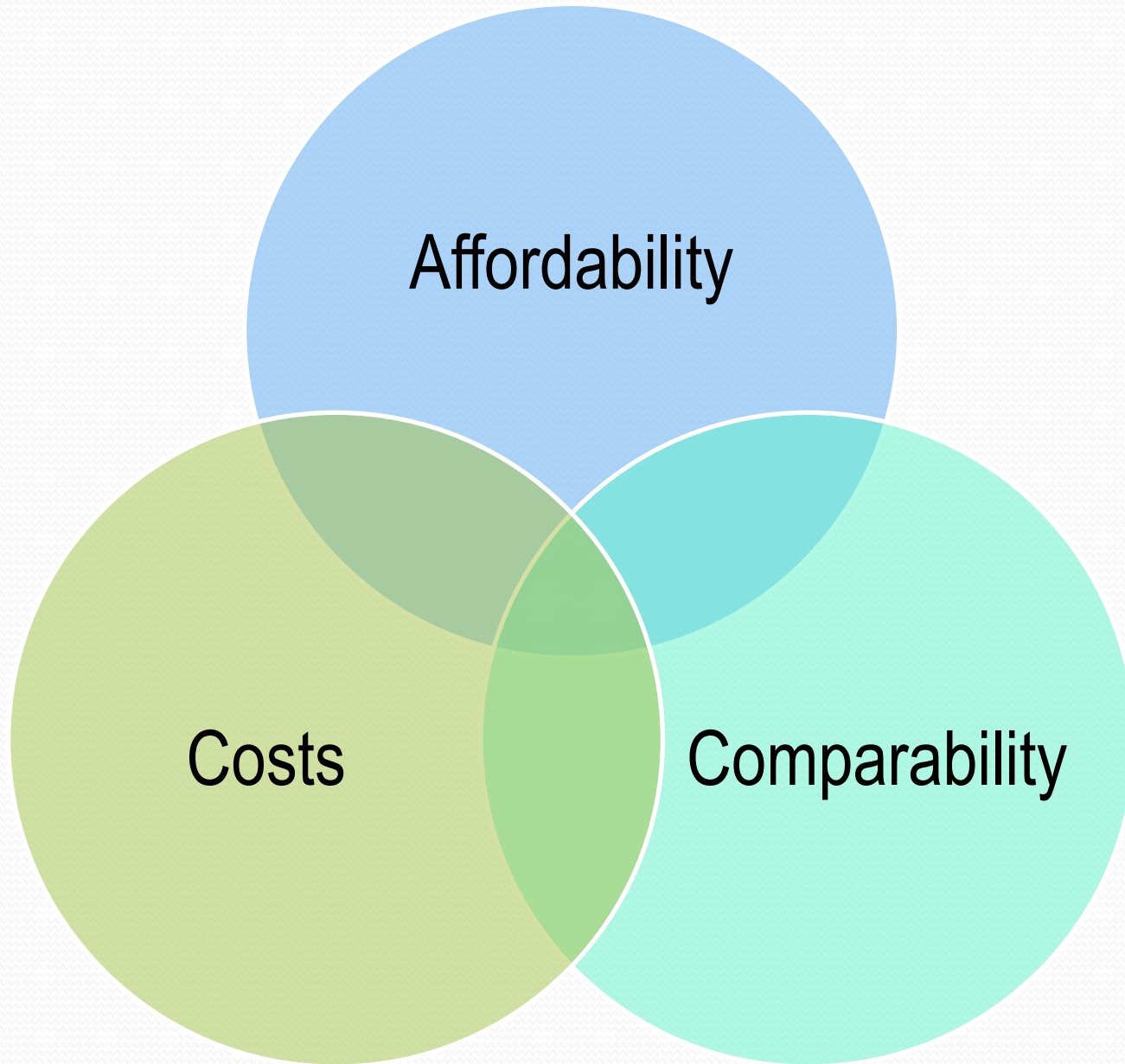


INFLUENCING RENTS AND SHAPING SERVICES

- Your views shape our services





SPOTLIGHT ON: impact of below-inflation rent increases



Scottish Housing
Regulator

The current cost of living crisis is leading to significant hardship for many social housing tenants, including some of the most vulnerable in our society. Clearly, minimising increases in rent will help many tenants during this difficult period. That said, the findings from our National Panel of Tenants and Service Users suggest that increasing food and energy costs, and not rent levels, are the biggest contributors to the worsening financial circumstances of many tenants.

Social landlords have made significant efforts to minimise the level of rent increases for their tenants, especially in the last couple of years, with many applying increases below those assumed in their business plans and below the rate of inflation.

