

2023/24

Rent Level Consultation



East Lothian
Council

have your say



East Lothian Council consults with tenants, tenants and residents' groups, and East Lothian Tenants and Residents Panel (ELTRP) on any proposals to increase rents.

Over the last two years the council has not consulted as a result of the decision taken to freeze rents in recognition of the financial challenges being faced by tenants as a result of Covid-19.

The council is aware that for many tenants this year is possibly even more difficult with high inflation and a cost of living that is placing huge stresses on household finances notably around energy costs and the price of food.

You may be aware that the Scottish Government in recognition of this, has through emergency legislation restricted all landlords from increasing their rents up to the end of March 2023. The Government are aware of the impact that this may have on local authorities and the importance of being able to ensure they continue to be able to carry out essential repairs and continued improvement in upgrading stock as well as the need to increase new affordable housing. In this regard the Scottish Government have indicated they will review this decision on 14 January 2023 as to whether this restriction will continue, be capped or removed.

Acknowledging the timescales involved in agreeing the level of rent increase, the Scottish Housing Regulator is encouraging councils to proceed with the work required to determine what level of rent increase is needed for 2023/24, including consulting with our tenants to understand what is important to you and what you can afford to pay.

East Lothian's housing market continues to be highly pressured with a rapidly growing population, high house prices and increasing rents across

the private rented sector. Demand for affordable housing is extremely high with not enough supply to meet that demand.

Cost pressures for the council include

- Borrowing, with increasing interest rates
- Materials and labour for repairing, maintaining and improving tenants' homes
- Pressure for pay increases for staff and other staff costs
- Energy costs for offices, costs for other office supplies, and vehicle fleet costs
- New costs for investing in existing homes to meet increasing standards for energy efficiency and to meet climate change targets set by the Scottish Government

Without a rent increase in April 2023, it will be impossible for the Council to continue to deliver the current level of service including its ambitious capital programme.

It is important to note that the impact of the previous year's freezes as well as the increasing costs and increasing interest rates will affect future years' affordability and wider capital investment. In this context, the council has decided to consult tenants on a range of options and give you the opportunity to choose your preference taking into account the impact these choices might have on the Council's Housing Revenue Account (the Council rent income and expenditure budget).

The options are

Option 1 – 0% rent increase

A further rent freeze in 2023/24 followed by a potential 5% increase in the following four years will create financial challenges for the council unless savings are identified in other areas such as reducing service levels or significantly reducing the ambition of the council's modernisation and new build programme.

Option 2 – 3% rent increase

A 3% rise in 2023/24 followed by a potential 5% increase in the following four years would result in a reduction in the investment in upgrading work and building new homes over those years with an ongoing impact on future year programmes.

Option 3 – 5%

A 5% increase which is the initial budget approved by Council in February 2022 for 2023/24 would result in some reduction to the programme as a result of adjustments for inflationary and borrowing increases but would mainly allow the current levels of service to continue along with investment in our existing stock and new build programme for the next five years.

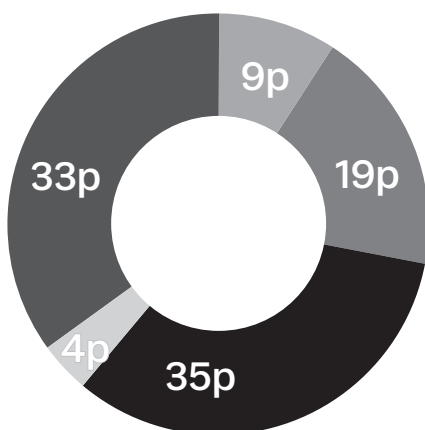
How rent is spent

The money you pay in rent goes towards the cost of providing you with the services you receive as a council tenant.

The main items of expenditure are loan charges, repairs and maintenance, operating costs and employee costs.

How each £1 of rent money is spent and what these costs cover:

(based on the 2021-22 average weekly rent of £72.61)



- **Voids and Bad Debts** 4p
Money that can't be recovered such as rent loss due to houses being vacant or chasing debt that is uneconomical to recover
- **Employee costs** 9p
Salaries and associated costs of those delivering landlord services to tenants.
- **Operating costs** 19p
Information Technology systems and equipment, accommodation costs, tenant participation, and running costs of the service
- **Repairs and maintenance** 33p
All costs associated with maintaining and improving our properties
- **Loan Charges** 35p
These are payments the council makes to the Public Works Loan Board for the finance it has borrowed to deliver its capital investment plans, mainly for the modernising of existing stock and the delivery of new council houses.

Have your say

We value your views on East Lothian Council's Rent Level Consultation and proposed rent increase. This consultation is an important opportunity for you to have a say on our proposals and plans for continued improvements in 2023–24 and we would urge you to take part.

Please spare a few minutes to feedback by completing and returning the following questionnaire in the prepaid envelope provided by **Friday 16th December 2022**. The questionnaire is also available online at <https://www.eastlothian.gov.uk/rent-consultation>

Comparing Rent Levels

East Lothian rents continue to be affordable and remain low compared to other local councils. The average weekly rent is currently the 4th lowest in Scotland and is below the Scottish average. They are also significantly lower than our neighbouring authorities.

