

BOLSOVER DISTRICT COUNCIL

Meeting of the Council on 28th January 2026

Rent Convergence

Report of the Portfolio Holder for Housing

Classification	This report is Public
Contact Officer	Victoria Dawson, Assistant Director Housing Management

PURPOSE/SUMMARY OF REPORT

The purpose of this report is for Council to consider and approve implementing rent convergence as set out by Government.

REPORT DETAILS

1. Background

- 1.1 On 30 June 2025, the Government announced a 10 year social housing rent settlement from April 2026 at Consumer Price Inflation (CPI) +1%. Council will consider the proposed rent increase to council tenants of 4.8% elsewhere on the agenda as part of the Medium-Term Financial Plan report.
- 1.2 Alongside the 10-year rent settlement, the Government announced consultation would follow on how to implement Rent Convergence to bring all social rents into line with a standard formula rent creating greater fairness for tenants.
- 1.3 The Rent Convergence consultation ended on 27 August 2025. The key choices the Government sought views on were to increase rent each year by £1 or £2 over and above CPI+1% limit, and the length of time of convergence.
- 1.4 The outcome of the consultation was expected to be announced on 26 November 2025 in the Government Autumn Policy Statement as part of the Budget, however the government said it remained committed to bringing in social rent convergence but an announcement on how it will be implemented would be announced in January 2026. At the time of writing the report, no information has been provided.

2. Details of Proposal or Information

- 2.1 The Council may amend the rent for its tenants by giving at least 28-days' notice. The notice period arises from s.102 (1)(b) of the Housing Act 1985 and in the terms of the Council's standard tenancy agreement. As the new financial year commences on 6th April. We need to have all letters sent by the end of February 2026 to be able to rely on the rent changes. Whilst at the time of writing we haven't

received the detail about the rent convergence from Government, if we don't agree to the principal now, we run the risk of not being able to implement rent convergence until April 2027.

- 2.2 The Council applies two types of rents on its housing stock: Social Housing Rents (Formula) and Affordable Rent.
- 2.3 Formula rents consider various attributes such as post code area, type of property, local earnings, and number of bedrooms; this ensures similar rents are charged for similar properties. The rents for new tenants letting existing stock are set using formula rent and it is proposed that this policy continues.
- 2.4 Affordable Rents are set at 80% of the market rent, inclusive of service charges. Affordable rent is charged on new builds under the affordable homes programme and any additional stock such as buy backs from previous Right to Buy or private acquisitions, or appropriated stock from the general fund.
- 2.5 The Council has properties which are not at formula rent under the previous rent convergence system and properties which remain reduced due to previous capped rent increases in 2023/24. This is mainly because of the low rents we've historically charged on our properties. The caps and limits on the previous rent convergence system prevented many of our properties increasing sufficiently enough each year to reach formula rent.
- 2.6 As at 1st January 2026 we had 4,901 Council properties, 4,156 tenants have a rent which is less than the formula rent. More importantly we have tenants on the same street in 3-bedroom properties, paying less rent than tenants on the same street occupying a 2-bedroom property. Once all tenants are paying formula rent there will be greater fairness for tenants.
- 2.7 Should we apply the rent convergence principles, at the lower scale of £1 per week, this would generate approximately £216,112 additional HRA revenue each year. Initial calculations suggest it would be more than 5 years before a property reaches formula rent if we applied rent convergence at £1 per week.
- 2.8 The Government consultation also suggested that rent could be increased by £2 per week, which would move tenants quicker towards formula rent. This would generate approximately £432,224 additional HRA revenue per year.
- 2.9 It is estimated that 40% of our tenants are in receipt of full benefit. This represents a mix of customers on Housing Benefit and Universal Credit. These would not be adversely affected by this additional increase, however those on partial benefit or who pay their rent in full would be.
- 2.10 The Council must achieve the right balance between supporting tenants to mitigate the continued cost of living pressures and protecting the Housing Revenue Account (HRA) to ensure we can continue to provide affordable social housing for our residents. However, we have multiple addresses across the district where neighbours are paying different rents yet receiving the same service. In most instances the difference is 7%.
- 2.11 The rental income is vital to the financial well-being of the HRA. Rental income offsets operational costs and financial charges incurred as part of financing the capital improvements on the housing stock. Any surplus is used to fund emergency expenditure or extra capital work through the Development Reserve. HRA funds

are essential in enabling the Council to respond to regulatory requirements of the Decent Homes Standards as well as fund the Council's affordable homes new build project.

