



Engaging with tenants over rent, services and investment

GWSF discussion paper, August 2023

This discussion paper was initially borne out of concerns among GWSF members at the apparent lack of public understanding around rents and, in particular, at the nature of some protests experienced in the run up to, and after, the April 2023 rent increase.

In response to these concerns, GWSF established a short-life working group in Spring 2023 to explore how associations might better engage with tenants on, and improve understanding of, issues around rents, rent increases, services and investment.

1 Summary

The working group has come to some key conclusions:

- The sector should not beat itself up over what is usually a very small number of protests by campaign organisations which purport to represent tenants but in practice are usually small, cobbled together groups of people who are largely not tenants of the association in question
- The emphasis placed on the annual rent consultation has become disproportionate, especially in the context of generally low response rates. Greater emphasis should instead be placed on the value of wider, year-round engagement with, and feedback from, tenants on what matters to them and whether services and investment in their homes represent value for money
- Messaging from ministers, SHR and others ‘talks up’ the annual consultation process when in reality, most well-informed tenants know that the options are limited and that associations need to ensure there is sufficient income to guarantee ongoing viability and provision of the services and investment tenants want to see
- Whilst it is politically unrealistic to consider any removal of the requirement to consult annually, GWSF believes there is real scope to see a more balanced approach to the messaging around the annual process, with much greater emphasis on using routine, year-round feedback from tenants to inform proposals on rents

- Such an approach should allow housing associations, if they choose, to propose a single rent increase option based on tenants' key priorities. Too often, options are offered because of a perception that SHR expects it: this sometimes leads to contrived options which can give tenants the impression that the association isn't sure what it wants or is ambivalent about the outcome

2 Putting the 2023 rent protests into perspective

At least two of GWSF's member associations faced rent protests earlier in 2023, and others have faced them in the past. One very much crossed a line in holding a protest outside the home of an association's CEO, filming it and posting it – along with details of the CEO's home address – on social media. This was a deeply distressing personal experience.

But the working group was keen to see these protests put into a wider context. Whilst in no way underplaying how disturbing one of these protests was, both involved very small numbers of people, and on top of this few of the participants appeared to be actual tenants of the associations.

This led the working group to conclude that whilst presenting good, easily understood information to tenants about rent and related matters would always be important, no amount of well presented material would ever silence the more extreme 'rent a mob' protestors who were not going to let real facts and figures get in the way of a good press or social media opportunity.

3 The heightened interest in the April 2023 rent increase

Two key factors contributed to the greater public profile accorded to social housing rents in the lead-up to the April 2023 increase. Firstly the steep rise in inflation, which began in late 2021 and has developed into a deep-rooted cost of living crisis dominated by substantial rises in fuel and food costs. Inflation was over 9% by April 2022, and after very low average rent increases in April 2021, the average social sector rise nationally in April 2022 was just 3.3%. In the lead up to April 2023 it was clear that inflation was going to be high by April, and in the event, it was around 11% at that time.

The second factor was the totally unexpected announcement by the then First Minister in September 2022 that social and private rents would be frozen at least until the end of March 2023. Whilst this had no immediate impact on the social sector, the obvious threat of a freeze being extended to cover 2023-24 raised serious concerns around both the short and long term capacity for investing in services and homes. It also raised tenants' expectations of a freeze or cap.

The eventual resolution of the issue was a significant victory, but it put a big spotlight on what associations were planning for April 2023 and meant they were under immense pressure to limit the increase.

The sector may be hoping for a slightly lesser focus on the next rent increase in April 2024, but the signs are that inflation will still be on the high side, and with maintenance/building cost inflation continuing to be even higher. And the reality of the UK's hugely increased interest rates is now setting in, so it seems likely that social landlords will still face significant pressure.

4 Preoccupation with the annual rent consultation process

Even before the cost of living crisis and the proposed rent freeze, associations had been grappling with managing the annual rent consultation process ever since it was introduced as part of the Scottish Secure Tenancy in 2002:

- Associations try all manner of ways to maximise the number of tenants responding to the consultation, but usually it is a relatively small minority who respond. Associations which achieve anything over 15-20% are usually delighted
- There is a sense that low response rates aren't purely down to apathy. An understandable argument from many tenants is 'why consult us if you know what you need?'
- Another widely shared view is that tenants tend to want to talk more about the services they get than the rent itself. Tenants don't generally believe it's the rent that's making them worse off. One association found – after surveying tenants about the cost of living – that rents were fifth on the list of their main concerns. Standards of service and the quality of homes and the environment are usually found to be higher priorities for tenants, which is why additional services such as bulk uplift are likely to continue to be supported despite being costly
- The working group discussed the mismatch between the money and effort that goes into consultations and what's actually gained from them. Difficult though it might be, it was felt there needed to be conversations with the politicians around this statutory duty/right. GWSF believes that one way of broaching this with the politicians may be to accept that the consultation duty will remain but for messaging from Ministers and SHR to put greater emphasis on consulting – potentially as a separate process earlier in the year – on service and investment priorities in order to inform associations' assessment of what they can afford to provide

- There was a broad consensus that in the end, whatever methods are used (public meetings, Zooms, videos, surveys, posters etc. – see Appendix 1), there is much doubt about how much most tenants really want to engage in detailed information and discussion on the rent, when what they are far more interested in is the quality of their homes and the repairs and other key services provided.

5 Offering rent increase options in the consultation

The working group felt that too often, options were offered not because the association genuinely wanted to, but because of the understandable perception that it was what SHR wanted to see (and this does seem to remain something SHR sees as a good thing). It can lead to options which seem contrived for the sake of it, and can even give tenants the impression that the association is indifferent about what the eventual rent increase turns out to be.

