

RENT CONSULTATION 2020/21

Introduction

Argyll Community Housing Association (ACHA) is currently considering the rental charges for 2020/21 and we want your views on our rent proposal.

We have set out within this leaflet information to help you understand how ACHA uses your money, what commitments we have in our business plan, a comparison of ACHA rents and tenant satisfaction, information on affordability and value for money, and the proposed rent charges for 2020/21.

We want your views – please tell us what you think by completing the comments slip at the back of this leaflet. Alternatively, email us at rentconsultation@acha.co.uk or go to our website and submit your comments via our online survey at www.acha.co.uk. The consultation will close on Friday 20th December 2019.

Who decides and when will ACHA agree the annual rent for 2020/21?

ACHA's Board of Management will consider all views and comments we receive, together with the financial implications, at its meeting on 6th February 2020. You will be advised of any changes to your rent by the end of February 2020. Any change to your rent will be applied with effect from Monday 30th March 2020.

Your rental income and how we use it

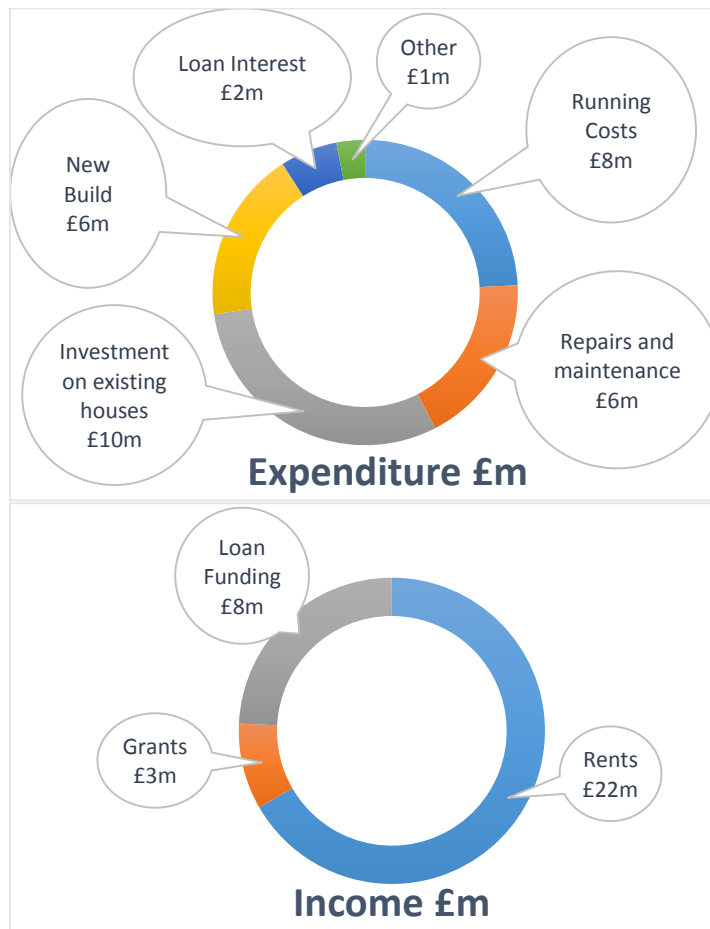
Our aim is simple; to improve, develop and manage quality affordable homes across Argyll and Bute. To do this we have an approved business plan to ensure our on-going financial viability. This includes continuing to provide first class services to all our tenants, whilst continuing to improve the quality of all of our homes through capital investment. This includes significant investment in all of our homes to meet the Energy Efficiency Standard for Social Housing (ESSH). There is a new build development programme and this is partly paid for by grants, with the net cost met by borrowing. This is then paid for through rents over the lifetime of the houses. Rents are our main source of income and a key factor in what we can spend on services in future years.

At March 2019 ACHA has already invested £169m on existing and new build houses, and plan to spend around £10m on major repairs/investment and £6m on reactive repairs and planned maintenance per annum.

So far we have borrowed £55m and expect to borrow a further £10m over the next 3 years. The borrowing has paid for investment in major repairs and part of the cost of new build houses – which is offset by rental income from the new build houses. The annual cost for interest is expected to increase over the next 7 years from £2m to just over £3m as we borrow more money.

Our management costs include the cost of staff delivering services, offices and utilities, professional services (legal advice and fees), insurance for ACHA housing stock and a range of other day to day running costs.

