

**Great Homes, Great People,
Vibrant Communities.**



Consultation:

Rent Charges and Home Improvement Plans 2021/22

As you know, we consult with you each year on our rent increase and home improvement proposals for the year ahead.

Our Management Board invite you to take part in this year's Rent Consultation for 2021/22. The consultation period will close on 15 January 2021.

We want your views - your feedback matters, so please tell us what you think of this year's proposals. The Management Board will fully consider all consultation feedback and views at their meeting on 27 January 2021 before deciding on the level of increase to apply for 2021/22. This consultation pack sets out how we use your rent to pay for the services that you tell us matter most to you, to help you make an informed view on the options presented. Unfortunately, in order to protect services and manage money well, it is not possible to present an option not to increase rent. This year we ask you to consider two options: **1% or 1.2%**

Last Year's Results

We received 93 responses to last year's rent consultation. The majority of tenants (77%) preferred Option 1 which was to increase rents by 1.7% rather than Option 2 by 2.0%. The Board listened and decided to approve the option most tenants preferred, 1.7% for 2020/21.

Rewarding your response

We want to encourage more tenants to tell us what they think of our proposals. Unfortunately, we are not able to hold face-to-face events this year due to Covid restrictions, but you can give your views in several other ways:

- Completing the free online questionnaire at <https://tinyurl.com/y3vjtjwj>
- Returning the survey on the back page to **FREEPOST RTJA-LEEA-KXXR, Netherthird House, Cumnock, KA18 3DB;**
- E-mailing us at info@shirehousing.com;
- Calling us on **01290 421130**

All tenant responses, where contact details are provided, will be entered into a Prize Draw to win a £50 shopping voucher.

Rent Restructure

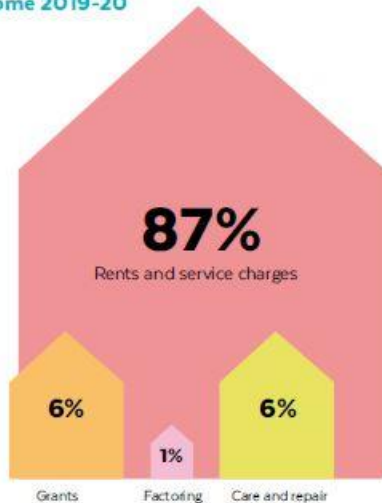
In 2015, tenants were very supportive of streamlining rents so that all tenants pay the same for homes of the same size and type.

2021/22 will take us into year six of the restructure. This means some rents will continue to have the inflation plus £15 per month increase and others where rent is frozen.

How Income was Spent 2019/20

The main sources of income and expenditure in 2019/20 were as follows:

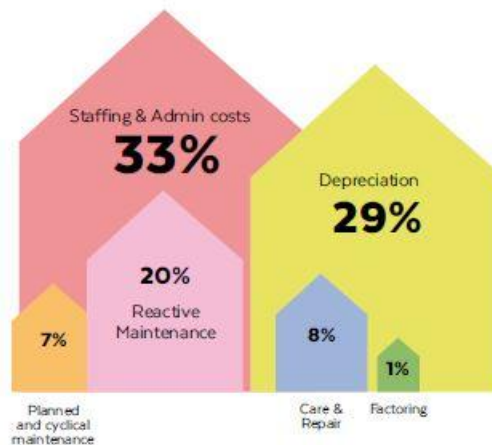
Income 2019-20



	£000
Rents and service charges	4,342
Grants	324
Care and repair	311
Factoring	25

Total Income: £5,002,000

Expenditure 2019-20



	£000	£000	
Staffing & Admin costs	1,135	Care & Repair	279
Depreciation	974	Planned & cyclical maintenance	242
Reactive maintenance	680	Factoring	26

Total Expenditure: £3,336,000

In addition, we invested £1.5 million in capital expenditure to improve Housing Stock and repaid £750,000 of bank loans. Any surplus helps to pay for future planned investment in your home.

You can compare our average rents to other housing associations by visiting the Scottish Housing Regulator's website: www.scottishhousingregulator.gov.uk. For 2019/20 Shire charged the lowest rent for a three bedroom property off all the Registered Social Landlords operating in East Ayrshire.

Cost Pressures

Our costs increase each year because of inflation. Inflation in October 2020, using CPI (Consumer Price Index), was 0.7% and RPI (Retail Price Index) was 1.3%. Many of our services, especially repairs and larger improvements are linked to inflation in the building

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industry which is at a higher rate still. By not recovering cost the increases we incur, we must use our cash reserves and reconsider future improvements.

As well as the impact of Covid, we have still to see the impact of Brexit on our operations. This may impact the availability of building materials and so increase costs further.

Increases and finances

To pay for services and on-going home improvements, we review rents annually to make sure we have enough income to pay for this and that we continue to remain financially stable to protect housing services well into the future.

The Scottish Housing Regulator monitors our financial plans each year to ensure we protect the interests of tenants well into the future.

Our long-term business plan is based on rent increasing at 2% per annum. This allows us to maintain our services at a high standard and invest in property improvements in the long term. We are very aware of the financial pressures on everyone as a result of the Covid 19 pandemic. After much consideration and discussion, the Management Team and the Board have found a way that we can consult on increases which are below plan for the current year.

