



Govanhill
HOUSING ASSOCIATION

Rent and Service Charge Setting Policy

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1. Introduction

This is the Rent and Service Charge Setting Policy for Govanhill Housing Association. This is a core policy for the Association achieving our aims within the Govanhill and Merrylee community and to ensure financial well-being, viability and good governance.

The policy sets out the principles and framework for setting rent and service charges for our properties and details our considerations and means of consultation with tenants.

This policy does not include commercially rented units.

2. Aims and Objectives of the Policy

The overall aim of the policy is to provide a fair and transparent method of calculating our rents and service charges for Scottish Secure Tenancies under the Housing (Scotland) Act 2001.

The key objectives of the Policy are:

- To set rents and other charges which generate sufficient income to ensure the short, medium and long-term viability of the Association.
- To set rents and other charges that are broadly consistent and comparable to rent charges in the surrounding area charged by other RSL's.
- To charge costs that are incurred by the Association that Tenants are **directly** and **indirectly** benefiting from the services
- To ensure there are fair charges for the different types of properties
- To set rents based on accurate housing stock and financial information
- To set rents that are deemed affordable to households on low incomes
- To ensure that our costs relating to the following are covered:
 - Tenancy services
 - Voids and bad debts.
 - Repairs and Maintenance including cyclical maintenance and provisions for future maintenance.
 - Provision for future major repairs and renewals.
 - Loan repayments (actual costs).
 - Building and other necessary insurances; and
 - Staffing and other overheads

The key principles of our rent setting framework are set out in Section 6 with the aim of ensuring:

- Tenancy services are effective and efficient and provide value for money.
- That there is a fair and easily understood system of setting and apportionment of charges for different types of properties.
- Transparency and accountability and clearly understood by staff, committee and tenants.

3. Legal Framework and Regulatory Compliance

This policy has made references to the Scottish Housing Regulator's **Regulatory Framework**, mainly:

- **Regulatory Standard 2** requires the Association to be open about and accountable for what it does, understands and takes account of the needs and priorities of its customers and stakeholders and that our primary focus is the sustainable achievement of these priorities.
- **Regulatory Standard 3** requires the Association to manage its resources to ensure its financial well-being, while maintaining rents at a level that customers can afford to pay.
- **Regulatory Standard 4** requires the Association to base its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose.

3.1 Legal Framework

The Housing (Scotland) Act 2001 permits social landlords to increase rents, however, this requires landlords to consult with customers about the increases. In addition, when suggesting a rent increase landlords should keep in mind what is affordable for their customers.

3.2 Scottish Social Housing Charter

Section 31 of the Act requires Scottish Ministers to set out the standards and outcomes that social landlords should aim to achieve when performing housing activities. These are contained in the Scottish Social Housing Charter. The charter outcomes specifically relevant to this policy are outcomes **14 and 15 Rents and Service Charges** and outcome **13, Value for Money**, however, all other outcomes are linked.

3.3. Guidance in developing the Policy

Specific guidance has been developed by Scottish Federation of Housing Associations (SFHA) on Rent Setting and Affordability and this has been reflected within the policy.

This policy also supports the strategic requirements of the Associations Business Plan, written within the guidance provided by the Scottish Housing Regulator and reflected in our standing orders and other business strategies.

4. Affordability

The Association will work to ensure that rents are deemed affordable to tenants that are working in low paid employment or in receipt of housing costs from either housing benefit or the Department of Work and Pensions.

We use the SFHA Affordability Tool to assist us in considering our rent and service charge levels and the impact on our tenants.

In addition, our Business Plan states that we will work within the guidelines of:

"In developing rent review proposals, we seek to ensure that proposed rents remain affordable, using GhHA's existing test that rent should be no more than

30% of net household income for tenants who are in work, or a suitable alternative metric.

This will be balanced against the other factors that contribute to decisions about rent-setting including tenant consultation results and assessment of the level of income needed to provide services and to invest in tenants' homes".

5. Comparability and Value for Money

5.1 Comparability

The Association will carry out an examination of rents for similar landlords, primarily community-controlled housing associations with similar housing types to those at Govanhill. We will carry out an annual review of our peers using the SHR comparison tools and participate in the Glasgow West of Scotland Forum (GWSF) and SFHA surveys. We will present the results to the Management Committee when consideration is being given to rent increases for the following financial year.