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Financial Performance 2018/19



In 2018/19 ACHA spent around £33m. The biggest proportion of this was invested in the housing stock. Around £16m was invested in existing houses through the investment programme and maintenance and £6m was spent on building new houses. Management or running costs were around £8m with interest counting for £2m leaving £1m of other costs.

Rents were the biggest source of income at £22m with grants for new build houses of £3m and other income of £8m which relates to loan funding drawn down as per our approved business plan.

How do ACHA rents compare to others?

Compared to the average weekly rents for all other Registered Social Landlords (RSLs) in Scotland our rents remain lower. Our average weekly rent for 2018/19 was £83.60 in comparison to the average for all RSLs of £85.17.

These rent figures are from the annual charter return made to the Scottish Housing Regulator and are reported inclusive of all applicable service charges as well as rent charges.

How satisfied are ACHA tenants?

The Scottish Housing Regulator collects information on how satisfied tenants are with the services they receive from their landlord. Generally, this shows ACHA tenants to have higher levels of satisfaction than the Scottish average as can be seen from the information set out below:

- 90% of ACHA tenants feel that the rent they pay represents good value for money compared to the Scottish average of 83%.
- 89% of ACHA tenants said they were satisfied with the overall service provided compared to the Scottish average of 90%.
- 98% of ACHA tenants said they were satisfied with the repairs service compared to the Scottish average of 92%.

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- 82% of tenants said they were satisfied with the management of the neighbourhood they live in compared to the Scottish average of 88%.
- 97% of new ACHA tenants told us that they were satisfied with the standard of their home when moving in compared to the Scottish average of 91%.
- 85% of existing ACHA tenants told us that they were satisfied with the quality of their home compared to the Scottish average of 88%.

Help with your rent payments

Around 60% of ACHA tenants receive some help towards their rent through Universal Credit/Housing Benefit. You may be entitled to some help with your rent payments. If you are unsure if you qualify for Housing Benefit, or indeed any other Benefit, please contact our Welfare Rights Team at your local ACHA office or on 0800 028 2755. You will receive a free confidential Benefits check and assistance with completing any forms.

Many of you are now financially better off thanks to the assistance of the Welfare Rights Team. In 2018/19 the team brought in client gain to tenants (payments previously unclaimed) of £2m. Within that there was significant benefit to ACHA, with £639k of Housing Benefit and £51k of Universal Credit Housing Cost Element successfully claimed for tenants to pay ACHA rent.

Value For Money

ACHA is committed to ensuring value for money for our tenants. We aim to deliver this by providing quality housing and services for a fair and affordable rent. As you can see, compared to the Scottish average, a greater proportion of ACHA tenants are generally satisfied with the services they receive and feel the rent they pay is good value. ACHA rents are low in comparison to the Scottish average for RSLs.

ACHA's management cost per unit was £1,294 per property (2017/18) compared to £1,474 for all Scottish RSLs. In terms of our cost per unit on planned and reactive maintenance ACHA spent on average £1,061 per property compared to £1,026 for all Scottish RSLs (source: AFS return).

Our longer term budget strategy and business planning seeks to manage our financial resources effectively. Our approach to people and performance management and information technology aims to continuously improve service delivery and efficiency.

Rent Affordability

There are a number of different ways to consider rent affordability. These include comparison to private sector rents and to net household income. The ACHA average weekly rent is 80% of the local housing allowance used in calculation of housing benefit. Although average earnings in Argyll and Bute are lower than the Scottish average, the average weekly rent for ACHA in 2018/19 of £83.60 would meet the affordability criteria - when compared to net household income - for around 75% of tenants. In 2018/19 around 60% of ACHA tenants received help to pay their rents from universal credit/housing benefit which pays for around 45% of all rental income.

What Could We Do Better?

Looking at the quality of our housing stock and its maintenance the following matters are relevant in terms of scope to improve:

- 83% of ACHA homes met the SHQS compared to the Scottish average of 94%.
- ACHA completed 85% of reactive repairs right first time in 2018/19 compared to the Scottish average of 93%
- ACHA kept 88% of repair appointments in 2018/19 compared to the Scottish average of 96%.

Rent Increase Proposal

Whilst our rents are lower than average RSL rents we recognise that income and earnings are lower in Argyll & Bute. Historically the rent increase has been based on increasing rents by the December RPI plus 1%.

The level of rents needs to take account of the ongoing requirement to invest in our houses to meet and maintain SHQS and EEESH standards, and reactive and planned maintenance as set out in the business plan, to ensure the housing stock meets your expectations as tenants.

