

RENT & SERVICE CHARGE REVIEW FOR 2022/23

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.

Following a year that has seen the country learning how to live with a health pandemic, the economy is now beginning to grow as we look to recovery within our communities. Whilst levels of inflation during the past 12 months have been at historically low levels, recent months have seen inflation climb well about the Government targets. This brings about many challenges for organisations like Albyn and for the customers that we serve. In setting our rent levels we must be mindful of the needs of our tenants as we look to the future.

Last year, the low inflation climate enabled Albyn to deliver a rental increase of 1.5%, well below our long-term financial planning assumptions of 3% each year as the cost of goods and services remained manageable.

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.

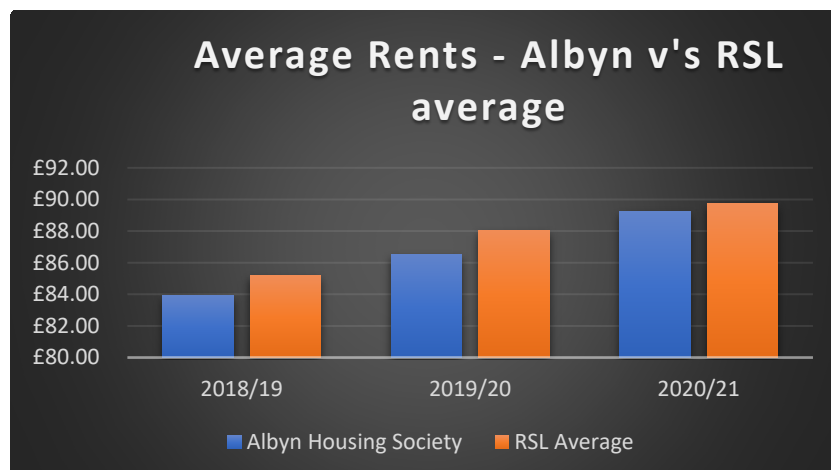
Rents are the main source of income for Albyn Housing Society and the level of rent is a key determining factor on what we can spend on delivering our housing services, improvements, and new build programmes.

This consultation asks for tenant input into our Rent Review for the levels of rents charged 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?

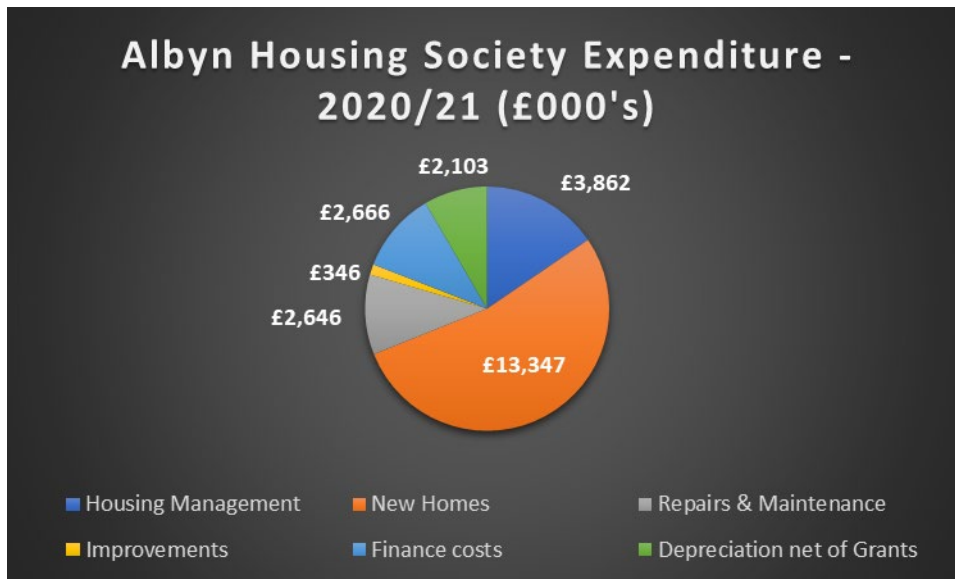
The *average* weekly rent for an Albyn Housing Society tenant in 2020/21, the latest year for which all social landlord rents were published was £89.24. This is similar to the average across all Registered Social Landlords (RSL) which was £88.37. Our average rents have been in line with or lower than the RSL average weekly rent for the past three years.

