



Rental Policy

V.7 – 03.22

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SHR Reference	

Related Documents

- Rent Arrears and Prevention Policy
- Complaints Policy
- Factoring Policy
- Tenant Participation Strategy
- Maintenance Policy

Sources/Legislation

- SFHA – Rent Setting Guidance
- The Scottish Housing Regulator Statistical Information
- Scottish Social Housing Charter
- Fyne Homes Corporate Plan

Translation Statement

We can give you this document in another way. Please tell us what you need. Contact us if you need help.

Compliance

This policy has been drafted to ensure that it complies with current legislation and industry good practice.

Equality & Diversity

Fyne Homes is committed to providing services which embrace diversity and which promote equality of opportunity. As an employer we are also committed to equality and diversity within our workforce. Our goal is to ensure that these commitments, reinforced by our Values, are embedded in our day-to-day working practices.

Openness & Confidentiality

Fyne Homes believes that its members, tenants and other interested parties should have access to information on how it conducts itself. This means that unless information requested is considered commercially sensitive or personally confidential it will be made available on request.

Data Protection

Fyne Homes recognises the importance of data protection legislation, including the General Data Protection Regulation, in protecting the rights of individuals in relation to personal information that we may handle and use about them, whether on computer or in paper format. We will ensure that our practices in the handling and use of personal information during the processes and procedures outlined in this policy comply fully with data protection legislation. More information is available from our Data Protection Officer.

1. Introduction

1.1 Fyne Homes aims to provide high quality, affordable housing to a variety of client groups in a range of different house types and sizes throughout our areas of operation within Argyll and Bute.

1.2 We further aim to take a consistent and fair approach when determining rent levels and following tenant consultation in 2020 from 1st April 2022 we are introducing a new rent structure which reflects a base rent, size and type of property whilst ensuring that the costs of the Association continue to be covered so that we can still deliver the high standards of service expected by our tenants.

1.3 Our new structure is a base rent, followed by the size and type of property ([See Appendix 1](#)).

1.4 We need to ensure our continuing viability for the future whilst also ensuring that our rents are affordable to those who wish to live in our houses. It is also worth noting that our rents are broadly comparable with either the rest of our peer group or indeed, the whole of Scotland ([See Appendix 2](#)).

1.5 The current financial climate makes this particularly important as we need to balance the increasing costs of managing and maintaining our houses with the fact that more and more households are likely to require our services in future.

1.6 We have made a clear commitment to the above and this is reflected in our strategic priorities within our corporate plan.

- ***Meeting housing need***
- ***Meeting needs and aspirations of customers***
- ***Ensuring value for money***

1.7 A profile of Association stock as at 31st March 2021 is attached as [Appendix 3](#) for information.

2. Aim

2.1 The main objectives of the policy are to ensure:

- That rental income is sufficient to protect the financial viability of the Association
- That our rents are affordable for current and future tenants
- That our rents provide value for money and are comparable with other similar providers
- That the policy for rent setting and method of calculation of rents is clear, impartial and understandable.
- That the Association develops ways in which to objectively monitor and review this policy and the continuing affordability of our rents.

3. Key Principles of the policy

3.1 Equality of Opportunities

The Association will at all times carry out its functions with a strict regard to its Equality and Diversity Policy. This means that there will be no discrimination on the grounds of Race, Gender, Gender Reassignment, Disability, Sexual Orientation, Region or Belief, Age, Marriage or Civil Partnerships, pregnancy and maternity.

Further details are available in the Association's Equality and Diversity Policy.

3.2 Consistency

The Association will apply this policy in a consistent manner across its areas of operation so all residents are treated in a similar way.

3.3 Openness

This policy will be a published document, available for public use and, when requested, will be made available in other languages, in Braille, in large print or in audio format.

3.4 Accountability

The Association wishes to be accountable to all tenants and, when requested, will always give a clear account of the reasons for action taken and, similarly, will listen and give cognisance to the views of its customers.

3.5 Tenant Participation

Consultation and discussion is invaluable and allows us to achieve a policy and working procedures that will deliver, as far as possible, what our tenants want and need. We will therefore consult with tenants/residents on all reviews of this policy in accordance with our Tenant Participation Strategy.

4. Financial Viability

4.1 As rental income is by far the Associations main source of funding, we must ensure first and foremost that the rents charged are sufficient to cover the costs incurred in delivering our services. Income from basic rents must therefore meet the costs of:

- Housing management including voids and bad debts
- Repairs and maintenance, including cyclical repairs and provision for day to day maintenance
- Provision for future major repairs and renewals, including those required by the Scottish Housing Quality Standard and the Energy Efficiency Standard for Social Housing (EESH)
- Loan repayments
- Insurance

4.2 The Association sets a budget every year including all income and expenditure relating to the properties which allows us to achieve our objectives as per the Corporate Plan.

