



Rent Policy

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Board of Management
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HAPPY TO TRANSLATE

BIELD HOUSING AND CARE

Registered Office: 79 Hopetoun Street, Edinburgh EH7 4QF
Scottish Charity No SC006878

BIELD HOUSING AND CARE

Rent Policy

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1. BIELD

- 1.1** Bield Housing and Care Ltd was formed in 1971 as a non-profit organisation. The Organisation is registered with the Scottish Housing Regulator under the Housing (Scotland) Act 2001, is incorporated under the Industrial and Provident Societies Acts (No. 1692R(S)) and is recognised as a registered Scottish Charity (No SC006878).
- 1.2** Bield's primary objective is to enable older people to live independent and fulfilling lives by being a leading and innovative provider of high quality housing, care and support services.
- 1.3** In appropriate circumstances, Bield may seek to develop and manage a broad range of high quality housing for other client groups such as families and vulnerable adults.

2. OBJECTIVES OF THE RENT POLICY

- 2.1** Bield will ensure that the objectives of the Rent Policy take into account the provisions of the Scottish Social Housing Charter which sets out key outcomes in relation to value for money and rent and other related charges.
- 2.2** Rents will be set at a level which covers the operating costs of the Organisation, taking account of the costs which enable us to; manage and maintain our stock, make a contribution to reserves, service borrowings and secures the immediate and long-term financial health of Bield in order to protect the interests of both current and future tenants.
- 2.3** Subject to local market variations, Bield will apportion rents between individual properties on a like for like basis. Bield have adopted a consistent approach to rents which is based on property characteristics; specifically a base rent with four additional criteria; property size and property type balanced with additional charges based on the services received at a development and the scale of the landscaping at each of the developments.
- 2.4** We will seek to ensure that rents represent value for money and are affordable to our tenants.

3. SCOPE OF THE RENT POLICY

- 3.1** Bield provides a variety of types of accommodation under different tenure arrangements.
- 3.2** Bield's Rent Policy applies to all rented housing stock owned or partially owned by the Association.
- 3.3** Tenure can be under; a Scottish Secure Tenancy (SST) Agreement, a SST (with Fair Rents) Agreement, Short Scottish Secure Tenancy (SSST) Agreement, Shared Equity Agreement or Shared Ownership Agreement.
- 3.4** Rent is divided into rent and service costs. A number of tenants are also charged for heating or energy costs within the tenant's accommodation, and there are also additional charges for a meal service within - Retirement Housing with Meals and Retirement Plus services.

4. RENT SETTING

4.1 Base Rents

- 4.1.1** Bield is ensuring that there is consistency in the application of rent charges across all

properties. As a consequence there is a simplified rent charge and service charge approach; there are three component elements; Bield will implement a base rate rent, with four additional financial criteria alongside a separate service charge for staffing costs. These will be established on an annual basis through the preparation of the Organisation's annual budget

- 4.1.2** Bield will charge a base rent for all housing owned or partly owned by the Organisation. The method for setting the rent varies depending upon whether the housing is occupied under an SST Agreement, a Short SST Agreement, SST Agreement (with Fair Rents), Shared Equity or a Shared Ownership Agreement.

The Base rent will be set annually through the Bield budget setting process. A rate was established in February 2019, following an extensive rent review, and it is expected that this rate will be reviewed annually. Every property has been allocated a base rental value, which is based on the lower quartile weighted average (LQWA) of all the Organisation's rents. The LQWA for Bield is £301.35 per month, as at April 2019.

- 4.1.3** The annual budget for base rents will be supplemented by 4 additional criteria each year with the detail provided below at 4.2.1.
- 4.1.4** Base Rents for SST Tenants (with Fair Rents) are set by an independent Rent Officer. Bield will apply for Fair Rents timeously. Base rents for SST tenants (with fair Rents) are approved by an independent Rent Officer. Bield will apply for Fair rents within the approved timescale. The rent will be implemented from the date the fair rent becomes effective.
- 4.1.5** Rents for tenants with a Shared Equity or Shared Ownership Agreement will be set after taking account of any guidance issued by the Scottish Government or the Scottish Housing Regulator and will be subject to the detailed provisions contained within individual agreements. Bield will use the rent charges which would apply for the accommodation if it were occupied by a tenant under an SST Agreement as the starting point for the calculation of the rent. This figure will be subject to deductions of the standard Management and Maintenance Allowances as set by the Scottish Government. Rent charged will be a proportion of the amount calculated in accordance with individual agreements and the share of the equity held. The funding of major repairs will be in accordance with the appropriate guidance notes and contractual agreements between Bield and the tenant(s).

