



Item: 3

Special General Meeting of the Council: 24 February 2025.

Council House Rents.

Report by Corporate Director for Education, Leisure and Housing.

1. Overview

- 1.1. A long-term financial model has been developed which looks at the Housing Revenue Account over a 30-year period. Projections require to be regularly reviewed in light of actual spending against budget and changes to other key variables, including the rate of inflation. Rental income is a key part of this process.
- 1.2. Additional analysis must also be completed in respect of works required to ensure all properties meet the Energy Efficiency Standard for Social Housing 2 (EESH2) by 2032, as well as the impact of the House Build programme. Currently, the outcome of the Scottish Government's review of EESH2 is still awaited.
- 1.3. The Housing Revenue Account is subject to rising costs and, during financial year 2024/25, the cost of maintaining and improving properties has continued to rise. The HRA Business Plan evidences a need to seek rental increases which are higher than the Consumer Price Index (CPI) in order to ensure that over a 30-year term, additional funds are made available to fund the energy standards required to be achieved and an ongoing building programme. However, the cost of living is having a significant impact on households and therefore there is a need to keep rents affordable.
- 1.4. A consultation was undertaken in December 2024, in relation to the annual increase for Council house rent levels to take effect from 1 April 2025, with proposals for a 3-year period as follows:
 - 2025/26 – 4% increase.
 - 2026/27 – 4% increase.
 - 2027/28 – 2.5% increase.
- 1.5. On 5 February 2025, the Education, Leisure and Housing Committee recommended that Council house rents be increased as outlined above.

2. Recommendations

2.1. It is recommended that members of the Council:

- i. Approve the recommendation of the Education, Leisure and Housing Committee that Council house rents for the undernoted 3-year period increase with effect from 1 April annually as follows:
 - 2025/26 – 4% increase.
 - 2026/27 – 4% increase.
 - 2027/28 – 2.5% increase.

For Further Information please contact:

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Implications of Report

1. **Financial:** The Housing Revenue Account's rental income requires to be set at a level which ensures an adequate income to cover supervision and management expenses and the cost of repairs and maintenance.
2. **Legal:** None directly related to the recommendations in this report.
3. **Corporate Governance:** Normal practice would be for the Minute of the Meeting of the Education, Leisure and Housing Committee held on 5 February 2025 to be submitted to the General Meeting of the Council on 4 March 2025. However, in order to meet statutory notification periods to tenants, the recommendation outlined in section 1.4 above is being submitted to this meeting for consideration and ratification.
4. **Human Resources** – None directly related to the recommendations in this report.
5. **Equalities** – None directly related to the recommendations in this report.
6. **Island Communities Impact** - None directly related to the recommendations in this report.
7. **Links to Council Plan:** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Council Plan strategic priorities:
 - Growing our economy.
 - Strengthening our Communities.
 - Developing our Infrastructure.
 - Transforming our Council.

8. **Links to Local Outcomes Improvement Plan:** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Local Outcomes Improvement Plan priorities:
 - Cost of Living.
 - Sustainable Development.
 - Local Equality.
9. **Environmental and Climate Risk** – None directly related to the recommendations in this report.
10. **Risk** - None directly related to the recommendations in this report.
11. **Procurement** – None directly related to the recommendations in this report.
12. **Health and Safety** – None directly related to the recommendations in this report.
13. **Property and Assets** – None directly related to the recommendations in this report.
14. **Information Technology** – None directly related to the recommendations in this report.
15. **Cost of Living** – There is recognition that this continues to have significant impact and therefore rents need to remain affordable.

List of Background Papers

Council House Rents report to Education, Leisure and Housing Committee on 5 February 2025.