



---

**REPORT TO: HOUSING AND COMMUNITY SAFETY COMMITTEE ON 13  
FEBRUARY 2024**

**SUBJECT: RENT SETTING POLICY REVIEW UPDATE**

**BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND  
FINANCE)**

**1. REASON FOR REPORT**

- 1.1 This report provides the Housing and Community Safety Committee with the results of the Rent Setting Policy review consultation and presents a revised Rent Setting Policy for approval. It also advises Committee that a rent campaign will be undertaken to tackle high level arrears and seeks Committee approval to utilise any remaining allocation of the Service Development Budget for 2023/24 in order to administer the Tenant Sustainment Fund and any overhead costs associated with running the rent campaign.
- 1.2 This report is submitted to Committee in terms of Section III G (1a) of the Council's Scheme of Administration relating to capital and revenue budgeting, including the setting of rent levels for Council houses.

**2. RECOMMENDATION**

- 2.1 It is recommended that the Housing and Community Safety Committee:-
- (i) considers and notes the results of the public consultation on the Rent Setting Policy as set out in Section 4 and APPENDIX I;
  - (ii) approves the revised Rent Setting Policy as set out in APPENDIX II;
  - (iii) agrees that the revised Rent Setting Policy will be implemented on 1 April 2024;
  - (iv) notes that a rent campaign will run from 1 March 2024 until 31 March 2024 which will target high level rent arrears (as set out in Section 6);
  - (v) considers and approves the Tenancy Sustainment Fund which will operate during March 2024 (as set out in Section 7); and

- (vi) approves that any remaining allocation from the Service Development Budget for 2023/24 is used to administer and deliver the Tenancy Sustainment Fund along with any overhead costs associated with running the rent campaign.**

### **3. BACKGROUND**

- 3.1 The Rent Setting Policy was approved by the Community Services Committee on 23 November 2005 for implementation from 3 April 2006 (Para 5 of the Minute refers). The policy was further reviewed on 16 February 2010, when the Communities Committee agreed to include a premium for new Council houses and to allow a weekly charge for the installation of over bath showers, where tenants wanted these installed (Para 10 of the Minute refers). Minor policy amendments were approved by the Communities Committee on 22 October 2013 (Para 6 of the Minute refers).
- 3.2 The current structure calculates rents using a points-based approach which considers specific elements relevant to each property:
- Property type
  - Bedrooms
  - National Home Energy Rating (NHER) value
  - Garden
  - Kitchen standard
  - Location
  - Council new build
- In addition, there is a weekly charge for over bath showers installed at the tenant's request, which is calculated over a 12-year period.
- 3.3 At its meeting on 21 November 2023, Committee were informed of the rationale and requirement for a revised rent setting structure which would:
- provide a fair, consistent, transparent and accountable model for setting rents;
  - ensure that rents are affordable for tenants;
  - generate the income required to support investment; and
  - ensure that the Housing Revenue Account (HRA) remains financially viable.
- (Paragraph 10 of the Minute refers).
- 3.4 Committee were advised that as part of the review process, all Moray Council tenants were contacted and invited to provide feedback, via the completion of a questionnaire, on the principles of rent restructuring and to give their opinions on the potential property characteristics which could be considered for rent setting and on the methodology for applying service charges. Tenant feedback was used to inform the review process and the restructure of the rent setting framework.
- 3.5 The revised rent structure set out in the revised draft Rent Setting Policy used to calculate the weekly rent adopts a combined approach, which uses a minimum baseline rent, varied using a points-based scheme, based on the attributes relevant to the property.

