

# Rent Consultation

## 2024/25

Provanhall  
Housing Association

## Get Involved!

If you are a tenant of Provanhall Housing Association (Provanhall) 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:

<https://forms.office.com/e/XW7qQWQ5Je>

Or scan this QR code:



Or drop your completed form into our offices at  
**34 Conisborough Road, Glasgow, G34 9QG**  
Or phone **0141 771 4941!**

Please let us know your thoughts by **12 noon on**  
**Thursday 14th December 2023**  
for a chance to win **£100 Cash!**

Our Management Committee, needs to review rents the Association each year. From this review they need to decide if rents need to increase for the next financial year (1 April 2024 to 31 March 2025).

As part of the process 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 have a viable long-term business plan in place. This means we have to meet the running costs of the business (estate management, property repairs, staff wages for example) along with capital costs (new kitchens, bathrooms and windows).

The Scottish Social Housing Charter sets the Standard 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>

# How we assessed the proposed rent increase

## 1 Inflation

For the yearly review of rents, our Rent Setting Policy is based on the September Consumer Price Index (CPI) inflation figure plus a maximum of 1%. The Consumer Price Index (CPI) rose by 6.4% between September 2022 and September 2023, up from an annual increase of 6.3% in the 12 months to August 2023. This is the twenty fourth straight month where the annual increase in the CPI has been at least 5.0%

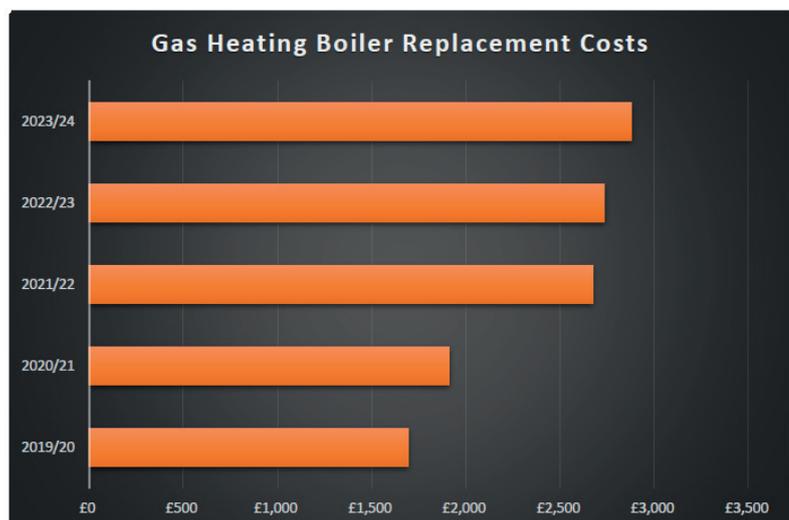
Applying this method would equal a rent increase of 7.4%. Inflation in the last financial year was predicated to fall and the Association priced in a year average of 7% with a rent increase of 5% (still 3% lower than our longer term financial projections). The actual overall inflation for this current financial year is more likely to be 11%, even if inflation falls to nearer 5% by the end of the financial year. That adds up to 6% less than what we need to sustain services at current levels.

## 2 Affordability

We need to look to look at how affordable our rents are to tenants. The current rate of inflation has increased over the last year, albeit at a slower rate than the year before. A reduction in inflation does not mean goods and services become cheaper; it just means they increase in cost at a slower rate. The average price of property improvements is shown in shown in the following table:

	2019/20	2020/21	2021/22	2022/23	2023/24	Total % Increase
Gas Boilers	£1,692	£1,910	£2,671	£2,735	£2,877	70%
Bathroom	£1,800	£2,240	£2,450	£2,877	£3,072	71%
Electrical Rewire	£2,550	£2,630	£2,850	£3,122	£4,012	57%
Kitchen	£2,547	£2,823	£3,098	£3,810	£3,810	50%
Flat door	£1,080	£1,080	£1,250	£1,339	£1,482	37%

Higher rent increases make rents less affordable. We try to keep increases as low as possible but, the amount charged by our contractors has increased due to inflation (just like households) as they experience higher costs for fuel, energy, staff wages and overheads. Most of our operational costs this year increased significantly. For example, the cost to insure our homes (buildings policy) and business activities rose by over 40%.



### 3 Interest rate

A conservative estimate of the rate of our costs are expected to continue to increase by around 5% next year (2024/25), decreasing to 3% (2025/26) the following year. Assuming inflation returning to the Bank of England target of 2% in 2026/27.

