

This newsletter explains options for this year's rent increase. Please tell us your views on them.



**2023/2024**

**Rent Options Consultation**

# Will rent increases be permitted in 2023?

The Scottish Government has said that landlords cannot increase rents before 31 March 2023.

Clydesdale Housing Association normally applies a rent increase each year – we confirm this in writing each February. We are required by law to consult customers about any proposed change. We must also explain how we may change what we do and what this change means for customers.

This letter and leaflet are the start of the

consultation period. The Management Committee of Clydesdale Housing Association will decide on next year's rent increase in early February 2023. It will take into account the views of customers when it makes that decision. Customers will get at least four weeks' notice of any increase to their rent.

The Scottish Government may set a maximum rent increase for next year. We expect to be told this by mid-January.

## Our track record on affordable rents

Clydesdale Housing Association has always taken care to keep rent levels as low and affordable as possible. We have a strong

track record in this and our rent levels compare very well to the other rural housing associations and Scottish average rents.

	1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms	All house sizes
Clydesdale Housing Association	£79.24	£84.82	£92.96	£110.08	£85.28
Average of rural associations	£82.10	£88.08	£97.35	£107.99	£90.47
Scottish Average	£82.59	£91.98	£99.87	£110.20	£91.25

Source: Scottish Housing Regulator statistical data for 2021/22 (published August 2022)

The Covid-19 pandemic presented many challenges to our customers. During that period, we continued to provide services and comply with public health guidelines.

Because of the financial challenges customers had we kept rent increases below inflation:

2021/22	Clydesdale rents increased by <b>1%</b>	Inflation was <b>1.5%</b> in April 2021
2022/23	Clydesdale rents increased by <b>2%</b>	Inflation was <b>9%</b> in April 2022

In April 2022, at £1.71, we, had the 8th lowest average weekly rent increase of all Scottish housing associations – there are 158 housing associations and co-operatives in Scotland.

Our rents comfortably meet the levels considered affordable for families, single parent families and couples, although the rent levels of some of our two bedroom homes are only just affordable for single people on low incomes.

# The cost of living crisis

Most people are struggling with higher prices for food, energy, and general living costs. Many of you will be making difficult choices about buying food and heating your home.

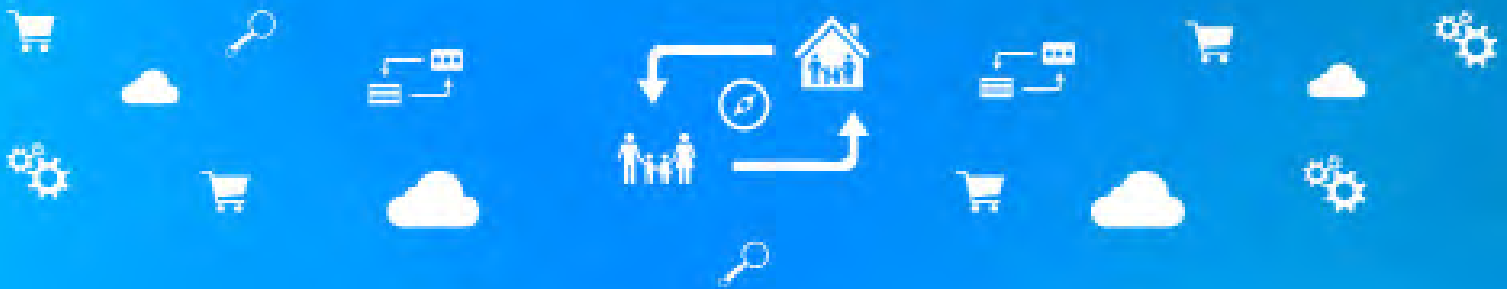
Clydesdale Housing Association tries to keep rents affordable for all our customers. Rents are only increased by the amount needed to maintain services and to invest in your homes to keep them in good condition.

We have allocated two phases of £170 energy vouchers to customers over 2021/22 and 2022/23 – funded by the Scottish Government’s Social Housing Fuel Support Fund. We have worked with the Home Energy Advice Team (which is part of the Wise Group) to make these awards. Working with this specialist partner has

managed to access funding that helped to reduce many customers’ energy debt – in some cases, by as much as £1,100. Also, as part of this work almost 550 customers accessed an additional £140 through the Warm Home Discount and an additional 262 received £49 through the MEGA Fund Voucher Scheme.

We will continue to apply for funds that can either be directly passed on to customers or that can fund projects to support households through the cost of living crisis.

If you have problems with energy costs or need home energy advice, contact us to arrange a Home Energy Advice Team consultation - **01555 665316** or [mail@clydesdale-housing.org.uk](mailto:mail@clydesdale-housing.org.uk)



## We're here

If you are struggling to make ends meet or to pay your rent, our Housing Management team can help. There are benefits and grants available that you may not be aware of, and our team can support you to access these services. We can also offer advice on household budgeting.

Call us on 01555 665316 for an appointment. They can meet you in your home, in our office or telephone you at a time that suits you.

