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| Agenda Item | 4 |
| Report No | HP/01/26 |

The Highland Council

Committee: Housing and Property

Date: 28 January 2026

Report Title: HRA Financial Strategy and Revenue Estimates for 2026/27

Report By: Assistant Chief Executive – Place and Chief Officer –
Corporate Finance (Section 95 Officer)

1 Purpose/Executive Summary

- 1.1 Over the course of the last year, work has been undertaken to prepare a Financial Strategy for the Housing Revenue Account (HRA). This is to deliver financial sustainability for the HRA and ensure it is able to continue the delivery of services and respond to investment priorities. Financial sustainability involves maximising the totality of the budget derived from social housing rent for the benefit of current and future tenants of Highland Council properties. This means having the ability within the funding available to ensure that our housing stock is continually upgraded and that people experience high quality homes.
- 1 The HRA currently faces a range of financial challenges. This is a consequence of the spend required to meet changes in national housing policy and regulatory standards, inflation over the period, combined with low levels of rent increase over the last 10-15 years, not being underpinned by a financial strategy to manage the consequences of these challenges. Moving forward, to place the HRA on a stronger financial footing, and free up resources to focus on the priorities identified by tenants and Members, it is essential that a long-term plan is in place, and Members have recognised that in recent reports and decisions. Therefore, modelling has been done to show what a longer-term strategy for the HRA might achieve for tenants.
- 1.3 At November [Housing and Property Committee](#), a series of principles were agreed to underpin the Financial Strategy. This has guided the level of rent increase proposed for 2026/27 and through this report supports delivery against those principles. A one-year rent increase is proposed. Whilst it had been intended to propose a 5 year approach to rent for consideration, noting the feedback from Members about the shifting financial position, and concern from tenants about the impact of setting a 5 year rent strategy, a 1 year budget is presented. In future, Members will be asked to set an annual budget but taking into account the principals and aims of the Financial Strategy whilst doing so. However, Members can still see some of the modelling for the five-year, and 30 year, period in the appendices for illustration purposes.
- 1.4 The proposed rent increase of 8% for 2026/27 will ensure rents remain as affordable as possible to Council tenants within the context of meeting tenant priorities in respect to day-to-day tenancy management/repairs management services, and also in regard to investment in existing Council housing. All of this is made explicit in the following paper.

- 1.5 Most importantly, elected Members should understand that currently rent levels for Highland are low in comparison to local Registered Social Landlord organisations and also when compared to national benchmarks for other local authority landowners. In setting the recommended 8% increase, it is important to understand that Highland Council rents will still be considerably lower than both local RSLs and among the lowest in comparison to other authorities.
- 1.6 Lastly, Members will understand that the current level of loan debt ratio being equivalent to 43 pence in every pound of rent gathered being allocated to manage historic debt levels, impedes significantly the capacity of Highland Council to meet the needs and requirements of our residents and to keep pace with evolving national standards for housing. Therefore, the rent increase will allow us to do more for current and future tenants.

2 Recommendations

2.1 Members are invited to:-

- i. **Note** the requirements to set a balanced budget for the HRA and the current financial position and associated challenges faced by the HRA;
- ii. **Note** the statement by the Section 95 Officer, in compliance with his responsibilities, of the need to address the financial challenges facing the HRA;
- iii. **Agree** the Financial Strategy for the HRA as set out in section 7 of the report, noting the principals to guide the strategy that have already been agreed;
- iv. **Note** the feedback from tenants to the rent consultation, which is summarised in section 8 and the detailed feedback which can be found in Appendix 3;
- v. **Agree** an 8% increase in rents across the HRA estate for 2026/27 and how this will be allocated in the 2026/27 budget as detailed in Appendix 5;
- vi. **Note** the above rent increase will be applied to all residential HRA rents and service charges, to Gypsy/Traveller site pitches and to non-HRA rents for leased properties (subject to lease agreements)
- vii. **Note** that in future years, the agreed Financial Strategy will be used to guide HRA Budget setting and multi-year financial planning.

