

REST Scrutiny Report

A review of how Thenue Housing Association consults tenants about rents

September 2018



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Appendix 1 - REST group members

1.0 Introduction

- 1.1 **Welcome to the REST Team’s scrutiny report. Between April to August 2018 we carried out an independent review of how Thenue consults tenants about rent increases. This report details the findings of our review and recommendations on the way forward.**
- 1.2 We would like to thank the REST team for their time and commitment to make this review happen. Also to thank Ilene Campbell, from TIS, who has supported us throughout this scrutiny project.
- 1.3 The REST team would also like to thank the scrutiny groups and staff of South Lanarkshire Council and Clyde Valley Housing Association for their invaluable study visits.
- 1.4 Thenue staff have been very supportive throughout this project and we would like to thank the staff for their support and partnership working.
- 1.5 **We hope that our findings and recommendations will support Thenue to further develop tenant consultation on rents.**

2.0 Background

- 2.1 The Resident Empowerment Scrutiny Team (REST) was formed in October 2013 to independently review Thenue’s housing services. We have produced a Terms of Reference which details the roles, responsibilities and reporting arrangements for our group. Thenue have also produced a scrutiny framework to clarify roles and responsibilities.
- 2.2 Our key aims:
 - » To independently review and scrutinise the performance of Thenue Housing Association’s housing services to support service improvement;
 - » To commission and review scrutiny activities through an annual programme and development of action and improvement plans;
 - » To make recommendations and report progress on actions to the Association’s Senior Management Team and the Management Board;
 - » To report to tenants and other service users on progress being made;
 - » To validate the Annual Performance Report on the Charter.

- 2.3 Our work is based on the following core standards:
- » Being accountable to tenants and service users;
 - » Being transparent;
 - » Reflecting the needs and aspirations of tenants and service users;
 - » Respecting the decision making role of the Board.
- 2.4 To date, we have completed the following scrutiny activities:
- » A review of Thenue’s communications in relation to dealing with anti- social behaviour;
 - » A review of Thenue’s Rent and Service Charges Policy;
 - » A Mystery Shopping training programme;
 - » A Mystery Shopping Project;
 - » A study visit to East Ayrshire Tenants and Residents Federation to learn about their scrutiny practice;
 - » A review of Customer Service Standards;
 - » Provided feedback to inform the most recent Tenant Satisfaction Survey;
 - » Presented workshops at TIS scrutiny conference events to highlight our scrutiny work.
- 2.5 REST received a UK Customer Scrutiny Inspection Award for positive practice in scrutiny in Scotland in October 2014 and “The Most Inspiring Scrutiny Group” at the TIS National Excellence Awards in June 2015.
- 2.6 **REST have grown in confidence, knowledge and skills over the last five years. We are delighted to work in partnership with Thenue to make a real difference.**

3.0 Scope of the Scrutiny Task

- 3.1 The REST team have previously reviewed Thenue’s Rent and Service Charges Policy and considered that now was the right time to review how tenants are consulted about rents.
- 3.2 The scope of the scrutiny task included:
- » To independently review how Thenue consults tenants about rent increases;

- » To review legislative and regulatory requirements to ensure they are being adequately met;
- » To identify good practice examples;
- » To identify a framework for future tenant consultation on rents.

4.0 The Scrutiny Process

4.1 The following tasks were undertaken;

- » A review of legislative and regulatory requirements regarding consultation on rents;
- » Meetings with Thenue staff to review performance, the Annual Return on the Charter and tenant satisfaction survey results;
- » Study visits to other scrutiny groups and social rented housing providers;
- » A focus group event with Area Associations and community groups.

4.2 Our scrutiny review had three definitive steps:

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| <ul style="list-style-type: none">» Summary» Findings» Positive Points |
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4.3 **Section 8 of the report provides our key recommendations for consideration by the Board of Thenue.**

5.0 Legislative and Regulatory Requirements

5.1 **Summary**

REST reviewed the following documents to gather information about the legislative and regulatory requirements for tenant consultation on rents;

- » The Scottish Housing Regulator’s Thematic Enquiry on rent consultation (2016)
- » The Scottish Social Housing Charter
- » The SHR landlord performance report (2017/18)

5.2 Findings

Legislation – an overview

The Housing (Scotland) Act 2001 requires social landlords to consult tenants and take account of their views when making decisions about proposed rent increases. Section 25 of the Housing (Scotland) Act 2001 allows landlords to increase rent (or any other charge payable) under a Scottish secure tenancy so long as they give tenants at least four weeks' notice of the increased rent due to be paid. Before they issue this notice, landlords must consult tenants affected by the proposal and have regard to their views.