4.3 When setting the rents we look at the Retail Price Index at September of that year, with the option to include a percentage increase following consultation with our tenants in 2018. However comparing with other RSLs the favourable trend appears to be Consumer Price Index (CPI) with the option to include a percentage increase. **For example September 2021 RPI was 4.9% and CPI was 3.1%.** To keep our rents affordable we are now looking at CPI September each year and we consult each year with our tenants on the proposed increases.

4.4 Furthermore, we maintain a rolling Life Cycle Costing for each property we own which details all the works required over the next 30 years and an estimate of what these works are likely to cost. These future costs must be covered by the rents collected for the properties

4.5 The implementation of the Scottish Housing Quality Standard which all Registered Social Landlords and Local Authorities stock had to meet by 2015, resulted in works planned for future years being brought forward to ensure we achieved the standard by March 2015 milestone. Our compliance with the SHQS is assessed annually and reported through our ARC submission to the Scottish Housing Regulator.

4.6 The Energy Efficiency Standard for Social Housing EESSH 1 (Milestone Dec 2020) and EESSH 2 (Milestone 2032) sets a high standard to which all social rented stock is required to meet. Funding to deliver the EESSH 2 will be sought via government schemes such as ECO (Energy Company Obligation) however capital investment from our existing budgets is will also be required to top up any funding awarded.

5. Affordability

5.1 Whilst our first objective must be to make sure the Association can continue to be financially viable; we also aim to make our rents affordable for those in low paid employment. We realise that these two issues can conflict with each other but will try to deliver both wherever possible.

5.2 However it should be noted that this measure applies to the whole of Scotland and does not therefore take into account location and other wider issues for Associations such as ourselves operating in rural areas. For instance, opportunities for employment in Argyll & Bute differ from other areas, added to that are the increased costs of items such as building materials, transport and maintenance of houses which all affect what income local households will have.

5.3 Therefore whilst we would use the above as an indicator of affordability for our tenants, it cannot be said to accurately reflect our situation in Argyll & Bute. We will however, use the SFHA's affordability calculator as a guide when determining rents.

5.4 It is also relevant for us to look at how our rent increases impact on both our current and former tenant arrears on an annual basis to see if there is any connection between these factors. We can also analyse the reasons why tenants terminate their tenancies. This information can then be used to form future rent increases to ensure that our properties remain affordable and desirable.

5.5 We also carry out regular Tenant Satisfaction Surveys which gather similar information as described above, and help us to ensure that we pinpoint any areas where affordability is an issue.

5.6 The Association will also take into account external or economic factors which may affect tenant affordability, and establish new property attributes values using our rent calculation system prior to building new developments.

6. Comparability

6.1 The Association recognises that rent levels have a great effect on whether existing or potential tenants choose to remain or become customers of Fyne Homes and that we must therefore compete with other similar landlords. With this in mind, we aim to set rents that are broadly comparable with other Registered Social Landlords (RSLs) similar to ourselves in that they have over 1500 units and provide accommodation in mainly rural areas.

6.2 Attached, as [appendix 2](#) is a table of how our rents compared with these other RSLs during 2020-2021

6.3 This clearly showed as at 31st March 2021, the Association's rents were broadly comparable with our peer group and on par with the whole of Scotland, for every property size we own.

6.4 As with affordability, this is not an exact science as different Associations have different ways of charging rents, funding their business and spend varying amounts on repairing their properties. However, we have always taken the view that the upkeep of our properties is very important to us and we have always managed to achieve high standards whilst keeping our rents comparable to rural and national averages.

7. Rent Structure

7.1 We recognise the need for a structure that is fair and even-handed in its operation which will be understandable for our tenants and other stakeholders. We also want to be able to charge similar rents for similar properties, irrespective of where they are geographically located.

7.2 Following tenant consultation in 2020 the new rent structure will take into account the following factors:

- Base Rent
- Type of property
- Size of property

7.3 The new structure reflects the views from our tenants to simplify the charging structure and we are confident that this delivers the objectives we want to achieve.

7.4 Rents are set according to the factors listed above and as this is a new structure we will spread the increases and decreases over a 5 year period to ensure that everyone can manage the change.

7.6 Around November each year the Business Services Director, with input from the Management Team, calculates the budget for the forthcoming year. From this we can see how much income from rents is required to cover all relevant costs as mentioned in section 5 above. Using our new rent spreadsheet we can calculate CPI increase and the option of adding 1% to ensure we continue to be financially viable and rents are affordable to tenants.

