

Rents 2024-25

Tenants & Leaseholder Panel update

Rent increase 2024/25

- In 2022 government issued a consultation to cap rents at 7% with the option to cap again in 2024/25 should the Consumer Price Index (CPI) remain at the levels of 2022
- This was a variation to the current government rent policy to increase by CPI+1% taking the value of CPI in the September of the prior year
- Bank of England forecasts from August 2023 show that CPI inflation is at 6.7% the September rate is not expected to vary significantly from that
- The 2 scenarios have been modelled to determine the impact on the HRA

Rent scenario analysis

Model 1 – Current Policy CPI + 1% (7.7%)

- Assuming the current policy is maintained and that a rate of 7.7% increase is applied to the current rents
- Increase in income of £5.9m

Model 2 – 7% ceiling

- Assuming a rate of 7% increase is applied to the current rents
- Increase in income of £4.7m

Service charge scenario analysis

Model 1 – Current Policy CPI + 1% (7.7%)

- Assuming the current policy is maintained and that a rate of 7.7% increase is applied to the current rents
- Increase in income of £0.358m
- Service charge review currently being carried out to determine if current charges cover the service costs since large increase in costs due to cost inflation and service improvements

Service charge scenario analysis

Model 2 – 7% ceiling

- Assuming a rate of 7% increase is applied to the current rents
- Increase in income of £0.326m
- Service charge review currently being carried out to determine if current charges cover the service costs since large increase in costs due to cost inflation and service improvements

Known Pressures

- Voids number – Average 680 per year
- Damp and Mould Costs- proactive and reactive
- Capital Works- driven by better profiling
- Compliance Works(including Building Safety)
- Fire Works

Average Rents potential increase

Model 1 – Current Policy CPI +1 (7.7%)

Bedroom Size	Average rent 2023-24 £ p/w	<u>7.7% Rent Policy</u> – Average rent 2024-25	Increase vs 2023/24 £p/w
	£p/w	£p/w	£p/w
0 Bedsit	85.82	92.43	6.61
1	102.76	110.67	7.91
2	122.34	131.76	9.42
3	147.71	159.08	11.37
4	167.43	180.32	12.89
5	183.16	197.26	14.10
>5	205.10	220.89	15.79

Average Rents potential increase

Model 2 – 7% ceiling

Bedroom Size	Average rent 2023-24 £ p/w	<u>7% Cap</u> - Average rent 2024-25 £ p/w	Increase vs 2023/24 £p/w
	£p/w	-	
0 Bedsit	85.82	91.83	6.01
1	102.76	109.95	7.19
2	122.34	130.90	8.56
3	147.71	158.05	10.34
4	167.43	179.15	11.72
5	183.16	195.98	12.82
>5	205.10	219.46	14.36

Weekly Tenants charges potential increase

Model 1 – Current Policy CPI +1 (7.7%)

Tenant type	Number of units	Weekly tenants charge 2023-24 £p/w	<u>7.7% Rent Policy –</u> Weekly tenants charge 2024-25 £p/w	Increase vs 2023-24 £p/w
Flats	7,787	11.74	12.64	0.90
Estate Houses	661	2.41	2.60	0.19
Total	8,448			

Weekly Tenants charges potential increase

Model 2 – 7% ceiling

Tenant type	Number of units	Weekly tenants charge 2023-24 £p/w	<u>7% Cap</u> - Weekly tenants charge 2024-25 £p/w	Increase vs 2023-24 £p/w
Flats	7,787	11.74	12.56	0.82
Estate Houses	661	2.41	2.58	0.17
Total	8,448			

Repairs budgets funding

- The responsive repairs budget was increased in 2023-24 to allow for the new contracts and the move to an average order value methodology.
- The 3 contracts went live in August 2023 and the initial impact is:
 - Wates received 5,263 orders of which 3284 completed;
 - Mears 2,843 of which 2188 completed ;
 - Wates completed 750 legacy repairs 1,500 remaining & all legacy to be completed by November
 - Mears received 856 & have 79 outstanding
- The financial impact has seen an increase in the spend from the budgeted £13.5m in 2023 which will be funded from reserves as a one off however the budget for 2024-25 must be funded from the 2024-25 revenue income