

The Highland Council

RENT CONSULTATION

CO-CHOMHAIRLEMAIL 2023/2024

The Scottish Government has now introduced emergency legislation (called the “Cost of Living (Tenant Protection) (Scotland) Bill”) to prevent rent increases until the end of March 2023 for homes provided by social and private landlords. The legislation gives Scottish Ministers the ability to extend the rent cap beyond March 2023 for two periods of six months and Scottish Ministers will set out, no later than 14 January 2023, whether they intend to use these powers by either continuing with a 0% cap for a further six months or setting a different level for the cap from 1 April 2023.

As things stand, social landlords can increase rents from 1 April 2023.

The Scottish Housing Regulator has advised Landlords to proceed with discussion with tenants to determine what level of rent increase is required to deliver housing services for 2023/24, and to consult with you to ensure that we understand what is important to you, and your views on future rents.

The rent consultation will run in Highland until 9 December 2022. The consultation will be mainly digital, though tenants also have the option to text their response and there will be a dedicated number to call if you want to discuss the proposals in more detail. We have produced a short video which explains the rent setting process. This can be accessed on the Highland Council web site.

www.highland.gov.uk/rentconsultation If you have any questions arising from the video, you can email us at

tenant.participation@highland.gov.uk or call us on **07856 957056** (please note this is a dedicated number for the rent consultation and will close after 9 December)



What happens next?

We will use the feedback received from tenants to prepare a report for the Council’s Housing and Property Committee to consider when they set the level of rent and service charges for council tenants for the year 2023/24. This will be dependent on further guidance from Scottish Government on the rent cap.

We will write to you at least four weeks in advance to notify you of any new rent and service charges coming into effect for 2023/24.