This specific requirement to consult tenants on rent increases is in addition to social landlords' wider requirement under section 53 of the Housing (Scotland) Act 2001 to have a tenant participation strategy in place and, under section 54, to consult tenants and consider their views on proposed matters – such as housing management, repairs and maintenance – where the proposals, if implemented, are likely to affect tenants significantly.

Regulatory requirements

The Scottish Parliament through the Scottish Social Housing Charter ('the Charter') sets the standards and outcomes that all social landlords in Scotland should aim to achieve when performing their housing activities. The Charter does not prescribe how landlords should consult tenants about proposed rent increases but it contains 16 standards and outcomes and three explicitly refer to rent, consultation, affordability and value for money;

- » social landlords manage their business so that tenants receive services that continually improve value for money for the rent they pay (standard 13);
- » landlords set rent in consultation with their tenants so that they strike a balance between the level of services provided and the cost and how far current and prospective tenants can afford them; (outcome 14); and
- » tenants are given clear information on how their rent is spent (outcome 15).

The Charter outcomes on equalities, communications and participation are also relevant to the rent consultation process. **Outcome one** of the Charter requires that social landlords perform all aspects of their housing services so that every tenant and other customer has their individual needs recognised, is treated fairly and with respect, and receives fair access to housing and housing services. This includes landlords' responsibility for finding ways of understanding the needs of different customers and delivering services that recognise and meet these needs.

Outcome two of the Charter requires that social landlords manage their businesses so that tenants and other customers find it easy to communicate with their landlord and get the information they need about their landlord, how and why it makes decisions and the services it provides. And **outcome three** requires that social landlords manage their businesses so that tenants and other customers find it easy to participate in and influence their landlord's decisions at a level they feel comfortable with.

The Scottish Housing Regulator - Thematic enquiry on rent consultation

The SHR Thematic Enquiry (November 2016) recommended that social landlords should consult tenants about rent increases in ways that enable them to express informed views on options for different rent levels with clear information on what they mean for services and investment in homes. Landlords should:

- » consider their tenant profile and the best ways to engage with tenants about proposed rent increases;
- » give tenants easy-to-understand information to help them express informed views;
- » give tenants genuine options for proposed rent increases and spell out what they mean for levels of investment in homes and the level of services offered;
- » discuss with tenants the level of service they want;
- » talk to current and prospective tenants about what level of rent is affordable for them;
- » be transparent about how they determine affordability; and
- » show tenants how their views were taken into consideration in decisions and give them feedback on the consultation process.

Positive Points

- 5.3 Our independent review concluded that **Thenue meets the current legislative and regulatory requirements** with regards to tenant consultation about rents.
- 5.4 The SHR enquiry on rent consultation is a useful publication and the REST team have **reflected the good practice in its recommendation.**

6.0 Review of current practice

6.1 Summary

The REST team held a focus group event on August 20th 2018 to gather the views of the Area Associations and local community groups on how tenants have been involved in previous rent consultations. The event was held in the Calton Heritage and learning Centre and was attended by 21 tenant and staff representatives.

The focus group aims included;

- » To update on the REST team's current scrutiny task and findings;
- » To gather tenant feedback on how they have been consulted about rents;
- » To identify how tenants can become more involved in this process.

The REST team presented their scrutiny findings and developed a questionnaire that delegates completed at the event.

The event was very well received and provided the Area Associations and other groups with an opportunity to feed into the scrutiny process on rent consultation.

6.2 Findings

Question 1

Thinking about the rent consultation last year, how satisfied were you with the following:

	Very Satisfied	Fairly satisfied	Neither Satisfied or dissatisfied	Fairly Dissatisfied	Very dissatisfied	No opinion
The opportunity you had to get involved	53%	13%	6%	13%	7.5%	7.5%
The rent review information you received	58%	8.5%	17%	0%	16%	0%
The time you had to get involved and give your views	27%	27%	3%	23%	3%	3%
The level of influence you had in the rent level that was agreed	30%	20%	20%	10%	10%	10%

Question 2 – What do you think worked well in last year’s rent review?

- Thenue’s rent review newsletter was very useful and easy to understand.
- The rent consultation event with the Area Associations was useful with good interaction, lively meeting and discussions and good turnout.

Question 3 – What could be improved?

