



Rent Increase 2025/26

Briefing Paper

Consultation on Proposals January 2025

At this time of the year, we consult with our tenants on the rent increase proposals for implementation from the start of the new Rent Year, 29 March 2025. We use a variety of ways to do this. This briefing paper is more detailed than the Rent Consultation Newsletter and Facebook Video summary as we know some tenants want more information.

IF YOU REQUIRE ANY OF OUR INFORMATION IN A DIFFERENT FORMAT, PLEASE GET IN TOUCH AND WE WILL TRY TO HELP

Background

As with the previous four years we find ourselves in a difficult and unpredictable economic situation which is having an impact worldwide. We have to consider a rent increase in a period of ongoing uncertainty.

Over the last 4 years we have delivered a rent freeze followed by below inflation increases of 2.9% & 4%. Last year's increase was 6.3%. This means the income available to us has reduced in "real terms" as rent increases have not kept up with rising costs. This affects medium to longer term investment.

Those of you who have been tenants for a number of years will be aware that it is our usual practice to apply a rent rise linked to the Retail Price Index as published in November each year. When we asked tenants about this last year there were no strong views on the date to be used. We consulted with tenants on how rent increases are considered as part of the original stock transfers of housing stock from Scottish Homes and again in 2010 when there were changes in relation to the conditions of contract around the transfers. Alongside this rent consultation exercise we have been consulting with tenants about a new rent setting policy and a rent harmonisation exercise.

There is an annual consultation exercise carried out with all tenants on the increase for that year. There are some exceptions to the normal increase formula. For example, where properties are newly built and, in an estate, jointly developed with a partner, we normally have a rent increase in the first two years that keep rents in line for all tenants in the estate.

For 2025/26 there are new developments in the pipeline. We were planning to have new units to let during 2024/25 as we are working with Link HA on a partnership project in Bo'ness. Unfortunately, this will be delayed as the new build site was severely affected by fire damage in December 2024 and we await revised details of the project and timing. We also have a new build development at Westquarter, Falkirk which is due for completion in 2025/26. The final rent levels have still to be set for these units.

As at November 2024, the Retail Price Index (RPI) measure of inflation stood at 3.6% (October 2024 3.4%) and the Consumer Price Index (CPI) stood at 2.6% (October 2024 2.3%). Although inflation has stabilized to an extent it is not expected to hit the Bank of England target of CPI at 2% in 2025. In addition, bank interest rates have not fallen as quickly as projected and so the cost of borrowing has not reduced as anticipated.

Costs remain high and there is an ongoing increase in costs of providing services to you and investing in homes is widening the gap between the level of income through rents rising at a rate slower than costs are rising. However, we are committed to keeping rents affordable while ensuring ongoing investment. This paper sets out the background and options for the proposed rent increase. We hope that it helps everyone to understand the implications of the decision to be taken and that helps us all reach a balanced decision.

We are all affected by inflation as individuals and the Association is also affected. We have found that for some services and construction areas costs are rising more than the current rate of general inflation. Therefore, there is a caveat on any decision made that further inflationary pressures or disruptions to the construction sector may have consequences for what we can deliver.



Annual Rent Increase Consultation Process

Back in 2018/19 we introduced some new ways to consult with tenants and we found that we got a better level of response than previously. The changes included a telephone survey together with a paper survey. Here is the Consultation Process for the 2025/26 Rent Increase Proposals

What's Happening For 2025/26?

- Newsletter and Survey sent to all tenants – please return by 17th January 2025
- Online survey opens until Friday 17th January 2025.
- Rent Briefing posted online and posted to those who request a paper copy- available from 7th January 2025
- E mail Survey issued to those tenants where we have an email address
- Sample Telephone Survey between 7th and 17th January 2025 – conducted by independent consultants. Knowledge Partnership
- Rent Focus Groups – Grangemouth Friday 10th January 2025 – at 10.30 am. We can organise transport if you want to take part or you can join in online
- Facebook Video summarising the main issues
- Tenant Scrutiny Panel will be part of the Rent Focus Group
- Community in person drop-in sessions:
 - Mon 13th January – PHA Offices 10.30- 12.30 pm
 - Mon 13th January – Sauchie Community Hall- 1.30 to 3.30 pm
 - Tues 14th January – Stirling Civil Defence Club – 2.00 to 4.00 pm
- All feedback to be with us by Friday 17th January 2025
- Online evening session 15th January 2025 6.00 pm – presentation and discussion session
- Call back service Tues 7th to Thursday 16th January 2025 – including out of hours
- If any of the above options are not suitable for you, please get in touch and we will do our best to help. We can offer out of business hours contacts too.