Rent proposals for 2023/24

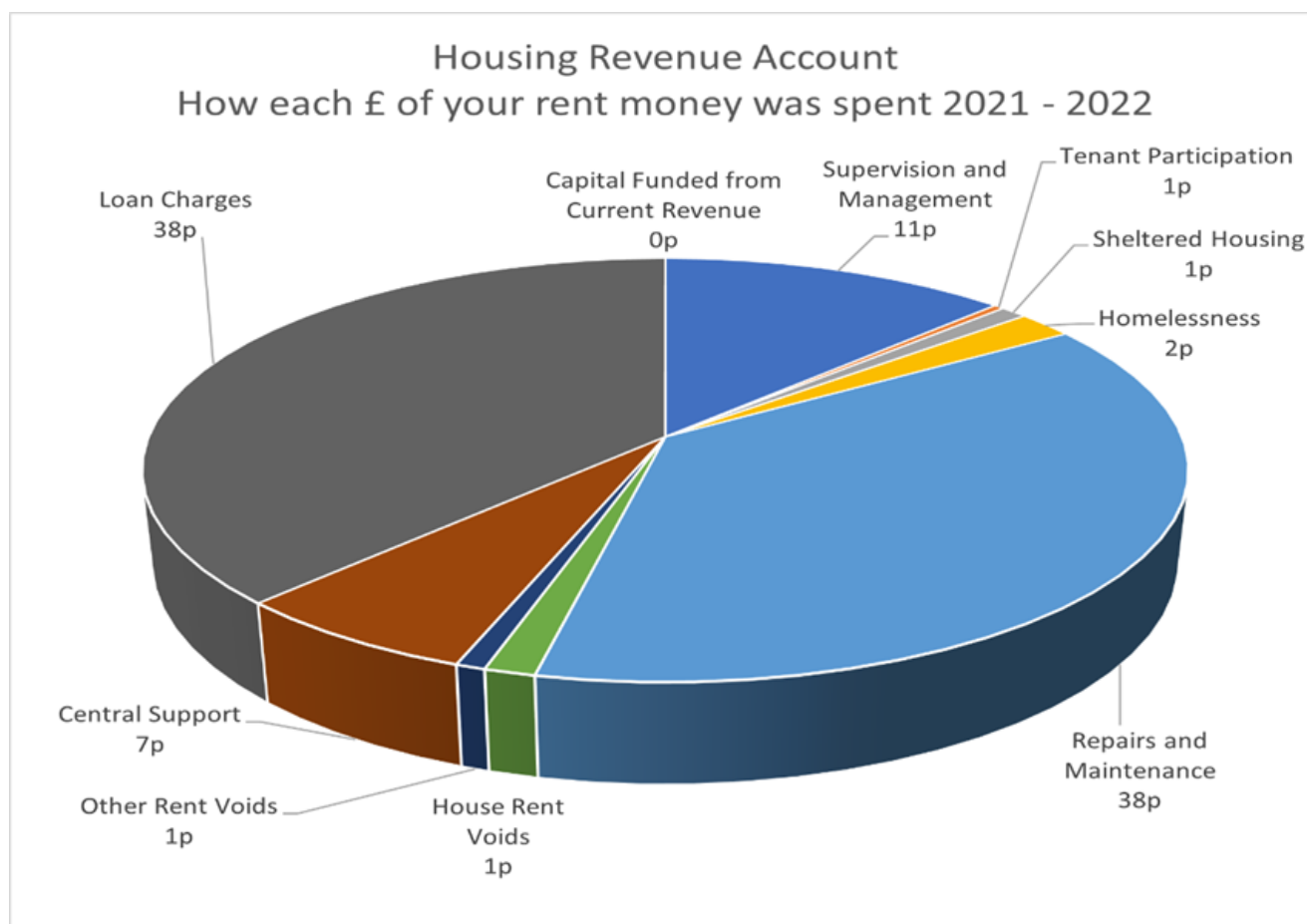
Moladh àrdachadh màil airson 2023/24

Everyone pays rent - even if you get housing benefit or Universal Credit to help you do so. Whichever way you pay, it is important that we get your views.

Every year we consult with all our Council house tenants about changes to their rent. This helps to decide how much rent we can collect and, in turn, how much of a housing service we can deliver in the following year.

We understand that many tenants are facing challenges and will be concerned about rent increases.

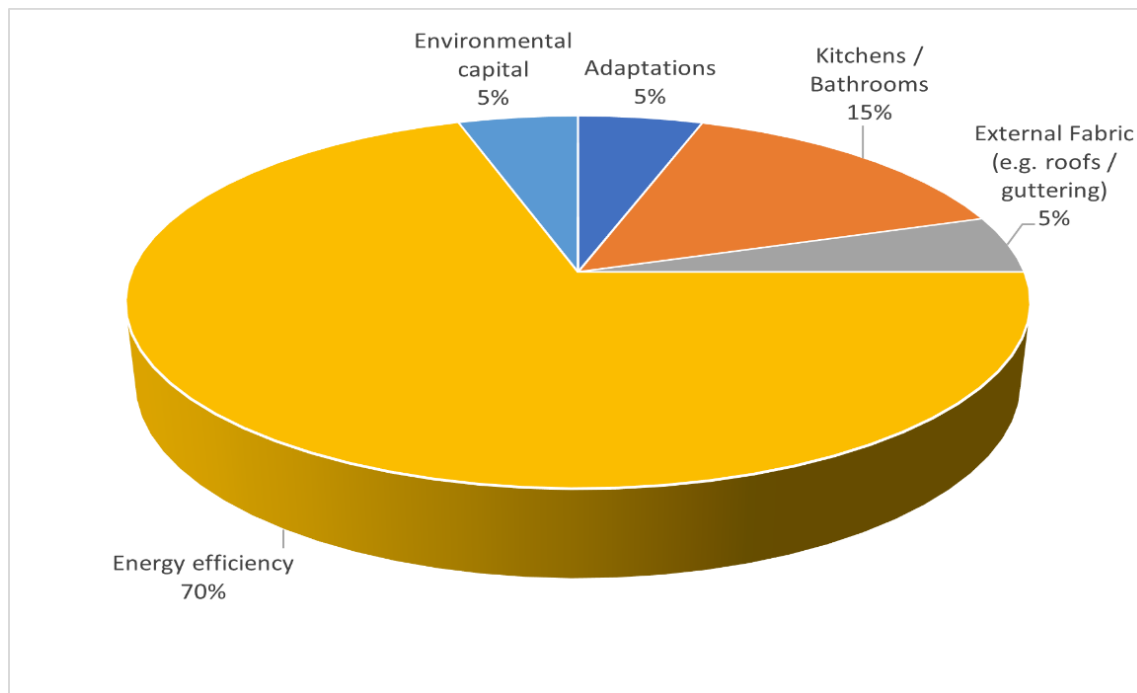
Your rent money pays for the housing services we provide, such as day to day repairs and estate management. It also pays for loan charges on the borrowing which funds capital improvements such as new kitchens, bathrooms, heating, insulation and other energy efficiency measures. Like everything else, the cost of providing these services has gone up. The chart below shows the cost in 2021/2022 (£61.9m) paid for from the 'Housing Revenue Account'. Many of these costs have increased. These increases need to be considered in our rent setting calculations.