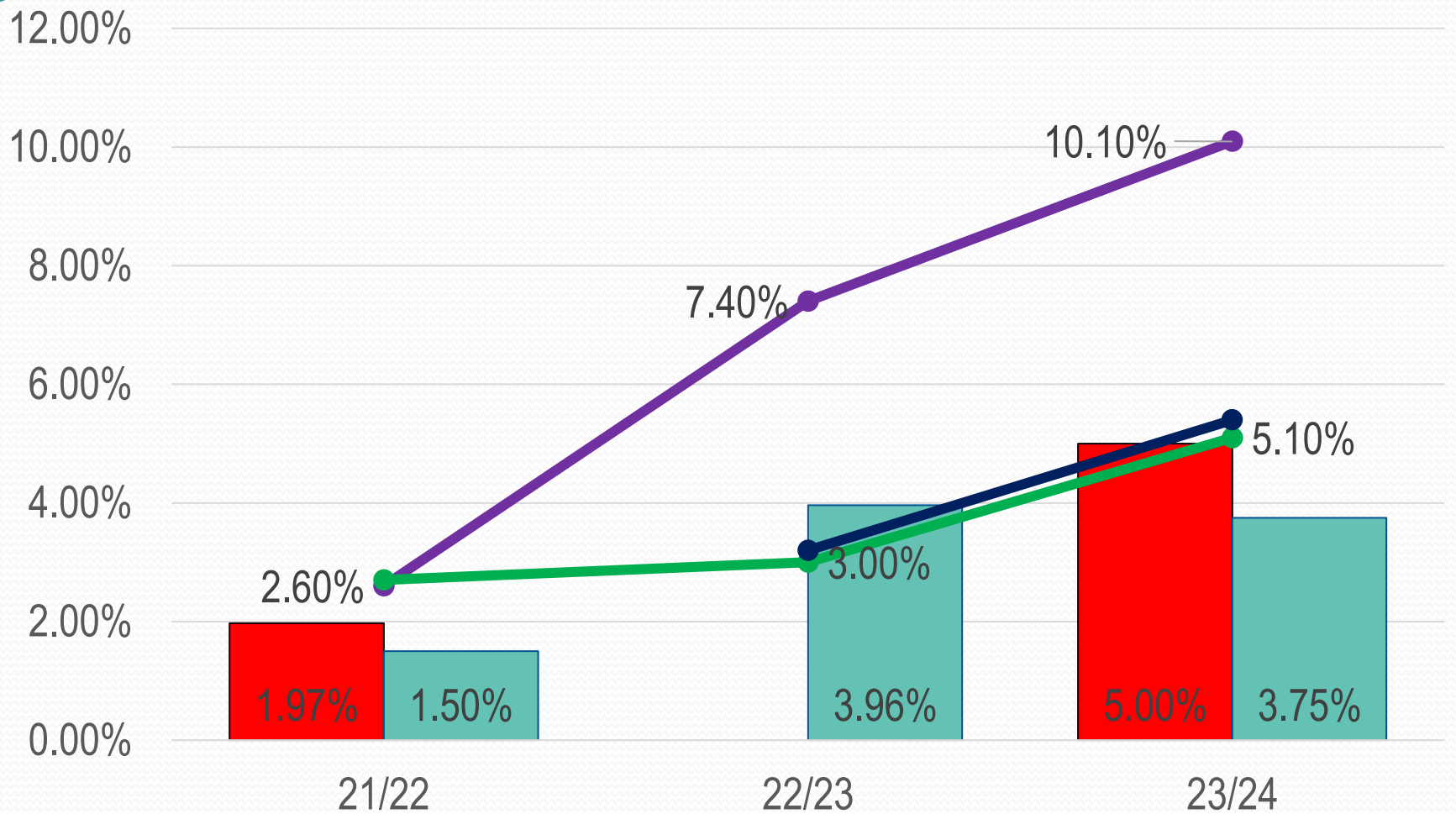
The 2023 annual rent setting exercise has been the most difficult that social landlords have faced for some time. They have had to consider their own rising costs, while recognising the financial hardship that is a reality for many of their tenants. The Scottish Government introduced the Cost of Living (Tenant Protection) Act 2022 which brought in a moratorium on increases in rents for homes provided by social landlords and private landlords running from September 2022 until at least the end of March 2023. Earlier this year, the Scottish Government expired the emergency provisions on rent caps for social landlords following agreements with the Scottish Federation of Housing Associations and CoSLA on how social landlords would proceed with rent increases for 2023/24. These agreements did result in many social landlords setting rents at levels below those assumed in their business plans and financial projections. So, social landlords have made significant efforts to minimise the level of rent increases, but this will have resulted in landlords having less resource available in the current year and in future years to invest in tenants' homes and service, and in providing new homes.

Landlords are also facing significant cost increases in maintaining existing homes alongside new costs for investing in those homes to meet increasing standards for energy efficiency and to achieve the decarbonisation of heating. Landlords' costs for staff, insurance, and other overheads are all growing, and increasing arrears may lead to higher bad debts - i.e. debt that cannot be recovered - in the future. In addition, the recent rapid increase in the Bank of England base rate from 0.1% to 5.25% has increased the cost of borrowing for social landlords; around 25% of borrowing by RSLs is on variable rates of interest, meaning that they will incur additional interest charges of around £66 million each year for existing borrowing.

Taken together, this means that social landlords will have to make tough spending decisions in the coming period as they seek to reduce their expenditure where they can. We are already seeing evidence that RSLs are reducing and delaying their plans to build new homes, with projections for the next five years nearly 15% lower than last year's projections meaning around 4,500 fewer affordable homes will be built. RSLs are also planning to cut back or delay investment in existing homes, with an aggregate figure of more than £15 million being cut from expenditure plans in some of the next five years.

Many RSLs undertake a range of activities which benefit their tenants and communities but are not core housing services, such as welfare and energy advice. This is a relatively small area of expenditure for most RSLs, but they plan to almost halve expenditure on these other activities in the future.





 GW Proposed increase

 GW actual increase

 Annual CPI (avg)

 Avg increase (Scotland)

 Avg increase (RSLs only)





Rents and Services 2024/25

Dear Tenant,

Annual Tenant's Conference:
Thursday 18 January 2024, 6pm

Consultation

It's that time of year again when we look to the year ahead, projecting our anticipated costs, setting our budgets; and communicating with you, our tenants on the annual rent increase.

Contrary to past approaches I seek to write to you on behalf of the Management Committee in an appeal to convey both my understanding of the impact of these challenging and enduring times, and with necessary candour.

Your views are integral to our vision of 'Shaping thriving communities' - to which we remain steadfastly committed. However, we have also been upfront, throughout the preceding 3 consecutive years of below-CPI increases in forewarning the need to consider future increases that help us to recover and avoid long-term impact on our investment programme and service delivery.

Your rent is the backbone of our services, ensuring a range of essential services that go beyond the physical walls of your home from responsive repairs, investment works and communal area upkeep to tenant services and community initiatives. Conversely we are acutely aware of the challenges to household budgets in the face of the current economic landscape characterized by a high CPI and a cost of living crisis. In our recent future services survey (2022) you outlined your highest concerns to be:

- increasing fuel/utility costs (64% of respondents);
- increasing food costs (55%); and
- council tax bills (19%).

Though we were pleased to confirm that a significantly lower proportion (19%) considered rent affordability as the predominant concern, and that 81% of tenants (independent tenant satisfaction survey, 2023) consider their rent represents value for money.

The unavoidable reality is that the enduring economic landscape presents us with continued increased operational costs in maintaining both our service provision and the quality of your homes. In the last year alone our reactive repairs service increased 30% and the cost of delivering essential health & safety works at St Vincent Terrace increased by £500k.