Option 1 (1%) is the lowest rate we can apply and still continue to deliver services and home improvements in the long run and Option 2 (1.2%) equates to October CPI plus 0.5% and is likely to be more reflective of the cost increases we will encounter.

Part of the rent you pay goes towards re-paying the loan we took out to buy your homes when we were formed in 1997. We recently refinanced existing loans to give us greater flexibility and enable us to explore service development and the re-provision of low demand stock. Currently, borrowings total £8,000,000 and are projected to be repaid in full by 2035.

Your Service and Improvement Priorities – 2019 Survey Results

Results from our three yearly Independent Tenant Satisfaction Survey carried out in 2019 told us about the top service priorities that matter most to tenants.

- 82% of our tenants say a reliable repair service, including an emergency response service
- 63% of tenants say an on-going home improvement programme
- 29% of tenants say help to access the benefits they are entitled to
- 29% of tenants say what we do in our communities

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Affordability








We are very mindful of how affordable our rents are and the impact that a rent increase will have on some of our tenants. Results from the 2019 survey show that, while 93% of tenants feel the rent they pay is Value for Money, only 71% find rent payments easy to afford.

We also found the percentage of our tenants accessing benefits to help with housing costs rose to 68% in 2019, compared to 62% in 2016. The main contributing factor to this increase is the success of our Financial Inclusion Service, securing over £2,000,000 of extra benefit income for our tenants over the last 3 years.

We must balance the high-quality services and home improvements that you have told us you want whilst keeping rents affordable. There are a number of different ways to consider rent affordability. We benchmark our rent with Local Housing Allowance Weekly Rates and against national living wage ratios to determine if rent is affordable. Our calculations show that our proposed rent is within the national guidelines.

Home Improvements 2021/22

Our improvement plans are developed from our Stock Condition Surveys. These are carried out every 5 years by independent Chartered Surveyors. We have had to reprofile the improvements undertaken in 2020 and 2021 due to Covid. This has led to a greater focus on external work, which can be continued whilst restrictions are in place. Our current proposals are:

		Number of Properties 2021/22
	Kitchens	42
	Electrical Rewire	250
	Central Heating Systems	100
	Fire Safety Improvements	200
	Roofs	17
	Windows and Doors	15
	External paintwork	140
Projected Improvement		£1.5million

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The Energy Efficiency Standard for Social Housing is the standard set by the Scottish Government. We plan to invest further to improve the energy efficiency on homes that do not currently meet the standard.

The Covid restrictions have meant that we have not been able to complete as many electrical rewires during 2020/21 as we would have liked. We have reprofiled our other work and will return to performing these important rewires as soon as restrictions allows. These are necessary to keep you safe in your home, so please co-operate with the team to allow this work to be performed.

Planning on re-decorating? Let us complete your re-wire before you do, this will minimise any disruption to new décor.

Proposals

Now that we have explained why we need to increase rents, shown you where your rent payments are spent, and explained how we measure if the increase is affordable, we are inviting you to give your views on the two options for rent increase from April 2021:

Option 1 – 1% Increase

Average rents increase by £0.88 per week

Gives £38,000 less income than anticipated

Reduces planned improvement spend by £1.5 million over business plan.

Option 2 – 1.2% Increase

Average rents increase by £1.06 per week

Aligns income more closely to cost increases expected to be incurred.

We understand that in the current year, there is little difference between a 1% and 1.2% increase on the actual rent you pay. However, in the long term, reducing the increase to 1% this year, reduces our ability to invest in improvements by over £1.5 million, whilst a 1.2% increase lessens that impact to £1.2 million.

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What Happens Next?

Our Management Board will consider all responses before deciding the level of rent increase for 2021/22.

Need help with paying your rent?

Paying your rent on time and in full each month is your most important tenancy responsibility. If you are having trouble meeting your rental payments, please get in touch, we are here to help. Our experienced Customer Service and Financial Inclusion staff can help support you to manage payments, help you claim all the benefits you are due and look at saving you money on your fuel bills.



@Shire_ha



Shire Housing Association Limited

www.shirehousing.co.uk

Please return the Consultation Comments Form **by 15 January 2021**

Consultation Questionnaire: Feedback Form



Your Views - Annual Consultation Rent Increase 2021/22

We are consulting on the rent increase for 2021/22. The options presented are either 1% or 1.2%. The increase is necessary in order to deliver services, cover running costs and provide our programme of home improvements. If we were unable to raise rents this could mean, we would have to look at reducing services or future home improvement plans.

Please give us your views by completing this form and returning it to us, or take a few moments to complete the online survey at: <https://tinyurl.com/y3vjtjwj>

Q1. Do you understand why we need to apply an annual rent increase?

Yes No

Q2. Please indicate your preferred option: Option 1 - 1% Option 2 – 1.2%

Comments:

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Q3. Do you feel that the information provided allows you to make an informed decision on the options presented?

Yes No

Comments:

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Q4. Would you like to get more involved with us to help shape future services?

Yes No

Name.....

Address

Telephone.....Email.....

Please return to: Shire Housing Association Limited, Netherthird House, Cumnock, KA18 3DB or email: info@shirehousing.com

Thank you for taking the time to complete this questionnaire. Your feedback will be considered by Board on 27 January 2021.

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