



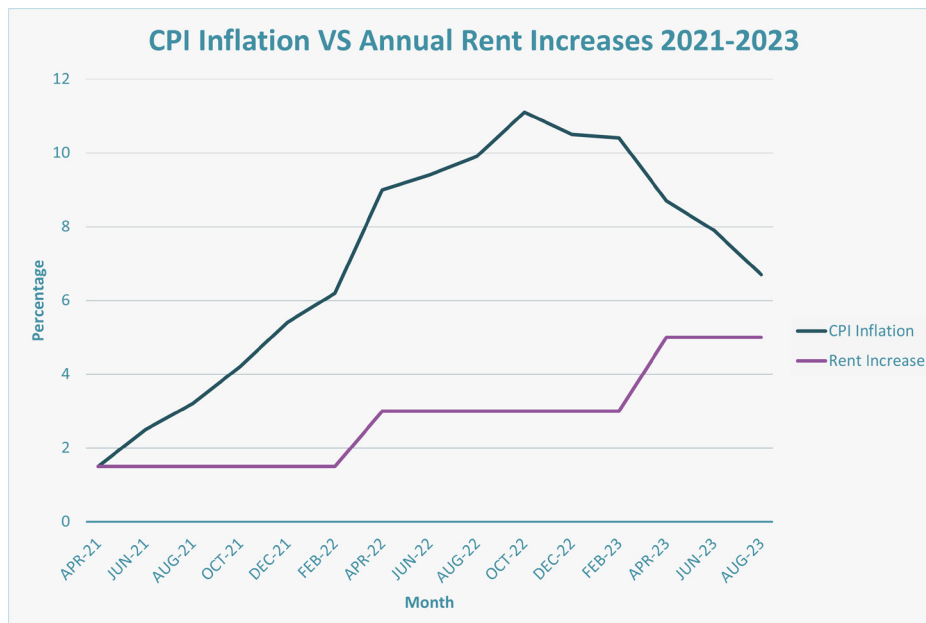
RENT REVIEW FOR 2024/25

Albyn Housing Society deliver housing services to over 3,700 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.

Current Challenges

Since the pandemic of 2020, there have been substantial pressures on the economy, with rising inflation and increased costs for individuals and businesses alike.

We have worked very hard to protect tenants from the impact of rising costs by keeping rent increases as low as we can whilst maintaining our levels of service. The impact of our decisions, supported by consultations with tenants has seen rents increase at levels well below the average rate of Inflation as can be seen in the graph below:



By minimising the increase in rent each year, an average tenant’s rent is lower £613 per year compared to what they would have been had we increased rents by the average rate of inflation over the same period.

This means that the Society has had to limit investment in improvements to tenant’s homes at a time when there is increasing pressure to improve the efficiency of our stock to meet de-carbonisation ambitions and make homes more affordable to live in.

Support for tenants

Albyn has worked hard to ensure that support is available for tenants who are in the greatest need. If you think that an increase to your rent will impact your personal finances then please get in touch with our tenancy sustainment team by calling 0300 323 0990 or emailing tenancysustainment@albynhousing.org.uk. We have an energy fund and trust fund supported by Albyn funding and access to the Scottish Government’s Social Housing Fuel Support Fund and funding for Affordable Warmth Highland which are externally provided.

Our [2023 Cost of living Information booklet](#) provides further details.

The Need for Investment

Continued investment is required to improve our housing to meet the Energy Efficiency Standard for Social Housing (EESH). At the same time as improving energy efficiency, we must consider the resource requirements and timescales to implement zero-carbon heating systems across our housing stock. This is essential to meet the Scottish Government's ambitious decarbonisation targets. [Housing to 2040](#) sets out the commitment to adapt and retrofit existing homes to improve energy efficiency and decarbonise heating, highlighting housing's contribution to ending climate change.

The delivery of a lower level of rent increase in 2023/24 was only possible by reducing the investment in our housing stock from previous years, but was an option that tenants supported in our consultation process. It was clear from this exercise that the energy efficiency of homes was a high priority.

Looking ahead we must increase investment in the improvement of our existing houses and in particular in the essential energy efficiency measures, including heating systems to help provide affordable energy efficient homes for current and future tenants.

Development of Affordable Housing

Albyn continues to be a significant contributor to the expansion of affordable homes across the Highlands region and 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.

