



Your Views are Important

Have Your Say.....



**Rent Review - Options
2023/24**

Your Views are Important

Welcome to our Rent Review for 2023/24 on your rent charge.

Where we are this year.....

Each year Forgewood Housing Co-operative consults its tenants on the level of rent increase and it is important we get feedback from you. This year we are especially keen to get tenants views given the challenges presented by the cost of living crisis.

Given this our rent setting exercise, this year is the most challenging yet, not just for the Co-operative but for all registered social landlords.

As part of the rent setting process this year we have to consider rising costs and inflation while recognising the financial hardship that is the current reality for so many people.

In addition to this the Scottish Government have advised that landlords cannot increase rents before 31 March 2023.

The Scottish Government may continue this rent freeze or set a maximum rent increase from 1 April 2023 however, we do not expect to be advised of this until mid-January next year.

As the Co-operative applies a rent increase each year on 1 April and as we are required by legislation to consult with tenants, we will continue with the consultation process and ask your views on the options outlined within this document.

Do rents have to increase?

Every year we review how much rent you pay. The Co-operative looks at the money spent over the past year and calculates 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 2023/24 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 ensuring we invest in your homes to keep them in good condition.

We know the current economic environment is extremely challenging, with rising cost of food, energy and general living costs and are aware that any increase in rent will affect household's finances.

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Challenges.....

Given this, we know that any rent increase will be unpopular, however the rising costs are also having an impact on the Co-operative's budget and what we can do.

The cost of living is increasing as its fastest rate in 40 years, largely as a result of rising food and energy prices.

Inflation and interest rates increases mean it costs the Co-operative more to carry out repairs, maintenance and investment work as materials, labour and contract costs increase. In addition more to pay for interest on loans and for the overall running costs.

Our Business Plan projections are normally linked to Consumer Price Index (CPI) plus an additional 1%.

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 October 2022 was 11.1% and our Business Plan projected CPI + 1% which would mean a rent increase of 12.1%.

What happens if we increase rents below inflation?

Having taken into consideration the cost of living crisis we are **not** proposing to increase rents in line with inflation or in line with our Business Plan projections.

Due to this we will therefore have much less money to spend on your home and the services we provide, and we will need to make difficult choices to reduce costs.

In order to keep rent increases below inflation we will have to spend less improving homes. We will also have to take this into account when increasing rents in the future to make up for this year's "below inflation" rent rise as contained within our Business Plan.

Due to our inability to increase income to offset rising costs this will have an impact on our future investment programmes.

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What are the options for the April 2023 rent increase?

Given the aforementioned there are 3 options our Management Committee have considered and would like our tenant's feedback on:

Option One – 0 % rent freeze

A rent freeze would mean your rent charge stays the same. However, combined with the increasing costs it would leave a gap in our budget.

This would mean a freeze in our planned maintenance programme and would result in deferring some expenditure in lifecycle replacements such as new kitchens, bathrooms, windows etc for 2023 – 24.

This would also have an impact in future years as our base rental income would be lower going forward and mean the Co-operative would have less to spend on the housing stock.

Option Two – 3 % rent increase

A rent increase of 3% will add **£2.38 per week** to the average FHC rent. This would result in additional income to the Co-operative of **£26,654 per annum**.

This would be substantially less than an increase based on the Business Plan projections of the current rate of inflation 11.1% (CPI) + 1% = 12.1%. This increase would have added **£9.59** per week to the average rent (inflation based on the consumer price index (CPI) as reported in October 2022).

As this would reduce the projected income by **£80,751** it will affect our planned maintenance programme. This will also result in deferring some expenditure in planned maintenance for 2023 – 24.

This would also have an impact in future years as our base rental income would be lower going forward and mean the Co-operative would have less to spend on the housing stock.

Option Three – 5 % rent increase

A rent increase of 5% will add **£3.96 per week** to the average FHC rent. This would result in an additional income to the Co-operative of **£44,411 per annum**.

This would be substantially less than an increase based on the Business Plan projections of the current rate of inflation 11.1 % (CPI) + 1% = 12.1%. This increase would have added **£9.59** per week to our average rent (based on the consumer price index (CPI) as reported in October 2022).

