

**Report to the Committee of Management to be held on 3rd December
2007
For approval**

1.0 Subject

Outcome of consultation exercise on the review of the Rent Policy.

2.0 Summary

The purpose of this report is to analyse responses to the consultation exercise on the above policy and to seek formal approval for the policy document.

The Housing Scotland Act 2001 requires specific consultation to be carried out on policy documents when being reviewed and in particular to highlight any significant changes to those policies.

The draft consultation paperwork was issued to PR Partnership and to all members of the Committee of Management for their comments on content and layout.

Thereafter a letter, questionnaire, Your Questions Answered sheet and copy of the policy document were issued to all members of the Co-operative at the beginning of November 2007. The paperwork is attached to this report.

3.0 Link to Internal Management Plan

Consultation with tenant members supports the following objectives in the Co-operatives Internal Management Plan:

- 1a) To deliver the service to clients satisfaction and expectations
- 2b) To develop a system for clients to communicate what they want
- 2c) To encourage the realisation of the Co-operative ethos

4.0 The Results of the Consultation

There were 1154 packs issued to members. There were 156 responses received representing 13%. One of the responses was by telephone and consisted of comments only, so these were included in the appropriate comments sections of the analysis. Therefore all numerical data relates to a total of 155. Appendix One summarises these responses on the example questionnaire sheet.

52 questionnaires also contained comments, some of which were extensive. It was therefore not practical to include every comment as quotes. It was necessary to categorise areas of commonality. Where comments have a number in brackets after them, this indicates the number of respondents who made the same or similar remarks/views. Some comments were shortened to key points. Some comments were omitted where they bore no relation to the rent policy but raised an issue in relation to a repair etc. These will however, be passed on appropriately.

From the summaries the following key conclusions and actions may be drawn:

- The vast majority of respondents agreed with the principles of the rent policy
- In terms of attributes the majority of respondents agreed with these and a very small percentage disagreed with them. However, there were fairly high levels of 'no answer' for a number of the attributes. It is difficult to ascertain the reasons for this but may reflect uncertainty in completion of the form or that applicants were unsure or unclear about the features suggested.
- Comments relating to the attributes section suggest that respondents disagreed most with or did not understand bed spaces, gardens, facilities in community, demand and commuting. Although overall these represented a relatively low percentage of objections. It is not felt that any of the objections should result in the alteration of the features suggested in the policy document. It is felt that the existing attributes provides a balance of features to calculate rent levels.
- In the Rent differential section the vast majority of respondents were happy with the explanation on how increases and decreases would be approached and agreed that it was fair that these should be implemented gradually.
- In terms of understanding the vast majority of respondents found the policy clearly set out, easy to read, easy to understand and free from jargon.
- The final comments section reflected that some respondents did find the questionnaire difficult to complete.
- Overall there were some concerns about the potential affordability of the policy and several respondents felt that information on what their rents would actually be should have been included in the consultation and may have affected their answers.

5.0 Financial Implications

There are no financial implications as a result of this report.

6.0 Risk Assessment

By carrying out consultation on policy documents the Co-operative adheres to its statutory duties and its legal obligations. It also fulfils the strategic and operational aims of its Internal Management Plan to involve tenant members in policy formulation. There are therefore no operational or strategic risks associated with this report.

7.0 Sustainability

See Risk Assessment above.

8.0 Staffing Issues

Following approval of the policy document staff training will be required. It will also be necessary to develop comprehensive procedures to accompany the policy.

9.0 Equal Opportunities

A statement on the above has been appropriately included in the policy document.

9.0 Recommendations

It is recommended that the members of the Committee of Management agree the following:

- To approve the contents of this report
- That the draft of the Rent Policy attached to this report is approved and is implemented for the 2008/09 rent review.
- That the results of the consultation exercise are made available to all tenant members via a forthcoming Tenants Tribune Newsletter and the Co-operatives Web Site.