5.2. Value For Money

In early 2025, we developed a Value for Money Strategy and Statement that is reviewed annually by our tenants, committee and staff. The aim of this approach is to embed a culture of VFM; this is fundamental to our vision and implementation of our strategic objectives. This Strategy will ensure that we achieve VFM for our customers and deliver wider societal benefits by using the resources as effectively as possible, delivering the best outcomes for our customers and the Association. By achieving VFM, it is important that we do not reduce quality in terms of service provision or any other aspects of our activities.

GhHA seeks to achieve a balance of resources directed at our key priorities and objectives, with cost and performance aligned to ensure high levels of Tenant satisfaction.

6. Rent and Service Charge Setting Framework

6.1 Rent Charges

The Association has adopted a formula system for determining rents. This establishes a base rent with criteria and scores of a few factors which weigh the rent up or down to reflect variations in size, type and several characteristics. The framework applies to all tenancies irrespective of shared ownership, acquisitions from the open market, former stock transfer properties, new build or original stock.

The detailed calculations are contained in **Appendix 1** and subject to periodic review to ensure that the mechanisms remain relevant and that the rents set by the Association remain clear, consistent and fair as far as is possible.

Rents and service charges for commercial premises will be subject to the conditions of the lease arrangements and will normally be set depending on market forces. The lease is a legally binding contract, setting out the rights and responsibilities of the customer as occupier of the property and Govanhill as landlord. The terms of the lease will state the agreed term of the lease including the rent review date.

6.2. Service Charges

In addition to rent payable, most of our properties have additional mandatory services provided and tenants are required to pay a service charge. Costs are calculated to cover the actual costs and associated administration services provided to the property. These charges cover services such as estate maintenance, common stairwell lighting and cleaning.

Some of our stock have specific additional services that are clearly detailed for tenants at sign-up and each year when the charges are reviewed, these charges are variable and charged at the cost incurred. Other typical charges can include lifts, furniture, alarms etc.

In keeping with the overall policy objectives, when setting service charge levels, the Association must be satisfied with:

- The income from service charges meets the costs of services delivered.
- The charges reflect the actual costs, including the cost of administering the service; and
- The charges represent value for money.

6.3. Registered Rents

The Association has some registered rents (also known as fair rents or secure rents); the proposed rents for these fair rent properties, i.e. those started before 2 January 1989, will comprise a basic rent and relevant service charge. The rent will be set based on the same principles for all other rents (Appendix 1) at the time of renewal of submission. The proposed charge will include a nominal percentage increase in line with the Business Plan assumptions for the 3 years in advance.

Where a property that has been subject to fair rent provisions becomes vacant, the fair rent charges will be removed, and rent will be revised and set in line with the current charges set as per Appendix 1.

6.4. Data and Record Keeping

The Association's stock profile is reviewed annually prior to updating the SHR portal for the stock and average weekly rent by 31 May. Data integrity checks must be completed whenever any new stock is added or deleted, and all rents must be accounted for to match the stock we report to SHR.

6.5. Updating and Accurate Data on our System

When we acquire new stock, the property must be placed on our database from the date of acquisition or beforehand to allow other business processes to begin (allocations). The property attributes will be placed onto our systems by Development staff; Tenancy staff will calculate the rent and other charges and Finance staff will apply the charges.

7. Annual Rent Review and Consultation

Rents and other charges will be reviewed annually by SMT in line with the tenancy or lease agreement. The review process will begin in October each year following the announcement of the CPI inflation for September.

Govanhill will consult on CPI for September as the base point alongside a review of the

budget setting process. Proposals will be submitted to the Management Committee by HTS and HFIT for approval prior to consultation with tenants. Review proposals will require careful balancing of CPI, business viability, future strategy requirements, affordability and consideration of the economic environment.

Tenancy Services lead on consulting with Tenants in a variety of ways, (noted at 7.2) on any proposed changes to rent or other charges. This will take place between October to January and the Management Committee will be presented with the outcome of consultation, including all relevant information in late January or February.

Tenancy Services will provide Tenants with a minimum of 4 weeks' notice of the intended increase and the revised rents and service charges payable will be applied from 1 April.

A negative CPI will not lead to a reduction in rents although we may consider a rent freeze.

7.1 Rent Harmonization

The Association began the implementation of a rent harmonizing program in 2023/24 (Year 1), and this will continue until 2027/28. This project is aimed at addressing variations in rents resulting from the historic rent setting mechanisms used over many years that had been deemed no longer appropriate. To achieve the harmonization of rents, some that are below the base rent will continue to be subject to variations until all rents are harmonized. Appendix 2 provides details of the harmonisation process.

GhHA engaged an external consultant to conduct the review of rents.

