



Rent Setting and Service Charges Policy

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1. Introduction

1.1 Statement of Objectives

The Rent Setting and Service Charges Policy aims to provide a strategic framework for setting charges that are affordable, equitable, transparent and consistent, while ensuring that, at all times, CVHA is a financially viable and sustainable organisation.

Our objectives include:

- establishing a framework for setting rents and service charges that is equitable, transparent and consistent, and which allows sufficient consultation with tenants / sharing owners when charges are reviewed annually.
- ensuring that the rents and service charges set each year provide sufficient resources for CVHA to provide a quality management and maintenance service, as well as cover the costs associated with voids and bad debts, loan repayments, planned programmed renewals and new build; and setting rent levels and service charges that are affordable for our customers.

1.2 Compliance with Regulatory Standards

The Scottish Housing Regulator requires that we can demonstrate that our customers are getting good value from rents and service charges. The following key outcomes are relevant to rent setting and service charges:

- Registered Social Landlords have a duty to manage resources to ensure financial well-being, while maintaining rents at a level that tenants can afford to pay.
- Registered Social Landlords have a regulatory duty to demonstrate Value for Money. Clyde Valley Housing Association produces an annual Value for Money statement.
- Providing accessible, affordable housing is a key element for consideration when we are reviewing rents.
- Value for money - tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay.
- Rents and service charges - a balance is struck between the level of service 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.

1.3 Expected Outcomes

Key outcomes of operating an effective Rent Setting and Service Charges Policy include:

- demonstrating value for money; and
- striking a balance between the level of service provided and customer affordability.

1.4 Informing Customers

- Our Policy is available on the Clyde Valley Group website and available in paper format on request.
- Our rent review process involves an extensive engagement exercise annually. We issue digital and paper surveys, inviting comments on customer priorities and views on proposed percentage increases.
- We engage with peers and compare proposed increases to comparable Registered Social Landlords.

1.5 Corporate Fit

1.5.1 Legislation and best practice

We will comply with all relevant legislation and associated regulations, including: The Housing (Scotland) Act 1987, 2010 and 2014; Welfare Reform Act 2012; and The Scottish Social Housing Charter.

1.5.2 Our Rent Setting and Service Charges Policy is consistent with our:

- Corporate Strategy.
- Business Plan.
- Tenancy Sustainment Policy.
- Arrears Policy.
- Customer Engagement Strategy.
- Risk Management Strategy.
- Financial Regulations; and
- Standing Orders and Delegated Authority Policy.

1.5.3 Equalities, Diversity and Inclusion

At Clyde Valley we value people and their diversity and strive to be inclusive. We respect others, regardless of personal differences and we listen to people to understand their needs and tailor our service accordingly. We will strive to promote equal access to our service for all members of the community and provide fair and equal treatment, promoting human rights in line with our Equality, Diversity and Inclusion Strategy and Policy.

1.5.4 Confidentiality

CVHA recognises that confidentiality is important to tenants and will treat their tenancy information with the strictest confidence in compliance with the terms of all applicable data protection legislation. Business Plan and risk management.

When setting and reviewing rent and service charge levels we need to consider a range of factors. The main consideration is maintaining rent and service charges at an affordable level. This is balanced against the need to finance and resource the Association's Business Plan. This includes the costs of providing services, managing our borrowing portfolio and ensuring that we can continue to invest in our properties now and into the future. The factors are considered in detail by our Board of Management before any decisions are taken on changes to rent and service charge levels.

1.5.5 The Board

The Customer Services Director has responsibility for overseeing the implementation of the Rent Setting and Service Charges Policy. The Customer Services Manager is responsible for key aspects of setting rents and service charges, including the annual notification and implementation of revised charges. Specific tasks within the rent setting and service charges process are delegated to appropriate staff.

We clearly define budgetary responsibilities and delegation of authority for rent setting and rent collection within our Financial Regulations and Standing Orders and Delegated Authority Policy.

The Board has the ultimate responsibility for setting rents and service charges and for approving policy review. As a result, the Board is required to approve all rent increases. Reporting is also regularly provided to the Board on Income Collection and Arrears performance.

The Board is committed to effective customer engagement and acknowledges the legal requirement placed upon all social landlords to consult with tenants when reviewing charges and updating policy.

2. Key Principles - Rent Setting and Service Charges Policy

2.1 Setting Rent & Service charges - affordability

2.1.1 Setting rents and service charges that are affordable is the key policy objective.

2.1.2 There is no agreed definition on what makes rents 'affordable'. There are a whole range of pressures that households face when managing their costs. Direct housing costs (rent or mortgage payments) make up a large proportion of this and, as such, one measure of affordability is the proportion of salary spent on rent. We utilise the SFHA/Housemark Rent Setting Tool, which combines a range of open-source data, including the Annual Survey of Hours and Earnings (ASHE), to calculate rent as a proportion of income. We use the ASHE 30th percentile income level for this purpose (classified as moderate income').