The average weekly rents for 2021–22, from highest to lowest, of Scottish local authorities were:

Landlord	£
City of Edinburgh Council	103.39
Aberdeenshire Council	89.19
Midlothian Council	85.34
Dundee City Council	85.06
West Dunbartonshire Council	84.56
East Dunbartonshire Council	83.39
East Renfrewshire Council	83.20
Shetland Islands Council	82.72
Aberdeen City Council	81.77
Highland Council	81.69
Orkney Islands Council	81.15
Renfrewshire Council	80.94
West Lothian Council	79.16
Fife Council	79.08
South Ayrshire Council	78.32
North Ayrshire Council	75.86
East Ayrshire Council	75.53
Clackmannanshire Council	75.16
South Lanarkshire Council	74.94
Angus Council	74.91
North Lanarkshire Council	74.58
Falkirk Council	72.89
East Lothian Council	72.61
Perth & Kinross Council	72.00
Stirling Council	70.77
Moray Council	64.12
Scottish Average	79.70

Housing Revenue Account

The Scottish Government provides guidance on what we can spend Housing Revenue Account (HRA) money on. There is legislation in place to make sure that money from rents is used to provide services that will benefit tenants.

To pay for the significant investment required to improve existing and provide more new council homes, we must also borrow money and make repayments over a number of years. Part of the money you pay in rent goes towards servicing these loan charges so that we can deliver the modernisation and new build programmes.

The ***Housing Capital Improvement Programme*** sets out how much money the council plans to spend on improving existing council homes and providing new ones.

Our spending commitment for 2022–23 is shown below:

Housing Capital Investment Programme	£s
Modernisation (existing stock including extensions)	14,421,000
New Council Housing	26,068,000
Fees	1,410,000
Mortgage to Rent*	280,000
Total	42,179,000

****The mortgage to rent scheme is run by the Scottish Government. The scheme aims to help people, whose homes are at risk of being repossessed, to stay in their homes.***

Further information on what the HRA is spent on is available in our Landlord Report to Tenants. Copies are available on request – see below.

Additional Information

If you would like more information or would like to talk to someone about the rent proposals, please get in touch with the Service Development Team before Friday 16th December 2022:

- Freephone **0800 413 721**
- Email **tenantconsultation@eastlothian.gov.uk** or
- Write to Community Housing, East Lothian Council
Penston House, Macmerry Industrial Estate, Macmerry, EH33 1EX

At the end of this consultation we will use the results to prepare a report for a special budget meeting of the council in February 2023. At this meeting councillors will decide the level of rent and service charge change for council tenants in the year 2023–24. We will then write to tell you what your rent and service charge will be. You should receive a letter at least four weeks before Monday 3rd April 2023 which is the date that your payment will be adjusted, subject to the decision at the council's budget meeting.

**Please complete, detach and return the following
Rent Level Consultation (pages 5–8).**

Rent Level Consultation

Q.1 Each year, we write out to all our tenants, provide a questionnaire and ask tenants to fill in the form to let us know their views. Are you happy with the level of consultation and information you get about the annual rent increase?

Yes No

If no, please tell us why?

Q.2 Demand for council housing remains high. By increasing rent the council continues to deliver existing services, invest in our housing stock and deliver new homes. In 2021/22 the council:

- *had a housing stock of 8,988*
- *had 3,709 applicants on the housing list*
- *let 433 properties*
- *the average re-let time was 66.19 days*
- *built 55 new council houses and bought 22 properties on the open market*
- *total cost spent on adaptations is £1,000,030*

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

Yes No

If no, please tell us why?

Q.3 We continue to invest in new homes, delivering 55 new council houses in 2021–22 with a further 140 expected in the financial year 2022–23. Do you agree with the council's commitment to build new homes to help address the housing shortage in East Lothian?

Yes No

If no, please tell us why?

Q.4 Last year as part of our modernisation programme, we installed 348 new kitchens, 419 new bathrooms and carried out 31 electrical rewires.

Do you agree that the council should continue to modernise its existing housing stock?

Yes No

If no, please tell us why?

Q.5 Please look at the options and associated impacts referred to in pages 1 and 2, then select your preference. Please tick **one** box only.

0% 3% 5%

Q.6 Do you agree that your rent should be used to pay for delivering the housing service to tenants?

For example we managed 8,988 tenancies, carried out 21,376 non-emergency and 1,694 emergency repairs in 2021/22 (other housing services include rent collection, rent arrears, antisocial behaviour, tenancy management)

Yes No

If no, please tell us why?

Q.7 Please tell us what aspects of the Housing Service matter most to you?

Equalities monitoring

Please complete the following questions which will help us to make sure we are capturing the views of a wide range of tenants and to help ensure we are meeting the housing needs of our tenants.

All responses are completely confidential.

Are you: Male Female Transgender

Are you:

16-24 25-34 35-44 45-54 55-64 65-74 75+

Do you have a health condition or disability which impacts on your day-to-day life? Yes No

If yes, please give details:

What is your ethnic origin?

What is your religion or beliefs? (If any)

What area do you live in?

Dunbar North Berwick Haddington
Prestonpans Musselburgh Tranent

Are you currently:

In work: Part-time Full-time
Retired Studying Currently out of work

Does your household currently receive benefit to help with your housing costs? Yes No
(e.g. Housing Benefit or Universal Credit)

Thank you for taking the time to complete this questionnaire.

Please return it in the prepaid envelope provided to:

East Lothian Council, Service Development Team, Penston House, Macmerry EH33 1EX

www.eastlothian.gov.uk



Versions of this leaflet can be supplied in Braille, large print, audiotape or in your own language. Please phone Customer Services if you require assistance on 01620 827199