



## **Tenant Consultation**

Rent Charges and Home  
Improvement Plans for  
2024/25

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

Registered Charity No: SC038664

Financial Services Authority No: 2515R(S)

Scottish Housing Regulator No: 296



**Dear tenant,**

This is the time of year when housing associations are thinking about their budgets for the next financial year, starting in April 2024. As a key part of that, we are starting our consultation with tenants on what level of rent is set for next year. The law requires us to do this every 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 heating systems 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 reasons why we are consulting you on options of 5.1% and 6.1% for next year. We hope you will reply to let us know what you think.

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

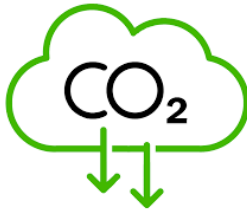
***Yours faithfully***

***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 5 years we have invested £2.5 million across our estates to provide EWI to your homes. We were able to spend more during the current year after being successful in receiving over £400,000 of Scottish Government grant match funding. In the year ahead (2024/25), we hope to spend another **£480,000** 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 September 2023, using Consumer Price Index (CPI) was 6.7%. This is the rate by which most Government benefits increase in April 2024, with state pension increasing by a higher rate. For the last three years, we have kept our rent increases well below inflation to support tenants with the impacts of the Covid pandemic and the cost-of-living-crisis.

	2021/22	2022/23	2023/24
<b>Options presented for consultation</b>	1% or 2%	4% or 5%	5% or 7%
<b>Shire Increase</b>	<b>1%</b>	<b>4%</b>	<b>5%</b>
<b>April CPI</b>	1.5%	9.0%	8.7%

Many of our services, especially repairs and larger improvements, are linked to inflation in the building industry, which is at a higher rate still. 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.

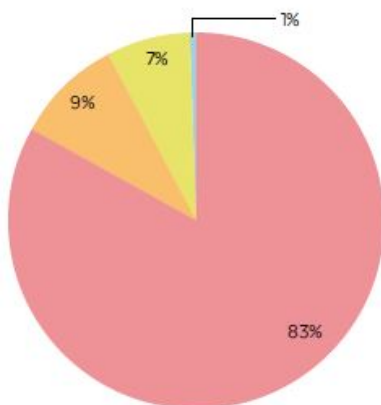


### ENERGY PRICES

We know everyone is feeling the pressure of ongoing high 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 last year. We used this to help tenants reduce their energy usage by distributing items such as air-fryers and warm duvets. This year, our fantastic team has won a further £47,000 of funding to help with similar items for new tenants and to offer support and advice with energy bills.

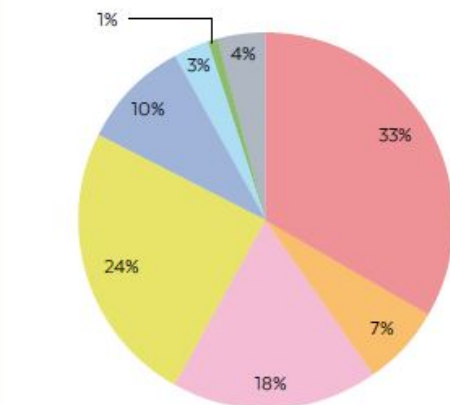
## HOW INCOME WAS SPENT 2022/23

Income 2022/23



Rents and service charges	£4,654
Grants	£527
Care and repair	£394
Factoring	£28

Operating Expenditure 2022/23



Staffing & Admin costs	£1,385	Care & Repair	397
Planned & cyclical maintenance	£297	Interest	131
Reactive maintenance	£740	Factoring	28
Depreciation	£1,006	Grants distributed	170

In addition, we invested £1.4 million in capital expenditure to improve housing stock. Any surplus we make helps to pay for future planned investment in your homes.

During 2022/23, we invested £1.4 million in capital improvements to tenants' homes with a further small investment to acquire an additional property. Our investment decisions are being driven by the need to reduce the carbon footprint of our homes and our Business Plan objective to address the Climate Challenge. This means that our programme was focused on improvements that helped to make our homes more energy efficient, safe, and warm. This also reduces energy costs for tenants but leads 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	£472,000
Central Heating	£310,000
Kitchens	£223,000
Roof Replacement	£208,000

## CONSULTATION OPTIONS

We understand the financial difficulties everyone is facing and are not proposing passing on the rate of inflation in September (6.7%) 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 on the finances of the Association and rent affordability calculations. After lengthy discussions, we have decided we are able to operate with an increase of at least 5.1% and are therefore consulting you on an increase of **5.1% or 6.1%.**

At an increase of **5.1%** we are budgeting that we can spend **£1.4 million** on improvements to your homes. The table below shows the type of work and number of properties impacted.

				
<b>External Wall Insulation</b>	<b>Heating Systems</b>	<b>Kitchens</b>	<b>Roofs</b>	<b>Smart Homes Technology</b>
<b>29</b>	<b>167</b>	<b>37</b>	<b>15</b>	<b>27</b>

Instead, if rent increases by **6.1%**, this will bring in an extra **£49,000** to the Association. However, we want to maximise the impact to tenants, so at that rate, would invest an additional **£100,000** in your homes, which would allow an **extra 6 properties** to receive **External Wall Insulation.**

## 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.

During 2023/24 so far, benefits paid direct to Shire account for 65% of households and 54% of rent. These levels are heavily supported by the success of our Financial Inclusion Service, who helped tenants obtain **an extra £423,000** 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](http://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 31 January 2024 before deciding on the level of increase to apply for 2024/25. 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 91 responses to last year's rent consultation. The majority (84%) preferred Option 1, which was to increase rents by 5% rather than Option 2 by 7%. The Board listened and decided to approve the option most tenants preferred (5%) for 2023/24.

### **REWARDING YOUR RESPONSE**

**You can submit your views in the following ways:**

- Complete the free **online** survey link sent to you by email or SMS
- **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](mailto: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.