At GWA we fully understand the importance of transparency and communication. In this leaflet I seek to outline the factors which influence this year's proposed rent increase of 6.7%, supported by a rent freeze for all 1Apt properties and continued suspension of the rent restructure programme. Following your review I encourage your active participation in the consultation process, though would kindly ask that your responses and views reflect proportionate consideration of the influencing factors, ongoing challenges and concessions to date.

Please be assured that we recognize and understand the impact of any increase and want to assure you that the proposed 2024/25 increase has been carefully considered, striking the necessary balance between the needs of the community and the economic challenges we collectively face.

Lastly, in recognition that this leaflet offers only a brief summary of the issues that influence the annual rent review, I would kindly encourage you to attend our upcoming Annual Tenants Conference on 18 January 2024 to take part in the full consultation. I look forward to seeing many of you there!



Isabel Grace, Management Committee Chairperson

As we continue to operate in a challenging environment, we are again faced with the incredibly difficult decision of reaching a fair and balanced outcome for tenants, across our three main rent policy influences:

Cost	Affordability	Comparability
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Setting the scene...

The annual review influences the amount of money we have available to manage and look after your homes, including repairs, planned maintenance and investment works, improving energy efficiency, and ensuring the area surrounding your home is safe and well maintained.

The Projected 5 year investment (£27M) from 2023 includes a significant investment of energy efficiency improvement to approximately 750 homes over the next 5 years.

With investment of £700k, we are on track to fit new energy efficient, double-glazed windows in 40 households, with a further £1.1m investment planned for new windows before 2028.

Phase 1 cyclical painting of 39 common closes across our stock (approximately 300 households), will be completed by the end of the year.

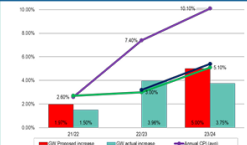
Phase 1 of our Kitchen and Bathroom replacement programme (£2.2M, x282 households) is underway, with a total £5.5m of similar planned investment over the next 5 years.

Our rental income also helps us to support the services that sustain tenancies and help our communities thrive, including welfare benefits and advice. Additionally, through schemes and initiatives such as:

- Rent Reward
 - Good close & garden
 - Festive colouring
 - Saw with rent
 - G3 Growers
 - Jim Michael Community Award
 - Bookworms
 - Festive gifts
 - Annual donation to a local foodbank
- a total of £17,178 was reinvested directly into our community last year alone.
- A further £4,025 from our GW community fund was distributed to 88 of our most vulnerable families (164 children) to bridge the gap in Cash for Kids funding.

If you would like to know more about any of these schemes please contact the office - our staff will be happy to help

GW's 23/24 increase was the 3rd consecutive below-CPI increase and the 2nd time in three years the increase was pared back following tenant consultation. Whilst Management Committee members were satisfied that these previous decisions were appropriate to ensure support to tenants amidst particularly challenging circumstances, we also forewarned on each occasion that increases at these levels were not sustainable without an aligned impact on service delivery/investment commitments.



Proposal for 2024/25

6.7%

- 6.7% increase
- Rent freeze for 1Apt properties
- Continued suspension of rent restructure programme

Size	Avg. Weekly Increase
1 Apt	£0.00
2 Apt	£5.75
3 Apt	£6.85
4 Apt	£7.98
5+ Apt	£8.76

Service charges are set separately from the rent, and reflect the projected cost of the services for the year ahead. Any surpluses or deficits are reconciled within the subsequent projection, meaning you only ever pay the exact cost of the services being provided, plus our 3% administration charge. This projected calculation is currently underway, though early indications are that increases will be in the region of 20%, reflective of the continued escalation in costs experienced by our environmental and common close cleaning contractors, which will be subject to a tender exercise within the upcoming year. Service charges for 2024/25 will be confirmed in the rent review letters.

Affordability

99%

First and foremost we acknowledge that affordability is entirely subjective, and that household budgets continue to be stretched amidst the ongoing cost of living crisis.

Affordability is one of 3 main policy drivers in our approach to the annual rent increase. As such, GWA has adopted the measure of affordability recommended by the Scottish Federation of Housing Associations. This determines rents as affordable if they are between 25-30% of income, measured using the 'moderate incomes' approach for a range of typical households.

Applying the SFHA measure, a universal 6.7% increase to all properties would have resulted in 98% of GWA rents meeting the 30% test. However, this calculation evidenced projected rents would be affordable to just 14.74% of households in our 1Apt stock - a consequence of the rent restructure programme being suspended for the second year in a row.

Accordingly, this informs our proposal to apply a rent freeze to all 1Apt properties, resulting in 99% of all GWA households meeting the 30% test, with 85% meeting the more challenging 25% test, evidencing affordability compliance for a high majority of our households.

Comparability

Whilst our average rents are higher than some local RSLs, they remain comparable with the Scottish average.

Over the last five year's GWA's rent increases have averaged out to 2.71% per annum, significantly lower than the national average of 5.34% for all RSLs.

RSL	Average Annual Rent Increase (%)
GWA	2.71%
Other RSLs	5.34%
Scottish Average	5.34%



Annual Tenant's Conference: Thursday 18 January 2024, 6pm @ The Mitchell Library

Before making a final decision on the rents and services that will be implemented from 28th March 2024, our Management Committee want to hear from you. This leaflet provides only a brief summary of the issues that influence the annual rent review and we strongly encourage you to attend our Annual Tenants Conference (a hybrid event, accommodating in person or virtual attendance) on Thursday 18th January 2024 to take part in the full consultation and to find out more about our service delivery priorities.

