

## **RENT & SERVICE CHARGE REVIEW FOR 2021/22**

We deliver housing services to over 3,500 tenants across the Scottish Highlands. We want to continue to improve, develop and manage our homes across the area. Our Business Plan sets out our goals of investing in our current housing stock, developing new homes and assuring our financial stability so we can carry out our mission of providing affordable, high quality homes to people who need them.

It has been a very challenging year for everyone in our communities due to the coronavirus pandemic which will take some time for our communities to recover. In setting our rent levels we must be mindful of the needs of our tenants as we look to the future.

Continued investment is required to improve our housing to meet the Efficiency Standard for Social Housing (ESSH). At the same time as improving energy efficiency, we are investing in new build developments to provide more social housing to those in need. Funding for these projects is met partly by grants from the Government but also by borrowing. Borrowing incurs costs in the form of Interest, which need to be met through rents payable over the lifetime of our homes.

Rents are the main source of income for Albyn Housing Society and the level of rent is a key determining factor on what we can spend on delivering our housing services, improvements, and new build programmes.

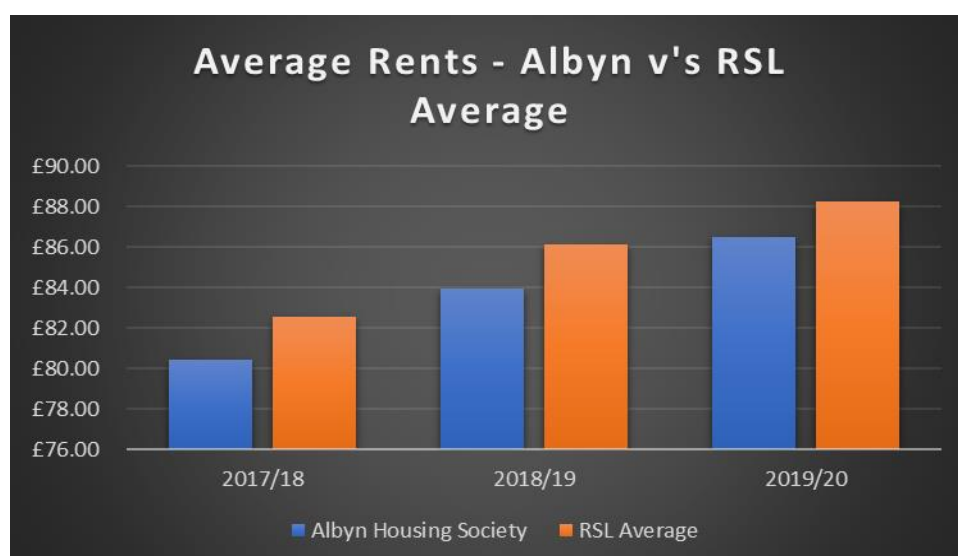
In addition to rent, we also charge for services delivered to common areas within the neighborhood. These charges were set in 2017 following previous tenant consultation and the arrangement in place is now due for review.

This consultation asks for tenant input into our Rent & Service Charge Review for the levels of rents and service charges with effect from 01 April 2021. (You can find details for how to share your views as a part of this consultation at the end of this document)

## **OUR CURRENT RENT LEVELS – HOW DO WE COMPARE?**

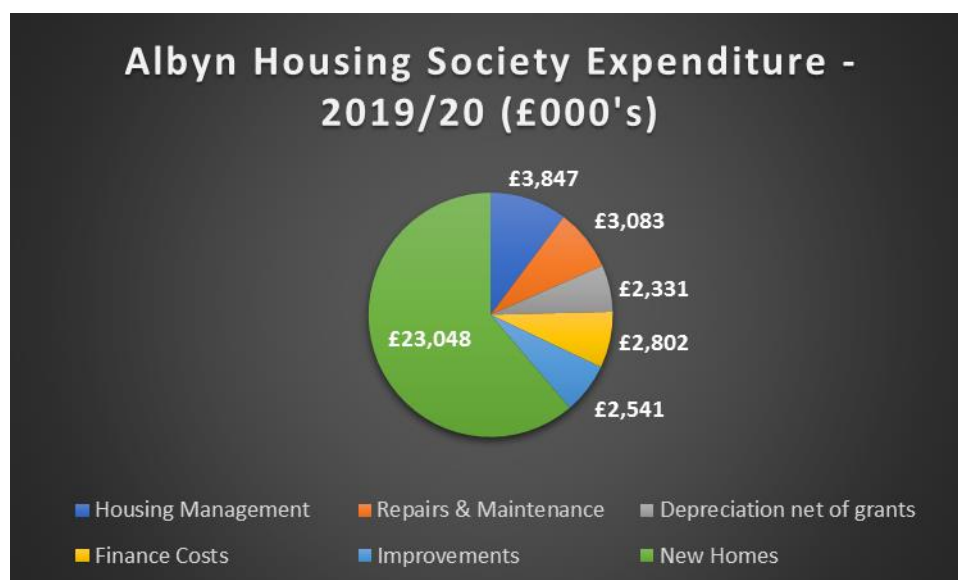
The *average* weekly rent for an Albyn Housing Society tenant in 2019/20 was £86.50. This is lower than the average across all Registered Social Landlords (RSL) which was £88.24. Our average rents have been consistently lower than the RSL average weekly rent for the past three years.

In April 2020 we had planned to increase our rents by 2.7% but postponed this increase for six months in response to the coronavirus pandemic. This decision saved around £200,000 collectively for our tenants in rental charges during what has been a challenging time across our communities.



## OUR INVESTMENT AND PERFORMANCE IN 2019/20

In 2019/20 we spent £37.6 million on new and existing homes across the Highlands.



