

# Rent Consultation

## 2023/24

Provanhall  
Housing Association

## Get Involved!

If you are a tenant of Provanhall Housing Association please take the time to participate in our rent consultation by answering the questions at the end of the form (you can also give your comments).

You can use our online link to respond to the survey at:

[www.surveymonkey.co.uk/r/PHArentreview2324](https://www.surveymonkey.co.uk/r/PHArentreview2324)

Or scan QR code:



Or email your answers  
back to us at:

[getinvolved@provanhallha.org.uk](mailto:getinvolved@provanhallha.org.uk)

Or drop your completed form into our offices at  
**34 Conisborough Road**

Or use the enclosed free reply paid envelope  
which does not need a stamp

Or phone **0141 771 4941** to give your answers

**Please let us know your thoughts by  
Friday 16th December 2022  
for a chance to win £100 Morrison's voucher!**

Our Management Committee, as an important part of the annual budget process, is required to review the rents the Association charges on an annual basis. They need to decide how much it will be necessary to increase rents for the forthcoming financial year 2023/24 (1 April 2023 to 31 March 2024).

We are legally obliged to consult with tenants when setting the annual rent increase. This is covered by the Housing (Scotland) Act 2001 and is also recommended practice by the Scottish Housing Regulator.

We must ensure the Association has a viable long term business plan in place. This means we have to meet the running costs of the business (property repairs, staff wages, heating and lighting) along with capital costs (new kitchens, bathrooms or windows).

The standard is 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".

You can find more information here:

<https://www.housingregulator.gov.scot/media/1218/thematic-consultation-on-rent-report-7-november-2016-final-version.pdf>

# Considerations for Provanhall Housing Association when setting rents

The risks which need to be considered are:

## Inflation

For the yearly review of rents, our Rent Setting Policy is based on September Consumer Price Index (CPI) inflation figure plus a maximum of 1%. September CPI was 10.1%. Using this would mean a maximum rent increase of 11.1%. Inflation means goods and services we buy now cost 10.1% more than last year. Inflation is expected to rise further according to Bank of England projections.

## Affordability

We need to look at how affordable our rents are to tenants. The current rate of inflation has increased by a large amount over the year. This is unusual compared to previous years for example in September 2021, CPI was 2.9%.

Higher rent increases make rents less affordable. Whilst we try to keep rent increases as low as possible, our service provider costs have increased due to inflation just like households as they experience higher costs for fuel and energy, staff wages and overheads.

## Interest rates

A conservative estimate of the rate our costs are expected to increase by is around 7% next year, decreasing to 3.5% the following year and assuming inflation returning to the Bank of England target of 2% in 2025/26.

The interest rate we pay on our borrowings has and will continue to increase next year. Our total borrowings are around £1.2million, which are due to be repaid over the next 14 years (2037). The Bank of England base rate for interest has increased this year, in October it increased to 3%, the highest rate since 2008. Predictions of further increases to around 5% in the year ahead are expected with lenders charging more than the base rate for borrowings.

## Rent arrears

Welfare reforms and Universal Credit continue to adversely affect our rent arrears position. We help mitigate this by employing the services of an Income Advisor based in our office two days a week. Our staff engage with tenants as early as possible to ensure that rents are paid and help and support is provided when needed. Without rent money coming in we would be unable to pay for repairs, refurbishments and replacements for example. Rent management and arrears control therefore remains a key priority for Housing Services staff.

## Energy efficiency and other improvements

Government legislation, such as the Energy Efficiency Standard for Social Housing (ESSH2), has significant cost implications for our properties. The majority of our stock is either under 30 years old (or has been significantly refurbished). As part of our 30 year business plan, many of our homes require investment for replacement bathrooms, kitchens, windows, re-wiring and heating systems over the next five years.

With aging homes, we face higher future repair and maintenance costs. Deferring improvement works may save money temporarily, but increased maintenance of aging components may in the long-term be more expensive than fully replacing in a planned and costed way.

There have been demographic changes in the population with more elderly people in our community along with more single parent households. This has meant increased demand for more low-rise properties with gardens and more adaptable properties for an aging population. We must consider changes in needs and aspiration of our tenants and plan accordingly for houses for the future.

## Business Plan

Our business plan approved in November 2021 was based on rent increases of CPI inflation plus 0.5%, increasing to CPI + 1% over the next 3 years. This was based on prevailing CPI rates of around 2%. In May 2022 the projections were reviewed prior to the submission of the Five Year Plan to the Scottish Housing Regulator and the rent increase for April 2023 was increased to 1% above assumed CPI.