Results of the consultation exercise will be fed back to the Management Committee to allow them to decide at the end of January 2025 on the increase to be applied.

Rent Increase Proposals

Through looking at detailed financial plans which are set up to ensure that the organisation can meet its commitments and is financially healthy over the short, medium, and longer term, the current view is that we should look at a range of potential options. Our Finance Staff are looking at the impact of these and we are looking for your views. Then we can make a decision on the basis of a balance of tenant views and the factors we need to take account of to ensure that we can continue to deliver services, invest in homes and be financially stable.

We have produced this paper to try and explain how we set rent increases. We know that you will have questions and views on this so we have tried to pull together the answers to some questions you may have. We also explain how you can make your views known to us or find out more. **These are complex matters and there is no simple way to communicate all the issues. We hope that this briefing note provides you with some useful information and do not be afraid to ask us if you need any further explanation.**

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How are rent increases usually decided?

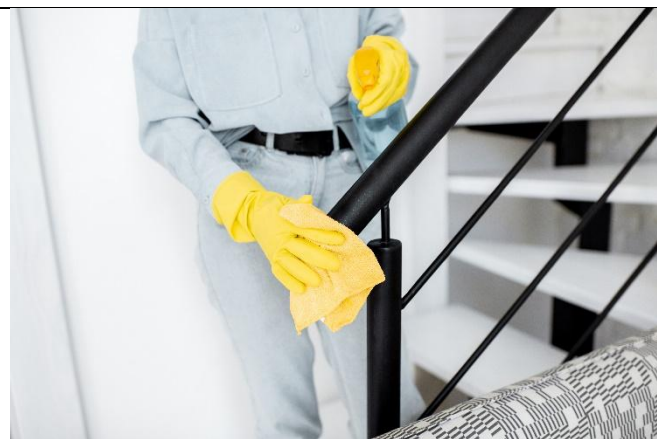
The Association normally uses a formula linked to inflation (Retail Prices Index – RPI). We use the RPI rate as at November and the decision is taken in January the following year. Rents are then increased from 29th March for the next rent period.

Before this decision is taken each year, and following consultation, the Management Committee must make sure the money coming into the Association is adequate to ensure that

- Financial obligations can be met e.g. loans repaid, financial and contractual obligations met and so on
- Investment priorities can be delivered to ensure that we
 - can deliver the investment programme
 - continue to meet the Scottish Housing Quality Standard (SHQS)
 - meet the 2020 Energy Efficiency Standard Social Housing (ESSH 1) and work towards the new Scottish Government Social Housing Net Zero Target- SHNZS
 - meet Health & Safety obligations – for example Fire Safety including maintaining the recently installed FCMD alarm systems, 5 yearly EICR inspections etc
- A good standard of service continues to be provided to you and look forward into how services might be delivered in future
- Repairs can be carried out to your homes
- Take account of factors and risks which will impact on how we operate e.g. rising costs, Universal Credit system and more
- Importantly we also have to ensure that rents continue to be affordable
- Improvements to services – e.g. possibility of more online services

This is how rent increases have been set since the Association was set up in 1998.

We operate on the principle of “rent pooling” and do not add a premium to rents for improvements to tenants’ homes. See section below on service charges



Service and other charges

For the vast majority of our tenants there is no additional service charge for landscaping etc. However, in some of the newer developments, there is a service charge, e.g. Baillie Court, Bo'ness, for close cleaning.

The only exception to this is where there is a first-time installation of central heating, and the overwhelming majority of our properties now have central heating. Only a handful of properties do not have central heating and in all cases, this has been as a result of a tenant refusal.



Scottish Government's Rent Legislation Update

In October 2022, the Scottish Government introduced measures around rent increases for private landlords and social housing providers. In our Winter Newsletter 2022 we gave details of the Scottish Government's legislation granting them power to impose a rent freeze or rent cap for private rents and social housing rents (i.e., housing associations and local authorities' rents). This rent cap was never applied to social housing rents.

There are currently no legal restrictions on the level of increase that registered social landlords can apply. There is an expectation that rents will be kept at affordable levels and there is more information on this on Page 24

The further provisions restricting recovery of possession (eviction) in the case of rent arrears no longer applies.

What is inflation doing now?



