

Sanctuary Pay Claim

Heads of claim

- **A pay rise of RPI + 1.2%.**
- **A £15 an hour minimum rate of pay.**
- **Four day working week with no loss of pay (pro rata for part time staff)**

Ability to Pay

The social housing sector has experienced substantial growth over the last two decades. Cheap loans and low interest rates have fuelled large expansion of many providers, with year on year record surpluses and consolidation of the sector through mergers and partnerships with developers.

As interest rates rise and associations come under greater scrutiny around disrepair and fire safety, this model is facing some important challenges. The English Regulator of Social Housing (RSH)'s annual Global Account's report, however, still shows an average operating margin of 19%. Sanctuary's operating margin exceeds this at 22%!

The Key highlights listed below show healthy improvement in all areas. This clearly shows the basis for sharing some of this

Key highlights

- **Homes in management** 105,509 (2021: 105,219)
- **Revenue** £812.5m (2021: £765.4m)
- **Operating surplus** £178.6m (2021: £170.1m)
- **Surplus before tax** £58.6m (2021: £46.9m)
- **Underlying surplus** £47.2m (2021: £39.0m)
- **Operating margin, excluding development and asset surpluses** 22.2% (2021: 22.1%)
- **EBITDA** £256.7m (2021: £248.7m)
- **EBITDA MRI interest cover** 128.4% (2021: 134.2%)

Group revenue has grown significantly to £812.5m, an increase of £47.1m (6.2%) from the previous year, reflecting revenue growth across all business areas. Sanctuary's social housing business has also remained strong in the face of the pandemic and has benefited from rental inflation, the development of new rental units, as well as a recent acquisition.

The results show a growth in overall Group operating surplus of £8.5m (5.0%) to £178.6m (2021: £170.1m). The growth in surplus will allow for a further increase of investment in homes to £100m this year.

It seems like it's good news from Sanctuary. Their latest financial report shows that they are performing "very strongly", according to their chief financial officer.

Sanctuary has reported a bounceback in its annual surplus, which it has said will help it deal with "inflationary pressures" and invest a "record" £100m in its current stock. If it can afford to invest a record £100m in its stock then it can afford to invest in its staff which are often spoken of as its greatest asset!

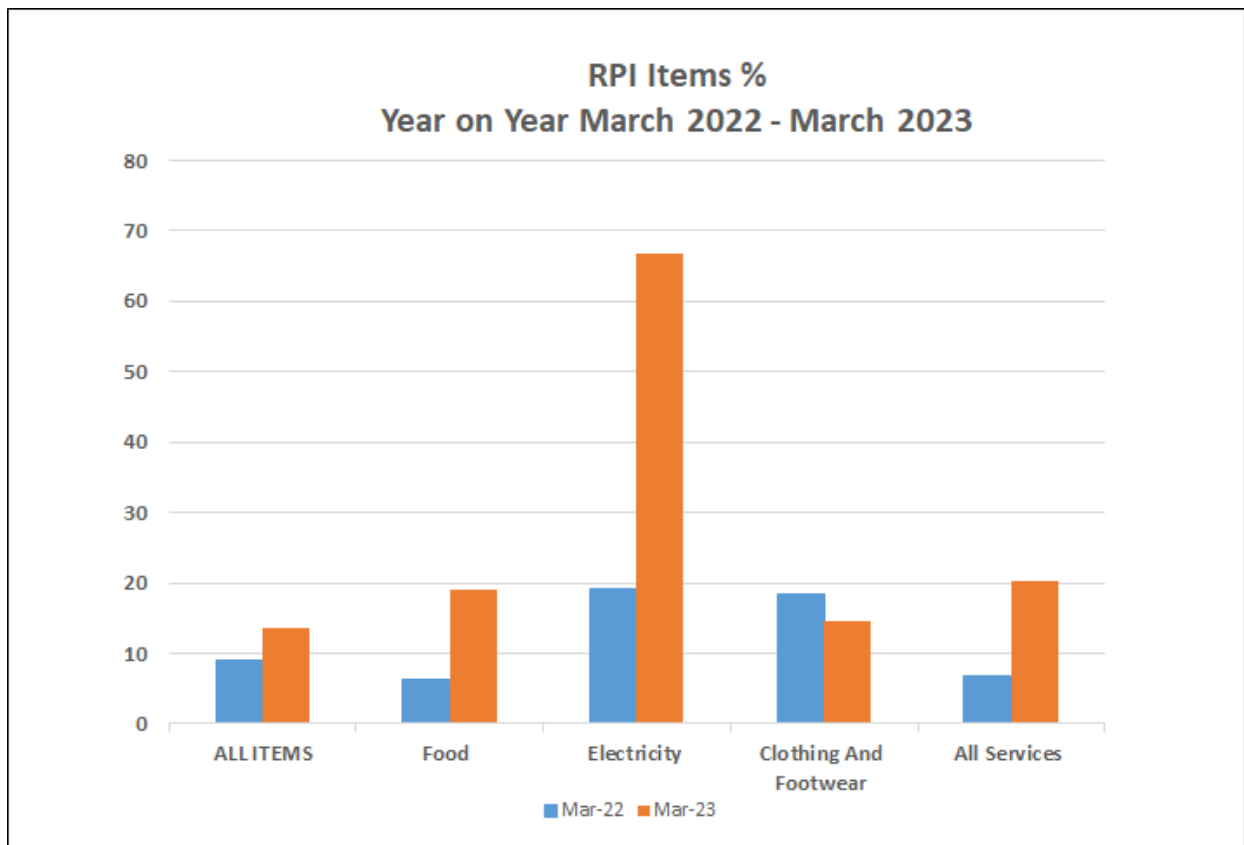
Sanctuary, which manages 105,509 homes across England and Scotland, saw its **pre-tax surplus jump 25% to £58.6m** in the year to the end of March 2022. This compared to a pandemic-affected pre-tax surplus of £46.9m the prior year – its lowest surplus figure in seven years.

