

Report to: Meeting of the Full Council: 10 February 2026

Portfolio Holder: Councillor Lee Brazier, Housing

Director Leads: Sanjiv Kohli, Deputy Chief Executive, Director – Resources and S151 Officer  
Suzanne Shead, Director – Housing, Health & Wellbeing

Lead Officers: Nick Wilson, Business Manager – Financial Services, Ext. 5317  
David Price, Business Manager – Housing Income & Leasehold Management, Ext. 5538

Report Summary	
<b>Report Title</b>	2026/27 Housing Revenue Account (HRA) Budget and Rent Setting
<b>Purpose of Report</b>	<ul style="list-style-type: none"> <li>a) To examine the proposed income and expenditure on the HRA for the 2026/27 financial year for both revenue and capital income and expenditure, in accordance with Section 76 (Duty to prevent debit balance on the Housing Revenue Account) of the Local Government and Housing Act 1989.</li> <li>b) To provide indicative amounts of income and expenditure for the 2026/27 to 2029/30 financial years for both revenue and capital income and expenditure; and</li> <li>c) To set rent levels and service charges for 2026/27 (with effect from the first Monday in April 2026).</li> </ul>
<b>Recommendations</b>	<p>That Council approve:</p> <ul style="list-style-type: none"> <li>a) the HRA budget for 2026/27, as set out in Appendix A to the report;</li> <li>b) an increase of 4.8% in the 2026/27 rents of all current HRA tenancies will be applied from 6 April 2026;</li> <li>c) the 2026/27 service charges, as set out in Appendix C to the report; and</li> <li>d) the Capital Budget set out in Appendix D to the report are committed expenditure in the Capital Programme for 2026/27 to 2029/30.</li> </ul>
<b>Reason for Recommendations</b>	For Members to approve the proposed HRA budget and charges in rent and service charge levels for 2026/27.

## 1.0 Background Information

- 1.1 The setting of the HRA budget and the approval of rent levels must be completed within the required time to notify tenants of proposed changes to rents in accordance with legislation.

1.2 The key dates in the budget setting timetable are detailed in the table below:

Council determination of HRA budget and rent setting	10 February 2026
Newark & Sherwood District Council update of rent systems	12 February 2026
Generation of rent cards and letters to notify tenants of variation of their rent levels (tenants are required to be given four weeks' notice of the changes).	By end of February 2026

1.3 Any slippage from these key dates would jeopardise the implementation of rent changes from the first Monday in April 2025, and therefore, pose a risk to the sustainability of the 30-year HRA Business Plan (BP).

## **2.0 Proposal/Details of Options Considered**

### Statutory Duty

- 2.1 Section 76 of the Local Government & Housing Act 1989 requires local housing authorities to set a budget annually for their HRA, and that implementation of the budget proposals will not result in a debit balance (deficit position) at year-end.
- 2.2 Following housing financing reforms (self-financing) in April 2012 the Council's HRA has been operating within a 30-year business plan. The inputs and assumptions in the Business Plan are key to setting the HRA budgets annually for each year of the HRA's four-year medium-term financial plan (MTFP).

### Rent Standard 2020

- 2.3 In February 2019, the Secretary of State for Housing, Communities & Local Government published a Direction to the Regulator of Social Housing (RSH) to set a Rent Standard which would apply from 2020 for five years. This was published alongside a Policy Statement on Rents for Social Housing 2018 (Rent Policy Statement) for the Regulator to have regard to when setting its Rent Standard.
- 2.4 The Rent Standard 2020 specifies that rents must be set in accordance with the Rent Policy Statement. The Government's Rent Policy Statement allows annual rent increases to social rent and affordable rent properties by the maximum of the Consumer Price Index (CPI) rate published for September of the preceding financial year plus 1%.
- 2.5 The policy was extended in April 2024 for 2025/26 pending consultation with Government confirming that the policy of increases of up to CPI plus 1% being extended for the next 10 years or until 2036/37.
- 2.6 This was confirmed in the Autumn Budget Statement in November 2025. The September CPI rate was 3.8% meaning that the rent standard allows for a 4.8% increase in rent.
- 2.7 The below table shows the weighted average rents for socially rent properties in December 2025 and impact of applying the maximum permitted increase of 4.8% for 2026-27 as per the rent standard.

