

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



Consultation

Rent Charges and Home Improvement Plans 2022/23

As you know, we consult with you each year on our planned rent increase and home improvement proposals for the year ahead. Our rent consultation this year is taking place at a really challenging time with increasing inflation leading to higher prices and whilst fuel prices continue to rise increasing levels of fuel poverty. Keeping our rents affordable whilst ensuring that we generate sufficient income to provide high quality services and homes is a key priority for the Association.

Our Management Board invite you to take part in this year's Consultation for rents during 2022/23. The consultation period will close on 14 January 2022.

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 26 January 2022 before deciding on the level of increase to apply for 2022/23. 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, 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: **4% or 5%**.

Last Year's Results

We received 124 responses to last year's rent consultation. The majority (67.7%) preferred Option 1 which was to increase rents by 1% rather than Option 2 by 1.2%. The Board listened and decided to approve the option most tenants preferred (1%) for 2021/22.

Rewarding your response

We want to encourage more tenants to tell us what they think of our proposals. Due to the ongoing Covid pandemic, we will not hold face-to-face events this year to keep our tenants and staff safe. However, you can give your views in several other ways:

- Completing the free online questionnaire at <https://forms.office.com/r/mXGrfCeLdi>
- Returning the survey on the back page to **FREEPOST RTJA-LEEA-KXRX, 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

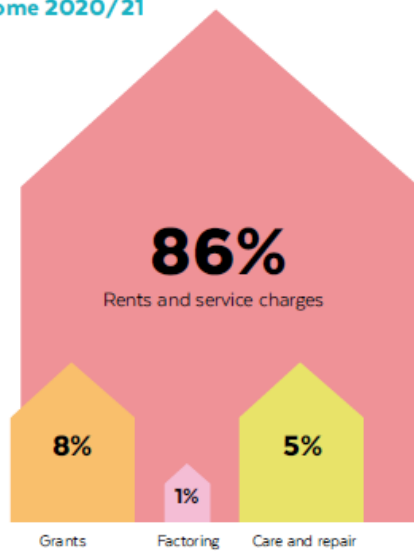
In 2015, tenants were very supportive of streamlining rents so that all tenants pay the same for homes of the same size and type.

2022/23 will take us into year seven 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 2020/21

The main sources of income and expenditure in 2020/21 were as follows:

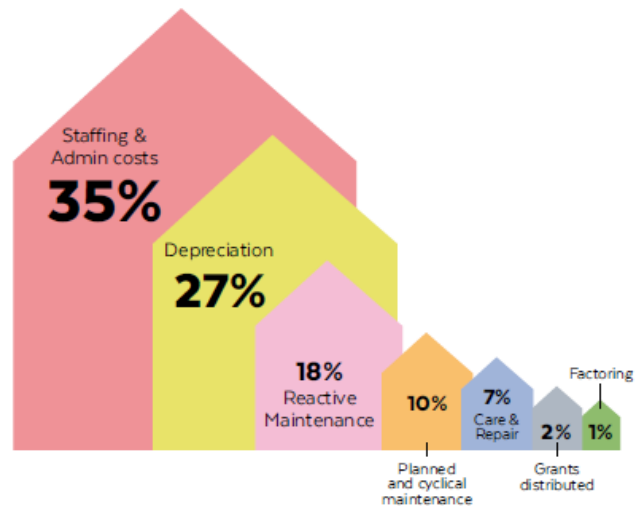
Income 2020/21



	£000
Rents and service charges	4,370
Grants	413
Care and repair	276
Factoring	39

Total Income: £5,098,000

Operating Expenditure 2020/21



	£000
Staffing & Admin costs	1,250
Depreciation	989
Reactive maintenance	648
Planned & cyclical maintenance	361
Care & Repair	252
Grants distributed	70
Factoring	39

Total Expenditure: £3,609,000

In addition, we invested £1.2 million in capital expenditure to improve Housing Stock. 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 2020/21 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 2021, using CPI (Consumer Price Index), was 4.2% and RPI (Retail Price Index) was 6%. Many of our services, especially repairs and larger improvements are linked to inflation in the building industry which is at a higher rate still. It is well known that the availability of labour and

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materials has been reduced by Covid and Brexit and this has led to an increase in costs in all areas. For example, the cost of our gas servicing contract has increased by 70%. We always try to achieve best value for our tenants and look for efficiencies in our processes, but by not recovering some of the cost increases we incur, we must use our cash reserves and reconsider future improvement plans.