Cost of Living

Sanctuary ops workers are submitting a claim for a 15% wage increase. RPI rate of Inflation continues to remain high. The latest figure released by the ONS for March 2023 shows a headline figure of 13.5%. The figure of a 15% increase in wages would therefore only represent a real term increase of 1.2%. Those who are on a low wage face higher levels of inflation.

Retail Prices Index (RPI) Changes for the 12 months to March 2023

<u>RPI BASIC ITEMS</u>	<u>LAST YEAR</u>	<u>THIS YEAR</u>
ALL ITEMS	9%	13.5%
Food	6.2%	18.9%
Electricity	19.2%	66.7%
Clothing & footwear	18.3%	14.5%
All services	6.8%	20.2%



Food Costs

The Office of National Statistics (ONS) has recorded that the cost of food has increased 18.9% over the last year.

This is higher than the UK's overall RPI figure.

As with other basic amenities, food price inflation creates unavoidable costs. Such items also take up a greater proportion of our members' earnings than they do for those on higher pay.

Electricity

ONS data shows that the cost of paying for electricity has increased by 66.7% over the last year.

This is higher than the UK's overall RPI figure.

These bills are a significant expense for our members, who have no choice but to meet the additional costs from elsewhere in their budgets.

Housing Costs

In March 2023 the Bank of England increased interest rates by 0.25%. This is likely to have an ongoing knock on effect with major banks and building societies increasing their lending rates.³

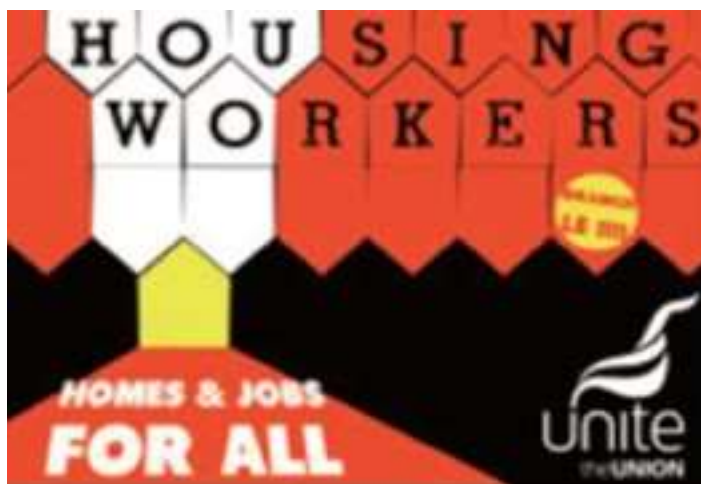
Mortgage Rates

Average mortgage rates now stand at 7.12% up from 4.61% in March 2022 - an increase of 2.51%, adding a further unavoidable burden upon many of our members.⁴

Business Case

Even Sanctuary's senior management recognise both the value of its maintenance staff but also the problems of holding on to such valuable staff given their current level of wages. The passage below was taken from Sanctuary's most recent financial report. It underlines why maintenance staff need an inflation proofed increase in their salary:

"Internal Maintenance Service Utilisation - Like many in the sector we have struggled to recruit maintenance staff over the past year and this has impacted the level of jobs performed by our internal teams. We are utilising targeted recruitment and greater training to grow our teams and we expect this to improve utilisation in 2023. Jobs performed by our teams are far more efficient than using third party contractors and also deliver better quality service."



<https://www.housingworkers.org.uk/>