Capital Programme 2023/24

The Council has a 5-year Housing Revenue Account Capital Plan that sets out our level of investment on improvements that are funded through borrowing. The Capital Programme for 2023/24 was previously approved by in December 2021 and is set at £19.252m. The estimated proportion of expenditure on different types of improvements is shown below.

Capital Programme spend for 2023/24 (£19.252m)



Although this programme focuses strongly on energy efficiency measures, it does not include any additional investment on the Scottish Government targets for Energy Efficiency Standard for Social Housing (EESH2) or additional energy efficiency measures. Funding of the programme will come from prudential borrowing and has an impact on future loan charges payable through annual rents. Due to building cost inflation the same level of capital investment will result in a lower volume of work, so overall the programme will slow down. Higher interest rates on borrowing mean we have additional repayment costs for the same amount of borrowing. Loan charges are estimated to increase by £2.820m next year.

Your rent options for 2023/24

Question 1 – Which rent option do you prefer?

We have tried to balance the cost pressures facing the Housing Revenue Account with the impact of the cost-of-living crisis on you as tenants. We want to keep rents as low as possible, but also to maintain services as far as possible. To find out your views we are consulting on 3 options, summarised below. We are proposing three options - to increase rents by either: 3%; 5% or 7%.

Each option is described here.

** Increases based on average weekly rate in 2022/23*

Option 1. The housing budget would be reduced by £1.245m. We would be able to provide essential front-line services but there would be a reduction in carrying out estate improvements (such as fencing works, communal footpaths, garage site works) and we may not be able to respond as quickly to other housing issues.

Increase rents by 3%

Average increase of £2.40p per week* (over 48 weeks)

Average increase of £2.21p per week* (over 52 weeks)

Option 2. The housing budget would be the same as this year. This would allow us to maintain current front-line service levels without removing the environmental improvement budget. This could still impact on some service levels if we continue to have high levels of inflation.

Increase rents by 5%

Average increase of £4.00p per week* (over 48 weeks)

Average increase of £3.69p per week* (over 52 weeks)

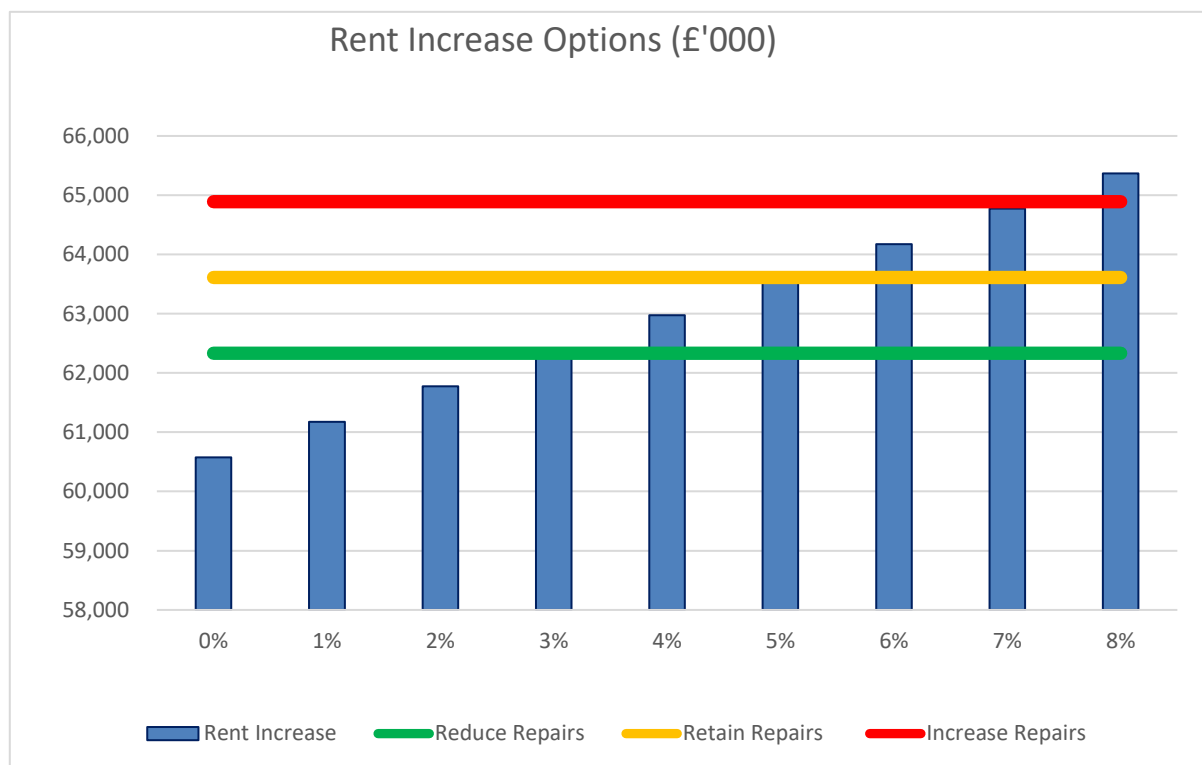
Option 3. Our budget for housing service will increase by £1.245m. This will do more to protect our front-line housing services from higher costs caused by inflation. It will make sure that we are able to deliver the same housing management and repairs and maintenance services.

