

Customer Update: Monthly Charges

April 2023

Dear Customer

We feel it is important to provide our customers with as much information as possible, following the recent increase in our monthly charges.

We are aware of how much concern this has caused to our tenants and we want to provide some further information on why this has happened and what we are doing to help. We are here to provide you with support during these challenging times.

Please be aware that the increased charges this year have been a direct result of the sharp increase in energy prices that are unfortunately outwith Hanover's control.

In this update, we explain why there has been such an increase and the measures that Hanover has put in place to help reduce the impact in your costs.

It is important to note that Hanover is a not-for-profit charitable organisation, meaning that any profits made are reinvested into your homes or are used to build new properties to support our communities. Our aim is to provide affordable and desirable homes to our customers.

What your monthly charges include

Your total monthly charges include your rental charge, service charge and on some developments, you may also have a separate monthly heating charge, payable to Hanover. In the following sections we explain a little bit about these different types of charges.

Rental Charge

Your monthly rental charge covers the cost of renting your home from Hanover. This includes the repairs and maintenance service and the housing management service. As a social housing provider, we always consult with our tenants each year prior to setting our annual rent increase in April.

In November 2022, we provided all tenants with a ballot and the opportunity to state their preference in relation to the 2023 annual rent increase.

This consultation provided two options of 5% and 7%, which were both below the rate of the inflation of 10.1% at that time. We can confirm that 80% of tenants who responded to the ballot voted in favour of a 5% rental increase. A 5% rent increase was then approved by our Board in January 2023.

It is important to note that the average rent increase applied by social landlords in Scotland was 6.1%.

Hanover's average rent increase is £4.49 per week for 2023. Please note that we also regularly benchmark our rents with other providers. We can confirm that this information was also included in the report to our Board in advance of the rent increase being approved.

Service Charge

Your monthly service charge covers costs incurred with the running of your development i.e. communal heating, lighting, staffing costs, ground maintenance etc.

Please be aware that the monthly service charge is specific to each development based on the range of services provided.

When setting the monthly service charges, it is calculated to ensure that the income received covers the anticipated expenditure for each development, including loss of income from empty properties. We refer to this as our “break-even position”.

It should be noted that when setting our monthly service charge, we gave due consideration to each development’s existing fund balance. Some developments had built up a surplus balance that we could utilise to offset or minimise the increase.

Heating Charge

Some developments have a communal heating system which fuels both the common areas and customers’ own homes. In these developments, the personal element (for your home) is payable to Hanover as a monthly heating charge. This is shown separately on your rent statement.

Getting Government Support

It is important that you claim any benefits that you are entitled to. Many people are unaware of the financial support available, and we have a dedicated service to help you with this.

Housing Benefit is the key benefit that you may be entitled to and depends on your income and circumstances. Your local authority Housing Benefit department will be able to tell you which charges are eligible.

Housing benefit can’t be claimed towards your individual property’s heating charge, as this is a non-eligible charge. There are a number of other benefits that you might also be eligible for, such as Pension Credits. We have a dedicated help service to support you to make these claims.

Why the Increased Energy Costs

The energy crisis has created an unprecedented position where no one could have predicted the scale of the cost of living rises, especially for energy.

Hanover purchases gas and electricity on behalf of tenants in our developments. Our previous three-year contracts for electricity and gas, entered in 2019 and 2020 respectively, had come to an end. When we procured our new contracts last year, the cost increased by approximately £7 million. This meant that we ended up with significantly higher tariffs than in the previous contracts.

The increased tariffs reflected the energy market prices at that time. We did everything we could to make sure we locked in the new tariffs when the price was the lowest it had been in the market for nearly six months.

Unfortunately, Hanover has had little option but to pass the increase in energy costs to customers. This unprecedented position affecting many businesses and households was outwith Hanover's control.