4.2 Four Financial Criteria

- 4.2.1** The base rent is augmented by four additional separate financial weighting categories; including:

- Property Size; Number of rooms
- Property Type; Studio, Flat, Bungalow or House.
- Accommodation Type; Amenity Housing, Retirement Housing, Retirement Housing with Meals, Retirement Plus or General Needs Housing
- Landscape Maintenance; the scale and size of maintenance assessed by a criteria of no grounds, small, medium and large grounds

Each year through the preparation of the annual budget these criteria will be reviewed, and a charge determined for each. Tenants will be consulted on any changes and before any rent amendments are implemented.

The costs for 2019/20 are included in Appendix 1.

4.3 Service Costs

- 4.3.1** Services Costs are made up of a single element and this is specific to each development and relates directly to the number of staff employed there, and the number of hours they work. Therefore, although there will be some variations on service costs these will also be more transparent.
- 4.3.2** When setting base rents, the additional four financial criteria and service costs, allowances will be made for any other income which may be receivable, such as grants from local authorities, or payments from local authorities or other organisations for the use of facilities or services.
- 4.3.3** Account will also be taken of any statutory, contractual or regulatory restrictions that may apply. The most significant restriction is that of tenants who have preserved rights to have their rent set by an independent Rent Officer (Fair Rents), which cannot be varied by Bield except insofar as the service costs may be registered as a variable amount.
- 4.3.4** Staff costs will be calculated on the basis of the staff team deployed within the development and charged equally between the tenants.
- 4.3.5** Service costs for SST (with Fair Rents) are registered by an independent Rent Officer in conjunction with the Base rent. Bield will apply for Fair Rents timeously. The Service Costs to be applied for will be the same as if the accommodation were occupied under an SST Agreement. Bield will always seek to have service charges for SST Tenants (with Fair Rents) registered as variable in order that they can be altered annually to keep them consistent with Service Costs applicable to SST tenants.
- 4.3.6** Service Charges for tenants with a Shared Equity or Shared Ownership Agreement will be set at the same level as applies to other tenants or owner occupiers in the same development.

4.4 Rent Review

- 4.4.1** Base rents and the additional four financial criteria, identified in 4.2.1, and Service costs will be reviewed annually in order to ensure that costs will continue to be met. If necessary rents will be increased on the basis of the budget process, having due regard to other relevant factors, including increases in the Retail Price Index, average earnings, welfare benefit levels, and the need to maintain rents at affordable levels. There will be particular regard to changes in Scottish Government guidelines and allowances as these relate to the Organisation's accounts.
- 4.4.2** The date for the implementation of rent reviews will be 1 April each year except where there are conditions in the Tenancy or other Agreement which require a different review date, e.g., base rents for SST Tenants (with Fair Rents), which will be reviewed as soon after re-registration as practicable.
- 4.4.3** The level of any rent increases will be in accordance with the Annual Budget Strategy agreed by the Board of Management. Details of the rent increases shall be submitted for approval to the Board in November each year.
- 4.4.4** In addition to the annual rent review, service costs may be reviewed during the course of a financial year to reflect variations in the services provided by the Organisation, but only with the agreement of the tenants concerned. In all such circumstances, tenants will be fully consulted and made aware of the availability of independent advice.

4.5 New Build Developments

- 4.5.1.** In line with Bield’s five year business strategy, building new homes continues to be a priority for the organisation. However, for any new build development, it is important to ensure the project is financially viable.
- 4.5.2.** The cost of building new homes is funded through a combination of Scottish Government grant and private finance. In setting rents for new build properties, we need to ensure the rent is set at a level that will generate sufficient income to cover the same day to day costs as our existing stock but in addition has the ability to cover the developments costs, loan repayments and interest associated with private finance.
- 4.5.3.** The general principles of the wider rent policy will apply to setting the rent for Bield’s new build developments, however to meet the on-costs associated with new build the base rent will be set at £319.00. (2019/2020)
- 4.5.4** In the following new build situations there may be a requirement for variations to the rent policy to be applied:
- Subsidised Shared ownership – occupancy payments will be calculated in line with the Scottish Government guidance to reflect the sharing owners’ responsibility for repairs and the percentage of the property that they own;
 - Non-subsidised shared ownership – occupancy payments will be calculated at 80% of the local market rent value and reflect the sharing owner’s responsibility for repairs and the percentage of the property that they own;
 - High cost new build developments – specialist developments may have an additional rental charge allocated to compensate for any shortfall in Scottish Government funding;
 - Supported accommodation – supported accommodation projects, where the nature and type of accommodation is not covered specifically by this rent setting mechanism.

Any variations from the policy will be approved by Bield’s Board of Management.