## to help

We also have lots of information available on our website

[www.clydesdale-housing.org.uk](http://www.clydesdale-housing.org.uk)

We also work in partnership with South Lanarkshire Council’s Money Matters service and Clydesdale Citizens Advice when more specialist or independent advice is required.

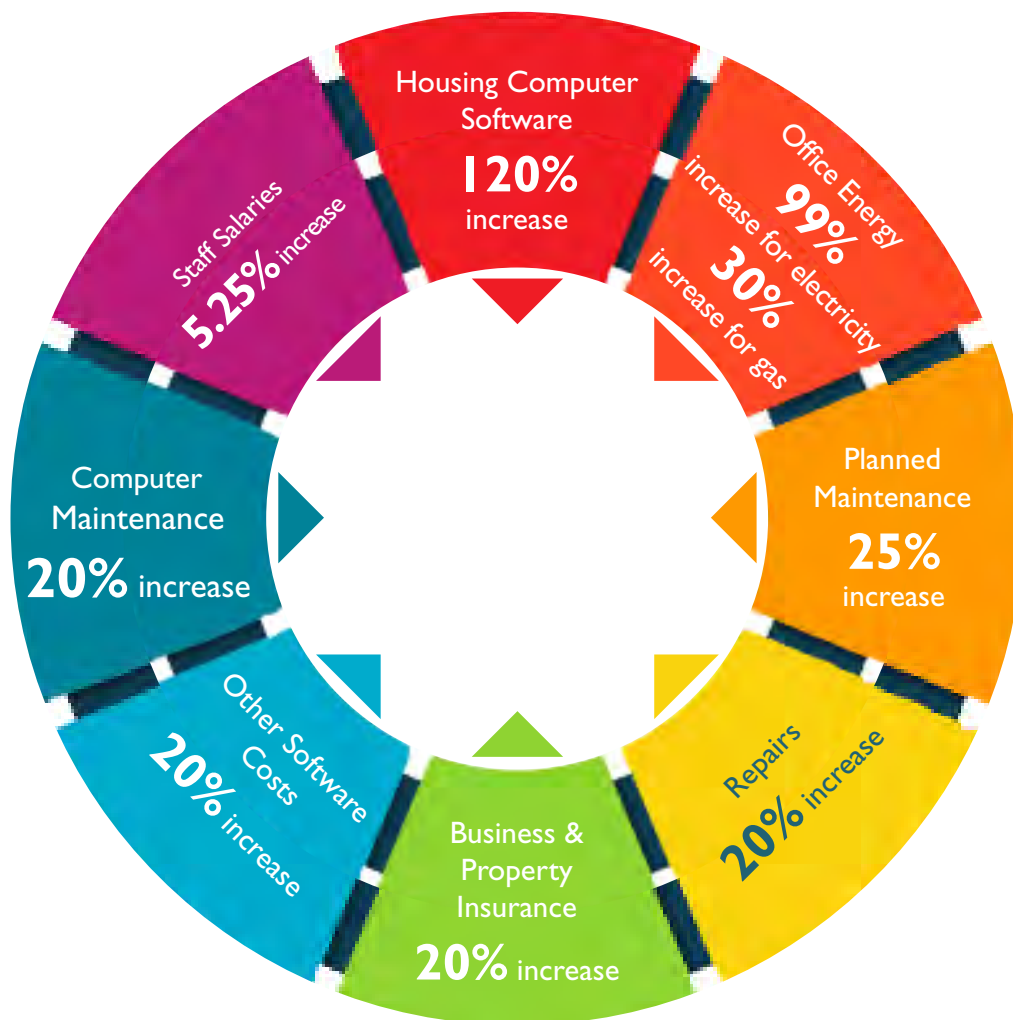
Further online advice and support is available at <https://www.turn2us.org.uk/Get-Support>

# Clydesdale's costs are rising – sharply!

Events we have no control over have led to the current high inflation level – the highest rise in 30 years!:

- the Ukraine war has resulted in high energy, fuel and building material prices
- Brexit has led to workforce shortages (especially in the repairs & construction sector) – this has led to higher wages and so higher prices
- Covid-19 continues to cause interruptions to the global supply of goods - creating shortages and big price increases.

These factors are now hitting Clydesdale Housing Association's costs heavily. The chart below shows the sharp price increases we are experiencing – increases we have never experienced before. Cost increases similar to these are being experienced by all housing associations in Scotland.



As we have no control over the world events listed above, Clydesdale Housing Association needs to concentrate on the things it can influence - to ensure that enough money will be available to fund repairs to tenants' homes and the services that you have told us you value so much.

The last two years of less than inflation rent increases has meant that our costs have risen at a higher rate than our income – this has been made worse by the cost increases outlined above. This growing gap between costs and income needs to close to achieve a positive financial future.

# Our plans to protect services and housing quality

Clydesdale Housing Association has always managed and planned its finances carefully. We don't take risks with the rent money customers pay to us – we make sure that we plan our budgets and rent levels to make sure we have the funds required to keep homes safe and to a high standard. We have always done this with a heavy emphasis on keeping rents affordable. **Our customers already know that we are not a profit-making business, we are a registered charity that re-invests every penny we make back into maintaining and improving the quality of the homes we provide.**

However, the circumstances we are now facing are extreme and have been impossible to predict – they have been shocking and unexpected to governments and businesses alike.

