RENT & SERVICE CHARGES POLICY

APPROVED BY HHP BOARD:
February 2026
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hebridean housing partnership

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INTRODUCTION

1.1 The purpose of this document is to set out our policy in relation to rent and service charges for all properties, including new build properties.

1.2 The Rent & Service Charges Policy will ensure compliance with regard to the relevant rent and service charge provisions of the Housing (Scotland) Act 2001 and Scottish Government guidelines.

1.3 This will include using a fair system for apportioning rents between different properties, consulting tenants, and having regard to their views on proposed rent and service charge increases, and making available to tenants, on request, information about theRent and Service Charges Policy.

1.4 The Policy will be agreed by the Board and will be implemented by our officers until amended by the Board.

AIMS & POLICY OBJECTIVES

2.1 The aim of the policy is to ensure that we have sufficient rental income to fund our Business Plan whilst charging affordable rents over the lifetime of that Business Plan. We seek to balance the requirement for rent to be affordable, to be comparable with other social landlords and to deliver long-term sustainability.

2.2 Our vision is to provide good quality and affordable homes and to secure consistently excellent housing services throughout the Outer Hebrides. Key objectives in our 30 year Business Plan are:

- Providing efficient effective housing management services of the highest quality whilst keeping rent and service charges affordable; and
- Delivering value for money.

2.3 Our Rent and Service Charges Policy objectives are to:

- Ensure that the rent and service charges meet our costs in order to provide high quality homes for rent and ensure the long-term viability of the Partnership.

- Ensure, whenever possible, that rent and service charges are affordable for those in low paid employment but who do not qualify for Housing Benefit or Universal Credit;
- Ensure, wherever possible, that rent and service charges are comparable with rents of other Registered Social Landlords providing similar accommodation in similar areas.
- Consult tenants on rent and service charge increases; and
- Ensure full compliance with regard to the relevant rent and service charge provisions of the Housing (Scotland) Act 2001 and Scottish Government guidelines.

LONG TERM FINANCIAL VIABILITY

3.1 Ensuring the long-term viability of the Partnership is a key objective of our Rent and Service Charges Policy as the majority of income to fund expenditure comes direct from rents.

3.2 The rent and service charge income for our houses must ensure that:

- Funds are available to meet HHP's relevant costs such as management and maintenance costs and the servicing of loan interest and charges;
- Funds are available to maintain houses in accordance with the SHQS and relevant net zero targets; and

3.3 We will continually seek to achieve value for money, as set out in the Value for Money Strategy, for the goods and services purchased which are ultimately funded from rental income. In keeping control of overheads, we will ensure that proposed rent increases are kept to a minimum.

AFFORDABILITY

4.1 Providing homes for affordable rent is a core function of every housing association, and in its guidance on rent setting, the Scottish Federation of Housing Associations (SFHA) recommends the use of its Affordability Tool, which enables housing associations to analyse and model rents.

4.2 In assessing the issue of affordability, we must take into account current measures of affordability and how current rent levels compare to those measures.

4.3 We recognise that a conflict can arise between setting rents that ensure financial viability and achieving affordable rent levels. We will aim to balance both these requirements when reviewing rent levels.

4.4 We will seek to gather information on rent affordability and will work with SFHA and other partners to achieve this.

4.5 The sustainability of communities in remote areas of Scotland depends on people being able to afford to live there. A study produced by the Highlands and Islands Enterprise, on "A Minimum Income Standard for Remote Rural Scotland" concluded that:

- Households in remote rural Scotland require significantly higher incomes to attain the same minimum living standard as those living elsewhere in the UK. The high living costs threaten the sustainability of local communities by making it harder for people from a range of backgrounds and ages to live there at an acceptable standard.
- The budgets that households need to achieve a minimum acceptable living standard in remote rural Scotland are typically 10-40 per cent higher than elsewhere in the UK.
- These premiums are most modest for pensioners and greatest for single people and families supporting children. For households living in the most remote island locations, too far from towns to make regular shopping trips and those relying on heating oil in older homes, additional costs can be even greater than 40 per cent.

COMPARABILITY

5.1 The Rent and Service Charges Policy seeks to ensure, wherever possible, that rents are comparable with those of other Registered Social Landlords providing similar accommodation in comparable communities.

5.2 The objective is not to seek full financial comparability since there will always be non-financial reasons why tenants choose certain houses/estates over broadly similar houses/estates provided by other social landlords.

5.3 In addition, other social landlords have different rent structures, forms of funding and strategic objectives which means that rents will never be fully comparable.

5.4 We will collect available data on rent levels to allow a benchmark comparison between the rents charged by Registered Social landlords within our peer group.

5.5 The table below provides a comparison of rent levels as published by The Scottish Housing Regulator on Scottish Registered Social Landlord Statistics for 2024/25:

Size of home	Properties owned	HHP	All other Landlords	Difference
1 apartment	9	£94.00	£94.29	-0.3%
2 apartment	746	£91.99	£102.72	-11.67%
3 apartment	891	£99.07	£104.17	-5.15%
4 apartment	697	£104.78	£114.78	-9.55%
5 apartment	73	£117.51	£127.25	-7.43%

CONSULTATION

6.1 The Housing (Scotland) Act 2001 Sections 25 and 54 require tenants to be consulted on all rent increases. We will consult on any proposals for rent increases and rent restructuring and on any changes to this policy.

6.2 We will take tenant/tenant organisation consultation feedback into consideration before taking a decision on increases in rents and charges.

