



Your Views are Important

Have Your Say.....



**Rent Increase Consultation
2022/23**

Your Views are Important

Welcome to our Annual Consultation on your rent charge.

Forgewood Housing Co-operative would like to hear your views on the proposals we have for next year's rent charge.

Every year we review how much rent you pay. The Co-operative looks at the money spent over the past year and calculate how much we need to invest in our homes and run our services for the coming year while making sure our rents remain affordable.

The Co-operative must set our budget for 2022/23 to ensure that we remain financially viable in the short and longer term and continue to provide the best standard of service we can for our tenants.

We are therefore trying to keep our rent increase as low as we can while still making sure we have sufficient funds to cover all our running costs and set money aside for future maintenance and investment works.

We are aware that any increase in rent will affect household's finances. We know the current economic environment is challenging, with rising cost of fuel, food and changes to Universal Credit.

In light of this our Management Committee have considered the following:-

- The budgets for 2022/23;
- The projected future income and expenditure for the next 30 years;
- Business Plan projections which would normally be linked to the Consumer Price Index (CPI) plus an additional 1.0%;
- The Consumer Price Index (CPI) for September (3.1%) October (4.2%) and November (5.1%) and agreed to take the lowest CPI of 3.1%

Therefore in accordance with our assumed Business Plan projections the rent increase would be 3.1% plus 1% = 4.1%.

However, the Management Committee have taken into account the impact this would have on tenant's income and is proposing restricting the rent increase to **3.1%** for 2022/23.

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Challenges.....

On 1 April 2022 Forgewood Housing Co-operative is proposing to increase our rents and wish to seek tenants' opinions on the level of the rent increase.

There are a number of factors which we are obliged to consider when setting rents.

This newsletter will enable you to understand the challenges that we face in making our decision.

We want to deliver the best possible service to our tenants within the resources available to us. To achieve this we have to work as efficiently as possible and work within our budgets.

Setting our rents is an important part of the budget process.

There are a number of factors which we are obliged to consider when setting rents and these are as follows:-

- ✧ We are obliged to consult with tenants when setting our annual rent increase.
- ✧ We are bound to meet the conditions of the Scottish Housing Quality Standard (SHQS) which states that every house must meet a certain standard.
- ✧ We must generate enough income to meet our short and long term costs which include paying back any loans, paying for maintenance services and for staff salaries and overheads.
- ✧ Planning what major repairs your home needs over the next 30 years which is funded from the rents we receive from tenants. We must therefore raise a certain level of income from our rents in order to meet our repairs and maintenance commitments. This means that we will almost certainly have to increase your rent every year.
- ✧ Getting the best possible price to carry out the works required to your home.

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- ✧ Planning what needs to be done to parts of your home and common areas such as external paintwork over a shorter period of time i.e. 5 to 8 years.
- ✧ Working with our tenants to ensure rent is paid on time to maximise the income that allows us to provide the range of services you are entitled to.
- ✧ Making sure our staff and Management Committee are equipped with the skills and knowledge they require to carry out their duties.
- ✧ We must consider the standards and outcomes set by the Scottish Social Housing Charter with regard to rents so that “a balance is struck between the level of services provided, the cost of the services, and how far current and prospective tenants and other customers can afford them”.

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What does this mean for you per week?

The table below shows the increase of the average rents per property size and type with a rent increase of 3.1% applied.

Property Size & Type	Typical Current Weekly Rent £	Weekly Rent + 3.1% increase £	Difference
			£
2 bedroom flat	£73.05	£75.32	£2.27
3 bedroom flat	£74.98	£77.31	£2.33
1 bedroom new build flat	£78.45	£80.89	£2.44
2 bedroom new build house	£86.23	£88.91	£2.68
3 bedroom new build house	£91.18	£94.01	£2.83
4 bedroom new build house	£96.97	£99.98	£3.01

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Proposed Rent Increase 3.1%

An average increase of £2.39 per week.

Rent Affordability



Affordability is about the ability of an individual to pay the rent we charge and we are very much focussed on charging rents which tenants can afford.

We need to achieve this whilst raising enough income from rents to fund services and the investment needed to protect the quality of our housing stock into the long term.... our housing is a significant local asset the value of which much be protected for future generations.

