

Appendix 3 - Housing Rent Setting 2022/2023

Efficiency, Value for Money and Affordability.

As part of the annual rent setting process, Welsh Government has required social landlords to consider an “assessment of cost efficiencies across the operating cost base, value for money and affordability for tenants”.

We have gathered existing data that we use to monitor these areas. This includes the use of the HOUSEMARK specialist housing benchmarking tool. The full report is available on request.

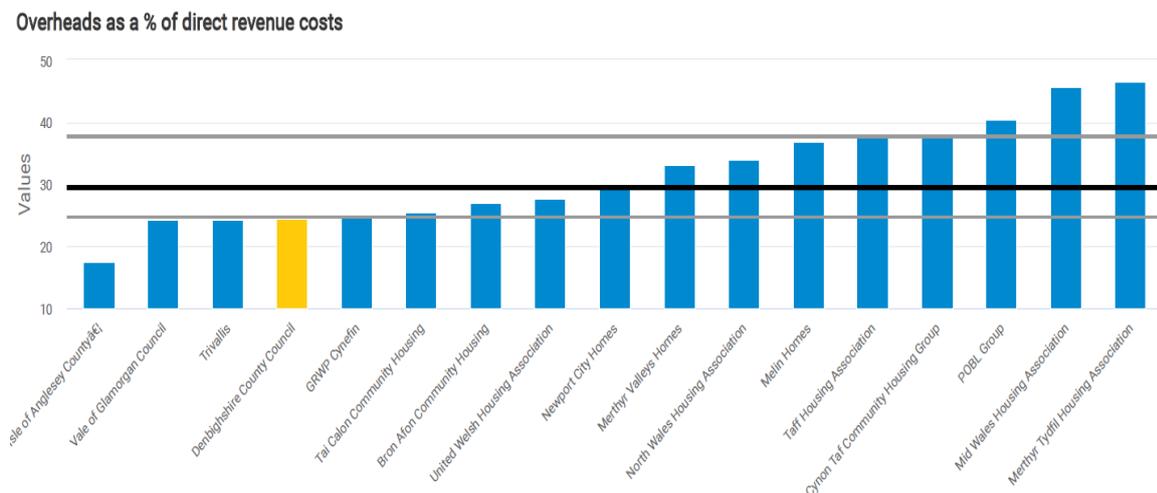
This report outlines our approach to these three requirements.

1) Cost Efficiencies

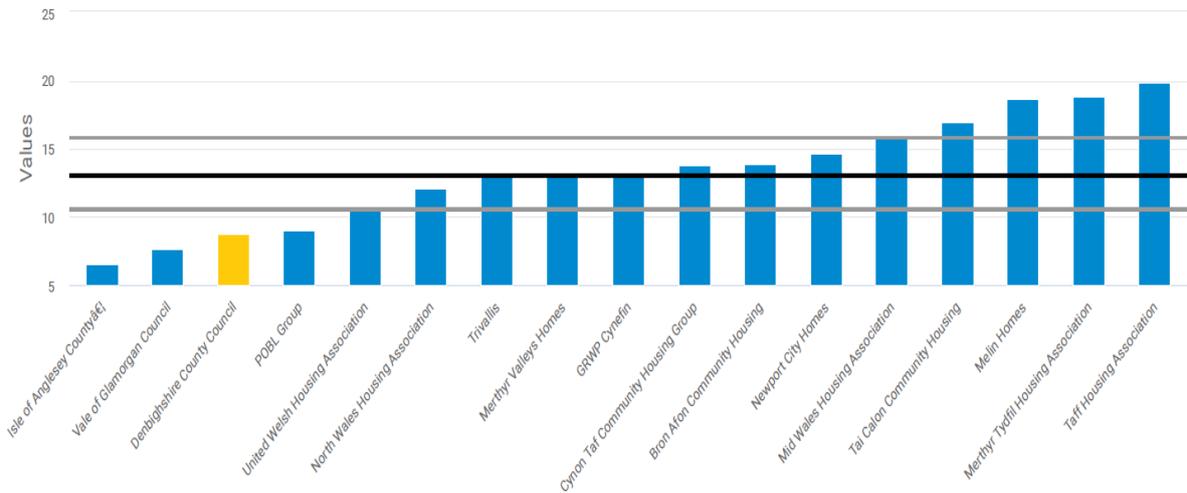
The information below is taken from data provided by HOUSEMARK and shows our costs are relatively low compared to comparable landlords but our cash investment in our assets is high.