- **Communication** - While Thenue’s newsletter about the proposed rent increase was very useful, the number of tenant responses was very low. Thenue should therefore look at how it can improve communication about rents to encourage more interaction with tenants.
- **Tenants involved in the planning process from the start** -Tenants highlighted that they have not previously been involved in working with Thenue to plan the rent consultation process and therefore welcome this opportunity to agree a useful framework to take this forward.
- **Using surveys** - Thenue could introduce more ways for tenants to get involved and introducing a short survey would be useful.
- **Paperwork in advance** – Tenants and The Area Associations require to have paperwork about proposed rents in advance of meeting so that they can participate fully.
- **Real influence** - Tenants do not consider they have much influence on rent setting. Thenue should provide rent options with adequate information for tenants to give feedback in future rent consultations.
- **Realistic timetable** - The tenant consultation timetable is usually too tight and a more realistic timetables needs to be set.
- **Tenant priorities** - Tenants do not get the opportunity to set out what they see as their priorities for investment and this should be included in a future framework for tenant consultation.
- **Provide feedback** – It is important that Thenue reports to tenants how their views have been taken on board to encourage more engagement.
- **Longer term planning** - Thenue should look at the feasibility of adopting a longer term approach to developing rent levels for a 3 to 5 year period.

6.3 Positive points

- » It is useful that Thenue provides an annual rent newsletter;
- » Thenue's rent consultation newsletter is clear to understand and very useful;
- » The Area Associations value the opportunity to work together each year to be consulted about rents.

7.0 Practice Examples

7.1 As part of this scrutiny exercise the REST team visited South Lanarkshire Council and Clyde Valley to find out about their approach to rent consultation. These organisations were selected as they are recognised by the social rented sector as organisations providing effective consultation on rents.

7.2 We also reviewed the work carried out by East Ayrshire Council and in particular how they communicate with tenants.

7.3 In our findings section we have written up a short case study of these visits and findings to highlight good practice.

Positive
practice
example

Clyde Valley Housing Association:

Getting tenants involved and committed to a 5 year rent strategy

In 2015 Clyde Valley Housing Association (CVHA), begun consulting with their tenants around proposals to move away from an annual rent setting process and introduce a 5 Year Rent Strategy. CVHA were keen to align the rent strategy to their broader business and financial planning activities and felt the current annual process limited their ability to do so.

The 5 year strategy would mean a shift away from increases calculated each year based on Retail Price Index (RPI) plus a percentage (RPI + %). Instead, the organisation proposed that a rent increase of 3% each year for the next five years be set to ensure the rental income would meet the organisation's financial commitments.

The 5 year strategy would continue to be monitored regularly to ensure income and expenditure is as expected, with a full review carried out in year 3, to ensure the Association is achieving its aims, objectives, targets and tenant priorities.

» Building on previous work:

CVHA were committed to consulting fully with tenants before making the change to a 5 year strategy. The previous year, the Association had extensively engaged with the Clyde Valley Customer Panel to review their approach to tenant involvement in rent setting and ensure they met their responsibilities in respect of the Charter outcomes.

» Building on this improved approach to rent consultation, CVHA, decided to appoint TIS to independently inform and consult tenants on the Association’s proposals.

» **Independent support for consultation:**

TIS prepared a briefing paper which was circulated to all 3,300 CVHA tenants. This set out the key details of the proposal and sections included:

- Background to rent setting within the social rented housing sector

- Details of recent CVHA rent increases
- Comparison of CVHA rent with other landlords
- Why CVHA have developed a proposal for a 5 year strategy
- What the proposal will mean for tenants
- How the proposals link with tenant priorities
- Details of the projected rents
- A breakdown of how the money will be spent

Tenants were invited to respond to the briefing paper via an accompanying survey and were given the option of:

- Completing this and returning it FREEPOST
- Requesting an e-mailed version to complete and return electronically
- Completing it on-line using Survey Monkey

186 tenants responded (a response rate of just over 5.5%), analysed, and included within an independent report that CVHA were able to share with the Board to demonstrate support for the proposed approach. Almost 72% of respondents supported the introduction of a 5-year rent strategy and 79% agreed that there should be a full review in year 3.

Responding to tenants’ concerns:

The independent report identified that while tenants who responded generally agreed with the priorities outlined in the briefing paper, there were some concerns about affordability, the level and impact of previous rent increases and the level of rent that will be charged by the end of the 5 year period.

It concluded that it was important that CVHA provides information on the outcome of the consultation to tenants as well as considering how to address some of the concerns and improve understanding of rents, service, and other charges expenditure.

