Welcome to our rent consultation newsletter

About your rent for 2024

This newsletter aims to provide you with all the information you need about the proposed rent increase from 1st April 2024.

We are consulting you with the proposal to increase rent by 7.7% from April next year. The amount of rent you pay is subject to a review each year. This is your chance to tell us what matters to you and what the proposed increase would mean for you.

About the proposed rent increase

A significant majority of our income is rental income. We are currently planning how we will manage services and invest in your homes next year and would like to seek your views on our proposal to increase rents by 7.7% from 1st April 2024.

Our long-term financial planning calculates the proposed rent increase as the rate of inflation (CPI) plus 1%. As September CPI was 6.7%, we are consulting on 7.7% which we believe will strike the right balance between continuing the provision of support and services you require, whilst maintaining our financial stability.

We appreciate that any rent increase, particularly during times of economic uncertainty, will be challenging for some customers. We remain committed to supporting customers facing difficulties. However, the costs of providing our services and maintaining our neighbourhoods have increased significantly. We have increased rents by less than inflation a number of times in recent years to support customers.

Page four of this newsletter lets you know how to respond to this consultation and how we can help you if you are struggling with finances.

Our five-year financial plan

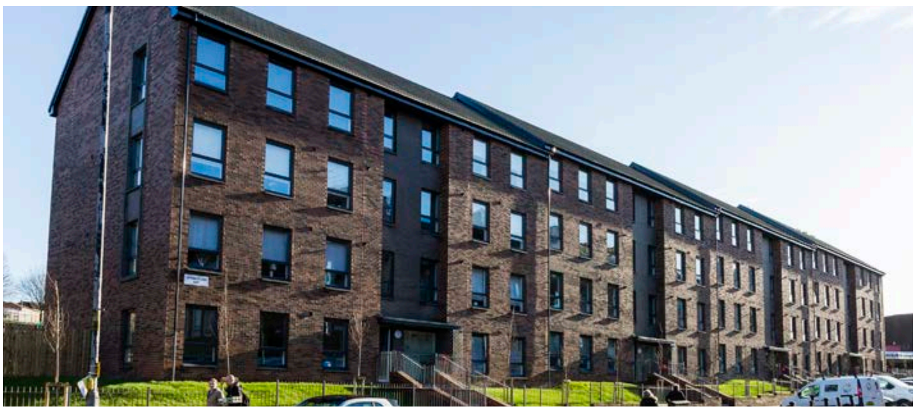
Like all housing associations, we are required to prepare a five-year financial plan. Our approach to rent increases within the plan is aligned to the rent policy of inflation +1%. Following customer consultation, we capped our increase at 7% for 2023/24. This was 4.1% lower than the standard approach and resulted in a reduction in income of £4.7m over the five-year financial plan.

An increase of 7.7% next year, will increase income by £0.6m over our five-year financial plan.

Cost inflation is forecast to reduce at a slower rate and will be 0.6% higher than our plan for 2024/25. This will drive higher cost increases of £0.5m. Combined with a rent increase of 7.7% this will generate an additional surplus of £0.3m by the end of our five-year financial plan. However, this will not recover the £4.7m of lost income (from capping rents from April 2023). We will need to consider how best to deliver our services and invest in new homes for rent as a result.

Rent increase proposal	7.7%		
Your current rent per month	£307.18	£475.49	£603.65
Increase in cost per month	£23.65	£36.61	£46.48

This table is for illustrative purposes only



Springburn Way

Muirskeith Road

What income do we receive and how do we spend it?

£21.1m in

Rent **£19.3m**

Service charges **£1.1m**

Grants for adaptions **£0.2m**

SFHA grants **£0.1m**

Other income **£0.4m**

£21.1m out

Salaries **£2m**

Maintenance and building works **£6.4m**
Rents, rates, electric, gas **£0.7m**
Cleaning and gardening **£0.5m**

Depreciation of homes **£3.5m**
Surplus to be invested in homes **£31.1m**

Management overheads **£2m**
Interest on borrowing **£2.4m**
Other **£0.5m**

What we achieved last year

Every year we write a report for customers on how well we have performed against the Scottish Social Housing Charter. It also highlights how we compare to our peer group and social landlords in Scotland as a whole. You can read the report at **https://media.umbraco.io/home-group-heartcore/ikqjrg1m/scotland-customer-charter-report-2022-2023.pdf** or by scanning this QR code with your phone's camera.

Mill O'Mains, (Dundee)

Service charges

Annually we review all elements of our service charges against actual costs incurred in the previous year and estimated expenditure. This is to ensure that any increase is kept to a minimum and that we are providing value for money.

You will recall we re-tendered for our grounds maintenance and communal cleaning contracts last year. Both these contracts will increase annually by CPI-1%. We have renewed our contract for the Fire Risk Assessments within our flatted properties and there will be an increase in some of these charges also. We are also closely monitoring the changes in the utility costs against actual costs we have incurred.

We will issue your new service charges schedule in February with your amended charges.

Maintenance and planned works

This current year will see us spend around £10m on repairing and upgrading your homes. This includes reactive repairs, planned maintenance, keeping our properties safe and investing in empty homes to bring them back into use.

We have continued to deliver on our planned investment programme by completing component replacements based on our stock condition surveys.

To maintain safety and improve energy efficiency we are also on track to replace over 200 boilers and over 150 full heating systems. This is in addition to almost 400 rewires and 100 kitchens.

Despite high levels of inflation, we are protected by contractual mechanisms with our maintenance contracts to ensure value for money for our customers. However, market intelligence tells us there will be an increase in costs of between 5% and 6% next year, so our costs will increase as a result. This is in addition to many of our other costs increasing at rates much higher than inflation including insurance costs, borrowing costs and utilities. As part of our planning for next year and the proposed rent increase, we look at prices now and expert predictions for the cost of goods and services over the next 12 months.

The cost of maintaining, improving and ensuring the safety of our homes now costs an average of £1,803 per property. This has increased in recent years due to higher costs for both parts and labour.

Our budget and planned maintenance for next year is being finalised and will be informed in part by the outcome of this rent consultation. However, we expect to spend in excess of £11m in maintaining and improving homes next year. This will include around £4m on responsive repairs, £0.8m on cyclical and planned repairs, and £1.2m on building safety works.

How to give feedback – your opinion matters

We will send you a separate email shortly with a Survey Monkey link attached to it. You should let us know your thoughts by filling in the online form and submitting it by **Friday 22nd December 2023** or complete the attached reply slip and return it to us using the prepaid envelope.

Last year 582 customers responded to the rent consultation, thank you to everyone who shared their views with us. A large response helps us provide a representative range of views to the board and helps us shape future engagement with customers.

Maxwell Road

Worried about paying your rent?

We are committed to supporting customers who may be experiencing difficulties. Our financial inclusion team are specially trained to give you free, one-to-one support with your finances. The team can support you to better manage your money and over the last year have helped hundreds of customers with their finances.

You can ask for a referral to the financial inclusion team in a number of ways:

- Speak to us on live chat at **homegroup.org.uk**
- Call our customer service centre on **0345 141 4663**
- Speak to your **housing manager**

How else can I get involved?

Did you know there are many ways you can get involved? You can join us on estate walkabouts, share your thoughts as part of our Viewpoint team, or join our digital review group.

If you would like to find out more about our involvement opportunities, contact our engagement team by emailing **involvement@homegroup.org.uk** or calling **0191 290 7592.**

Scan the QR code to email our engagement team

We would like to thank the **Viewpoint team**, who contributed to the production of this consultation document.

For any further information call us on **0345 141 4663** or visit our website **www.homegroup.org.uk**

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