Group Pricing and Charging Policy

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Approval body	*Group Board*
Date of approval	*February 2024*
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Equality Impact Assessment	*No*

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1. Introduction

1.1 Wheatley Housing Group (WHG), through its subsidiaries, provides a wide range of services to customers across central and southern Scotland. In doing so, we receive income for these services and incur expenditure, both directly and indirectly to provide them.

1.2 Our RSLs, the Wheatley Foundation and Wheatley Care are charities, registered with the appropriate regulators (Scottish Housing Regulator (SHR), the Office of the Scottish Charities Regulator (OSCR) and the Care Inspectorate). Our factoring and private rented activity takes place outside a regulated environment, although the Group parent company is an RSL. Our charities are restricted by HMRC regulations in the amounts of income they can derive from activities that are regarded as being non-core and distinct from their charitable purposes.

1.3 To ensure compliance with regulatory rules in respect of non-core activities, we have over a number of years undertaken commercial activities in non-charitable subsidiaries. Corporate services and other services that are not delivered to external customers are provided by Wheatley Solutions.

1.4 Typically, profits that our commercial companies generate are gift-aided to charitable members of the group. The application of this pricing and charging policy will have a direct bearing on the revenue and surpluses generated across the range of group activities and by extension how much gift aid is available to the Group's charitable arms. The intended use and allocation of gift aid throughout the Group will be subject to annual decision as part of our group business plan approval.

2. Policy aims, scope and objectives

2.1 The purpose of this policy is to provide a framework for setting prices and charges to both internal and external customers in a transparent manner. Our prices will take account of the specific circumstances of each activity so that they are set at levels local markets will bear and help drive efficiencies across the group. We are clear that the success of our products and services is dependent on them being priced correctly relative to available alternatives and being high quality. Product and service pricing has a direct impact on our business planning arrangements, and we will review this policy every three years and the specific prices for each product and service on an annual basis.

2.2 This policy also sets a framework for how we capture the cost of providing services across the group. In demonstrating the effective use of funds, we will avoid duplicating support services in different parts of the group. This means that group services support all parts of the group, and the cost of each service is charged on a transparent, clear and proportionate basis.

3. Internal Charging

3.1 Organisations operating in a group structure recharge each other where they use each other's services, typically back-office support functions and shared services that their customers benefit from, such as a central call centre. Our charitable group entities are further bound by their status to comply with HMRC's transfer pricing requirements, which are designed to prevent cross subsidisation within groups which have both charitable entities and non-charitable entities undertaking trading activities. This means that internal recharges should be on the basis of full cost recovery plus an appropriate margin, commensurate with a market transaction.

3.2 We will adopt the following general principles in recharging services from our group services provider, Wheatley Solutions:

- Completeness: total costs of providing a service are captured and an appropriate share of overheads are recharged;
- Transparency: recipients understand the basis of the recharge and are able to track the costs to source through the provision of supporting information; and
- Consistent: recharges are made on a regular basis using established principles; and
- Proportionality: We will balance the need for accurate recharges with creating an efficient system that remains proportionate.

3.3 There are a range of alternative bases upon which internal charges can be set, as follows:

- Time spent (this is a relatively pure method of time allocation whereby staff complete timesheets detailing where they have spent their time and the recharge is set on an actual basis. it is a common approach in legal and audit firms, amongst others.);
- Unit numbers (support costs are apportioned to different group entities on the basis of their property numbers. This method works well with property owning entities, but would not be suitable for service based companies);
- Staff costs (this basis is more suitable for non-asset-owning, service-orientated businesses. Central costs are recharged to the business unit as a proportion of their staff costs. For example, a business unit with 5% of total staff numbers would be allocated 5% of the total central support costs);
- Accommodation usage (central costs reallocated to business units as a proportion of the total office accommodation that they occupy); and
- Fixed fee (Similar to a commercial transaction, the business unit receiving the service from the central team, enters into an agreement to pay per transaction or service received. For example, Lowther Homes pays Wheatley Homes Glasgow a fixed lease cost for mid-market properties managed on its behalf).

3.4 In isolation, each of these approaches is too narrow to fully reflect the full benefit of service that our subsidiaries receive from Wheatley Solutions.

3.5 The principle of our internal charging approach is that it should be flexible enough for the business to supply the same goods or services to customers, but at different rates if required. For example, for our non-social housing property letting businesses their inputs are staff costs, property costs, overhead costs and margin, where applicable. These combine to produce a price that the product (rented property) is offered to the market.