CVHA were keen to take these recommendations on board and a further round of tenant

The Budget Scrutiny Group has co-ordinated the development and delivery of the consultation programme on the rent setting process since 2011. The current process used to consult on rent levels involves 4 stages:

- Extended meetings of the local housing forums
- A Budget Scrutiny Panel to consider a range of housing budget information
- A closing 'Conversation Café' session
- A questionnaire available online and in local offices

The BSG meets throughout September and October to review the Council's Housing Revenue Account and benchmarked South Lanarkshire's performance on the Charter against similar sized local authorities.

For a 4th year, the Budget Scrutiny Panel (a sub group of the BSG) was established. Tenants had the opportunity to scrutinise how different parts of the housing budget is spent. The Budget Scrutiny Panel is made up of tenant representatives from across South Lanarkshire including representatives from the Housing and Disability Sub Group, the local housing forums, and the extended individual register.

The Panel meets with Housing Heads of Service in November to allow the opportunity to review the Housing Revenue Account and the Council's performance on the Annual Return on the Charter.

Following the session in November, a report is finalised and presented to the Council at the Christmas Conversation Café 'closing event' in December along with a presentation of the outcomes and findings.

The Conversation Café provides an opportunity for tenants and residents to come together from across South Lanarkshire for an informal "chat" about the Council's budget and rent setting proposals.

The Budget Scrutiny Panel presented their findings from their session with Heads of Service. South Lanarkshire Council presented feedback from the rent setting consultation itself (captured through the local housing forums and the completed questionnaires).

Delegates from the BSG attended the Special Committee to observe the concluding discussions on the Housing Investment Programme and rent levels for 2018/19.

The BSG are currently taking an in-depth look at South Lanarkshire Council's rent affordability taking into consideration of future rent increases proposed under the multi-year rent setting strategy. The Group will also compare South Lanarkshire's affordability against similar sized local authorities as well as registered social landlords across the South Lanarkshire region.

There has been continuity in BSG membership and members relish their role, with their enthusiasm and learning helping to build capacity. The importance and value of the BSG has led to greater ownership and empowerment of tenants and members now support other tenants,

enabling them to hold the housing service to account. Their involvement in the annual rent setting consultation has also helped make it successful.

The Council consulted on longer term planning for rents and agreed with tenants a 3.95% rental increase for the next 3 years. They will continue to consult annually on the rent levels and annual budgetary review.

The BSG also successfully won the ‘Excellence in Scrutiny Award’ at the CIH Conference and also the ‘Tenant Participation Champion of the Year Award’ at the 2017 TPAS Conference.

Positive practice example	East Ayrshire Council: Maximising the value of the tenant survey
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Survey Monkey is a questionnaire design and analysis tool that allows you to design and build your own questionnaire for surveying tenants and produce bespoke reports on the findings. The tool provides participants the option to complete the survey online. No printing or emailing is required, and regular promotional material can be circulated electronically without the cost of printing and posting. Alternatively, paper copies of the survey can be printed off and circulated like a traditional questionnaire, with the returned responses incorporated into the analysis process.

East Ayrshire’s consultation on rent charges ran between the months of December to January and centred on a tenant survey which was included as part of a comprehensive information booklet. The survey was posted to every Council property, and registered residents’ and tenants’ organisations.

Design and development:

The East Ayrshire Tenants and Residents Federation (EATRF) have a strong, well established working relationship with the Council, and they were actively involved in developing the content of the information booklet and deciding on the questions to be included in the consultation survey. Participants were invited to respond in a variety of ways:

- By completing the online questionnaire
- By completing the questionnaire and returning it to the Customer Liaison Team’s FREEPOST address
- By handing the questionnaire in at any East Ayrshire Council office
- By emailing an electronic copy to the Customer Liaison Team’s email address

Design and content:

The information leaflet was well laid out, colourful, and made good use of diagrams and images. As well as the details relating to the rent setting exercise, it included useful contact information and details about how, where and when tenants should pay their rent and where to go for advice and information on applying for benefits. It set out:

- A breakdown of what the rental income was spent on in the previous year.

- A comparison of average weekly rent levels in East Ayrshire Council against other local authorities in Scotland.
- Details of the rent setting formula being used.
- Headline budget information demonstrating the spending commitment required to deliver the Housing Investment Programme.

The two options for rent increases:

Each option was broken down to show...