Increasing cost pressures on the Society

The recent high levels of inflation for much of the past two years have seen costs increase substantially across all areas of the business. In response to high inflation, we have seen 13 consecutive increases in the bank base rate which has increased our cost of borrowing. Whilst some of our borrowings are on fixed interest, some are subject to variable rates and to this end, our interest charges will be more than £4.5million in 2023/24 compared to just £2.8million in 2021/22.

In the past year alone, Insurance costs have risen by more than 43% for the society, reflecting the general increase in underlying costs and the specific construction inflation associated with the reinstatement of buildings.

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

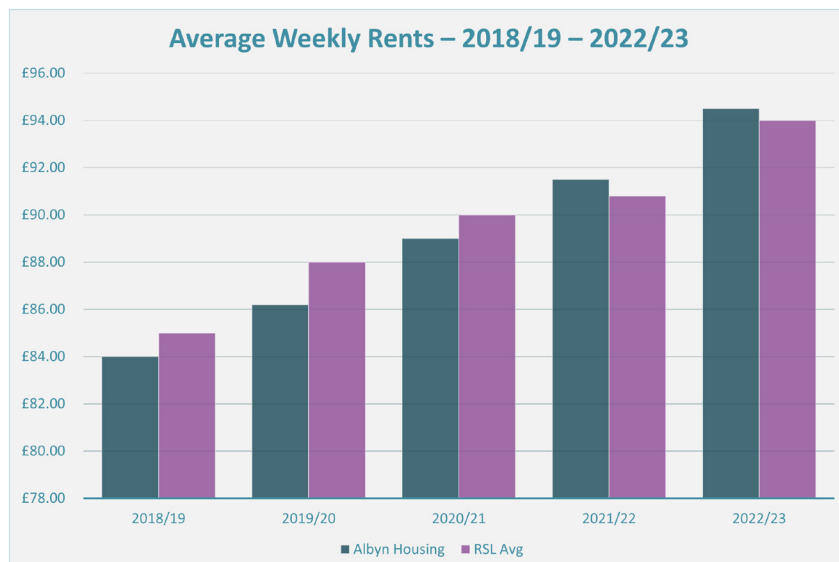
This consultation asks for tenant input into our Rent Review for the levels of rents charged with effect from 01 April 2024. You can find details for how to share your views as a part of this consultation at the end of this document.

OUR CURRENT RENT LEVELS – HOW DO WE COMPARE?

The average weekly rent for an Albyn Housing Society tenant in 2022/23, the latest year for which all social landlord rents were published was £94.82.

This is similar to the average across all Registered Social Landlords (RSL) which was £94.55. Our average rents have been in line with or lower than the RSL average weekly rent for the five years.

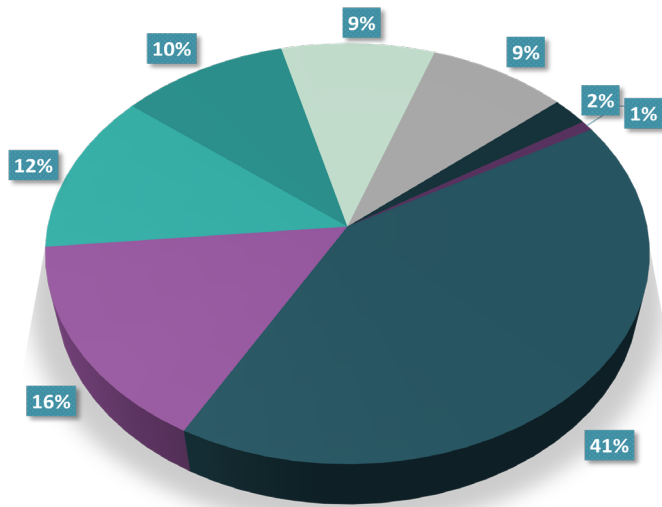
In January 2023 our Board approved the increase of rents by 5.0% following tenant consultation.



OUR INVESTMENT AND PERFORMANCE IN 2022/23

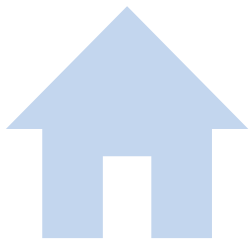
In 2022/23 we spent £36.9 million (last year: £33.6 million) on new and existing homes across the Highlands.