Unit Size	Average Rent 2025/26	With increase of 4.8% applied
1 Bedroom	£88.23	£92.46
2 Bedroom	£96.77	£101.41
3 Bedroom	£102.21	£107.12
4+ Bedroom	£111.20	£116.54
<b>Weighted Average of number of properties</b>	<b>£97.14</b>	<b>£101.80</b>

### Borrowing Cap

- 2.8 As part of the national self-financing arrangements, Newark & Sherwood District Council took on £36.078m of national housing debt in March 2012, bringing the total Housing Revenue Account (HRA) debt to £104.373m. This is forecast to increase to £109.050m by the end of March 2026, based upon the current agreed budget.
- 2.9 Following the Government's removal of the HRA debt cap on 30 October 2018, the Council adopted the Interest Cover Ratio (ICR) as the borrowing limit for the Housing Revenue Account (as approved annually by Council within the Treasury Management Strategy). The ICR measures how well the HRA's net cost of service can cover its annual interest costs. Setting a minimum ICR ensures that, even if income were to fall or operating costs were to rise unexpectedly, there would still be enough capacity to meet interest payments. The Council proposes a minimum ratio of 1.50 to be the most prudent approach.
- 2.10 The HRA Capital Programme shows the Council's commitment to invest further in existing housing stock and build new homes to replace those sold through the RTB scheme through the 30-year business plan.
- 2.11 The Treasury Management Strategy will be presented to Council on 5 March 2026. This will include the borrowing requirements of the HRA. The HRA Capital financing requirement (CFR) position is shown below which includes principal repayments due on existing loans and the borrowing requirement of the HRA to facilitate the proposed Capital Programme:

	2026/27 £'m	2027/28 £'m	2028/29 £'m	2029/30 £'m
Estimated Opening CFR Balance	109.050	124.005	138.315	143.012
Capital Programme Borrowing	17.999	20.356	13.742	5.571
Debt Repayments	-3.044	-6.046	-9.045	-1.045
<b>Estimated Closing CFR Balance</b>	<b>124.005</b>	<b>138.315</b>	<b>143.012</b>	<b>147.538</b>

### **30-year HRA Business Plan (BP)**

- 2.12 The BP summarises the viability of the Council's plans to fulfil its management, maintenance, and investment responsibilities to its HRA assets over the next 30 years. Key assumptions

are made in the BP based on the council's strategic priorities and policies, detailed stock data and other factors.

- 2.13 The assumptions in the BP are key to setting the HRA budgets annually for each year of the HRA's four-year MTFP. The main assumptions that are fed into the HRABP were noted by the Policy & Performance Improvement Committee on 1 December 2025 and from the Corporate Annual Budget Strategy approved by Cabinet on 8 July 2025.
- 2.14 The proposed rent increase of 4.8% for 2026/27 is essential to maintain a financially sustainable Housing Revenue Account (HRA) and deliver safe, high-quality homes. Rising costs in repairs, compliance, and service delivery - driven by new legal requirements such as Awaab's Law and the Social Housing Regulation Act - means we must invest in faster response times for damp and mould, improved empty homes standards, and enhanced tenant support. This adjustment also underpins our long-term 30-year business plan, ensuring we can fund day-to-day maintenance, planned works, and energy efficiency improvements while continuing initiatives like the Empty Homes Lettable Standard and Starting Well scheme. In short, the increase safeguards compliance, improves tenant experience, and secures the future of our housing stock.
- 2.15 Other scenarios of rental increase have been modelled against the 30-year business plan in order to test the strength and validity of the plan. The table below sets out the proposed increase of 4.8% (with a 3% rental increase thereafter being the rent standard of CPI plus 1% where CPI is based on the Government's target of 2%), compared against a 3.8% increase in 2026/27 with 3% thereafter. It also shows whether the base assumptions of 4.8% for 2026/27 meets the ICR test over the life of the 30 year plan together with whether the current plans for capital and revenue (over the life of the plan) are fully funded.

