
Report to: Clackmannanshire Council

Date: 11 February 2021

Subject: Housing Rent Setting 2021/22

Report by: Strategic Director (Place)

1.0 Purpose

- 1.1. This report asks members to consider the output from the recent housing rent consultation and to approve the rent for 2021/22, taking into account the feedback received.

2.0 Recommendations

It is recommended that Council :

- 2.1 notes the outcome of the consultation,
2.2 agrees to a one year rent freeze for all council tenants.

3.0 Background

- 3.1 The Scottish Social Housing Charter sets the standards and outcomes that all social landlords should aim to achieve when performing their housing activities. Outcomes 14 and 15 are the outcomes primarily linked to the rent setting process and the financial aspect/delivery of the HRA.

“a balance is struck between the level of services provided, the cost of the services, and how far current and prospective tenants and service users can afford them”

- 3.2 These outcomes also reflect local authorities legal duties under section 25(4) of the Housing Scotland Act 2001, to consult tenants affected by proposed rent charges and to have regard to their view.

4.0 Consultation Process

- 4.1. In recent years the housing service has generally relied upon electronic responses to rent survey. This method has not been that successful at gathering tenants views in some years, for example in 2019 the survey only received 54 responses.

- 4.2. To ensure that we met the requirements of the charter, the service decided to write to all tenants, with an information pack and a paper survey to be completed, in a freepost envelope.
- 4.3. The results of the consultation are summarised in Appendix 1.
- 4.4. The service asked opinions on three rent proposals:
- A one year rent freeze,
 - An inflation only increase (0.5%), equating to an average of 40p,
 - Or an increase on average of £1, equating to an increase of 1.22%.
- 4.5. The service received 676 responses to the survey which is the highest return to a housing consultation, without the employment of independent researchers to knock on doors. This equates to just over 13.5% of the tenant base at the time of the survey, so a highly representative sample size.
- 4.6. 69% of tenants, 425 of those responding to the survey, strongly agreed/agreed with a rent freeze. Only 47% and 48% respectively showed support for the other options.
- 4.7. The service also sought tenant's views on value for money and affordability. 74% of tenants feel that the rent charged by the council does provide value for money, with a lot of positive comments received about the quality of repairs and improvements. Some tenants even stated that the window replacement programme itself was worth the rent on its own, high praise indeed.
- 4.8. In terms of affordability, 70% of those who responded did feel the rent was affordable. However, again a key theme was the cost of smaller properties versus larger homes and the price differential being relatively minor.
- 4.9. The table below of some sample rent ranges helps illustrate this point, with the average local authority rent range being a 30% uplift in cost between smallest to highest apartment size. The Clacks rent structure is effectively half of that average, with the cost of the largest apartment size only 15% more than the smallest. Whereas in Moray, the rent increases by 135% between the cheapest charge to the highest, with Moray charging £30 less for a one apartment than Clackmannanshire but a 5 apartment costing £10 more. This is area clearly worth further research and engagement with the tenant base over.

Sample Council rent and rent range- ARC 2019/20

Apt size	Edinburgh	Fife	South Ayrshire	Moray	Clacks	SHR average
1	£78.62	£68.64	£68.00	£37.86	£67.35	£73.47
2	£89.07	£72.07	£73.06	£50.96	£72.14	£78.03
3	£101.68	£75.60	£74.93	£59.87	£73.97	£80.11
4	£117.07	£78.30	£79.09	£69.31	£75.87	£87.09
5	£126.18	£82.39	£83.57	£89.05	£78.07	£96.19
range	60.04%	20.03%	22.9%	135.21%	15.92%	30.92%

- 4.10. By further comparison, this is the Scottish Governments benchmark rents for approval of affordable homes projects for both Councils and RSLs. The guidance would allow for approval of a housing project with rents in this range. Rents at 5% over these targets would also receive automatic approval, and within 10% being allowable following discussions with the local authority and Scottish Government. So with Council granting permission last year to consider council new build in the capital programme the guidance would allow some flexibility in our rent structure to help with delivery.

