



hebridean housing
partnership



► Tenant Consultation 2023/24

(Rents)

WHAT ARE WE CONSULTING ON?

Tenant Rents and Service charges require to be regularly reviewed and we are seeking your views to give you an opportunity to comment on the proposed changes. This is your chance to have a say on the proposals for 2023/24.

MESSAGE FROM THE BOARD

Our commitment on rent levels has always been to keep the rents we charge affordable. Our long-term plans have generally assumed an annual rent increase in line with inflation. But with inflation at a 40 year high the Board agreed in September to look at our budgets so we could offer a below inflation increase. We have reviewed our costs and made savings which means we can offer a below inflation increase of 6%. This is 8% below inflation.

We want your views on our proposals. There is more information below which we hope will answer any questions you may have before letting us know your view on the proposed rent increase.

SETTING THE SCENE

Inflation hit a 40 year high in 2022 driven by a number of factors including the war in Ukraine, the impact on Supply Chains following the Coronavirus Pandemic & Brexit and the rising cost of energy.

HHP are not immune to these cost pressures and we are acutely aware of the need to balance any rent increases with what is affordable for tenants whilst continuing to deliver a good service to our tenants and compliance with our legal obligations.

Over the last 7 years we have held our rent increases below average inflation.

Average (7 Year)
Rent Increase 2.8%



Average (7 Year)
Inflation 4%



During the last seven years we have delivered:



Our 2023/24 investment programme is progressing well and we are on track to deliver 145 heating system replacements partly funded through the Low Carbon Infrastructure Transition Programme, which in turn will help to reduce tenant energy costs.

42 new homes have been completed so far this year with a further 61 due to complete by the end of March 2023.

We are forecast to spend a total of £15.9M in 2023/24, which supports a significant number of jobs in the local economy.



RENT INCREASE 2023/24

Our policy and Business Plan requires us to continue to set our rents with reference to the rate of inflation, basing the annual increase on the change in inflation as measured in October each year. We use the Retail Price Index (RPI) which is a government measure of inflation that aims to reflect the change in cost of living and is published by the Office for National Statistics (ONS) on a monthly basis.

However due to the unusually high rate of inflation at October 2022 (14.2%) this would result in a rent increase well above what is sustainable for tenants.

We are committed to ensuring service levels are sustained whilst maintaining our obligations to you and our funders, with that in mind we have reviewed our Business Plan commitments and the minimum rent increase we can apply for 2023/24 is as follows:

Average Rent 2022/23	£85.28
Oct Retail Price Index (RPI) – 14.2%	
Rent increase 6% (RPI Minus 8.2%)	£5.12
Proposed Average Rent for 2023/24	£90.40