If you are unable to attend, please share your views with us via the upcoming electronic survey (due to be circulated via text and email in early January). Deadline for responses: Monday 15 January 2024. Alternatively, please return the below tear off slip or email us at admin@glasgowwestha.co.uk

Name(s) _____ Address _____

Did this leaflet adequately outline the factors which have influenced this year's rent increase proposal? Yes No

Is there any additional information you wish to be shared in future rent increase consultations? Please detail:

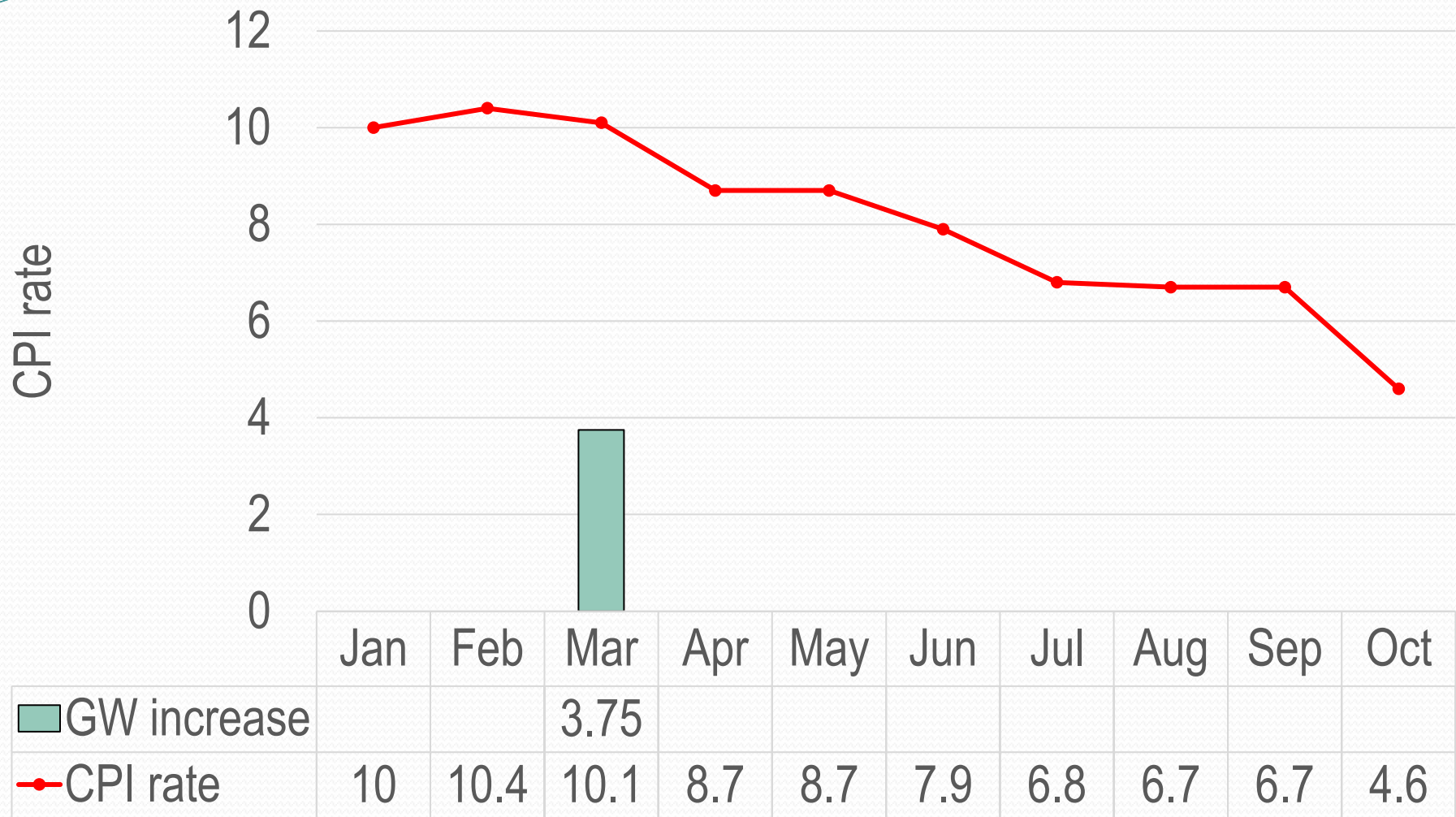
Taking everything into account, do you support our proposal to apply a 6.7% increase, with a rent freeze for all 1Apt properties? Yes No

If not, what would you consider a reasonable increase? _____ %

Are you satisfied that this consultation (leaflet, survey and Annual Tenant's Conference) offers tenants adequate opportunity to share their views on rent proposals? Yes No

Any other comments?





6.7% increase

Rent freeze for 1 Apt properties

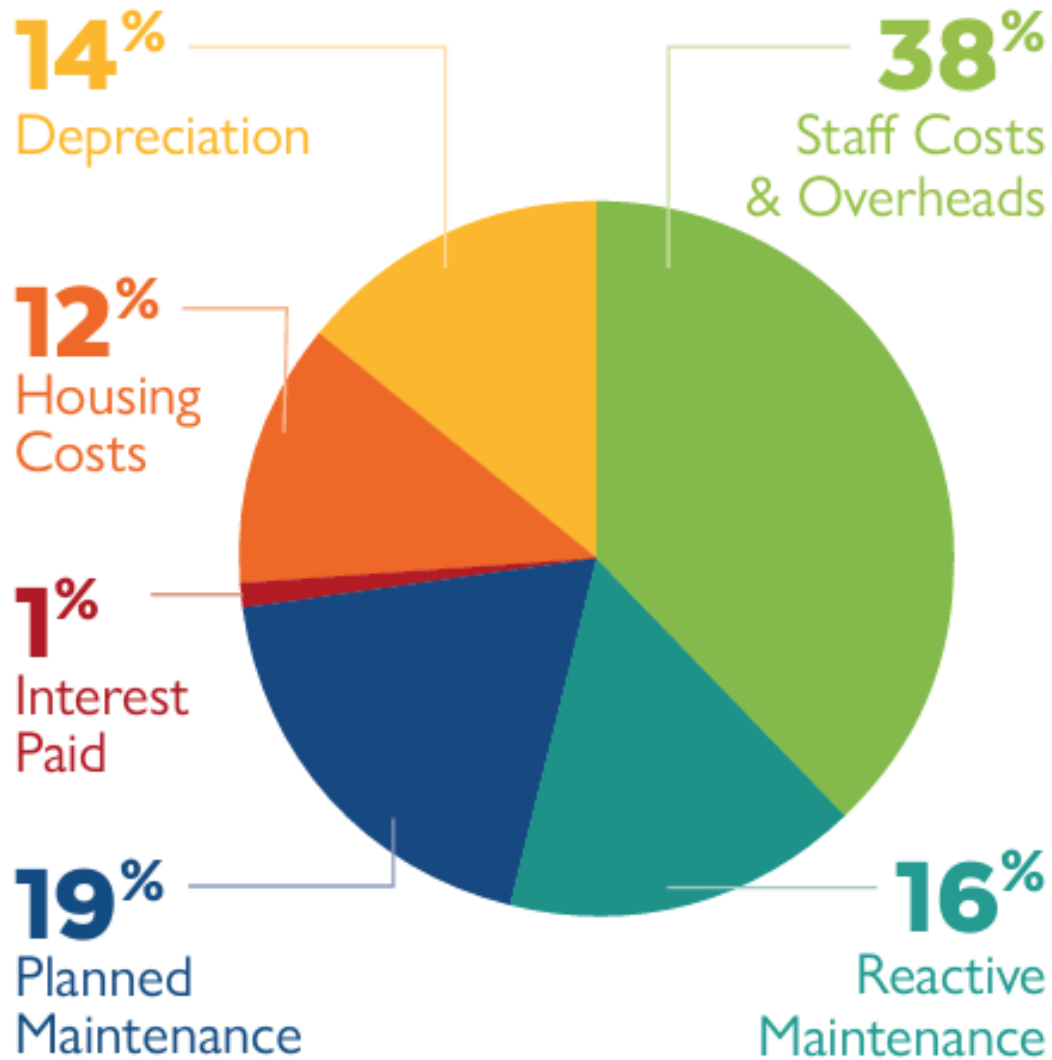
Continued suspension of rent
restructure programme