3.6 For most of our services, payroll costs will usually represent the majority of internal charging costs across the group and have a direct impact on our charging to external customers. Group pay levels and pay awards will affect the competitiveness of our services and products and whether they support the delivery of our strategies. However, a timesheet-based system would be very expensive to introduce and operate for our staff. There would also be significant difficulty in isolating which elements of time relate to which subsidiary when tasks frequently address the needs/requirements of multiple group entities at the same time, eg the time taken to process an invoice which relates to services for the group as a whole.

3.7 Costs incurred by Wheatley Solutions will therefore be fully recharged to our other subsidiaries using a modified share of turnover basis. The modifications reflect the specific partnership agreements made with a number of subsidiaries as they joined the group, as well as recognising the different nature of income and consumption of Wheatley Solutions' services. A 5% markup will be charged by Wheatley Solutions on these costs, representing an appropriate level of margin that would be charged on the provision of similar services on an arm's length basis. This is in line with tax advice taken by the Group to comply with HMRC requirements.

3.8 Wheatley Solutions will also pay a charge to Wheatley Homes Glasgow, Wheatley Homes East and Wheatley Homes South for the use of Wheatley House, New Mart Road and Brasswell as offices used by staff. This will be based on an assessment of a fair market rental value by our independent valuation advisors.

3.9 The charging proportions will be annually reviewed between Wheatley Solutions and each subsidiary, with a key focus on value for money to the subsidiary. This will be analysed in terms of (i) any change from the previous year's charge, (ii) the outcomes delivered by Wheatley Solutions under their service proposition and performance framework, and (iii) external benchmarking of costs vs Wheatley Solutions' proposition. This process will form part of subsidiary Board discussions each year.

3.10 This approach will help drive further efficiencies in group services and help retain the competitiveness of external pricing.

4. External pricing

4.1 Pricing arrangements for our products and services will align with the objectives of individual subsidiaries, so that they are positioned to deliver on their respective strategies. These will differ from one subsidiary to the next, but each will follow the fundamental principle that prices for customer facing services are clear, accessible and proportionate and contribute to the wider success of the group.

Rent setting - social housing

4.2 The application of a pricing policy to our social housing businesses, our key revenue stream, must take account of the need for these rents to be affordable for customers in housing need. In this context, affordability is key but will be balanced against the need to recover our costs to maintain the longer-term financial viability of each RSL.

4.3 The range of social housing property types across the group is wide and varied. Some properties generate a net financial contribution, whereas others cost more to maintain and manage than they contribute. As a consequence, we will continue to operate the rent pooling approach. This approach allows us to balance the different cost profiles of different properties and deliver affordable rents across all of our RSL properties, including multi-storey flatted accommodation.

4.4 Our rent structures are based on costed business plans, designed to deliver the specific customer aspirations for each subsidiary as set out in our strategy, Your Home, Your Community, Your Future. Future rent setting for each RSL will strike a balance between the requirements of the respective business plans and the services that are delivered to our customers, with the need for rents to remain affordable.

4.5 We will benchmark the affordability of our social rents using national benchmarking tools such as those developed by the Scottish Federation of Housing Associations. We will also consider how our RSL rents compare with a range of other landlords, both locally and nationally.

4.6 In determining rent levels, we will consult in detail with our customers. This will involve an explanation for each RSL of what rent is spent on and how this aligns with services customers have told us are their priorities. We will propose options each year for different rent levels and ask customers what they would be prepared to pay for investment in their communities over and above the level set out in our strategies. We will maintain a continual focus on efficiencies in terms of reducing management and overhead costs.

4.7 For new build properties rent charged on first let will be set using a standard set of principles applied across all group RSLs. The rent charged for new build properties at first let is set considering a number of factors such as the size of the property, number of bed spaces, amenity value, energy efficiency rating and location. Our new build rents are set against the context of the Scottish Government benchmark rent levels. After first let, our new build properties will form part of the wider portfolio of stock for social rent and will be subject to an annual review of social rents as detailed in sections 4.2 to 4.6 above. We will review our approach to setting new build rent levels on a three yearly basis to ensure it remains appropriate.

4.8 Customer feedback will be at the heart of Board considerations before approval for any changes to future rents.

Rent setting – mid-market and private rent

4.9 Across our other tenure types, we will use market research and local forecasting to inform the basis of rent setting and indeed the acquisition of potential properties for our non-social housing activities. This will be used to support pricing decisions, with the principle of remaining competitive against rival products and maximising income. We will apply these principles within the constraints of any legislative context that exists around rent increases for these tenure types. This includes legislation being drafted to replace the Cost of Living (Tenant Protection) (Scotland) Act 2022 from 1 April 2024.

