

SHAL's Community Chat (balancing the books)

Tuesday 27 September 2022

Neil Allan led a chat about how SHAL is planning to “balance the books” now that it’s halfway through the financial year and seeing the impact from the rising cost of things.

First things first we checked in with each other to see how we’re all feeling. Responses ranged from “frantic” and “overwhelmed” to “powerless” and “angry”. These really are challenging times in more ways than one.

The operating environment continues to be hard for individuals and businesses. We’re still recovering from the pandemic and we’re also seeing the impact of leaving the European Union and the war in Ukraine. Back in January we reported some of our suppliers had increased costs of materials by up to 33%. The increase in the cost of materials is way ahead of inflation.

The situation hasn’t stabilised or returned to “normal” and there were developments even this week following the “mini budget” on Friday.

Supply chains are problematic and unreliable. We’ve continued to provide a full response repairs service and invest in our homes over the last few years but this is a challenge in the current climate. We’re working differently to minimise the impact of these increases and supply problems. We’re finding new suppliers online and buying materials in bulk and storing them at Crypton House.

It’s proving more expensive to build new homes too. We’re committed to two developments and we’ve already signed contracts meaning the costs are fixed. However, future developments will need to be reviewed carefully.

Storm damage

We’re still working through the huge volume of work generated by storm Eunice earlier in the year. Eunice, quite literally, blew our budgets away. So far we’ve spent £62,000 (69% of which was on fence repairs). We’ve completed 120 jobs and we’ve got 53 outstanding. We’ll work with our insurance company to claim as much as possible back for the damage caused which will help.

What is SHAL spending the money on?

Neil Allan gave an overview of what SHAL its money on including day to day repairs, safety checks and repairs to empty homes. Overall, SHAL's day to day repairs budget is on course to be £116,868 overbudget by the end of the year. Internal repairs are underbudget but external repairs are overbudget, thanks mainly to storm Eunice.

We've had a higher number than planned number of homes to re-let and this is one area that's beyond our control.

Evicting County Lines from our communities

Lee Martin-Scull talked about the financial cost of evicting County Lines and drug dealing from our communities. In total, SHAL has spent £116,041 over the last 4 years evicting 6 tenants. This doesn't include the Housing Officer's and Housing Manager's time.

These evictions had to be made and the communities are safer and happier as a result. SHAL's legal costs increased during the pandemic because the laws and regulations relating to tenancy management changed many times and we had to ensure we were doing things right. However, legal costs have reduced significantly this year following these evictions and a return to standard laws and regulations. SHAL's Housing Officers prepare most of the legal paperwork themselves.

What is SHAL doing to balance the books?

Neil Allan gave an overview of the steps being taken to mitigate the increased costs including:

- Claiming as much as possible from our insurance company to pay for storm damage (approximately £30,000)
- Negotiating a reduction in the end of lease costs for our old office at 2 King Square (saving £50,000)
- Not recruiting 1 x Multi Trader and 1 x Apprentice in the Maintenance team until next year (saving £57,000)
- Reducing budgets for training (£5,000) and legal costs (£45,000)
- Reducing the planned programme including bathrooms and kitchens for the rest of the year

We will continue to invest in making sure our homes are safe. We'll also continue to invest in making our homes warmer and healthier.



We'll also:

- Review all our budgets to find more efficiencies where we can
- Focus on key tenant requirements
- Review the costs of building new homes on new developments
- Find new ways of doing the energy efficiency improvements
- Apply for as much additional funding for new homes and energy efficiency improvements

We've also worked with tenants to claim over £20,000 since 1 April 2022 in backdated benefits and Discretionary Housing Payments. We're waiting for decisions on several more applications.

If you're struggling please don't suffer in silence. Please get in touch.

What about the rent next year?