Scottish government AHSP benchmark rents and 52 week equivalent 2020/21-2023/24*								
BEDSPACES	2020-21		2021-22		2022-23		2023-24	
	annual	weekly	annual	weekly	annual	weekly	annual	weekly
2	£3,899	74.98	£3,977	76.48	£4,057	78.02	£4,138	79.57
3	£4,366	83.96	£4,454	85.65	£4,543	87.36	£4,634	89.11
4	£4,759	91.51	£4,855	93.36	£4,952	95.23	£5,051	97.13
5	£5,043	96.98	£5,144	98.92	£5,247	100.90	£5,352	102.92
6	£5,240	100.76	£5,344	102.76	£5,451	104.82	£5,560	106.92
7	£5,676	109.15	£5,790	111.34	£5,906	113.57	£6,024	115.84

5.0 Rent Charge 2021/22

- 5.1. The financial year 2020/21 has been curtailed in delivery of the capital programme with the public health restrictions. The capital investment programme is a key determinant of the council rent strategy, with a balance of revenue surplus and borrowing paying for the investment in the stock.
- 5.2. Council in February 2020 approved an HRA Capital plan of £8.6m, which was to be funded by HRA reserves and surplus of £5.5m, and borrowing of just over £3m.
- 5.3. The expected best case outcome for the HRA Capital Plan is a total spend of £4.6m, with no borrowing required. This position is unlikely to change with the current restrictions and a number of external contractors having closed their business for legitimate reasons, even if legally they might still have been able to deliver improvement works.
- 5.4. Even with the best of intentions and with perfect information with regards the lifting of restrictions as the vaccine programme rolls out, the investment activity lost this year will not be caught up in the short to medium term. Effectively our programme will have skipped a year. Tenants investment priorities will still be met, tenants will still receive their new windows for example, and nobody will be moved out of any programme work.
- 5.5. Therefore, for the above reasons and to be reflective of the consultation output, the service is proposing this year to freeze the rents to all Council tenants. It has been a challenging year for all and not increasing the rents will hopefully go some way to relieve the financial pressure so many have endured as a result of the health emergency. This though is only possible by the HRA having a strong financial position, with a prudent approach to budget management and rent increases in previous years, matching the capital investment requirements. Therefore, future discussions on rents will need to focus closely on the business plan, the investment priorities for tenants, and the statutory requirements of the Government.

- 5.6. Council may wish to note that several Housing Associations have already taken the decision to freeze their rental charges for 2021/22 :

Abertay Housing Association, Cernach Housing Association, Drumchapel Housing Co-operative , Parkhead Housing Association, Rural Stirling and Fyne Homes.

- 5.7. The full HRA budget (Revenue and Capital), will be presented a later council meeting, alongside the Council General Fund Budget report.

6.0 Resource Implications

- 6.1. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. ☒
- 6.2. Finance have been consulted and have agreed the financial implications as set out in the report. Yes ☒
- 6.3. *Staffing*
- 6.4. None

7.0 Exempt Reports

- 7.1. Is this report exempt? Yes ☐ (please detail the reasons for exemption below) No ☒

8.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

- (1) **Our Priorities** (Please click on the check box ☒)

Clackmannanshire will be attractive to businesses and people and ensure fair opportunities for all ☒

Our families, children and young people will have the best possible start in life ☒

Women and girls will be confident and aspirational, and achieve their full potential ☒

Our communities will be resilient and empowered so that they can thrive and flourish ☒

- (2) **Council Policies** (Please detail)

9.0 Equalities Impact

- 9.1. Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes ☒

No ☐

10.0 Legality

- 10.1. It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers.

Yes ☒

11.0 Appendices

- 11.1. Please list any appendices attached to this report. If there are no appendices, please state "none".

