

## **2024/2025 Rent Options Consultation**



**This newsletter explains rent increase plans for 2024/2025 – from 28 March 2024 we are proposing to increase rents by 5%.**

**Please read this consultation newsletter then tell us your views on our rent increase plans.**

## How we plan our finances

As a registered Scottish charity, we need to plan our finances carefully. We do this to make sure we can fund our services and keep investing in the quality homes we provide.

We need to consider the finances for the year ahead, the next few years and the long-term – as far as 30 years in advance!

We prepare detailed budgets for the year ahead to plan for the short-term. This considers everything we expect to spend as well as what income we will need to fund it.

We also use the information we have on the condition of our homes to estimate the timing and

cost of work that will keep them to a high standard. Estimating costs is a difficult thing to do. It involves looking at what it has cost in the past to do things, how costs in different areas are changing and looking at the overall economy and the forecasts that financial experts make.

On the income side, we check the affordability of the rents we charge to tenants using industry recognised methods and through listening to the feedback our customers provide.

Once we have a clear idea of our financial plans we consult with tenants before making a final decision on what we will do – this newsletter explains our proposals.

## Our rents compare well with others

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 well to the other rural housing associations and Scottish average rents.

### Average weekly rents 2022/23 (excluding service charge)

	1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms
Clydesdale Housing Association	£80.80	£86.53	£94.79	£112.25
Average of Rural Associations	£86.11	£95.71	£104.34	£115.49
Scottish Housing Associations Average	£90.92	£92.67	£102.24	£113.15

Source: Scottish Housing Regulator statistical data for 2022/23 (published August 2023)

## Last year's rent increase

We found it necessary to introduce a 7.5% rent increase in April 2023. This was required because of the financial challenges facing the Association – many of our costs like repairs, insurance, energy and computer maintenance had increased at between 20% and 99%. Although our highest rent increase in many years, 7.5% still represented an increase that was below inflation – which was 8.7% in April 2023.

Last year's tenant consultation was open about our need to generate enough income to fund our services and protect our housing investment plans. Our rent consultation showed that the 2023/2024 increase of 7.5% would need to be followed with increases in future years that would look like:

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

## Inflation and the economy

Our Rent Policy says that we will seek to use the September inflation level as our basis for rent setting for the following year. The measure of inflation we use (the Consumer Prices Index, also known as CPI) has been at recent record high levels over the last two years – it started to rise sharply in late-2022, peaking at 11.1% in October 2022.

The September 2023 inflation rate was 6.7%. If we apply the rent increase we forecasted when we consulted customers last year (inflation, plus 2%), an overall rent increase of 8.7% would

be applied in 2024/2025. Our Policy does allow us to move away from rent increases based on inflation – it enables us to consider balancing the Association's financial viability and the affordability of rents for customers.

Inflation recently reduced – the October 2023 inflation level was 4.6% - the lowest since September 2021. Current economic forecasts expect inflation to reduce further over the rest of 2023/2024.

It is important to remember - when inflation falls, prices are still increasing – they are just increasing at a lower rate than previously.

## Our work to support customers with cost-of-living challenges

We know that people are struggling with higher prices for food, energy, and general living costs. Many have made difficult choices about buying food and heating their 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.

To support household budgets, we 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.

In early 2023 we were able to add to this with a further £200 per household from the Scottish Government.

We have worked with the Home Energy Advice Team (which is part of the Wise Group) to make these awards. This specialist partner has managed to access additional funding to help with energy costs and to clear energy debt for some.

We have recently obtained more Scottish Government grant to provide free air fryers and slow cookers to single parent families and those living in homes with 3 bedrooms or more.

If you are in one of these household types, get in contact with us now if you haven't done so already to tell us you want to take part.

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 talk.

Our Housing Team continue to provide support to tenants through money mentoring and benefit maximisation check – this also provides support to help with form-filling. We can also arrange a meeting with a Money Advisor who will help organise the repayment of rent arrears and any other debts – they also provide independent benefit entitlement advice.

We also introduced a freephone number this year to make it cheaper and easier for customers to contact us.

Contact us on **0808 175 6288** or **mail@clydesdale-housing.org.uk**

if you want to discuss any of these support options.

# Rent increase options for 2024/2025

We now have rent increase options for customers to consider and provide us with feedback on:

## Option 1

5% increase

Reason:

economic forecasts predict that inflation will gradually fall as we approach April 2024

This is our preferred rent increase.

## Option 2

8.7% increase

Reason:

our Rent Policy uses the September 2023 inflation rate. Last year we said we would need to increase rents by inflation, plus 2%, in 2024/2025 = 6.7% + 2%.

***If the reductions in inflation that have been forecast happen, CHA intends to limit the 2024/2025 rent increase to 5%.***

Our costs are still increasing at rates above inflation – this is why we need to apply a rent increase – one that may still be above the rate of inflation by the time the increase is introduced in April 2024.

We will monitor how forecasts and actual inflation develop in the coming months. If these are different from the current inflation forecasts, we may need to change our rent increase proposals for 2024/2025.

# 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.

We will write out to all customers by the end of February 2024 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 26 January 2024**

- Complete the consultation form in this newsletter and return it to us in the pre-paid envelope provided.
- Phone us on **0808 175 6288**
- 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)



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