3 Implications

- 3.1 **Resource** – The report details the current position of the HRA, the need for a Financial Strategy to ensure sustainability of the HRA in the longer term and to enable improvement of existing and new housing stock. The report details the implications of the recommended rent increase on the principals of the Financial Strategy, demonstrating the proposed rent increase would deliver against those principles. It should also be noted that any increase will place an additional budget pressure on the Council's housing benefit budget 2026/27 which will need considered as part of the Council's General Fund budget planning. This is estimated at £0.102m for 2026/27.
- 3.2 **Legal** – The Housing Revenue Account must set a balanced budget annually. Establishing a Financial Strategy does not discharge the Council's responsibilities in this regard, however this will give confidence to Members and tenants in the long-term direction of investment and managing the Council's debt and debt ratio. This report details the implications in relation to existing legislation and guidance on the operation of Housing Revenue Accounts.

- 3.3 **Risk** – As detailed in the advice from and statement by the Section 95 Officer at section 6, one of the aims of agreeing a Financial Strategy for the HRA is to manage the risks around financial sustainability. The Strategy will ensure a strong, prudent and sustainable financial plan is in place for the HRA, mitigating any financial risks and ensuring that the HRA can deliver on its priorities. This mirrors the Council's approach for the General Fund in agreeing a Medium-term Financial Plan.

Failure to act on this and not manage the implications of investment decisions will result in a continued increase in the loan debt ratio and reduced resources to spend on essential services. The modelling that underpins the Financial Strategy is based on a series of assumptions and projections, many of which are subject to change and will continue to be reviewed.

- 3.4 **Health & safety (risks arising from changes to plant, equipment, process, or people)** – No impact arising from this report.
- 3.5 **Gaelic** - No impact arising from this report.

4 Impacts

- 4.1 In Highland, all policies, strategies or service changes are subject to an integrated screening for impact for Equalities, Poverty and Human Rights, Children's Rights and Wellbeing, Climate Change, Islands and Mainland Rural Communities, and Data Protection. Where identified as required, a full impact assessment will be undertaken.
- 4.2 Considering impacts is a core part of the decision-making process and needs to inform the decision-making process. When taking any decision, Members must give due regard to the findings of any assessment.

The report details a number of issues which will directly impact on our tenants. These include affordability of rents; advice and assistance for tenants; repairs and investment to tenants homes; and the delivery of a range of related housing services.

- 4.3 An Integrated Impact Assessment screening has been undertaken on the HRA Financial Strategy and proposed rent increase for 2026/27. This has been informed by the feedback received by tenants through the rent consultation process.
- 4.4 The Screening process has concluded that there are generally positive impacts generated by the outcomes of the rent-setting process. The proposed budget for 2026/27 will ensure that there is investment in the HRA to ensure effective delivery of housing management and maintenance services to tenants (and to future tenants through the Highland Housing Register).
- 4.5 One of the key criteria when setting the rent levels for Council tenancies is the issue of affordability. Although the rent consultation has provided useful feedback on this issue, it is difficult to assess the impact given the response rate provided. It is therefore recommended that further tenant consultation ahead of future rent increases is required to assess the potential impact on tenants. This will be delivered as part of a review into the Rent Arrears Management Policy and also as part of the Comprehensive Tenant Satisfaction Survey which will be carried earlier than the Scottish Housing Regulator requirement of Spring 2027.

4.6 Impact Assessment Area

| | |
|----------------------------------|---|
| Equality | <ul style="list-style-type: none"> • Children and Young People – <i>Positive</i> • Children affected by disability – <i>Positive</i> • Older adults – some potential impact based on individual economic circumstances. |
| Socio-economic | <p>Some impact – while tenants have expressed their concern about affordability issues, Highland Council rents remain well below the national average for social landlords and significantly below private rented sector rents.</p> <p>Tenants have also advised that additional funding for repairs and capital works is also appropriate to help reduce utility bills which have increased at a far higher level than other household costs in recent years.</p> <p>Established processes are in place to support tenants through income maximisation, benefit awards, and through the Rent Arrears Management Policy. Tenant rent arrears are at their lowest level in over 3 years, despite rent increases in that period. This indicates that most tenants are able to pay their rent and are supported to do so.</p> <p>More analysis is required as to the potential impact this has on other household budgeting, including whether tenants are making cutbacks on other essential household spends to prioritise rent payments. This links in with the work of the Poverty Commission.</p> |
| Human Rights | Positive – the proposed 2026/27 HRA budget will enable housing to be provided, maintained and managed to support tenants and applicants who require housing services (both legislative and non-legislative). |
| Children’s Rights and Well-being | Positive – the proposed 2026/27 HRA budget will enable housing services to be continued to households, including children with vulnerabilities and complex needs. Ensuring a supply of permanent housing to move children out of housing need/homelessness, is essential to child wellbeing and family stability. |
| Island and Mainland Rural | No impact. |