The inflation figures for November 2024 show that both the Retail Price Index (RPI) & the Consumer Prices Index (CPI) are lower than they were last year but there was a slight increase from Oct 2024 to Nov 2024.

	RPI	CPI
Oct 23	6.1%	3.9%
Oct 24	3.4%	2.3%
Nov 24	3.6%	2.6%

Inflation Projections- Where is it heading?



The answer is that there is no certainty however we have looked at the Bank of England's projections and those of other forecasters. (You can find the full report on the Bank of England web site [Monetary Policy Report - November 2024 | Bank of England](#))

In the Bank of England's November 2024 Monetary Policy Report the following observations were made

"The progress we have made on inflation meant we were able to cut interest rates to 5% in August. And we have cut rates again today, to 4.75%.

Nevertheless, inflation is likely to rise to around 2.75% over the next year, as household energy prices provide less of a drag on inflation than they have done in recent months.

Inflation is expected to fall back to the 2% target after that.

We cannot rule out more global shocks that keep inflation high though. For example, developments in the Middle East could increase inflation by causing oil prices to rise."

What does this mean for rents?



Looking at various forecasts we believe that a reasonable assumption for RPI inflation going forward in the medium term is likely to be around 3.5%.

We are all affected by inflation as individuals and the Association is also affected by increasing costs as costs of items such as materials and labour increases. This impacts on the rent levels we charge. For 2021/22 **no rent** increase was applied reflecting the unprecedented impact of the Covid Pandemic and a lower than inflation increase was applied for 2022/23. In 2024/25 the increase was 6.3% - in line with the RPI +1% policy. While this made up some ground, over the medium-term rents have fallen in “real terms “.

No decisions have been made on the level of increase to be set. This briefing and our rent newsletter sets out how you can get involved, make your views known and tell us what your priorities are.

To ensure that we balance affordability against delivering services, managing the risk of inflation, and ensuring a good level of investment, our Finance Team is currently calculating the impact of using a range of increases from 3.9% to 4.5%

What are the Scottish Housing Quality Standard (SHQS) and Energy Efficiency Standard Social Housing (ESSH) and the Social Housing Net Zero Standard (SHNZ)?



Scottish Housing Quality Standard (SHQS)

In 2004 the Scottish Government introduced a new standard for all housing association and council houses in Scotland. This is the Scottish Housing Quality Standard (SHQS). It includes standards on energy efficiency, kitchens, bathrooms and safety and security. This was, and continues to be, funded through rental income with no increases to rents specifically for this purpose.

The SHQS Standard target was originally set to be achieved by 2015 and maintained thereafter. It was not optional and except for some abeyances, this was delivered by the target date and maintained/improved since. As at March 2024 compliance was 90.55%. The SHQS standard recognises that some things may be beyond the control of the landlord and so are held as “abeyances”

There are 3 areas of current non-compliance for the Association’s stock, and this is why properties are not 100% compliant.

1. **Energy Efficiency** – This element of the SHQS has been amalgamated into the ESSH 1 & 2 report as noted below.
2. **Healthy Safe & Secure** - Door Entry Systems (DES) where owners in blocks do not agree to participate in improvement works – we continue to engage with owners to try to get their agreement and do the work. We understand that this can be frustrating for tenants in these blocks, but we continue to pursue this and have taken account of DES installations in the financial projections. At end March 2024, there were 112 tenanted flatted properties in this category.
3. **Tolerable Standard/Health Safe & Secure** – At end March 2024 there were 15 properties where the Electrical Inspection Condition Report (EICR) had not been completed albeit completed since. This was a new requirement and not included in the original SHQS standard.



4. Energy Efficiency Standard Social Housing (ESSH 1 & 2)

The Energy Efficiency Standard for Social Housing (ESSH) is a Scottish Government standard which aims to improve the energy efficiency of social housing in Scotland with milestones set to achieve this.

The 2020 ESSH milestone (ESSH1) set a minimal Energy Efficiency rating for each home rented by social landlords. The target varied dependent upon the dwelling type and fuel type used to heat it.

A 2025 milestone for ESSH2 was set. However, in October 2022, the Scottish Government issued Interim Guidance for social landlords advising that they were undertaking a review of ESSH2, to bring it in line with Net Zero requirements, which were accelerated following recommendations from the report of the independently chaired Zero Emissions Social Housing Taskforce (ZEST). The ESSH2 review commenced October 2022 and was due to be completed in 2023.