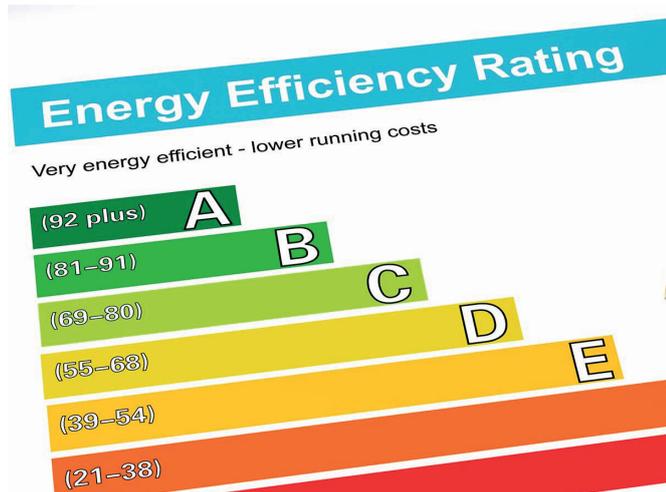
We have around £1.2 million of loans, which is due to be repaid over the next 13 years (2037). The interest rate we pay on our borrowings has increased to around 7.25% which is the highest rate since 2008.

Our exposure to increasing interest rates is limited due to our relatively low debt per unit compared to other social housing providers.

### 5 Energy efficiency and other improvements

Government legislation, such as the Energy Efficiency Standard for Social Housing (ESSH2) have 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 homes that are aging, 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.



### 4 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 2 days per 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, improvements and other services. Rent management and arrears control therefore remains a key priority for Housing Services staff.

There have been demographic changes in the population with more elderly people in our community along with more single parent households. This meant an 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 for the future.

### 6 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 2023 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.

# 7 Proposed Rent Increase

## – Proposed increase of £4.70 or £5.13 per week

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 varied and assessed to take into account the risks above and the effect on our business plan.

By performing this analysis, the 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 tenant?”

Taking into account all of the above, for 2024/25 we wish to consult with tenants on a proposed rent increase of 5.5% or 6%.

Within the survey you will be asked to comment on the services you receive and if these should increase, by how much you would be willing to pay. You will also be asked if you feel that the proposed rent increase is affordable to you and if it is not, to 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

Our annual rent liability £2,151,486 (this is the total amount of rent due for the year)

Each 1% rent increase is (on average) a difference of 80p per tenant per week and gives the Association around £21,513. The minimum increase of 5.5% will generate an additional £119,504.72 to help towards the continued increasing costs.

A rent freeze is not sustainable in our current business plan, which must also now take into account updated price increases of 10% (2023/24), 5% (2024/25), 3% (2025/26) before returning to 2% in 2026/27.

For instance, with no rent increase each year it is

estimated that without significant cuts in services, or on taking additional costly borrowing, we would run out of cash in one year. We cannot afford to take a short-term view with 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 as a result of various economic factors such as the war in Ukraine, increasing oil prices and sustained inflationary costs.

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

Apartment Size	No. of Units	Ave Weekly Rent 2023 / 24	Ave weekly rent with 5.5% increase	Ave weekly rent with 6% increase
2 apt	60	£69.85	£3.84	£4.19
3 apt	340	£76.18	£4.19	£4.57
4 apt	91	£91.99	£5.06	£5.52
5 apt +	27	£103.98	£5.72	£6.24
<b>Overall Average</b>		£85.50	£4.70	£5.13

Gross Income	2023/24 Rental income	2024/25 projected rental increase at 5.5%	2024/25 projected rental increase at 6%
Per week	£41,387	£43,650	£43,857
Annual	£2,151,486	£2,269,818	£2,280,575

## Average Weekly Rents

The Scottish Housing Regulator in our most recent Landlord Report 2022/23 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 our rents are below local Easterhouse landlords:

EHRA Landlords Average Weekly Rents 2022 23					
Apartment Size	Provanhall HA	Easterhouse HA's	Easterhouse HA's Difference	Scottish Average	Scottish Average Difference
2 apt	£66.52	£70.66	-6.22%	£83.46	-25.47%
3 apt	£72.55	£77.36	-6.63%	£86.28	-18.92%
4 apt	£87.61	£87.95	-0.39%	£93.96	-7.25%
5 apt	£99.03	£99.27	-0.24%	£103.72	-4.74%