1.1 Overheads

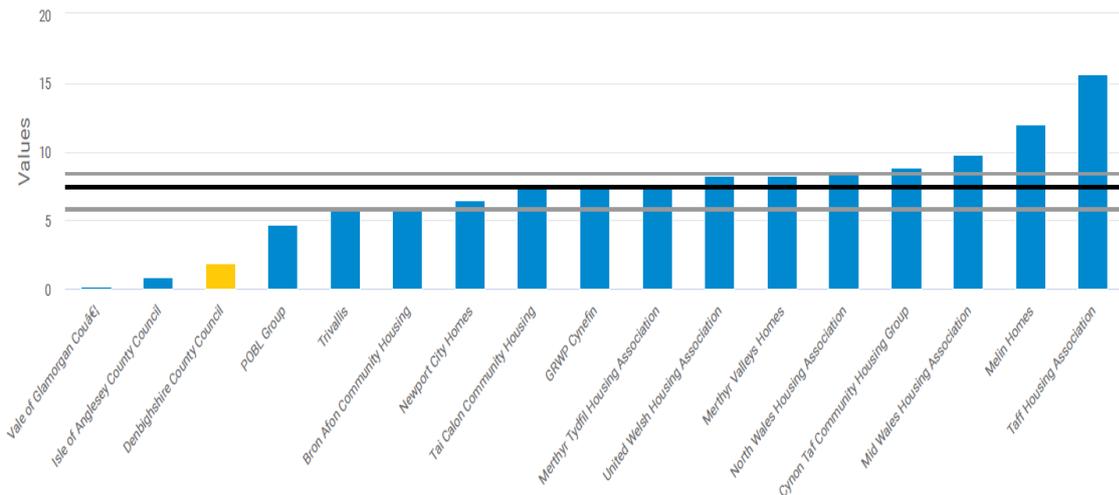
These graphs show Overheads as a percentage of our Revenue Costs, Turnover and Employee Overheads. This shows that our operating costs are amongst the lowest of comparable landlords.