The interim guidance came into effect October 2022 and superseded the existing ESSH 1 & 2 guidance for social landlords. The interim guidance was expected to replace the new standard: Social Housing Net Zero Standard (SHNZS) following the ESSH2 review by 2023. However, the detail of the SHNZS standard is still awaited making it difficult for social landlords to plan, cost and deliver investment to meet this new standard. You can find out more about SHNZS by following this link [Social housing net zero standard: consultation - gov.scot](https://www.gov.scot/topics/social-housing/net-zero-standard/consultation)

Key Points to note:

1. The 2025 and 2032 ESSH Milestones noted above are *temporarily put on hold*
2. Whilst the review is underway, social landlords should continue to invest in energy efficiency measures to help reduce running costs, and in zero direct emissions heating systems where appropriate. This will prevent lock-in of poor performance and reduce the risk of additional issues arising in future

3. RSLs should continue to draw on support available, for example through the Social Housing Net Zero Heat Fund.

What does “temporary put on hold” mean?

- The 2020 EESSH milestone, or EESSH1, continues to apply
- Landlords are not required to show progress towards EESSH2 milestones
- SHR has paused collection of EESSH2 data
- Landlords should, however, continue to collect data for their own use including: the number of properties in each EPC band at the end of each year and the value of investment in energy efficiency in each year.

Our EESSH1 programme was on target to be compliant by the target date set for December 2020 until the impact of Covid in March 2020. As at March 2024, we are 98.14% compliant with EESSH 1 which compares favourably with the progress made by other landlords all of whom were also affected by the impact of Covid.

During year 2021/22, we re-instated contract works and continued to undertake improvement measures at the 64 properties that originally failed EESSH 1 target in December 2020. Since 2021/22 we have continued to target the 64 properties through both improvement works, and re-assessments of the data used to produce the EPCs for each property. At end March 2024 the property numbers failing the EESSH 1 target has reduced to 27. We continue to target these properties as part of the ongoing investment programme.

Future Standards & Regulations Changes

Energy Efficiency Standard Social Housing (EESH 2) / Social Housing Net Zero Standard (SHNZS) - As noted above, we are awaiting the details of the agreed SHNZS standard from the Scottish Government.

We do expect that the new SHNZS target and timescales will be challenging given the current climate. In preparation for this, the Association are working with Energy Savings Trust (EST) using the Home Analytics & the Portable Energy Analysis Tool both of which are Scottish Government funded so free to use.

The Home Analytics and Portfolio Energy Analysis Tool (PEAT) are two tools that will help us model our housing stock with energy efficiency, fuel poverty and decarbonisation in mind.

In addition to the Home Analytics & PEAT tools, we have recently purchased a new Asset Management System called HUB. We are working with the HUB Developer to produce a forward investment plan to ensure we

1. Maintain SHQS, &
2. Plan for SHNZS

One part of our proposals for the future programme of works to our stock and the timing around this is to move the re-roofing programmes to take consideration of solar panels (PV), with battery back up at suitable roof locations. However, we have put this on hold until the details of the SHNZS is known as we do not want to invest until we are sure the work undertaken will meet the standard whilst also benefiting our tenants. There may be other more beneficial solutions to meeting the new standard.

Fire & Carbon Monoxide Detectors / Smoke Alarms in Scotland's Homes

(FCMD) Following the major fire spread through Grenfell Tower the Scottish Government set up a Ministerial Working Group (MWG) to oversee a review of building and fire safety regulatory frameworks in Scotland. Due to the impact of Covid, the target date for meeting this standard was extended to February 2022 and this was met by the Association The requirements were announced early 2019 and incorporated into the Housing Scotland Act 1987. These are outlined below

- Align all rented properties to that of the private rented standard
- Minimum 1 smoke alarm installed in the room most frequently used for general daytime living purposes
- At least 1 smoke alarm in every circulation space (halls & landings)
- At least 1 heat alarm installed in every kitchen
- All alarms to be ceiling mounted where possible in line with manufacturers' instructions and

- All interlinked
- Carbon monoxide detectors in all homes

Initially, there was a two-year period for compliance with the costs being funded from rents. There was also the option of an interest free loan available to landlords from Scottish Government to help spread costs. We made a successful application for this, but it requires to be paid back.

The Association met this target, and we are in full compliance, and we know that the installation of the alarms has been beneficial where there have been fires in homes

Brexit & Covid: There is still a bit of a hangover from both as the economy seeks to recover.

