



# Rent Increase Consultation

2025/2026

Albyn Housing Society

Tuesday, 10 December 2024

## RENT REVIEW FOR 2025/26

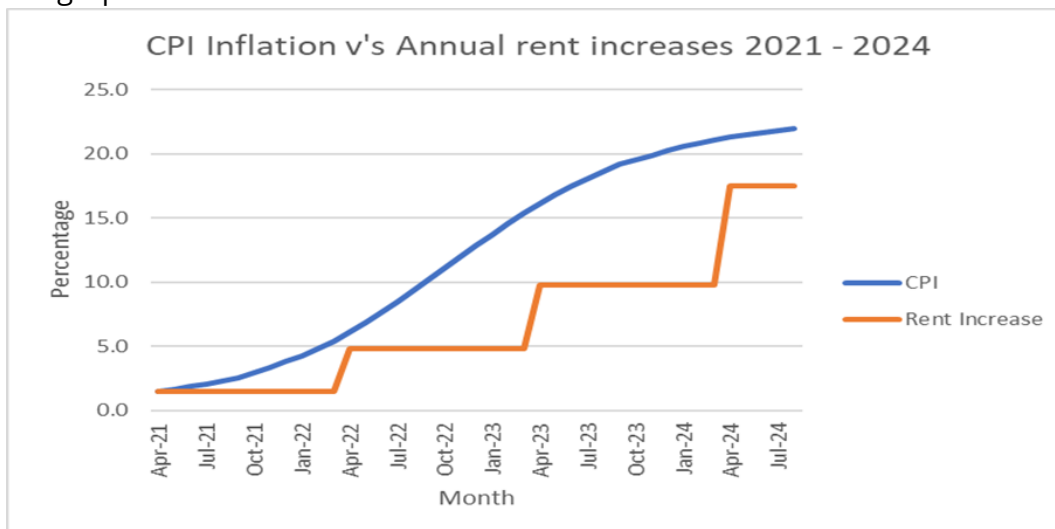
Albyn Housing Society deliver housing services to over 3,800 tenants across the Scottish Highlands. We want to continue to improve services to tenants through the management of homes across the area whilst investing in the development of new affordable homes for social rent.

Our Business Plan sets out our goals of investing in our current housing stock, developing new homes and assuring our financial stability so we can carry out our mission of providing affordable, high-quality homes to people who need them.

### CURRENT CHALLENGES

During the past two years there has been substantial pressures on the economy, with rising inflation and increased costs for individuals and businesses alike.

We have worked very hard to protect tenants from the impact of rising costs by keeping rent increases as low as we can whilst maintaining our levels of service. The impact of our decisions, supported by consultations with tenants has seen rents increase at levels well below the average rate of Inflation as can be seen in the graph below:



By minimising the increase in rent each year, a typical tenant's rent is lower by an average of £336 per year compared to what they would have been had we increased rents by the average rate of inflation over the same period.

This means that the Society has had to limit investment in improvements to tenant's homes at a time when there is increasing pressure to improve the efficiency of our stock to meet de-carbonisation pledges and make home more affordable to live in.

During this period of time, Albyn has suffered increases in costs which are substantially above the levels expected by general inflation. These include:

- High interest rates, remaining elevated far longer than anticipated.
- Insurance costs increasing by 42% and 38% in each of the past two years for Social Housing premiums.
- Recent changes to Employers National Insurance effective from 01 April 2025 increasing pay costs by more than £101,000.

### SUPPORT FOR TENANTS

Albyn has worked hard to ensure that support is available for tenants who are in the greatest need to help manage cost of living challenges. We have a Tenant Support Fund and access to advice on the cost of energy, money saving tips, budgeting and Health & Wellbeing.

Our Cost of living Information [Help with Cost of Living - Albyn](#) provides further details.

## THE NEED FOR INVESTMENT

Continued investment is required to improve our housing to meet the Efficiency Standard for Social Housing (ESSH). At the same time as improving energy efficiency, we must consider the resource requirements and timescales to implement zero-carbon heating systems across our housing stock.

This is essential to meet the Scottish Government’s ambitious decarbonisation targets which will require further commitment to adapt and retrofit existing homes to improve energy efficiency and decarbonise heating.

Lower rent increases over the past 4 years were only possible by reducing the investment in our housing stock but this was an option that tenants supported in our consultation process.

It was clear from this exercise that the energy efficiency of homes was a high priority. To reflect tenants feedback and regulatory requirements, our Business Plan includes a commitment to spend £17.5million over the next five years.

## DEVELOPMENT OF AFFORDABLE HOUSING

Albyn continues to be a significant contributor to the expansion of affordable homes across the Highlands. Funding for these projects is met partly by grants from the Government but also by borrowing, of which costs need to be met through rents payable over the lifetime of our homes.

The Highland Council recently declared a Housing Challenge for the Highlands, setting out the need for 24,000 new homes up to 2030 of which around one quarter must be affordable housing.

