

# Rent Setting Newsletter

November 2020



# Rent

**HAVE YOUR SAY,  
REGISTER YOUR VOTE.**

**Find out more information on the rent  
setting proposals and how to give us your views.**

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# Background

The agreed rent setting arrangements that are currently in place come to an end on 24 March 2021. The Council is keen to seek views and feedback from all tenants on the options for future rent setting that will be effective from 25 March 2021 onwards.

In order to help you provide feedback on the options available, we have included information on how the rent you pay is used to deliver the housing service. We have included details of what other things we take into consideration to identify the options for setting your rent charge in future years.

## Previous Consultation

The last consultation on rent setting took place with tenants in late 2017. The feedback received helped inform the decision that was taken by the Council on 14 December 2017. At that time, the Council agreed for the 3-year period from 2018/19 – 2020/21 to:

- increase rents by 2% each year, and;
- to set rents for 1-bedroom new build properties in-line with the Local Housing Allowance, and;
- freeze the rents for other new build properties



## This Consultation

**The current Covid-19 Pandemic and the restrictions that are in place, limit the opportunities to provide a range of consultation methods.**

However, the Council is committed to ensuring that all tenants have a voice and get the opportunity to have a say in how rents are set. You will also be able to give your feedback and suggestions on the priorities that are important to you. Therefore, we would ask every tenant to take the time to consider this information and have their say.

We would encourage tenants to complete the voting form online for their preferred option. Please use the following link:

[www.surveymonkey.co.uk/r/SACrent2020](http://www.surveymonkey.co.uk/r/SACrent2020)

If you do not have access to online facilities, please complete the enclosed voting form and return it to us using the freepost envelope provided.

**Each Council tenancy is entitled to one vote on their preferred rent setting option, so please select and use your preferred method to let us know your views.**

The consultation will be open from 20th November 2020 and will close on the 13th December 2020.

**The results from this tenant consultation will be included in a report to the meeting of South Ayrshire Council in January 2021, when Elected Members will take a decision on the future rent setting that will apply from 25 March 2021 onwards.**



## Opportunities to ask questions or to speak directly to Council Officers

As part of the consultation process, there will be opportunities for you to ask questions or to make arrangements to speak directly to Council Officers. Please contact Gordon Campbell or Nicole Armour in our Tenant Participation Team by email or phone for further information:-

**Email:** [tp@south-ayrshire.gov.uk](mailto:tp@south-ayrshire.gov.uk)

**Phone:** 01292 612968

## What are the aims of the rent setting consultation?

Within this Rents Consultation Newsletter, we aim to provide you with information: -

- ✓ on how rental income is used
- ✓ on the investment priorities and the current commitments that were previously agreed with tenants which form part of the assumptions in our planning for future rent setting
- ✓ on the risks that have been considered as part of the Housing Business Plan.
- ✓ on the level of uncommitted reserves within the Housing Revenue Account and to seek your views on priorities and how any available money should be reinvested in the housing stock
- ✓ on sheltered housing and whether you feel the Council should consider setting a rent charge for sheltered properties which takes account of the enhanced level of housing services provided to tenants
- ✓ on how the rent levels for South Ayrshire Council compare with other Social Landlords across Scotland
- ✓ to help you make an informed decision and provide feedback on the options available



## Rental Income - How is it currently used?

The Housing Revenue Account (HRA) is operated by the Council for the delivery of services to tenants and for investment in the Council's housing stock. Each year, the Council sets the Revenue and Capital budgets for the HRA. In setting this budget, the Council takes account of how much income it expects to collect from rent and any other income. It then takes account of the costs to deliver the housing

service - this includes: - staff costs, repairs and maintenance costs, other running costs, financing costs (which is the amount of money paid by the HRA for money it has borrowed to pay for previous and ongoing improvement works) and the contribution that it will make from the revenue budget to the capital budget. This is referred to as CFCR (Capital Funded from Current Revenue).

