



MORAY COUNCIL

RENT SETTING POLICY

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1. Scope of the Rent Setting Policy

1.1 The Rent Setting Policy details the framework and methodology used to calculate rent charged to Scottish secure tenants living in council housing in Moray.

1.2 This policy complies with and supplements the Moray Council's Financial Regulations.

2. Strategic context

2.1 The Rent Setting Policy will assist the Council to meet to meet the objectives of the Local Housing Strategy and the Tenant Participation Strategy.

3. Aim, principles and objectives of the Rent Setting Policy

3.1 The aim of the policy is to provide a framework for setting rents which is equitable, transparent and consistent, considers affordability and ensures that the service remains financially viable and the Housing Revenue Account (HRA) Business Plan is sustainable.

3.2 The specific objectives of the policy are:

- To provide a method of calculating rent which is equitable and consistent for all properties of similar characteristics.
- To ensure that rent charged reflects the attributes of the property.
- To ensure that the method of calculation is transparent, easily understood and is supported by tenants.
- Deliver a fair and equitable rent scheme that meets future and long terms needs, based on consistency, transparency, durability, financial viability and affordability.
- To ensure that the Council sets rents at a level which is sufficient to provide efficient and quality services that offer value for money.

3.3 The principles underpinning the Rent Setting Policy are:

- The Council will ensure that the policy complies with and reflects the legal framework and good practice.

- All tenants are consulted on the development and implementation of the policy.
- Communication with tenants should be in plain language and easily understood.
- The Council will implement detailed procedures and agreed practices uniformly across the service.
- Staff training is provided to ensure that staff are equipped to carry out the roles expected of them.

4. Legislative and regulatory context

- 4.1 Moray Council will ensure that the Rent Setting Policy complies with current legislation and guidance, while promoting good practice.
- 4.2 The Housing (Scotland) Act 2001 (Section 23) sets out an obligation to provide tenants with a written agreement, stating the terms of the tenancy, including the obligation to pay rent lawfully due. The landlord must, upon request, provide information to tenants on its policy and procedure in relation to setting of rents and charges.
- 4.3 In accordance with the Housing (Scotland) Act 2001, the Council is required to consult with tenants and take account of their views when making decisions about proposed rent increases. Section 25 of Housing (Scotland) Act 2001 allows landlords to increase rents (or any other charge payable) under a Scottish secure tenancy, provided that they give tenants at least four weeks' notice of the increased rent due to be paid. Prior to issuing this notice, social landlords must consult with tenants affected by the proposal and take their views and opinions into account.

Scottish Social Housing Charter

- 4.4 The Scottish Social Housing Charter sets out the standards and outcomes that all social landlords should aim to achieve for their tenants and other customers when performing their housing activities. The relevant standards and outcomes are:

Charter Indicator 13: Value for Money

Social Landlords manage all aspects of their business so that:

- tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay.

Charter Indicators 14 and 15: Rent and Service Charges

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 provided, the cost of the services and how far current and prospective tenants and other customers can afford them.
- tenants get clear information on how rent and other money is spent, including details of any individual items of expenditure above thresholds agreed between landlords and tenants.

- 4.5 These outcomes reflect the Council's legal duty to consult tenants about rent setting, the importance of landlords taking account of what their current and prospective tenants and other customers are likely to be able to afford, and the importance that many tenants place on being able to find out how their money is spent. What is crucial is that discussions take place and the decisions made reflect the views of tenants and other customers.

5. Equality and diversity

- 5.1 The Council will seek to ensure that it complies with its duties under the Equalities Act 2010. The Council will seek to ensure that this policy is applied in a manner that is fair to all sections of the community regardless of age, disability, gender reassignment, marriage or civil partnership, pregnancy or maternity, race, religion or belief, sex or sexual orientation.

- 5.2 Full consideration will be given to the Council's Public Sector Equality Duty (PSED). This requires public authorities to: eliminate discrimination, harassment and victimisation; advance equality of opportunity; and to foster good relations between persons who share a relevant protected characteristic and those who do not.

6. Confidentiality and data protection

- 6.1 Moray Council recognises the importance of data protection legislation, in protecting the rights of individuals in relation to personal information that it may handle, use and disclose about them, whether on computer or in paper format. The Council will ensure that its practices in the handling, use and disclosure of personal information as part of the processes outlined in this policy comply fully with the Data Protection Act 2018 and General Data Protection Regulation (GDPR).
- 6.2 Relevant Privacy Notices will advise tenants how personal information may be collected, used, stored, shared and securely disposed of, the legal basis for doing so and what their Data Subject Rights are.

7. Rental income

- 7.1 The Rent Setting Policy takes into account affordability and the costs involved in managing and maintaining stock, including the future work required in order to ensure that housing stock meets with minimum standards.
- 7.2 The costs that have to be covered by rental income and which are shared by all tenants include:
- Housing management costs – these are associated with the provision of housing management services.
 - Voids and bad debts – these are the amounts of income lost when a property is empty or when rent arrears cannot be recovered.
 - Property maintenance costs – these are associated with the provision of the day to day repairs service and the cyclical maintenance programme.
 - Planned maintenance – these are costs associated with upgrading and improving or replacing building components.
 - Interest charges – these are associated with borrowing for previous investment, funding new building or improving the housing stock.
 - Indirect and overhead costs – these are costs related to running the service and include staff salaries, technology and so on.