Costs



Service charges - independent

What Income Received is spent on:



Costs



GWHA Services

Estates

- Close inspections
- Contractor management
- Concierge service
- Estate patrols
- Garden grants
- Total Homes partnership

Technical

- Major works
- Health & safety, including regulatory compliance
- Cyclical Inspections
- Investment works

Tenancy

- Voids and allocations
- Anti-social behavior
- Tenancy sustainment
- Tenancy management
- Welfare Rights
- Engagement and participation
- Wider role activities

Repairs

- Reactive repairs (Emergency & non-emergency)
- Contractor management
- Annual Gas Servicing
- Void repairs
- Medical Adaptations
- Pre and post inspections

Costs



Pressures on rental income

TENANT
INCOME

COST TO THE
ASSOCIATION

Rising inflation

Paid income: Wage freezes,
zero-hour contracts

Welfare Reform: Universal
Credit, Benefit Cap

Withdrawal of public
services

Investment in older stock

Development

SHQS + EESSH

Costs



Challenges faced by RSLs

VIABILITY

- Diminishing council services

AFFORDABILITY

- Investment in housing stock

QUALITY OF SERVICE

- Reactive repairs
- Wider role activities

REGULATION & COMPLIANCE

- EESSH
- Fire Safety
- Scottish Housing Regulator
- Scottish Charities Regulator
- GDPR
- Freedom of Information