**Based on the current financial year 2020/21, the approved Revenue budget and projected gross expenditure for the HRA is £33.249 million with the budget split across the following areas:-**

### CFCR £8,411m

This is the in-year contribution made from the HRA revenue budget to the housing capital budget to help fund the housing capital investment programme

### Financing Costs £4,090m

Debt charges paid by the HRA to fund the capital investment programme

### Support Service Costs £1,713m

The contribution from the HRA to the Corporate running of the Council, payment of decoration allowances and other fees and charges

### Employee Costs £4,370m

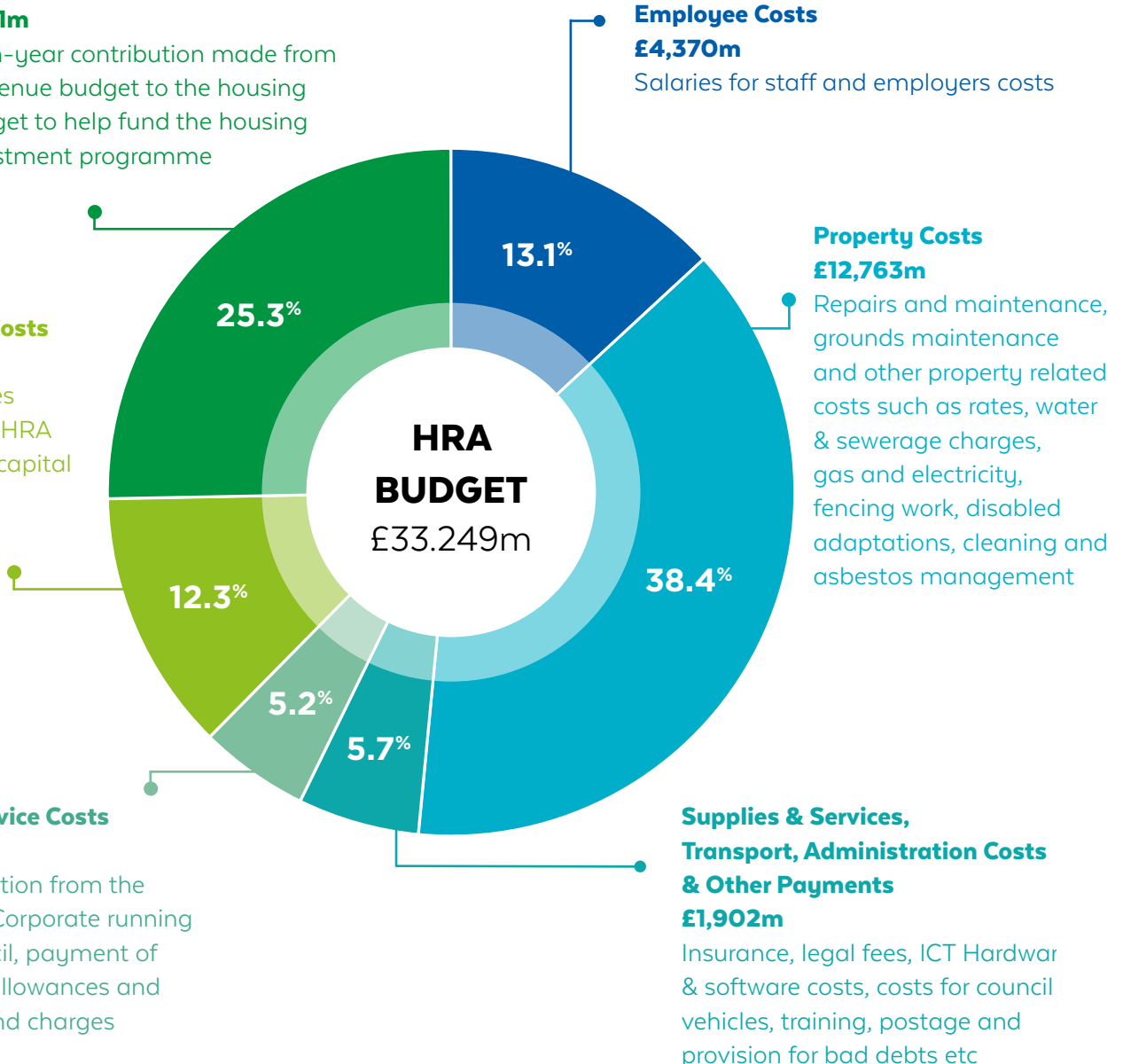
Salaries for staff and employers costs

### Property Costs £12,763m

Repairs and maintenance, grounds maintenance and other property related costs such as rates, water & sewerage charges, gas and electricity, fencing work, disabled adaptations, cleaning and asbestos management

