

RENT & SERVICE CHARGE POLICY

SEPTEMBER 2025



LANARKSHIRE HOUSING ASSOCIATION LTD



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RENT AND SERVICE CHARGE POLICY

(*note Lanarkshire Housing Association hereinafter referred to as LHA)

1.0 AIMS

- 1.1 LHA's corporate vision is "to provide good quality, affordable housing services in strong local communities within a voluntary framework of governance."
- 1.2 The Rent & Service Charge Policy aims to safeguard rental income, as our primary revenue source, whilst ensuring rents are maintained at an affordable level for tenants. It also aims to secure our financial viability and operational effectiveness whilst continuing our commitment to improve our housing stock.
- 1.3 We will monitor our rent levels and benchmark rents against other social landlords, to ensure our rent levels compare favourably with similar landlords.
- 1.4 The Rent & Service Charge Policy sets the principles and methodology for our rent setting process, as determined by our rent structure, which is integral to our strategic planning process.

2.0 OBJECTIVES

- 2.1 Our Rent & Service Charge Policy and rent setting structure is sufficiently flexible to address our diverse housing mix. The rent setting process allows for rents to be set for all Rented, Shared Ownership, Mortgage to Rent and new property acquisitions, whilst addressing the rent differential for old and new developments.
- 2.2 Key objectives of the policy are to ensure:
 - Affordability for tenants
 - Viability of the Association
 - Comparability with other local RSL's

3.0 HOUSING (SCOTLAND) ACT 2010 - THE SCOTTISH SOCIAL HOUSING CHARTER

- 3.1 The Scottish Social Housing Charter (the Charter) was introduced in April 2012 and set outcomes and standards that social landlords should achieve. The purpose of the Charter is to help improve the quality and value of the services social landlords provide and supports Scottish Government's aim to create a 'Safer and Stronger' Scotland. We will take full cognisance of the Charter in our policy development.

3.2. Charter Outcome 2 - Communication

'Social Landlords manage their businesses so that:

- tenants and other customers find it easy to communicate with their landlord and get the information they need about their landlord, how and why it makes decisions and the services it provides.'

We aim to ensure that tenants and customers find it simple to contact us by providing clear information in plain English. We aim to make it easy for all customers to access information and to understand our decisions and actions. Additionally, we will ensure our customers are readily able to provide feedback on our services or make complaints when required.

3.3. Charter Outcome 3 - Participation

'Social landlords manage their businesses so that:

- Tenants and other customers find it easy to participate in and influence their landlord's decisions at a level they feel comfortable with.'

Tenant participation is at the heart of our activities, and we actively encourage tenants to become involved, particularly during the rent review process to give an account of their views. Our Tenant Participation Strategy provides the framework to ensure we comply with our statutory duties, tenants' needs, and good practice.

3.4. Charter Standard 13 -Value for Money:

'Social Landlords manage their business so that:

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

We aim to ensure that tenants receive value for money through our rent setting process and by the Association efficiently managing our costs and services.

3.5 Charter Outcomes 14 & 15: Rents and Service Charge:

'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 the thresholds agreed between landlord and tenants'

We will provide clear information to tenants on how rent and service charges are calculated and consult tenants annually on the rent review process.

- 3.6. We will provide tenants with details of our performance, as reported to the Scottish Housing Regulator in our annual return on the Charter. We will issue customers with a copy of our Landlord Report (as published annually by the Regulator) together with our annual performance report. This demonstrates how our performance compares with the Scottish average for social landlords and other similar RSL's.

4.0 EXPENDITURE TO BE MET FROM RENTAL INCOME

- 4.1 Our annual rent review takes account of revenue required to sustain anticipated costs for the forthcoming year, in addition to the undernoted costs which are met from rental income:

- Repairing and improving our homes: the cost of providing a high standard maintenance service including day-to-day Responsive repairs, Cyclical repairs, and Planned maintenance and Improvements
- Management Costs, including all staff and administrative costs
- Costs of running the business, including office and administration costs
- Paying loans, relating to property development
- Other property costs, including service costs with provision set aside to meet income lost due to properties remaining Void or rent deemed irrecoverable

5.0 RENT STRUCTURE

- 5.1 The rent structure provides a framework for rent setting for all LHA properties and is linked to our comprehensive financial planning. Good financial planning ensures continued viability, placing us in a strong financial position to invest in our properties.
- 5.2 We aim to ensure tenants receive value for money through efficient management of costs and services, including reducing rent arrears and the period that houses remain Void, as vital components to managing arrears and resources effectively.
- 5.3 Details of the rent structure are provided in **Appendix 1** of this policy; with the rent setting process designed around a points-based system. This method of rent setting is consistent, simple to understand and used for all property types. The rent structure also addresses rents for Shared Ownership and older tenemental properties.
- 5.4 Rents charged for each property is the output of the rent setting points accumulated, with the total points multiplied by a pence per point value to give the annual rent of the property.