Increase rents by 7%

Average increase of £5.60p per week* (over 48 weeks)

Average increase of £5.17p per week* (over 52 weeks)

The diagram below shows our costs for delivering varying levels of service and the rent increase required to sustain this.



Question 2 – Which rent paying proposal do you prefer – 48 or 52 weeks?

We currently charge your rent over 48 weeks with 4 "charge-free" weeks at around Christmas and Easter. We are giving tenants the option to change to a 52 week rent charging system. If we do this, you will:

- still pay the same amount of rent over the year
- pay slightly less each week
- not have "charge- free" weeks.

How will these options affect my rent?

These tables show what the average weekly rent will be for each of the rent increase options – 3%, 5% or 7%. Table 2 also shows what the payment change will be if payments are spread across 52 weeks (instead of 48 weeks).

Table 1 – Current option - Paying over 48 weeks (with four charge free weeks per year)

Size of Property	Current average weekly rent	Option 1 3%	Difference +	Option 2 5%	Difference +	Option 3 7%	Difference +
1 apartment	£67.22	£69.24	£2.02	£70.58	£3.36	£71.93	£4.71
2 apartment	£72.59	£74.77	£2.18	£76.22	£3.63	£77.67	£5.08
3 apartment	£79.81	£82.20	£2.39	£83.80	£3.99	£85.40	£5.59
4 apartment	£88.68	£91.34	£2.66	£93.11	£4.43	£94.89	£6.21
5 apartment	£98.94	£101.91	£2.97	£103.89	£4.95	£105.87	£6.93

Table 2 - Change to paying over 52 weeks (no charge free weeks per year)

Size of Property	average weekly rent over 52 weeks	Option 1 3%	Difference +	Option 2 5%	Difference +	Option 3 7%	Difference +
1 apartment	£62.05	£63.91	£1.86	£65.15	£3.10	£66.39	£4.34
2 apartment	£67.01	£69.02	£2.01	£70.36	£3.35	£71.70	£4.69
3 apartment	£73.67	£75.88	£2.21	£77.35	£3.68	£78.83	£5.16
4 apartment	£81.86	£84.31	£2.46	£85.95	£4.09	£87.59	£5.73
5 apartment	£91.33	£94.07	£2.74	£95.90	£4.57	£97.72	£6.39

Question 3 – Overall, do you feel that your rent is good value for money?

 1 Bed Highland Council £68.53 Scottish Average £75.95	 2 Bed Highland Council £72.85 Scottish Average £81.32	 3 bed Highland Council £80.58 Scottish Average £84.18	 4 Bed Highland Council £89.75 Scottish Average £91.48	 5+ Bed Highland Council £100.06 Scottish Average £100.74
---	---	---	---	--

Rents for Highland Council homes remain lower than the national average.

Your Views Matter

We want to know three things:

1. Which rent increase option you prefer?
2. Which payment option you prefer?
3. Is your rent good 'value for money'?

Have Your Say

We want to hear what you think.

You can tell us using one of the methods below

- **Online:** by following the Survey Monkey Link below or use the QR code

<https://www.surveymonkey.co.uk/r/HCRC23-24>



- **By Text:** **Option 1** or **Option 2** or **Option 3** and
48 weeks or **52 weeks** and
Yes / No to "Do you think the rent you pay is good value for money?"
to **07856 957056** (This number will close at the end of the consultation.)
- **By email:** tenant.participation@highland.gov.uk

If you are unable to respond using any of these options, please call 07856 957056 to speak to someone about the Rent Consultation.