Costs



Housemark
Scotland

sfha
Scottish Federation of
Housing Associations

We are housing Scotland

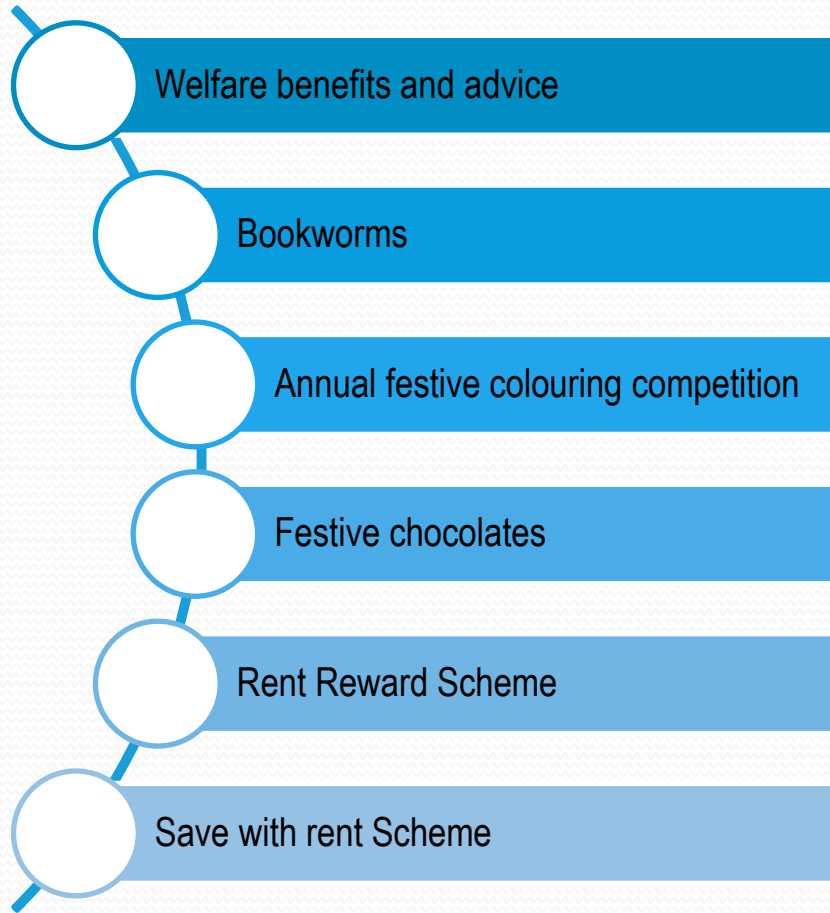
99%

Rent affordability tool

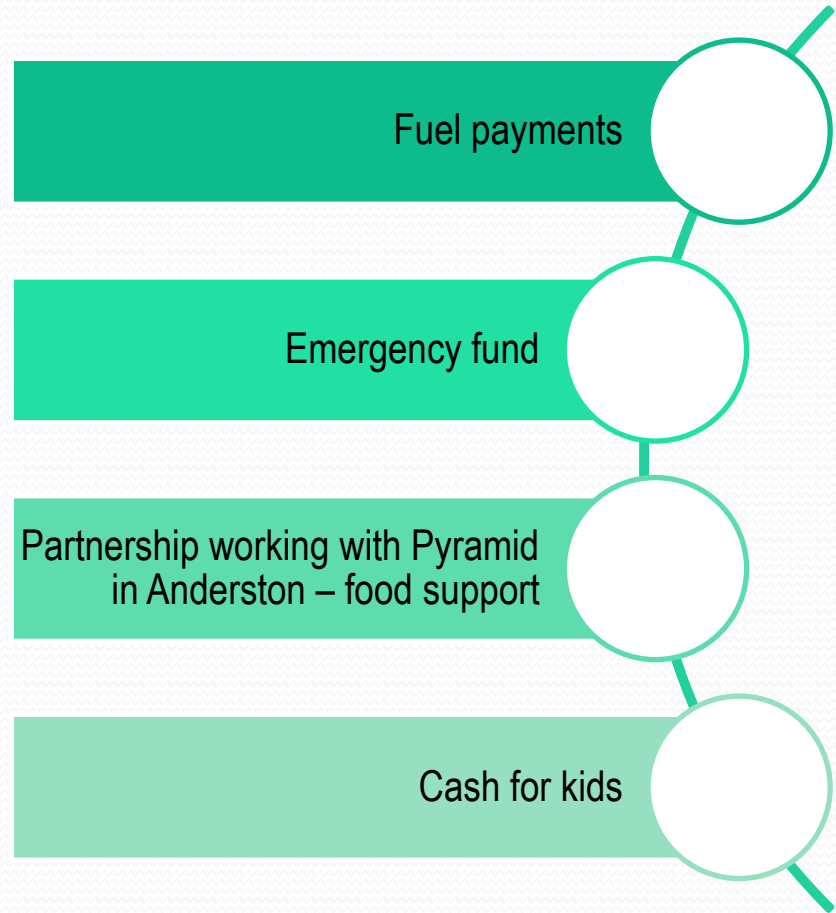
Affordability



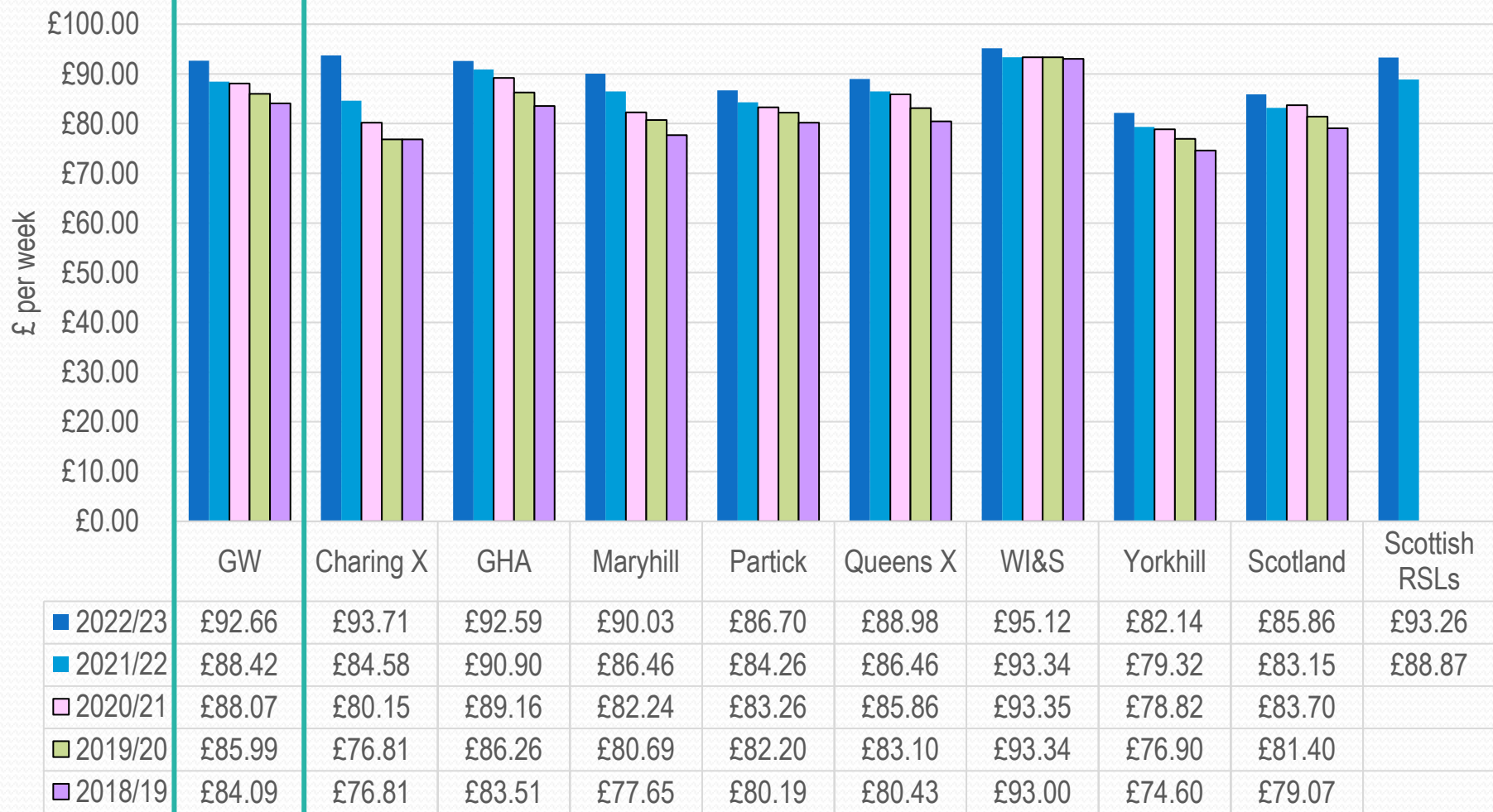
Tenancy Sustainment Initiatives



Support and Intervention