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| Climate Change | Positive – the additional revenue generated from the recommended rent increase will assist with capital investment in energy efficiency works in housing stock. |
| Data Rights | No impact. |
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5 Background and Current Position of the HRA

- 5.1 Under the Housing (Scotland) Act 1987, the Council is required to maintain a separate Housing Revenue Account (HRA) covering income and expenditure in respect of specified houses, buildings and land. There is a legal requirement for Housing Revenue Account income and expenditure to be in balance at the end of each financial year. The only significant source of income to maintain and sustain HRA assets is generated through the assets of the HRA.¹
- 5.2 As reported to Committee on [5 November 2025](#), and discussed in the series of supporting Member workshops², the HRA is in a challenging financial position. This is as a result of:
- Growth in capital expenditure over a 10 year period to address housing quality standards, energy efficiency standards and fire compliance standards
 - Low rent increases (average 1.6% between 2013/14 and 2022/23), generally below inflation
 - A growth in the loan debt ratio, from 30.4p in the pound in 2013/14 to 43p in the pound in 2025/26. This means that over 40% of the income to the HRA annually is currently being used to pay costs of borrowing, rather than being able to support other HRA priorities.
- 5.3 This comes at a time when expenditure from the HRA continues to be critical:
- It is essential to maintain and improve the quality of housing stock – investing in energy efficiency measures to reduce bills and upgrade the fabric of houses such as bathrooms, kitchens, windows and doors. This is also a core tenant priority.
 - Addressing the demand for social housing from Highland communities. 8,628 people are on the Highland Housing Register at 15 January 2026. A third of those on the register waiting for a house are existing tenants who require a transfer due to changing housing needs or household circumstances. There are currently 15,363 Council houses which remains below the stock total of 19,445 in 1998, which reflects the impact of right to buy.
 - Sustaining current levels of support for tenants through housing staff, day to day repairs and cyclical repairs.
- 5.4 A summary of the current position of the HRA can be found at **Appendix 2**.

¹ *The Housing (Scotland) Bill 2024 has included additional powers to enable the General Fund of Local Authorities to contribute to HRAs. It is important to note that the Bill has not yet been enacted, and further guidance will be required however such an approach would have an impact and consequence on general fund spent.*

² 25 September 2025, 9 October 2025, 1 December 2025

5.5 It is therefore essential, mirroring the approach for the General Fund, that a medium term Financial Strategy is in place for the HRA to ensure that resources are managed effectively, priorities are deliverable and that it is in a financially sustainable position to deliver for its current and future tenants.

6 Statement by the Section 95 Officer

6.1 A requirement of the Cipfa Financial Management (FM) Code is that the budget report includes a statement by the Chief Finance Officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves. To satisfy this requirement, and to ensure that Members have a clear understanding of the financial resilience and sustainability of the Housing Revenue Account, this statement along with this report and associated annexes, are provided to Members.

6.2 Statement on the 2026/27 Revenue Budget and sufficiency of reserves:

The HRA opened the 2025/26 financial year with reserves of £5.076m. The latest forecast at Period 8 indicates an overspend of £0.329m, which would result in closing reserves of £4.747m. This represents approximately 6.3% of total budgeted income.

Reserves need to be held to provide resilience and a contingency, against unforeseen events or unplanned expenditure. As noted above, reserves are required to meet any overspend that may arise within the HRA. It is important that reserves at a sufficient level are maintained. In my opinion, and based on the forecast above, the level of reserves are sufficient and reasonable for the forthcoming financial year. Sufficiency of reserves would be further improved by the development of a Reserves Policy, aligned with the development of multi-year budgeting and longer-term financial planning. As noted in this report, the intent is these matters are progressed over the coming year and to inform future years decisions.

6.3 Statement on medium to long-term financial sustainability:

As set out at **Appendix 2**, the level of HRA debt and in particular the debt ratio, i.e. the proportion of the revenue budget which is annually committed to meeting debt costs, is a key risk and consideration in relation to the financial sustainability of the HRA. At present 43% of the HRA revenue budget is committed to debt costs (contrasted with <10% for the General Fund). **Appendix 2** shows the increase of the loan debt ratio over the past 10+ years, and the risk that without action this would continue to rise. **It is my professional view that the sustainability of the HRA, and plans and actions to secure that, must be based upon a reducing profile of that loan debt ratio over time.** The risk of not doing so will be to burden future rent payers with even higher levels of rent increase and impact the ability of the HRA to suitably maintain and invest in its housing stock over time.