When we set rent levels we use a recommended Rent Affordability Tool Guide developed by the Scottish Federation of Housing Associations (SFHA) to check the affordability of our rent charges for a range of household types.

We appreciate that every tenant's circumstances and household budgets are different, but this tool provides us with a strong indication of how affordable our rent charges are.

This approach suggests that where the level of household income spent on rent exceeds 30%, that household is likely to encounter regular difficulty in affording to pay their rent. Ideally, this level should be no more than 25% of household's income.

Most of our homes comfortably meet the 25% of household income measure.

Why are we proposing a rent increase of 3.1%?

This year we are proposing a rent increase of 3.1% which is the lowest Consumer Price Index (CPI) over September, October and November 2021.

What is Consumer Price Index (CPI)



- It is the rate at which the prices of goods and services bought by households rise and fall;
- The percentage is calculated by comparing prices for the latest month with prices in the same month one year ago;
- Over 700 different goods and services that households typically buy are tracked and their price movements are measured in approximately 20,000 outlets in the UK.

The “CPI” for September 2021 was 3.1% that means the price of the 700 different goods and services were 3.1% more expensive than they were in September 2020.

We have used the lowest increase by taking the Consumer Price Index from September, October and November and removed the plus 1%. This is the lowest increase we can afford that safeguards current services and maintains the home improvement programme at the standard that we have already set.

Based on all of the above we feel that our rent proposal for 2022/23 are fair and proportionate.

Do you agree? Please provide comments on the survey form attached.

We have tried to keep our rent rises as low as possible for the past three years. Please see below:

	2019/2020	2020/21	2021/22
Rent Increase	3.1% (CPI 2.1% + 1%)	2.5% (CPI 1.5% + 1%)	1.7% (CPI 0.7% + 1%)
Average Weekly Rent	£73.69	£75.66	£76.82
Scottish Average Weekly Rent	£88.01	£89.74	Not published

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How we plan to spend your rent next year:-

Our most recent annual report (issued in October 2021) showed how the Co-operative spent the income we received which was mainly through our rents. A copy can be issued on request and is also available on our website.

We like to inform tenants what we spend our money on and what maintenance will be carried out to their homes and within our estates.

Listed below are some of the day to day and planned work we will be aiming to carry out in 2022/23 –



- In House Repairs
- Gutter Cleaning
- Landscaping Contract
- Gas Servicing & Repairs
- Stair Lighting
- Close Cleaning

- Void (empty property) Repairs
- Cyclical Repairs
- Electrical Testing
- Kerbside Bulk Uplifts
- Paintwork
- EPC Certificates

Planned Maintenance



- Phased replacement of bathrooms in flats (where due renewal)
- Renewal of external doors to ground floor flats where necessary (on phased basis)

As we make our way through the Covid-19 pandemic, any work carried out by the Co-operative will be subject to health and safety approval from the Scottish Government. Last year, we carried out some planned improvements i.e. installed fire protection equipment to meet UK Government legislation and installed new bathrooms in some flats and hope to move onto the next phase within the next financial year.

We Need You!

You can do your
bit to provide
feedback-



Have your say!

As part of the rent consultation process a virtual Rent Review Focus Group Meeting (by zoom) is scheduled for 19 January 2022 and the feedback will be taken to the Management Committee meeting at the end of January 2022.

Last year we took the views of the Rent Focus Group, which consists of tenants, to the Management Committee to consider when they make their final decision.

If you are interested in taking part in the next Rent Review Focus Group Meeting please contact elaine@forgewoodcoop.org.uk for further details.

In addition you can “have your say” by completing the attached Rent Consultation Questionnaire. Details of how you can return this is detailed on the form.

All feedback from the consultation process is important and will help the Management Committee make their final decision. You will receive a letter in February advising you of their decision with details of your rent charge from 1 April 2022.

In the meantime stay safe and well.

Forgewood Housing Co-operative Ltd
Forgewood Community Centre
49 Dinmont Crescent
Motherwell, ML1 3TT
01698 263311 / Fax: 01698 263399
Email enquiries@forgewoodcoop.org.uk
Website www.forgewoodcoop.org.uk



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