Report for: Cabinet Member Signing - 26th February 2026

Title: **Housing Revenue Account Rents & Service Charges**

Report authorised by : Taryn Eves, Corporate Director of Finance and Resources

Lead Officer: Rachel Sharpe, Director of Housing

Ward(s) affected: All

Report for Key/ Non Key Decision: **Key**

1. Describe the issue under consideration

1.1. The Housing Revenue Account (HRA) covers income and expenditure relating to the Council's own housing stock. It is an account that is ring-fenced from the Council's general fund as required by the Local Government Act 1989.

1.2. Every year, the Council sets a business plan for its Housing Revenue Account (HRA). This business plan considers projected income and expenditure over a 10- and 30-year period and the income generated from tenants and leaseholders is used solely for the purpose of investment in its homes, in delivering new council homes, and providing good quality services to its tenants and leaseholders.

1.3. The HRA and the services that the Council provides for its Council tenants and leaseholders are governed through the Social Housing (Regulation) Act 2023 which introduces a new regulatory framework, with a greater emphasis on residents' engagement. The HRA must ensure its management function of its housing stock is robust, offers good value for money and meets the needs of all its residents.

1.4. Two key sources of income generation in the HRA are the rents and services charges. This report provides the details of the rents and service charges proposed for 2026/27.

2. Cabinet Member Introduction: N/A

3. Recommendations

That the Cabinet Member for Housing and Planning, and Deputy Leader of the Council:

a) Approves the proposed increases in rent of 4.8% to existing tenancies and notes that rents on other forms of tenancies will continue as approved in prior years by cabinet as stated in sections 6.8 to 6.28 of this report.

b) Approves the proposed average service charge increases as set out in section 6.29 to 6.36 of this report, noting that the increases in service charges to individual tenants will vary depending on the service they receive.

4. Reasons for decision

4.1. The Council is permitted to set rents and service charges to generate revenue to ensure that it is able to manage and maintain its homes, provide services to tenants and leaseholders and build much needed new Council homes.

5. Alternative options considered

5.1. Not applicable

6. Background information

6.1. The Housing Revenue Account (HRA) is the Council's record of the income and revenue expenditure relating to council housing and related services. Under the Local Government and Housing Act 1989, the HRA is ring-fenced and cannot be subsidised by the General Fund, including through increases in council tax. Equally, any surplus in the HRA or balances held in reserves cannot be transferred to the General Fund. Since April 2012, the HRA has been self-financing. Under self-financing, Councils retain all the money they receive from rent and use it to manage and maintain their homes.

6.2. The Council sets a medium and long-term Business Plan for its HRA. This allows the Council to plan for investment in its housing stock, investment in building much needed new council housing for the borough and to ensure that services for tenants and leaseholders continue to be delivered.

6.3. In July 2025, government announced (as part of the Spending Review) that there will be a 10-year rent settlement for social housing from 1 April 2026 in which rents will be permitted to increase by CPI+1% per annum. This report includes proposed rent increase in 2026/27 of 4.8% is based on September CPI of 3.8% plus 1%.

6.4. Government has now announced its policy on rent convergency. Rents will be allowed to increase by £1 a week in 2027/28 and by £2 a week from 2028/29. If implemented, this will have a positive effect on the HRA business plan. Any implementation will be considered as part of the next business planning cycle. For clarity rent convergence allows rents for Social Rent properties that are currently below ‘formula rent' to increase by a proposed £1 or £2 each year, over and above the CPI+1% limit, until they ‘converge’ with formula rent.

<u>HRA Income</u>

6.5. The main sources of income to the HRA are rents and service charges. It is therefore essential to the sustainability of the HRA that the Council collects rent and service charges effectively and supports tenants to pay their rent and service charges in full.

6.6. The Council’s Financial Inclusion Team works to support Haringey tenants and leaseholders who might be facing financial difficulties. They do this by working with tenants, ensuring they are able as best possible to access good quality work, and ensuring that they are accessing all benefits to which they are entitled. In turn, this means that tenants and leaseholders are better able to pay their rent and service charges, which supports the long-term sustainability of the HRA.