7.2 Consultation

We will consult with tenants on any changes to charges under the requirements of section 25(4) of the Housing (Scotland) Act 2001. Consultations will take place in person at open meetings with resident groups; online surveys; via text and telephone and in written communications including letters and newsletters.

8. Equality and Human Rights

We will provide opportunities for tenants to engage with us about rent and other charges throughout the year during events and ensure equal opportunity to fully participate while also recognising that some may not have the desire to take part.

Govanhill has a well-developed Equality and Human Rights Policy; our approach to rent and service charge setting will be carried out in the principles set out in that policy.

9. Complaints

Complaints in relation to rent and service charge setting will be managed in line with our Complaints Handling Procedure.

10. Monitoring and Review

This policy will be subject to review **every 3 years** unless significant changes in the operating environment dictate otherwise.

Appendix 1

RENT CALCULATION FORM

Address: _____

BASE RENT	£
Criteria 1: Property Size	
Criteria 2: Property Type	
Criteria 3: Kitchen Failures (either shqs failure or internal kitchen)	
Criteria 4: Dining Room (is there a dining room)	
Add Services: Every tenant in tenement/close should get stair cleaning charge & EST charge. Generally, charge is £11.17 for stair cleaning & £11.17pm (based on FY25/26).	
TOTAL RENT CHARGE PER MONTH	
TOTAL CHARGE (RENT + SERVICES) PER MONTH	

YEAR	22/23		23/24		24/25		25/26
% INCREASE	N/A		6.75		7.70		2.70
BASE RENT	355		378.96		408.14		419.16
Criteria 1: Property Size	Add Rent						
1 Apt 1 Person	-30		-32.03		-34.49		-35.42
1 Apt 2 Person	-20		-21.35		-22.99		-23.61
2 Apt 1 Person	20		21.35		22.99		23.61
2 Apt 2 Person	30		32.03		34.49		35.42
3 Apt 1 Person	40		42.70		45.99		47.23
3 Apt 2 Person	50		53.38		57.48		59.04
3 Apt 3 Person	60		64.05		68.98		70.84
3 Apt 4 Person	70		74.73		80.48		82.65
4 Apt 2 Person	90		96.08		103.47		106.27
4 Apt 3 Person	100		106.75		114.97		118.07
4 Apt 4 Person	110		117.43		126.47		129.88
4 Apt 5 Person	120		128.10		137.96		141.69
4 Apt 6 Person	130		138.78		149.46		153.50
5 Apt 4 Person	150		160.13		172.45		177.11
5 Apt 5 Person	160		170.80		183.95		188.92
5 Apt 6 Person	170		181.48		195.45		200.73
5 Apt 7 Person	180		192.15		206.95		212.53
5 Apt 8 Person	190		202.83		218.44		224.34

6 Apt 6 Person	215		229.51		247.18		253.86
6 Apt 8 Person	230		245.53		264.43		271.57
6 Apt 10 Person	240		256.20		275.93		283.38
7 Apt 8 Person	265		282.89		304.67		312.90
7 Apt 10 Person	280		298.90		321.92		330.61
8 Apt 10 Person	310		330.93		356.41		366.03
Criteria 2: Property Type	Add Rent						
Tenement	-						
Other Flat / Maisonette	15		16.01		17.25		17.71
4 in a block	30		32.03		34.49		35.42
House	45		48.04		51.74		53.13
Criteria 3: Kitchen Failures	Add Rent						
Yes	-20		-21.35		-22.99		-23.61
No	-						
Criteria 4: Dining Room	SCORE						
Yes	20		21.35		22.99		23.61
No	-						

Appendix 2

Newsletter to Tenants on rationalisation for project

Rent Restructure: What you need to Know

You will be aware that the association has recently completed a rent restructuring exercise, and you will have received information directly about what this means for you and your rent. In this article we will explain exactly how this has been worked out and answer some common questions about these changes.

How is my rent worked out following the rent restructure exercise?

Everyone has what is called a '**base rent**'. This means regardless of what type, size or condition of property you live in with us everyone's **base rent** will be the same.

The **base rent** for all of our properties is £378.96 per calendar month. This figure is based on Financial Year 2023/24.

We then look at four criteria to decide the right rent charge for your specific property. We call this your '**target rent**'

The four criteria's we consider when calculating your **target rent** are:

1. Property size
2. Property type
3. Kitchen condition – by this we mean, do you have an internal kitchen? Does the kitchen meet the Scottish Housing Quality Standard (SHQS) for kitchen facilities? If the kitchen is internal or does not meet the Scottish Housing Quality standard, we deduct money for kitchen condition.
4. Do you have a dining room

Based on these four criteria we then add or deduct an amount from the **base rent**. Anything with a – symbol below means we deduct an amount.