Description	Base 30 Year Business Plan	2026/27 rental increase at 3.8%
ICR Ratio	Within Limits across the whole 30 years	Breach of limit in FY 2026.27 through to 2030.31
Revenue	Fully funded	Fully funded
Capital	Fully funded	Fully funded
Financial variance to base plan (loss / gain (-))	N/A	£19.330m

- 2.16 As can be seen from the table above, available resources, over the 30 years would be significantly reduced (by £19.330m) based on the alternative option which would limit the ability of the HRA to be able to meet future responsibilities that may be placed upon Local Authorities from government policy announcements. This is due to a reduction in rental income, together with increased interest payments as further borrowing would need to be taken in order to fund both the capital programme and the revenue account. The ICR would also be breached, meaning the headroom of net cost of service over interest cost is forecast to be compromised, hence should there be an unexpected spike in expenditure or reduction in income, the capacity to meet the interest obligations may cause stress on the HRA 30 year Business Plan.
- 2.17 Therefore, a rent increase of 4.8% on current tenants, across all stock types is recommended in this report.

- 2.18 Priorities remain the safety and decency of council homes, modernisation of service delivery, future development of new homes to replace those lost through Right to Buy as well as meeting energy efficient homes by 2030 increasing those serviced by green energy.
- 2.19 As can be seen from the table at paragraph 2.15, currently the assumptions made within the BP together with future forecasts of income and expenditure (both capital and revenue) are affordable and sustainable and comply with the ICR ratio identified, within the 30-year plan, based on the recommendations within this report.

#### Rent Cycle

- 2.20 Rent is currently charged over 48 weeks, giving tenants four “rent free weeks” albeit that the full years rent charge is the same as if charged across 52 weeks. The non-charge weeks for 2026/27 will be weeks commencing 25 May 2026, 31 August 2026, 21 December 2026 and 29 March 2027.

#### Affordability Considerations

- 2.21 This section provides information regarding the impact of the proposed changes to rent and services charges, as well as data on how tenants pay their rent and the support they receive from Housing Benefit and Universal Credit.

#### Rent Level Comparable Data

- 2.22 *Table 1* compares data on average rent levels for the private rented sector (PRS) in Newark & Sherwood and in England as at November 2025 to the Council’s average social housing rented stock as at December 2025.

***Table 1: Comparison of data on weekly average rent levels for the PRS in Newark and Sherwood, the PRS in England, and NSDC’s social rented stock***

	<b>Newark and Sherwood Private Rented (as at November 2025)</b>	<b>England Average Private Rented (as at November 2025)</b>	<b>NSDC Social Rented Stock (as at December 2025)</b>
One Bed	£124.15	£268.38	£88.23
Two Bed	£163.85	£299.77	£96.77
Three Bed	£197.54	£333.92	£102.21
Four Bed plus	£293.77	£488.77	£111.20
<b>Average for all categories</b>	<b>£180.69</b>	<b>£328.15</b>	<b>£97.14</b>

- 2.23 For all sizes of accommodation, the Council’s average social housing rents are significantly lower than those in the private rented sector.
- 2.24 *Table 2* compares 2024/25 data on average rent levels for Private Registered Providers (PRPs) in Newark & Sherwood to the Council’s average social housing rents, split for each by whether properties are for general needs tenants or supported housing tenants.

**Table 2: Comparison of 2024/25 data on average rent levels for PRPs in Newark and Sherwood and NSDC's social housing rents, split by general needs tenants and supported housing tenants**

Type of Accommodation	Social Rent: General Needs		Social Rent: Supported Housing/Housing for Older People	
	NSDC	Private Registered Providers	NSDC	Private Registered Providers
Non-self-contained	-	-	-	£198.62
Bedsit	£70.82	£71.61	£67.53	£138.78
1 bedroom	£78.40	£92.96	£87.14	£135.50
2 bedrooms	£87.25	£110.09	£97.39	£113.86
3 bedrooms	£99.70	£112.42	£104.18	£138.66
4 bedrooms	£108.29	£123.71	-	-
5 bedrooms	£114.12	£117.44	-	-
<b>Average self-contained</b>	<b>£96.32</b>	<b>£107.98</b>	<b>£93.06</b>	<b>£132.04</b>
<b>Average all types</b>	<b>£96.32</b>	<b>£107.98</b>	<b>£93.06</b>	<b>£148.97</b>

- 2.25 For all sizes of accommodation, NSDC's average social housing rents are lower than those of the PRPs.
- 2.26 The average 2024/25 social rent levels of £107.98 (general needs tenants) and £148.97 (supported housing tenants) by PRPs in *Table 2* excludes service charges.