6.0 AFFORDABILITY

- 6.1 We will monitor and compare rent levels with other social landlords and assess affordability for those in housing need. We will consult tenants annually as part of our rent review exercise and report the outcome of the consultation to the governing body.
- 6.2 We will assist tenants in accessing benefits, debt, and money advice, alongside income maximisation services provided through partnership arrangements with the Citizen's Advice Bureau's AFTAR project and North Lanarkshire Council's Money Advice Service.
- 6.3 We acknowledge that changes imposed by the Welfare Reform Act 2012 bring challenges in relation to rent collection. We will assist tenants through these changes by positive communication and engagement, ensuring that they are aware how the changes may affect them and their requirement to meet rent payments. A wide range of convenient payment methods are available to meet tenants' needs.
- 6.4 Our Arrears Management Strategy will address rent recovery using proactive and reactive measures for successful rent recovery.
- 6.5 Changes relating to under-occupancy, the benefit cap and non-dependant contribution rules may require tenants to pay an increased rental contribution or to apply for discretionary housing payments. We will support tenants in these cases to ensure they are aware of the changes, how it will affect them, and what assistance is available to help meet the rent due.
- 6.6 We monitor the level of tenants in receipt of Housing Benefit (HB) and Universal Credit Housing costs. We are positively addressing challenges relating to rent collection through improvements in our Information Technology systems, to allow both tenants and officers improved access to our rent account systems.

7.0 RENT COMPARISON

- 7.1 Our Annual Performance report includes a comparison of rent levels with both the Scottish Average (as published by the Scottish Housing Regulator) and other comparable RSL's.

8.0 RENT REVIEW

- 8.1 In reviewing rents, we will take account of funding requirements, including capital investment for future planned maintenance.
- 8.2 Another key consideration is the Consumer Price Index (CPI) plus a percentage increase that supports our various investment plans and operational overheads.

- 8.2 Our annual rent review will be subject to tenant consultation and tenant feedback and will then be reported to the Management Committee prior to the final decision on the rent review.
- 8.3 The rent review recommendation report will be issued to the Management Committee (normally in November each year) by the Housing Services Director. Tenant consultation will then be undertaken and the outcome report submitted to the Housing Services Sub-Committee (normally early in February each year) and assessed as part of the final rent review report, normally submitted to the Management Committee late February each year.
- 8.4 In compliance with the requirements of Section 25 of the Housing (Scotland) Act 2001, four weeks' notice of the revised rent will be provided to tenants. We will not normally review rents out with the annual review cycle.
- 8.5 An information leaflet is issued as part of the rent review consultation process to give tenants good quality information on how their rent is calculated.
- 8.6 Secure tenants have their rents registered with the Rent Officer every three years and will be advised of the proposed rent and final registered rent compliant with the review timescale.

9.0 OTHER PROPERTIES

9.1 Leased Properties

Where lease agreements are in place with other agencies, rent and service charges will be calculated on the same basis as our rent setting process. Any additional rent or service charge will be subject to approval by Housing Services Sub-Committee.

9.2 Mortgage to Rent Properties (MTR)

Rents for properties acquired through MTR will be subject to rent assessment using our standard rent setting process. A comparison will be made to the assumed rent provided by Scottish Government for HAG calculation. Where the intimated rent is higher than our standard rent set, we will use the higher rent level. Where properties acquired have additional features not included in our rent setting, a review of the rent amenities will be undertaken, taking account of additional amenities identified.

10.0 RENT COLLECTION

- 10.1 We provide a range of efficient and responsive rent collection methods which offer tenants accessible and convenient ways to pay their rent. We

will review rent payment methods regularly to take account of changes in technology and ensure compatibility with tenants' needs.

