

REPORT TO: Management Committee of 7 February 2018

TITLE: Rent & Service Charge Rises

REPORT BY: Housing Manager

PURPOSE OF THE PAPER: To provide feedback on the consultation on rent and approve the rise to take effect from 1 April 2018.

FINANCIAL IMPLICATIONS: Discussed in the November 2017 report

RISK IMPLICATIONS: Discussed in the November 2017 report

ACTION REQUIRED BY COMMITTEE: To note the consultation feedback and approve the rent 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 monthly retirement housing service charge be reduced to £86.41 in light of further efficiencies made with the move from sheltered to retirement housing in April 2017. This was approved.

Other service charges are assumed to rise by 4%. 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** – 4.0% average increase. To carry out 3.1 million of improvement work to over 650 homes.
- **Option 2** – 4.5% average increase. As above but also to provide a handyman service to carry out small jobs such as moving furniture or changing lightbulbs etc.

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 106 which accounts for 6% of the total number of tenants surveyed. The return rate was an improvement from the previous year when only 68 (4%) were received.

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

Method of return	Total responses	Option1 (4.0%)	Option2 (4.5%)	Either option or no option chosen
Card return	95 (90%)	50	40	5
Text response	8 (8%)	6	2	0
Email response	3 (2%)	1	0	2
Total	106	57 (54%)	42 (40%)	7 (6%)

Summary of the Consultation feedback

Tenants were given a range of ways in which they could respond and the response rate was higher than the previous year with an improvement in the numbers responding by text. However the freepost card return was by far the most popular option for 90% of responders.

Of the responses received, 54% were in favour of the lower increase of 4.0%. However a sizeable minority (40%) thought that a 4.5% increase to fund a handyman service was a more popular option. Six tenants did not choose an option and commented on why they felt any rise was not justified and one responder had chosen both options.

All comments made have been recorded and are being reviewed by Senior Management with a view to re-assessing some areas of service provision.

Comparison with other local landlords

Other social landlords in the Dundee area are currently consulting their tenants on a rent increase for the coming year. They include:

Sanctuary HA – Currently consulting on 4.4% increase.

Angus HA – Currently consulting on an increase between 2.8% - 3.5%

Hillcrest HA – Currently consulting on an increase between 3.5% - 4%

Dundee City Council – 3% increase agreed.

Conclusion and recommendation

In November, Senior Management recommended to Management Committee two options for a rent increase and service charge of 4.0% and 4.5%. Over half of the responders (54%) felt that the lowest increase was the better option.

Based on the above, we recommend that Committee approve a rise of 4% in rents and service charge and a £2.50 reduction in the monthly Retirement Housing Service Charge to take effect from 1 April 2018.