hebridean housing partnership

Tenant Consultation 2025/26 (Rents & Business Plan)

Making our house Your home

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 2025/26.

We are in the process of updating our Business Plan for 2025/26 and are interested to hear what your priorities are for the coming year. The draft Business Plan will then be available for consultation in February/March 2025.

MESSAGE FROM THE BOARD

Our commitment on rent levels is to keep 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 5.1%. This year inflation has come down to 3.4% (October RPI) and whilst this is welcome news, inflation is forecast to increase next year as a result of increases in the energy price cap and employers National Insurance costs.

Having reviewed our long-term commitments, we are able to offer two options for the 2025/26 rent increase:

Option 1: 4.4% Rent Increase (RPI plus 1%)

Option 2: 4.9% Rent Increase (RPI plus 1.5%)

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

RESPONSES

There are a number of ways in which you can respond to this consultation. You can let us know your views using any for the ways below:

- Scan the QR code on the Winter Homeward newsletter you will receive in the post;
- Completing online at www.hebrideanhousing.co.uk or through the link provided on our Facebook page;
- If you are signed up to the tenant portal, please look out for a link being sent to your email to allow you to complete the survey;
- Printing and returning the attached response paper to HHP by 15th January 2025;
- Phoning our Customer Services Team on 0300 123 0773 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 £100 to be won which will be randomly drawn.

SETTING THE SCENE

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 9 years we have held our rent increases below average inflation.

Average (9 Year)
Inflation 4.7%

Average (9 Year)
Rent Increase 3.4%

During that time we have delivered:

Our 2024/25 investment programme is progressing well and we are on track to complete external wall insulation at 30 homes, together with replacing the remaining infra-red heating systems, which in turn will help to reduce tenant energy costs.

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

According to our 2024/25 plans we will spend in the region of £15.4M improving and repairing current homes and building new homes throughout the islands. The level of spend also supports a significant number of jobs.

RENT INCREASE 2025/26

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 2025/26:

	Option 1	**Option 2**
Average Weekly Rent 2024/25	£95.01	£95.01
Oct Retail Price Index (RPI) – 3.4%		
Rent increase 4.4% (RPI plus 1%)	£4.18	
Rent increase 4.9% (RPI Plus 1.5%)		£4.66
Average Weekly Rent for 2025/26	£99.19	£99.67

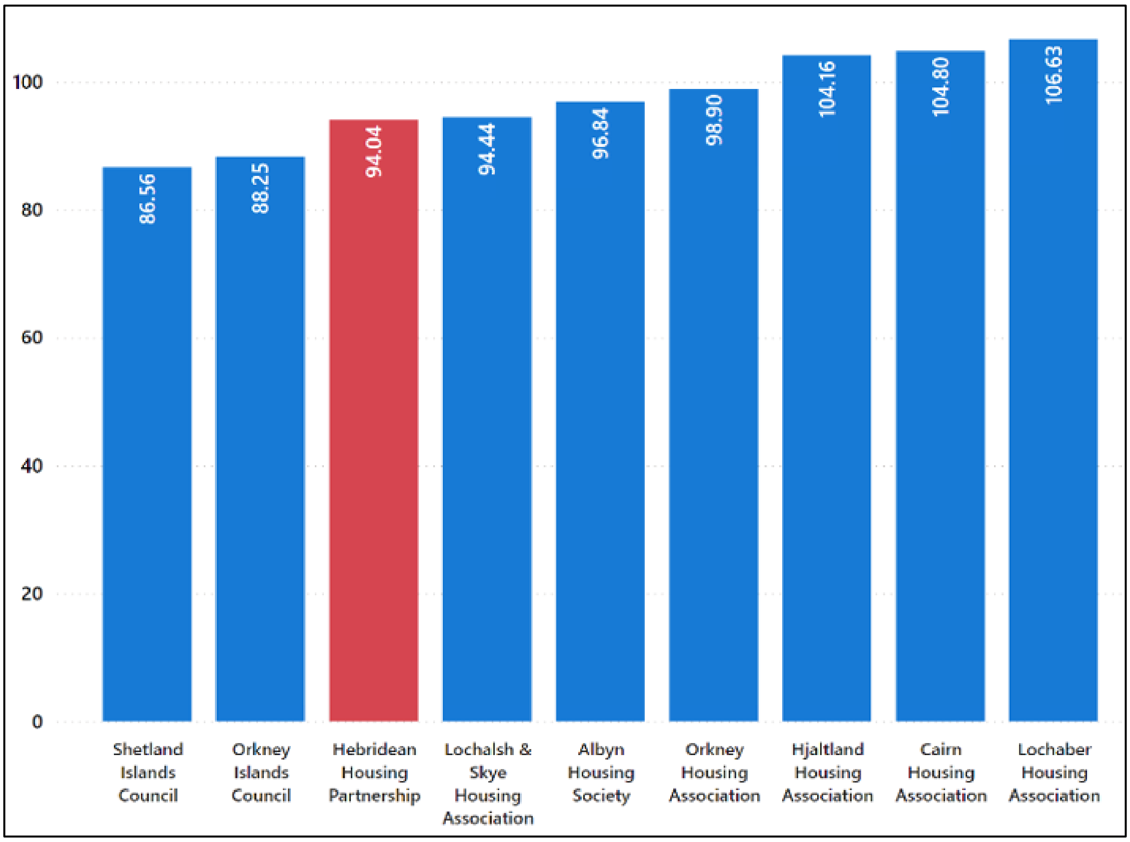
In view of the continued cost of living pressures, the Board's preference is Option 1, an increase of 4.4%. This will allow us to deliver:

a) Investment of £4.595M over the next year in current stock delivering:
   - 62 Kitchen replacements
   - 33 Bathroom replacements
   - 74 Heating System replacements
   - 86 Windows & Door replacements
   - Various other component replacements E.g., Roofing, Roughcast, Insulation, etc.

b) New build spend of £5.47M in 2025/26 (£12.14m Gross with Grants totalling £6.67m. The net cost to HHP is £4.16m). This represents work on over 100 new homes.