### Supplies & Services, Transport, Administration Costs & Other Payments £1,902m

Insurance, legal fees, ICT Hardware & software costs, costs for council vehicles, training, postage and provision for bad debts etc



# Investment Priorities & Current Commitments

**Each year, the Council approves the amount of money that will be spent on capital investment to make improvements to council houses.**

Our approach is guided by the need to meet the Scottish Housing Quality Standard (SHQS) and the Energy Efficiency Standard for Social Housing (EESH). In addition, the Council is committed to the supply of affordable housing through the provision of new build council housing and the purchase of properties.

As previously agreed with tenants, the Council is working to modernise properties every 15 years.



*New build properties at Kings Park Drive, Ayr*



*New Build Chalet bungalows at Houdston-Reid Lea, Girvan*



*New build properties at Kincaidston, Ayr*



*Main Road, Ayr - before external upgrade works*



*Main Road, Ayr - after completion of the external upgrade works*



*Properties in Calmonell before and after External Wall Insulation, Reroofing Works and Window Replacement.*

**Over the course of the next 5 years (2021/22 - 2025/26), the HRA Business Plan assumes that the Council will spend in the region of £129 million to deliver capital improvement works and contribute to the supply of affordable housing.**

This means that kitchens and central heating boilers will be replaced every 15 years and other internal components such as bathrooms, heating radiators and pipework and electrical wiring being replaced every 30 years. Over the course of the next 5 years, around 3050 properties are expected to be included in projects for full or partial modernisation work.

In addition to these programmes of work, the Council must ensure that safety and compliance work is carried out. This includes fixed electrical testing every 5 years and ensuring that smoke alarms, heat detectors and carbon monoxide detectors are maintained and replaced as required.

The Council also carries out external works to replace roof coverings, upgrade or replace the external walls to properties, external wall insulation to improve energy efficiency and window replacement. Programmes of external work are driven by feedback and information on stock condition.

## COVID-19

**Covid-19 has had an impact on how housing services are delivered.**



The Council has taken account of this and has included provision for possible additional costs for capital works, when considering the options for future rent setting. The Council has also approved the use of existing uncommitted reserves, to deal with expected additional costs for capital works to minimise future impacts on tenants.

The most significant effect is on the delivery of this year's internal modernisation contracts. Given the current restrictions, the Council has taken the decision that it is not practical to carry out any internal modernisation work in properties at this time.

**The Council will ensure that this work is progressed as soon as it is safe to do so. The budgets for the housing capital programme have been adjusted to take account of this.**

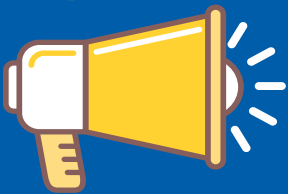
## Risk

**With any financial plan, the Council must take account of any risks and make financial provision to manage and reduce risks where possible.**

The financial assumptions include provision for bad debts – i.e. rent that may not be collected by the Council and rent that is lost by the Council for properties that are empty.

Following previous consultation with tenants, it was agreed that the Council would hold £2 million of financial reserves in the HRA, at all times. This gives a contingency to deal with emergencies or situations where unexpected expenditure arises.

This approach has continued and forms part of the assumptions and calculations made for this consultation.



## YOU SAID

In the last rents consultation with tenants, 50% of respondents felt that the Council should put more money into carrying out window replacement work in properties to improve energy efficiency.

## WE DID



Over the 3-year period from 2018/19 – 2020/21, so far, we have replaced windows in properties which are not served by a gas supply in all the villages in North and South Carrick and a group of houses within the Ardfin Sheltered Housing Complex in Prestwick where windows needed to be replaced. This year, we are working to replace the windows in council owned properties in Annbank, Tarbolton and Craigie Village, that are the remaining areas not served by a gas supply. By the end of March 2021, the Council expects to have replaced the windows in 722 properties with an overall investment of just over £2 million.