EICR (Electrical Installation Condition Report): Also known as a Periodic Inspection Report. The cycle for these changed in 2022/23 and is now 5 yearly compared to the Association's previous 10 yearly cycle resulting in additional intermediate cycles over the 30-year rolling investment plan. Again, this has increased the costs that have to be met through rental income. Excellent progress has continued in meeting the required target since 2022/23.

Health & Safety: Again, and on the back of the Grenfell Tower fire, there have been implications regarding fire door specifications, painting materials etc and general inspection regimes. There are funding implications with this.

What is the rent increase proposal for 2025/26?

We are consulting on options of 3.9% or 4.5 %

Why does the money have to come through an increase in rents?



Our Business Plan sets our estimated income and expenditure over the next 30 years.

We are required to continue to meet the Scottish Housing Quality Standard going forward and maintain EESSH 1. There are uncertainties as to what will be required to meet EESSH 2 / SHNZS targets and timescales as we await Scottish Government finalisation of these. Any new regulations will require to be met.

The feedback that we generally receive is that most tenants want to see the quality of their homes improved as quickly as possible and we believe that continuing to make good quality improvements to your homes is very important. Tenants are also concerned about affordability therefore a balance needs to be struck between rent levels charged and ongoing investment and service delivery.

We have been successful in seeking grant money and interest free loans available e.g. for some insulation works but most improvements to homes have to be paid for from rents.

In addition to receiving grants for work to the fabric of the property we also have had some recent successes in obtaining funding to support tenants during the cost-of-living crisis and to support tenant sustainment. This benefits all tenants as if we can reduce tenancy turnover, we can maximise the rent we receive and cut the costs of turning over empty (void) properties for relet.

What would be the difference between 3.9% & 4.5% increase in rents overall?



A 3.9% increase would produce around £324,000 additional income and a 4.5% increase would produce around £358,000 additional income. The aim is to use this additional £34,000 to add back into the investment programme primarily through new kitchens.

Both options are below the target policy of RPI+1% taking RPI at 3.6% as at November 2024. RPI is projected to be around 3.5% during 2025.

The lower increase would mean less money available in the year and there is also a longer-term effect as the reduced income “rolls up” over the life of the business plan.

We must also ensure that we meet the conditions of our loan agreements with our lenders, the Royal Bank of Scotland, and GB Social Housing. These are known as “covenants” and any financial plans must take these into account. Some covenants affect income and expenditure, and a balance is required to make sure we meet these. There are serious consequences if these are not met. This is a complex area, and we will go into this in more detail as part of the Focus Group discussion.

What is the impact of the options for investment in tenants' homes?



As noted above, as a starting point we have looked at the day to day running costs of the organisation, the repairs service, gas maintenance & servicing, health and safety requirements and repayment of loans in accordance with the agreements with the banks. We have taken account of the costs of running these services in our plan.

For the remainder of this year (2024/25) we are delivering / intend to deliver:

- to continue boiler replacements for some tenants so improving energy efficiency and performance
- to install some new bathrooms in properties
- to continue the ongoing major electrical rewiring work and planned maintenance programme
- to continue the kitchen replacement project
- There is a potential longer-term advantage of delaying re-roofing as we are looking at energy saving measures such as installing solar panels (PV) with battery backups at the same time to help reduce running costs and move towards EESSH 2 and Social Housing Net Zero Standard (SHNZS). However some roofing is going ahead
- Set up procurement group/s to include tenants and owners (where appropriate) to look at how we appoint contractors, priority of works, the standard and specification of the work to your home and get your views on how we ensure ongoing value for money

Going Forward - 2025/26

The programme of works will be around kitchen replacement, doors, windows, roofing, and fabric works (with energy measures), painterwork, some estate and environmental works.

Some of these works are needed to maintain properties and areas to a required standard but we can move some works to future years depending on the level of increase agreed e.g. kitchen programme. The higher the increase the quicker the pace of these works of over the next couple of years.

There are some uncertainties as the extent of the work we can do is subject to prices when we go to tender.

What is a Procurement Group and what difference can that make?

We have set up groups in the past to help us set out the specifications and standards of work we all want for your homes. The groups have been involved in selecting contractors and deciding on what represents value for money. For example, installing the cheapest price kitchen may increase maintenance costs going forward as more repairs are required. There has been good feedback on the specification used for the current kitchen programme and that was partly as a result of the work of the procurement group. Their help is much appreciated.

The groups can also help determine priorities for works - what to do we do, where and when. We think that by working together we can get a good balance on what rent should be charged for what services and investment. There is procurement exercise being undertaken for landscape maintenance in 2025.

