



**Drumchapel  
Housing**

Co-operative Limited

## **Rent policy**

This document can be produced in various formats, for instance, in larger print or audio format and it can also be translated into other languages, as appropriate.

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## Contents

- 1.0 Introduction
- 2.0 Aims
- 3.0 Policy Objectives
- 4.0 Rent setting Framework
- 5.0 Client Group
- 6.0 Regulatory, legislative, good practice framework
- 7.0 Equality and Diversity
- 8.0 Affordability
- 9.0 Comparability
- 10.0 Viability-operating costs and strategic planning
- 11.0 Rental attributes
- 12.0 Exemptions
- 13.0 Tenant Consultation
- 14.0 Policy Review
- 15.0 General Data Protection Regulations Privacy Statement

## **1. Introduction**

- 1.1 The Co-operative was established in 1987 as a fully mutual Co-operative with the transfer of 313 properties from Glasgow City Council. The Co-operative refurbished the properties and subsequently built another 166 properties and a multiple occupancy unit bringing the total number of properties to 480 – 479 self-contained properties and one self-contained unit.
- 1.2 All the Co-operative tenancies are Scottish Secure Tenancies under the Housing (Scotland) Act 2001. Responsibility for rent setting lies with the Co-operative and as a result are not covered by the fair rent system.
- 1.3 Rents are the main source of our revenue income. In setting our rents we must take account of the need to cover the costs of management and maintenance, including the requirement to make prudent provision for future repairs, loan repayments and charges and a small surplus towards a risk cover reserve. Any review of rent levels must ensure that the Co-operative's revenue expenditure is adequately resourced both in the short and long term.
- 1.4 It is vital that the rent policy meets not only the existing aims of the Co-operative but is flexible enough to meet the future needs and any subsequent changes to the stock profile. The policy has been framed to ensure the rent charge reflects the varied internal amenities and house types prevalent in our housing stock
- 1.5 This document details the aim, principles, and framework on which our rent setting is based and how we will consult with our residents on these charges.

## **2. Aims**

- 2.1 The Co-operative's prime aim is to maintain and improve the quality of housing service, housing stock and its environment, balancing affordability of rents within the means of people in housing need while ensuring the financial viability of the organisation.

## **3. Policy Objectives**

- 3.1 Affordability - it is the objective of Drumchapel Housing Co-operative, as far as practically possible and subject to the resources available to it, to ensure that rents are affordable to those tenants in low paid employment not in receipt of housing benefit or universal credit.

- 3.2 Transparency and Fairness - to provide a method of calculating rent and to ensure that the method of calculation is transparent and easily understood and that the rent charged reflects the amenities of the property.
- 3.3 Comparability and Value for Money - the policy aims to keep rents as low as we can, comparable with other local housing providers, at a level sufficient to provide quality services offering value for money while ensuring the viability of the Co-operative.
- 3.4 Viability - to ensure that the Co-operative's total rental income covers its total expenditure, including related management costs, maintenance services, loan repayment and charges and prudent provision for the future repair of its properties.

#### **4. Rent setting framework**

- 4.1 The rent setting process is an integral part of the Co-operative's internal management, budgeting, and longer-term planning processes.
- 4.2 The Co-operative's rents are set by the Management Board. Annual variations in rents and rent increases require to be formally approved by the Management Board. by February each year.
- 4.3 Such approval will occur after receipt by the Management Board of an annual rent report which will outline tenant consultation measures taken and feedback tenants' views expressed.
- 4.4 The rent structure is based on a similar system to that of a "points-based system". A "basic charge" ensures management and maintenance costs are covered for all properties. Surcharges related to property size are added to reflect the potentially higher management and maintenance costs for larger properties.
- 4.5 The Co-operative's long-term projections are based on the Co-operative keeping rent increases to inflation rate either CPI or RPI published by the Office for National Statistics in October. Assuming normal circumstances prevail in relation to the Co-operative's costs the Co-operative will aim to apply an increase of no more than inflation. If the budget process indicates a different increase would be required to cover costs however, having due regard to other factors, including average earnings, and welfare benefit levels the rental increases will be reviewed specifically in line with such financial information.