Given the high increase in the costs, we only agreed to contracts that are fixed for a one-year period. Over the next 3 to 6 month period, we will be monitoring market conditions closely to ensure that we procure the most competitive rates in a highly volatile market. We will work with experts in the field to get the best possible deals. We will update our customers on any new energy contract that we secure as this happens.

Information & Consultation

Each year we formally consult our tenants on rent increases – this is a legal requirement. We report these results to our Board who make the final decision on rent increases.

Some of you may be surprised by the service charge increases. However, we endeavoured to highlight this issue via the article in December's Grapevine about utility costs, and you will have also seen similar articles across various media channels.

We held a series of annual tenants' meetings to discuss and consult with you on the proposed increase in service charge levels, between January to March. We explained why the increases had occurred and what support we could provide.

Some developments chose not to have an annual tenants' meeting and where this was the case we issued an information sheet explaining why the increases had occurred.

Charges, such as energy costs, are contained within your service schedule and tenancy agreement and are considered as compulsory charges.

Support from Hanover

The increase in costs will undoubtedly have an impact on our customers, and it is a huge area of concern for us.

We recognise some customers may be finding it difficult, not only in relation to their monthly charges but also with general living costs. To help support you through this difficult period, we have attached a *Cost of Living and Energy Advice* information leaflet, which provides further information on support available to you.

You can also visit the Benefits and Welfare page on our website at www.hanover.scot/welfare-benefits, which provides more detail on the different types of support which may be available to you.

If you require further assistance, the please contact Hailie Johnston, Welfare Rights Officer, on 0131 370 7457.

Government energy bill support

You may have been eligible to receive £400 to help with your energy bills over winter 2022-23, either credited directly to your bill or prepayment card, split over six monthly payments of £66 or £67. The

Government has advised that there are no plans to repeat this scheme next winter, but there will be further Cost of Living payments.

If you do not get energy bills and do not have a gas or electric meter in your home, then you need to apply directly to receive this £400. To apply, visit the website:

www.gov.uk/apply-energy-bill-support-if-not-automatic

If you cannot apply online or need help with your application, contact the Government's helpline team (Monday to Friday, 8am to 6pm), or ask a member of our team to support you in this process:

Email: alternativefunding@ebss.beis.gov.uk

Telephone: Freephone 0808 175 3287

Given the challenges facing our tenants due to the cost of living increases, we have introduced two new support funds, as below.

Hanover Fuel Support Fund

In response to the current Cost of Living challenges, our Welfare Rights Service has focused on developing financial support for our customers, where most needed. This has included producing information leaflets, training Housing/Admin Officers to assist with customer benefit checks and our Fuel Support Funds.

Since April 2022, our Welfare Rights Officer has distributed £118,573 to customers through various fuel funds, partly funded through grants and the remainder donated by Hanover.

Financial Support Fund

We have identified a fund to provide general financial support to anyone experiencing financial hardship.

Please contact your Housing Officer if you are experiencing hardship due to energy costs or email fuelfund@hanover.scot for further assistance.

All customers can apply, however funding is limited, so priority will be given to individuals who have not previously accessed funding from Hanover or those who have been most impacted by the rising costs.

Hanover's Welfare Rights service will continue to seek and apply for available grants and funding to support customers.

We are always listening

We are keen to hear from you on how we could help our customers to reduce energy consumption and in turn save money.

We'd like you to talk to your Development Manager or Housing Officer in the first instance with any ideas you might have. They will capture your suggestions and collate ideas in a central place where they will be monitored, and responses sent where possible.

You can also complete the online form yourself at:
hanover.scot/energyfeedback

Things we are already considering include:

- Reducing the temperature in communal areas
- Reducing laundry access times
- Reviewing guest room / hiring communal facilities charges

We'd love to hear more ideas from you and any initiatives we do adopt will be fed back to developments, as well as a round up included in our Grapevine customer newsletter. Finally, we would like to reassure you that we are here to support you in any way we can, and we do value your feedback. If for any reason you are concerned about your charges, then please do not hesitate to speak to a member of staff.