Overheads as a % of turnover

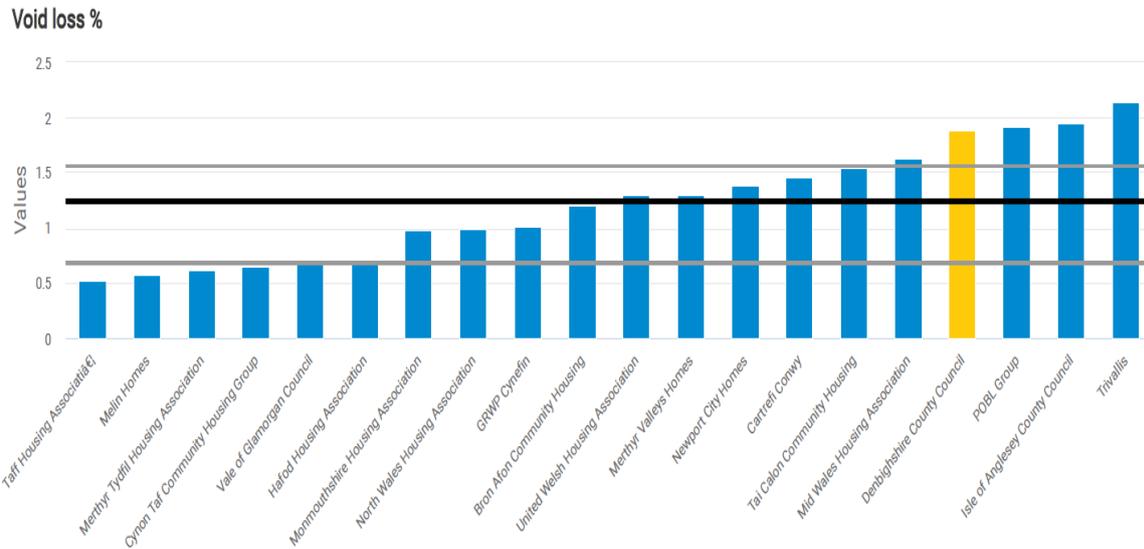


Overhead employees per 1,000 properties



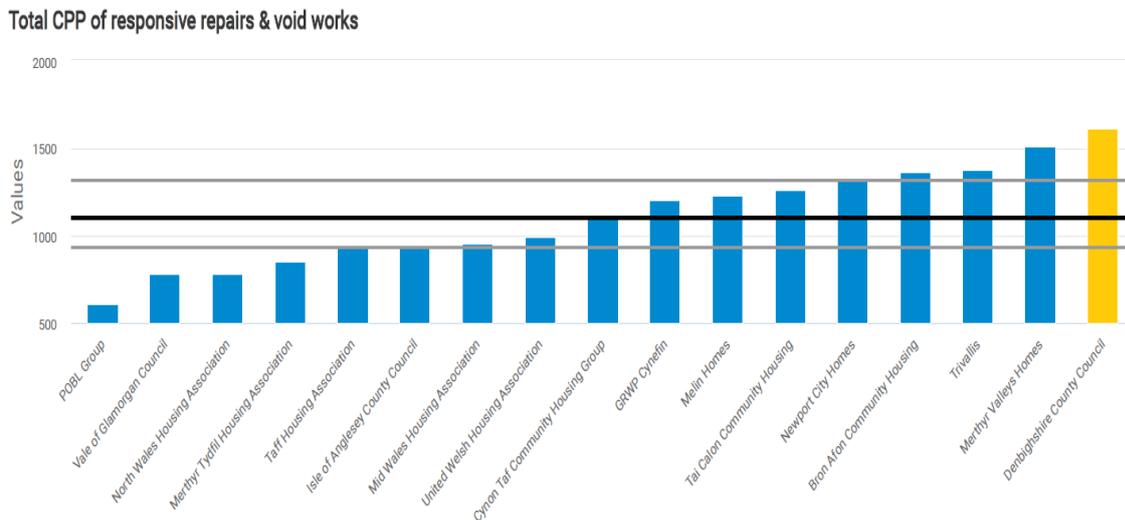
1.2 Rent Loss

This graph shows that we perform relatively poorly in terms of rent loss when carrying out works in between tenancies (Voids). This is explained due to the extensive volume of works we undertake. The lettings standards for new tenants are extremely high but we recognise the need to carry out works and the associated processes as efficiently as we can so this is closely monitored.



1.3 Cost of Repair and Voids work

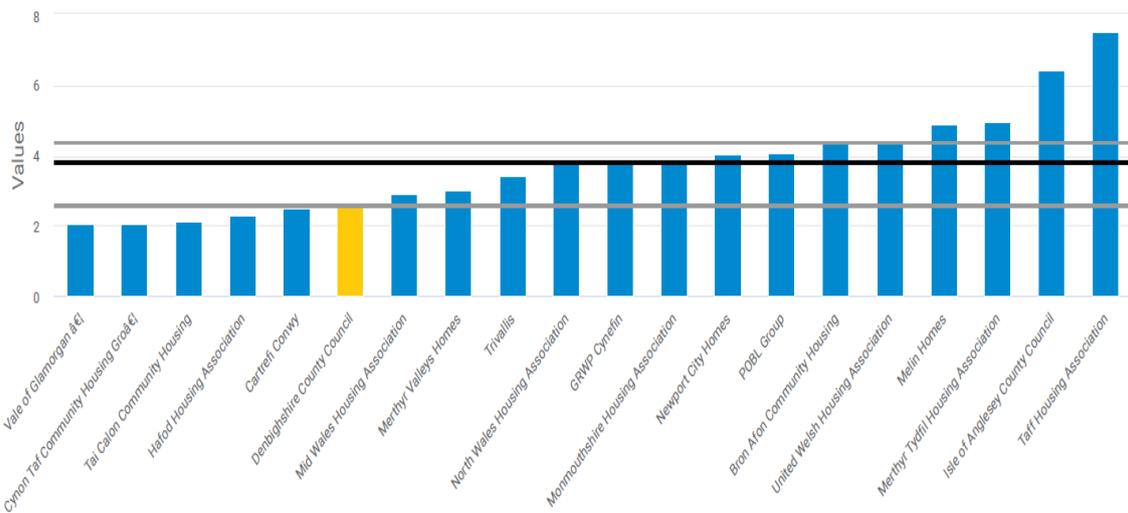
To illustrate the relative investment, this graph shows we are high cost in terms of the level of investment in our homes primarily due to void work costs.