We will do all we can to maintain our rents at an affordable level whilst still meeting our obligations as a Social Landlord including looking after your area and committed expenditure for improvements to your homes. This means we will continually look for efficiencies in costs and service delivery to ensure we meet the original business plan conditions and commitments we have made to our tenants.

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## Rent freeze announces by Scottish government

In September 2022 the Scottish government announced an eviction and rent freeze until 31 March 2023. Whilst we applaud such sentiment, for many years eviction for rent arrears has only ever been used as the last resort; should a rent increase freeze continue, or we are subject to a capped rate of increase, this will impact negatively and drastically on the business of the Association. The freeze until March 2023 will be reviewed by the Scottish Government no later than 14th January 2023 and we will know then if the rent freeze is to be extended.

The Management Committee must now consider ways to mitigate all of the above risks. They do this by examining the recommendations of the staff Management Team using long term business forecasting and scenario planning. This includes looking at income and expenditure over a thirty year period with assumptions for inflation, interest rates, income, expenditure plus capital costs of improving our houses. These assumptions are then varied and assessed to take into account the risks above and the effect on our business plan.

By performing this analysis, Committee are able to determine the minimum rent increase required to ensure the organisation is financially viable over the long-term and to ensure the

Association's property assets are maintained to the required standards so tenants' interests are safeguarded. This is a balancing act and the key question we need to answer is: "what is the minimum rent increase required to ensure that our business model continues to work for our tenants?"

Taking into account all of the above, for 2023/24 we wish to consult tenants on a rent increase of 5%. For the first time in many years, the Management Committee feel offering different rent options would not be in the best interests of tenants as offering additional services at a higher rent increase would not be affordable to many tenants.

Within the survey you will also be asked to comment on the services you receive and if these services should increase and by how much you would be willing to pay. Conversely you will be asked if you feel that the proposed rent increase is affordable to you and if not, to please help us identify which services you think could be cut in order to have a lower rent increase or no increase at all.



# Effect on Provanhall rent levels of proposed rent increases

Each 1% rent increase is a difference of on average of 75pence per week per tenant and means around £20,163 additional income to the Association each year; a cumulative £604,890 over 30 years. This would mean a large amount of income lost if we were unable to increase rents to meet our planned needs.

A rent freeze is not sustainable in our business plan, which must also now take into account updated price increase of 7% (2023/24), 3.5% (2024/25) before returning to 2% in 2025/26. For instance, with no rent increase each year it is estimated that without significant cuts in services, or taking additional costly borrowing, we would run out of cash in three years. We simply cannot afford to take a short-term view of our finances as we exist to provide homes for life for our tenants. Unfortunately

the inflationary pressures and associated cost increases is out-with our control and the forecast is further deterioration as a result of various economic factors.

Due to current and planned future levels of spending required over the next 5 years, together with estimated cost increases, our budget forecast is we will run out of cash unless rents rise by 24% over the next five years. Each 1% increase in 2024 represents only 0.6% of our costs next year and 0.1% of our projected costs over the next 5 years.

To ensure affordability to our tenants, Provanhall benchmarks our rents against other Social Landlords in Easterhouse and the Scottish social housing average.

Apartment size	No. of Units	Average weekly rent 2022/23	Average weekly increase with 5%
2 APT	60	£66.52	£3.33
3 APT	340	£72.55	£3.63
4 APT	91	£87.61	£4.38
5 APT +	26	£99.03	£4.95
<b>Overall Average</b>		<b>£75.83</b>	<b>£3.79</b>

Gross income	2022/23 rental income	2023/24 projected rental increase at 5%
per week	£39,205	£41,165
annual	£2,038,660	£2,140,580

## Average Weekly Rents

The Scottish Housing Regulator in our most recent Landlord Report 2021 22 provides a breakdown of our rents in comparison with the Scottish average. We have also included for comparison the rents of other Easterhouse

Housing Associations. This shows once again all our rents are significantly below the Scottish average. For the majority of our properties (1 & 2 bedroom homes) our rents are below average for local Easterhouse landlords:

Average Weekly Rents 2021 22					
House Size	Provanhall HA	Easterhouse HA's	Easterhouse HA's Difference	Scottish Average	Scottish Average Difference
1 bedroom	£64.84	£67.87	-4.68%	£81.32	-20.3%
2 bedroom	£70.73	£74.83	-5.80%	£84.18	-16.0%
3 bedroom	£85.39	£84.81	+0.69%	£91.48	-6.7%
4 bedroom	£96.52	£95.82	+0.74%	£100.74	-4.2%

Average Weekly Rents for local Easterhouse landlords 2022 23 shows the rents for the majority of our properties (1, 2 & 3 bedroom homes) are below average for local Easterhouse landlords:

Average Weekly Rents 2022/23			
House Size	Provanhall HA	Easterhouse HA's	Easterhouse HA's Difference
1 bedroom	£66.52	£70.62	-6.16%
2 bedroom	£72.55	£77.56	-6.91%
3 bedroom	£87.61	£87.89	-0.32%
4 bedroom	£99.03	£98.78	+0.25%

## Rent Increases

This table shows in the last 3 years our rent increases have been below both the Easterhouse landlords' average and the Scottish average:

Average Rent Increase	22/23	21/22	20/21
Provanhall HA	2.6%	0%	2.2%
Easterhouse HA's Average	3.52%	0.93%	2.36%
Scottish Average	2.98%	1.22%	2.5%

# Is My Rent Affordable?

The Scottish Federation of Housing Associations' 'Affordability Tool' measures both income and rent levels for every local authority in Scotland. Based on the moderate income of different household types in each area, this tool assesses the % of income different households spend on rents in each area. Using a traffic light report:

**Green:** (less than 25% of income is spent on rent)

**Amber:** (between 25% and 30% of income is spent on rent)

**Red:** (more than 30% of income is spent on rent)

Based on Glasgow City measures, we are pleased to report 100% of our rents for all different household types and house sizes are assessed as:

**Green:** (less than 25% of income is spent on rent)

Our individual assessments are even more affordable; the % of income different households spend on our rents range from just 10.5% to a maximum of 22.9%.

As you can see from the ARC indicator table, our performance is higher than the Scottish average for most of the key rent performance indicators. With regard to the percentage of tenants who feel their rent represents good value for money, in our most recent 2022 tenant satisfaction survey, 9 in 10 tenants (90%) stated their rent offered value for money. The Management Committee has considered this in their deliberations and believe a rent increase of 5% is fair and reasonable in the current economic climate and when bench marked against local RSLs and the Scottish average.

Based on all the above information we would like you to answer and return to us the questionnaire on the next page.

Annual Return on Charter (ARC) Indicator 2021/22	Provanhall HA	Scottish Average
1 - Percentage tenants satisfied with overall service provided by landlord	94.4%	87.74%
29 - Percentage tenants who feel rent for their property represents good value for money.	88.4%	82.51%
31 - Percentage gross rent arrears of rent due	2.22%	6.34%
34 - Percentage of rent due lost through properties being empty	0.46%	1.43%
35 – Average calendar days taken to re-let a property* (*pre-pandemic this was 7 days)	17 Days	51 Days

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[www.surveymonkey.co.uk/r/PHArentreview2324](http://www.surveymonkey.co.uk/r/PHArentreview2324)

Or scan QR code:



Or email your answers back to us at:

[getinvolved@provanhallha.org.uk](mailto:getinvolved@provanhallha.org.uk)

Or drop your completed form into our offices at 34 Conisborough Road

Or use the enclosed free reply paid envelope which does not need a stamp

Or phone 0141 771 4941 to give your answers

**Please respond by Friday 16th December 2022**  
**Each response will be entered into a prize draw**  
**with a chance of winning £100 Morrison's voucher!!**

# Please return only this page of the form!

## Rent Consultation Survey 2023/24 (for tenants of Provanhall Housing Association)

Here is your chance to let us know what is important to you and whether you agree with our proposed rent increase next year, or if you prefer for us to cut back on some of the optional services we provide or delaying improvements. To prevent duplication and to ensure fairness, you must complete your name and address details for your survey to count. This form should be completed by the named tenant in the household – joint tenants may complete one survey each after reading the rest of this leaflet.

**Please complete and return by 16th December 2022.**  
**Your entry will be considered for the prize draw of £100 Morrison's voucher.**

Question	Please tick ✓	
Do you agree with proposed increase of 5% from 1 April 2023?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Do you consider your rent affordable just now?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Will it still be affordable if increased in April 2023?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Would you be interested in joining our tenants' scrutiny panel?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

If you have ticked that you don't consider the increase affordable and the majority vote NOT to increase the rent by 5%, we will need to look at cutting services or delaying improvements. What service(s) would you like to cut back on?

Garden services	<input type="checkbox"/>	Bin pull and return	<input type="checkbox"/>	Free bulk uplift	<input type="checkbox"/>
Back court works	<input type="checkbox"/>	New windows	<input type="checkbox"/>	New kitchens	<input type="checkbox"/>
New bathrooms	<input type="checkbox"/>	Close cleaning	<input type="checkbox"/>	Money advisor	<input type="checkbox"/>
Connie Centre donation	<input type="checkbox"/>	Kids panto tickets	<input type="checkbox"/>	Other (please specify below)	<input type="checkbox"/>

Your Name (tenant) \_\_\_\_\_

Your Address \_\_\_\_\_



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