- What the percentage increase would be
- The amount the average weekly rent would increase by
- How much money would be generated in total by the increase
- What the Council would deliver with the increased income

Delivering added value:

As well as asking respondents to select their preferred option, the Council used the opportunity to gather further information about tenants' priorities and satisfaction levels, and to invite interest in taking part in HRA scrutiny:

- Question 2:
Do you think that the rent you pay is good value for money?
- Question 3:
Are you happy with the level of consultation and information that the Housing Service provides over proposed rent increases?
- Question 4:
Your priorities - what would you like the Council to spend future rent increases on? Housing Improvements/ New Council Houses/ Environmental Improvements/ Other (please specify).
- Question 5:
East Ayrshire Tenants & Residents Federation and East Ayrshire Council will be looking at the Housing Revenue Account in more detail, would you like to be part of this?

8.0 Recommendations

- 8.1 REST is delighted to present its recommendations for an effective rent consultation framework s to be consideration by Thenue’s Board.

Tenant Rent Consultation Framework

Key steps

STEP 1

Involve tenants in planning rent consultations from the start of the process

STEP 2

Decide on our consultation activities and set realistic timescales

STEP 3

Remove barriers to encourage maximum involvement:

Access and mobility:

Where are the meetings held? Are the venues accessible and well located? Are there internet or email restrictions in certain areas?

Language and communication:

Is the material available in a variety of formats? Is the material easy to understand and widely available?

Opportunities:

What time of day do the consultations take place? Can the consultations be presented remotely? Is child care available at meetings?

Think ‘out of the box’ - not everyone wants to come along to meetings. Consider innovative ways to involve all tenants and encourage views from those who are seldom heard.

STEP 4

Provide information and capture priorities:

The presentation of rent options should form a core part of the rent setting consultation. However, background information should be provided about how Thenue generates income; how much rent it collects each year; what services and investments are funded from that income; what service and items are not funded from that income; and what the impact of a rise to individual rents would mean to the total income. This information should be presented in a variety of formats, and efforts should be made to make it as user-friendly as possible.

Tenant involvement in setting priorities

As well as being informed, tenants should be given the opportunity to set out their priorities for investment and identify areas or services that they would like to see improved or provided for the first time. Rent levels based solely on the service planning assumptions of staff and board members are not reflective of tenant aspirations and demands.

STEP 5

Provide realistic and achievable options:

Rent setting is ultimately about deciding on the rent level for the year(s) ahead. For this to be meaningful tenants should choose between varieties of genuine options. Each option should set out what services or levels of investment would be delivered.

STEP 6

Demonstrate that you have listened:

It is important that you feedback the findings of the consultation and clearly highlight how tenant consultation shaped the rent setting process. The annual rent review letter is a good opportunity to provide this valuable feedback.

Framework and Timetable

September/October each year

Thenue will meet with the REST Team to discuss the budget and to identify tenant priorities. Information about tenant priorities could be gathered from tenant satisfaction survey results, online survey of tenants, using the Thenue App or text message system. Thenue will provide REST with budget information prior to the meeting to allow adequate time to prepare before the meeting takes place.

October/ November each year

Thenue will organise an event to bring the Area Associations together to present the rent options and to seek their feedback. Thenue will provide a briefing paper for tenants outlining the rent options and their implications prior to the event to provide adequate time for tenants to prepare in advance of the event.

December each year

Thenue will produce a rent consultation newsletter for tenants outlining the rent options and explaining how this will be spent. A short survey will be included in the newsletter to seek tenant's views on the rent options; how they were consulted; to identify funding priorities. This survey could either be posted using the pre-paid envelope provided and/or online using survey monkey or the Thenue App.

January each year

Thenue will produce a report of tenant views (from meetings with REST; the Area Association event; Feedback from the tenant newsletter and survey) and report to the Board prior to a decision being taken about rents.

Thenue will report to REST and the Area Associations following the Board's decision regarding the new rent levels.

Monitoring and review

Thenue will meet with the REST team in April 2019 to review the rent consultation process for 2018-19 and how this can be developed further.

9.0 Conclusion

- 9.1 REST would like to thank its members and TIS for their support in producing this scrutiny report. We hope our recommendations will help to drive forward Thenue's future rent consultations.

Appendix 1

Resident Empowerment Scrutiny Team List of Current Members:

- » Anne McGuire, Dalmarnock
- » Harriet Poole, Dalmarnock
- » Elaine Black, Bridgeton
- » Anne McIver, Cranhill
- » Cathy Martin, Calton
- » Joan Soutar, Castlemilk