#### Housing Benefit and Universal Credit

- 2.27 A snapshot of data taken in December 2025 estimates that of the 5,323 current tenants, 3,731 (70.1%) received some help from benefits towards paying their rent.
- 2.28 Overall, this has remained unchanged compared to this time last year. However, the number of tenants receiving Housing Benefit (HB) has reduced from 1673 (31%) last year to 1193 (22.4%), with 2538 (47.7%) tenants receiving help from Universal Credit (UC), an increase from 2084 (39%) this time last year. The remaining 1,592 (29.9%) of tenants paid their rent without receiving help from benefits.
- 2.29 With the roll out UC due to be completed by March 2026, and with limited cases due to migrate to UC before this deadline, we would expect to see limited variation in the proportion of tenants claiming HB or UC.
- 2.30 We have seen an increase in the proportion of tenants claiming UC having their rent paid direct to the council due to being vulnerable or being in arrears or at risk of accruing arrears. Currently, around 50% of UC claimants have their rent paid. This is an increase from around 45% this time last year.

#### Supporting Tenants

- 2.31 We offer a range of support to tenants to help them meet their housing costs and help sustain their tenancy and will continue to provide additional support with cost-of-living challenges:

- We continue with our commitment to not move to evict tenants for rent arrears if they continue to engage with us to address their debt with us;
- We recognise the importance of supporting tenants at an early stage to sustain their tenancies, especially around rent collection, benefit entitlement and arrears management;
- We also promote the use of Discretionary Housing Payments (DHP's) where appropriate and refer tenants to partner advice agencies for specialist financial support and advice

### Service Charges

- 2.32 In addition to rent, local authorities can charge for other services they provide (service charges). Section 93 (Power to charge for discretionary services) of the Local Government Act 2003 requires charges to be set such that taking one financial year with another, the income from charges for a service does not exceed its costs of provision.
- 2.33 The Policy Statement on Rent for Social Housing (February 2019) sets out an expectation that service charge increases remain within the limit of rent charge of CPI + 1% to keep service charges affordable. Appendix C details the current (2025/26) and proposed (2026/27) service charges, with proposed increases to current charges of 4.8%. Subsequent paragraphs provide details about the services that tenants are charged for.

### Housing-Based Services for Supported Housing and Extra Care Services

- 2.34 The main housing-based support service provided is a community alarm service, to help tenants live more independently. Tenants with lifeline units in their properties can raise an alarm call from anywhere in the home if they require this. Around half of the council's social housing properties have these lifeline units.
- 2.35 Tenants in properties with Careline units currently pay £2.56 per week for the service and this report proposes to increase £2.68 per week.
- 2.36 In addition to these support services, tenants in the extra care housing schemes receive additional housing management and housing-related services due to their specialist needs. The council currently has four extra care housing schemes. These are at Gladstone House, The Broadleaves, Vale View and the Bilsthorpe Bungalows.

### Other Housing-Based Services

- 2.37 Other weekly service charges applied to tenants are for the costs of water and sewerage provided to properties at Vale View (£4.77 per week) and for the costs (where appropriate) of landscaping, lighting and drainage provided to 79 general needs properties.

### Consultation with Tenants

- 2.38 The assumptions used in this paper to propose the HRA budget and rent setting for 2026/27 were presented to the Tenant Engagement Board on 18 December 2025.
- 2.39 The tenants who sit on the Tenant Engagement Board were supportive of the assumptions used in the HRA budget and the proposal to increase of rent and service charges by the 4.8%.

### Revenue Budget

- 2.40 The budget increases reflect the focus on improving existing services that are important to our customers, repairs, building safety, responding to complaints (and learning from them) whilst always being as efficient and value for money as possible. We are increasing staff resources to better co-ordinate our front-line services and give a better customer experience to tenants including investment in damp, mould and disrepair and in responsive repairs. Details of the revenue budget can be found at **Appendix A and B**.