8. Service Charges

8.1 In addition to the basic rent, some tenants may also be required to pay a service charge to cover the cost of providing particular services which are specific to that property or development. These charges will be specified in the tenancy agreement, for example:

- Stair and/or Close cleaning
- Landscape maintenance – Communal and/or Private

8.2 Current service charges are based on previous year actual costs with the option to include an inflationary increase each year in line with the increase applicable to rents.

9. Sharing Owners

9.1 At 1st April 2022 the Association has 38 sharing owners throughout the stock. The exclusive occupancy agreement charge for these is calculated according to Scottish Government Guidance though this policy will be used to provide the base rent for the calculation.

9.2 All other services provided to sharing owners are charged back through our factoring system and are therefore subject to the Association's Factoring Policy.

10. Fair Rents

10.1 At 1st April 2022 the Association has 7 Fair Rent tenants who still require to have their rent increases approved by the Rent Officer on a 3 yearly basis.

10.2 When calculating new levels of rent to be levied on these properties, this policy will be used to establish the current Scottish Secure rent for that type and size of property. This will then be subject to an inflationary increase in line with the Retail Price Index (RPI) prevailing at that time to give the figure for proposal to the rent officer. Ultimately the Rent Officer will determine the level of rent registered as 'Fair'.

10.3 Service charges for these tenancies should all be registered as variable to enable the Association to increase or decrease these annually as necessary in line with other Scottish Secure tenants in the development.

10.4 Where a property that was previously subject to a Fair Rent is to be re-let to a Scottish Secure tenant, the rent will be revised and set as per this policy.

10.5 When a tenant with a fair rent transfers to another property either within Fyne Homes stock or to another landlord, the right to have the rent registered is lost and any subsequent rents will be charged according to this policy.

11. Large Scale Voluntary Transfer (LSVT) Stock

11.1 The rents charged to any stock transferred to the Association via the Large Scale Voluntary Transfer route (this is the name given to a number of houses which are transferred from one landlord to another at the same time) will be subject to separate contract agreed by both parties at the time of transfer.

11.2 This contract will include any agreements and relevant timescales relating to rent increases. On expiry of any such agreement, future rents will be charged in line with this policy.

12.Improvements

12.1 Any work carried out to stock which is included in the Life Cycle Costing mentioned at point 5 above will already be included in the rent calculation.

13.Energy Efficiency

13.1 EESSH 1 : Milestone December 2020

The first EESSH milestone set a single minimum Energy Efficiency rating for each home rented by social landlords. The target varied dependent upon the dwelling type and the fuel type used to heat it. In terms of the SAP 2012 methodology the target varied between a rating of 47 (in EPC band E) for an oil heated house, and 69 (in EPC band C) for a gas heated flat. 6. Social landlords were expected to ensure that they achieved the relevant minimum ratings by 31 December 2020 for all applicable social housing, subject to exemptions for some properties.

13.2 EESSH 2 : Milestone 2032

The new EESSH2 milestone aims for all social housing to meet, or to be treated as meeting, EPC Band B (Energy Efficiency rating), or is as energy efficient as practically possible, by the end of December 2032 and within the limits of cost, technology and necessary consent. The 2032 milestone will be supported by a formal review in 2025 to assess progress and confirm additional requirements of the 2032 milestone.

13.3 As at 31 December, 2020, 98.2% of Fyne Homes housing stock met EESSH 1. We will work towards achieving the EESSH 2 milestone by 2032 through sourcing funding via government schemes such as ECO (Energy Company Obligation) however capital investment from our existing budgets will also be required to top up any funding awarded.

14. New Build Rents

14.1 Rents for new build properties will be calculated in line with the new rent structure detailed in Appendix 1.

15. Relets

15.1 For the avoidance of doubt, any properties becoming vacant during the year will be subject to this rent policy. In the case where the existing rent charge has not yet reached its maximum due to phasing of increases, the Association will charge the full rent due for that property to the ingoing tenant.

16. Appeals/Complaints

16.1 Our Rent Setting Policy should be easily understood and allow tenants to check that the elements included in their rental calculation are accurate and reasonable.

16.2 However, should a tenant disagree with any aspect of their rental charge, they should first bring this to the attention of the Business Services Director who will confirm whether the rent has been accurately assessed in line with this Rental Policy and give a clear explanation in writing.

16.3 If the tenant is still not satisfied then they should refer to our Complaints Policy.

17. Monitoring and Review

17.1 The Association's budget is reviewed on an annual basis and therefore the cost is likely to alter on an annual basis and this will be used as the basis for the rents for the oncoming year.