4.10 Where we provide mid-market or key worker accommodation, we will also use knowledge of market conditions and business plan requirements to inform our approach to rent setting. In some of these circumstances there will be definitive affordability criteria and rent setting parameters that accompany grant giving bodies' subsidies, usually in relation to how our rents compare with the Local Housing Allowance rent level and placement within the Broad Rental Market Area (BRMA). We will comply with these requirements, which may differ from scheme to scheme. Rent proposals will be considered annually by the Lowther Homes Board as part of its business planning process. However, as a non-charitable commercial subsidiary, the key principle will remain the maximisation of rental levels and income for Lowther.

4.11 For new build mid-market rental properties, rent on the first let will be set considering property size, bed spaces, amenities and locality within the context of rent setting parameters that apply.

RSL service charges

4.12 Provided that they are allowable within the terms of a tenancy agreement, service charges are intended to recover from customers the full cost of providing additional services.

4.13 We will only apply a service charge where it is necessary to do so, i.e. where the costs of the items concerned would not be covered by the rent. Examples of where a service charge may be required include the following:

- The nature of the building, e.g. a building with staff employed and a variety of amenities which need to be maintained;
- Where a development has communal grassed areas and equipment which require to be cut or internal common areas which need to be maintained;
- Where the depreciation and/or maintenance costs of communal equipment such as door entry systems are not included in the rent;
- Where electricity/heating consumption is not billed directly to residents;
- Where furnishings are provided as part of the tenancy.

4.14 Service charges will be based on the actual cost of providing the service plus a charge to cover our administrative costs in providing the service. The total cost of providing services at individual housing developments in the main will be split evenly between the number of residents living there. Adjustments may be made, however, to reflect specific development design and layout issues.

4.15 We will provide annually to each resident a breakdown of their charges to show the rent they will pay for their home and, where applicable, any service charges also to be paid. We will aim to provide all existing residents with a schedule of their service charges each February advising of their new service charge with effect from April each year.

4.16 For all new tenants we will provide a full schedule of their service charges at the beginning of their tenancy. Where possible in the initial offer letters we send out we will clearly show the details of any service charges applicable in addition to the appropriate rent. This information will also be stated in tenancy and occupancy agreements.

4.17 Residents will be consulted prior to the introduction of any new service charges. The consultation process will include information about the likely costs as well as the scope of the services.

4.18 We have more closely aligned service charge structures across our RSLs where this has been possible, recognising that differentials continue to exist in some circumstances. We have reduced the number of charges in some of our RSLs by consolidating certain types and removing others entirely and will continue to regularly review service charge types to ensure we keep our charging approach as simple as possible. In doing so we will take account of housing benefit eligibility in the context of Universal Credit.

Enhanced housing management – Livingwell service

4.19 Where certain costs relate to enhanced housing management services (and are eligible for housing benefit under the relevant regulations); for example, in accommodation where we augment the standard housing management approach with our Livingwell service, we apply specific service charges for these. Charges cover the maintenance and heat and light in communal areas, the provision of furniture, alarms, systems and staff employed to monitor tenant wellbeing, grounds maintenance, etc. Support is provided for long standing tenants to ensure they were not financially disadvantaged on introduction of these charges in their existing tenancies. Tenants taking up new Livingwell who are not eligible to receive housing benefit are required to pay any service charge.

Communal and district heating

4.20 Some of our homes are served by communal and district heating systems. Our approach will be to move all of these onto individual metering and billing arrangements. The Scottish Government are planning to consult on the implementation of heat network metering in 2024/25. The practice of service charges being levied through tenancy agreements for "heat with rent" will gradually be phased out. Customers will pay for the energy they use based on their individual meters, on a pay-as-you-go basis. We will appoint a suitable billing provider that will deal with the administration of charges to customers and the collection of revenue on our behalf. The charges will be based on the cost of heat (principally from purchasing gas for boilers) plus an administration cost.

4.21 For district heating schemes where we administer the customer billing we will look to ensure that the rate billed is sufficient to cover the costs of operating the scheme and also remains competitive when benchmarked against the open market/energy price cap. For some schemes, rates currently charged do not recover the operating costs of the scheme and we will take forward transitional proposals during Q1 of 2024/25 to assess the tariffs charged. Proposals will be implemented over an appropriate time period in order to manage any financial impact on tenants affected.