- 2.12 The HRA has high priority capital investment to achieve and maintain housing decency levels, we must have Energy Performance Certificate (EPC) rating C by 2030 (in accordance with Government requirements), ensure compliance with Awaabs Law around damp and mould, as well as be able to deliver an ongoing Stock Condition Survey programme to meet Regulator Social Housing Consumer Standards, by ensuring our stock is maintained at a good standard for tenants.
- 2.13 As well as addressing the unfairness between the different rents being paid, any additional income generated from implementing rent convergence he will contribute to the upkeep of our existing stock as well as enabling us to build more high-quality housing to meet the needs of our residents.

3. Reasons for Recommendation

- 3.1 Moving all rents to formula rent will eventually be fairer for our tenants. In addition, the Council must achieve the right balance between supporting tenants to mitigate the continued cost of living pressures and protecting the Housing Revenue Account (HRA), to ensure the Council can continue to provide affordable social housing for our residents. Rent convergence would mean we can achieve all of this.

4. Alternative Options and Reasons for Rejection

- 4.1 Not applying rent convergence in addition to CPI+1% would mean the current unfairness between properties at formula rent and not, remains.

RECOMMENDATION(S)

1. That Council agree to implement rent convergence at £2 per week for the next rent period, and all subsequent years, until formula rent is achieved.

Approved by Councillor Smith, Portfolio Holder for Housing

IMPLICATIONS

A. Finance and Risk	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Details: The implications are written throughout the report.		
On behalf of the Section 151 Officer		

B. Legal (including Data Protection) Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
Details: Local authorities must set rents from 1 April 2020 in accordance with the Government's Policy Statement on Rents for Social Housing 2019. For rents set from 1 April 2024 onwards the 2020 Rent Standard applies in full and it sets out requirements around the increase of rents in line with the Government Policy Statement on Rents for Social Housing as updated on 14 December 2022. The Council must comply with all of the requirements and expectations set out in the Rent Standard and the Government's Rent Policy Statement. A failure to do so will leave the Council open to legal challenge from both the Regulator and tenants	
On behalf of the Solicitor to the Council	
C. Staffing Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Details: There are no staffing implications arising from this report.	
On behalf of the Head of Paid Service	
D. Environment Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Details: N/A	
E. Equality and Diversity	
<i>You can assess the impact by considering whether the equality evidence indicates potential differential impact on each protected characteristic group or provides an opportunity to improve equality in an area.</i>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
<i>We ask colleagues to do an Equality Impact Assessment (EIA) when refreshing policies/guidance/plans or creating new ones.</i>	Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/>
Have you considered equality impacts in relation to the topic of this report?	
If this is a new or refresh of a policy, guidance or plan, have you carried out an EIA?	

DECISION INFORMATION

<input checked="" type="checkbox"/> Please indicate which threshold applies:	
Is the decision a Key Decision? A Key Decision is an Executive decision which has a significant impact on two or more wards in the District or which results in income or expenditure to the Council above the following thresholds:-	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Revenue (a) Results in the Council making Revenue Savings of £75,000 or more or (b) Results in the Council incurring Revenue Expenditure of £75,000 or more.	(a) <input type="checkbox"/> (b) <input type="checkbox"/>
Capital (a) Results in the Council making Capital Income of £150,000 or more or (b) Results in the Council incurring Capital Expenditure of £150,000 or more.	(a) <input type="checkbox"/> (b) <input type="checkbox"/>

<p>District Wards Significantly Affected: <i>(to be significant in terms of its effects on communities living or working in an area comprising two or more wards in the District)</i></p> <p>Please state below which wards are affected or tick All if all wards are affected:</p>	<p>All <input type="checkbox"/></p>
<p>All key decisions are subject to Scrutiny call-in unless the call-in period is to be waived, however, exemption from call-in is only with the agreement of the Monitoring Officer)</p> <p>Is this Key Decision subject to Scrutiny Call-In?</p> <p>If No, has the Monitoring Officer agreed?</p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>Yes <input type="checkbox"/></p>
<p>Consultation carried out: <i>(this is any consultation carried out prior to the report being presented for approval)</i></p> <p>Leader <input type="checkbox"/> Deputy Leader <input type="checkbox"/> Executive <input checked="" type="checkbox"/> SLT <input type="checkbox"/> Relevant Service Manager <input type="checkbox"/> Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input checked="" type="checkbox"/></p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <p>Housing Stock Management Group,</p>

<p>Links to Council Ambition: Customers, Economy, Environment, Housing</p>
<p>Ambition: Housing Priority:</p> <ul style="list-style-type: none"> ○ Building more, good quality, affordable housing, and being a decent landlord

DOCUMENT INFORMATION

Appendix No	Title

<p>Background Papers</p>
<p><i>(These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Executive, you must provide copies of the background papers).</i></p>
<p></p>