<u>Housing Rent - Existing Council Tenants</u>

6.7. The Council is required to set the rent increases in council-owned homes every year but there are strict limits for existing tenants. From 2020/21, the government has permitted Local Authorities in England to increase existing tenants’ rents by no more than the Consumer Price Index (CPI), at September of the previous year, plus 1%. This is going to continue over the next 10 years as announced in July 2025. However, it should be noted that this comes after a government policy of reducing council rents, which in turn impacted the long-term viability of HRAs and the ability to invest sufficiently in housing stock.

6.8. Therefore, the proposed rent increase in 2026/27 of 4.8% is based on September CPI of 3.8% plus 1%.

6.9. On this basis, the proposed average weekly rents for general needs and sheltered/supported housing will increase by £6.64 from £138.38 in 2025/26 to £145.02 in 2026/27. There is a range of rents across different sizes of properties. Table 1 below sets out the proposed average weekly rents by property size based on the rent increase of 4.8% for 2026/27 with effect from 6th April 2026.

Table 1: Proposed Average Weekly Rent 2026/27

Number of Bedrooms	Number of Properties	Current average weekly rent 2025/26	Proposed average weekly rent 2026/27	Proposed average rent increase	Proposed percentage increase
Bedsit	135	£119.40	£125.13	£5.73	4.8%
1	5,529	£121.25	£127.07	£5.82	4.8%
2	5,411	£138.64	£145.29	£6.65	4.8%
3	3,788	£155.31	£162.76	£7.45	4.8%
4	635	£175.99	£184.44	£8.45	4.8%
5	110	£199.28	£208.85	£9.57	4.8%
6	16	£206.00	£215.89	£9.89	4.8%
7	2	£196.37	£205.80	£9.43	4.8%
All dwellings	**15,626**	**£138.38**	**£145.02**	**£6.64**	**4.8%**

Formula Rent and Rent Caps

6.10. Central Government, through the Regulator of Social Housing, also sets the formula for calculating social housing rents in new tenancies.

6.11. The national formula for setting social rent is intended to enable Local Authorities to set rents at a level that allows them to meet their obligations to their tenants, maintain their stock (to at least Decent Homes Standard) and continue to operate a financially viable HRA, including meeting their borrowing commitments.

6.12. The formula is complex and uses national average rent, relative average local earnings, relative local property values, and the number of bedrooms to calculate the “formula rent”.

6.13. Formula rents are subject to a national social rent cap. The rent cap is the maximum level to which rents can be increased to in any one financial year, based on the size of the property. Where the formula rent would be higher than the rent cap for a particular property, the national social rent cap must be used instead. Formula Rent and Rent caps for 2026/27 are as shown below in table 2a and 2b.

Table 2a: 2026/27 Formula Rents (+rent flexibility)

Number of Bedrooms	2026/27 Average Formula Rent
1 and bedsits	£130.25
2	£154.23
3	£176.76
4	£204.58
5	£235.34
6 or more	£246.50

Table 2b: 2026/27 Rent Caps

Number of Bedrooms	2026/27 Rent Cap
1 and bedsits	£204.35
2	£216.34
3	£228.36
4	£240.37
5	£252.39
6 or more	£264.41

Housing Rent - New Council Tenants

6.14. Rents for new tenancies are set according to a formula (hence the term ‘formula rent’). This is for new tenancies in either a relet of an existing council home, or a newly build council home.

6.15. The Government’s Policy statement on rents for social housing also includes provision for social landlords to apply a 5% flexibility on formula rents: ‘The government’s policy recognises that registered providers should have some discretion over the rent set for individual properties, to take account of local factors and concerns, in consultation with tenants. As a result, the policy contains flexibility for registered providers to set rents at up to 5% above formula rent (10% for supported housing). If applying this flexibility, providers should ensure that there is a clear rationale for doing so which takes into account local circumstances and affordability.’