1.4 Volume of Repairs Demand

This graph shows that we carry out a relatively low number of repairs per property, which suggests a return on our investment in our homes through voids and capital programmes.

Responsive repairs per property



2) Value For Money

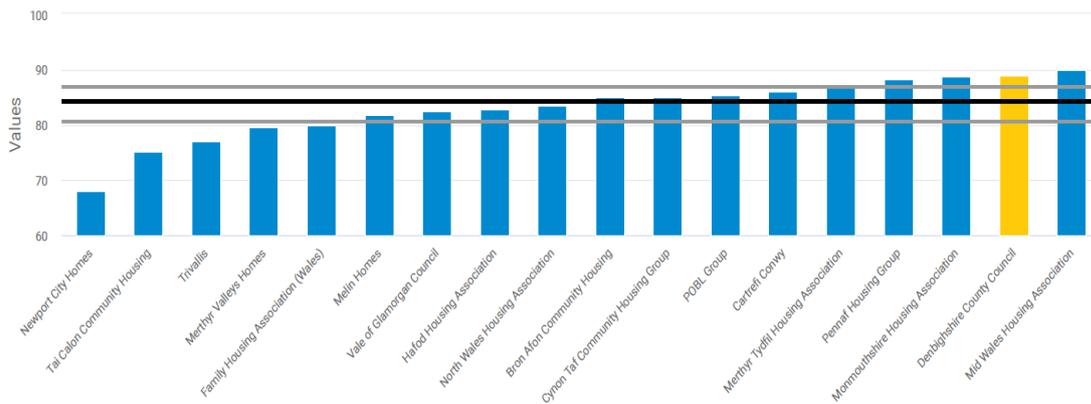
Other than the detailed comparison of our costs with other similar landlords our most appropriate measure of value for money is feedback from our tenants.

This graph shows feedback from the current HouseMark report from the full year 19/20. This shows us as relatively very high satisfaction (89%) that rent provides value for money. However, we have carried out further surveys since then, to keep monitoring this.

In December 2020 at the height of Covid restrictions, this had reduced to 79%. There has to be an impact from the reduced service and difficult operating conditions apparent during the Covid 19 lockdowns and restrictions.

We have carried out a full survey of tenants in December 2021 and the early indications are that the value for money result has improved to 85%.

Satisfaction that rent provides value for money



3) Affordability

The question of the affordability of our weekly rents is more difficult to analyse as much depends on the individual circumstances of every individual household.

In addition to ensuring we are within social rent “target rent” levels, we apply the principle that a CPI increase ensures we can continue to meet costs in managing and maintaining our c. £300m worth of homes for the benefit of our tenants as a whole.

