



Tenant Consultation

Rent Charges and Home
Improvement Plans for
2023/24

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



Dear tenant,

This is the time of year where housing associations are thinking about their budgets for the next financial year, starting in April 2023. As a key part of that, we're starting our consultation with tenants on what level of rent is set for next year. The law requires us to do this every year.

You've probably heard that between now and the end of March 2023, all rents – for social housing tenants and for private tenants – have been frozen by the Scottish Government because of the cost-of-living crisis. This hasn't affected your rent yet, as housing associations only set rents once a year, every March/April.

The Scottish Government will decide in January 2023 whether housing associations will be allowed to raise rents in 2023/24. However, both the Scottish Government and Scottish Housing Regulator have said that we should still carry out our normal consultations with tenants on rents for next year. We will contact you again once we know what the Scottish Government has decided.

How will we set your rent for next year?

As you know, housing associations are charities which exist to provide good quality homes at affordable rents.

The cost-of-living crisis affecting our tenants, and the many inflationary pressures which the association has been facing, make it especially important that our consultation with you finds the right balance between rent affordability and the need to maintain our services and continue investing in our homes. This includes things like replacing kitchens and bathrooms and further improving the energy efficiency of our homes to help limit your energy costs.

What should you do next?

The information enclosed with this letter sets out the options we are considering for next year. We hope you will reply to let us know what you think.

If you are worried about paying your rent, please get in touch with us straight away, so we can talk about how we can help.

We have worked with two tenant organisations in preparing this letter. TPAS Scotland supports tenants and landlords to get involved in their communities. The Tenants Information Service (TIS) works with tenants and housing organisations to develop effective participation.

You can contact either TPAS Scotland or TIS for more information on:

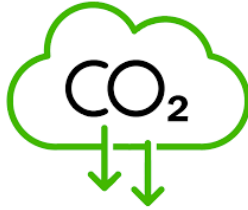
- TPAS Scotland: www.tpasscotland.org.uk or 0141 552 3633
- TIS: www.tis.org.uk or 0141 248 1242

Yours faithfully

Shire Housing Association Management Board

IMPROVEMENTS TO YOUR HOMES

CARBON REDUCTION



For a few years now, our focus in investing in your homes has been to help with energy efficiency and to start working towards reducing carbon emissions.

External Wall Insulation (EWI) helps your home to **retain heat** and **reduces** the amount of time you need to have your heating switched on, **reducing your costs**. This is really beneficial in these times of high gas and electricity costs.

In the last 3 years we have invested £1.3 million across our estates to provide EWI to your homes. We are delighted to let you know that we have secured over £400,000 of Scottish Government grant match funding to do more of this work. In this financial year (2022/23), we hope to spend a total of around **£900,000** in this area.

As well as keeping your home warmer, this work improves the look of the property and brightens up the estates.

The high level of investment to reduce your personal costs on energy means we have less of a budget available for some other types of improvements in the short term. However, our focus is on keeping you warm and reducing your energy costs as well as helping the planet.

INFLATION AND THE COST-OF-LIVING CRISIS

COST PRESSURES

Our costs increase each year because of inflation. Inflation in October 2022, using CPI (Consumer Price Index), was 11.1%. For the last two years, we have kept our rent increases well below inflation, to support tenants with the ongoing impacts of the Covid pandemic.

	2021/22	2022/23
Options presented for consultation	1% or 1.2%	4% or 5%
Shire Increase	1%	4%
April CPI	1.5%	9.0%

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 materials has been reduced by Covid and Brexit and this has led to an increase in costs in all areas. 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 reduce the services we provide and cut back on the improvements to your homes.

ENERGY PRICES

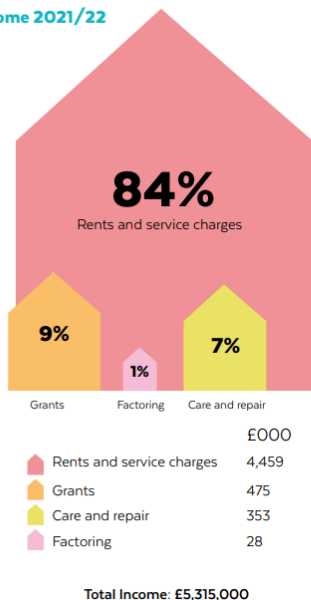


We know everyone is feeling the pressure of rising energy costs. This impacts us with gas and electricity costs for our offices and for the electricity we supply to common areas. To support tenants, we managed to successfully bid for £86,000 of fuel grant funds. We are using this to help tenants reduce their energy usage by distributing items such as air-fryers and warm duvets. In addition, can offer support and advice with energy bills.