*Properties in Daily, with new double glazed windows*



*Properties in Dunure with new double glazed windows*

# Uncommitted Reserves

Tell us what is important to you.



Uncommitted reserves is money within the HRA budget that has not yet been allocated for use.

Over and above the uncommitted reserve of £2 million which is held in the HRA as a minimum balance, additional funds may become available that have not been allocated to any improvement work.

Research Resource carried out a comprehensive survey on behalf of the Council in January 2020. 682 tenants were surveyed, 645 (94.6%) of respondents advised that they were 'very or fairly satisfied' with the quality of their home. Tenants were then asked to identify what would improve their home. The top 4 priorities identified were: - new windows, new bathrooms, new kitchens and new external doors.

As part of this consultation, we would like to seek your views on how you feel any future uncommitted reserves that become available should be used, and what improvements to your home or the area around your home are important to you.

**Your feedback will be used to help inform how the Council uses any uncommitted reserves in the future.**



*Two properties at Ardfin Sheltered Housing Complex undergoing window replacement works. before: brown window frames after: white window frames*



*Properties in Tarbolton, where windows were replaced in advance of re-roofing and external walls being upgraded to provide a full external refurbishment*



*Ardfin & Benmore Sheltered Housing Complex, Prestwick*



*Sandhill Gardens Sheltered Housing Complex, Troon.*



*Newton Park Sheltered Housing Complex, Ayr*



*John Hodge Court Sheltered Housing Complex, Coylton*



*Communal Area within a sheltered housing complex*

## Sheltered Housing

**Across the Council's housing stock, there are 538 properties that are part of sheltered housing complexes.**

Tenants within this accommodation have access to housing staff who work on-site at the complex and are available to help tenants with housing enquiries, repairs and other tenancy related matters. In addition, there are annual maintenance costs paid by the HRA for the fixed alarm system, which also provides fire and smoke detection, this is integral to each of the properties.

There are also runnings costs linked to the communal areas in each of the complexes. All of these features provide an enhanced level of service to tenants living in sheltered housing.






Rent levels within sheltered housing are currently set in the same way as all other properties, based on property size and type (i.e. Bedsit flat, Bedsit bungalow, 1-bedroom flat, 1-bedroom bungalow). Within this consultation, we are seeking **your view** and feedback on whether the Council **should consider** setting future rent levels for sheltered housing at a higher level, to take account of the enhanced housing management services provided.

Any change to rent charges would be eligible for housing benefit. Therefore any tenants who receive help with their rent would continue to do so and the level of help would be reviewed.



## Rent Levels & How They Compare With Others

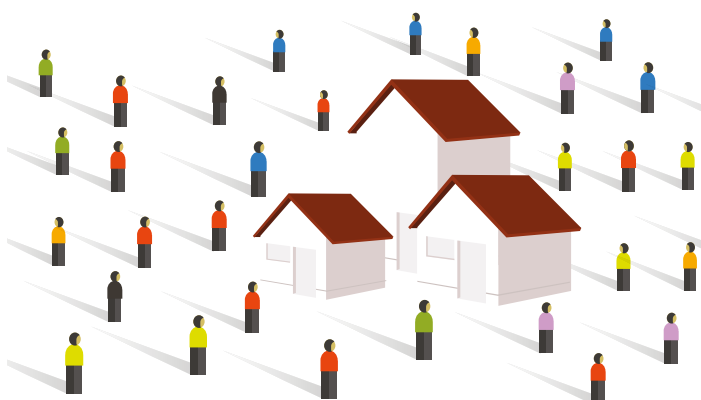
From information published by the Scottish Housing Regulator on 30<sup>th</sup> October 2020, the table below shows the average rents for South Ayrshire Council for each apartment size, and how these compare with the rents of other Landlords across Scotland. This information is based on the rent levels in 2019/20.