## **5. Client group**

- 5.1 The Co-operative aims to continue to house a wide range of client groups including families, couples, single persons, and the elderly as well as special needs groups such as the less able bodied and those with support needs.
- 5.2 At 31 March 2021 65% of our tenants were on full or partial housing benefit and 53% of our income was derived from Housing Benefit.
- 5.3 Allocation of our properties is based primarily on housing need regardless of financial circumstances.

## **6. Regulatory, legislative, good practice framework**

- 6.1 Under the terms of the Housing (Scotland) Act 2001 the Co-operative is responsible for setting rent levels for properties within its ownership and for consulting with the residents involved. This is embodied in the Co-operative's Scottish Secure Tenancy Agreement.
- 6.2 The Scottish Government, through the Social Housing Charter, sets the outcomes it expects social landlords to achieve for its residents. In terms of how rent and service charges are applied the relevant Social Housing Charter indicators include:
  - Outcome 13 – Tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay
  - Outcome 14 – 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, and how far current and prospective tenants and other customers can afford them
  - Outcome 15 – 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.
- 6.3 The content of this policy is aligned to Standards 2, 3 and 5 of the Scottish Housing Regulator's Regulatory Framework.
  - Regulatory Standard 2: The RSL 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.

- Regulatory Standard 3: The RSL manages its resources to ensure its financial wellbeing, while maintaining rents at a level that tenants can afford to pay.
  - Regulatory Standard 5: The RSL conducts its affairs with honesty and integrity.
- 6.4 The SFHA Rent Setting Guidance and Affordability Tool 2017 has been taken into account in development of this policy.
- 6.5 This policy supports the strategic requirements of the organisation's Business and Development Plans, Standing Orders, and the organisation's strategies.

## **7. Equality and diversity**

- 7.1 The Co-operative's Equality and Diversity policy, which was approved by the Management Board in April 2021. The policy outlines our commitment to promote a zero tolerance to unfair treatment or discrimination to any person or group of persons, particularly on the basis of any of the protected characteristics. This includes ensuring that everyone has equal access to information and services, and, to this end, the Co-operative will make available a copy of this document in a range of alternative formats including large print, translated into another language or by data transferred to voice.
- 7.2 We are also aware of the potential for policies to inadvertently discriminate against an individual or group of individuals. To help tackle this and ensure that it does not occur, best practice suggests that an organisation carry out Equality Impact Assessments to help identify any part of a policy that may be discriminatory so that this can be addressed (see section 6 of the Equality and Diversity policy for more information).
- 7.3 In line with section 6.2 of the Equality and Diversity policy, the Co-operative will apply a screening process based on that recommended by the Equality and Human Rights Commission to ascertain whether each policy requires an Impact Assessment to be carried out. The screening process was applied to this policy, and it was decided that an impact assessment was not required.

## **8. Affordability**

8.1 The Co-operative has adopted the SFHA's definition of affordability.

*'For rents (including service charges) to be affordable, a household with one person working 35 hours or more, and receiving in full all 'in work benefits' to which they are entitled, should only exceptionally be dependent on Housing Benefit in order to pay it'*

8.2 The Co-operative will identify any affordability gaps and ensure that tenants in financial difficulties are given advice on accessing money advice services, including our own welfare benefit advice service. This will help tenants to maximise their income and benefit uptake to support affordability.

## **9. Comparability**

9.1 Annual comparability exercises are carried out with other housing providers in the area and benchmarking is undertaken annually with the Quality Efficiency Forum.

9.2 The Co-operative needs to keep its rents broadly comparable to other local providers to attract and retain tenants and keep void levels at a minimum. Undertaking regular income surveys and benchmarking our rents with other local providers will control this risk.

9.3 Where significant differentials in comparability are observed over a period of time, the Co-operative will establish if there is reasonable justification for these or will take steps to address them. This will be achieved by adding or subtracting to the individual points values applied to each property and will take effect from the start of the next financial year to ensure any such changes have been taken into account in the budget planning process for the next financial year.

## **10. Viability-operating costs and strategic planning**

10.1 While affordability and comparability are important elements in the rent policy, the overriding principle must be that income covers projected expenditure in relation to management, day to day and cyclical maintenance, voids and bad debts, major repairs and renewals, loan repayments, loan charges and overheads.

10.2 The Co-operative will review its budgets annually and the 30-year projections every three years, in the absence of material change, to ensure

that the Co-operative can cover all its expenditure needs.