Patricia Cahill, Housing Manager
Donald Repper, Finance Manager
November 2007

Our Ref: PC/DR/TF

Date 1st November 2007

Dear Co-operative Member,

Your opportunity to give your views on a new Rent Policy

We are writing to seek your views on a new rent policy for Tenants First Housing Co-operative. This new policy will change the way we calculate the rents for your home and those of other members.

In the past rents have increased on a straight percentage basis, calculated to meet the financial needs of the co-operative in providing a quality service to our members.

However, this means that identical properties in the same areas may not necessarily be paying the same rent. A fairer system would be to set the rent, based on the property type, facilities and location.

Any new policy on rent calculation also has to be clear. As a member you need to know how your rent is calculated and what kind of factors contribute to the rent you pay. You also want to be assured that the rent you pay is fair as well as affordable and that the money you pay is used to provide an excellent housing service.

With this letter we are enclosing the following documents. We hope they will help you understand and consider the changes being proposed:

1. The draft rent policy
2. *Your questions answered* - which answers some of the questions you may have before you complete the questionnaire
3. The questionnaire itself – this should be completed and returned in the prepaid envelope by the **20th of November**.

If you have any further questions, or you if want to discuss the policy in more detail before you reply, please feel free to contact either myself, Patricia Cahill, Housing Manager or Donald Repper, Finance Manager on 628400 between 10.00 am and 5.00 pm Monday to Friday. If we are not available please leave your telephone number and we will contact you.

After 20th November, we will collate your answers and take them into account when finalising the new rent policy. We will then prepare a report, based on the answers received, which will be presented to your member representatives on the Committee of Management. They will be responsible for approving the new policy.

You will want to know the outcome and we shall, of course, report back to you in a newsletter. In February next year, all members will receive a letter detailing what their rents will be. This will show any increases, or decreases, and explain how the changes will be phased in.

Thank you for your time in completing the enclosed questionnaire. This will help your Landlord (the Co-operative) to develop a fairer, more easily understood rent policy.

Yours sincerely,

Patricia Cahill
Housing Manager

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Tenants First Housing Co-operative

Questionnaire

Rent Policy

Once you have read the policy and the 'Your questions answered' sheet, please take the time to complete this questionnaire.

We have tried to focus on what are the most significant issues for feedback. But, we have left space for you to highlight any other points you wish to make. If you would prefer to discuss these points, remember you can call us. The contact names and numbers are in the covering letter.

PRINCIPLES

Please indicate yes or no to the following questions by circling your answer.

Do you agree that the Co-operative should have a rent policy that:

1. Is clear, straight forward and easy to understand by its members? **YES/NO**

Yes	150 (96%)
No	1 (1%)
No answer	4 (3%)

2. Is based on the features, facilities and location of each property? **YES/NO**

Yes	139(89%)
No	11(7%)
No answer	5(4%)

3. Ensures that identical properties in the same location should have the same rent? **YES/NO**

Yes	146(94%)
No	3(2%)
No answer	6(4%)

4. Achieves a good balance between affordability and viability? (Making sure that rents are reasonable while still managing to take in enough rent money to deliver excellent services to its members.)

YES/NO

Yes	143(92%)
No	4(3%)
No answer	8(5%)

If you have answered 'no' to any of the above questions please give your reason(s) below

- Affordability is crucial particularly for pensioners who have reduced income
- I have answered no to question 4 because the cottages are 1,2,3 bedrooms
- The quality of service should be improved
- Rent starting to get high
- Not happy with who you put in as neighbours
- Have had trouble with gas and radiators
- Service has been excellent
- No choice in where we wanted to live – we had to take it or leave it
- The facilities in the area should have no bearing on rent – facilities are funded through my council tax
- Only if services are excellent – at present they are adequate and no better than other providers
- OK as long as it does not put up my rent! Co-op started on the basis of keeping rents low
- Why have rent increases calculated on inflation? Nobodys income is ever increased on that assumption
- What services?
- Rent should not be allocated on location as this could lead to higher rents in more desirable areas
- Don't think location should play a part nor mileage from Aberdeen
- Don't understand the term affordability
- Should be based on size and features not location
- Don't think facilities should be taken into account
- Most properties in the same location have the same facilities

RENT STRUCTURE

This section relates to Appendix One of the Policy. Please tell us by ticking the 'Agree' or 'Disagree' column below if you agree with the property features that we have identified as being important in calculating rent.