6.16. The current HRA Business Plan, approved in March 2024, sets out the rationale and applies this 5% flexibility to formula rents. This was to ensure that, in the ongoing challenging financial climate, the Council could continue to meet its obligations to its tenants by investing in its stock, ensure that all homes meet at least the decent homes standard, ensure that homes meet the council’s sustainability objectives and ensure homes are warm and cheaper to heat for tenants while still setting a balanced HRA. This continues to be the Council’s policy for all newly-set rents to which the formula applies.

London Affordable Rent

6.17. London Affordable Rent (LAR) was introduced by the Mayor of London in 2016 as a social housing product for new affordable homes funded by Building Council Homes for Londoners (BCHFL) grant. It reflects the 2015/16 formula rent cap uprated by CPI plus one per cent every year. These LAR rents are at the same level anywhere in London. LAR homes are let by councils on secure tenancies, and by other registered providers.

6.18. The BCHFL grant programme allocated grant on the basis that homes for low-cost rent would be let at London Affordable Rent (LAR) rather than formula rent. The historically relatively low level of grant – a flat rate of £100,000 per unit reflected that expectation.

6.19. In the 2023/24 HRA Business Plan the Council decided to let homes built as part of the GLA’s 2016-2021 programme at LAR.

6.20. Table 3 below shows London Affordable Rents for 2026/27. This represents an uplift on 2025/26 LAR Rents by September CPI plus 1%.

Table 3: 2026/27 LAR

Number of Bedrooms	2026/27 LAR
1 and bedsits	£216.80
2	£229.53
3	£242.28
4	£255.03
5	£267.78
6 or more	£280.52

Rent for other homes held in the HRA.

Homes acquired and leased to the HCBS, temporary accommodation and Lodges.

6.21. All properties acquired since 1 April 2019 for housing homeless households held in the HRA are leased to the Haringey Community Benefit Society (HCBS) and let by the HCBS at Local Housing Allowance (LHA) rent levels.

6.22. The HRA financial plan includes in its income the lease charges to the HCBS for a maximum period of seven (7) years from the time of acquisition. From year eight (8), it recognises incomes from these properties at formula rent, with the normal annual rent increases of CPI plus 1% because it is assumed that these properties will revert back to the HRA after 7 years of lease.

6.23. However, the Council is currently considering options to extend the period of these leases. If so, the HRA plan will be updated to continue to recognise the income (lease charges to HCBS) beyond year 7. This is expected to lead to additional income in the HRA in later years.

6.24. From 6 April 2026, all other council-owned properties, in the HRA, used as temporary accommodation under a Council non-secure tenancy or licence will have rent increases of 4.8% (CPI + 1%).

6.25. Rents for existing Council owned properties (including new Lodges) will be increased by CPI + 1% as permitted by the Rent Standard. Service charges are set at a level to recover the full costs of those services.

6.26. The rent element for new tenants is currently limited to formula rent plus 5% for self-contained homes, plus 10% for Birkbeck Lodge, plus full recovery of the cost of providing services.

6.27. There may be circumstances where rents are not governed by the Rent Standard. Where the Rent Standard does not apply to properties held in the HRA, rents will be set at a level that is fully payable through housing benefit or universal credit. Service charges are set at a level to recover the full costs of services provided.

Shared Ownership Rents

6.28. There are a small number of shared ownership properties in the HRA, and their rents are to be increased in line with their contracts, typically January RPI +0.5%. The RPI for January is expected to be published around 18 February 2026. The Government announced in 2024 that for new shared ownership properties the rent on the unsold portion is to be increased by CPI +1%.

Tenants' Service Charges

6.29. In addition to rents, tenants pay charges for services they receive which are not covered by the rent.

6.30. Service charges must be set at a level that recovers the cost of the service, and no more than this. Charges are calculated by dividing the budgeted cost of providing the service to tenants by the number of tenants receiving the service. Therefore, a flat rate is charged to tenants receiving each service and the weekly amount is fixed. The amount tenants pay increases where the cost of providing the service is anticipated to increase. Equally, charges are reduced when the cost of providing the service reduces or where there has been an over-recovery in the previous year.

6.31. The Council's policy is to fully recover the cost of providing a service to tenants. Service charges are covered by housing benefit and Universal Credit, so any tenant in receipt of these benefits will have these costs covered.