6.4 The consideration as set out above, has been recognised, and at this Committee on 5 November Members:

“APPROVED the principles of the Financial Strategy”

within which was principle 3:

“Loan charge (debt) ratio – the loan charge ratio should reduce over time. Too much of the current revenue budget is going to service the debt rather than delivering services/upgrades for tenants. (Council and tenant priority).”

6.5 As demonstrated in **Appendix 4**, the loan debt ratio projects for the HRA shows there is a pathway to achieving the principles agreed by Members and reducing that loan debt ratio over time. This however is dependent on the levels of rent agreed, and a clear implication that to achieve all the principles agreed by Members of this Committee, will require a choice between rent levels and levels of investment into the housing stock and meeting tenant priorities.

7 Financial Strategy for the HRA

7.1 The aim of the HRA Financial Strategy is:-

- To achieve a strong and financially sustainable HRA which delivers for current and future tenants.
- To support medium to long term planning, including investment opportunities.

7.2 At the meeting of the Housing and Property Committee in November 2025, the following principles were agreed to guide the strategy. These principles were based on feedback from Members, from tenants on their priorities (which has been reinforced in the latest tenant consultation), Council policy and through advice and guidance from officers, including the Section 95 Officer, as outlined above.

1. **Loan Charge Ratio - the loan charge ratio should reduce over time.** Too much of the current revenue budget is going to service the debt rather than delivering services/upgrades for tenants. The benefit of addressing the loan charge ratio would be to release a greater proportion of the annual HRA budget to spend on service delivery and priorities.
2. **Investment in existing stock – additional investment in energy works and property upgrades is enabled.** Sufficient additional funds to deliver a strong capital improvement programme covering upgrades to existing properties, with a particular focus on energy efficiency and external fabric works such as insulation, heating systems, new windows and doors.
3. **Affordability of rents – is a core consideration in rent increases.** Considering the affordability of rents should be a core principle, taking into account levels of rent arrears and the benchmarking of rents against Highland rents and others across Scotland.
4. **Additional Housing – to deliver on community housing need.** The aim is to double the Council's affordable housing building programme to help meet the existing need for social housing, as illustrated in the numbers of people on the Highland Housing Register, the community housing need and deliver on the Highland Housing Challenge
5. **Sustainability – of existing services and costs.** On an annual basis, the rent increase base must cover all core costs to ensure continued service delivery.

7.3 How the Financial Strategy will be used

Council finance staff have developed a financial model to help support and guide long term planning for the HRA. This has built on the learning and experience from the development of the Highland Investment Plan approach, which Members have agreed and adopted, and is under-pinning a long-term and prudent, affordable and

sustainable approach to General Fund capital investment. The model incorporates assumptions around the core income and expenditure elements of the HRA, profiling this into the future to understand:-

- What is required to meet the costs of the core staffing and repair budgets.
- The levels of capital expenditure for spend on existing buildings.
- The number of new houses that can be delivered.
- The impact upon the loan charge ratio.
- The level of rent increase required to meet the core costs.

7.4 The assumptions build up a financial picture that articulates the costs to the HRA over future years. The model profiles expenditure with indicative rental increases over the next 30 years. This helps ensure long term planning for the HRA and support decision making in relation to levels of house building, capital expenditure and rent levels. This is highlighted in the loan debt ratio projections for the HRA set out at **Appendix 4**.

7.5 This approach will assist officers in advising Members around future areas for spend and would be used to support the annual rent setting approach. Rent will continue to be set on a year-by-year basis, with Members taking into account the Financial Strategy over the long term and its principles when agreeing annual rent levels.

7.6 If a decision is taken to set a low level of rent increase, this will impact on the ability to deliver against all of the strategy's priorities and be a consideration for Members during the budget setting process. It is important to note that the Section 95 Officer has highlighted that the long-term financial sustainability of the HRA, and critically addressing the loan charge ratio, must be a key priority when setting the annual budget.

8 HRA Rent Consultation

8.1 The Housing (Scotland) Act 1987 places a duty on local authorities to consult with their tenants about any proposed rent increase, and to consider these views when deciding any changes to the rent.