The largest part of our expenditure was on building new homes where we spent £23 million. We spent a further £3.1 million on repairing existing homes and £2.5 million on replacing heating systems, kitchens, bathrooms and windows and doors. We spent £3.8 million on our operating costs and £2.8 million on bank interest charges.



In 2019/20 we replaced -

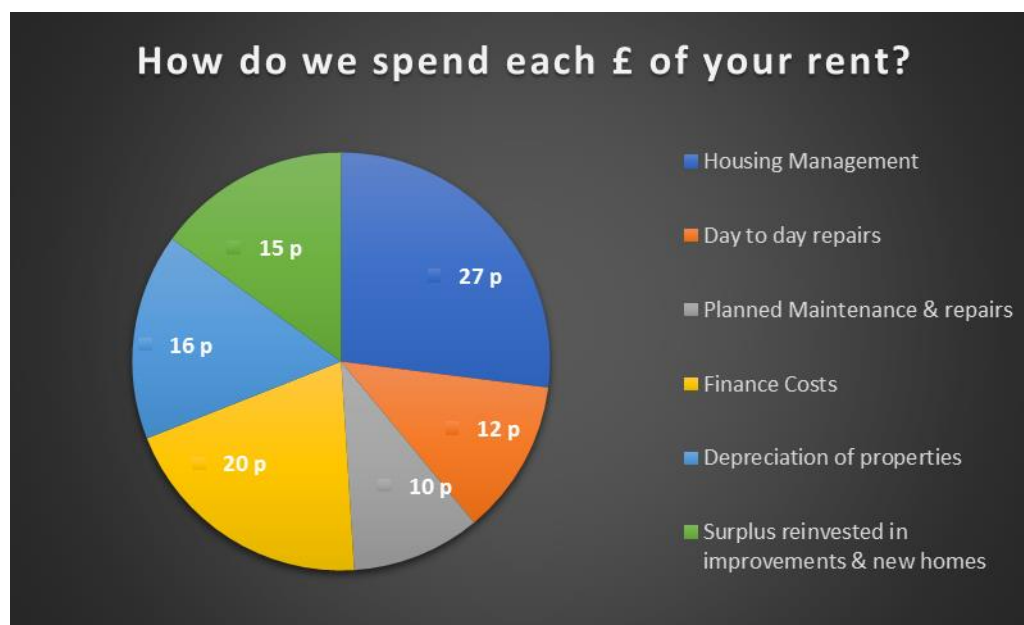
- 125 Heating Systems or boilers
- 42 Kitchens
- 66 Bathrooms
- 69 Windows and Doors

We carried out 7,391 reactive repairs to our tenants' homes in 2019/20, with 89.77% completed right first time.

We completed 193 new homes for social and mid-market rent in 2019/20, funded in part by Scottish Government Grants and loans which are paid back by rental income.

## HOW DO WE SPEND YOUR RENT?

The money you pay in rent is put towards the cost of providing the services you receive as an Albyn tenant. The main items of expenditure are housing management, repairs and maintenance and loan interest charges. Based on the average weekly rent, this is how we spent each £1:



## CONSULTATION OPTIONS FOR 2021/22

We want 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 September each year. We use the Consumer Price Index (CPI) 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.

In previous years, we have set our rents at CPI plus 1%. Whilst this planning assumptions allows us to implement our long-term plans, we are very mindful of the impact that the current year has had on our tenants and as a result we would like to offer tenants the opportunity to consider a rental increase at a lower level than would usually be the case.

We have considered what we need to do to keep our rents affordable whilst providing the necessary investment in our housing services. This year we are consulting tenants on two options for the 2021/22 rent review:

### **Option 1 – 1.5% increase (CPI +1%)**

We want to continue to invest in our properties and provide quality housing management and repairs for all tenants. To maintain our levels of investment and services we need to increase our rents by 1.5%. This is equivalent to the rate of inflation (CPI) measured in September 2020 plus 1%.

### **Option 2 – 1.0% increase (CPI + 0.5%)**

We would welcome tenants' views on option 2, a lower level of rental increase in reflection of the impact of coronavirus. The impact of increasing rents by a lower amount will be that we will need to reduce our expenditure in other areas of the business by £75,000.

## **SERVICE CHARGE REVIEW**

In 2017, Albyn consulted with tenants on the process for setting service charges and moving existing charges to reflect the actual costs of delivering those services. This agreement was for a period of 3 years and will expire at the end of March 2021.

We now need to establish the framework within which our service charges are set for the year commencing on 01 April 2021.

We are able to calculate service charge costs on a property-by-property basis which enables actual expected charges to be set accurately. However, we are not able to implement the full actual charges for all tenants as these would cause many to face significant increases when compared to existing charges.

Our proposal is as follows:

- (i) Service charges will be set annually on the expected actual charges to meet the service specification provided in your tenancy agreement.
- (ii) Any increase in service charge levels will be capped at not more than £5 per month should the actual costs increase from one year to the next.
- (iii) Any reduction in actual costs will be reflected in a reduced service charge.

Do you support our approach to setting service charge from 01 April 2021? (Y/N)

## **HOW TO GET INVOLVED**

There are several ways in which you can share your views as part of this consultation:

- By completing the survey link when we contact you by text
- By post – you can request a copy of the consultation document by calling the number below

The Consultation period will run until 28 January 2021 and your response will be used to inform our Board's decision making on Rent and Service Charge levels for 2021/22. Changes to rent and service charge levels will be effective from 01 April 2021.

You can contact our offices on:

North Team/Head Office      0300 323 0990

South Team                      0300 323 0991

Email:                              [office@albynhousing.org.uk](mailto:office@albynhousing.org.uk)