6.32. The recovery of full cost of services provided applies to all types of accommodation in the HRA where service charges apply.

6.33. The services tenants currently pay for are listed below:

- Concierge
- Grounds maintenance
- Caretaking
- Street sweeping (Waste collection)
- Estates road maintenance
- Light and power (Communal lighting)
- TV aerial maintenance
- Door entry system maintenance
- Sheltered housing cleaning service
- Good neighbour cleaning service
- Window cleaning service
- Converted properties cleaning
- Heating

6.34. Tenants living in sheltered and supported housing also pay the following additional support charges:

- Sheltered Housing Charge
- Good Neighbour Charge
- Additional Good Neighbour Charge

6.35. The applicable charges proposed for 2026/27 are as shown in table 4 below.

Table 4 – Proposed Average Tenants’ Service Charges with effect from 6th April 2026

Tenants' Service Charges	Current Average Weekly Charge 2025/26	Proposed Average Weekly Charge 2026/27	Increase / Decrease	
Property Charges:				
Concierge	£27.39	£27.84	£0.45	1.6%
Grounds Maintenance	£3.15	£3.23	£0.08	2.6%
Caretaking	£9.25	£9.75	£0.50	5.4%
Street Sweeping	£8.54	£8.92	£0.38	4.5%
Estates Road maintenance	£0.77	£0.80	£0.03	3.5%
Communal Lighting (Light & Power)	£3.45	£3.24	-£0.21	-6.1%
TV aerial maintenance	£0.38	£0.39	£0.01	1.8%
Door entry system maintenance	£1.12	£1.05	-£0.07	-6.2%
Sheltered housing cleaning service	£2.72	£2.79	£0.07	2.6%
Good neighbour cleaning service	£1.85	£1.85	-£0.00	-0.2%
Window cleaning	£0.69	£0.72	£0.03	4.6%
Landlord Communal Inspection (Converted properties cleaning)	£5.06	£5.25	£0.19	3.7%
Sheltered Housing Blocks Heating	£12.94	£12.37	-£0.57	-4.0%
Garton House / Lowry House Heating	£11.42	£12.60	£1.18	10%
Ferry Lane Estate / Runcorn Heating	£15.15	£13.26	-£1.89	-12%
Rosa Luxemburg - District Heating 8	£5.35	£7.44	£2.09	39%
William Atkinson House Heating	£13.37	£13.11	-£0.26	-2.0%
Broadwater Farm DEN Heating	£15.41	£13.99	-£1.42	-9.0%
Support Charges:				
Sheltered Housing Charge	£35.68	£36.93	£1.25	3.5%
Good Neighbour Charge	£15.24	£15.77	£0.53	3.5%
Good Neighbour Charge (Larkspur Close & Stokley Court)	£18.80	£19.46	£0.66	3.5%

<u>Heating charges</u>

6.36. The Council has two types of heating charges: flat rate charges (as above) and metered charges (below). The heating charges reflect the projected usage in the blocks and projected energy rates for 2026/27. The tariffs for 2026/27 are set out below

Proposed Metered Tariffs with effect from 6th April 2026

Metered blocks (same tariff applies to all sites)	Current Tariff 2025/26	Proposed Tariff 2026/27	Increase / Decrease	
Weekly standing charge (£/wk)	£7.44	£6.57	£-0.87	-12%
Price per unit of heat (pence/kWh)	5.09p	4.61p	-0.48p	-10%

<u>Rent Consultation</u>

6.37. There is no requirement for tenant consultation on existing rents and service charge increases (but there is a duty to notify tenants of such increases once a decision has been made). Haringey Council's rents are set in accordance with government rent standard and no new charges are being introduced for the tenants' service charges. Tenants must be given at least four weeks' notice before the new rents and service charges for 2026/27 start on 6th April 2026.

