

	<b>Report to:</b> <b>Waverley Housing Board</b> <b>28 January 2020</b>	<b>Item No:</b> <b>6</b>
<b>Title:</b>	Rent and Service Charge Increases from 6 April 2020	
<b>Date:</b>	16 January 2020	
<b>Responsible Person:</b>	Gregor Booth, Operations Director	
<b>This report is for:</b>	<b>APPROVAL</b>	

PURPOSE & SUMMARY	
To update Board Members on the recent rent and service charge increase consultation and to seek agreement on the level of rent and service charge increases to apply for the 2020/21 financial year.	
RECOMMENDATION	
The Board is requested to approve the various rent and service charge increases from 1 April 2020 as detailed in the report.	
IMPLICATIONS	
<b>Resource implications</b>	<b>Financial:</b> The level of rent and service charge increases should allow Waverley to meet its forecast expenditure for the 2020/21 financial year.
	<b>Staffing:</b> None
	<b>Other:</b> None
<b>Risk Assessment</b>	See paragraph 5.1 of the report
<b>Consultation</b>	All tenants have been consulted about the rent and service charge increase proposals and the results of this exercise are attached at Appendix One.
<b>Impact on other Policies &amp; Strategies</b>	Financial Plan Rent Setting Policy Community Engagement Strategy
<b>External Impact</b>	None
<b>Equality &amp; Diversity</b>	None
<b>Companies Act Requirements</b>	None

APPENDICES	
Appendix One	Rent and Service Charge Increase Consultation Summary

## **1. Background**

- 1.1. In setting the level of rent increase to apply next financial year account has been taken of anticipated rates of inflation, the budgeted costs of our proposed maintenance programmes for 2020/21 and to address the fact that our 1 and 2 apartment properties have rent levels significantly lower than the average rents charged for these property types by the other 3 locally based Registered Social Landlords.
- 1.2. As a result the proposed rent increase for 1 apartment properties is 5.5%, for 2 apartment properties it is 4.0% and for all other property sizes including garages it is 2.9%.
- 1.3. The weekly service charges paid by tenants in Beech Avenue Galashiels have been reviewed and proposed to be increased from £5.13 to £5.28. The weekly service charges paid by 63 tenants in Larch Grove, Laurel Grove and Hawthorn Road, Galashiels have been reviewed and proposed to be increased from 99p to £1.02.
- 1.4. A report was presented to Members at their meeting on 3 December 2019 advising of these proposals and providing details of the consultation exercise with tenants that would be carried out.
- 1.5. The consultation exercise with tenants concluded on 15 January 2020 and the results are attached at Appendix One. As has been the case in previous years the vast majority of tenants have made no comments about the proposal. Responses were received from 108 tenants representing 7.6% of tenants contacted which compares with a response rate of 6% obtained from last years' rent and service charge consultation.

## **2. Current Situation**

- 2.1. As four weeks written notice is required to be served on all tenants the formal rent increase notice will require to be issued by 1 March 2020 in order to enable the proposed rent and service charge increase, if approved, to come into effect from Monday 6 April 2020.

## **3. The Future/Conclusion**

- 3.1. Our principal source of income continues to derive from rent charges. In order to ensure that our housing stock meets statutory requirements such as Scottish Housing Quality Standard and the Energy Efficiency Standard for Social Housing (ESSH) and is well maintained we must receive sufficient funds to meet our operating and stock investment costs. Whilst we seek to minimise levels of rent increases where possible it would be counterproductive to delay putting in place the proposed rent increases required to meet our Business Plan objectives.

## **4. Financial Implications**

- 4.1. In order to meet our forecast financial commitments in the 2020/21 financial year of loan repayments, staffing costs and a maintenance programme of approximately £1.64 million there is a need to ensure that our principal source of income i.e. rents generates a sufficient level of income to meet these commitments. The proposed rent and service charge increases for 2020/21 will allow us to meet these forecast financial commitments.

## **5. Risk Analysis**

- 5.1. It is important that the Company charges rents that cover our current and forecast expenditure as failure to do so could result in difficulties in meeting planned investment in our housing stock.
- 5.2. In relation to the service charges levied on tenants living in Galashiels these have been increased in order to cover most of our costs incurred in delivering these services. It is acknowledged that these services are not operating on a full cost recovery basis but the services delivered provide additional value through keeping these areas clean and tidy and improving the appearance and amenity of this estate.

## **6. Recommendation**

- 6.1. Board Members are requested to note the contents of the report and approve the following increases to apply in the 2020/21 financial year:
- A rent increase of 5.5% to apply to 1 apartment properties.
  - A rent increase of 4.0% to apply to 2 apartment properties.
  - A rent increase of 2.9% to apply to all other properties and garages.
  - A service charge increase to £5.28 per week for tenants living in Beech Avenue.
  - A service charge increase to £1.02 per week for tenants living in Larch Grove, Laurel Grove and Hawthorn Road.

### **Rent and Service Charge Increase Consultation Summary**

The rent consultation letter and questionnaire was issued with the Tenants Newsletter on 6 December 2019 and the closing date for responses was 15 January 2020.

1,413 tenants received the rent consultation letter and questionnaire and 108 responses were received i.e. 7.6% of tenants contacted. 85 of these responses were in agreement with the proposed increase whilst 23 responses were not in agreement with the proposed increase. Included within some of these responses were issues related to other items such as requests for repairs which have been forwarded to the relevant staff for action.