Appendix 1 – HRA Rent Consultation summary

Appendix 2 – Rent Charges 2021/22

12.0 Background Papers

- 12.1. Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered).

Yes ☒

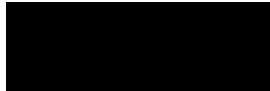
No ☐

Housing Revenue Account Budget 2020-21 and Capital Programme 2020-21

Author(s)

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Approved by

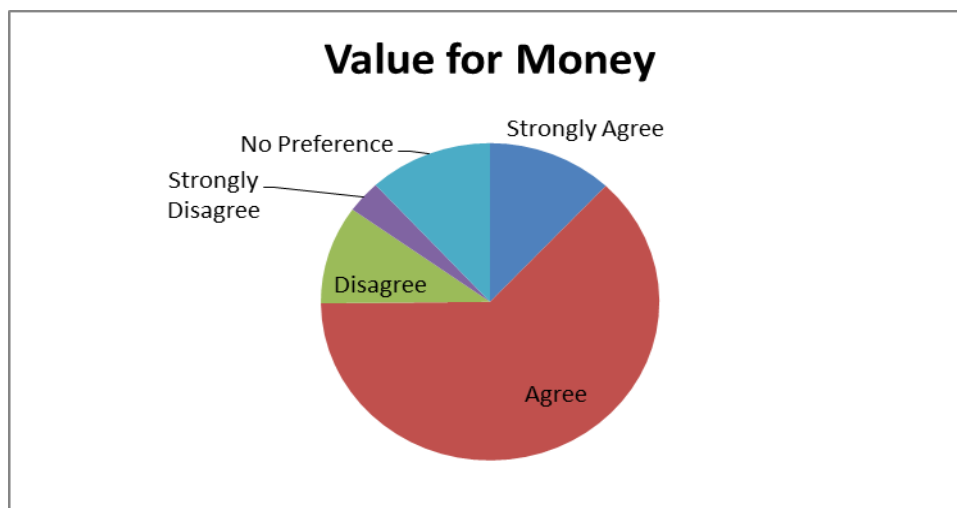
NAME	DESIGNATION	SIGNATURE
Pete Leonard	Strategic Director (Place)	

Rent Increase Consultation 2021/22

The following details the results of the postal consultation in relation to the proposed rent levels for 2021/22. The consultation packs were sent out on 12th December 2020, and the consultation closed on 14th January 2021.

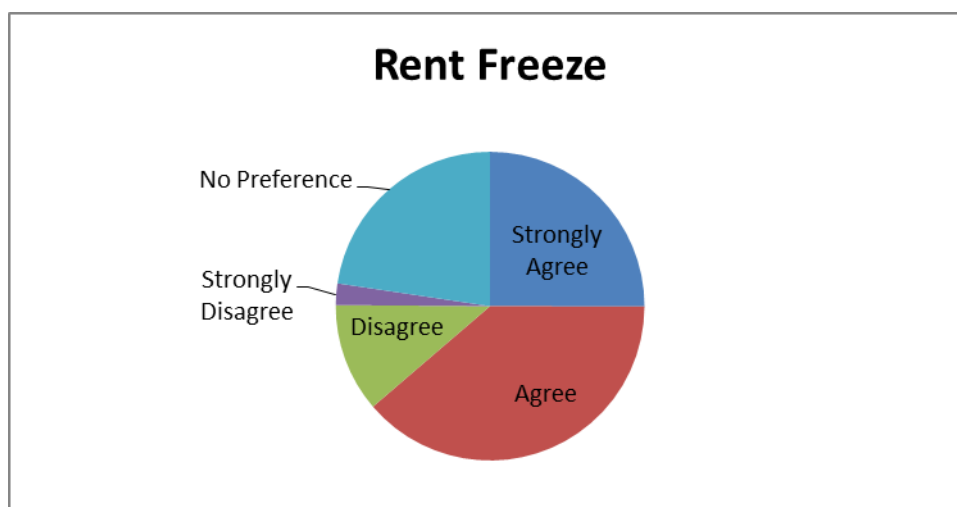
676 responses were received, a summary of the responses are detailed below:

Do you think the rent you pay represents good value for money?