- 3.6 The baseline rent has been developed around the rental charge for a two-bedroom, semi-detached property, which is the most common property size and type in Moray Council housing stock. The points-based scheme is calculated according to values awarded to the characteristics and amenities of each property, which are applied uniformly. The attributes which are taken into account are:
- Property size (number of bedrooms)
  - Property type (e.g. house or flat, mid or end terraced, detached or semi-detached, etc.)
  - Energy rating (based on the Energy Performance Certificate (EPC) rating)
  - Parking (private or shared parking)
  - Additional toilet
  - Garden (private or shared)
  - Sheltered housing (heating charge applicable to Larch Court, Elgin only)
- The rent is charged over 48 weeks per year.
- 3.7 Social landlords have an obligation to consult tenants and customers regarding proposals to change rents and have regard to their views in setting new rent levels. At its meeting on 21 November 2023, this Committee agreed that a public consultation on the revised draft Rent Setting Policy should be undertaken (Para 10 of the Minute refers).
- 3.8 The consultation, which commenced on 22 November 2023 and ended on 5 January 2024, was published on the Council's website and promoted across social media platforms. Tenants and Housing List applicants were contacted to inform them of the consultation and request their feedback, as were other key stakeholders.
- 3.9 To assist consultees, the Housing Service developed an explanatory leaflet, using plain language. This explained the review process, the key changes and their implications, including examples of rent calculations, details of the transitional arrangements and annual rent increases and set out the arrangements following the conclusion of the consultation. The leaflet included frequently asked questions.
- 3.10 An online questionnaire was developed for consultees to provide feedback. Paper copies of the consultation information and the questionnaire were available upon request.
- 3.11 To further inform Elected Members a briefing was delivered on 5 December 2023, facilitated by Arneil Johnston (consultants commissioned by the Council to complete a review of the rent structure and to assist develop the revised structure). The briefing provided Elected Members with the outcomes of the rent affordability review undertaken in 2022; an overview of issues with the current rent and service charge structure; outcomes from the initial tenant consultation undertaken in summer 2023; and an overview of the impact which the revised rent and service charge structure would have both on tenants and the HRA business plan.

## 4. CONSULTATION RESPONSES

4.1 The consultation questionnaire asked the following generic questions about the policy:

- (i) Do you support the introduction of the Rent Setting Policy?
- (ii) Did you find the Rent Setting Policy easy to read and understand?
- (iii) Is there a section that you would like to see reworded?
- (iv) Is there something that we've missed that you think should be included?
- (v) Is there anything you think should be removed?

Consultees were also invited to provide general comments that they may have on the revised Rent Setting Policy. Tenants who responded were also able to submit a request for additional support with their tenancy and rent.

4.2 An overview of the responses, details of the comments returned and a response to the comments are included at **APPENDIX I**. The comments returned have been amended to correct grammatical and typing errors. Any comments relating to personal circumstances, or which were not relevant to the Rent Setting Policy review have been removed.

4.3 An overview of the feedback returned for the generic questions asked and a summary of the comments received is set out below.

### Do you support the introduction of the Rent Setting Policy?

4.4 **833** respondents answered this question. Of these, **685** respondents (82.2% of those who answered the question) supported the introduction of the revised Rent Setting Policy.

### Did you find the Rent Setting Policy easy to read and understand?

4.5 **829** respondents opted to answer this question and of these **713** respondents (86% of those who answered the question) found the revised Rent Setting Policy easy to read and understand.

### Is there a section of the Rent Setting Policy that you would like to see reworded?

4.6 **820** respondents opted to answer this question and of these only **45** respondents (5.5% of those who answered the question) wanted a section of the Rent Setting Policy reworded.

4.7 The comments received regarding a section of the revised Rent Setting Policy which respondents would like reworded related to:

- legislative duties that the Council must comply with;
- an issue which is already considered in the Rent Setting Policy;
- a level of detail not included in the Rent Setting Policy but is included in accompanying information resources; and
- issues outwith the scope of the policy review, including but not restricted to individual cases.

4.8 Following consideration of the responses returned, no changes have been made to the Revised Rent Setting Policy.

Is there something that we have missed in the Rent Setting Policy that you think should be included?

- 4.9 **816** respondents opted to answer this question and of these **756** respondents (92.6% of those who answered the question) did not think that anything had been missed from the Rent Setting Policy and **60** respondents (7.4% of those who answered the question) thought that an item had been missed.
- 4.10 The comments received regarding an item that had been missed related to:
- a level of detail which is not included in the Rent Setting Policy but is included in accompanying information resources;
  - an issue which is already considered in the Rent Setting Policy; and
  - issues not included in the Rent Setting Policy but which are addressed by other housing policies.
- 4.11 Consideration was given to the feedback received, however given the above, no changes have been made to Rent Setting Policy.

Is there anything that you think should be removed from the Rent Setting Policy?

- 4.12 **810** respondents opted to answer this question and of these **775** respondents (95.7% of those who answered the question) did not think that anything should be removed from the Rent Setting Policy, whilst only **35** respondents (4.3% of those who answered the question) wanted an area of the policy removed.
- 4.13 The comments received regarding an area of the policy that should be removed related to:
- the change in rent levels that the Rent Setting Policy will introduce;
  - legislative duties that the Council must comply with; and
  - a level of detail already considered in the Rent Setting Policy.
- 4.14 Following consideration of the comments on removing detail included in the Rent Setting Policy, no changes have been made.

Do you have any other comments on the Rent Setting Policy?

