

Report to	Housing Advisory Board
Date	06/01/2026
Agenda No. & Title	8 HRA Rent Increase 2026-27
Purpose of the Report	For information report outlining current position in relation to potential Rent Increase for 2026-27.
Status	For information
Author	Darrell Campbell - HRA Finance Business Partner (Interim)
Report Contact	Darrell Campbell D.Campbell@bury.gov.uk
Appendices	n/a
Background Documents	n/a
Recommendation/s	The meeting should note the potential rent and service charge increases for 2026-27 to be agreed by Cabinet in February 2026
Corporate Plan Objective	<input checked="" type="checkbox"/> Satisfied Tenants <input checked="" type="checkbox"/> Quality Homes <input checked="" type="checkbox"/> United Communities
Risk Implications	Insufficient resources to ensure HRA remains viable and able to deliver investment in homes and service to tenants
Risk Controls and mitigations	HRA business planning in place Rent increases in line with RSH rent standard
Assets and Liabilities	Not applicable
Resource Implications	The decision to approve the rent increase in February 2026, will determine the level of resources available to the HRA to deliver on the ambitions of Cabinet and tenants.
Customer Impact	The rent increase will impact on those tenants who pay their own rent these tenants will need to find the additional money to pay their rent from their income. We will ensure that all tenants are aware of support available to them if they will struggle to pay the additional rent.
EDI Implications	

Sustainability and Environmental Implications	N/A
Privacy/Data Protection	N/A
Colleague Impact	N/A
Stakeholder Communications and Reputational Impact	Rent increase letters will explain the rent increase to tenants. These can include information on support available if struggling to pay.
Next Steps	<ul style="list-style-type: none"> • Cabinet paper in February 2026 to sign of rent increase • Rent increase letters sent by end Feb 2026.

Housing Rent Increase 2026-27

Introduction

This note gives a brief overview of the current position in relation to the rent increase to be proposed for 2026-27, and likely proposed increases in related service charges and garage rents. In addition, a brief explanation is provided on the Government's proposed commitment to the re-introduction of Rent Convergence, and the potential implications of this for Bury's HRA.

Rent Increase 2026-27

The proposed rent increase for the Housing Revenue Account (HRA) in the financial year 2026-27 is set at 4.8%, based on the CPI + 1% formula. The rent increase is calculated using the Consumer Price Index (CPI) as at September of the previous year plus 1%, resulting in a 4.8% increase for the 2026-27 financial year. This formula is part of a ten-year plan agreed upon by the government, which aims to ensure that rents remain affordable while allowing for necessary investment in the housing stock. The increase is intended to support the management and maintenance of council properties, ensuring that they meet safety and quality standards. It also aims to provide adequate resources for investment in housing improvements and to address the financial challenges faced by the council in maintaining its housing stock.

Rent Convergence

Back in 2002 the then Labour Government introduced the rent convergence policy, the intention was to bring rents in social housing into alignment over a ten-year period, to ensure consistency in rent levels across the country, and address historic variations in social rents. However, the policy was never consistently applied and was abandoned by the previous government in 2015.

The sector has been lobbying ever since for the policy to be re-introduced, to provide additional resources to the sector that would have been available if all properties had been allowed to reach their formula rent.

If as had been expected the policy had been re-introduced as part of the Chancellor's budget announcements, the policy would see social rents currently below "formula rent" increase by an extra amount (either £1 or £2 per week), over and above the CPI plus 1% limit. Bury in common with a lot of authorities was in a position where a significant proportion of its stock had not achieved convergence when the policy was abandoned. It is estimated that the policy would need to be reinstated at an extra £2 per week for at least the next ten years to bring social rents back in line with formula rents, and it is estimated that that could eventually bring in an additional circa £4m per annum for the HRA, once convergence is achieved.

However, although confirming that the government was still committed to the re-introduction of the policy in her November 2025 budget statement, the Chancellor stated that the details of that re-introduction would not now be published until January 2026. We will need to wait and see what is announced, but it is also possible that they might delay the re-introduction until the following April. This would make some sense as not only is inflation estimated to be lower by then, but an introduction in January would give authorities very little time to turn round building in the changes, testing systems and getting rent letters out to tenants in time for the new financial year.

Conclusion

We now know that the base rent increase for 2026-27 in line with government policy will be proposed at 4.8%. At this stage we don't know what the implications will be in relation to rent convergence, but we should get more clarity on that issue in January 2026.