

Committee Name and Date of Committee Meeting

Council – 14 January 2026

Report Title

Recommendation from Cabinet - HRA Business Plan, Rent Setting and Service Charges 2026-27

Is this a Key Decision and has it been included on the Forward Plan?

Yes

Executive Director Approving Submission of the report

Ian Spicer, Executive Director for Adult Care, Housing and Public Health

Report Author(s)

Lindsay Wynn, HRA Business Planning Manager

Paul Elliott, Head of Housing Income and Support Services

Kath Andrews, Finance Manager

Ward(s) Affected

Borough-Wide – all wards

Report Summary

The Housing Revenue Account (HRA) records all expenditure and income relating to the provision of Council housing and related services, and the Council is required to produce an HRA Business Plan setting out its investment priorities over a 30-year period.

From the 1st of April 2026, the Government will implement a 10-year social rent settlement. This is the Government's Policy on the annual increase for social housing rents. The 10-year settlement sets the maximum rent increase at the Consumer Price Index (CPI) as of September the year prior plus 1%. The 10-year rent settlement has given greater certainty on the level of forecast income to fund the HRA Business Plan, going forward. It will enable longer term planning for investment, delivery of services and growth. The rent settlement is part of the Government's plan for the future of social housing which promises to enable local authorities and housing associations to deliver thousands of new affordable homes to meet need and drive up the safety and quality of existing homes.

The proposed 2026/27 HRA Business Plan incorporates the Council's commitments to continue and extend the Council's Housing Delivery Programme, alongside significant additional investment to support decency and thermal efficiency in existing council homes. The Plan includes provision for £1.329bn investment in the housing stock over 30 years, an increase of £350m compared to the 2025/26 plan. This is

alongside continuing to fund day-to-day housing management, repairs and maintenance costs.

£122.9m will be invested to deliver an estimated 500 further Council homes by 2037/38, in addition to the £90.9m that is earmarked to support the current Housing Delivery Programme which is on track to deliver 1,000 homes by summer 2027.

Alongside providing the draft HRA budget for 2026/27, the report recommends proposed levels for housing rents, non-dwelling rents, District Heating charges and other service charges for 2026/27. It is recommended to Council that dwelling rents are increased by 4.8% and up to £2 per week (equivalent to CPI+1% and up to £2 per week rent convergence). This is dependent upon a Government decision expected in January 2026, which will clarify the approach to social rent convergence.

Recommendations

That Council: -

1. Approve the proposed 2026/27 HRA Business Plan.
2. Note that the Business Plan will be reviewed annually to provide an updated financial position.
3. Agree that Council dwelling rents are increased by 4.8% and, dependent upon the Government announcement in January 2026, implement a policy of rent convergence. Allowing rents for social housing properties that are currently below the Government-calculated formula rent to increase by an additional £2 per week in 2026/27. If convergence is capped below £2 that will be the level applied.
4. Agree that the Council should retain the policy of realigning rents on properties at below formula rent to the formula rent level when the property is re-let to a new tenant.
5. Agree that affordable rents are calculated at relet, based on an individual property valuation.
6. Agree that affordable rents are increased by 4.8% in 2026/27.
7. Agree that shared ownership rents are increased by 5% in 2026/27.
8. Agree that charges for communal facilities, parking spaces, cooking gas and use of laundry facilities are increased by 3% in 2026/27.
9. Agree that charges for garages are increased by 10% in 2026/27.
10. Agree that the District Heating unit charge per kWh remains at 13.09 pence per kWh.
11. Agree that the decision to reduce the price of District Heating Charges during 2026/27 be delegated to the Service Director of Housing in conjunction with the Service Director of Financial Services following consultation with the Cabinet

Member for Housing. The delegation would only be used to respond to a change in Government policy or a significant change in the Ofgem price cap that has the effect of a lower unit price.

12. Approve the draft Housing Revenue Account budget for 2026/27 as shown in Appendix 8.

List of Appendices Included

- Appendix 0 15 December 2025 Cabinet Report - HRA Business Plan, Rent Setting and Service Charges 2026-27
- Appendix 1 Forecast Number of Council Homes
- Appendix 2 Social Rent Options
- Appendix 2a Social Rent payable by number of bedrooms
- Appendix 3 HRA Reserve Levels
- Appendix 4 non-dwelling rent, service charges and Furnished Homes Charges 2026/27
- Appendix 5 Affordability Analysis
- Appendix 6 Support for Tenants with Financial Pressures
- Appendix 7 HRA Business Planning assumptions
- Appendix 8 Housing Revenue Account Budget 2026/27
- Appendix 9 HRA Operating Statement
- Appendix 10 Interest Cover Ratio
- Appendix 11 Equalities Assessment
- Appendix 12 Climate Impact Assessment

Background Papers

- HRA Business Plan 2025/26
- Rent Setting and Service Charges 25/26
- DCLG Guidance on Rents for Social Housing
- Annual Housing Delivery Report to Cabinet

Consideration by any other Council Committee, Scrutiny or Advisory Panel

- Overview and Scrutiny Management Board (OSMB) – 10 December 2025
- Cabinet - 15 December 2025

Council Approval Required

Yes

Exempt from the Press and Public

No.