The law does not require that options be offered, and GWSF believes SHR is overstepping the mark when it puts pressure on the sector to do so.

This paper suggests that whilst offering options will always be what some choose to do, associations should feel free to adopt a different approach of using year-round feedback from tenants to inform its calculation of what they can afford to provide, how much this will cost and what increase is therefore needed.

And if options are indeed offered, we would suggest that they should come with very specific itemisation of what each will and won't fund.

A rent consultation suggesting a single option can still seek feedback on what services and/or investment tenants may want to see reduced or dropped if they feel the proposed increase is too high.

6 Seeking better language around rents – from Ministers and SHR

In our June 2023 meeting with the new Housing Minister we discussed with him how important we felt it was for Ministers to emphasise (in their speeches, statements etc.) that rents and rent increases were inextricably linked to service quality and investment levels. We said that this was important to stress at any time, but especially now that the retrofit agenda was set to dominate investment plans in the coming years.

Similarly we have very recently discussed with the Scottish Housing Regulator the importance of not referring to 'ensuring rents are affordable' in isolation from the need for investment in homes and services. It was disappointing to see, in the recently published SHR consultation on reviewing the regulatory framework, rent

affordability being mentioned as an SHR priority area without placing this in its wider context.

7 Greater focus needed on year-round feedback on services and investment

Many working group participants noted that tenant satisfaction was at the heart of the rents issue, suggesting that even an association with a relatively high rent might find tenants accepted the need for a reasonable increase if they were happy with the quality of services and investment. It was felt that opposition to proposed rent rises often happened not because of the rent level itself but because of dissatisfaction with one or more aspects of the service quality or investment in improving homes.

Indeed it was noted that for some associations, some of the best feedback on service quality came from the rent consultation – from tenants not actually passing comment on the proposed rent rise.

It was felt that among those tenants who were more likely to offer feedback on rents and services, there was a generally good understanding of the challenges facing associations in their efforts to balance viability, affordability and service quality. And a fair understanding too that most associations were pretty limited in what they could potentially cut back on and that there was therefore rarely much real room for manoeuvre.

The [2018 GWSF booklet](#) on what CBHAs spent their money was felt to have been helpful in promoting this understanding, and the Forum will consider the value of revising/revisiting this.

Feedback collected year-round

As already noted, this paper suggests that if associations can show the outcome of their ongoing processes of engagement on rents, services, tenant priorities etc. during the year, then when it comes to the annual consultation this feedback could form the basis of a specific rent rise proposal rather than offering options. This approach would also allow associations to signal – both to tenants and campaign bodies – that the rent increase proposal has been heavily based on tenant feedback.

These ongoing processes can include:

- Results from tenant satisfaction surveys, which include a wide range of questions on services and VFM – these may be done as full surveys around every three years, or rolling surveys e.g. a third of tenants every year
- Separate, bespoke ‘pulse’ surveys a social landlord chooses to do from time to time on specific issues (e.g. around the cost of living crisis)

- Tenant scrutiny panels or similar panels – able to focus on particular issues as they arise and highly likely to be inputting into rent and service considerations on a regular basis
- Complaints and any other recorded feedback
- Routine feedback on individual repairs

Notwithstanding these ongoing processes, a number of working group members said they liked the notion of carrying out a specific, mid-year consultation on services and investment priorities for tenants and then using the outcome to guide the association's decisions on balancing these tenant priorities with what could be afforded. It was felt this had the potential to take some of the heat out of the rent consultation process because the proposed rent increase would be shown to be directly related to recently expressed tenants' views.

We are not suggesting any kind of prescription around holding a specific, mid-year consultation, as associations may be happy with the existing extent of their processes for obtaining tenant feedback, but we believe it is an idea some member associations will want to consider, and indeed one which some are already doing or planning.

8 Conclusion

The duty to consult on the annual rent increase is here to stay. But we believe the intense focus on this process alone is becoming disproportionate. Our suggestion that more focus be placed on year-round feedback from tenants, and how this should then inform the rent increase proposal, seeks to reduce some of the heat around the process and is, we think, a more balanced and sensible approach.

Appendix 1 – Feedback on experiences with the last annual rent consultation

Working group members have shared some experiences from the most recent consultation process:

- Better response rate (90 out of 600) using CX Feedback – four-page explanatory leaflet with the survey (and this HA had the added challenge of a rise in fuel costs through its district heating system)
- At £5k-6k to telephone survey 40% of tenants, consultation wasn't a cheap process
- Many tenants unlikely to compare rents with other HAs, but some do: an issue, though, may be false comparisons where, for example, people mix up 'apartments' with 'bedrooms'
- Service charges can muddy the waters where some tenants have these
- Two HAs mentioned that because of the uncertainty around the rent freeze, they'd done a two-stage consultation, initially asking tenants what their top priorities were. This had then enabled the HAs to refer back to the stated priorities when they subsequently went out with a specific proposal
- The greatest affordability challenges seemed to come from single people in one-beds. It was suggested that there didn't seem to be much evidence that HB claimants held different views from those paying their rent without HB support
- One HA said they may have gone for a freeze if not for the concerns expressed by lenders about potential covenant breaches and subsequent repricing of the loan book
- Main message from tenants had been 'what's the point – you'll do it anyway' (albeit this did show that most tenants are clear this isn't a ballot, just a consultation)
- Tenants of this HA had mentioned the 5.25% pay rise – it was worth HAs emphasising that this was a collective bargaining process negotiated with the unions