

Questions and answers

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We want you to have a good understanding of how your rent is invested and what we are delivering with it. We also want to be honest about the challenges we face when it comes to setting rent levels and ensuring we can continue to invest in our homes and services.

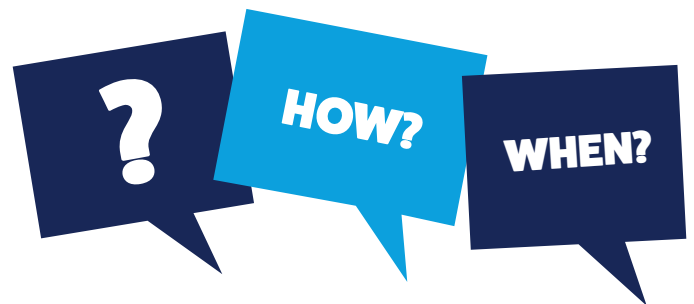
So, we've put this question and answer sheet together to provide more information on how we set rent levels and how we invest the rent you pay back into our homes and services.

1. Why do you need to increase rents?

As a not-for-profit organisation, our only source of income is the rent our tenants pay. This income has to cover the cost of running the organisation including paying for maintenance and repairs in our homes and the costs to manage and deliver landlord services.

Just like your bills, the costs of maintaining our homes and delivering services to tenants go up every year. We work hard to make sure we are delivering the best Value for Money in everything we do and try to get the best deals available but things like building supplies and the cost of petrol all add up.

On top of this, the government has set a target for the country to be net zero by 2050. This includes our homes, and it will require a large sum of money to enable us to meet this target. While the government has made some funding available for this, it does not cover the whole cost and any costs that we can't obtain grants for, will have to be paid using the rent we collect.



So, we need to increase our rents to ensure we can continue to provide warm, safe, affordable homes in our communities.

2. How do you set your rents?

Each year, the government sets the maximum amount we can increase our rent by. This figure is usually based on the Customer Price Index (CPI) plus 1% in the September of the year before the increase is applied. So, if the CPI figure in September is 3%, the most we can increase our social housing rent by is 4%. This is called the Rent Standard and is reviewed each year.

Sometimes the government applies a cap – like in 2022/2023 when CPI in September was 10.1% and the government set the rent at 7%. Sometimes it even tells social landlords to reduce their rents.

Alongside the Rent Standard, our Board consider lots of things when it sets the rent levels. This includes the impact any rent increase might have on tenants, the money we would have available to invest in our homes the following year and any increase in the cost of running our organisation.

3. Do you increase rents every year?

No. The amount that we can increase our rents by is controlled by the government. For the four years between 2016 and 2020, we reduced our rent by 1% each year. This means that the rents that were being charged in 2023, were almost the same as they were in 2016.

4. If costs are going up faster than rent, what does that mean for the future?

We take a long-term approach to our finances, in fact we have a business plan that looks ahead to the next 30 years! As part of this our finance team run lots of scenarios to see how they would impact the organisation over this period.

This means we can look at where we are today and how things like high inflation, a slowdown in the UK economy, new regulation and even future pandemics might affect the organisation now and in the future.

This helps us plan for the future and ensure that we can continue to provide warm, safe, affordable homes for many years to come.

5. In your Annual Report and Accounts it says you have £2.9 million surplus for 2022/2023, so why do you need to increase rents?

Although we are a registered charity and a not-for-profit organisation, we still need to be financially strong. Our financial position is monitored by the Regulator of Social Housing (RSH), they expect us to be a financially viable organisation and having



reserves helps show this.

Our purpose is to provide warm, safe, affordable homes. We set our rents based on the government's rent standard and what we believe we need to meet our commitments as a landlord.

The great news is that, when we do return a surplus, this is reinvested in our homes and services not given to Shareholders.

6. In your Annual Report and Accounts it says you have £43m million in cash, so why do you need to increase rents?

This cash has already been allocated to help improve the energy efficiency of our existing homes and help lower the costs of energy bills for tenants. It will also be used to help us build more warm, safe affordable homes for families in our communities.

7. Where do you spend the rent money you collect?

We publish our Annual Report and Accounts every year and produce an Annual Review, which shows how we invest the rent you pay us.

Last year, 83p in every pound we spent went on maintaining our homes, providing services for tenants, and helping more families find a warm, safe, affordable home in our communities.

8. Why don't you just stop building new homes and concentrate on the ones you've got?

We believe that everyone should have a warm, safe, affordable home.

Some tenants have lived in our properties for many years and have had the benefit of social housing during their lives, building new homes helps us give that same opportunity to others.

In our communities there is a real need for more social housing, and we are committed to doing our part to increase the availability of affordable housing in these areas.

New homes usually need less maintenance and repairs than older properties. The rent they generate helps us to improve other properties including installing new kitchens, bathrooms, and heating systems.

9. Do you have bonus pay for staff?

In order to provide the best service for our tenants, we need to recruit and keep the best people to work with us. While we don't pay bonuses to our colleagues, we do believe in paying a fair wage and are proud to be a Real Living Wage employer.

We currently employ around 170 people and most of our team live in our communities. We benchmark the salaries of our whole team every three years to make sure that the wages we pay are fair, competitive, and in line with other local providers.

10. Why are you telling us all this?

We want you to have a good understanding of how your rent is invested and what we are delivering with it.

We also want to be honest about the challenges we face when it comes to setting rent levels and ensuring that we can continue to invest in our homes and services.

Over the years, the role of social housing providers has grown, and we are being asked to do more with the same or, in some cases, less resources than before.

This means we have to make some difficult decisions on what we can and can't deliver and we are keen to understand what our tenants see as a priority. Which is why we are asking for your feedback.