Furniture packages

4.22 Group RSLs offer customers the option of taking a range of furniture packages when they enter into a tenancy. We will continue to develop a flexible model where customers can exercise choice in terms of furniture packages and repay the costs over a range of different timescales. This will still be done through an amendment to the tenancy agreement. The pricing of such packages will aim to recover the costs of the furniture over the period for which the service charge applies. We will work with tenants interested in taking up a furniture package to help them choose what is right for their needs and budget.

Close/stair cleaning/environmental maintenance

4.23 Some RSL customers have a service charge for close/common stair cleaning and environmental/grounds maintenance. In general, these services will be provided by in-house Neighbourhood Environmental Teams, and the cost of this will be monitored, along with the level of charges and customer satisfaction with the service to assess whether it is delivering value for money. However, where a subsidiary already funds these activities from its general rental pool, we will not introduce specific service charges other than potentially in supported accommodation where they would be eligible for enhanced housing benefit. A separate charge is in place on this basis in our Livingwell properties.

5. Owner Occupiers, Businesses and Other customers

5.1 Across the group, we continue to consider income diversification opportunities on a proactive basis. The pricing methodology will vary from project to project and will be subject to evaluation, scenario planning and ongoing monitoring through our governance arrangements. We have an agreed business case framework that provides a strong basis for assessing the implications with respect of external facing initiatives. This ensures that these are appropriate activities for the group and that they each deliver on strategic objectives, provide sufficient return on investment and meet financial viability criteria.

5.2 As noted, the key test when pricing any market orientated product is that it can compete with available alternatives and is priced at a level that is both affordable and attractive to prospective customers. They will also support our internal efficiency agenda as their price will help sustain and drive group cost control.

Owner occupiers – factoring charges

5.3 Across the group we generate revenue streams from owner occupiers receiving factoring services. We will target recovery of the full costs of these services, including owners' share of Neighbourhood Environmental Services (close cleaning, concierge, etc). We will consider any annual uplift in management fees for factoring services against the costs to provide the service and benchmark against charges levied by alternative providers. We will target a minimum profit margin of 10% on new services as part of our business plan target to deliver a gross margin on our factoring services of £6.2m by 2026.

Owner occupiers – Buildings Insurance

5.4 We provide building insurance cover for owner occupiers, these services are regulated by the FCA and are provided by Wheatley Solutions, our subsidiary registered as an intermediary with the FCA and able to provide this insurance to owners. Wheatley Solutions recharged the direct costs of the insurance plus a fee to cover the costs of the provision and administration of the cover. This approach meets the updated FCA Consumer Duty regulations which were introduced in January 2024. In procuring building insurance coverage we seek to achieve the right balance between cost and level of coverage for customers.

Home contents insurance

5.5 Wheatley Solutions also provides tenants and owner occupiers with access to home contents insurance. This is optional and provides access to an affordable product designed with the needs of our customers in mind including flexible payment terms and low excesses. The provision of home contents insurance is based on prices established through periodic tender exercises, with the income stream to the group based on commission for the arrangement and administration of the policy.

Commercial properties

5.6 Charges for our commercial properties are set relative to market forces and demand for the product. We will look to minimise void levels so that we can avoid paying business rates, insurance and maintenance costs on vacant units. We will balance the need to minimise void losses with rental charges. Where required, we will access external consultancy support in setting our commercial property charges.

Garage Lock Ups

5.7 Arrangements for garage lock ups see charges vary depending on the circumstances of the lessee. Charges for lock ups in Wheatley Homes Glasgow depend on whether the lessee is a tenant and/or has a disability or neither of these. Wheatley Homes South has 966 lock ups and 1,200 parking spaces within their larger estates such as Lochside. A flat rent of £11.90 is charged per week. Lock up charges are increased in line with the annual rent increase.

6. Care

6.1 Our pricing of care contracts or services, whether won through tendering processes or otherwise, should reflect the principles of full direct cost recovery and wherever possible, a contribution to overheads at a target level of at least 7.5%.

6.2 Pricing, whether by means of hourly rate or another mechanism, should achieve this objective on an individual service basis. "Loss-leading" pricing is not appropriate for any services without specific Group Board approval in advance of submitting any tender. Prior to any tender being submitted for a self-directed or personalised budget-based support arrangement, sensitivity analysis is performed to demonstrate the viability of the service for different types of individuals under different circumstances and over the whole period of the contract with pay increases and inflation taken into account. Tender submission for new services is assessed against the 2023 strategic review of care services.