Average Weekly Rents

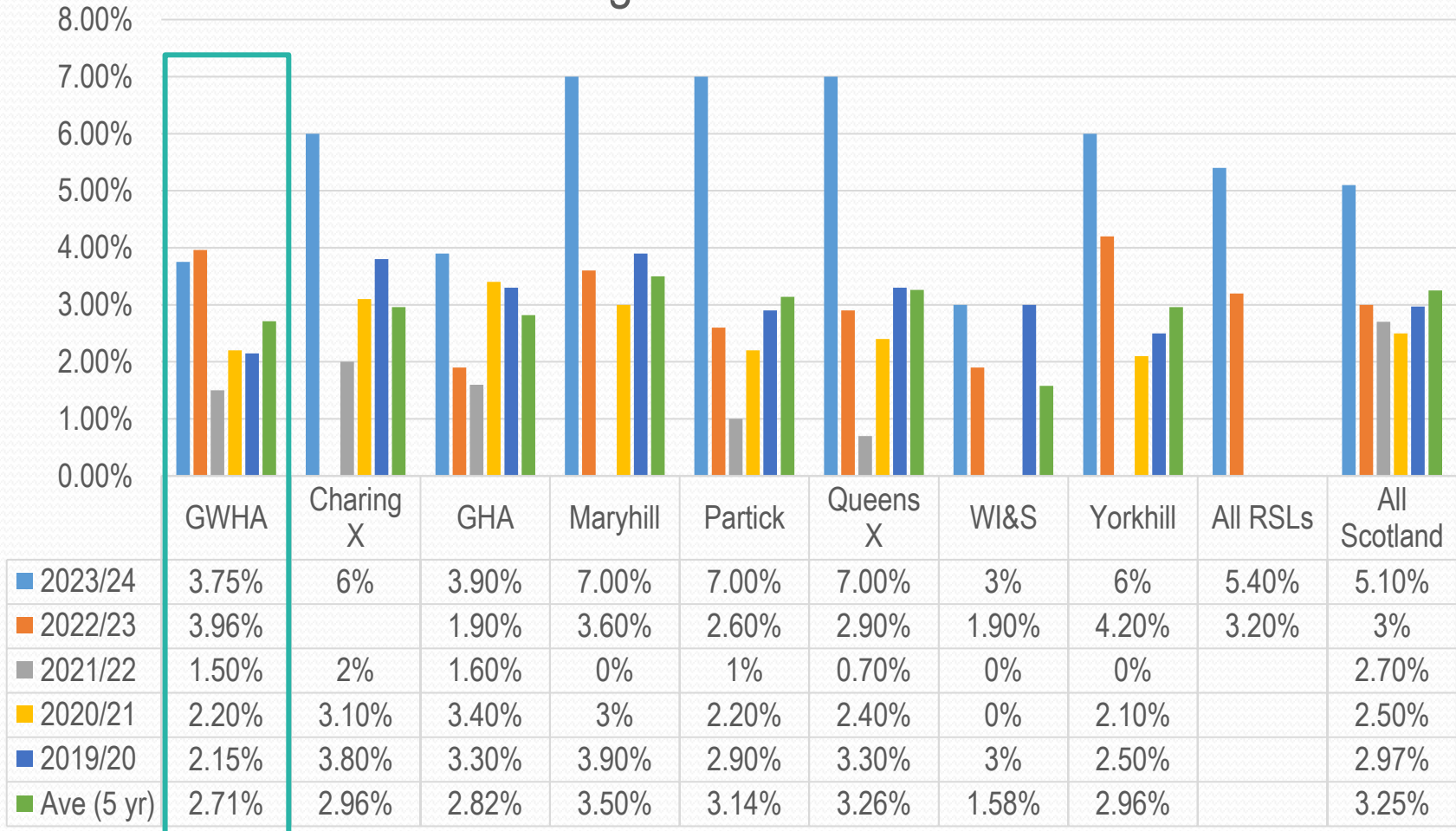


Now WSHA



Comparability

Average Rent Increases

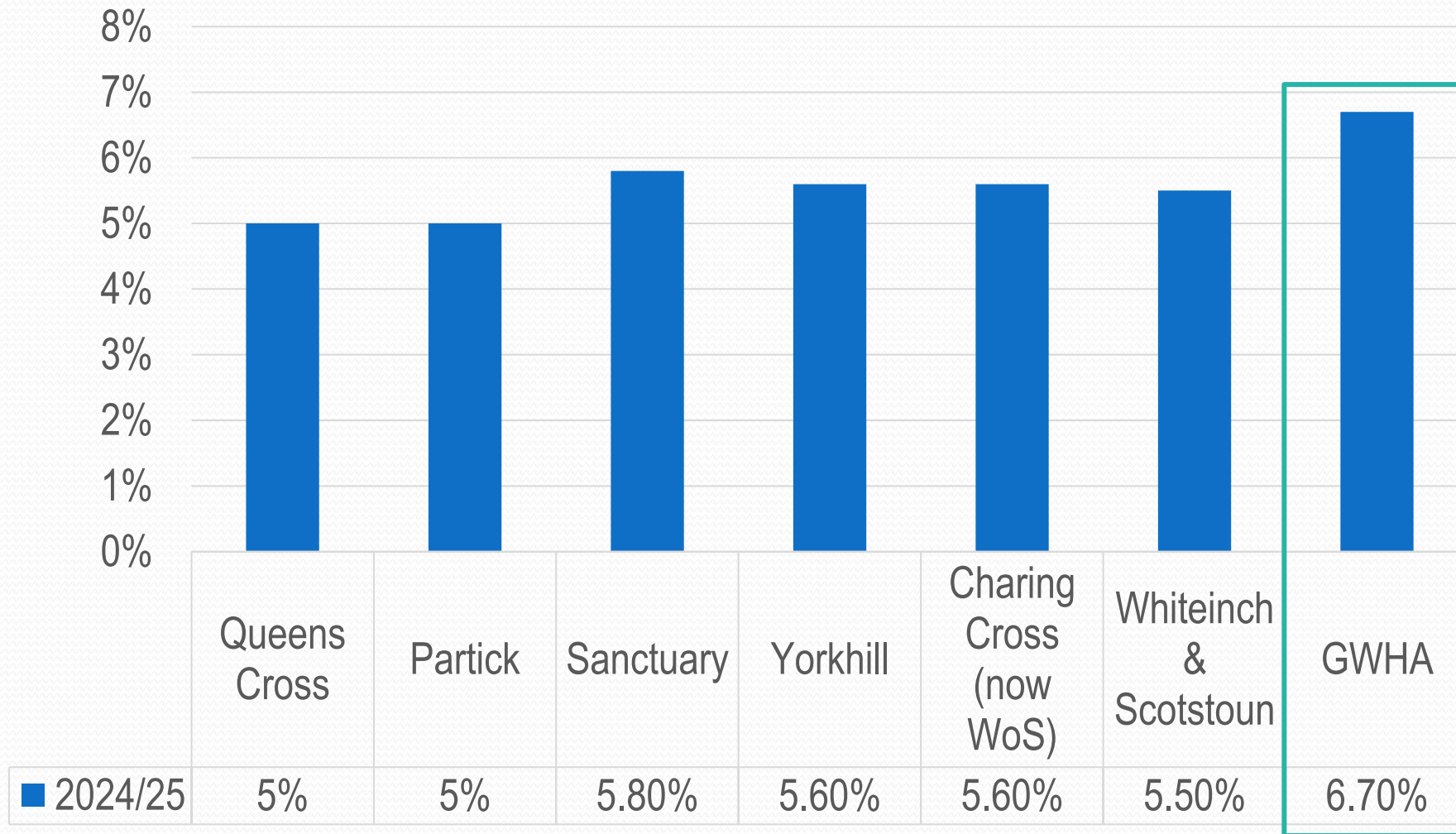


■ 2023/24
 ■ 2022/23
 ■ 2021/22
 ■ 2020/21
 ■ 2019/20
 ■ Ave (5 yr)

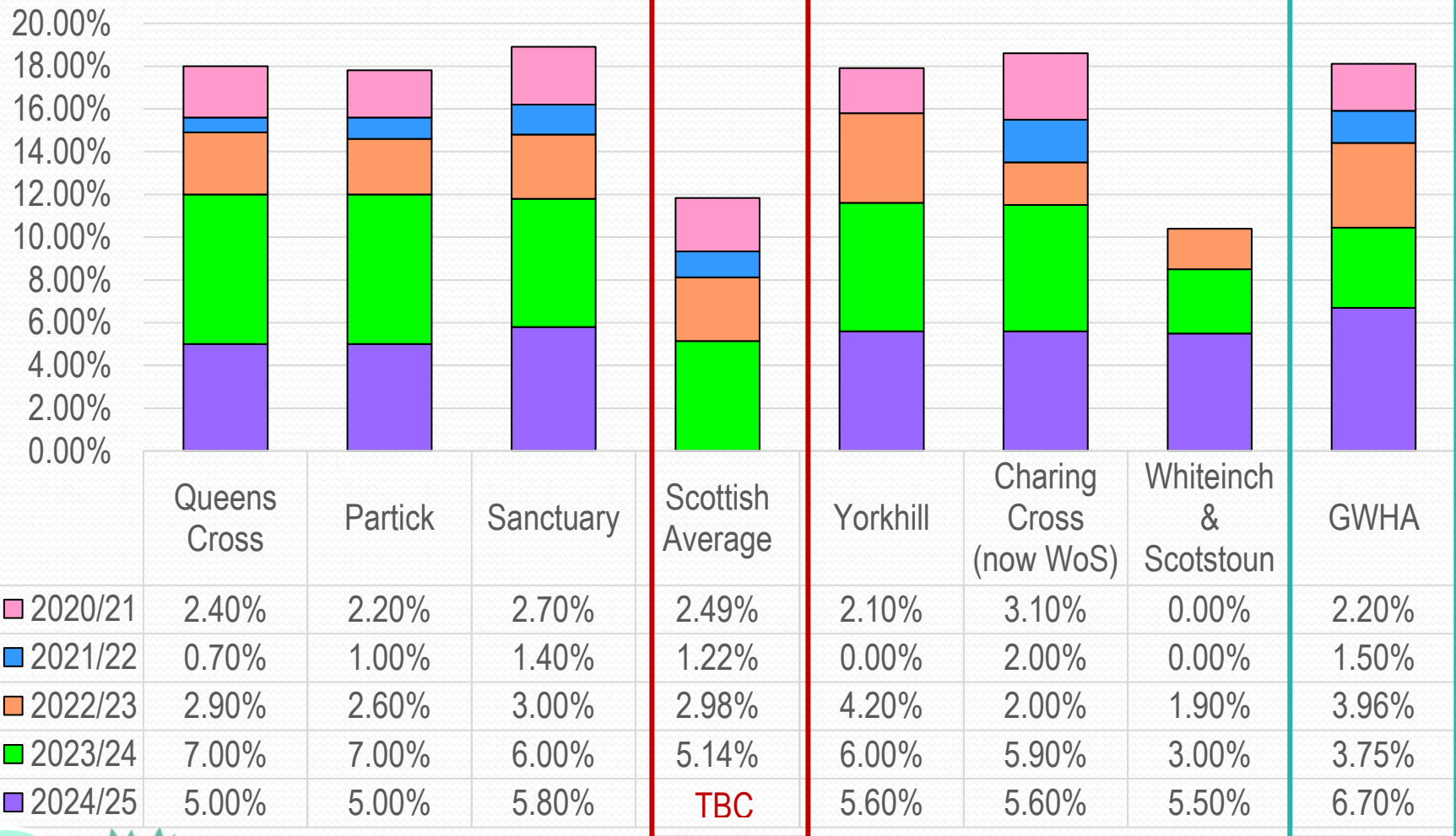


Comparability

Comparisons for 2024/25



5-year comparisons



Size	Av. Weekly Increase
1 Apt	£0.00
2 Apt	£5.75
3 Apt	£6.85
4 Apt	£7.98
5 Apt	£8.76



**Bespoke letter to each Tenant at least
4 weeks before payment changes**



RENT PROPOSAL

6.7%

- Rent freeze for 1Apt properties
- Continued suspension of rent restructure programme

Your Views Shape Your Services

