

REPORT TO: Management Committee of 25 January 2017

TITLE: Rent Increase Consultation & Service Charge Rises

REPORT BY: Operations Manager

PURPOSE OF THE PAPER: To provide feedback on the consultation on rent and approve the rise to take effect from 1 April 2017.

FINANCIAL IMPLICATIONS: Discussed in the November 2016 report

RISK IMPLICATIONS: Discussed in the November 2016 report

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

At the meeting in November, Committee considered the rent and service charge rises to be applied for the coming year. The draft budget paper recommended that the sheltered service charge be reduced to £88.91 in light of the results of consultation carried out with sheltered tenants and their agreement by majority to move to Retirement Housing. This was approved by Committee.

Other service charges are assumed to rise by 1%. However this will be looked at in more detail in the near future, once the outcome of the tender for close cleaning is known.

Committee decided to consult with tenants on two options to increase rents as follows:

- **Option 1** – 1.0% average increase. To carry out 4.5 million of improvement work to over 450 homes.
- **Option 2** – 2.0% average increase. As above but in addition accelerate £400K of energy efficiency work over the next 5 years, enabling tenants to benefit in savings to their fuel costs.

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 68 which accounts for 4% of the total number of tenants surveyed. The return was disappointingly low compared to 142 responses (8%) received the previous year.

The method of response used and the option chosen are as follows:

Method of return	Total responses	Option1 (1.0%)	Option2 (2.0%)
Card return	66	53	13
Text response	1	1	0
Email response	0	0	0
No option chosen or card spoilt	1 (2%)		
Total	68	54 (79%)	13 (19%)

Summary of the Consultation feedback

The response rate was much lower than the previous year although tenants were again given a range of ways in which they could respond. The overwhelming response received was by freepost card with no emails and only one text received.

Of the responses received, 79% were in favour of the lower increase of 1.0%. The proposal for accelerating energy efficiency work (option 2), was a popular proposal for 19% of responders. Only one tenant did not choose an option and commented on why they felt a rise was not justified.

11 comments were received, most of which further supported the lower rent rise option.

Conclusion and recommendation

In November, Senior Management recommended to Management Committee two options for a rent increase and service charge of 1.0% and 2.0%. It is clear that the majority of tenants (79%) felt that the lowest increase was a more affordable option.

Based on the above, we recommend that Committee approve a rise of 1% in rents to take effect from 1st April 2017.