

Rent Setting Policy



February 2024

From 1 April 2024, the way that we charge your rent will change. To help you, this leaflet tells you about:

- **what the Rent Setting Policy is**
- **the standards that we must meet when setting rent**
- **how we set rents**
- **the attributes we take into account when we set rent**
- **the values we give to each attribute**
- **the affordability of rents**
- **what the revised Rent Setting Policy will mean in practical terms for tenants**
- **what it will mean for new tenants**
- **the annual rent increase**

We have also included examples of how rents are calculated and Frequently Asked Questions which might answer some of your questions.

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	Page
Contents	1
Rent Setting Policy	2
What is the Rent Setting Policy?	2
Are there standards that you must meet when setting rent?	2
How do you set your rents?	2
What attributes do you take into accounts when you set rent?	3
Are your rents affordable?	5
What will the revised Rent Setting Policy mean in practical terms for tenants?	6
What if I am a new tenant?	6
Does the revised Rent Setting Policy include any agreed annual rent increase?	6
Frequently asked questions	8
More information	10

What is the Rent Setting Policy?

Rent is the amount you pay for living in your home. This amount will change depending on the attributes of your home. Our Rent Setting Policy sets out the process we use to calculate your rent.

The rent you pay is held in the Housing Revenue Account (HRA). This is the Council budget used for delivering services to tenants and for investment in our housing stock. The HRA is ring fenced which means that it can only be spent on housing services.

Are there standards that you must meet when setting rent?

In Scotland, there is no set method for setting or increasing social housing rent. However, all social landlords must satisfy the outcomes and standards set out in the Scottish Social Housing Charter. This expects that:

“Social landlords manage all aspects of their businesses so that:

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

and

“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 service users 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.”

How do you set your rents?

We revised our Rent Setting Policy in April 2024 so that it has a fairer and clearer structure for charging rents. Tenants who live in properties with similar characteristics and amenities will pay a similar rent.

To set our rents:

1. We apply a baseline rent to all properties. The baseline rent is the rental charge for two bedroom semi detached property. This is the most common type of house in our stock.
2. We consider the attributes of your home. These attributes are given points which are then converted into a money value. Some attributes will mean a decrease in points and others an increase. The value of the attributes will be added to the baseline rent. The combined amount will be the total rent for your home.

Baseline rent	+ or – attributes	= total rent
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What attributes do you take into account when you set rent?

The attributes that we will consider are:

Attribute	What it means
Property size	How many bedrooms your home has
Property type	For example, a flat, maisonette, mid or end terrace house, detached or semi-detached house or a 4 in a block home.
Energy Performance Certificate (EPC) rating	This rates the energy efficiency of your home. The rating ranges from A – G. The more energy efficient your home is, the higher the rating. For example, the most energy efficient homes will be rated A.
Parking	If your home has off street parking, such as a garage, car port or driveway.
Garden	If your home has a shared or private garden
Additional toilet	If your home has more than one toilet
Sheltered housing	Service charge for communal area and heating applicable only to Larch Court

Each attribute is given a points value. The following illustration shows the points values for each attribute.



Baseline weekly rent*

rent that all tenants will pay regardless of the property size, type and features
 *based on a two bedroom semi detached property rent

The Baseline weekly rent is adjusted to reflect the attributes of each property.



+ / - 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	+ 6



+ / - 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



+ / - EPC rating

A	+1
B	- 0
C	- 0
D	- 2
E	- 4
F	- 5
G	- 6



+ Parking

Off street parking (includes parking within the boundary of the property and integral garages) +2



+ Garden

- private garden +2
- shared garden +1



+ Additional toilet

second toilet + 1



+ Sheltered housing

(service charge for communal area and heating, applies only to Larch Court) + 4

Are your rents affordable?

For most tenants, the rent they pay is the main item of household expenditure. Like all social landlords we must make sure that rents stay affordable. The Scottish Social Housing Charter states “that a balance should be struck between service costs and affordability”. It does not give an exact definition of affordability, recognising the difficulties of a ‘one size fits all’ approach.

Our average rent levels are the lowest in Scotland and offer the most affordable housing option in Moray. When we reviewed the policy, we identified that the overall average rent will increase from £67.61 under the old rent setting policy to £70.34 per week, excluding inflation. This will still be below the average weekly rent for both

neighbouring local authority landlords and locally operating housing associations. We expect that our average weekly rent will continue to be the lowest amongst social landlords in Scotland.

What will the revised Rent Setting Policy mean in practical terms for tenants?

For some tenants it means that they will have an increase in rent and others will have a decrease.

The impact on individual tenants was a key consideration during the policy development process. We don't think that applying the revised Rent Setting Policy with a big bang approach is fair for tenants. To reduce any negative impact on tenants, the policy will be phased in over a period of time. During this time tenants will be given "transitional relief". This means that the largest increase or reduction in rent will be limited to £7.50 per week. The transitional relief will continue until the rent is the full amount, as calculated in the revised Rent Setting Policy, or the difference is less than £7.50 per week.

Example:

Old rent	£62.18	New rent	£85
Year one	Rent increase capped - £7.50	Difference (year one and new rent) – £15.32	
Year two	Rent increase capped - £7.50	Difference (year two and new rent) – £7.82	
Year three	Rent increase capped - £7.50	Difference (year three and new rent) – £0.32	
Year four	Rent will increase by £0.32	Full rent (£85) charged	

What if I am a new tenant?

Rents will be set at the time a property is first let. Every time a property is empty, we will reset the rent. This will mean that around 11% of homes will have the rent levels reset each year, without affecting existing tenants. If you are a new tenant, your rent will be the full amount set by the new Rent Setting Policy.