For clarity, we deduct an amount when:

- You live in a 1apt/1 person property – we deduct £30 from the **base rent**.
- You live in a 1apt/2 person property – we deduct £20 from the **base rent**.
- You have an internal kitchen, or one that does not meet the SHQS– we deduct £20 from the **base rent**.

Criteria	Add Rent
1: Property Size	
1 Apt 1 Person	-30.00
1 Apt 2 Person	-20.00
2 Apt 1 Person	20.00
2 Apt 2 Person	30.00
3 Apt 1 Person	40.00
3 Apt 2 Person	50.00
3 Apt 3 Person	60.00

3 Apt 4 Person	70.00
4 Apt 2 Person	90.00
4 Apt 3 Person	100.00
4 Apt 4 Person	110.00
4 Apt 5 Person	120.00
4 Apt 6 Person	130.00
5 Apt 4 Person	150.00
5 Apt 5 Person	160.00
5 Apt 6 Person	170.00
5 Apt 7 Person	180.00
5 Apt 8 Person	190.00
6 Apt 6 Person	215.00
6 Apt 8 Person	230.00
6 Apt 10 Person	240.00
7 Apt 8 Person	265.00
7 Apt 10 Person	280.00
8 Apt 10 Person	310.00

Criteria 2: Property Type	Add Rent
Tenement	0
Other Flat / Maisonette	15.00
4 in a block	30.00
House	45.00
Criteria 3: Kitchen Condition	Add Rent
Yes	-20.00
No	-

Criteria 4: Dining Room	SCORE
Yes	20.00
No	-

For example –

If you live in a 3apt/4 person tenement with an internal kitchen & no dining room your **target rent** charge will be:

Base rent - £378.96 + £70 - £20 = £405

1. £70 due to property size
2. £0 due to the property being a tenement
3. -£20 due to the kitchen condition
4. £0 as the property does not have a dining room

If you are unsure or have any questions about your rent charge please do not hesitate to contact a member of our rents team by phone or email rent-team@govanhillha.org

If you think we have got any information wrong when calculating your rent charge, please get in touch at once & we will sort this out.

FAQ's on rent restructure

Q. Why did you carry out this exercise?

A. We wanted to review all our rent charges and ensure they were fair across all our stock and represented good value for money whilst also being affordable.

Q. Did you carry out this review to generate more money?

A. No. Absolutely not. This exercise was all about fairness, it was not about bringing anymore more into the Association. Approximately 70% of tenants will see a rent reduction from the rent they are currently paying based on the **target rent**.

Q. How is the rent restructure being introduced?

A. The rent restructure will be phased in over a period of 5 years.

Q. Does the target rent change?

A. The four criteria used to decide your **target rent** will not change but the **base rent** charge will change yearly based on any rent increases decided by the Management Committee on a yearly basis. The **base rent** for year 2022/23 was £355 per calendar month. The **base rent** for 2023/24 is £378.96. The reason for this increase is due to the 6.75% increase applied on 1st April 2023.

Q. I'm an ex GHA tenant how does this restructure affect me?

All tenants with a standard tenancy are part of the restructure. We are aware than many tenants who transferred to Govanhill Housing Association from GHA came over with a lower rent charge. Your rent charge will be amended in line with the four criteria and a **target rent** will be set up for you.

Arneil Johnston Presentation to MC

https://govanhillhousing.sharepoint.com/sites/HousingServices/_layouts/15/Doc.aspx?sourcedoc=%7BB14B4FC1-BC3F-4336-B8DA-64B4B8DE0D6E%7D&file=Rent%20%20Service%20Charge%20Consultation.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1

References

The Standards of Governance and Financial Management for Registered Social Landlords (RSLs) and Regulatory Framework, Regulation of Social Housing in Scotland

Housing (Scotland) Act 2010 (legislation.gov.uk)

Advice for social landlords on Rent setting, Annual Assurance Statements, and Business Planning (SHR)

The Scottish Social Housing Charter

GWSF Pressures on Rents: The Challenges Facing Community Based Housing Associations October 2018

SFHA's Guide to Rent Setting and Affordability - SFHA

Rent setting and affordability tool updated - SFHA

Govanhill Housing Association Business Plan 2024

Value for Money Strategy and Statement 2024

Equalities and Human Rights Policy 2024