### Capital Budget

- 2.41 The Council intends to spend £83.311m from the HRA from 2026/27 to 2029/30. This is made up of £58.807m on existing property investment and £24.504m on additional Affordable Housing.

- 2.42 Major schemes included in the HRA are:

<b>Scheme Name</b>	<b>Summary of Proposed Financing</b>
Kitchen & Bathroom Replacements	MRR and borrowing
Roof Replacements	MRR and borrowing
Heating Renewals	MRR and borrowing
Decarbonisation	Government Grant, MRR and Borrowing
Yorke Drive Estate Regeneration	Borrowing plus external grant
New Phases 6 of the Council House Development Programme	S106 where appropriate, Capital Receipts and Borrowing

- 2.43 Details of individual schemes are shown in **Appendix D**.

### Capital Resources Available

- 2.44 External Grants and Contributions can provide additional resources to the Capital Programme and is subject to a detailed bidding process. Officers continue to liaise with external parties to secure the maximum available inward investment to contribute towards the delivery of the capital programme.
- 2.45 There is one grant currently forecast over the medium term which relates to Decarbonisation. It has been assumed that 50% of the budget will be available in grant.

### Capital Receipts

- 2.46

	<b>Right to Buy £'m</b>	<b>Right to Buy 1-4-1 £'m</b>	<b>Total £'m</b>
Estimated Balance @ 1 Apr 2026	0.006	0.941	<b>0.947</b>
Estimated Receipts 2026/27 – 2029/30	1.588	2.382	<b>3.112</b>
Approved for Financing 2026/27 – 2029/30	-0.897	-1.750	<b>-2.647</b>
<b>Unallocated Capital Receipts Balance</b>	<b>0.697</b>	<b>0.715</b>	<b>1.412</b>



- 2.47 The other receipt is the sale of a building on Lombard Street, Newark which is a property within the HRA but not a Council House, therefore is listed separately to the Right to Buy.
- 2.48 The Right to Buy (RTB) and RTB 1-4-1 figures above relate to forecast RTB sales. The Council has a Retention Agreement with the Secretary of State governing the use of retained receipts (1-4-1 receipts) from RTB sales for the delivery of replacement social housing. Government guidance on retained RTB receipts was most recently updated in July 2025, and now incorporates the reforms confirmed on 2 July 2025, which extend and simplify the flexibilities originally introduced in July 2024. These updated arrangements will generally apply from 2026/27 onwards including the following key provisions:
- The increased flexibilities introduced in July 2024—such as the ability to combine RTB receipts with other funding sources—are extended indefinitely, with RTB receipts explicitly permitted to be combined with grant funding from 2026/27 onwards;
  - Local authorities may continue to apply up to 100% of retained RTB receipts towards the cost of replacement affordable housing;
  - The previous cap on acquisitions is permanently removed, giving authorities discretion to determine the balance between acquisitions and new-build delivery;
  - Newly built social homes being exempt from RTB for 35 years;
  - The qualifying tenancy period increasing from 3 to 10 years;
  - Reformed discount structures, with discounts starting at 5% and capped at 15% of property value;
  - Stronger post-sale protections, including an extended repayment period and an indefinite right of first refusal for councils.
- 2.49 If the Council is unable to spend its retained receipts within five years of receiving them, it must return these to Government with interest of 4% above the base rate (currently 4.75%). Use of the receipts is monitored closely to maximise where practicable and appropriate.

#### Major Repairs Reserve

- 2.50 The table below shows the estimated contributions to and the use of the Major Repairs Reserve (MRR) in terms of Capital Financing.

	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m
Estimated Opening Balance	3.870	0.500	0.501	0.502
Depreciation Contribution to the MRR	6.364	6.624	6.788	6.686
Revenue Contribution to the MRR	2.095	2.278	2.654	3.277
Debt Repayments	-3.044	-6.046	-9.045	-1.045
Capital Financing	-8.785	-2.855	-0.395	-8.918
<b>Unallocated MRR Balance</b>	<b>0.500</b>	<b>0.501</b>	<b>0.503</b>	<b>0.503</b>

#### Capital Financing

- 2.51 Subject to the approval of the proposals outlined above, the current plan for financing the HRA capital programme is shown below.