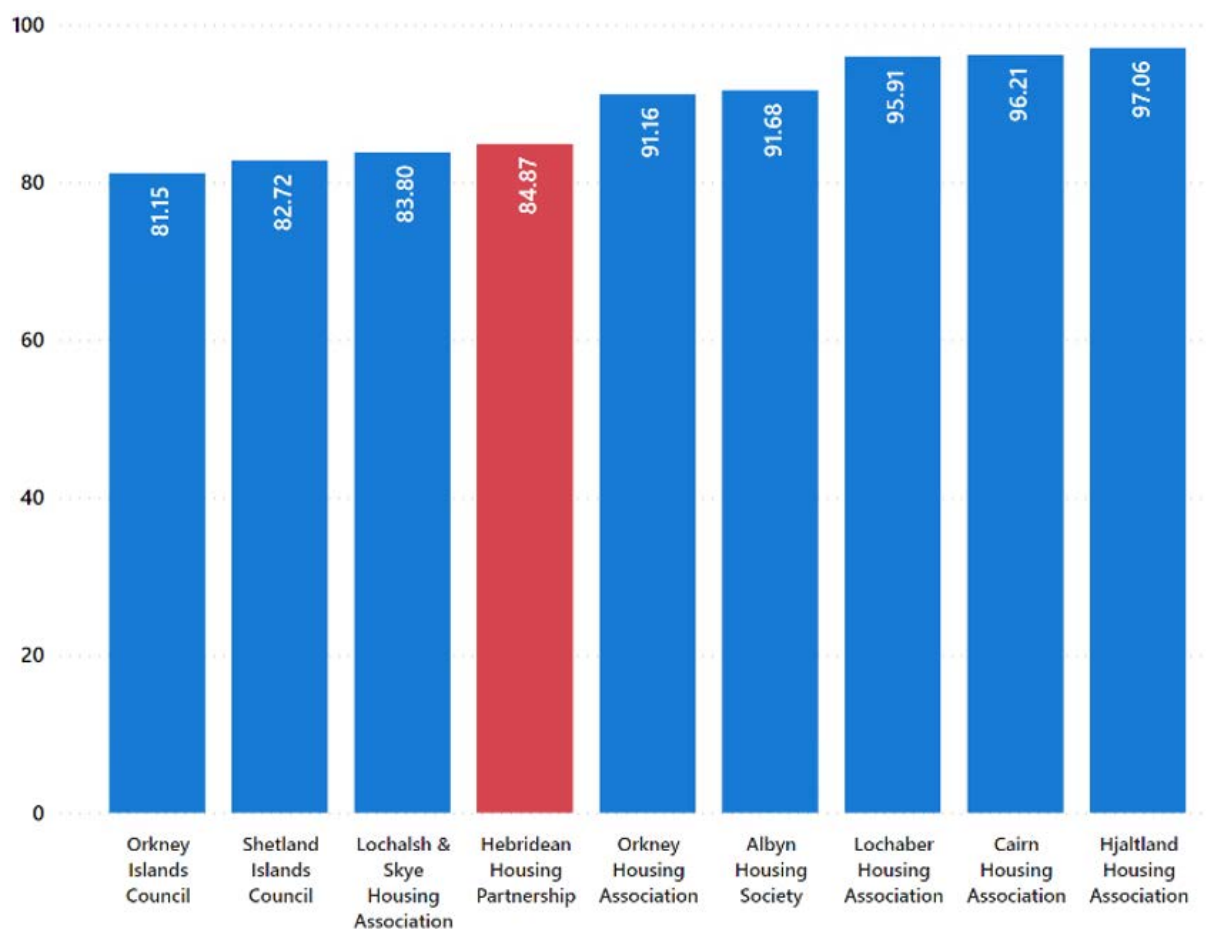
WHAT CHANGES HAVE WE MADE TO OUR BUDGETS TO BE ABLE TO OFFER A BELOW INFLATION RENT INCREASE?

Inflation nationally is running at 14.2% but as you know it is much higher locally with some costs increasing by more than 20% in the year. In order to be able to offer a below inflation rent increase we have:



- Reduced our management costs;
- deferred fencing and roofing works which we hoped to do in 2023/24 to a later year;
- protected the heating budget which will allow us to deal with the heating systems where there are performance issues such as infra-red;
- protected our repairs & maintenance budget.

HOW DOES YOUR RENT COMPARE WITH OTHER RSL'S?