17.2 We will continue to monitor the rents being charged by our peers and other landlords in similar situations on an annual basis to ensure our rents continue to be comparable within our area of operation.

17.3 We have several methods of gathering information to inform us whether our rents remain affordable:

- We use the SFHA affordability calculator to inform us of how affordable our rents are for our local authority area
- We carry out a major satisfaction survey every three years and this includes information on affordability.
- We monitor our arrears on a monthly basis and this would highlight problems with affordability for those tenants not in receipt on housing benefit. We consult tenants annually on our proposed rental increases
- We analyse former tenant arrears and reasons for terminating tenancies.
- We provide welfare advice or referral to third party specialists and gather tenant feedback from this service

17.4 This policy will be reviewed in line with the respective current Fyne Homes' policies, and/or where a change in legislation arises.

17.5 If there is a procedural delay in the policy revision then the relative legislation in force at the time will prevail.

Version number	Revision Date	Part of doc revised	Reason for revision	Approved by
6	6.3.18	All	Policy review	

Appendix 1 New Rent Structure (figures for 2022-23)

Rent & Service Charge Restructure



Appendix 2 – Rent Data

2020-21												
The Scottish Housing Regulator Average Weekly Rents												
Landlord name	1 Apt	No of units	2 Apt	No of units	3 Apt	No of units	4 Apt	No of units	5 Apt	No of units	Weekly Average All Apts	Total Units
BT Loch Aillse agus an Eilein Sgitheanaich Ltd - Lochalsh and Skye HA Ltd	0	0	76.33	213	82.96	306	91.52	174	97.15	38	83.8	731
Rural Stirling Housing Association Ltd	0	0	76.4	218	87.1	261	94.69	102	101.16	22	85.03	603
Dunbritton Housing Association Ltd	0	0	81.95	228	85.93	442	91.77	232	97.75	77	87.31	979
Albyn Housing Society Ltd	62.33	42	80.31	777	89.24	1712	97.85	721	110.43	147	89.61	3399
Fyne Homes	65.58	21	79.37	563	92.16	701	104.77	242	117.54	36	89.73	1563
Homes for Life Housing Partnership	0	0	82.36	112	93.18	116	100.38	47	0	0	90	275
Pentland Housing Association Ltd	0	0	66.05	11	75.66	139	94.24	262	107.15	71	90.15	483
Orkney Housing Association Ltd	61.66	8	83.41	278	91.78	330	98.03	161	106.65	27	90.34	804
Eildon Housing Association Ltd	0	0	81.81	997	94.45	785	101.58	534	111.83	95	91.49	2411
Loreburn Housing Association Ltd	74.7	50	89.65	927	93.94	904	99.93	479	109.81	25	93.24	2385
Lochaber Housing Association Ltd	0	0	76.83	73	91.93	394	100.47	198	104.54	28	93.29	693
Hjaltland Housing Association Ltd	73.15	22	88.43	310	96.59	218	101.65	179	113.62	27	94.37	756
West Highland Housing Association Ltd	51.46	1	84.88	246	98.1	385	107.29	145	125.2	22	96.39	799
East Lothian Housing Association Ltd	0	0	89.19	327	100.35	625	110.49	348	122.85	42	100.96	1342
Osprey Housing Ltd	0	0	86.58	285	97.48	768	111.76	488	119.95	96	101.16	1637
Group Average	64.81		81.57		91.39		100.43		110.40		91.79	
Argyll Community Housing Association Ltd	74.78	73	83.27	1321	87.38	2161	97.15	1374	106.78	147	89.34	5076
Scottish Average	73.61		79.48		82.6		89.81		99.97		83.7	
Scottish Average Excluding Local Authority	78.96		85.59		88.15		97.46		109.51		89.74	

Appendix 3 - Stock

Fyne Homes Limited

Stock Held as at 31st December 2021

Types of Stock

Area	General	Ambulant Disabled	Medium Dependency	Amenity	Wheelchair Housing	Other Specially Adapted	LCH	Total
Bute	378	8	13	74	6	37	8	524
Cowal	327	15	0	29	7	37	6	421
Mid-Argyll	301	9	8	47	13	23	24	425
Kintyre	145	2	0	63	7	30	0	247
Totals	1151	34	21	213	33	127	38	1617

Bed spaces/Apartment Sizes (excluding Low Cost Home Ownership)

Area	1 Apt	2 Apt	3 Apt	4 Apt	5 Apt +	Total
Bute	27	232	209	32	16	516
Cowal	0	203	162	40	10	415
Mid-Argyll	0	75	240	76	10	401
Kintyre	0	57	93	95	2	247
Totals	27	567	704	243	38	1579