2.1.3 This information is balanced against our Business Plan projections, to inform choices and final recommendations on planned increases to rent and service charges.

2.1.4 We will promote the maximisation of tenant income and CVHA income.

2.2 Setting charges - financial viability

2.2.1 Our rents need to take account of the costs of running the business, as set out in our business plan. The majority of our income is derived from rents, and it is therefore vital that the level of rent charged allows CVHA to remain financially viable and sustainable.

2.2.2 This means that CVHA will:

- calculate the projected expenditure to be financed from rental income in the following areas:
 - housing management.
 - responsive repairs and cyclical maintenance.
 - planned programmed renewals
 - New build development
 - loan repayments.
 - employee and administration costs.
 - office costs and overheads; and
 - any other costs associated with running the organisation.
- compare the management and maintenance costs with other social landlords to benchmark efficiency and cost-effectiveness.
- ensure that expenditure is continually monitored against rental income due and received, via the various reporting arrangements in place; and
- through effective arrears and void management processes, minimise the amount of rental income lost.

2.3 Setting charges - rent setting mechanism and rent differentials

2.3.1 CVHA will apply a differential rent level weighting for each property according to size and type. These weightings are set out in Appendix A. A two-apartment flat in a close will be used to set CVHA's base rent. Thereafter the rental value of all other properties will be adjusted to reflect differences in amenity, based upon apartment size and property type. CVHA intends that rent charges should apply uniformly to established, acquired and new build properties. The harmonized Rent Policy was introduced in 2016, and a percentage review has been implemented annually since then.

2.3.2 There may be exceptions to CVHA applying standardised rents, such as where CVHA is part of a development consortium arrangement with other social landlords, or as part of a constitutional partnership. In these exceptional circumstances different rent levels may apply initially so that such initiatives are financially viable, although steps will be taken to bring such rents back into line with other CVHA properties on a phased basis over a reasonable period of time (typically a maximum of three years from the date of completion).

- 2.3.3 CVHA does not impose rent levels that differentiate according to geographic location, age of property or between those who are existing tenants or those who become new tenants. Similarly, CVHA does not impose cost-reflective rent increases for improvement works required to properties to bring them to our required standards.
- 2.3.4 The mechanism used for reviewing rent charges will take account of changes in the cost of living and overall sustainability of CVHA's business plan. CVHA will review published cost of living data and will use this as the starting reference point for planning budgets, consulting tenants and determining rent increases. However, in the unlikely event that the cost of living is a negative figure, the cost of living will be deemed to be zero for rent setting purposes.

2.4 Setting charges - service charges

- 2.4.1 For certain properties, such as flatted blocks, CVHA may provide additional services such as close cleaning, stair lighting, lift maintenance, etc. CVHA's Scottish Secure Tenancy agreement sets out any additional services provided to tenants and associated services charges.
- 2.4.2 The costs incurred by CVHA in providing such additional services require to be recovered through service charges to those tenants who benefit directly from the specific services provided. CVHA will charge the costs incurred, plus a 10% fee to cover administration costs associated with time spent managing contractors /suppliers.
- 2.4.3 CVHA will review service charges every year in parallel with our review of rent charges. We will calculate charges by looking at the costs incurred in the previous financial year and budget costs for the forthcoming financial year, taking into account any uplifts in cost, changes in specification, additional properties, etc. We may review service specifications, benchmark our charges and tender services from time to time to ensure continuing best value.
- 2.4.4 CVHA intends that the costs of providing additional services will be pooled and service charges will apply uniformly across all relevant properties for the likes of close cleaning, stair lighting and lift maintenance.

2.5 Setting charges - shared ownership

- 2.5.1 Rents for shared ownership properties, sometimes known as 'occupancy payments', are set on the portion of the property that is rented by the sharing owner (i.e., 25%, 50% or 75%). The rent charge reflects CVHA's typical rent for a similar property type and size, plus a management charge as appropriate to cover the likes of insurance and other services.

2.6 Setting charges - consulting tenants

- 2.6.1 When reviewing our rents, we will consult tenants/sharing owners and consider their views. We will also consult with any registered tenant organisation representatives and our Customer Panel when setting charges.

- 2.6.2 Our rent review process seeks to balance the scale of investment required to deliver business plan priorities with the quality-of-service delivery necessary to meet the needs and expectations of customers. Our aim is to set charges that provide the best value and are affordable for our tenants. CVHA will seek customer feedback to measure general tenant perceptions in this regard. When reviewing rents, consideration will be given to CVHA's investment programme, service delivery arrangements and any new duties or initiatives.
- 2.6.3 Under Section 54 of the Housing (Scotland) Act 2001, when social landlords consult with tenants and registered tenant organisations, they are required to have regard to representations made within a reasonable timescale. Section 8.4 of CVHA's Scottish Secure Tenancy Agreement confirms that we will consult tenants about proposals for changes in rent and service charges.
- 2.6.4 Under Section 25 of the Housing (Scotland) Act 2001, all social landlords require to give tenants four weeks' notice of any rent review/increase.