- 10.2 Our rent collection process is accountable, and efficient rent payment processing enhances rent and arrears recovery. Processes will be subject to regular review to ensure that they effectively meet tenants' needs and maximise rent collection.
- 10.3 Our Arrears Policy and procedures use a preventative and reactive approach to respond quickly if and when arrears arise. We aim to recover rent fairly and effectively, minimising non-payment of rent through a sensitive and supportive arrears strategy to reduce and prevent arrears.
- 10.4 Arrears reports will be presented to each Housing Sub-Committee, confirming arrears performance including information relating to any court action. Arrears will be recorded under the categories of Technical, Non-Technical and Former Tenants' Arrears; with benchmarking targets set for these categories reported to the Management Committee.

11.0 PROPERTY SERVICE CHARGES

- 11.1 Service charges are separate from rent charges and cover services outwith the standard rent setting process. The charges are reviewed annually and any increase applied in line with the rent increase.
- 11.2 Services vary between developments and house type, with elements calculated on a scheme and property type basis.

The undernoted are standard property services that we provide:

- Estate Caretaker Services
- Electricity Charges (Common Lighting/ TV Aerial)
- Ground Maintenance Costs
- Close Cleaning/Window/Lift Cleaning Services

12.0 NEW DEVELOPMENTS

- 12.1 In planning new developments, account will be taken of services and equipment provided within the development. New developments may have some services provided under the original contract, i.e. ground maintenance. An estimate of anticipated property service costs will be provided to tenants, with a review undertaken as part of the annual service charge review.
- 12.2. Combined heating and Power (CHP) heating costs are treated separately from service costs with an annual review undertaken based on previous years costs.

13.0 FORMER SECURE TENANTS

13.1 Secure tenants with Registered Rents are subject to Rent Officer rent assessment. The service charge element will be in line with our Rent & Service Charge Policy, with service charge calculated at the date of application for re-registration.

14.0 COMPLAINTS

14.1 Complaints arising from our rent setting process will be addressed in accordance with our Complaints Handling procedures.

15.0 POLICY REVIEW - MONITORING

15.1 We monitor the operation of the Rent and Service Charge Policy, to ensure these charges achieve policy objectives and comply with the rent setting process.

15.2 The Rent & Service Charge Policy will be reviewed every three years, or sooner if revised guidance or review requirements are identified.

Rent Structure

LHA's Rent Structure incorporates a rent setting process to determine the rent level for individual properties. The key objective of the Rent Structure is to provide a simple rent calculation, taking account of individual characteristics of each property.

POINTS-BASED SYSTEM

We use a points-based rent setting system, which provides a base rent points, plus additional points for property type, living room, bathroom, and kitchen type, with points awarded for each feature and element within the property. The relative importance of the property characteristics is represented by weighting given to each attribute within the property.

The rent structure adopted is designed to be:

- Easy to understand
- Easy to apply
- Transparent
- Flexible
- Fair

The main factors reflected in this points system of our rent setting include:

- Property Type
- Property Size
- Amenities/Features within property
- Energy Efficiency & Central Heating
- Sinking Fund provision

RENT STRUCTURE

The rent structure determines how rents are calculated for individual properties, reflecting property characteristic. Points are calculated as an accumulation of points for each amenity within the property.

All properties will be subject to 600 Base Rent points, with additions determined by house type, size and type of kitchen and bathroom.

	Points
Base Rent	600
Single Bedroom	70
Double Bedroom	90
Living/Diner	100
Kitchen/Dining Area	90
Dining Area	30
Standard Kitchen	70
Kitchen off Living Room	55
Recessed Kitchen	35

Standard Bathroom	50
Bathroom + Shower	80
Shower	30
Standard Bathroom + Additional WC	60
Conservatory (with integrated heating)	50
Conservatory (no heating)	30

Central Heating is subject to a 10% addition to the total point level as per the example shown below:

2 Apartment Flat	Points
Base Rent	600
Double Bedroom	90
Standard Kitchen	70
Standard Bathroom	50
Central Heating (10% of above)	81
Sinking Fund (See Below)	370
Total Points	1261

Pence Per point

The rent calculation is the multiplication of the points, times the pence per point, which is set each year, following the rent review.