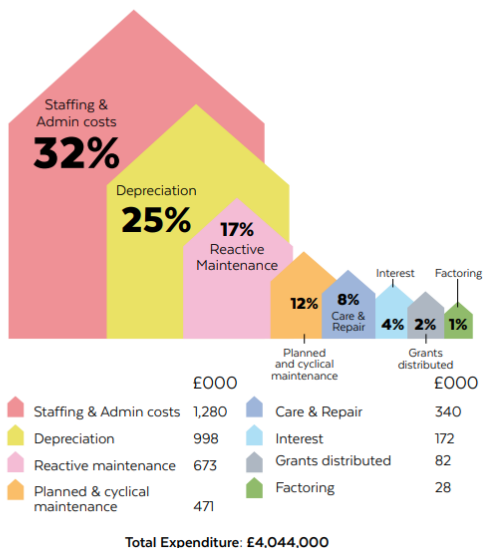
HOW INCOME WAS SPENT 2021/22

The main sources of income and expenditure in 2021/22 were as follows:

Income 2021/22



Operating Expenditure 2021/22



In addition, we invested £1.1 million in capital expenditure to improve Housing Stock. Any surplus we make helps to pay for future planned investment in your home

During 2021/22, we invested £1.1 million in capital improvements to tenants' homes. Our investment decisions are being driven by the need to reduce the carbon footprint of our homes and our Business Plan objective to meet Climate Challenge. This means that our programme was focused on improvements that helped to make our homes more energy efficient, safe, and warm leading to less being spent on replacing internal fixtures such as kitchens and bathrooms.

Our capital investment spend is on top of the day-to-day reactive repairs service and cyclical maintenance program carried out annually.






Highlights include:

External Wall Insulation	£364,000
Electrical Rewires	£160,000
Roof Replacement	£150,000
Door and Window Replacement	£144,000
Kitchen & Bathroom Replacement	£130,000
LD2 - Fire Safety Installations	£115,000
Central Heating	£56,000

CONSULTATION OPTIONS

We understand the financial difficulties everyone is facing and are not proposing passing on the current rate of inflation (10.1%) in the rent increase. We will revisit our budgets and long-term plans, but we do need to pass on some of this increase to remain a viable business, maintaining services and continuing to invest in improving your homes.

Our Management Board receives a lot of data and analysis from the staff team. After lengthy discussions, we have decided we are able to operate with an increase of at least 5% and are therefore consulting you on an increase of **5%** or **7%**.

	Level of increase	Number of Properties at less than 5%	Number of Properties at 5%	Number of Properties at 7%
	External Wall Insulation	22	23	23
	Central Heating Systems	120	159	178
	Kitchens	10	36	44
	Roofs	11	13	13
	Smart Homes Pilot	22	21	21
Projected Spend on Improvements		£1.0 million	£1.3 million	£1.4 million

Our budgeting shows the property improvements we would be able to carry out during 2023/24 at each of the rates of increase. If the increase were to be 5%, we would have to reconsider the program for future years as this **removes £4.1 million** from our long-term plans.

IMPACT OF AN INCREASE OF LOWER THAN 5%

If the Scottish Government decides that our rent increase has to be less than 5% in April 2023, we will have to look at cutting back on the services we provide and reduce our planned spending on home improvements by at least £300,000 per year for the next 8 years. This is the equivalent of not replacing 53 kitchens, or 118 boilers every year for at least the next 8 years.

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 2022 tenant satisfaction survey show that, while 81% of tenants felt the rent they pay is Value for Money, only 47% of tenants who don't receive help towards housing costs found rent payments easy to afford.

We have also found the percentage of our tenants accessing benefits to help with housing costs rose to 77% in 2022, compared to 68% in 2019. The main contributing factor to this increase is the success of our Financial Inclusion Service, who helped tenants obtain **an extra £324,000** in benefits last year.

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 East Ayrshire Local Housing Allowance Weekly 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.

You can compare our average rents to other housing associations by visiting the Scottish Housing Regulator's website:

www.scottishhousingregulator.gov.uk. For 2022/23 Shire charged the lowest rent for a three-bedroom property of all the Registered Social Landlords operating in East Ayrshire.

HOW THE CONSULTATION WORKS

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 take account of any Scottish Government rulings at their meeting on 25 January 2023 before deciding on the level of increase to apply for 2023/24. This consultation pack has set 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.

LAST YEAR'S RESULTS

We received 103 responses to last year's rent consultation. The majority (69%) preferred Option 1, which was to increase rents by 4% rather than Option 2 by 5%. The Board listened and decided to approve the option most tenants preferred (4%) for 2022/23.

REWARDING YOUR RESPONSE

We want to encourage more tenants to tell us what they think of our proposals. We plan to hold face-to-face events to make it easier for you to ask questions. Dates will be in early January 2023, and information on this will be available on our website, social media and via text message.

You can submit your views in the following ways:

- Complete the free **online** survey at:
 - <https://forms.office.com/e/iEtKT8W57w>
- **Post** the survey included in this pack to:
 - Shire Housing Association Limited, FREEPOST RTJA-LEEA-KXRX, Netherthird House, Cumnock, KA18 3DB
- **E-mail** us at: info@shirehousing.com
- **Phone** 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.

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.

WAYS TO REACH US

Telephone	01290 421130
Email	info@shirehousing.com
Website	www.shirehousing.co.uk
Twitter 	@Shire_ha
Facebook 	Shire Housing Association Limited
Shire Housing Association Limited, Netherthird House, Netherthird, Cumnock, KA18 3DB	

Thank You

Registered Charity No: SC038664
Financial Services Authority No: 2515R(S)
Scottish Housing Regulator No: 296

Shire Housing Association Limited
is an equal opportunities organisation