The second option of a 4.9% increase will provide an additional £61K of income which would allow us to undertake more investment work and could be used to replace a number of heating systems in 2025/26 instead of 2026/27.

HOW DOES YOUR RENT COMPARE WITH OTHER RSL'S?

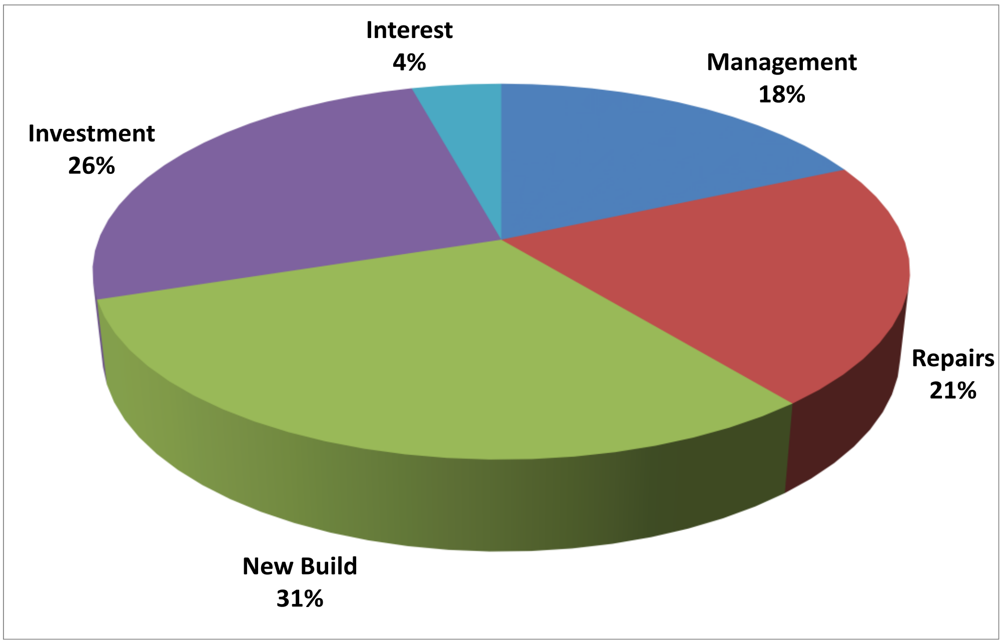


** Source – SHR Comparison Tool – 2023/24 Average Weekly Rent - Includes Service Charges*

2025/26 RENTS – WHAT ARE OTHER RSL'S DOING?

Landlord Name	Option 1	Option 2	Option 3
Argyll Community Housing Association	4%		
Caledonia Housing Association (Perth)	2.7%	3.7%	4.7%
Link Housing Association	5.5%	5.9%	
Hjatland Housing Association (Shetland)	4.3%		

HOW WILL YOUR RENT BE SPENT IN 2025/26?



* % 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:

	2024/25 BUDGET	2025/26 BUDGET	DECREASE £	INCREASE £	% CHANGE	Reasons for Change
Gross Rental Income	**12,168,100**	**12,799,000**		**630,900**	**5.18%**	Annual rent increase and additional homes available for rent
Net Supervision & Management	3,165,000	3,245,800		80,800	2.55%	£80.8K increase mainly due to higher national insurance costs & increased property insurance costs
Response Repairs	2,008,820	2,060,400		51,580	2.57%	Inflation has caused the cost of repairs to increase and as we build more houses, there are more houses to maintain.
Planned Maintenance	1,431,080	1,524,400		93,320	6.52%	Like response repairs, we have more houses to maintain as well as increased costs
Estate Works	139,300	135,800	(3,500)		(2.51%)	
Total Operating Expenditure	**6,744,200**	**6,966,400**	**(3,500)**	**225,700**	**3.29%**	
Interest on Funds borrowed	1,136,000	741,000	(395,000)		(34.77%)	Reduction in anticipated borrowing and lower interest rates
Housing Investment Programme	3,650,200	4,595,200		945,000	25.89%	Spend is in line with year 5 of our Investment Programme
Development Programme	2,047,200	5,465,100		3,417,900	166.95%	£3.4M increase as Government grants have been fully drawn on key projects
Capital Investment	**5,697,400**	**10,060,300**		**4,362,900**	**76.58%**	
Total expenditure	**13,577,600**	**17,767,700**	**(398,500)**	**4,588,600**	**30.86%**	
Net Cash Outflow	**(1,409,500)**	**(4,968,700)**	**398,500**	**(3,957,700)**	**252.52%**	