Feature	Detail	Agree	Disagree	No answer
House Size	Each public room	124 (80%)	8 (5%)	23 (15%)
	Each bedroom	126 (81%)	6 (4%)	23 (15%)
	Each bed space	88 (57%)	26 (17%)	41 (26%)
	Each additional WC	108 (70%)	10 (6%)	37 (24%)
	Each garage	107 (70%)	5 (3%)	43 (27%)
House Type	Flat	100 (64%)	3 (2%)	52 (34%)
	Flat self contained	102 (66%)	3 (2%)	50 (32%)
	Mid terraced	99 (63%)	6 (5%)	50 (32%)
	Maisonette	96 (62%)	4 (3%)	55 (35%)
	End of Terrace	102 (66%)	6 (5%)	47 (29%)
	Semi Detached	106 (68%)	4 (2%)	45 (30%)
	Detached	96 (62%)	5 (3%)	54 (35%)
Housing List Demand	Low Demand	78 (50%)	20 (13%)	57 (37%)
	Medium Demand	91 (59%)	18 (12%)	46 (29%)
	High Demand	86 (55%)	20 (13%)	49 (32%)
Facilities	Medical facilities in community	106 (68%)	18 (12%)	31 (20%)
	Public transport in community	107 (69%)	17 (11%)	31 (20%)
	Near schools	95 (61%)	18 (12%)	42 (27%)

Commuting	Within Aberdeen City	88 (57%)	15 (10%)	52 (33%)
	Under 20 miles to Aberdeen	83 (53%)	16 (11%)	56 (36%)
	20-35 miles to Aberdeen	81 (52%)	19 (13%)	55 (35%)
	Over 35 miles to Aberdeen	77 (49%)	20 (13%)	58 (38%)
Garden	No Garden	87 (56%)	17 (11%)	51 (33%)
	Shared Garden	86 (55%)	13 (9%)	56 (36%)
	Private Garden	108 (70%)	10 (6%)	37 (24%)
Energy Rating	This takes into account how efficient the property is in retaining warmth and keeping heating bills down	113 (73%)	13 (9%)	29 (18%)
Service adjustment on sheltered units	To ensure affordability for sheltered units	118 (77%)	4 (2%)	33 (21%)

If you ticked 'disagree' to any of the features please tell us why below.

- Does it matter if there are one or two occupants in a bedroom (2)
- Don't understand bedspaces (7)
- High/Low demand should not be a factor (9)
- Disagree with bedspaces – should be bedrooms not the size of them (5)
- Don't think an additional WC should be taken into account
- Gardens should not/are not important enough to influence rents (8)
- Medical facilities are not relevant/dont use doctor in the area (4)
- Disagree with energy efficiency because house is too cold or outwith members control (4)
- Don't think being near a school is an advantage (4)
- Items out with tenants control should not be taken into account – housing list demand, community facilities and energy rating (2)
- What constitutes low demand?
- Should not take living rooms into account.
- Under 20 miles does not mean a better transport system
- Garages should not be included if build by a tenant
- Rent is already too expensive
- Cost of keeping a garden should be taken into account when tenant is unable to do so
- The rent policy should be simple and non discriminatory
- There should be no difference between end and mid terraced property
- Disagree with commuting as people choose to live where they like – it is up to them if they prefer to live outside city (2)
- Disagree with extra WC as some have been fitted for a disabled person so unfair to penalize
- Points should be based on volume or area of each room – not just number
- Many households don't need schools (2)

- Energy rating information should be available to everyone and independently assessed

If you think there are any other important features that we have missed please list them below.