In April 2021, our Board approved the increase of rents by 1.5% following tenant consultation.



OUR INVESTMENT AND PERFORMANCE IN 2020/21

In 2020/21, we spent £25.0 million on new and existing homes across the Highlands.



The largest part of our expenditure was on building new homes where we spent £13.3 million. We spent a further £2.6 million on repairing and maintaining existing homes and £346k on replacing heating systems, kitchens, bathrooms and windows and doors. We spent £3.9 million on our operating costs and £2.7 million on bank interest charges.



In 2021/22 we will replace:

- 74 Heating Systems or boilers
- 40 Kitchens
- 40 Bathrooms
- 38 property's Windows and Doors

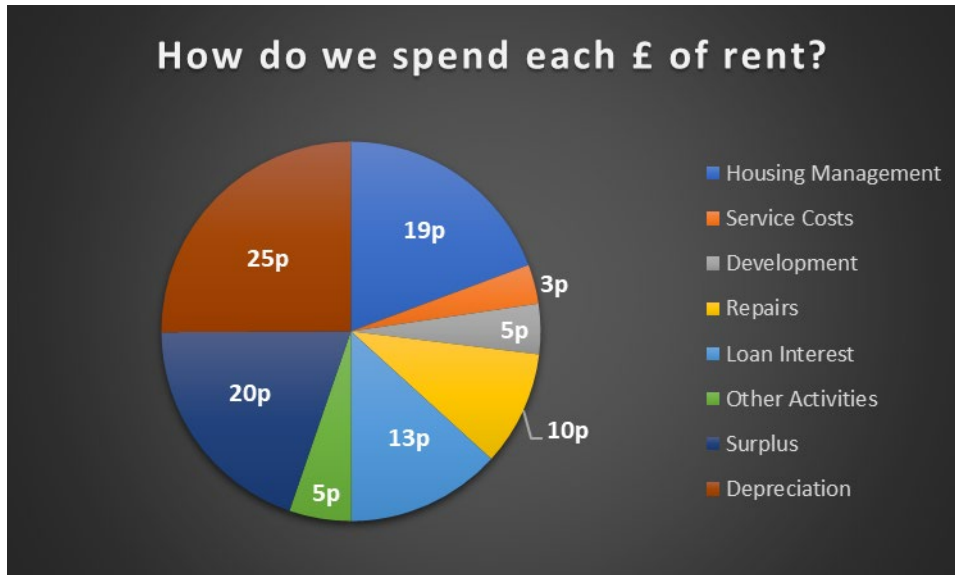
Across 192 different properties.

We carried out 6,220 reactive repairs to our tenants' homes in 2020/21, with 90.7% completed right first time.

We completed 21 new homes for social and mid-market rent in 2020/21, funded in part by Scottish Government Grants and loans which are paid back by rental income. Whilst this was a much smaller number than in previous years, we expect to complete over 220 homes in 2021/22.

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 2022/23

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 any increase in rent has 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 – 3.3% increase (CPI +0.2%)

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 3.3%. This is equivalent to the rate of inflation (CPI) measured in September 2021 plus 0.2%.

Option 2 – 4.1% increase (CPI + 1.0%)

We would welcome tenants' views on Option 2, a higher level of rental increase in line with our long-term financial planning assumption of CPI +1.0%. The impact of increasing rents by this amount will provide additional capacity to invest more in tenants' homes, providing the equivalent of a replacement heating system in 22 tenanted properties.

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 14 January 2022 and your response will be used to inform our Board's decision making on Rent levels for 2022/23. Changes to rent and service charge levels will be effective from 01 April 2022.

You can contact our offices on:

North Team/Head Office 0300 323 0990

South Team 0300 323 0991

Email: office@albynhousing.org.uk