 APARTMENT SIZE	 NUMBER OF HOMES OWNED	 SOUTH AYRSHIRE COUNCIL	 SCOTTISH AVERAGE	 DIFFERENCE FROM SCOTTISH AVERAGE
1 APARTMENT	66	£68.00	£73.47	▼ -7.4%
2 APARTMENT	2,481	£73.06	£78.65	▼ -7.1%
3 APARTMENT	3,463	£74.93	£82.26	▼ -8.9%
4 APARTMENT	1,975	£79.09	£89.76	▼ -11.9%
5+ APARTMENT	170	£83.57	£98.69	▼ -15.3%

Source: Scottish Housing Regulator - Landlord Report for 2019/20 - based on 52 week rent year

## Your Rent & Affordability

When considering future rent levels, the Council is committed to ensuring that services to tenants and levels of investment are maintained to meet legislative standards and commitments agreed with tenants.



The Council is aware of the importance of achieving a balance on how much income is required to deliver the service and keeping rents at an affordable level for tenants.

The information on how South Ayrshire Council's rent levels compare with other Social Landlords is a useful guide for tenants. If you are on a low income, you may qualify for housing benefit or assistance with Housing Costs from Universal Credit. Council staff are available to provide advice on Housing Benefit or Universal Credit.

The amount of benefit you are entitled to depends on your level of capital, your income, who lives in your home and how much your rent is. If you are having difficulty paying your rent, please contact us as soon as possible. We will discuss the situation with you and offer advice and information on how to deal with your rent charge.

**As part of the recent comprehensive survey carried out by Research Resource, 682 tenants were surveyed. 561 (82%) of respondents felt that the rent for their property represented 'good value for money'.**

# Rent Setting Options

You can now place your vote online by visiting:

[www.surveymonkey.co.uk/r/SACrent2020](http://www.surveymonkey.co.uk/r/SACrent2020)



After taking into consideration the running costs for the housing service, along with the funding that is needed to continue to improve the Council's housing stock and the supply of housing, it is necessary to apply a rent increase in 2021/22 onwards. Each of the options outlined below are based on setting rents for a 3-year period (2021/22 – 2023/24 i.e. up to March 2024), and provide you with details of

how the increase would support service delivery and investment in the housing stock.

In addition, a **sample** of house sizes/types from across the Council's housing stock are included within the details on each of the options, to let you see how the proposed increase will change the amount of rent you may pay.

**If your specific house size or type is not included within the tables for each of the options, and you would like to know how the options would affect the rent you may have to pay, please contact us and we can provide you with this information.'**

## OPTION 1

- Increase rents by 1.5% each year for 3 years, and;
- Align the rental charge for 1-bedroom new build properties with the rental charge for 1-bedroom bungalows and apply the 1.5% increase each year for 3 years, and;
- Freeze the current rent charge for all other new build properties for 3 years

### What will this option offer?

It will allow the Council to meet the costs of delivering the housing service and maintain the current and proposed levels of funding needed to deliver the housing capital investment programme.

### What is the impact of a proposed Increase of 1.5%, year on year, over the 3-year period?

PROPERTY SIZE & TYPE	CURRENT WEEKLY RENT CHARGE	POTENTIAL 2021/22		POTENTIAL 2022/23		POTENTIAL 2023/24	
		Weekly Rent Charge	Amount Of Weekly Increase	Weekly Rent Charge	Amount Of Weekly Increase	Weekly Rent Charge	Amount Of Weekly Increase
1 BEDROOM FLAT	£77.33	£78.49	£1.16	£79.67	£1.18	£80.86	£1.19
1 BEDROOM BUNGALOW	£87.81	£89.13	£1.32	£90.47	£1.34	£91.82	£1.35
1 BEDROOM NEW BUILD PROPERTY	£87.26	£89.13	£1.87	£90.47	£1.34	£91.82	£1.35
2 BEDROOM FLAT	£80.50	£81.71	£1.21	£82.93	£1.22	£84.17	£1.24
3 BEDROOM HOUSE	£88.18	£89.51	£1.33	£90.85	£1.34	£92.21	£1.36
4 BEDROOM HOUSE	£91.61	£92.99	£1.38	£94.38	£1.39	£95.79	£1.41

Rent charges are based on 48 weeks – 2 rental periods (4 weeks) are non-charging



## OPTION 2

- Increase rents by 1.75% each year for 3 years, and;
- Align the rental charge for 1-bedroom new build properties with the rental charge for 1-bedroom bungalows and apply the 1.75% increase each year for 3 years, and;
- Freeze the current rent charge for all other new build properties for 3 years

### What will this option offer?

It will allow the Council to meet the costs of delivering the housing service and maintain the current and proposed levels of funding needed to deliver the housing capital investment programme.