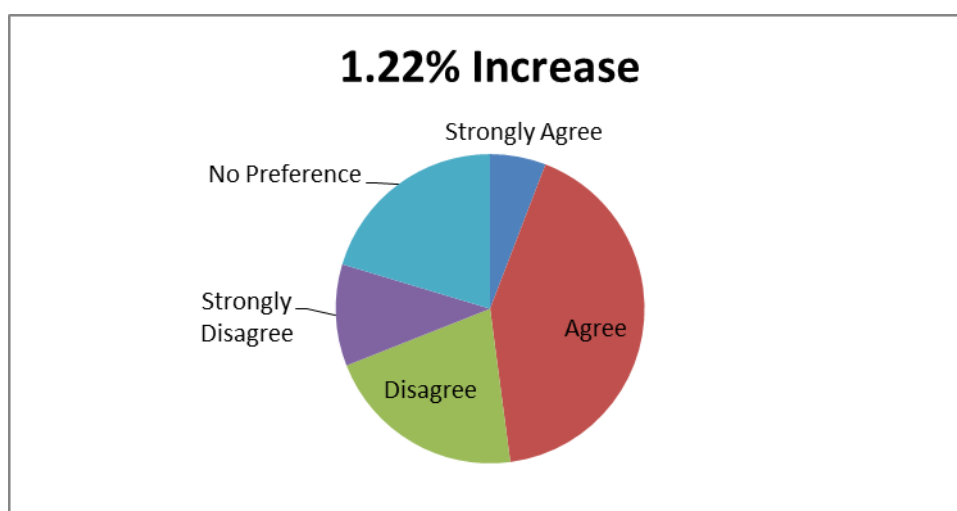
	Strongly Agree	Agree	Disagree	Strongly Disagree	No Preference
Value for Money	80	420	67	22	79
	11.83%	62.13%	9.91%	3.25%	11.69%

As our capital investment has been delayed this year do you feel that a rent freeze would be appropriate?



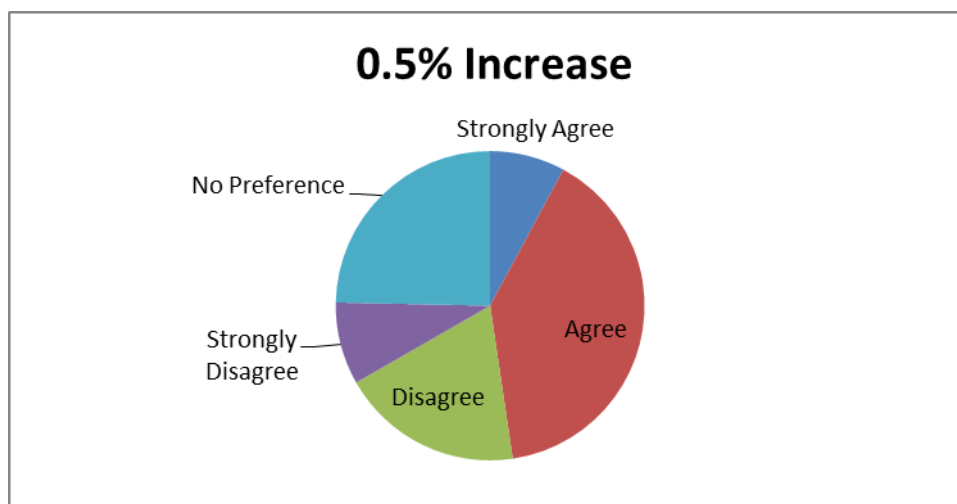
	Strongly Agree	Agree	Disagree	Strongly Disagree	No Preference
Rent Freeze	167 24.70%	258 38.17%	76 11.24%	15 2.22%	151 22.34%

You may want the rent to increase slightly this year, to avoid and mitigate increases in the future. For example a 1.22% increase will mean an average rent increase of around £1, meaning the average rent would be £76.48. Do you feel that a rent increase would be appropriate?



