

REDDITCH BOROUGH COUNCIL

EXECUTIVE COMMITTEE

HOUSING REVENUE ACCOUNT RENT SETTING 2026/27

Relevant Portfolio Holder	Councillor Bill Hartnett, Portfolio Holder for Housing
Portfolio Holder Consulted	Yes
Relevant Head of Service	Debra Goodall
Wards Affected	All Wards
Ward Councillor Consulted	N/A
Non-Key Decision	

1. SUMMARY OF PROPOSALS

To present Members with the proposed dwelling rent, garages and service charges increases for 2026/27.

2. RECOMMENDATIONS

The Committee is asked to **RECOMMEND** to Council that:

- 1) the actual average rent increase for 2026/27 be set as 4.8%.
- 2) Garage rent increase by 4.8%.
- 3) the service charges to Council tenants and leaseholders be set as detailed in section 3.4 of the report.

3. KEY ISSUES

Financial Implications

- 3.1 The rent increase above is in line with the Government guideline on rent increase as described below.
- 3.2 In September each year the annual Consumer Price Index figure is set which is used to establish the limit on annual rent increases for social housing. The continuation of the annual guideline rent increase cap of September CPI plus 1% will translate into a rent increase in 2026/27 of 4.8% (based on September CPI of 3.8%).
- 3.3 The annual rent increase is very important for the long-term sustainability of the HRA. The current HRA Business Plan, approved in 22-23 assumed a rent increase of 3% in 2026/27. However, the recommendation for the rent increase in 2026/27 in line with Government guidelines is 4.8%. A higher rent increase will usually translate into an increase in income to the HRA in 2026/27 and future years.
- 3.4 In 2025/26, an inhouse dedicated and specialist caretaking and cleaning team was established. Consequently, new service charges were introduced to recoup some of the cost of providing the caretaking and

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cleaning services. These service charges roughly apply to 640 dwellings and is expected to generate circa £193,000 per annum in 2026/27.

The proposed service charges for 2026/27 are set out below:

Service Charge	Applies Lease holder	Benefit eligible?	Weekly charge 2025/26 (48 weeks)	Proposed Weekly charge 2026/27 (48 weeks)
Cleaning & Caretaking - Communal Areas	Y	Y	£6.40 (introduced November 2025)	£6.40*
St David's & Queens Cottages Concessionary TV Licences	N	N	£0.16	£0.16
St David's & Queens Cottages Extra Care Scheme	N	Y	£39.30	£40.10
Communal Charges at Baxterley Close (8 properties)	N/A	Y	New	£5.93

- 3.5 * No increase proposed due to new charges only coming into effect during November 2025.
- 3.6 The annual rent increase will help to fund the cost pressures to the HRA that arise from the regular changes to statutory and regulatory framework that Social Housing Providers must comply with such as Awaab's Law, which came into effect on 27 October 2025 and mandates that Social Landlords must address reports issues of Damp & Mould within strict timelines.
- 3.7 **This report will set rent for 5,479 properties (5,539, 25/26) of which 5,382 are charged at social rent and 97 at affordable rent. The average rent (48 week basis) for 2026/27 charged will be £111.22 and £173.43 for social and affordable rent properties respectively.**
- 3.8 The Council has some dwellings with actual social rent charge below Target Rent (Formula Rent) levels. In line with the Government's rent

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standard for social rents, when these void properties are re-let, the rent will be set at the re-calculated target rent for a new tenant.

- 3.9 As members are aware the system of housing revenue account subsidy ceased on the 31st of March 2012 now replaced with a devolved system of council housing finance called self-financing. The proposal in the form of a financial settlement meant a redistribution of the 'national' housing debt. This resulted in the Council borrowing £98.9 million from the Public Works Loan Board.
- 3.10 Self-financing placed a limit (Debt Cap) on borrowing for housing purposes at the closing position for 2011/12 at £122.2 million, however, the debt cap has since been removed, and officers are currently reviewing implications of this change on councils future social housing growth strategy.
- 3.11 A new Direction from the Secretary of State to the Regulator of Social Housing in relation to social housing rent policy is imminent and this will focus on the introduction of a new rent convergence policy for rents that are below the formula rent and the confirmation of rent settlement period from 2026.
- 3.12 In July 2025, to support additional investment in new and existing social housing, the government consulted on how to implement Social Rent convergence that would allow rents for Social Rent properties that are currently below 'formula rent' to increase by an additional amount each year, over and above the CPI+1% limit, until they 'converge' with formula rent.
- 3.13 The government will respond to the consultation in full and announce a decision about how Social Rent convergence will be implemented in January 2026. The government also remains committed to the 10-year rent settlement for 2026-36 which will permit social housing rents to increase by CPI+1% per annum for 10 years from April 2026.

2026/27

- 3.14 **For 2026/27, the actual average rent increase will be 4.8%. The average rent for all dwellings on a 52 week basis will be £103.68 or £112.32 on a 48 week basis. This compares to the average for**

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2025/26 on a 52 week basis of £98.93 and £107.18 on a 48 week basis.

Legal Implications

- 3.15 A new direction for social housing will be communicated by the Government in January 2026

Service/Operational Implications

- 3.16 The Council needs to approve the rents in a timely manner to allow officer time to notify the tenants of the annual rent. Tenants must have 28 calendar days' notice of any change to their rent charge.

Customer/Equalities and Diversity Implications

- 3.17 The rent increase will be applied by the same percentage regardless of property size. The equality and diversity implications of the changes will be evaluated and considered as part of the decision-making process.
- 3.18 In respect of tenant's ability to pay. Customers who are eligible for Universal Credit will be assessed on how much they are entitled based on their income. Applicants of Universal Credit range from working people in receipt of a low income or are completely reliant on benefits.
- 3.19 Customers completely reliant on benefits will normally be awarded the full amount of rent set by ourselves as the housing provider, as well as for the eligible service charges. This is paid through the housing element of Universal Credit, however, tenants affected by the bedroom tax or benefit cap may receive a reduced amount. Working applicants may receive partially payments towards their rent costs.
- 3.20 Customers in receipt of their state pension are eligible for housing benefit rather than Universal Credit. Based on their income the Housing Benefit Team will assess if the customer is entitled to full or partial housing benefit. Customers in receipt of the state pension will normally receive the full amount of rent set by ourselves as the housing provider, as well as for the eligible service charges. Customers in receipt of Housing Benefit do not receive deductions for the bedroom tax, as this only applies to working age households.

4. RISK MANAGEMENT

- 4.1 There is a risk to that rents are not approved in sufficient time to allow for notification of tenants of the increase. This will be monitored throughout the process.

5. APPENDICES

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None

6. BACKGROUND PAPERS

None.

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