4.6 Consultation

- 4.6.1** Tenants will be advised of the Organisation’s Rent Policy through the Tenant Handbook, Tenant Newsletter and through Bield’s Website. Where a review of the Policy is undertaken, tenants on the national Partnership Forum and Registered Tenant Organisations will be formally invited to comment. Views expressed by tenants will be considered and taken into account when the Rent Policy and rent levels are being reviewed.
- 4.6.2** When rents are reviewed tenants will be consulted on any proposed amendments, prior to The Board of Management taking a final decision on rent levels. Thereafter, tenants will be given a statement explaining any revisions to their rent and the reasons why.

4.7 Affordability and Comparability

- 4.7.1** Through the annual budget strategy, Bield will set rents to a level which covers the Organisation’s operating costs and aims to secure the immediate and long term financial viability of the Organisation. By doing so, Bield will also endeavour to set rents at such a level which are affordable to tenants on low incomes. When setting rents, consideration will be given to welfare benefit levels including housing benefit, the Consumer Price Index (CPI) and SFHA affordability measures.
- 4.7.2** The Organisation will try to ensure that rents are within housing benefit eligibility limits, subject to recognition that some service costs do not qualify for housing benefit.

- 4.7.3** The Organisation will compare its rents with those of other registered social landlords who provide similar housing and services by undertaking national and local market comparisons each year to try to ensure that rents are not significantly out of line with other providers. In addition, Bield will participate in a formal benchmarking group comprising of registered social landlords within its peer group, who will compare operational performance indicators, including rent charges.
- 4.7.4** Where rents charges are identified over a period of time as being higher or lower than those applied by other registered social landlords offering similar properties, adjustments may be made according to market values or other factors. This will only occur once a full evaluation of the reasons for the variation have been determined. Approval for any adjustments for individual properties or developments must be granted by the Board and will take effect from the start of the next financial year to ensure that any such changes have been taken into account in the budget planning process for the next financial year.

4.8 Review and Complaints

- 4.8.1** Tenants have the right to have a review undertaken of the rents and service charges set in accordance with this Policy. Rent Review Notes, which are issued along with any formal Notice of Rent Increase, will include information on how tenants can seek a review.
- 4.8.2** Where exercised, Tenants will be encouraged to state why they feel a review is necessary, rather than simply that they oppose the proposed level of increase. Tenants must intimate their desire for a review, within 28 days from the date of the notice of rent increase, to a Senior Manager who will consider the request and respond, in writing, within 14 days.
- 4.8.3** If a tenant remains dissatisfied with the response, or feels that Bield has not complied with the terms of the Rent Policy, or they are dissatisfied with the way the review has been handled, they may make a formal complaint through Bield's Complaints Policy.
- 4.8.4** A summary of all reviews made, and the outcome of these, will be presented quarterly to the Board of Management or a relevant committee.

4.9 Review of the Policy

The Rent Policy will be reviewed every 5 years or earlier as required.

Rent Policy

Base rents & Four Financial Criteria- 1st February 2019

The base rent and the four financial criteria, for the period 2019/20, are best depicted in the table below:
(Please note these are monthly charges.)

Base Rent, £301.35	
<p>Add the additional property size criterion cost:</p> <ul style="list-style-type: none"> • 1 room/1 occupant: +£0 • 2 rooms/1 occupant: +£25.62 • 2 rooms/2 occupants: +£51.25 • 3 rooms/2 occupants: +£76.88 • 3 rooms/3 occupants: +£102.50 • 3 rooms/4 occupants: +£128.13 • 4 rooms/5 occupants: +£153.75 • 4 rooms/6 occupants: +£179.38 	<p>Add the additional property type criterion cost:</p> <ul style="list-style-type: none"> • Flatlet: £0 • Flat:+£15.38 • Bungalow: +£30.75 • House:+£46.13
<p>Add the additional accommodation type criterion cost:</p> <ul style="list-style-type: none"> • General Needs: <u>+£0</u> • Amenity: <u>+£52.28</u> • Retirement Housing, Retirement Housing with Meals and Retirement Plus, Plus: <u>+£80.98</u> 	<p>Add the additional landscaping criterion cost:</p> <ul style="list-style-type: none"> • No grounds:£0 • Small: +£5.13 • Medium: +£10.25 • Large: +£15.38

For example; at a Retirement Housing with Meals development where Bield rent a two double bedroom flat (3 rooms/4 occupants), for an older couple, at a development with no landscaping, the cost of the rent would be:

Base Rent:	£301.35
Property size criterion: 3 rooms/4 occupants	£128.13
Property type criterion: Flat	£ 15.38
Accommodation criterion: Retirement Housing with Meals accommodation (This does not include the meals charge.)	£ 80.98
Landscaping criterion: No landscaping	£ 0.00
Total	£525.84