The ACHA business plan assumes an increase of 3% for 2019/20. The September 2019 RPI is 2.4% which, if the same in December, would mean a 3.4% rent increase (based on RPI+1%). Taking account of all of the above, the proposal is to increase rents by up to a maximum of 3.4% for 2019/20 (based on September RPI). On average this works out at 40p per day.

	1 Apt	2 Apt	3 Apt	4 Apt	5+ Apt	Average
Average Weekly Rent 19/20 (inc service charges)	£70.69	£81.11	£84.79	£94.30	£103.33	£86.69
Average Weekly Rent with 3.4% Increase	£73.09	£83.87	£87.67	£97.51	£106.84	£89.64
Annual Inflationary Increase	£120.00	£138.00	£144.00	£160.50	£175.50	£147.50

The table above is based on an average weekly rent. Some tenants rents will be less than this and some will be more (the average contains over 15 different property types and a mix of new build and older stock where rents will vary for the same apartment size).

Apartment size, referred to in the table, is used by the Scottish Housing Regulator to report on within the Annual Return on the Scottish Social Housing Charter. This is based on a count of the number of bedrooms in addition to the living room (i.e. a 2 Apt is a one-bedroom dwelling with a living room)

A higher level of increase would provide additional money to invest in the properties you live in as tenants, but would increase your rents by more.

A lower level of increase would mean rents do not go up by as much, but would mean improvements in the quality of the housing stock would be delayed and the quality of the repairs and maintenance service reduced.

Feedback

Please do help us by completing and returning the attached survey. The consultation closes on Friday 20th December 2019.

RENT CONSULTATION RESPONSE 2020/21

Please complete the questions below and then follow the instructions at the end for returning the consultation. Your views do count so please take the time to complete the questionnaire.

THANK YOU

Name: Tel:
 Address: Email:
 HH/HT Ref:
 (if known)

Question 1 - Did you understand the different sections of the rent consultation leaflet?	Please circle your response	
Your rental income and how we use it	Yes	No
Financial Performance 2018/19?	Yes	No
How do ACHA rents compare to others?	Yes	No
How satisfied are ACHA tenants?	Yes	No
Help with your rent payments	Yes	No
Value For Money	Yes	No
Rent Affordability	Yes	No
What Could We Do Better?	Yes	No
Rent Increase Proposal	Yes	No
Please add any comments to say how you think we could make these sections of the rent consultation easier to understand:		

Question 2 - In overall terms did you find the contents of the rent consultation leaflet helpful? If no please add a comment below (particularly if there is information you would like to see included within this document in the future)	Yes	No

Question 3 - Did the rent consultation set out the reasons for the proposed rent increase? If no please add a comment below	Yes	No

Question 4 - Do you have any comments you would like to make regarding the level of the proposed rent increase? If yes please add a comment below	Yes	No

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Question 5 - Is there any further information that you would like to receive from ACHA with regard to the proposed rent increase? If yes please add a comment below	Yes	No
Question 6 - Would you be prepared to become more involved in the running of the organisation and the development of services, through any of the following (by circling Yes you agree to ACHA contacting you with further information)	Please circle your response	
- Joining the Tenant Consultation Register	Yes	No
- Becoming a member of ACHA for just £1 for life and attending our Annual General Meeting	Yes	No
- Becoming a member of a local Registered Tenant Organisation- ACHA currently supports two such groups, one in Cardross and the other in Campbeltown	Yes	No
- Joining the Argyll Tenants Panel	Yes	No
- Joining "Your Voice" tenant scrutiny group	Yes	No
- Taking part in consultation and other surveys	Yes	No
- Attending our Tenant and Member Conference	Yes	No
Question 7 – How did you first hear about our 2020/21 Rent Consultation? Please circle: Post Email Facebook Tenant Newsletter Other: (Please specify)		

There are a number of ways to complete and send us your response to this consultation. You can email the completed form to us at rentconsultation@acha.co.uk or go to our website at www.acha.co.uk and, using the link provided, submit your response via our online survey.

Alternatively, you can complete this form and hand it in to any one of our local area offices or post it directly to us at the following address - Director of Finance and IT, Argyll Community Housing Association, Dalriada House, Lochgilphead PA31 8JL

By completing and returning this Rent Consultation you will automatically be entered into our Rent Consultation prize draw – with the chance of winning £50 in vouchers of your choice.