Average Weekly Rents for local Easterhouse landlords 2023 24 shows the rents for the majority of our properties are either below or are on par with the average for local Easterhouse landlords:

Average Weekly Rents 2023 24			
Apartment Size	Provanhall HA	Easterhouse HA's	Easterhouse HA's Difference
2 apt	£69.85	£73.87	-5.76%
3 apt	£76.18	£80.89	-6.18%
4 apt	£91.99	£91.97	0.02%
5 apt	£103.98	£103.81	0.16%

## Rent Increases

This table shows in the last 3 years our rent increases have been below the Scottish Average.

Average Rent Increase	2023 24	2022 23	2021 22
Provanhall HA	5.00%	2.6%	0.00%
Easterhouse HA's	4.57%	3.52%	0.93%
Scottish Average	5.14%	2.98%	1.22%

## 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:

<b>Green:</b>	(less than 25% of income is spent on rent)
<b>Amber:</b>	(between 25% and 30% of income is spent on rent)
<b>Red:</b>	(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:	
<b>Green:</b>	(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 10.40% to 22.70%.

As you can see from the ARC indicator table, our performance is higher than the Scottish average. In 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 tenant

(90%) stated their rent offer value for money. The Management has considered this in their deliberations and believe a rent increase of between 5.5% and 6% is fair and reasonable in the current economic climate and when benchmarked against local RSL's and the Scottish average.

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

Annual Return on the Charter (ARC) Indicator 2022/23	Provanhall HA	Scottish Average
1 – Percentage of tenants satisfied with the overall services provided by landlord	92.8%	86.7%
29 – Percentage of tenants who feel rent for their property represents good value for money.	89.6%	81.79%
31 – Percentage of gross rent arrears of rent due	2.00%	6.86%
34 - Percentage of rent due lost through properties being empty	0.1%	1.4%
35 – Average calendar days taken to re-let a property	10.2 days	55.6 days

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

<https://forms.office.com/e/XW7qQWQ5Je>

Or scan QR code:



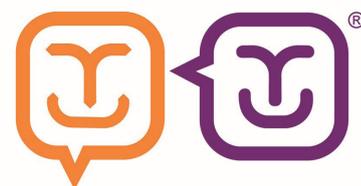
Or email your answers back to us at:

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

Or drop your completed form into our offices at 34 Conisborough Road, Glasgow, G34 9QG

Or phone 0141 771 4941

**Please respond by 12 noon on Thursday 14th December 2023**  
**Each response will be entered into a prize draw with a chance to win £100 cash voucher!!**



HAPPY TO TRANSLATE



# Please return only this page of the form!

## Rent Consultation Survey 2024/25

(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 of 5.5% and 6% next year, or if you prefer for us to cut back on some of the optional services we provide or delay 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 12 noon on Thursday 14th December 2023**  
 Your entry will be considered for the prize draw of £100 cash.

	Please tick	
<b>Question 1 of 4</b> What proposed rent increase do you think should be implemented from April 2024?	5.5%	6%
<b>Question 2 of 4</b> Do you consider your rent affordable just now? (Required)	Yes	No
<b>Question 3 of 4</b> Will it still be affordable if increased in April 2024? (Required)	Yes	No
<b>Question 4 of 4</b> Would you be interested in joining our tenants' scrutiny panel? (Required)	Yes	No

You can give us feedback here, especially if you do not agree with the rent increase or if you feel your rent is not affordable to you then we would like to hear back from you.

If you have ticked that you don't consider the increase affordable 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 \_\_\_\_\_



Provanhall Housing Association  
34 Conisborough Road  
Easterhouse Glasgow G34 9QG  
T: 0141 771 4941  
E: [info@provanhallha.org.uk](mailto:info@provanhallha.org.uk)  
[www.provanhallha.org.uk](http://www.provanhallha.org.uk)

Provanhall Housing Association Limited is a company registered in Scotland under the Companies Acts, Company Number: SCO37762, Registered Office: 34 Conisborough Road, Easterhouse, Glasgow. G34 9QG. It is registered as a Property Factor Id: PF000389. Registered Housing Association No. HHC 242 Scottish Charity No SC037762. Financial Conduct Authority No 2401RS.  
© Provanhall Housing Association Ltd 2022