In such extreme circumstances, Clydesdale Housing Association needs to act quickly and decisively where it can to protect the financial health of the organisation – so that we can continue to provide high standards of services and quality homes for customers. This means we need to change our plans on the rent levels we set and the timing of when investment in customers' homes takes place. These are difficult decisions to make, but they are essential.

Our long-term financial planning has shown that if we take no action, the Association will run out of money in 5 years! The plans outlined below are designed to make sure this does not happen and that Clydesdale Housing Association's financial health is protected going forward.

<b>Action 1</b>	We are presenting 2023/2024 rent increase options of 5%, 7.5% and 10% to customers for their feedback before we make any final decisions.
<b>Action 2</b>	We will prioritise our day-to-day repairs services in order to maintain the quality of tenants' homes and ensure that we continue to meet our Scottish Social Housing Charter obligations.
<b>Action 3</b>	We will keep tenants safe by meeting our tenant and resident safety responsibilities on gas appliance testing, electrical safety inspections, fire safety measures, asbestos management and hot water cylinder servicing.
<b>Action 4</b>	With average inflation rates of 40% in the Scottish construction industry, we have decided to suspend any plans in all new build projects until further notice. Continuing to proceed with new build projects would expose Clydesdale to the risk of spiralling construction costs.
<b>Action 5</b>	Due to high inflation rates, we need to delay the home improvement contracts we had planned for 2023/24 until 2024/25. We still aim to continue work to replace aging electric storage heaters with more efficient systems in 2023/24 - but this will rely on us obtaining financial subsidies to help with this expensive work.
<b>Action 6</b>	We will make efficiency savings through the better use of technology, e.g., digital newsletters instead of printed copies, replace letters with emails and texts, use of video-conferencing where possible instead of home visits.

# 2023/2024 rent increase options -

Inflation in September 2022 was 10.1%. The Bank of England is predicting that inflation will increase to 13% by the end of 2022, then start to reduce in the middle of 2023. So, unfortunately, prices will continue to rise at high levels for some time yet. Current predictions expect inflation to reduce to 2% in late-2024.

Whilst we have been reviewing our long-term financial health and the need to increase rents, we will still protect customers by keeping rent levels affordable.

As you can see below, we are not proposing to increase 2023/24 rents in line with inflation and the increasing costs we previously outlined. This means we will have much less money to spend on your home and the services we provide – the difficult choices we need to make to reduce costs are explained in Actions 1 to 6 on the previous page.

In order to keep rent increases below inflation we will have to spend less on improving homes. We will also have to increase rents by more than inflation in the future to make up for this year's "below inflation" rent rise.



# We want your feedback on the rent increase options for 2023/2024 below:

## Option 1

### 5% increase

What this means for future rent increases (based on economic forecasts currently available)

- 4 years at inflation + 2%
- then next 4 years at inflation + 1%
- then inflation only

## Option 2

### 7.5% increase

What this means for future rent increases (based on economic forecasts currently available)

- 3 years at inflation + 2%
- then next 5 years at inflation + 1%
- then inflation only

## Option 3

### 10% increase

What this means for future rent increases (based on economic forecasts currently available)

- 1 year at inflation + 2%
- then next 7 years at inflation + 1%
- then inflation only

# What happens next?

Please complete the enclosed feedback form about the rent increase options we have explained.

All feedback will be reported to the Association's Management Committee.

The Scottish Government will let us know if they plan to control rent levels for 2023 by the middle of January 2023. The Scottish Government may restrict rents to less than 5%. If this happens, we will need to increase future years rents at higher levels than we have outlined in this newsletter.

Assuming the Scottish Government does not control rents, the Association's Committee will make a decision on rents in early-February 2023. The Committee will take your feedback into consideration, along with the economic position and inflation forecast at the time. Things change very quickly at the moment, so inflation may have gone up or down by February.

We will write out to all customers by the end of February 2023 to tell you what your new rent will be.

# Have Your Say



Choose how you want to take part in this rent consultation using one of the methods below

Make sure to provide your feedback by **4.00pm on Friday 27 January 2023**

- Complete the consultation form in this newsletter and return it to us in the pre-paid envelope provided.
- Phone us on **01555 665316**
- Email us at [mail@clydesdale-housing.org.uk](mailto:mail@clydesdale-housing.org.uk)
- Online on our website at [www.clydesdale-housing.org.uk/contact-us/](http://www.clydesdale-housing.org.uk/contact-us/)
- Write to us at Clydesdale Housing Association, CHA Community Hub, 39 North Vennel, Lanark, ML11 7PT

If you are using a method other than the consultation form, please write or quote the reference number that can be found at the top right of the consultation form.

## We speak our customers' language

If you would like help, including translation, to complete this questionnaire, please ask any member of staff, call 01555 665316 or email us on [mail@clydesdale-housing.org.uk](mailto:mail@clydesdale-housing.org.uk)