6.38. Despite the fact that there is no requirement to consult on the HRA business plan, the Council does present plans and seek feedback and recommendations from tenants and leaseholders, in line with the principles in the Haringey Deal. Officers attended the Resident Voice Board on 15 January 2026 to present the HRA business plan and take questions and feedback from tenants and leaseholders. Tenants and leaseholders were interested in the workings of the HRA business plan, and questioned whether the RCCO was sufficiently high. The feedback was noted and the Council is continuing to look at options to increase this level.

7. Contribution to the Corporate Delivery Plan 2024-2026 High level Strategic outcomes'

7.1. This report sets out the proposed rents and service charges for all Council's homes in the Housing Revenue Accounts

8. Carbon and Climate Change

8.1. This report contributes to the Council's commitment of 'responding to the climate emergency' and details are contained throughout the report.

9. Statutory Officers comments (Director of Finance (procurement), Director of Legal and Governance, Equalities)

Finance

9.1 As the rent and service charge report is primarily financial in its nature, comments of the Chief Financial Officer are contained throughout the report.

9.2 The formal Section 151 Officer assessment of the robustness of the HRA's budget, including adequacy of reserves to mitigate against future risks is part of the HRA Budget/MTFS report that was presented to Cabinet on 10 February and to full Council on 2 March.

Procurement

9.3. Procurement notes the contents of the report.

Legal & Governance

9.4. The Director of Legal & Governance has been consulted in the content of this report.

9.5. The Council has a duty to keep a HRA under section 74 of the Local Government and Housing Act 1989, the keeping of which must be in accordance with Schedule 4 of that Act. Under Schedule 15 of the Localism Act 2011, local authorities were required to be self-financing in relation to their housing stock, financing their housing stock from their own rents.

9.6. By s103 of the Housing Act 1985, variation of secure tenancies in relation to rent and service charges may be effected by notice of at least 4 weeks. No consultation as to such variation is required.

9.7. Increases in rents and service charges for tenancies and licences that are not secure may be effected in accordance with the terms of such tenancies/licences.

9.8. By the terms of the Council's Constitution Full Council sets the Budget (Article 4.02 (c)), but rent (and service charge) setting is an executive function. The Cabinet Member for Finance and Corporate Services therefore has power to set rents and service charge.

9.9. There is no legal reason why the Cabinet Member for Finance and Corporate Services should not adopt the recommendations made in this report.

Equality

9.10. The Council has a public sector equality duty under the Equality Act (2010) to have due regard to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between people who share those protected characteristics and people who do not;
- Foster good relations between people who share those characteristics and people who do not.

9.11. The three parts of the duty apply to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status apply to the first part of the duty.

9.12. Although it is not enforced in legislation as a protected characteristic, Haringey Council treats socioeconomic status as a local protected characteristic.

9.13. This report details the proposed rents and service charges for 2026/27. Cabinet is asked to approve the increases. This decision is needed to ensure that the Council has a sustainable HRA. A sustainable HRA means that the council as a landlord can provide services to council tenants and leaseholders, and can invest in their homes, and in new homes for future tenants and leaseholders.

9.14. Ensuring a sustainable HRA benefits two groups in particular. The first group is our existing council tenants and leaseholders, since they live in homes owned and managed by the council. The second group is households on the council's housing register, in particular those in bands A and B, since they stand to benefit from new council homes brought forward in the borough.

9.15. Haringey Council's tenant population shows the following characteristics compared to the wider borough population:

- a significantly higher proportion of young people (under 24) and older people (over 50).
- a significantly higher proportion of individuals who have a disability under the Equalities Act.
- a slightly higher proportion of individuals who report their gender identity as different from sex registered at birth.
- a significantly lower proportion of individuals who are married or in a registered civil partnership.
- a significantly higher proportion of individuals who identify as Muslim, and slightly higher proportion of individual who identify as Christian, Buddhist or another religion. This is countered by a significantly lower proportion of tenants who don't associate with any religion or identify as Jewish, Hindu or Sikh.
- a significantly higher proportion of female individuals.
- a significantly lower proportion of individuals who report their sexual identity as something other than Straight or Heterosexual

9.16. As such, it is reasonable to anticipate a positive impact on residents with these protected characteristics.

10. Use of Appendices

None