BOLSOVER DISTRICT COUNCIL

Meeting of Council on 29th July 2026

Rent Convergence

Report of the Portfolio Holder for Housing

Classification	This report is Public
Contact Officer	Assistant Director Housing
Is this a Key Decision?	**Yes☐ No ☒**

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%.

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 and the Governments Policy Statement on rent for social housing was published in January 2026, confirming that rent convergence could be implemented from April 2027.

1.4 The Government directed the Regulator of Social Housing to set a rent standard from 1st April 2024 which reflected the Governments 10 year rent settlement. Social landlords must comply with the requirements and expectations set out in the rent standard and the rent policy statement. The standard sets out that;

- Social landlords will generally be allowed to increase rents for social and affordable rent homes by up to CPI Plus 1% each year.
- Landlords will be able to further increase the weekly rent on social homes that are current below formula rent by an additional £1 per week from April

2027 and an additional £2 per week from 1 April 2028 until formal rent is reached.

2. Details of Proposal or Information

2.1 The Council applies two types of rents on its housing stock: Social Housing Rents (Formula) and Affordable Rent.

2.2 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.

2.3 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.

2.4 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.

2.5 As at 1st January 2026 we had 4,909 Council properties, 3731 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.

2.6 The Council is currently undertaking analysis to calculate the additional income that will be received if rent convergence is approved to be include in the rent setting proposals form 1 April 2027. Initial estimates suggest the rent convergence at £1 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.

2.7 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.

2.8 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%.

2.9 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.

2.10 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.

2.11 As well as addressing the unfairness between the different rents being paid, any additional income generated from implementing rent convergence 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 additional to CPI+1% would mean the current unfairness between properties at formula rent and not, remains.

RECOMMENDATION(S)

1. That Council agrees to implement rent convergence at £1 per week from 1st April 2027, and £2 per week from April 2028 and for all subsequent years, until formula rent is achieved.

Approved by Councillor Smith, Portfolio Holder for Housing

IMPLICATIONS

A. Finance and Risk Yes☐ No ☒
Details: The implications are written throughout the report. **On behalf of the Section Officer**

B. Legal (including Data Protection) Yes☒ No ☐
Details: When rent setting, Local authorities must set rents in accordance with the Regulator of Social Housing's Rent Standard and the Government's current Policy Statement on Rents for Social Housing. From 1 April 2026, the Direction on the Rent Standard 2026 and the accompanying Policy Statement on Rents for Social Housing replaced the previous 2019 and 2023 Directions and the policy statement issued on 14 December 2022. The Council must comply with all requirements and expectations set out in the Rent Standard and the Government's current rent policy. Failure to do so could result in regulatory action by the Regulator of Social Housing and may expose the Council to legal challenge **On behalf of the Solicitor to the Council**

C. Staffing Yes☐ No ☒
Details: There are no staffing implications arising from this report. **On behalf of the Head of Paid Service**

D. Local Government Reorganisation (LGR) Yes☒ No ☐
Please identify (if applicable) how you have considered LGR impact in relation to this item. **Details:** Following LGR, housing stock from different districts may have significantly different rent levels due to historic policies. Implementing convergence can help reduce anomalies between similar properties, create a more equitable rent structure across the new authority and simplify future rent setting and tenant communications.

E. Environment Yes☐ No ☒
Please identify (if applicable) how this proposal/report will help the Authority meet its carbon neutral target or enhance the environment. **Details:**

F. Equality and Diversity	
Have you considered equality impacts in relation to the topic of this report?	**Yes☒ No ☐**
If this is a new or refresh of a policy, guidance or plan, have you carried out an EIA?	**Yes☐ No ☐**

DECISION INFORMATION

G. Is the decision a Key Decision?	**Yes☐ No ☒**
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 below thresholds: -	

☒ ***If the decision is a key decision, please indicate which threshold applies:***	
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) ☐ (b) ☐**
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) ☐ (b) ☐**

District Wards Significantly Affected: *(to be significant in terms of its effects on communities living or working in an area comprising two or more wards in the District)* Please state which wards are affected or tick **All** if all wards are affected.	**All ☐** **Wards:**

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.	
Is this Key Decision subject to Scrutiny Call-In? *(leave blank if not a key decision)*	**Yes☐ No ☐**
If No, has the Monitoring Officer agreed?	**Yes☐**

Consultation carried out: *(this is any consultation carried out prior to the report being presented for approval)* **Leader ☐ Deputy Leader ☐ Executive ☒ SLT ☐** **Relevant Service Manager ☐ Members ☐ Public ☐** **Other ☒** **Details: Housing Stock Management Group**	**Yes☒ No ☐**

Links to Council Ambition: Customers, Economy, Environment, Housing
Ambition: Housing Priority: o Building more, good quality, affordable housing, and being a decent landlord

DOCUMENT INFORMATION

Appendix No	**Title**

Background Papers
(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).