6.3 For each service run by our care subsidiaries, financial projections and an annual budget must be produced which includes the projected income and expenditure to run that service. Any services which cannot generate a contribution to overheads (with the target minimum level being 7.5%) must be reported to the Executive Team for approval to recommend retention to the Care Board. In some cases, it may be appropriate to hand back the service to the commissioning body if an appropriate pricing arrangement cannot be agreed.

7. Strategic alignment

7.1 This policy supports our vision of "Making Homes and Lives Better".

7.2 It provides our customers with transparency around how we set and update the amounts we charge for the services we provide.

7.3 This policy has a clear link to decisions we take through our financial planning cycle around decisions such as the funding available for re-investment in our existing homes. This sets much of the timeline around our charging decisions so that they are adequately reflected in the annual budget and approved business plan. We will align the process for updating our charges with our financial year where possible, so that changes in charges take place from 1 April in the majority of cases.

Appropriate charging and pricing arrangements will ensure that the Group generates and protects its revenue streams into the future, whilst meeting all legal and regulatory requirements.

8. Equality, Diversity and Inclusion

8.1 This policy complies with our Group Equality, diversity and inclusion and Human Rights policy, and a clear framework for setting our pricing and charging helps us demonstrate fairness and equal treatment for all our customers. Our use of social media is to provide another, flexible form of communication to our customers which customers can use according to their needs.

9. Legal and regulatory framework

9.1 The following legal documents are relevant to this policy:

- Housing Act (Scotland) 2014;
- HMRC transfer pricing requirements; and
- Cost of Living (Tenant Protection) (Scotland) Act 2022 or replacement legislation from 1 April 2024.

10. Policy review

10.1 We will review this policy every three years and update the framework of principle charges set out in the appendix annually. More regular reviews will be considered where, for example, there is a need to respond to new legislation and policy guidance. Reviews will consider legislative, performance standard and good practice changes.

Appendix

2024/25 Framework of Principal Charges

This appendix sets out the framework of principal/material charges (other than for social rents and care services) made to customers of subsidiaries across the Group.

While the list covers the principal charges, it is not exhaustive and other ad hoc or occasional charges may be raised from time to time by Group entities in accordance with local policies and procedures.

1. Lowther rents – full and mid-market tenancies

Lowther Homes provides full and mid-market rental properties across the central belt of Scotland and for a small number of mid-market properties in Dumfries and Galloway. Income for 2024/25 is expected to be approximately £21 million. Average monthly rents are summarised in the table below:

Average Monthly Rent	East	West	South
PRS	£814	£690	-
MMR	£658	£569	£504

For 2024/25, the rent increase is subject to the legislation due to be introduced to replace the Cost of Living (Tenant Protection) (Scotland) Act 2022 which provides for a 3% private rent cap. A 3% rent increase for 2024 has been retained for planning purposes until the implications of the new legislation are assessed. The Lowther Board will discuss this at their May 2024 meeting with August 2024 being the earliest any 2024 rent increase can be applied. Mid-market rents will be monitored to ensure they continue to comply with the requirements of any grant award letters.

Where properties become vacant during the year, the rent will be assessed at the point of re-let based on local market considerations.

The assumed 3% rent increase is anticipated to generate approximately £332k in additional income for Lowther Homes in 2024/25.

2. Lowther factoring

Subsidiary	Proposal	Change in income 2024/25
On behalf of WH Glasgow	The factoring of non-WH Glasgow properties in a WH Glasgow majority block is managed by Lowther Homes. Lowther's main factoring revenue stream is derived from 24,300 ex-WH Glasgow properties bought under Right-to-Buy. Lowther also provides services to around 1,800 other customers in the West. An uplift to the management fee of £16.80 sets this at £265/homeowner for 2024/25 (inclusive of VAT).	+ £355k
On behalf of WH East	Lowther Homes provides the factoring service to almost 2,200 private customers on behalf of Wheatley Homes East	+ £30k
On behalf of WH South	Lowther Homes provides the factoring service to more than 600 private customers on behalf of Wheatley Homes South	+ £8k