## HOW ALBYN IS FUNDED – TENANT RENTS

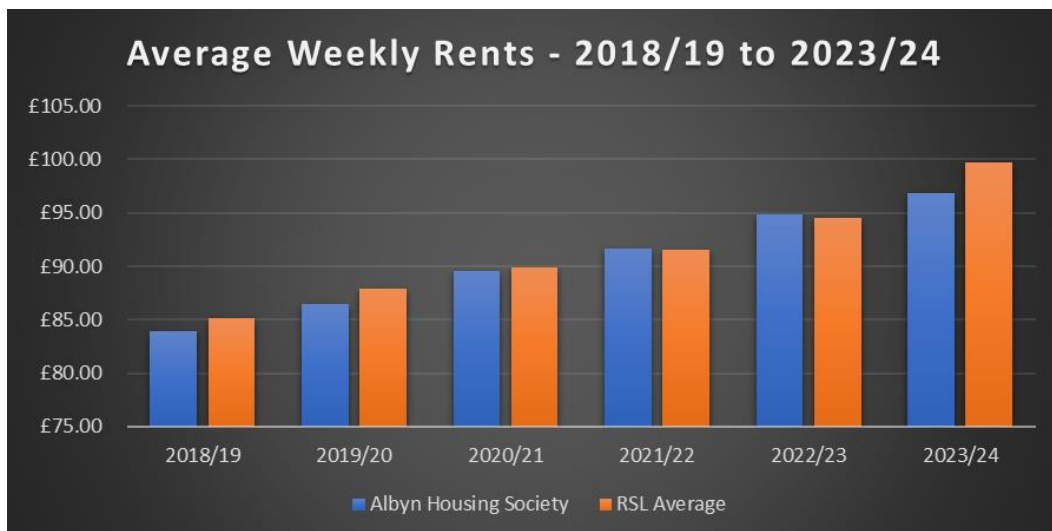
Rents are the main source of income for Albyn Housing Society.

This consultation asks for tenant input into our Rent Review for the levels of rents charged with effect from 01 April 2025. (You can find details for how to share your views as a part of this consultation at the end of this document)

## OUR CURRENT RENT LEVELS – HOW DO WE COMPARE

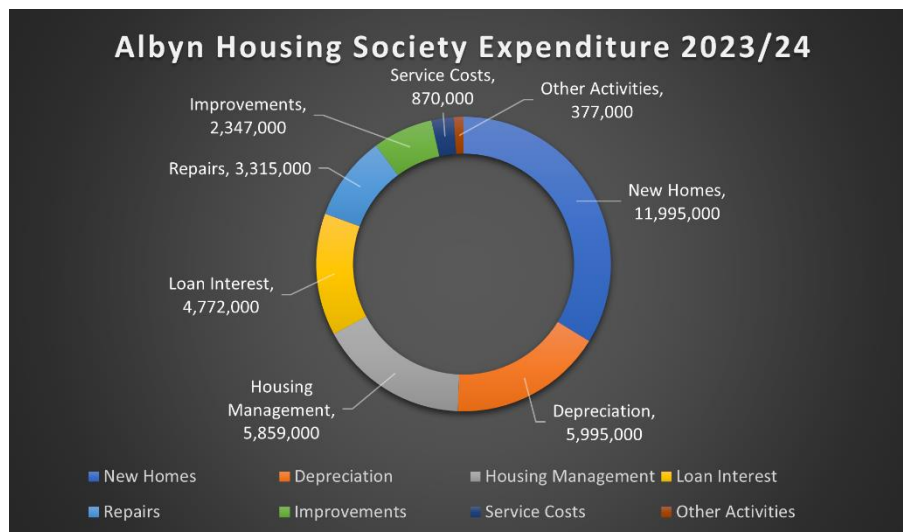
The *average* weekly rent for an Albyn Housing Society tenant in 2023/24, was £96.84. This is lower by £2.87 per week (2.8%) than the average across all Registered Social Landlords (RSL) which was £99.71. Our average rents have been in line with or lower than the RSL average weekly rent for the last six years.

Our previous increase, approved by our Board in January 2024 was 7.7% following tenant consultation.



## OUR INVESTMENT AND PERFORMANCE IN 2023/24

In 2023/24 we spent £35.5 million (last year: £36.9 million) on new and existing homes across the Highlands.



- The largest part of our expenditure was on building new homes where we spent £11.9 million. During the year we completed 96 homes for social or mid-market rental.
- We spent a further £3.3 million on repairing and maintaining existing homes. Carrying 7,871 reactive repairs to our tenants’ homes in 2023/24, with 88.5% of tenants happy with the quality of the repairs service.
- £2.3 million on improvements to homes. Replacing 142 Heating Systems or boilers, 88 Kitchens, 88 Bathrooms, 20 properties’ Windows and Doors
- We spent £5.9 million on our operating costs
- We paid £4.8 million on loan interest charges.

We plan to spend a further £2.0million in 2024/25 to support our improvement programme and a further £17.5million in the following five-year period.

## CONSULTATION OPTIONS FOR 2025/26

Our policy and Business Plan requires us to continue to set our rents with reference to the rate of inflation, basing the annual increase on the change in inflation as measured in September each year. We use the Consumer Price Index (CPI) which is a government measure of inflation that aims to reflect the change in cost of living and is published by the Office for National Statistics (ONS) on a monthly basis. The ONS published the CPI Inflation figure for September 2024 on 16 October 2024 with the level confirmed at 1.7%.

We are offering three options below. Each option describes the impact on our business model and what each option will enable Albyn to achieve.

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*Option A – 2.7% increase  
(CPI + 1.0%)*

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This is the lowest level of increase that we feel is feasible if we are to maintain a reasonable investment in our existing stock and the services that we provide to tenants. If this is the preferred option, Albyn will invest £17.5million across the next 5-year period improving the fabric and energy efficiency of tenants homes.

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*Option B – 3.2% Increase  
(CPI + 1.5%)*

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Under this option a further £439,000 over the next five-year period will be invested equating to approximately 110 new heating boiler replacements or other equivalent service improvements.

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*Option C – 3.7% Increase  
(CPI + 2.0%)*

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Under this option, an accelerated programme, over the next four-year period, investing a further £878,000 equating to approximately 220 new heating boiler replacements or other equivalent service improvements.