- 4.15 **810** respondents opted to answer this question and of these **35** respondents (4.3% of those who answered the question) provided additional comments. These related to:
- legislative duties that the Council must comply with;
  - a level of detail already considered in the Rent Setting Policy;
  - issues not included in the Rent Setting Policy but which are addressed by and detailed in other housing policies, process and information resources;
- 4.16 Following consideration of the additional comments provided no changes have been made to the Rent Setting Policy.
- 4.17 The revised Rent Setting Policy is provided as **APPENDIX II** for this Committee's approval.

## **5. POLICY IMPLEMENTATION**

- 5.1 Subject to this Committee's approval of the revised Rent Setting Policy, an implementation will be developed to ensure that a "go live" date of 1 April 2024 is achieved. This will include delivering staff briefings and training to ensure that all relevant staff awareness and understanding of the changes.

### **NEC**

- 5.2 Officers have appraised the requirements of the NEC Housing system as part of the policy review. Consultancy from NEC Housing will be required to assist with the system modification requirements required to accommodate the revised Rent Setting Policy. The system modifications will be subject to robust and rigorous testing in advance of the policy implementation.

### **Informing and updating tenants and customers**

- 5.3 Prior to its implementation, tenants will be fully informed of the changes associated with the revised Rent Setting Policy.
- 5.4 In line with Section 25 of the Housing (Scotland) Act, tenants will be provided with 4 weeks' notice of any change in their rent. Tenants will be provided with a breakdown of the rent mechanism used to calculate their rent. The 4 weeks' notice issued to tenants will also advise them of any annual increase for 2024/25 which may be agreed within the HRA Annual Budget for 2024/25, due to be presented to Council on 28 February 2024.
- 5.5 A review of all information resources will be required to ensure all information is updated to reflect the agreed changes. This will include updating the Council's website and developing guidance for applicants on the revised process. The information will provide financial information used in the rent mechanism to calculate rents. This will be reviewed and updated annually.
- 5.6 Following implementation, work will continue to ensure that tenants are fully aware of how the revised Rent Setting Policy will affect them and reassured that support will be available. This will include:
- articles in the Tenants' Voice;
  - contact with tenants who are provided transitional relief during the convergence period to ensure that they understand the implications;
  - personal contact with vulnerable tenants;
  - ongoing monitoring of rent accounts and early engagement with tenants who have rent arrears; and
  - ensuring that tenants at risk of arrears or financial insecurity have access to appropriate advice and support.

## **6. RENT CAMPAIGN**

- 6.1 In recent years, tenants have had to contend with a number of financial challenges. Welfare Benefit reforms, the Coronavirus Pandemic and the Cost of Living Crisis have had an impact. This has resulted in higher levels of rent arrears which have been compounded by the eviction moratorium imposed by the pandemic restrictions and Cost of Living (Tenant Protection) (Scotland) Act 2022. This means that, until 31 March 2024, there is a ban on the

enforcement of evictions in Scotland, unless specific circumstances apply. For Scottish secure and short Scottish secure tenancies, eviction actions for rent arrears cannot be enforced unless the amount of arrears is £2,250 or more.

- 6.2 Like all social housing landlords, rent arrears continues to be an ongoing challenge. The Housing Service continues to perform well in the management of rent arrears in comparison to other local authority landlords. To assist this to continue, the Housing Service intends to undertake a rent campaign during March 2024. The aims and objectives of the campaign are to:
- reduce overall rent arrears by the end of Quarter 4 (31 March 2024);
  - reduce the number of high value rent arrears cases (tenancies who owe in excess of £1,000). There are currently 243 tenancies with arrears in excess of £1,000 (124 in Elgin, 73 in East and 46 in West);
  - make contact with each of the tenants with high level arrears and establish reasons for the arrears, mitigations and any barriers to a resolution and implement a suitable repayment arrangement;
  - arrange / request that personalised and tailored assistance is provided to the tenant from internal services and external agencies (e.g. housing management, housing support, welfare rights, benefits, debt advice, social work or other services) which will help support the sustainment of tenancies;
  - ensure that action is proportionate to the arrears and avoid the use of legal action and evictions to control rent arrears unless all attempts to address the debt have failed; and
  - identify instances where court action is reasonable and appropriate and ensure that measures are acted upon promptly.
- 6.3 The rent campaign will commence on Friday 1 March and continue until Sunday 31 March and will include daytime, evening and weekend activity. To assist and achieve the campaign objectives, staff in Housing Support, Area Housing and Money Advice will be able to work flexibly, with the options of condensed hours and overtime available.
- 6.4 The Corporate Communications Team will disseminate information to tenants advising that they make contact straight away if they are struggling to pay their rent or household bills, as help is available. Contact will be made with the Department of Work and Pensions and Citizens Advice Bureau to request that they also advise their customers of this.