If you are interested in getting involved then please let us know.

The main message is – the lower the increase, the longer it will take to so some of this work. What do you think?

What does this mean for my rent?



Rents vary by size, type of property and location so it is not possible to give everyone an individual rent figure at this time. When the increase is decided we calculate individual rents and notify tenants of their new rents by letter.

The table below is a useful “ready reckoner” to give you an indication of what the proposed increases may mean for you.

Qualifying tenants will be able to claim housing benefit or the housing element of Universal Credit. We have Sarah Nicolson in the role of Tenancy Sustainment Officer as part of our Tenancy Management Team. If you need help with financial issues affecting your ability to pay your rent, then Sarah or other members of the Team may be able to help.

Council area	Size	Cottage (house / bungalow)	4 in a block	Flat / maisonette	Total	Weekly Rent	3.9% increase	4.5% increase
Clacks	1 APT	0	0	3	3	£71.68	£74.47	£74.90
	2 APT	1	4	4	9	£86.59	£89.97	£90.49
	3 APT	215	0	1	216	£90.54	£94.07	£94.61
	4 APT	127	44	0	171	£101.01	£104.95	£105.56
	5 APT +	17	0	0	17	£108.73	£112.97	£113.62
	Clacks Total	360	48	8	416	£95.37	£99.08	£99.66
Council area	Size	Cottage (house / bungalow)	4 in a block	Flat / maisonette	Total	Weekly Rent	3.9% increase	4.5% increase
Falkirk	1 APT	0	0	5	5	£73.37	£76.23	£76.67
	2 APT	10	26	82	118	£78.92	£81.99	£82.47
	3 APT	189	25	236	450	£89.16	£92.63	£93.17
	4 APT	144	1	133	278	£101.67	£105.64	£106.25
	5 APT +	24	0	1	25	£127.89	£132.88	£133.65
	Falkirk Total	367	52	457	876	£92.77	£96.39	£96.95

Council area	Size	Cottage (house / bungalow)	4 in a block	Flat / maisonette	Total	Weekly Rent	3.9% increase	4.5% increase
Stirling	2 APT	30	0	8	38	£86.53	£89.91	£90.43
	3 APT	42	0	1	43	£96.55	£100.31	£100.89
	4 APT	76	0	1	77	£111.18	£115.52	£116.19
	5 APT +	1	0	0	1	£127.49	£132.47	£133.23
	Stirling Total	149	0	10	159	£101.44	£105.39	£106.00
Overall Total	876	100	475	1451	£94.46	£98.15	£98.72	

How does my rent compare to tenants of other housing associations and local authorities?

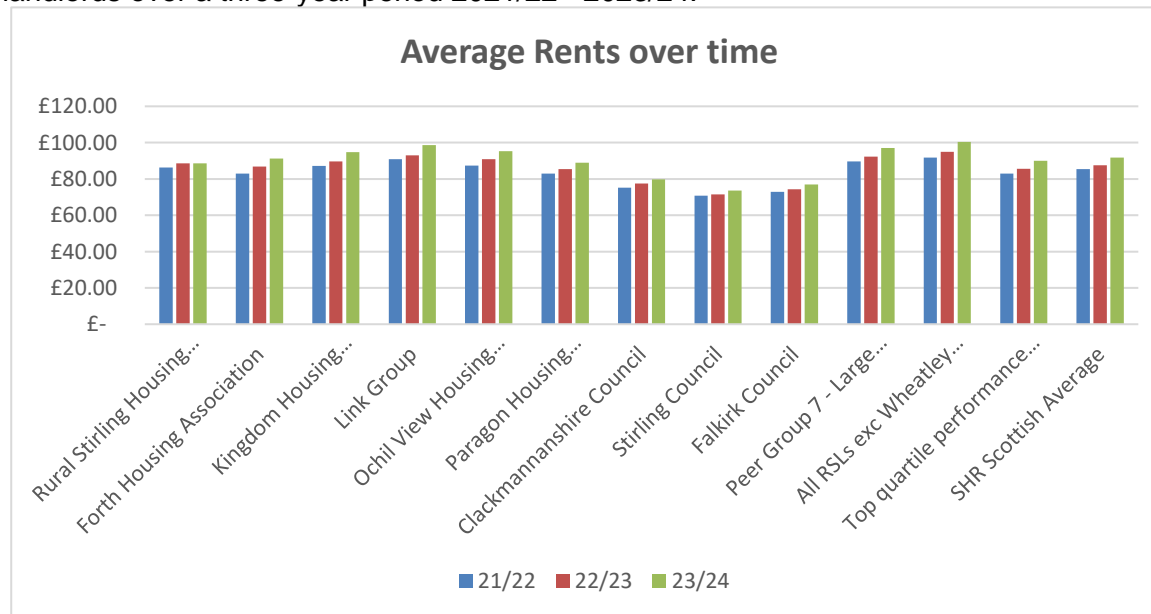


In our Annual Charter Report, you can see how Paragon average weekly rents compare with other providers. These figures are as reported to the Scottish Housing Regulator through the Annual Return on the Charter. You can get a copy of the report from our web site [Charter Report](#)

