and fair treatment for all and opposed to any form of unlawful discrimination. As such, in considering this policy, no one will be treated differently or less favourably than others because of any of the protected characteristics as listed in the Equality Act 2010:

- disability;
- sex;
- gender reassignment;
- pregnancy and maternity;
- race;
- sexual orientation;
- religion or belief;
- marriage and civil partnership;
- age;

or because of any other condition or characteristic which could place someone at a disadvantage were it to be taken into account, unless this can be objectively justified in terms of the legislation.

Trust will make reasonable adjustments for disabled people where necessary and possible to do so and will use Happy to Translate tools and procedures to help overcome a language barrier.

16. Policy Review

This policy will be reviewed on a three-yearly basis. The purpose of the review is to assess the policy's effectiveness and adhering to current legislation and good practice and identify any changes which may be required.

17. Document References

In all of Trust's official documents, where references are made to specific job titles, roles, groups or committees, such references shall be deemed to include any changes or amendments to these job titles, roles, groups or committees resulting from any restructuring or organisational changes made within the Association (or, where this policy also applies to another member of the Trust group, made within that group member) between policy reviews.

Appendix 1 – Trust Rent and Service Charges (2024/25)

1. Trust Monthly Rent

Base Rent		Number of bedrooms	Max No.of Occupants	24/25 base rent
RT01	Base rent	0	1	£358.63
RT02	Base rent	1	1	£397.71
RT03	Base rent	1	2	£427.93
RT04	Base rent	2	2	£442.91
RT05	Base rent	2	3	£473.10
RT06	Base rent	2	4	£503.27
RT07	Base rent	3	4	£538.59
RT08	Base rent	3	5	£548.49
RT09	Base rent	3	6	£561.27
RT10	Base rent	5	5	£586.02
RT12	Base rent	4	7	£610.79

Plus attributes, if applicable

(standard charges shown, will vary by property)

		24/25 std charge
GMT8	Ground maintenance , grass/bushes etc	£21.45
MEQ3	Small equipment , staffed development with food service	£7.69
WCL2	Window cleaning	£7.12
SUN1	Sundries , development on-site office overheads	£10.94
OFF1	Offset , reduction for guest room & lounge hire income	-£2.63
SEQ8	Communal Repairs and Replacement , development with common areas, lift, food service & alarm monitoring	£159.46
STP1	Staff , staffed development	£137.19
CCL5	Communal cleaning , for development with lounge, lift and food service	£11.96

2. Trust Monthly Service Charges

Communal Heat and Lighting

Ref	Communal facilities at each location	24/25
COL01	Minimum charge for entrance lighting only	£2.70
COL02	50% shared tenancy for COL03	£24.30
COL03	Development charge for communal heat, light, no lift	£48.60
COL04	Development charge for communal heat, light, with lift	£54.00
COL05	Development charge for communal heat, light, lift and food service	£81.00

Heating Charge

		24/25
Std charge	Flat rate	£94.50

Meals service

Meal type	Daily Cost 24/25	Monthly cost 24/25
Light meal	£5.22	£158.85
Main meal	£10.23	£312.05
Both meals	£15.44	£470.90

Appendix 2 – Wishaw Rent and Service Charges (2024/25)

Wishaw Rent

24/25

WISHAW AND DISTRICT HOUSING ASSOCIATION LIMITED	
SSTA RENT ASSESSMENT FORM 2007/8	DATE OF INCREASE _____
Address: _____	
Size: _____	Type: _____

AMENITY	POINTS
Base Property	1060
Main Door Ground Floor Flat/Lower Cottage Flat	50
Ground Floor Flat	0
Main Door Upper Flat/Upper Cottage Flat	50
Upper Flat	0
Main Door Ground Floor Maisonette Flat	50
Main Door Upper Maisonette Flat	50
Upper Maisonette Flat	0
Terraced Bungalow	50
End Terraced Bungalow	100
Detached Bungalow	150
Semi Detached Bungalow	100
Terraced House	50
End Terraced House	100
Detached House	150
Semi Detached House	100
Boxroom	20
Single Bedroom	50
Double Bedroom	75
Dining Space within Kitchen	25
Dining Room/Dining Area	50
Additional Bathroom/Shower Room or En-suite	40
Bathroom/Shower Room	
Additional WC	20
Utility Room	20
Private Driveway	40
Garage	60
Dedicated Parking Bay	20
Off Street Parking	20
Shared Front Garden	10
Shared Back Garden	10
Exclusive Front Garden	20
Exclusive Back Garden	20
Door Entry System	10
No Double Glazing	-20
Extra Small Kitchen	-20
TOTAL POINTS	

2024/25 annual point value = £3.66

Monthly rent = TOTAL POINTS x annual points value / 12 months

Total monthly charge = monthly rent + service charges for specific property

Wishaw Garages

Flat rate per month for tenancies including a garage – **24/25 charge £34.02 per month**