hebridean housing partnership

Tenant Consultation 2024/25 (Rents)

Making our house Your home

RESPONSES

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

1. Completing online at www.hebrideanhousing.co.uk
2. Printing and returning the attached response paper to HHP by 14th January 2024.
3. Phoning our Customer Services Team on 03001230773 or calling in at our offices to collect a form 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.

WHAT ARE WE CONSULTING ON?

Tenant Rent and Service charges require to be regularly reviewed. Before we make any changes it is important to know what you think about our proposals. This is an opportunity for you to share your views with us before we set the rents for 2024/25.

MESSAGE FROM THE BOARD

Our commitment on rent levels is to keep the rents affordable. To ensure there is money available for replacing kitchens, bathrooms, windows, etc we prepare long term plans every year and we must make assumptions about inflation rates and also what income we need to cover planned expenditure. Our plans have assumed that rents increase in line with inflation.

You may remember that last year the Board took the decision to keep the rent increase as low as possible at 6% which was 8% less than inflation. Thankfully this year inflation has started to come down to 6.1%.

Having reviewed our long term commitments, we are able to offer two options for the 2024/25 rent increase:

Option 1: 5.1% Rent Increase (RPI Minus 1%)

Option 2: 6.6% Rent Increase (RPI Plus 0.5%)

We would really appreciate your views on our proposals. Our Board's own preference would be option 1 as it will still allow us to deliver our key commitments whilst keeping your rents affordable.

SETTING THE SCENE

Inflation remains high at 6.1%, following a 40 year high of 14.2% 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 like everyone else have experienced the challenge of increased costs. We do our best to balance what we need to spend to provide an excellent service and meet our legal obligations with what is affordable for tenants.

Over the last 8 years we have held our rent increases below average inflation.

Average (8 Year)
Inflation 4.7%

Average (8 Year)
Rent Increase 3.2%

During that time we have delivered:

Our 2023/24 investment programme is progressing well and we are on track to deliver 126 heating system replacements partly funded through the Social Housing Net Zero Heat Fund, which in turn will help to reduce tenant energy costs.

57 new homes have been completed so far this year with a further 80 homes under construction.

According to our 2023/24 plans we will spend in the region of £12.7m improving and repairing current homes and building new homes throughout the islands. The level of spend also supports a significant number of jobs.

Rathad na Ceardaich - Barra

RENT INCREASE 2024/25

Our Rent policy says that the annual increase on rents should reference October's RPI.

There are some years when the income we get from rent doesn't cover our planned expenditure and when that happens we borrow money from a funder. You will be aware that Funders put conditions on any money they lend and if the conditions aren't met then they can ask for their money back immediately or charge penalties. When we set the rents we need to make sure that our service standards can be maintained and that we meet the conditions of our Funders.

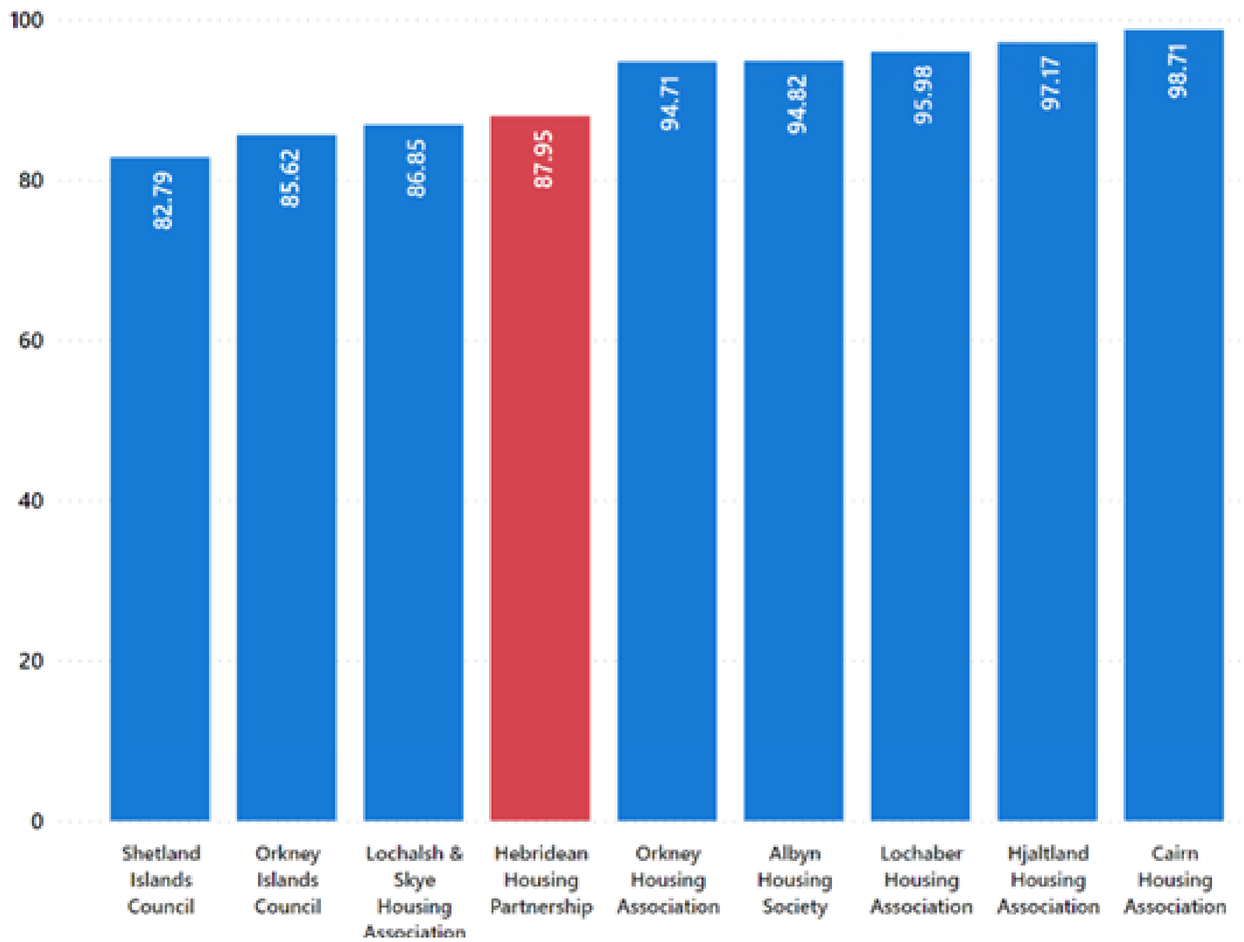
Having looked at our Business Plan requirements and legal obligations we can offer the following options for 2024/25:

	Option 1	**Option 2**
Average Rent 2023/24	£90.40	£90.40
Oct Retail Price Index (RPI) – 6.1%		
Rent increase 5.1% (RPI Minus 1%)	£4.61	
Rent increase 6.6% (RPI Plus 0.5%)		£5.97
Average Rent for 2024/25	£95.01	£96.37

In view of the continued cost of living pressures, the Board's preference is Option 1, an increase of 5.1%.

The second option of 6.6% increase will provide an additional £160K of income which could be used to replace a number of heating systems in 2024/25 instead of 2025/26.

HOW DOES YOUR RENT COMPARE WITH OTHER RSL'S?

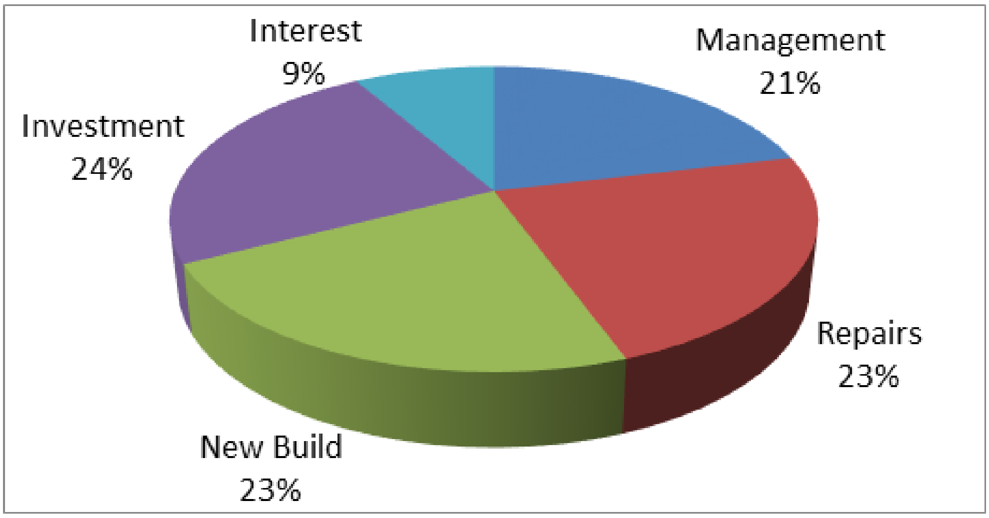


** Source – SHR Comparison Tool – 2022/23 Average Weekly Rent - Includes Service Charges*

2024/25 RENTS – WHAT ARE OTHER RSL'S DOING?

Landlord Name	Option 1	Option 2	Option 3	Option 4
Argyll Community Housing Association	5%	6%	7%	8%
Caledonia Housing Association (Perth)	6.7%			
Orkney Housing Association	8.9%	7.5%		
Hjatland Housing Association (Shetland)	5.6%	6.6%		

HOW WILL YOUR RENT BE SPENT IN 2024/25?



* % 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 spent as follows:

	2023/24 BUDGET	2024/25 BUDGET	DECREASE £	INCREASE £	% CHANGE	Reasons for Change
Net Supervision & Management	2,941,015	2,991,700		50,685	1.72%	£50.1K increase mainly due to higher insurance costs
Response Repairs	1,952,905	2,059,300		106,395	5.45%	Inflation has caused the cost of repairs to increase and as we build more houses, there are more houses to maintain.
Planned Maintenance	1,004,925	1,059,400		54,475	5.42%	Like response repairs, we have more houses to maintain as well as increased costs
Estate Works	136,700	139,300		2,600	1.90%	
Total Operating Expenditure	**6,533,040**	**6,773,491**		**108,995**	1.67%	
Interest on Funds borrowed	1,189,400	1,176,600	(12,800)		(1.08%)	
Housing Investment Programme	4,039,595	3,398,200	(641,395)		(15.88%)	Spend is in line with year 5 of our Investment Programme
Development Programme	1,647,190	3,240,200		1,593,010	96.71%	£1.6M increase due to the timing of the receipt of Scottish Government Grant
Capital Investment	**5,686,785**	**6,638,400**	**(641,395)**	**1,593,010**	16.73%	
Total expenditure	**13,409,225**	**14,588,491**	**(641,395)**	**1,702,005**	7.91%	

RESPONSE PAPER

Please provide your comments or suggestions on the proposed rent increase for 2024/25 below:

Please Mark your preferred option with an (X) below:			
OPTION 1 – 5.1% RPI Minus 1% (£95.01 Average Rent per week)		**OPTION 2 – 6.6%** RPI +0.5% (£96.37 Average Rent per week)	

Comments

Name ________________________

Address ________________________

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Signature ________________________ Date ________________________