

Appendix 7

Consultation - Future social housing rent policy

[Future social housing rent policy - GOV.UK](#)

Question 1

Do you agree with our proposal that the government should set a rent policy that will remain in place for at least the next 5 years, from 1 April 2026 to 31 March 2031?
1,500 characters

Yes, we welcome a 5-year settlement.

However, CPI+1% on its own is not sufficient to manage the significant competing demands faced by the social housing sector in the long term.

Question 2

What impact would a longer settlement have, and what alternative length should a settlement be? (e.g. 7 years / 10 years?) 3,000 characters.

Five years is the minimum term required to provide HRA stability. HRA's are based on long term planning (typically 30 years) which informs investment strategies, new housebuilding programmes, and planned maintenance. Reliably and robustly being able to project income over the longer term allows for longer-term investments and cyclical maintenance strategies and a greater opportunity to balance competing demands.

A longer-term settlement of 10 years would provide more certainty for our HRA Business Plan and allow for robust planning and investment decisions. This would also support greater certainty in determining the viability of new housing developments in different scenarios as many can take several years from planning to completion.

However, CPI + 1% over a longer term will not be sufficient to provide new homes and decarbonise our housing stock.

Question 3

Would a rolling settlement of 5 years (where the 6th year is set 5 years in advance) provide additional stability or certainty? 1,500 characters

Yes, in terms of business planning and the provision of new homes, 5 years is not a particularly long period of time. The delivery of new homes can be significantly impacted by short term changes and a rolling settlement would provide some more certainty.

However, a fixed settlement for as long as possible would provide us the most stability particularly if it included convergence to formula rents.

Question 4

What impact would these alternative lengths of rent settlement have on providers' willingness and ability to invest in new and existing homes? 3,000 characters

A longer rent settlement term of 10 years provides more certainty over the viability of new housing developments as it will cover the initial assessment, planning and initial occupation. However, this will not be enough to encourage investment in new homes due to concerns about the costs of maintaining existing homes, decarbonisation, building safety and increased regulation.

Question 5

Are there rent policy measures that would provide confidence in the stability of our policy in the event of an inflationary spike? 3,000 characters

- *Provide assurance around the settlement that spikes in inflation will be managed differently.*
- *The previous rent setting policy was suspended for four years from 2016/17 with rents reduced by 1% each year and in 2023-24 replaced by a 7% cap on rent increases.*
- *Registered Providers should always be allowed to determine the level of rent increase to be applied within the limit of CPI + 1% according to the needs of their long-term business plans, delivery of new homes and in consultation with their tenants.*
- *If there is a deviation from the rent settlement, then landlords should receive additional funding to meet their obligations or allowed more flexibility to increase rents towards formula rents for existing tenants.*

Previous rent policies have resulted in loss of income which simply cannot be mitigated. Costs have increased and alongside multiple new burdens and this has had a major impact on the longer-term health of our HRA and our ability to provide good quality homes and services.

Question 6

Are there other steps that the government should take to build confidence in the stability of its rent policy? 3,000 characters

The ability to balance the significant competing demands upon our HRA is a significant concern. Our aim is to provide excellence in service delivery and in the quality, safety and efficiency of our stock whilst remaining able to invest in the provision of new homes. Without significant reform of the government's rent policy, we simply cannot achieve it all.

The key long-term concern for BCP Council is addressing the costs of delivering more energy efficient homes - especially to meet zero carbon targets and deliver decent homes. On the basis of the current rent policy, all of our tenants will bear the brunt of the cost of this work regardless of whether they will benefit. The reality is that not all homes will be viable for improved energy efficiency and investment programmes will take place over a number of years. Therefore, we feel it is of critical

importance that we are able to reflect the scale of investment in each property and the resulting benefit by increasing rents for existing tenants to formula rents on a case-by-case basis.

This flexible and nuanced approach will maximise our opportunity to support investment through additional income whilst maintaining a fair and equitable approach across our 10,000 homes.

Question 7

Do you agree with our proposal that rents should be permitted to increase by up to CPI+1% per annum? 1,500 characters

Yes, but there should be additional flexibility to allow rents for existing tenants to be increased towards formula rents including where steps have been taken to apply the 5 and 10 per cent flexibility. Local authorities would be expected to consult with tenants and provide a robust business case for any increases above CPI + 1% that are applied.

Question 8

What do you consider would be the impact of our proposed rent policy on affordability for rent payers and the willingness and ability of registered providers to invest in new and existing homes over the next 5 years? 3,000 characters

Whilst CPI + 1% will normally ensure affordability, a more flexible approach to reaching and maintaining rents charged to tenants at the formula rents would help manage spikes in inflation while at the same time maintaining affordability. Social landlords will have different needs and increased flexibility would be welcome. Inflationary demands and supporting the delivery of much needed new build programmes is a significant challenge. Costs have increased above what can be sustained in a balanced HRA and this places the delivery of new affordable homes at risk. Additional subsidy is needed to support the continued delivery of much needed affordable housing.

The direction of improved standards, governance, resident voice and accountability of social housing providers, is welcomed. However, the new burdens arising from new regulatory requirements come at an additional operating cost within HRA's. This needs to be addressed in order to support social housing providers to meet and sustain expectations whilst ensuring we are able to achieve longer term goals.

Decarbonisation of our stock is the biggest challenge for the BCP HRA in the longer term and without additional subsidy or the ability to raise specific rents, over and above the rent cap, we will not be able to invest to meet the target. As we invest in specific homes to increase their energy efficiency, those tenants will experience reduced energy bills and should pay higher rents to cover the cost of the investment, to prevent all other tenants from being disadvantaged by bearing the costs of investment which does not benefit them. This flexibility would raise the revenue to support the substantial extra investment required to make our social housing as

energy efficient as possible whilst ensuring the financial benefit of the reduced energy consumption is reflected in the rent charged.

Meanwhile the degree to which homes can achieve decarbonisation will vary, as will the resulting benefit in reduced energy costs per property. This creates a potential inequity for our tenants. A blanket approach to rent setting and increases does not allow sufficient account of investment and resulting benefits.

The proposals do not provide any mechanism to adjust existing tenants' rents towards the formula rents. Allowing this for all tenants would be a crucial policy step for HRAs to optimize income based on their stock value and local income levels.

The need for investment to improve and maintain standards whilst balancing additional demands is a key issue for the BCP HRA. We are in a confident position in terms of longer-term asset management– and we can positively move towards EPC C within the target. It is the balance of competing demands which then creates a threat to other aspects of delivery overall.

Question 9

Do you have views on other measures, outside rent policy, that could help to rebuild registered providers' capacity to invest in new and existing homes? 3,000 characters

As well as providing a long-term rent settlement and allowing convergence towards formula rents, revisit the 2012 HRA self-financing settlement following changes to the rent setting policy in recent years and provide certainty along funding for the delivery of energy efficient homes.