## **7. TENANCY SUSTAINMENT FUND**

- 7.1 If approved, the Housing Service intends to establish a Tenancy Sustainment Fund (TSF) which will assist vulnerable Council tenants who are facing financial hardship due to the cost of living crisis and will thereby support tenancy sustainment and remove the potential threat of homelessness.
- 7.2 The TSF will operate from 1 March 2024 until 31 March 2024 and will financially offer assistance where full repayment of arrears is uneconomic or inappropriate due to financial hardship.

- 7.3 Tenants must meet an eligibility criteria and consent to the referral in order access to the fund. Referrals will be made by the relevant Area Housing Officer and will be authorised by the Area Housing Manager. Each case will be considered on its own merit and it must be clearly demonstrated that the tenant is in financial hardship and is not able to repay arrears that have accrued.
- 7.4 A comprehensive and transparent audit trail of referrals, assessments and decisions will be maintained.
- 7.5 If approved by this Committee, Officers recommend that Committee agree that any money, which remains in the Service Development Budget for 2023/24, is used to administer and deliver the TSF along with any overhead costs associated with running the rent campaign. These elements will not exceed a total of £60k.
- 7.6 A full review and evaluation of the rent campaign and TSF will be completed in 2024 in order to establish if their objectives were met and assess if the TSF should be implemented on a recurring basis and provision will be made in future budgets on this basis.

## **8. SUMMARY OF IMPLICATIONS**

### **(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))**

Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP)) identifies an increase in the supply of affordable housing as one of the key components of a growing, diverse and sustainable economy in Moray. Assuring the long-term financial stability of the Housing Revenue Account will contribute to delivery of this aim.

### **(b) Policy and Legal**

There are no legal implications arising from this report.

### **(c) Financial implications**

The Housing Revenue Account (HRA) deals with expenditure and income for the Council's housing stock. The HRA is expected to be self-financing, that is, the budgeted income is sufficient to cover the budget expenditure. The HRA is not permitted to show a deficit at the end of the financial year. The Rent Setting Policy will aid the long-term financial viability of the Housing Revenue Account and the HRA Business Plan.

Any financial implications resulting from the Tenancy Sustainment Fund and the rent campaign will be absorbed from any money which remains in the Service Development Budget for 2023/24.

### **(d) Risk Implications**

The risk to the financial viability of the HRA has been assessed through the HRA Business Plan Review, completed in March 2023. These proposals aim to mitigate these risks and ensure sufficient funds are available to meet all Moray Council's statutory obligations in its role as a social landlord.



**(e) Staffing Implications**

There are no staffing implications arising from this report.

**(f) Property**

There are no property implications arising from this report.

**(g) Equalities/Socio Economic Impact**

An Equalities Impact Assessment was completed as part of the Rent Setting Policy review and no negative impacts identified. A review of the assessment undertaken during the policy consultation no further changes were identified.

**(h) Climate Change and Biodiversity Impacts**

The implementation of the revised Rent Setting Policy will ensure sufficient funds are available to meet all Moray Council's statutory obligations in its role as a social landlord. This includes delivery of EESSH/ESSH2, net zero carbon emissions and the aims of Housing to 2040.

**(i) Consultations**

Consultation on this report has taken place with the Head of Housing and Property, Housing Services Manager, Housing Strategy and Development Manager, Officers within the Housing Service, the Chief Financial Officer, Alistair Milne (Accountant), Georgina Anderson (Legal Services Senior Solicitor), the Equal Opportunities Officer and Lissa Rowan (Committee Services Officer) and any comments have been incorporated into the report.

**9. CONCLUSION**

- 9.1 This report provides the Housing and Community Safety Committee with the results of the revised Rent Setting Policy consultation. It presents a revised Rent Setting Policy for approval for implementation on 1 April 2024. It advises Committee that a rent campaign will be undertaken to tackle high level arrears, which will include the creation of a Tenant Sustainment Fund which will operate during March 2024. It seeks Committee approval to utilise any remaining allocation of the Service Development Budget for 2023/24 in order to administer the Tenant Sustainment Fund and any overhead costs associated with running the rent campaign.**

Author of Report: Gillian Henly, Senior Housing Officer (Policy)  
Background Papers: Rent Setting Policy Review (21 November 2023)  
Review of Rent Setting Policy (22 October 2013)  
New Build Council Housing (16 February 2010)  
Rent Setting Policy Review (23 November 2005)  
Ref: SPMAN-1285234812-1488