8. Methodology for calculating rent

8.1 The Council will ensure that the rent setting process will be transparent and accountable and that a fair and consistent rent structure is in place. Rents will be calculated based on the most recent housing stock and financial information.

8.2 The methodology used to calculate the weekly rent is a combined approach, using a minimum baseline rent per week plus a points based scheme.

Baseline rent	+ / - attribute adjustments relevant to each property	= Weekly rent
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8.3 The baseline rent has been developed using a two bedroom, semi-detached property (the most common property size and type). The points based scheme is calculated according to the property characteristics and amenities of each property, which are applied uniformly. The attribute values which are added or deducted, relevant to each individual property are:

- Property size (number of bedrooms)
- Property type (e.g. house or flat, detached or semi-detached, bungalow etc.)
- Energy efficiency (based on the Energy Performance Certificate (EPC) rating)
- Parking
- Additional toilet
- Garden (private or shared)
- Sheltered housing

The rent is charged over 48 weeks.

8.4 A full list of attributes and point values used in the Rent Setting Policy is detailed in [APPENDIX I](#).

8.5 Tenants will, upon request, be able to receive details of how the rents for their houses have been calculated.

8.6 Service charges which are over and above the rent, for example for warden services in sheltered housing, will be charged separately and tenants will be advised of these.

9. Changes to attributes

9.1 The Council will review the rent of a property following a change / or correction to any of the attributes used in the calculation of the rent. For example, following an improvement to a property, such as a heating upgrade, which improves the Energy Performance Certificate rating.

9.2 The Council will give tenants 28 days' written notice of any increase in rent.

9.3 When a property becomes void, the rent will be recalculated to reflect any change in attributes in accordance with Section 8 above and the incoming tenant will be advised of the rental amount in their offer letter.

10. Review of rent levels

10.1 When reviewing rents, consideration will be given to the investment programme, service delivery arrangements and any new duties or initiatives. The aim will be to set rents which represent best value and affordability to the majority of tenants.

10.2 There are no legal provisions on how often landlords should change rent or by how much it would be acceptable to increase rent charges. In accordance with Scottish secure / short Scottish secure tenancy agreements, the Council will not change the rent charged more than once per year (unless the attributes of the property change as detailed in Section 9). The Council will always consult with tenants prior to increasing rents or service charges.

11. Consulting with tenants

11.1 The Housing (Scotland) Act 2001 (Sections 25 & 54) requires landlords to give each tenant no less than four weeks' notice, in writing, before increasing rents or service charges. Where a landlord proposes to increase rents generally, it must first consult those tenants who would be affected by the

proposal and then have regard to the views expressed by those consulted. This is reaffirmed in the Scottish secure tenancy agreement and the Tenant Participation Strategy which confirm that the Council will consult with tenants about proposals for changes in rent and service charges.

- 11.2 The Housing Service will carry out a thorough consultation with tenants in relation to any proposed general increase in rent. This process will include articles being placed in tenant newsletters, on the Council website and social media platforms and contacting tenants individually, outlining options for consideration and inviting feedback. Tenants will be provided with detailed information including budget information and planned investment and expenditure, to assist them to reach an informed decision. The results of this exercise will be presented to the relevant Council Committee for full consideration prior to making a final decision.

12. Review of decisions and complaint arrangements

- 12.1 There is no external appeal process for Scottish secure tenants against rents set by their landlord. The Council has therefore developed a review process for tenants who are not satisfied with the way their rent has been calculated. In the first instance a tenant can ask for an explanation from their Area Housing Officer. If the tenant is not satisfied with the explanation they should write to the Housing Services Manager requesting a review of the rent level.
- 12.2 The Council operates a Complaints Procedure that is available to any tenant who is not satisfied with the way their case has been dealt with. Details of the Complaints procedure can be obtained from any Council office or the website.

13. Performance monitoring

- 13.1 The Council will monitor rent levels and rental income generated under this policy.
- 13.2 Reports will be submitted to the Council and Housing and Community Safety Committee as part of the budget setting and monitoring process.

13.3 The Council will monitor the satisfaction of tenants of tenants who feel that the rent for their property represents good value for money which is reported in the Annual Performance Report.

14. Policy review

14.1 This policy will be reviewed in 2029 or sooner if required due to legislative changes.

Working Draft

Rent mechanism: Calculation process

Baseline rent =	2 bed semi- detached rent
Add / subtract attributes as follows:	
Property size	
Bedsit	- 2
1 bedroom property	- 1
2 bedroom property	0
3 bedroom property	+ 2
4 bedroom property	+ 3
5 bedroom property	+ 4
6 bedroom property	+ 8
7 bedroom property	+ 13
Property type	
4 in a block	- 2
End terrace house	- 2
Mid terrace house	- 3
Flat	- 4
Maisonette	- 4
Semi-detached house	0
Detached house	+ 3
EPC rating	
A	+ 1
B	0
C	0
D	- 2
E	- 4
F	- 5
G	- 6
Parking	
Off street parking (includes private driveway, car port and garage)	+ 2
Garden	
Private garden	+ 2
Shared garden	+ 1
No garden	0
Additional toilet	+ 1
Sheltered housing (service charge for communal area and heating applicable only to Larch Court)	+ 4