Albyn Housing Society Expenditure (£000) – 2022-23



New Homes	41%
Depreciation	16%
Housing Management	12%
Repairs	10%
Loan interest	9%
Improvements	9%
Service Costs	2%
Other Activities	1%

The largest part of our expenditure was on building new homes where we spent £15.3 million. We spent a further £3.7 million on repairing and maintaining existing homes and £3.1 million on replacing heating systems, kitchens, bathrooms and windows and doors. We spent £4.6 million on our operating costs and £3.4 million on loan interest charges. During the year we completed 69 homes for social rent, mid-market rent or Low-cost Home Ownership.



In 2022/23 we replaced in our tenants homes -

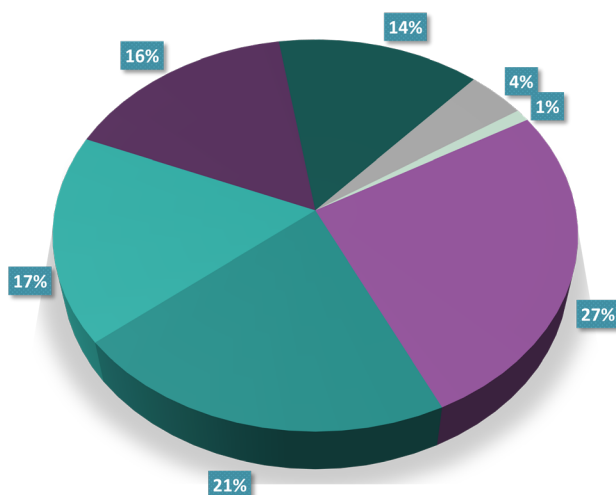
- 179 Heating Systems or boilers
- 13 Kitchens
- 152 Bathrooms
- 11 property's Windows and Doors
- Spent over £3.1m in improvements

We plan to spend a further £1.5million in 2023/24 to support our improvement programme and a further £23.5million in the following five-year period. We carried out 9,851 (last year 8,129) reactive repairs to our tenants' homes in 2022/23, with 86% completed right first time.

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:

How we spent each £ of Rent – 2022-23



Depreciation	27%
Housing Management	21%
Repairs	17%
Loan interest	16%
Improvements	14%
Service Costs	4%
Other Activities	1%

YOUR OPINION ON NEW HOME RENT PREMIUM

As part of this year's rent consultation, we are seeking the views of tenants as to whether we should seek to apply a rent premium for new homes occupied from 01 April 2024.

The purpose of this is to recognize that our brand new homes are more energy efficient and affordable to those tenants that move into them when compared to other homes in Albyn's stock portfolio.

A rent premium of 10% would be applied to the rent calculation which over the next three years would raise around £300,000. This additional funding would be used to invest in our existing tenants homes to deliver improvements to energy efficiency and the quality of homes.

CONSULTATION OPTIONS FOR 2024/25

Our policy and Business Plan requires us 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.

The ONS published the CPI Inflation figure for September 2023 on 18 October 2023 with the level confirmed at 6.7%. We have considered what we need to do to keep our rents affordable, whilst maintaining the amount of money we can invest in improving existing homes. Further options are presented which would enable the rate of home improvement to accelerate and we will consider tenant preferences as part of this consultation process.

Each option presented in this consultation includes the impact on our current business model:

Option A – 7.7% increase (CPI + 1.0%)

This is the lowest level of increase that we feel is feasible if we are to maintain a reasonable investment in our existing stock and the services that we provide to tenants. If this is the preferred option, Albyn will invest £23.5million across the next 5-year period improving the fabric and energy efficiency of tenants homes.

Option B – 8.2% Increase (CPI + 1.5%)

Under this option a further £354,000 over the next four-year period equating to approximately 47 new heating system installations.

Option C – 8.7% Increase (CPI + 2.0%)

Under this option a further £751,000 over the next four-year period equating to approximately 100 new heating system installations.

Additional Question: Rent premium on new homes handed over from 01 April 2024

Do you support the addition of a rent premium of 10% applied to all brand new homes tenanted from 01 April 2024 with the proceeds used to reinvest in energy efficiency and quality improvements to existing tenanted properties?

Yes

No

Impact of legislative changes passed by the Scottish Government

In the event that the Scottish Government extend the provision to restrict increases in rent similar to that applied through the Cost of Living (Tenant Protection) Bill in 2022, we will apply the legislative cap as required.

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 email or text
- By post – you can request a copy of the consultation document by calling the number below

The Consultation period will run until 12 January 2024 and your response will be used to inform our Board's decision making on Rent levels for 2024/25. Changes to rent levels will be effective from 01 April 2024.

Contact us

0300 323 0990

office@albynhousing.org.uk