2.7 Setting charges - comparability with other registered social landlords

- 2.7.1 When setting our rents, we will consider, as context the comparability of our rents with those rents charged by other Registered Social Landlords operating within the same geographical region and those of a similar size and scale to CVHA.. These benchmarks will be taken into consideration alongside the Business Plan requirements of CVHA reflecting on the scale of investment required to deliver business plan priorities with the quality-of-service delivery necessary to meet the needs and expectations of our customers.

2.8 Making payments

- 2.8.1 CVHA aims to combine cost-effectiveness and convenience to tenants in its payment methods and subject to review may extend, restrict or otherwise change rent payment methods in the future.
- 2.8.2 CVHA previously operated a 4-weekly rent debit, meaning that rent is collected every four weeks - tenants must pay their rent every four weeks by the date due on the schedule of dates provided by CVHA. However, if a tenant wishes to make payments weekly or calendar monthly, this can be agreed with the tenant's Housing Officer where CVHA considers this to be reasonable. With the introduction of welfare reform and direct payment of Universal Credit, CVHA has reviewed the rent debit cycle and introduced calendar monthly payments from the 1st of April 2025. We consulted with customers and received no objections; however, we anticipate this change will help the Association align the debit cycle with Housing Costs Payments and with salaried customers income cycle. Individual payment dates will continue to be agreed with customers, where required.

2.8.3 There are a range of ways that tenants can pay their rent to CVHA, including:

- by Direct Debit.
- by Standing Order.
- by phone, either by using the automated function, or by speaking to an Agent.
- by website.
- via 'Paypoint'.
- at the Post Office.
- at CVHA's office using a debit card and mobile payment terminal (note that for security reasons significant cash payments cannot be accepted at the office).
- by cheque

2.8.4 In line with CVHA's Tenancy Sustainment Policy, and Arrears Policy, we will provide general advice and assistance to tenants in terms of managing their rent account and applying for welfare benefits. We will also signpost tenants who have complex financial circumstances to specialist advice agencies. CVHA will seek to maintain a close working relationship with local authorities, the Department for Work and Pensions and other agencies to minimise any difficulties associated with benefit claims, to maximise the general take-up of benefits and to expedite the direct payment of rental income to CVHA.

Appendix A

Weightings for Rent Differentials

Rent multipliers from the base rent score of 1000

Property Type	2 Apt	3 Apt	4 Apt	5 Apt	6 Apt
Flat - close	868.181	955.056	1006.446	n/a	n/a
Flat - main	912.822	1000.000	1063.936	1137.388	1215.000
House – mid terrace	954.391	1022.328	1099.388	1177.251	1252.685
House – end terrace/semi	964.774	1032.112	1109.709	1187.689	1262.705
House – detached	970.358	1037.928	1115.518	1193.130	1268.499

Notes:

The 'base rent' is set for a 2 bed (3 Apt) apartment flat accessed through a close, with a rental value that equates to 1000.00 points.

Points are then added to weight the rent to be charged to reflect amenity value in terms of property type and property size.

All like for like properties are therefore charged the same rent, irrespective of location.

To calculate the rent for a property size and type the actual base rent amount (£) should be divided by 1000 and then multiplied by the relevant multiplier for the property size and type.

For example, to calculate the rent for a 2 bed (3 Apt) House - detached, start with the base rent amount, divide this by 1000 and then multiply this by 1037.928.

Base Rent Example from 2025/26 rents	£114.77
Divisor	1000
Base Rent Divided by 1000	0.11477
Multiplier	1037.928
Rent for 3 Apt House - Detached	£119.12

Property Type	2 Apt	3 Apt	4 Apt	5 Apt	6 Apt
Flat - close	£99.64	£109.61	£115.51	n/a	n/a
Flat - main	£104.76	£114.77	£122.11	£130.54	£139.45
House – mid terrace	£109.54	£117.33	£126.18	£135.11	£143.77
House – end terrace/semi	£110.73	£118.46	£127.36	£136.31	£144.92
House – detached	£111.37	£119.12	£128.03	£136.94	£145.59

Policy Change History

Version No:	Substantive Change	Author of Change	Approval	Date	Website
1.0	New front cover & version history applied	Anne Cavinue		01/06/23	Y
2.0	Updates to format and some minor changes to content. Updated rent differentials table to provide more detail	Angela Cairns		20/05/25	Y