When we are considering annual rent increases, we look closely at the Association's finances and planned works. We also look at comparability with other social landlords. This includes looking at proposed increases. From surveys undertaken in the housing sector we are aware that most common option that other Scottish housing associations are looking at for next year is between 4.5% and 5.49%. All three local authorities in our area are consulting on proposed increases between 7% and 10.5%

In addition to rents, some housing associations charge a service charge. For the vast majority of our tenants there is no service charge for landscaping etc. However, in some of the newer developments there is a service charge, e.g. Baillie Court, Bo'ness, for close cleaning

The chart below shows how Paragon's average weekly rents compared to that of other registered social landlords over a three-year period 2021/22 - 2023/24.



The table below shows % rent increases applied by Paragon HA and other local social landlords for the past 3 years

	22/23	23/24	24/25
Rural Stirling Housing Association	3.9	5.6	7.7
Forth Housing Association	3.9	5.0	5.6
Kingdom Housing Association	2.0	5.0	7.0
Link Group	3.0	6.0	7.5
Ochil View Housing Association	3.95	5.0	5.6
Paragon Housing Association	2.9	4.0	6.3
Clackmannanshire Council	3.1	3.0	6.7
Stirling Council	1.1	2.9	6.0
Falkirk Council	2.0	2.0	5.0
Peer Group 7 - Large stock transfer	3.26	5.09	6.22
All RSLs exc Wheatley Homes Glasgow	3.25	5.45	6.15
SHR Scottish Average	2.98	5.14	6.05

How does Paragon know if rents are “affordable” and how can you help if I have problems paying my rent?



AFFORDABILITY AND HIGHER RENT LEVELS

Affordability is based on the idea that everyone should have access to a warm home that they can afford as the starting point of good health and wellbeing. We appreciate that tenants all have different financial circumstances and obligations.

Rents for individuals

At an individual level we discuss rent payments and obligations with new tenants as they sign up and the Tenancy Management Team are there to help if tenants have problems in paying rent. We publicise this in our newsletters and would urge anyone experiencing difficulties to contact them. They can help with budgeting and benefits advice and looking at options such as moving to a property with a lower rent. We also have a programme in place to improve energy efficiency across the housing stock to cut energy use and so save on fuel consumption.

Rents across the housing stock

This year Arneil Johnston, our independent consultant, updated their independent review of the Affordability of Paragon Rents as part of the Rent Harmonisation Exercise they are working on. An Affordability Factsheet taken from their findings is available on our website.

They use a technique called “equivalisation” to adjust household income to reflect the different resource requirements of different households. Household income is recalculated to take into account differences in household size and composition. Their findings show us that all groups can comfortably afford PHA rents although single tenants in 2-bedroom properties do need to devote a higher percentage of income to rent.

We know that everyone is different, and these figures are a generalisation. If you have any problems paying your rent, please contact the Tenancy Management team who will try to help.

The majority of properties owned by Paragon were originally built by Scottish Special Housing Association (SSHA which became Scottish Homes) and were mainly purchased by Paragon in four transfers between 1998 and 2002. The rent structure in place reflects the location and amenity of properties and the cost of the acquisition of properties and planned investment.

Additionally, a number of properties (around 50) were acquired by the Association via the Mortgage to Rent Scheme. Rents for these were set individually taking into account the level of investment required to bring properties up to the Scottish Housing Quality Standard and the cost of acquiring these. The grant structure in place for the Mortgage to Rent schemes means that there is a much higher purchase price for these properties than those acquired by stock transfer and this is reflected in the rent charged.

Where we have provided new build properties these rents reflect the project cost and grant levels for it. In both cases affordability is considered but the rents reflect different acquisition routes.

At the opposite end of the spectrum, we have some properties that have rent levels that could be considered to be low as they are substantially lower than the Scottish Average.

