



Rent Setting Policy

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email:

housing@moray.gov.uk



postal address:

Moray Council, PO Box
6760, Elgin, IV30 1BX



phone:

0300 123 4566

Contents

Rent Setting Policy	4
What is the Rent Setting Policy?	5
Are there standards that you must meet when setting rent?	6
How do you set your rents?	7
What attributes do you take into account when you set rent?	8
Are your rents affordable?	10
What will the revised Rent Setting Policy mean in practical terms for tenants?	10
What if I became a tenant after April 2024?	13
Does the revised Rent Setting Policy include any agreed annual rent increase?	13
Frequently asked questions:	14



Rent Setting Policy

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

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

What is the Rent Setting Policy?

Rent is the amount you pay for living in your home. This amount depends 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.



You can read our policy at:

www.moray.gov.uk/RentSettingPolicy



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?

The Rent Setting Policy aims to provide 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:

- We apply a baseline rent to all properties. The baseline rent is the rental charge for a two bedroom semi detached property. This is the most common type of house in our stock.
- 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

We apply a multiplier to the points which are then converted into a money value.



You will find up to date money values on our website at:

www.moray.gov.uk/rentinformation

What attributes do you take into account when you set rent?

The attributes that we will consider are:



Baseline weekly rent

This is the rent that all tenants pay regardless of the properties attributes
[based on a two bedroom semi detached rent]



+/- Property type	score
Four in a block	-2
End of terrace house	-2
Mid terrace house	-3
Flat	-4
Maisonette	-4
Semi detached house	0
Detached house	+3



+/- Property size	score
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

score

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



+/- Parking

score

Off street parking (includes private driveway, car port and garage)	+2
--	----



+/- Garden

score

Private garden	+ 2
Shared garden	+ 1
No garden	0



+/- Additional Toilet

score

	+1
--	----



+/- Sheltered Housing

score

Service charges for communal areas and heating [applies only to Larch Court]	+4
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Are your rents affordable?

For most tenants, rent 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.

Following the introduction of the Rent Setting Policy our average rents remain amongst the lowest in Scotland and offer the most affordable housing option in Moray.

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

The impact on individual tenants was a key consideration when the policy was developed. Following the change, for some tenants their rent increased and for some their rent decreased. To reduce any negative impact on tenants, the policy is being phased in over a period of time. During this time the largest increase or reduction in rent is capped at £7.50 per week. We call this 'transitional relief'.

This will continue until the rent reaches the full amount, as calculated in the revised Rent Setting Policy, or the difference is less than £7.50 per week.

Example of a rent increase

The old rent was £93.51 per week. Under the Rent Setting Policy, the property has 21 points and the new rent is £105 per week. This is a difference of £11.49 increase per week.

We will apply a cap so that it will not increase by more than £7.50 per week until it reaches £105 per week, as set by the policy (or the difference is less than £7.50 per week). Transitional relief is the amount that we use in the calculation to apply the cap (if the difference between the original and revised rent is +/- £7.50).

Rent until 31 March 2024	£93.51
Revised rent set by the Rent Setting Policy (21 points)	£105.00
Difference between the revised rent and current rent	+ £11.49
Transitional relief applied (if difference is +/- £7.50)	- £3.99
Rent from 1 April 2024:	£109.10
$£105 + 7.7\% = £113.09 - \text{Transitional relief } £3.99$	
Rent from 7 April 2025:	£119.89
$£113.09 + 6\% = £119.89$ (no transitional relief)	

Example of a rent decrease

The old rent was £66.10 per week. Under the Rent Setting Policy, the property has 10 points and the new rent is £50 per week. This is a decrease of £16.10 per week.

Rent until 31 March 2024	£66.10
Revised rent set by the Rent Setting Policy (10 points)	£50.00
Difference between the revised rent and rent as at 31 March 2024	- £16.10
Transitional relief applied (if difference is +/- £7.50)	+£8.60
Rent from 1 April 2024 – £50 + 7.7% = £53.85 + Transitional relief £8.60	£62.45
Residual transitional relief	+£1.10
Rent from 7 April 2025 – including annual increase (£53.85 + 6% + TR £1.10)	£58.18

What if I became a tenant after April 2024?

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 became our tenant after April 2024, your rent will be the full amount set by the Rent Setting Policy.

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

The Rent Setting Policy is separate from our review of rent levels which we regularly do as part of our Housing Revenue Account (HRA) budget setting process. We always consult with tenants before we increase the amount of rent that we charge them. Most recently it has been agreed that rents will increase by 6% each year for 2025-26, 2026-27 and 2027-28. This is needed to make sure that we can deliver our investment objectives and keep the HRA Business Plan financially stable.

Frequently asked questions:

My revised rent under the restructure is higher than my current rent.

How will this be phased in?

To minimise the impact, larger increases will be phased in over a period of time. Please note, this amount does not include any annual rent increase, which is separate to the Rent Setting Policy. If you have any questions about how your rent is calculated, please contact your Area Housing Officer.

My revised rent under the restructure is lower than my current rent.

How will this be phased in? Will my rent still go up?

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. Please note that even though the rent level set by the policy is going down, any annual increase agreed in consultation with tenants will still be added. This may mean that your rent will still go up. If you have any questions about how your rent is calculated, please contact your Area Housing Officer.

Is my warden charge included?

Additional charges such as warden charges are not included in the Rent Setting Policy. As before, they will continue to be charged separately from your rent. You will still need to pay these charges.

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 the amount of rent charged will increase.

Please note, 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?

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.



You can find more information at:

www.moray.gov.uk/temporaryaccommodationchargingpolicy

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.



email:

housing@moray.gov.uk



phone:

0300 123 4566