3. Communal and district heating

Subsidiary	Proposal	Change in income 2024/25
WH Glasgow	**"Heat with Rent" service charge is currently in place at 918 properties.** Charges range from, on average, £12.45 to £87.40 per month, depending on property size. Income for 2023/24 was £393k, although costs are higher (deficit currently c£500k). The Scottish Government are due to consult on the implementation of the heat network metering regulations during 2024/25. We will assess the timing and implications of this in developing proposals for the review of our charging approach. There will be a requirement for c£1m capital investment for the installation of the meters which is set aside in the five-year investment programme. Pending this, we propose to continue with the 2024/25 increase of 7.5% **District Heating Schemes**	+ £31k

Subsidiary	Proposal	Change in income 2024/25
	There are a number of district heating schemes within WH Glasgow communities. These are set out below. Where WH Glasgow has responsibility for setting the tariff charges a review of the current charges will be carried out during early 24/25. Wyndford – no billing responsibility as this is carried out by SSE; WH Glasgow pays a standing charge of £45k a quarter. Hillpark District Heating – provides heat to over 300 customers. WH Glasgow is responsible for tariff setting. A tariff of 8.5p/kWh (incl VAT) is levied generating income of £79k per annum. Broomhill/Gorget/Collina St – WH Glasgow is responsible for tariff setting. Charges are currently set at 8.92p/KwH (including VAT). Heat provided to over 800 customers. Hinshelwood, Kelvindale and Lincoln Avenue – three separate district heating schemes operated by WH Glasgow all with charges of 8.5p/kWh. A total of 240 customers connected to these schemes. We will carry out an options appraisal in Q1 2024/25 on the appropriate level of charging to allow schemes to generate sufficient income to cover the costs of supply over an appropriate time period including any transitional arrangements. **Communal boiler** – WH Glasgow has 4 sites, affecting 34 tenants, with communal boilers. Charges will increase in line with the rent increase (7.5%). The value of the increase in income is minimal.	+£nil
Loretto Housing	Heat and light charge for mainly supported properties at 7 locations. Inflationary increase applied. As with WH Glasgow, the Scottish Government consultation on the implementation of heat network metering is expected to take place in 2024/25. This will impact 146 Loretto properties which currently pay a monthly charge of between £13 and £135. Pending this, we propose to continue with an increase of 7.5% for 2024/25	+ £4k
WH East	As with other landlords, the heat network metering consultation will be relevant for WH East tenants. This will impact 325 properties. Pending this, we	+ £5k

Subsidiary	Proposal	Change in income 2024/25
	propose to continue with the 7.5% increase for 2024/25. Individual heating and fuel charges are in place for 88 supported accommodation properties ranging between £13 and £32 per week. inflationary increase of 7.5% proposed.	+£3k

4. **Enhanced housing management services – Livingwell properties**

Subsidiary	Proposal	Change in income 2024/25
WH Glasgow	Service charge at 931 properties. Charges for 2024/25, range between £33 and £48 per week. Total annual service charge income of £1,880k, passed to Wheatley Care to fund the range of services provided to customers	+ £141k
Loretto Housing	IHM and EHM are calculated on a per client basis dependent on their personal needs. 2023/24 charges range from £75 - £1,710 per month. Uplift in charges at 45 Livingwell properties, charges range from £33 to £48 per week, annual income of £77k to fund services.	+ £9k
WH East	Monthly service charge ranging £120 to £183 increased by 7.5%	+ £8k
WH South	WH South have 265 Sheltered units with grant funding to meet the cost of the services	+£nil

5. Commercial properties (shops/offices etc)

Subsidiary	Proposal	Change in income 2024/25
WH Glasgow	A 7.5% increase in income from commercial properties is assumed for 2024/25. A structured approach to individual rent increases will be adopted to achieve this, considering the local rental market, nature of the business, length of tenancy and specific location of the property being let. Commercial properties are managed by Lowther on behalf of WH Glasgow	+ £104k
WH East	37 units, including 10 lock ups (generating circa £16k per month income).	+£7k
WH South	WH South have 16 commercial units, generating a net rental income of £60k per annum. During 2023/24, two units were void (void loss rate of 12.5%).	+£3k

6. Garages/lock-ups

Subsidiary	Proposal	Change in income 2024/25
WH Glasgow	In 2023/24, £407k of income, net of void losses, is expected to be generated through the rental of lock ups and garages. This income is assumed to increase in line with the rent increase for housing stock in the year i.e. 7.5%.	+ £20k
Loretto	There are 75 garages/lock up and net rents are approximately £18k Annual rent increase of 7.5% is to be applied.	+ £1k
WH South	Own 966 garages and 1,200 parking Net rental income of £346k for 2024/25, rent increase of 7.5% to be applied.	+ £24k