- Actual figures should be included so tenants know what they are voting for
- Shared drying room or own drying room
- Consider square footage rather than discrimination between flats and houses
- All sheltered housing should be the same no matter how many tenants in each unit – this would be fairer
- Disabled facilities should NOT attract additional premium

RENT DIFFERENTIALS

This section relates to the part in the policy entitled Rent Differentials. This describes how the Co-operative proposes to match the annual target rents produced by the points system. On the FACT sheet the answer to the question 'Why are rents being stepped up or stepped down gradually or just frozen?' is also relevant to this part of the questionnaire. Please circle yes or no to the following questions.

1. Do you think the explanation on how we are to introduce increases and decreases is explained clearly? **YES/NO**

Yes	127 (82%)
No	9 (6%)
No answer	19 (12%)

2. Do you think introducing increases to rent on a gradual basis is fair? **YES/NO**

Yes	135 (88%)
No	4 (2%)
No answer	16 (10%)

3. Do you think introducing reductions to rent on a gradual basis is fair? **YES/NO**

Yes	130 (84%)
No	7 (5%)
No answer	18 (11%)

If your answer to any of the above was 'no' please explain below

- What reductions?
- If increase is immediate then decrease should also be immediate
- Overpayments should be reduced
- No matter what we say, it makes little difference
- Too long winded and older people will have difficulty understanding all the information
- Because it does not give you actual figures and costs etc – when people know this then they can decide to agree or disagree
- If there are more than a small number of properties due a reduction then do not agree with gradual reduction – think more figures and consultation needs to take place
- The rents should remain the same as they are now as long as the tenant is in the same house – rents should increase when new tenants take over – it is a lot for households not on full housing benefit to pay.
- The questions seem weighted and by answering in either way you are agreeing with the policy on rent increases
- A comment by one respondent indicated that they interpreted the £15.00 per month increase as applying each and every month instead of £15 being added at the start of the financial year for the full year

UNDERSTANDING

What do you think of the way we have written the Policy?

	Yes	No	No answer
Is it clearly set out?	133 (86%)	10 (6%)	12 (8%)
Did you find it easy to read?	131 (85%)	8 (5%)	16 (10%)
Did you find it easy to understand?	116 (75%)	23 (15%)	16 (10%)
Is it free from "jargon" or technical terms?	126 (81%)	10 (6%)	19 (13%)

Do you wish to make any other comments about the Policy?

- Too much jargon without an actual financial illustration
- Difficulty in completing questionnaire (4)
- The rent structure is difficult to understand (3)
- This does not explain the impact on individual households
- Too much to read for older people
- Lack of facts and figures to be clear what this actually means for individuals
- Age, valuation, improvements and heating costs should be taken into account
- I will wait to see what my target rent will be before commenting further
- If this gives no additional income why is it necessary to make tenants struggle
- It comes down to facts and figures of costs – how much to pay
- Not aware of having income information gathered
- Properties adapted for disabled with special facilities are more expensive to maintain – these should have rent increased to take this into account
- Taking attributes into account is fair
- I usually agree with Tenants First – a rent structure is a fact of life and there will always be people who disagree and people who will never make rent their priority
- Any reasonable tenant member can have to objection with any of the policy details or the way you are trying to address the issues in a fair or constructive manner
- I am unable to see why any member should find any faults, their results should mirror mine

Contact Name.....

Telephone

If you have answered NO or DISAGREE to any of the questions in the questionnaire, or if you have added any other comments, we may contact you to discuss this further. This will allow us to make sure that the views of members are fully taken into account when our Policy is finalised and approved by the Co-operative's Committee of Management.

Thank you very much for showing your commitment to the Co-operative by taking the time to complete this questionnaire.

TENANTS FIRST HOUSING CO-OPERATIVE RENT POLICY

Your questions answered

These are answers to some of the questions you may have, before completing the questionnaire.

How is my rent presently calculated?

At the moment rent is simply increased annually on a percentage basis according to the financial needs for the Co-operative to continue to deliver a quality service to you as members.

While we ensure that our rents are considered affordable, we believe we need to make it much clearer what elements actually make up a rent charge.