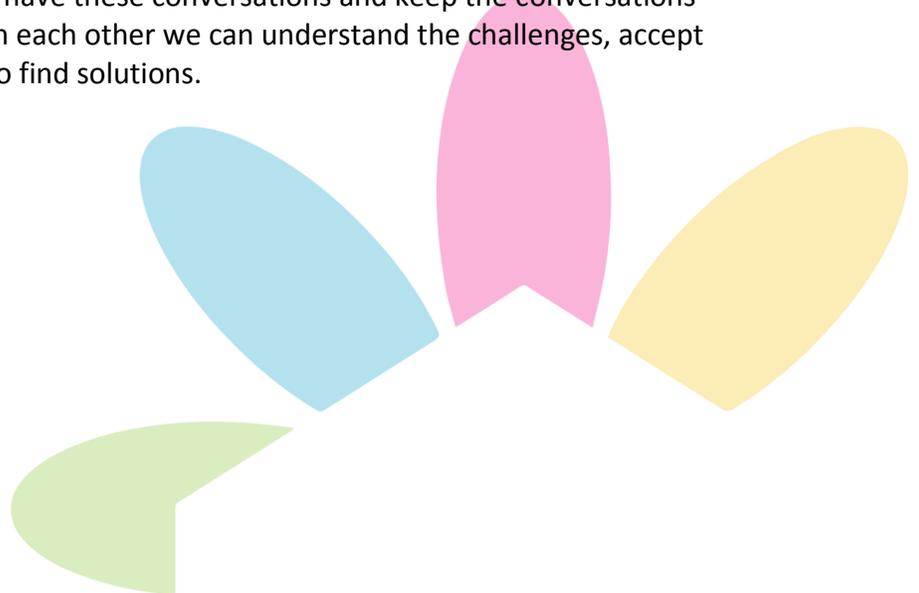
In normal circumstances the rent will be increased in April based on the CPI for September plus an additional 1%. However, these are anything but normal circumstances. CPI is bobbing around 12% at the moment and SHAL's Board were uncomfortable about such a big increase.

The government are now consulting with housing associations about capping the rent increase next year to either 3%, 5% or 7%.

They've said their preferred option is 5%. The rents we charged in 2021/22 were the same as 2015/16. One tenant who lives in a 4-bed house commented a friend pays twice as much for a 2-bed flat in the private sector.

Even if the rent increase is capped at 7% next year there'll be a big gap between the increase in the rent and the increase in the cost of materials and labour. It will be difficult to get big improvement plans going, for example.

It was agreed it's really important to have these conversations and keep the conversations going. If we're open and honest with each other we can understand the challenges, accept what lies ahead and work together to find solutions.



Re-letting homes

Simon White led a discussion about the way in which SHAL re-lets homes. Everyone in the chat had been tenants for a long time (over 20 years) and it was agreed SHAL is a completely different (and much better) landlord now. Simon White commented subcontractors SHAL uses say SHAL has a much higher standard than other landlords they work with. One tenant commented SHAL has a good reputation for the quality of their homes with people she knows who have moved in recently.

Tenants commented they were just grateful to have a place to call home when they got the keys and moved in. The homes may have needed redecorating but that meant they could put their own stamp on it.

We talked about whether we could do things differently (and save money) while still providing a great home for a new tenant. Do we concentrate/spend money on unnecessary things? Our priority will be to make sure the property is clear, clean and safe.

We advertise the home on Homefinder Somerset as soon as we receive the notice to quit from the outgoing tenant. We try and visit the outgoing tenant as soon as possible to agree what they may need to do before they move out and avoid being recharged.

Viewing the home as soon as possible means we have a better understanding of what repairs need to be done, help prevent the outgoing tenant being recharged and means we can work with the incoming tenant to get the property ready.

We agreed it was right to let tenants be able to put their stamp on their new home. While it's SHAL's property, it's the tenant's home – for life.

What will the future bring?

We checked out with each other and shared how we're all feeling. Responses ranged from "terrified" and "worried" to "grateful".

SHAL is strong financially and people's homes are safe. It's a bumpy ride ahead but we'll get through it. As with the pandemic, things may be delayed but they won't be cancelled or forgotten.

We talked about contacting people like we did at the start of lockdown in 2020 to "check in" and see how people are doing. As always we're here for you, even if you just want to have a chat. **You can text WHO to 07984355553 to get your Housing Officer's details.**