- 10.3 The operating costs to be recovered will be established on an annual basis through the preparation of the Co-operative's annual budget. These costs are classified either as property revenue costs, to be met by basic rents, or service costs to be met by service charges. Costs for long term maintenance are established using life cycle costing.
- 10.4 As a consequence, annual review of rent levels will ensure that the Co-operative's revenue expenditure is adequately resourced both in the short and long term.

## **11. Rental attributes**

- 11.1 The "basic charge" is based on an improved two apartment, two person flat. The value system places a monetary value on property size, and attributes of a property and this is added to the "basic charge". This formula distributes the differentials between smaller and larger properties more evenly and makes provision for the varied amenity levels within different stock types. Percentages will be awarded against each attribute and the total number of percentages for all attributes will be used to calculate the annual rent for a property.
- 11.2 To calculate the annual rent for each property it is necessary to calculate the "value" points relevant to the property and add these to the "basic" charge.
- 11.3 The attributes used in the calculation are:
- an additional 5% for a single bedroom
  - an additional 10% for a double bedroom
  - an additional 10% for each general-purpose room (dining room, utility room etc.)
  - an additional 12.5% for a semidetached property
  - an additional 10% for a terrace property
  - an additional 7.5% for a cottage flat
  - an additional 20% for the amenity of a new build property
  - an additional 5% for each additional WC
  - an additional 10% for each additional bath/shower
  - an additional 2.5% kitchen with dining/breakfasting area
  - an additional 1% private parking
  - an additional 2.5% for a car port



- an additional 2.5% for a main door garden flat
- an additional 20% for a detached property

## **12. Exemptions from the rent structure**

- 12.1 Service charges are exempt from the rent structure.
- 12.2 The costs of services will be calculated, and a fixed charge added to individual rents to cover costs. Only those tenants, owners and sharing owners receiving services will be charged.
- 12.3 Typical services provided include common close cleaning and back court cleaning. These elements are separately identified and charged and accounted for by way of a service equalisation account.

## **13. Tenant consultation**

- 13.1 Rents and service charges are reviewed annually to ensure that costs will continue to be met. Prior to setting rents, the Co-operative will carry out a tenant consultation on the proposed increase. This will ensure tenants have an opportunity to input into the annual variation process and are clear about the reasons for the proposed increase.
- 13.2 This consultation may take the form of letters, tenants panel meetings, tenant questionnaires and newsletters.
- 13.3 Tenants can appeal the proposed rent increase by completing the feedback form on the back of the rent consultation survey or they can text or email their response to the office direct.
- 13.4 After setting rents, the Co-operative will explain to tenants why the decision affecting rents was made. Tenants will be notified of the new rents by the end of February each year, four weeks' notice being required prior to introduction on 1 April.
- 13.5 We will give feedback to tenants following this consultation by way of newsletters, focus groups or letter.
- 13.6 While responsibility for setting rents and rent increases lies with the Management Board the Co-operative will aim to take the views of its tenants into account wherever possible.
- 13.7 The Co-operative will also carry out tenant consultation on whether the

policy and accompanying rent structure is clear and easy to understand during its three yearly policy review process.

## 14. Policy review

- 14.1 This policy will be considered by the Management Board November 2021 and will upon approval, be implemented by the Co-operative's officers until amended by the Management Board.
- 14.2 The Management Board shall review this policy no less than every three years and the success of the policy will be measured against the following outputs and outcomes: -

<b>OUTPUT</b>	<b>OUTCOME</b>
Tenant satisfaction surveys	High Levels of tenant satisfaction with rent levels representing value for money
Annual rent comparison of all RSLs in Drumchapel	Comparative Table of rents charged by local housing Providers
Annual rent review	Rental income derived from policy covers revenue costs
Questionnaires, focus groups, newsletters	Tenants views of rent increase sought and feedback given

## 15. UK General Data Protection Regulations Privacy Statement

- 15.1 The Co-operative will gather and use certain information about individuals in accordance with UK GDPR. Staff members have a responsibility to ensure compliance with the terms of the privacy policy and to collect, handle and store personal information in accordance with relevant legislation. The Fair Processing Notice (FPN) details how personal data is held and processed.