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 also monitors our financial plans each year.

We are very aware of the financial pressures on everyone because of the Covid 19 pandemic, the impact of inflation and other changes in income and expenditure. After much consideration and discussion, the Management Team and the Board have found two options which we believe are affordable to both tenants and the Association.

Option 1 (4%) is the lowest rate we can apply and continue to deliver services and home improvements in the long run and **Option 2 (5%)** equates to October CPI plus 0.8% and is likely to be more reflective of the cost increases we will encounter in the year ahead.

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 refinanced existing loans during 2020 to give us greater flexibility and enable us to explore service development. Currently, borrowings total £8 million and are projected to be repaid in full by 2035.

Affordability and satisfaction survey responses

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 felt the rent they pay is Value for Money, only 71% found 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

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Rates and against national living wage ratios, as well as other Housing Associations operating in the area to determine if rent is affordable. Our calculations show that our proposed rent is within the national guidelines.

Home Improvements 2022/23

Our improvement plans are developed from our Stock Condition Surveys. These are carried out every 5 years by independent Chartered Surveyors. Our current proposals are:

		Number of Properties
	Kitchens	50
	Central Heating Systems	20
	Smart Homes Pilot	20
	Roofs	25
	Windows and Doors	6
	External Wall Insulation	38
Projected Spend on Improvements		£1.2 million

The Green Agenda

Worldwide, there is a huge focus on the green agenda and reducing the carbon footprint of everything we do. For our homes, this means considering the insulation methods and finding alternatives to gas heating systems. All of these come at a cost and are in addition to the normal replacement of kitchens, bathrooms, doors and windows at the appropriate time, so need to be factored into our budgets and impact on rents charged. Addressing insulation and heating methods should not only help the planet but should also help in reducing fuel costs.

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.

Proposals

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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 2022:

Option 1 – 4% Increase

Average rents increase by £3.57 per week

May require us to reconsider and rephase planned improvement works.

Option 2 – 5% Increase

Average rents increase by £4.46 per week

Aligns income more closely to cost increases expected during 2022/23.

Provides an additional £1.4 million of extra funds than the 4% increase over the 30-year plan to allow us to make improvements to your homes.

For the April 2021 increase, we worked hard to achieve a below business plan increase of only 1%. This meant that we had to factor in a reduction in long term investment plans of £1.5 million. The rent you pay not only effects services in the current year but impacts the funds we have available to make future improvements.

What Happens Next?

Our Management Board will consider all responses before deciding the level of rent increase for 2022/23.

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 14 January 2022

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Consultation Questionnaire: Feedback Form

Your Views - Annual Consultation Rent Increase 2022/23



We are consulting on the rent increase for 2022/23. Please ensure you have read the consultation pack before completing the survey. The options presented are either 4% or 5%. 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://forms.office.com/r/mXGrfCeLdi>

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

Yes

No

.....
.....

Q2. Please indicate your preferred option: Option 1 - 4%

Option 2 – 5%

Comments:

.....
.....

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

Yes

No

Comments:

.....
.....

Please return the Consultation Comments Form by 14 January 2022

Q4. How do you pay your rent? (This allows us to further assess affordability and target our services)

Fully from Benefits (Housing Benefit or Universal Credit)

Partially from Benefits

Full rent payer – no Benefits

Prefer not to say

Q5. 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 the Management Board on 26 January 2022.

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