As this would reduce the projected income by **£62,994** it will affect our planned maintenance programme. This will result in deferring some expenditure in planned maintenance for 2023 – 24.

This would also have an impact in future years as our base rental income would be lower going forward and mean the Co-operative would have less to spend on the housing stock.

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Are our rents affordable?

We remain committed to keeping our rent levels affordable as possible, whilst continuing to deliver on your priorities and ensuring high levels of tenant satisfaction.

The table below shows rent increases over the last six years in comparison with neighbouring social landlords.

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Forgewood	2%	4%	3.1%	2.5%	1.7%	3.1%
Abronhill	2%	2.5%	3.4%	2.5%	1.7%	4.2%
Clydesdale	3%	3.8%	3.2%	2.7%	1%	2%
Lanarkshire	1%	2.8%	3.2%	2.7%	0%	2%
Scottish Average	2.29%	3.21%	2.97%	2.49%	1.22%	2.98%

The table shows our rent levels for our one and two bedrooed properties are historically below the average of neighbouring social landlords.

Average weekly rent for 1 bedroom	Forgewood	Abronhill	Clydesdale	Lanarkshire	Average
2021/22	£78.03	£81.10	£79.24	£76.84	£78.80
2020/21	£76.72	£79.74	£78.61	£75.43	£76.73

Average weekly rent for 2 bedroom	Forgewood	Abronhill	Clydesdale	Lanarkshire	Average
2021/22	£76.02	£84.45	£84.82	£90.14	£83.86
2020/21	£74.73	£83.04	£84.13	£88.42	£82.58

We realise these are very challenging financial times for our tenants, so we have done all we can to make sure the rent level options being put forward are as low as possible.



Proposed Rent Increase

0% - No change

3% - An average increase of **£2.38** per week.

5% - An average increase of **£3.96** per week.

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Could we reduce our costs by stopping delivering some services?

Some of the services we deliver, such as kerb side uplifts, our AFTAR Project which provides welfare advice and energy advice, go above and beyond the “traditional services”. However, as we appreciate our tenants welfare is important and keeping our communities a clean and attractive place to live is important we are not proposing to cut these services.

Could we get more efficient and ensure Value for Money?

We have been looking at our annual costs and have identified general efficiencies across all areas of the Co-operative and have reduced them. We are looking at all our expenditure and looking to reduce costs further over the next few years. However, these savings will not have any impact on the current services that is provided to tenants.

What happens Next?.....

Please complete the Rent Review options Questionnaire sent along with this document about the proposed rent increase.

All feedback will be reported to the Co-operative’s Management Committee at the end of January. By this time we should be better informed by Scottish Government if they plan to control rent levels for all landlords from April 2023.

We will write out to all tenants by the end of February 2023 to advise you what your rent will be from **1 April 2023**.

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What help can we offer?

We recognise that many of our tenants may be struggling due to the cost of living crisis with the rising costs for fuel, food etc.

If you are struggling to make ends meet or pay your rent contact Susan Kane, your Housing Officer as soon as possible at susan@forgewoodcoop.org.uk or phone on **07776 990405**.

We would also urge you to contact the office direct on **01698 263311** if you wish an appointment via our AFTAR Project with Robert our Income/Money Adviser. He can assist with maximising your income and obtain advice with benefits, finance and budgeting.

They also have Energy Advisors who can talk to you about your energy bills.

Should you wish an appointment with a Client Support Advisor from Social Security Scotland to assist with their benefits, please call **0800 182 2222** and they can arrange one for you.

Do you need a referral for a food bank?

Please remember help is at hand.....

Are you affected by the cost of living crisis or your circumstances has changed which is leaving you with a reduced income?

Please contact the office on **01698 263311** or email yvonne@forgewoodcoop.org.uk to get a referral sent through to our community foodbank.

Different Formats

If you would like help, including translation, to complete this questionnaire, please ask any member of staff, call **01698 263311** or email enquiries@forgewoodcoop.org.uk.

We Need You!

You can do your
bit to provide
feedback-



Have your say!

As part of the rent consultation process a Rent Review Focus Group Meeting is scheduled for **18 January, 2023 at 5.30pm** and the feedback will be taken to the Management Committee meeting at the end of January 2023.

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.

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