8.2 A consultation on proposed rents and the principals of the Financial Strategy for the HRA ran from 17 November 2025 to 5 January 2026. A detailed summary of the feedback from the rent consultation can be found at **Appendix 3**.

8.3 The consultation was based on the options agreed at the Housing and Property Committee in November 2025. Overall, the number of responses received was 1,743 which constitutes 11.5% of all current mainstream tenants.

This compares to the previous annual consultation responses of 2,416 in 2024/25 which constituted 16.44% of tenants, 13.08% in 2023/24 and 10.98% in 2022/23. The national average for rent consultations tends to be under 10%.

Tenants were presented with 3 options along with a comment box to express their thoughts on the choices. The table below details responses by volume and % of overall responses.

| Rent Increase Option | Number of responses | Percentage of responses |
|-----------------------------|----------------------------|--------------------------------|
| 8% | 1,018 | 58.4 |
| 9% | 204 | 11.7 |
| 10% | 266 | 15.3 |
| None selected | 255 | 14.6 |

- 8.4 When asked about the principals guiding the Financial Strategy, 58.7% agreed with these principles, 20.4% disagreed and 20.8% reported they were unsure.
- 8.5 79% of all tenants indicated that current rent was either very or fairly affordable or gave a neutral response to affordability. 21% indicated they felt rent was very or fairly unaffordable. In relation to impact, just over two thirds indicated that the rent increase would have no impact, manageable impact or neutral impact on their household. A third indicated that it would have a significant impact or be unaffordable.
- 8.6 Taking an in-depth look at these responses, tenants not in receipt of any form of benefit suggested an increased risk of greater impact (39.85% saying they would face significant or unaffordable impacts compared to 26.26% of respondents receiving some form of assistance with their rent). It should be noted that 59.3% of all tenants receive some form of support with their rent.
- 8.7 Tenants were asked to rank their priorities for how they wanted their rent money invested. The data was analysed using weighted averages and number one ranked choices highlighting tenant top priorities.

Overall Weighted Ranking (Strategic Importance)

- **Heating & Insulation** – top-ranked overall, reflecting energy efficiency and affordability pressures.
- **Windows & Doors** – strong preference for fabric improvements that reduce drafts and heat loss.
- **Kitchen & Bathroom Replacements** – improves functionality and tenant satisfaction.
- **Day-to-day Repairs** – ensures safety, comfort, and trust in service reliability.

9 Revenue Estimates for 2026/27

- 9.1 A draft budget is set out for 2026/27 at **Appendix 5**. As noted at section 1, at this stage, a rent increase is proposed only for one year, but with the agreed principles and overall financial strategy for the HRA guiding future years' budgets. This recognises the concerns from tenants about affordability should the budget be set over a number of years.
- 9.2 An 8% rent increase is proposed for 2026/27. This delivers on the principles agreed for the HRA Financial Strategy and, importantly the priorities identified by tenants:
- 9.3 Principle: Investment in Existing Stock
- The draft budget would increase the approved mainstream HRA capital budget for 2026/27 by £1.692m. This would deliver on increasing the budget for new heating and insulation, new windows and doors, and new bathrooms and

kitchens. These types of works are the top priorities of tenants and would provide additional measures to a minimum of 175 houses. This would be in addition to the core capital budget of £21.153m in 2026/27.

- The proposed rent increase enables this increased investment in the existing stock and is in line with the other principles. Without this proposed level of rent increase, the level of mainstream capital investment may need reviewed to ensure it does not compromise the financial sustainability of the HRA.

9.4 Principle: Sustainability

- This level of rent increase would deliver on ensuring that all core costs to maintain HRA services are covered.

9.5 Principle: Affordability

- An 8% rent increase would keep Highland in the lowest quartile of rents across Local Authorities in Scotland and still significantly below the rents of other social and private landlords in Highlands. Current rents are on average 20% lower than other social landlords in Highland and on average 50% lower than private landlords. 59.3% of all current tenants are on some sort of benefit which supports them with their rent entirely or partially. The Rent Arrears Management Policy was approved at this Committee in November 2022. A review of the policy is intended to take place in 2026 and this will ensure that tenants receive the appropriate advice and assistance to ensure they can manage their rent accounts. The revised policy will be reported to this Committee for approval in Autumn 2026.