Why does this need to be changed?

We want the Co-operative to be open and transparent about how rental charges are calculated. The aim is to have a fair system, with rules that show clearly how rent is calculated and what attributes of a property influence the amount of rent charged.

In particular the Co-operative needs to address the fact that different rents are charged for some properties that are exactly the same and in the same location.

Is this just an attempt to get more money from members of the Co-operative?

No. When the Committee of Management considered options for calculating rent, they made it very clear that it should not be an exercise designed to bring in more money or be in any way considered as an underhand way of increasing rents.

This exercise will give the Co-operative little additional income. Any additional funds will be used to reduce those rents which need to be reduced, as quickly as is financially possible.

The annual target rents will still be measured for affordability and be compared to other registered social landlords. The rents charged will be considered affordable rents by housing benefit and therefore those in receipt of housing benefit will still receive this provided, of course, that their personal circumstances have not changed.

In Section 3 of the Rent policy *Key Principles*, the section on affordability refers to measuring how affordable rent is to members. What does the affordability measurement from the Scottish Federation of Housing Associations really mean?

It means that members in full-time employment should not be dependant on claiming housing benefit to be able to pay the rent. So when we do income surveys of our members we check whether those working more than 16 hours a week also qualify for housing benefit to help them pay rent. We then use this information to help us measure whether or not our rent levels are reasonable.

What is SCORE?

SCORE stands for **S**cottish **C**ontinuous **R**ecording system. When a new member of the Co-operative joins we ask them to give us information to complete a SCORE form. This records household income and employment information on an anonymous basis and it is fed into a national data base. We then have vital income information that helps us assess if rents are affordable to new members.

How were the attributes or characteristics listed in Appendix One *Rent Structure* decided on?

The Co-operative tried to look at the aspects about a property that should influence how much rent it should charge. The size, type, facilities and location seemed a reasonable starting point.

We also looked at the demand for the properties we have – some types and locations of properties are simply in more demand than others. It was felt reasonable to take this into account.

We also felt that some areas in rural Aberdeenshire had less public facilities on their doorsteps than others so this should also be taken into account.

The service adjustment to sheltered units was important to ensure affordability. Sheltered properties also have service charges to pay for warden and other services. So, we had to be careful that the basic rental charge – when added to the service charges – did not make the overall amount completely unreasonable.

However, we are very much aware that as a member living in the Co-operative's properties you may have other views on the attributes that are important. Please use the questionnaire to tell us if you agree or disagree.

What is the difference between a flat and a self-contained flat?

A flat has a communal entrance. In other words you enter the building before you enter the flat. A self-contained flat has its own individual entrance, but still has other properties above or below it.

What is a maisonette?

This is a property with its own entrance, but its layout is as a flat on two floors.

What does NHER mean in relation to energy rating?

This stands for **N**ational **H**ome **E**nergy **R**ating and is the recognised method used nationally to calculate the energy efficiency of properties.

It allows reliable predictions of energy running costs by taking into account factors such as the construction of a property, the local environment and heating systems. The higher the NHER rating, the more energy-efficient it is and the lower the energy running costs should be.

Why are rents being stepped up or stepped down gradually or just frozen?

To the majority of rents there will be very little change apart from the annual rent increase. However some rents will be going up and some will be going down.

We felt it was unfair to increase some of the rents in one year so we decided this must be done gradually. In relation to decreases, we simply cannot afford to simply reduce the rents we want to reduce, in one go. So, the best option is to freeze the rents of those properties, until they reach the level they should be at.

Where a rent is more than £35.00 per month above the target level, the Co-operative has calculated that it can afford a £5.00 per month reduction until the rent reaches the 'freezing' level.

Many options have been examined as we strived to reach the fairest way to get rents on target, while maintaining the same income.

If you have questions that have not been answered here, please call Patricia Cahill, Housing Manager or Donald Repper, Finance Manager on 628400 between 10.00 am and 5.00 pm Monday to Friday.