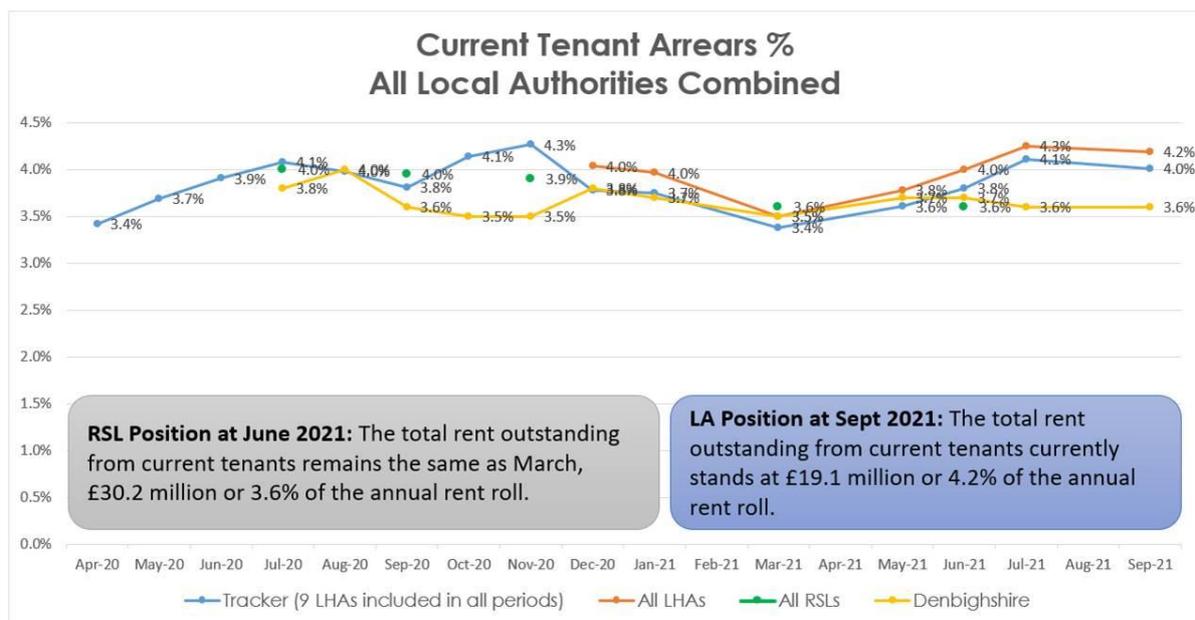
We know costs will rise and our income needs to keep pace over the course of our business plan but also fully appreciate that household incomes may not increase whilst other household costs will.

We currently have 72% of households in receipt of some support to meet their weekly rent, either through Housing Benefit or Universal Credit Housing Costs. Any increase in weekly rent charge will be met by the housing costs support for these households.

3.1 Rent Arrears

We closely monitor all households rent accounts and offer comprehensive advice and support.

The graph below shows that our current rent income owed of 3.6% (of total annual rent income) is below the Wales average for Local Authorities (4.2%).



3.2 Advice & Support to Promote Affordability

We offer as much advice and support as we can for households with affordable repayment terms should families fall into arrears, offer budgeting advice and make appropriate referrals for specialist support.

In addition to the Council's contract for Welfare Rights advice with Citizens Advice Denbighshire (CAD) we have entered into an additional project, **Key To Advice**, which enables the housing team to benefit from a specific worker from CAD to provide support to tenants. This includes a focus on fuel poverty to assist our tenants with their fuel bills and tariffs.

Highlights of April 2021 to November 2021 of the Key to Advice project are:

- 277 tenants supported
- £1,604,826 annual income gains
- Advice on £680,514 debt
- 105 tenants removed from income poverty
- 18 tenants removed from fuel poverty

3.3 Working Denbighshire

We also have a dedicated Housing Employment Mentor in partnership with Working Denbighshire. This focuses on working closely with tenants to enable them to be employment ready, provide access to job searches and provide work placements and training opportunities.

Highlights from April 2021 to September 2021 of this project are:

- 26 council tenants have been referred for advice
- 19 have enrolled on to the Communities for Work project
- 3 employment outcomes
- 2 qualification outcomes

3.4 Communication with Tenants

- We provide information to our tenants on how their rent money is spent. Each year with the rent increase notification letter we send all tenants a booklet which explains -
- How the average weekly rent is spent with a breakdown of our management, maintenance and finance costs.
- A breakdown of planned Income and expenditure
- Our average weekly rent compared to other North Wales Social Landlords.

4) Impact Assessment

We complete a well-being impact assessment annually with tenant representatives to consider the balance of an inflationary rent increase alongside the benefits this can have for the whole group of tenants through investment in the quality of homes, improving the energy efficiency of homes and services and projects to support families.

The positive aspects of the assessment conclude that we need to maintain pace with inflation and rising costs in order to be able to maintain the level of investment for all our households.

5) Conclusion

This report outlines that Denbighshire Housing is able to demonstrate efficiency when managing and maintaining our housing assets, that our tenants believe that we offer value for money and that we provide homes that our affordable for households in the county.