HRA	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m
Government Grants	0.776	0.795	0.000	0.000
Contributions from Third Parties	0.592	0.218	0.000	0.000
Capital Receipts non 1-4-1	0.290	0.200	0.000	0.000
Capital Receipts 1-4-1	1.500	0.250	0.202	0.204
RCCO	0.000	0.000	0.000	0.000
Revenue Support	8.785	2.855	0.396	8.918
Borrowing	17.999	20.356	13.742	5.571
<b>Total</b>	<b>29.942</b>	<b>24.674</b>	<b>14.340</b>	<b>14.693</b>

- 2.52 At the end of the financial year, once all capital expenditure has been finalised (including accrued expenditure) the financing of the Capital Programme is arranged by the Section 151 Officer, in line with the Council's Constitution.

### 3.0 **Implications**

In writing this report and in putting forward recommendations, officers have considered the following implications: Data Protection, Digital and Cyber Security, Equality and Diversity, Financial, Human Resources, Human Rights, Legal, Safeguarding, Sustainability, and Crime and Disorder and where appropriate they have made reference to these implications and added suitable expert comment where appropriate.

Implications Considered			
Yes – relevant and included / NA – not applicable			
Financial	Yes	Equality & Diversity	Yes
Human Resources	N/A	Human Rights	N/A
Legal	Yes	Data Protection	N/A
Digital & Cyber Security	N/A	Safeguarding	N/A
Sustainability	N/A	Crime & Disorder	N/A
LGR	N/A	Tenant Consultation	Yes

### **Equalities Implications**

- 3.1 The proposed rent increase would apply to all occupied council social housing, rather than to the tenants themselves or to tenants in specific properties. The proposed rent increase is therefore not expected to discriminate against any of the characteristics protected under the Equality Act 2010.
- 3.2 The proposed rent and service charge increases are not expected to adversely impact tenants in receipt of benefits. The increase in rent and most service charges will be met by an increase in Housing Benefit or Universal Credit Housing Element.
- 3.3 The increase of state pension of 4.8% and increase of working age benefits of 3.8% in 2025, will compensate for the small number of service charges not fully eligible for increased Housing Benefit or Universal Credit Housing Element.
- 3.4 As outlined in the report, council housing tenants claiming benefits in need of help with housing costs can request a Discretionary Housing Payment (DHP) from the council. The Government has not yet announced how much DHP it will be giving councils for 2026/27. Officers recognise the importance of supporting tenants of all ages to sustain their tenancies.

### **Financial Implications**

- 3.5 All of the financial implications are set out in the body of this report or its appendices.

### **Tenant Implications**

- 3.6 A presentation on the 2026/27 capital and revenue budgets and rent setting proposal was presented to the Tenant Engagement Board on 18 December 2025. The rationale for the proposed increase to rent and service charges was understood and supported by the Board.

### **Community Plan – Alignment to Objectives**

- 3.7 The implementation of the proposals in this report will directly support the council's HRA to meet multiple objectives of the Community Plan 2023-2027, such as to:
- Improve health and well-being
  - Increase the supply, choice, and standard of housing and
  - Reduce the impact of Climate Change
- 3.8 Some of the actions the council is taking to achieve the Community Plan objectives are:
- Refreshing stock condition information so the Council reprofile capital budgets to provide data driven improvement works inc. lifting the energy performance of homes and looking at green energy opportunities;
  - Build on our successful decarbonisation project, renewing over 100 oil heating systems with air source heat pumps and solar panels as part of the Warm Homes initiative currently in consultation; and
  - Implement the recommendations from TPAS on how to build on existing arrangements to engage with and involve tenants in scrutiny and improving housing services;
  - Deliver the Housing Strategy, 2023-2028;
  - Embed new Housing Management System to increase efficiencies in our operations, to free up officer time to focus on engagement with tenants

### **Legal Implications - LEG2526/5279**

- 3.9 As set out in the report, the Council is under a statutory obligation to set an annual budget for the HRA. Full Council must set the budget; the Budget and Policy Framework Procedure Rules set out in the Council's Constitution provide for Cabinet to finalise proposals for the budget and submit them to Full Council, taking into account any recommendations made by Policy & Performance Improvement Committee.

### **Background Papers and Published Documents**

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

None