It will generate approximate additional income of £0.5 million over 3 years, which will allow the Council to carry out more improvement work or invest more money in the areas that you feel should be a priority.

### What is the impact of a proposed Increase of 1.75%, year on year, over the 3-year period?

PROPERTY SIZE & TYPE	CURRENT WEEKLY RENT CHARGE	POTENTIAL 2021/22		POTENTIAL 2022/23		POTENTIAL 2023/24	
		Weekly Rent Charge	Amount Of Weekly Increase	Weekly Rent Charge	Amount Of Weekly Increase	Weekly Rent Charge	Amount Of Weekly Increase
1 BEDROOM FLAT	£77.33	£78.69	£1.36	£80.07	£1.38	£81.46	£1.39
1 BEDROOM BUNGALOW	£87.81	£89.35	£1.54	£90.91	£1.56	£92.49	£1.58
1 BEDROOM NEW BUILD PROPERTY	£87.26	£89.35	£2.09	£90.91	£1.56	£92.49	£1.58
2 BEDROOM FLAT	£80.50	£81.91	£1.41	£83.34	£1.43	£84.79	£1.45
3 BEDROOM HOUSE	£88.18	£89.73	£1.55	£91.30	£1.57	£92.89	£1.59
4 BEDROOM HOUSE	£91.61	£93.22	£1.61	£94.85	£1.63	£96.50	£1.65

Rent charges are based on 48 weeks – 2 rental periods (4 weeks) are non-charging

# OPTION 3

- Increase rents by 2% each year for 3 years, and;
- Align the rental charge for 1-bedroom new build properties with the rental charge for 1-bedroom bungalows and apply the 2% increase each year for 3 years, and;
- Freeze the current rent charge for all other new build properties for 3 years

## What will this option offer?

It will allow the Council to meet the costs of delivering the housing service and maintain the current and proposed levels of funding needed to deliver the housing capital investment programme.

It will generate approximate additional income of £1 million over 3 years, which will allow the Council to carry out more improvement work or invest more money in the areas that you feel should be a priority.

## What is the impact of a proposed Increase of 2%, year on year, over the 3-year period?

PROPERTY SIZE & TYPE	CURRENT WEEKLY RENT CHARGE	POTENTIAL 2021/22		POTENTIAL 2022/23		POTENTIAL 2023/24	
		Weekly Rent Charge	Amount Of Weekly Increase	Weekly Rent Charge	Amount Of Weekly Increase	Weekly Rent Charge	Amount Of Weekly Increase
1 BEDROOM FLAT	£77.33	£78.88	£1.55	£80.46	£1.58	£82.07	£1.61
1 BEDROOM BUNGALOW	£87.81	£89.57	£1.76	£91.36	£1.79	£93.19	£1.83
1 BEDROOM NEW BUILD PROPERTY	£87.26	£89.57	£2.31	£91.36	£1.79	£93.19	£1.83
2 BEDROOM FLAT	£80.50	£82.11	£1.61	£83.75	£1.64	£85.43	£1.68
3 BEDROOM HOUSE	£88.18	£89.95	£1.77	£91.75	£1.80	£93.59	£1.84
4 BEDROOM HOUSE	£91.61	£93.45	£1.84	£95.32	£1.87	£97.23	£1.91

Rent charges are based on 48 weeks – 2 rental periods (4 weeks) are non-charging

## How Your Personal Information Will Be Used

It is our responsibility to keep your information safe.

We will only collect the minimum amount of personal information we need to verify your eligibility to vote as part of this consultation.

We will not share the personal information you provide as part of this consultation with anybody else.

To find out what to expect when the Council collects your personal information, please visit our website - <https://www.south-ayrshire.gov.uk/personal-information/>

To view the Council's Housing Privacy notices click on the link <https://www.south-ayrshire.gov.uk/privacy-notices/> and scroll down to the Housing Privacy Notice or click here.