RENT STRUCTURE

7.1 Our current rent structure is based on 4 separate rent structures. These structures derive from transferred CnES properties, transferred ex Scottish Homes properties, transferred 5 local Housing Association properties and new build properties.

7.2 Transferred CnES Properties

The historic rent structure of the ex CnES properties was based on:

Rent Groups 1 Pre War

2 Post War

3 Improved and/or Pre Regionalisation

4 "A" Range

5 "B" Range

From the rent groups the properties were then sub divided into:

Sub Groups ranging from 1 – 30 sub groups

The sub groups were split into type of property (house or flat), size of the property, permitted persons and Swedish Timber properties were in a different sub group.

7.3 Ex Scottish Homes Properties

Scottish Homes properties transferred to CnES in May 2004 had their own rent structure. This structure was mainly based on age, size and location of the property. The Scottish Homes rent structure remains unchanged.

7.4 Ex Local Housing Association Properties

The 5 local Housing Association properties transferred to HHP in April 2007 and they implemented their own rent structure. The Housing Association rent structure remains unchanged.

7.5 New Build Properties

The rent structure for new build properties is set in accordance with Scottish Government assumptions for grant funding.

7.6 Mortgage to Rent Properties

The rents on Mortgage to Rent properties purchased after November 2013 will be set on an individual basis and be dependent on the level of private finance required to enable the purchase to proceed.

Where the private finance requirement exceeds the 35% of the price the rent charged will be derived from the Government's assumed rent. It will not exceed the Government's assumed rent but may be higher than similar properties in the area. The agreed rent will be increased in line with other rents and will remain for 30 years after purchase or until the applicant vacates the property permanently.

ANNUAL RENT & SERVICE CHARGES

8.1 The Partnership will review rent and service charge levels every 12 months (annually) and it will reflect any rent guarantees that are in place. Tenants will be informed of the annual rent inrease at least four weeks before the beginning of the rental period for which the increase applies.

8.2 Where rent increases are represented in terms of inflation or 'inflation plus' inflation figure used will be the preceding September retail prices index figures (unless otherwise agreed with the Board).

8.3 Percentage rent increases for existing properties, including existing new build properties, will be applied to the current annual rent as recorded on our rent accounting system.

8.4 Our current Service Charges are based in part on historic arrangements and on the principle that specific services provided to some properties should be met directly by the tenants of these properties rather than being pooled across the whole of the housing stock.

8.5 Service Charges are levied where there are 2 or more properties where charges for specific services are associated with the properties. These charges are mainly in relation to communal charges such as heating systems, staircase lighting, grounds maintenance and repair/replacement of white goods.

8.6 Percentage increase in service charges will normally be represented in terms of inflation only except where actual service provision costs are charged, in which case the increase will reflect the service cost.

8.7 Service Charges will be reflected separately from rental charges.

8.8 Service charges will not be set at a level as to generate excess income.

8.9 Service Charges will not be tied to any rent guarantee.

8.10 In accordance with the Property Factors (Scotland) Act 2011 on 1 October 2012, services in developments where there are owner/occupiers are reviewed and the owners notified of the related service charges.

RENT GUARANTEES

9.1 We are required to regularly review rent and service charges and to give tenants and tenant organisations the opportunity to give their views on any proposed changes.

9.2 The potential to provide rent increase guarantees to tenants for a period of time will be considered. The rent guarantees, as well as providing tenants with certainty and security, contribute to our stated aim of delivering affordable rents and of achieving greater comparability with the rents charged by other social landlords.

RENTAL INCOME COLLECTIONS

10.1 We will offer a range of payment methods to provide choice and flexibility to tenants and to make it as easy as possible for them to pay rent and service charges. These methods will be kept under review to assess their appropriateness and value for money.

10.2 New payment methods which become available as technology develops will be evaluated and their appropriateness for tenants in the Outer Hebrides context assessed.

EQUALITIES MONITORING

11.1 We are committed to ensuring that all aspects of this Rent & Service Charges Policy are fully compliant with the **Equality Act 2010** and the **Public Sector Equality Duty (PSED)**. We will ensure that rent and service charge decisions are applied consistently, transparently, and without discrimination on the basis of any protected characteristic, including age, disability, gender reassignment, marriage or civil partnership, pregnancy or maternity, race, religion or belief, sex, or sexual orientation.

11.2 In exercising our functions in relation to rent setting, affordability assessments, and service charge allocation, we will have due regard to our duties to:

- **Eliminate unlawful discrimination, harassment, and victimisation**
- **Advance equality of opportunity** between people who share a protected characteristic and those who do not
- **Foster good relations** between protected groups and others

11.3 We recognise that changes to rent and service charge levels may have differing impacts on households. To ensure fairness and mitigate disproportionate impacts we will actively monitor the effect of rent and service charge decisions on different groups of tenants and consider whether adjustments are required to support equal access to our homes and services.

REVIEW OF POLICY

12.1 This Policy will be reviewed annually.

INTERPRETATIONS & ABBREVIATIONS

The following interpretation and abbreviations are used in this policy:

WORD	INTERPRETATION
HHP or Partnership	Hebridean Housing Partnership
Board	Means the Board of the Hebridean Housing Partnership
Board Members	All Members of the Board including co-opted Members
RPI	Retail Price Index. All items retail price index including mortgage payments
SFHA	Scottish Federation of Housing Associations
Relevant Costs	Includes Management costs; Routine Maintenance; Planned Maintenance; Major Repairs; Voids & Bad Debt; Depreciation; Interest Payable
All references to the masculine gender in this policy shall read as equally applicable to the feminine gender	

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