Sinking Fund

Additional points are added for the sinking fund provision, to take account of future repairs and renewals. This is based on accommodation size as follows: -

House Size	£per annum
1 person/2 apartment	350
2 person/2 apartment	370
3 person/3 apartment	390
4 person/3 apartment	410
4 person/4 apartment	420
5 person/4 apartment	430
6 person /4 apartment	450
6 person/ 5 apartment	460
7 person/ 5apartment	470

Semi Detached & Terraced properties

Supplementary points are added to the total points accumulated for the provision of amenities, on a house type basis, with an additional percentage added to total points for house types as follows:

TERRACED HOUSES	ADD 2% OF TOTAL
SEMI-DETACHED HOUSES	ADD 4% OF TOTAL

Tenemental properties

Tenemental properties are subject to a deduction from total rent points based on this house type:

- **8% Reduction.**

Shared Ownership

Occupancy charges for Shared Ownership properties are subject of a -15% reduction to the standard rent, to take account of full repairing lease criterion of Low-Cost Home Ownership

Mortgage to Rent properties

The rent for Mortgage to Rent properties will be calculated using our standard points-based system. Where Scottish Government (SG) standard HAG calculation produces a higher rent than our rent calculation, the SG rent calculation will be used as the rent set.

Where amenities are identified in MTR properties that are not governed by our Rent & Service Charge Policy, we will review the amenity points identified and incorporate this in future Rent & Service Charge Policy reviews.

Newly acquired properties

Rent levels for properties acquired on the open market will be calculated on the same basis as our rent setting process.

Variations to standard points-based calculation

Our housing stock is divided into various geographical areas within Lanarkshire, however, no variation is applied for geographical areas.

New Build Scheme (Gavin Street/Adele Street 1990) – Previous HAG Structure

This specific scheme was completed in 1990, financed through the previous HAG structure and did not require private finance to supplement HAG. Rents for this development are set at an intermediate level within the rent setting mechanism, with the Sinking Fund set at 50% of the standard rent Sinking Fund figures.

Attic flats in this development are subject to an approved reduction to take account of the nature of the property type. All properties in this development are subject to the standard rent review process.

Properties not covered by the Rent Point based system

Properties under the 'old' HAG Structure

Rent levels for properties financed through the previous HAG structure take account of previous assured rent levels for similar properties with similar elements, with the annual review taking account of the standard rent review criteria. Any imbalance of

rents within older developments e.g. where original rents were “fair rents” will be harmonised at termination of tenancy in line with our normal rent structure.

Energy Efficient Amenities

Specific properties with identified Energy Efficiency amenities will be subject to an adjustment of up to 10% of total point calculation.

Fair Rent Properties (Secure Tenancies)

Re-registration of fair rents for Secure tenants is set by the Rent Officer on a three-year cycle. The rent review for these properties is normally based on a three-year inflationary increase.

Equality Impact Assessment

Lanarkshire Housing Association Equality Impact Assessment Tool



Name of the policy / proposal to be assessed	Rent and Service Charge Policy	Is this a new policy / proposal or a revision?	Revision
Person(s) responsible for the assessment	Liz White		
1. Briefly describe the aims, objectives and purpose of the policy / proposal	Sections 1-3 of the policy document outlines this information		
2. Who is intended to benefit from the policy / proposal? (<i>e.g. applicants, tenants, staff, contractors</i>)	<p>This policy will assist staff and tenant by outlining how our rents and services charges are set. Appendix 1 shows the details and components considered when setting rent and service charges.</p> <p>It will also assist staff responsible for setting rents for any acquired or new build developments.</p>		

Equality Impact Assessment

3. What outcomes are wanted from this policy / proposal ? (e.g. <i>the benefits to customers</i>)	The outcomes of this policy for customers is that we have a clear and transparent rent setting methodology in place maintenance.
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4. Which protected characteristics could be affected by the proposal? (<i>tick all that apply</i>) <input type="checkbox"/> Age <input type="checkbox"/> Disability <input type="checkbox"/> Marriage & Civil Partnership <input type="checkbox"/> Pregnancy/Maternity <input type="checkbox"/> Race <input type="checkbox"/> Religion or Belief <input type="checkbox"/> Sex <input type="checkbox"/> Gender Reassignment <input type="checkbox"/> Sexual Orientation

5. If the policy / proposal is not relevant to any of the protected characteristics listed in part 4, state why and end the process here. Rent setting is based on the property and the property attributes and not person centred

	Positive impact(s)	Negative impact(s)
6. Describe the likely positive or negative impact(s) the policy / proposal could have on the groups identified in part 4		

7. What actions are required to address the impacts arising from this assessment? (<i>This might include collecting additional data, putting monitoring in place, specific actions to mitigate negative impacts</i>).	
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Equality Impact Assessment

Signed:



Housing Services Director

Date the Equality Impact Assessment was completed: 25/08/25

Please attach the completed document as an appendix to your policy / proposal report