

# Operational Procedure 45

## Rent and Charging Policy

Responsible Officer	Service Manager – Business Support						
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Shetland Islands Council – Housing Service  
Rent and Charging Policy – Operational Procedure 45

Amendment and Authorisation Record

OP45 – Rent and Charging Policy

<b>Date</b>	<b>Author</b>	<b>Paragraph ref:</b>	<b>Nature of change</b>	<b>Authorised by</b>
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**Policy Review date: October 2007**

## **Objectives of the Rent and Charging Policy**

### **Principles**

- a) that the costs of providing the properties should be met from the rents and charges set;
- b) that rents and charges should be fairly applied and represent good value to tenants;
- c) that tenants are regularly given an opportunity to comment on the affordability/value of their rent;
- d) that rents should be benchmarked with other social housing providers both locally and nationally;
- e) that the rent setting mechanism is transparent and understood by staff, tenants, applicants and Council members;

### **Objectives and Targets**

- a) financial targets are set annually by the Head of Finance in his Budget Strategy Report. Rent levels are to increase by no more than inflation plus 2%, to ensure affordability.
- b) the HRA costs are pooled and include costs of loan debt charges, management costs, hostel costs, day to day maintenance, planned and cyclical maintenance and voids. These costs are offset by income from interest on revenue balances, Housing Support Grant and Reserves (Housing Repair & Renewals Fund). The balance remaining is the amount of income required to be generated from rents.
- c) the rent structure will take account of property size, location and property attributes (central heating and double glazing)
- d) we will seek to maximise the amount of rent collected by making a range of payment options available to tenants and will work with colleagues to minimise arrears and voids

- e) service charges are calculated and charged, where applicable, separately from basic rent and are calculated on the basis that we aim to be fair and reasonable, we aim to cover the cost of providing the service and we continue to monitor affordability of charges.

### **Approach and Methodology**

- a) Each year the total rental income will be determined as part of the annual budget setting process of the local authority. A property attributes/rent calculation spreadsheet will be maintained by Finance Services. This spreadsheet will determine the total rental points generated by the current housing stock and will divide the total rent required to be raised by the total points produced by the properties to give a rental per point value. This will then be applied to set the rents for all the property differentials.
- b) The current points values and differentials are as follows:
- Base property is a 1 apartment property with no central heating or double glazing – 100 points
  - Each additional apartment to the property is 33 points (33%)
  - The addition of double glazing 5 points (5%)
  - The addition of central heating 10 points (10%)
  - The addition of both attributes 15 points (15%)
  - Landward properties are subject to a 95% differential over Lerwick to reflect , this is reflected in the rent per point value being reduced for non-Lerwick properties.
- c) The Council is committed to Tenant Participation and involving tenants with the key decisions affecting the housing service. The Housing service consults directly with the Shetland Tenants Forum in the autumn of the year prior to the budget setting to explain the proposed income and expenditure on the housing accounts and to seek tenants views on proposals for the rent and charges increases. The feedback from this consultation is detailed in the rent setting report to Council.
- d) Wider consultation on affordability and other comments is done through a survey sent to all tenants with the Housing Service Annual Report. Views expressed by tenants through this form of consultation will be considered and taken into account in the next review of this policy and subsequent rent setting exercise.
- e) Tenants will be notified of agreed increases as soon as practicable following a Council decision and with a minimum notice period of 28 days in line with statutory obligations.

### **Equal Opportunities**

The Council will not discriminate in the operation of any of its housing management policies on the basis of age, gender, race, colour, ethnic or national origin, political or sexual orientation, disability or medical condition, religion, marital status or family circumstances.

The rent policy and the rent setting and charging mechanisms are based on property characteristics and financial requirements, therefore the policy is not expected to give rise to any outcomes which could be discriminatory.

### **Policy Review**

This policy will be reviewed annually in line with the Budget Strategy report prepared by the Council's Head of Finance Services