

**REPORT TO:** Management Committee of 28<sup>th</sup> January 2015

**TITLE:** Rent & Service Charge Rises

**REPORT BY:** Operations Manager

**PURPOSE OF THE PAPER:** To provide feedback on the consultation on rent and service charges and approve the rises to take effect from 1<sup>st</sup> April 2015.

**FINANCIAL IMPLICATIONS:** Discussed in the report

**RISK IMPLICATIONS:** Discussed in the report

**ACTION REQUIRED BY COMMITTEE:** To note the consultation feedback and approve rises for the coming year.

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At the meeting on 3<sup>rd</sup> December, Committee considered the rent and service charge rise to be applied for the coming year. Committee decided to consult with tenants on three options as follows:

- Option 1 – 2.3% average increase. To deliver £4.5m planned maintenance programme for 2015/16 and continue work to improve energy efficiency of homes.
- Option 2 – 2.8% average increase. As above but also install peepholes to around 400 homes.
- Option 3 – 3.3% average increase. Same as options 1 and 2 but also carry out further security work such as external security lighting.

Tenants were given the opportunity to have their say in a number of ways including email, text or by returning the freepost postcard. The total number of responses received was 147 which is 8.3% of the total number of Abertay tenants. This is an increased response from the previous year when only 109 responses were received. These were broken down by tenants using the following methods:

Card return	135 (92%)
Email response	3 (2%)
Text response	9 (6%)
<b>Total</b>	<b>147</b>

Tenants were also asked to indicate whether they received housing benefit (HB) toward their rent. The results are as follows:

Current status	Total responses	Option1 (2.3%)	Option2 (2.8%)	Option3 (3.3%)	Spoilt/no option
Full rent payer	41 (28%)	29	3	9	
Partial HB	26 (18%)	24	0	2	
Full HB	37 (25%)	25	1	11	
Status not given/anonymous	23 (16%)	17	1	5	
Spoilt papers	5 (3%)				
No option chosen	15 (10%)				
<b>Total</b>	<b>147</b>	<b>95 (65%)</b>	<b>5 (4%)</b>	<b>27 (18%)</b>	<b>20 (13%)</b>

### Summary of the Consultation feedback

The response rate was an improvement compared to the previous year. Although giving tenants a range of ways to respond was good, the use of text messaging and email was disappointingly low in comparison with the use of the freepost postcard.

Of the responses received the overwhelming majority (65%) were in favour of the lowest increase of 2.3% with only 4% choosing option 2. With a higher percentage (18%) choosing option 3.

A slightly higher percentage of tenants paying full rent responded than other groups, but responses were reasonably representative of our tenants as a whole in terms of Housing Benefit status.

A number of comments and suggestions were made by the tenants in particular in relation to the type of works they would like carried out with the additional rental income. These are to be reviewed by Technical staff in relation to planned maintenance programmes.

There were a small number of tenants who did not choose any option and of these a few commented that they could not afford a rent rise due to the current economic climate or that they felt our rents were expensive enough as it is (6). However the primary responsibility of Abertay's Management Committee is to ensure the Association can afford to maintain its homes in a good standard into the long term future.

## **Conclusion and recommendation**

In December, Senior Management recommended to Management Committee three options for a rent increase and service charge of 2.3%, 2.5% and 3.3%. It is clear that although a small percentage would like to see some additional security measures to their homes (22%), the majority of tenants (65%) felt that the lowest increase was most affordable given the current economic climate.

Based on the above, we recommend that Committee approve a rise of 2.3% in rents, to take effect from 1<sup>st</sup> April 2015.