Given the above, rents for what appear to be very similar properties may vary but they reflect how we have acquired them, and the programme of works involved.

The numbers acquired by different routes has grown in recent years and this is one of the reasons we are now undertaking “a rent harmonisation process.” This will see us working over a number of years to harmonise rent across the stock. We consulted with tenants on how best to introduce the new rent setting policy in September this year and expect the new policy to be taken to Committee for approval early in 2025. In the meantime, we are looking at ways to minimise the impact of the 2025/26 rent increase on properties with the highest rent levels at present.

From April 2025 we are considering an option to move the rent for any empty (void) properties only across to the new rent level. By only doing this when the rent level is set to increase, we can also look to ensure that no individual tenancy will see a rent increase of more than £20- £25 a month (£4.62 - £5.77 a week). All tenancies would then see the move to new rents phased in from April 2026.

Will Paragon still be able to carry out improvements and repairs?



If we adopt an increase of less than 3.9% there will be real difficulties in delivering services and meeting our obligations. There are certain things we must do as an organisation such as health and safety measures, meeting loan obligations – these are not optional.

We have asked tenants on their views on priorities including around day-to-day repairs. At this stage we have not looked to make changes to the repairs service such as extending target response timescales or moving some repairs from reactive to planned works so we are interested in what priority tenants give to the repairs service.

Below inflation rent increases have a longer-term impact too so we may have to look at reducing investment, services and delay some works over a longer period if rents do not rise in line with costs going forward.

How will Paragon fix rent increases in future?

As part of the rent harmonisation process we will look at how rent increases should be fixed in the future to ensure that the Association can continue to invest in your homes, meet all the standard required e.g. the SHQS, EESSH, SHNZS and maintain a good level of service and meet our other obligations provided we take account of all the considerations when we set the increase.

We will continue to inform and consult with you on rent matters and are happy to listen to your views on how we can make that work for you.

Will Paragon continue to be financially sound in the future?



We are not complacent about what we do. We regularly review our financial position and look ahead. We are subject to scrutiny and make regular returns to the Scottish Housing Regulator on performance and financial matters.

We have produced a summary of our financial position in our Annual Report, and we produce Annual Accounts. You can find this on our web site at our Facts and Figures section – here is the link [Annual Report & Accounts 2023-24](#)

We are of the view that, with your help and co-operation, we can successfully deliver services to you into the future, continue to provide homes at affordable rents without excessive rent increases and continue with our investment in your homes.

What about Value for Money?



Outcome 13 of the Scottish Housing Charter expects social landlords to manage all aspects of their businesses so that:

Tenants, owners, and other customers receive services that provide continually improving value for the rent and other charges they pay.

The Scottish Housing Regulator's National Panel of Tenants and Service Users published its 4th Annual Report in March 2017. The report considered views on what value for money means for users of social landlord services. It included a range of factors that contribute to value for money judgements and to what extent service users see these factors as potentially justifying higher rents. Feedback suggests that value for money judgements is influenced by a broad range of factors.

The main drivers on value for money appear to be:

Rent levels and affordability

Comparability of rents

Quality of Services such as Repairs / Maintenance

Capital Investment in Homes

The Size of Annual Rent Increases

Feedback from the Panel did not express a clear preference for a single value for money performance indicator but saw value in a range of measures around rent comparability, income remaining after tenants have paid housing costs and tenant satisfaction with rents.

We are continuing to work with the Scottish Housing Network, benchmarking our expenditure / value for money with other registered social landlords. We are also working with the Tenant Scrutiny Panel to identify service areas they would like us to review.

Our most recent feedback (October 2024 survey) from tenants through our ongoing tenant satisfaction "reality checks" shows that nearly three quarters of tenants (74.5%) surveyed consider their rent to represent good value for money and 85.6% were satisfied with housing quality.

How can I make my views known?



Thanks for taking the time to read and consider this briefing.

There are a number of ways in which you can make your views known:

1. By returning our postal survey
2. By using an email version of the form – request via enquiries@paragonha.org.uk or you may have received this direct to your in box
3. By using our online web site survey form
4. Taking part in the sample Phone Survey if contacted
5. By joining the Scrutiny Group and/or taking part in the Rent Focus Group – we can arrange transport
6. Joining in online sessions
7. Joining in community drop in sessions
8. By requesting a call back

If any of the above options are not suitable for you, please get in touch and we will do our best to help. We can offer out of business hours contacts too.

If you have any other ideas on how you would like to make your views known - please let us know!

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