

	Report to: Waverley Housing Board 26 January 2021	Item No: 6
Title:	Rent and Service Charge Increases from 5 April 2021	
Date:	18 January 2021	
Responsible Person:	Operations Director	
This report is for:	APPROVAL	

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 2021/22 financial year.

RECOMMENDATION

The Board is requested to approve the various rent and service charge increases from 5 April 2021 as detailed in the report.

IMPLICATIONS

Legal Requirements:

All necessary legal requirements have been complied with in reaching the recommendations included in the report.

Financial Implications:

The financial implications are included in Paragraph 4.1. of the report.

Legislative/Regulatory or Companies Act Requirements:

Where necessary, relevant legislation, regulatory provisions or companies act requirements are referenced in the report.

Staffing:

No significant impact upon staffing arrangements.

Risk Assessment:

This recommendation relates to an existing risk within the Waverley Housing Risk Management Plan.

Consultation

All tenants have been consulted about the rent and service charge increase proposals and the results of this exercise are attached at Appendix One.

Equality Impact Assessment

Yes

No X

OUTCOME

Approved	
Noted	
Subject to	

APPENDICES

Appendix One	Rent and Service Charge Increase Consultation Summary
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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 2021/22 and other forecast costs.
- 1.2. As a result the proposed rent increase for all properties and garages from April 2021 is 2.3%.
- 1.3. The weekly service charges paid by tenants in Beech Avenue Galashiels have been reviewed and proposed to be increased from £5.28 to £5.40. 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 £1.02 to £1.04.
- 1.4. A report was presented to Members at their meeting on 24 November 2020 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 2021 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 65 tenants representing 4.6% of tenants contacted which compares with a response rate of 7.6% 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 2021 in order to enable the proposed rent and service charge increase, if approved, to come into effect from Monday 5 April 2021.

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 (EESH) 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 2021/22 financial year of loan repayments, staffing costs and a maintenance programme of approximately £1.6 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 2021/22 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. This is particularly relevant given the need to commence energy efficiency improvement works to our housing stock in order to meet EESSH2 standards.
- 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 2021/22 financial year:
 - A rent increase of 2.3% to apply to all properties and garages.
 - A service charge increase to £5.40 per week for tenants living in Beech Avenue.
 - A service charge increase to £1.04 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 on 9 December 2020 and the closing date for responses was 15 January 2021.

1,413 tenants received the rent consultation letter and questionnaire and 65 responses were received i.e. 4.6% of tenants contacted. 15 of these responses were in agreement with the proposed increase whilst 10 responses were not in agreement with the proposed increase. The majority of respondents did not provide a clear indication of whether or not they approved of the proposed rent and service charge increases. 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.