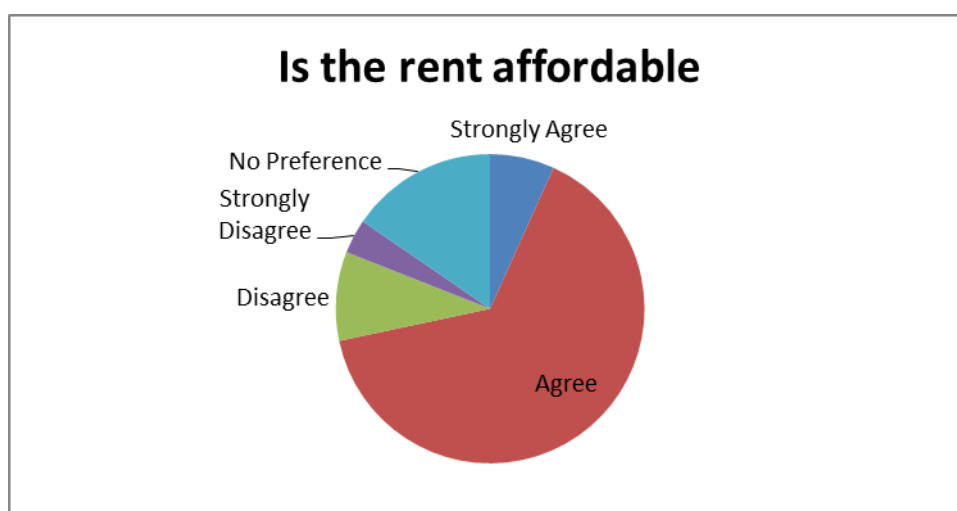
	Strongly Agree	Agree	Disagree	Strongly Disagree	No Preference
1.22% Increase	39 5.77%	281 41.57%	141 20.86%	71 10.50%	136 20.12%

Or you may wish the rent to increase by the inflation rate of 0.5%. This would mean an average rent increase of around 40p, meaning the average rent would be £75.94. Do you feel that this rent increase would be appropriate?



	Strongly Agree	Agree	Disagree	Strongly Disagree	No Preference
0.5% Increase	52	263	126	57	163
	7.69%	38.91%	18.64%	8.43%	24.11%

It is important that we take account of what current and prospective tenants and other customers are likely to be able to afford. As the Council's current rent is below the average in Scotland, do you think the rent charged by Clackmannanshire Council is affordable?



	Strongly Agree	Agree	Disagree	Strongly Disagree	No Preference
Is the rent Affordable?	45	433	62	24	103
	6.66%	64.05%	9.17%	3.55%	15.24%

Rent Costs for Houses with effect from 29 March 2021

	£ Rental Charge 2021/22
1 Apartment	77.06
2 Apartment	78.92
3 Apartment	80.84
4 Apartment	82.47
5 Apartment	84.52
6 Apartment	86.58

Rent Costs for Flats with effect from 29 March 2021

1 Apartment	75.65
2 Apartment	77.46
3 Apartment	£9.37
4 Apartment	81.11
5 Apartment	83.11

Average Rent (48 weeks)	£81.85
Average Rent (52 weeks)	£75.56

Rent Cost for Lock-ups with effect from 30 March 2020

Lock-ups	Weekly
Lock-up Rent	7.65
Lock-Up with VAT	9.18

Garage Pitch Site Annual Cost £88.16 (£105.80 VAT)

The rent charge-free weeks for 2021-22 will be the weeks commencing:

2 August 2020
 9 August 2020
 20 December 2020
 27 December 2020