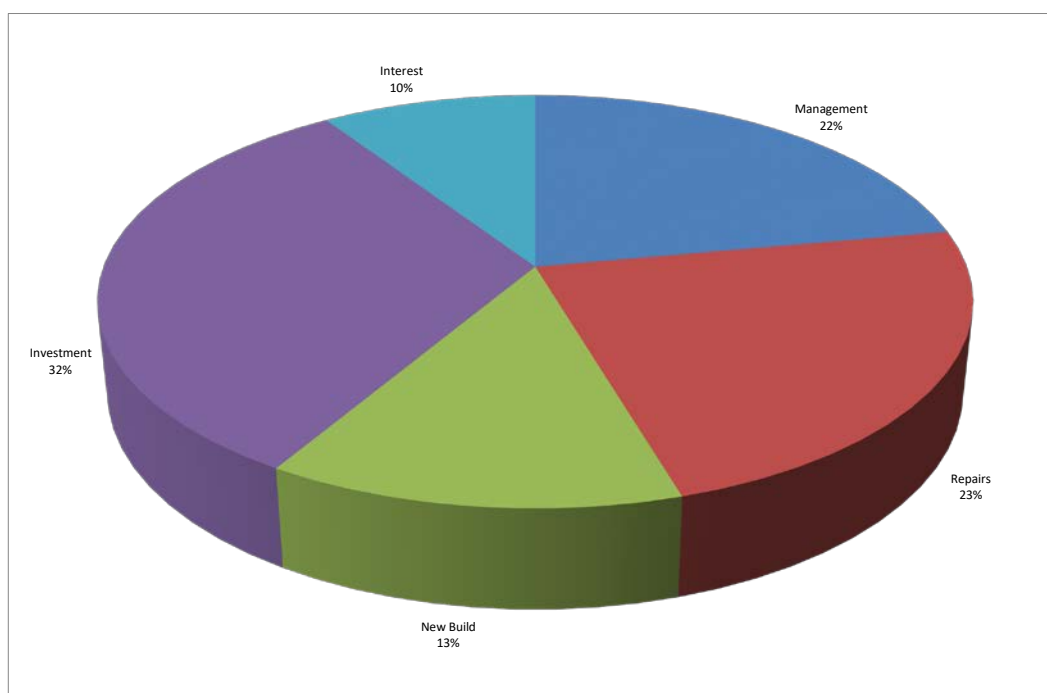


* Source – SHR Comparison Tool – 2021/22 Average Weekly Rent - Includes Service Charges

2023/24 RENTS – WHAT ARE OTHER RSL'S DOING?

Landlord Name	Option 1	Option 2	Option 3
Albyn Housing Society	5.0%	6.0%	7.0%
Argyll Community Housing Association	5.0%	3.0%	7.0%
Cairn Housing Association	7.0%		
Lochalsh & Skye Housing Association	8.0%	10.1%	11.1%
Lochaber Housing Association	5.0%		
Hjatland Housing Association	6.0%	7.0%	
Highland Council	6.0%		

HOW WILL YOUR RENT BE SPENT?



* % of monies spent on New Build driven by timing of grant drawdown from Scottish Government.

HOW MUCH MONEY WILL BE SPENT?

The majority of the money to fund expenditure comes from rents with some grant monies from the Government for New Build and Aids & adaptations. The money we receive will be allocated as follows:

	2022/23	2023/24				
	INITIAL	INITIAL	DECREASE	INCREASE	% CHANGE	COMMENTS
	BUDGET	BUDGET				
			£	£		
Supervision & Management	3,424,380	3,342,200	(82,180)		(2.40%)	Reduction in Management costs to reflect anticipated cost savings
Response Repairs	1,786,070	1,954,000		167,930	9.40%	Driven by increased number of properties & inflation
Planned Maintenance	999,400	879,800	(119,600)		(11.97%)	
Estate Works	126,890	136,700		9,810	7.73%	
Total Operating Expenditure	6,336,740	6,312,700	(201,780)	177,740	(0.38%)	
Interest on Funds borrowed	779,900	1,189,400		409,500	52.51%	
Housing Investment Programme	4,449,800	4,098,500	(351,300)		(7.89%)	As per year 5 of Investment Programme
Development Programme	4,634,720	1,681,800	(2,952,920)		(63.71%)	Driven by the timing of the receipt of Scottish Government Grant.
Capital Investment	9,084,520	5,780,300	(3,304,220)	409,500	(31.86%)	
Total expenditure	16,201,160	13,282,400	(3,506,000)	587,240	(18.02%)	

RESPONSES

There are 3 ways in which you can respond to this consultation. These are listed below:

1. Online at www.hebrideanhousing.co.uk
2. Print and return the attached response paper to HHP by 4th February 2023.
3. Forms are available from Customer Services for completion.

Completed responses will be entered into a prize draw. There will be four prizes of £50 to be won which will be randomly drawn and allocated to the winner's rent account.

RESPONSE PAPER

Please provide your comments, suggestions on the proposed rent increase for 2023/24 below:

RPI MINUS 8.2% = 6% (£90.40 per week)
<u>Comments</u>

ADDRESS

SIGNATURE

DATE

Please return your form to the Director of Operations at Creed Court, Gleann Seileach Business Park, STORNOWAY, HS1 2QP or email to customerservices@hebrideanhousing.co.uk. All responses should be received by 4 February 2023.



HHP is a registered society under the Co-operative and Community Benefit Societies Act 2014, Registered Number: 2644R(S), Registered Office: Creed Court, Gleann Seileach Business Park, Willowglen Road, STORNOWAY, Isle of Lewis HS1 2QP. It is a charity registered in Scotland, Charity Number: SCO35767, registered as Registered Social Landlord with the Scottish Housing Regulator, Registration Number: 359 and registered as a Property Factor, Registration Number PF000183

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