Does the revised Rent Setting Policy include any agreed annual rent increase?

The Rent Setting Policy is separate from our annual review of rent levels. Rents will continue to be reviewed and where necessary, subject to consultation with tenants,

will be increased once a year. This is needed to take into account inflation and the requirements of the HRA Business Plan. We will always consult with tenants before we increase the amount of rent that we charge them.

Examples of rent increases under the revised Rent Setting Policy

2 bedroom, semi-detached house, private garden and EPC rating – C	
Your current weekly rent	£76.87
New weekly rent calculated using Rent Setting Policy	£90.00
Difference between current and new weekly rent	+ £13.13
If difference is more or less than £7.50, we apply a cap	£76.87 + £7.50
Weekly rent set by Rent Setting Policy for 2024 – 2025	£84.37
+ 7.7% annual rent increase, as agreed by tenants	£6.50
Actual weekly rent for 2024 – 2025	£90.87

4 bedroom, semi-detached house, private garden, off street parking, second toilet, EPC rating – B	
Your current weekly rent	£114.57
New weekly rent calculated using Rent Setting Policy	£120
Difference between current and new weekly rent	£5.43
If difference is more or less than £7.50, we apply a cap	No cap
Weekly rent set by Rent Setting Policy for 2024 – 2025	£120
+ 7.7% annual rent increase, as agreed by tenants	£9.24
Actual weekly rent for 2024 – 2025	£129.24

Examples of rent decreases under the revised Rent Setting Policy

2 bedroom flat, private garden, EPC rating – D	
Your current weekly rent	£67.08
New weekly rent calculated using Rent Setting Policy	£60
Difference between current and new weekly rent	- £7.08
If difference is more or less than £7.50, we apply a cap	No cap
Weekly rent set by Rent Setting Policy for 2024 – 2025	£60
+ 7.7% annual rent increase, as agreed by tenants	£4.62
Actual weekly rent for 2024 – 2025	£64.62

1 bedroom mid terrace house, private garden, EPC rating – E	
Your current weekly rent	£64.63
New weekly rent calculated using Rent Setting Policy	£50.00
Difference between current and new weekly rent	£14.63
If difference is more or less than £7.50, we apply a cap	£64.43 – £7.50
Weekly rent set by Rent Setting Policy for 2024 – 2025	£57.13
+ 7.7% annual rent increase, as agreed by tenants	£4.40
Actual weekly rent for 2024 – 2025	£61.53

Frequently asked questions:

My revised rent under the restructure is higher than my current rent. How will this be phased in?

If your rent is due to increase, a cap has been set to make sure that it will not increase any more than £7.50 per week. This will continue until your current rent matches the rent set under the revised Rent Setting Policy. For some tenants, the increase will be small and the change will be applied from 1 April 2024. For other tenants, the increase will be phased in over a period of time. Most tenants should transfer over to the revised structure within five years. Please note, the cap does not cover any annual rent increase, which is separate to the Rent Setting Policy.

My revised rent under the restructure is lower than my current rent. How will this be phased in? Will my rent still go up?

If your rent is due to decrease, a cap has been set to make sure that it will not decrease any more than £7.50 per week. This will continue until your current rent matches the rent set under the revised Rent Setting Policy. For some tenants, the decrease will be small and will be applied straight away. For other tenants, the decrease will be phased in over several years.

Although your rent is going down, any annual increase agreed in consultation with tenants will still be added. This means that for some tenants, their rent will still go up.

Is my community alarm / warden charge included?

Additional charges such as community alarms or warden charges are not included in the review of the Rent Setting Policy. These charges are separate to your rent. As before, they will continue to be charged on top of your rent. You will still need to pay these charges.

I was paying for an over bath shower under the previous structure. Will I still be need to pay this?

No. You will no longer pay a separate charge for this. It will be included in your rent.

I get a discount due to the EPC rating my home has. Will this ever change?

The energy efficiency of some properties is below recommended standards. Where a property has a low Energy Performance Certificate (EPC), a discount is applied. This discount will continue until we are able to carry out improvement works, such as insulation or a heating upgrade, which will improve the EPC rating. Once an EPC rating has changed, the attributes of the property will be reassessed and any discount will be reassessed or removed.

If a tenant does not consent to improvement work being carried out, the discount will be removed.

Why am I paying the same rent as a new build Council house?

The aim of the change is to make sure the rent structure is fair and consistent and that houses of the same size and type, with the same amenities, are charged the same rent. If you are paying the same rent as a new build Council house, this is because your home has the same attributes.

What if I get the Housing Element of Universal Credit or Housing Benefit to pay my rent? Will this change under the new structure?

The level of benefit you get is based on your personal circumstances.

If you get the full award housing element of Universal Credit, or are on full housing benefit, it is unlikely there will be any change. If you get either of these benefits in part, then your individual circumstances may be re-assessed. If you get Universal Credit and the amount of rent you pay changes, you will need to update your UC account.

Will this change affect people who live in temporary accommodation?

Tenants living in temporary accommodation are not affected by this change. We use a different policy to work out how much they pay. For more information please see www.moray.gov.uk/temporaryaccommodationchargingpolicy.

How much rent will I pay?

The amount of rent you will pay will be calculated using a baseline rent which is then adjusted to reflect the attributes of your home. Any annual rent increase is applied

on top of this amount. If we change the amount of rent you pay, we will write to you and give you at least four weeks' notice before we apply any changes.

Will there be any change to the rent free weeks?

There is no change. Rent will still be collected over 48 weeks each year. If your rent account is up to date, you will still have rent free weeks.

More information

For more information about your rent, please contact your Area Housing Officer or phone 0300 123 4566.