| Size of Property | Highland Council | Local Authority Average | Highland Housing Association Average | Highland Private Rent Average |
|------------------|------------------|-------------------------|--------------------------------------|-------------------------------|
| Bedsit | £72.22 | £92.57 | £73.30 | Not available |
| 1-bed | £83.48 | £99.04 | £100.32 | £127.75 |
| 2-bed | £94.70 | £101.94 | £109.12 | £,171.50 |
| 3-bed | £105.95 | £110.94 | £119.60 | £227.75 |
| 4-bed | £117.18 | £121.88 | £132.02 | £358.24 |

**Costs represent 2025/26 figures and on a 48-week rent model*

9.6 Principle: Loan Charge Ratio

- This would deliver on beginning to reduce the loan charge ratio, in line with the agreed principles and the Section 95 Officer's advice. For 2026/27, it is estimated that the loan ratio would be 42.4%.
- The Loan Debt Ratio projections detailed in **Appendix 4**, highlight that the long term planning assumptions at this level of rent increase, would begin to reduce the loan charge ratio.
- As noted in section 6, in the longer term, this would free up more of the HRA budget to be spent on core priorities.

9.7 Principle: New Housing

- The existing affordable housing programme aims to deliver around 180 houses per year. The current year's budget would continue to deliver this.³
- This is a one-year budget and therefore no additional investment will be allocated into increasing the build programme for 2026/27 as this requires lead in time for land and site allocation.
- Works will be actioned during 2026/27 to enable an increase in the build programme for 2027/28, aligning with the agreed financial approach and associated principles, should Members elect to do this as part of the budget setting approach next year. This would be required if a growth in Council housing is desired, as articulated in the agreed principles and the Highland Housing Challenge.
- It should be noted that total rent income increases through new build property which is added to the housing stock and has a positive longer term impact on the HRA budget and sustainability as demonstrated in the loan debt ratio projections at **Appendix 4**.

9.8 The draft budget sets out expenditure across a range of headings, with the majority of expenditure on:

- Supervision and Management – 15%
- Repairs and Maintenance of existing stock (including in-house trades) – 31%
- Loan Charges – 42%
- Central Administration – 6%.

Details of how the budget would be allocated across these headings can be found in **Appendix 6**.

10 Next steps

10.1 The proposed Financial Strategy, underpinned by the principles already agreed, aims to provide confidence in a delivery of a stronger and sustainable HRA into the future, addressing the current challenges identified but crucially ensuring the resource is available to undertake the investment required to deliver for current and future tenants. As outlined by the Section 95 officer, this approach is essential and mirrors the longer term financial planning in place for the general fund, which has recently been commended by external auditors.

10.2 The proposed rent increase, and associated budget detailed in the report, delivers against the principles of the Financial Strategy and in particular, the priorities of tenants. This is the start of a new approach and direction for the HRA.

Designation: Assistant Chief Executive – Place

Date: 15 January 2026

Author: Alison Clark, Chief Officer, Housing and Communities
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³ For every house, the HRA contributes £90,000, the Landbank approximately £20,000 and the Scottish Government Grant making the majority contribution from £100,000 upwards depending upon the price of building within that location. (Note: in rural locations, Scottish Government grant is significantly higher, and increased contribution from the Landbank which reflects the increased building costs.)

Brian Cameron, Strategic Lead, Housing & Customer Services
Carolyn Pieraccini, Strategic Lead, Finance (Place)
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Linda MacKay, Accountant

Appendices:

- Appendix 1: Integrated Impact Assessment Screening
- Appendix 2: Current Position of the HRA
- Appendix 3: Feedback from the Rent Consultation
- Appendix 4: Loan Debt Ratio Projections for HRA
- Appendix 5: HRA Revenue Estimates for 2026/27
- Appendix 6: HRA Revenue Estimates 2026/27 - Descriptions

Integrated Impact Screening – Summary

Introduction

The rent increase will affect all tenants in terms of:

- (i) Rent and service charges assigned to their tenancies
- (ii) Delivery of services assigned to their tenancies and their communities.

Identifying the impact on tenants is difficult to assess as the impact will depend on individual financial and personal circumstances. Similarly, while additional rental income will help maintain tenancy-related services and increase housing investment the level of services offered will depend on a number of factors including house condition, compliance with regulatory standards and demands on services.

Protected characteristics

A summary of the assessment is set out below. Housing rent and service charges cover a wide range of tenancy-related services, and these services may vary considerably between tenants and their households depending on their personal circumstances, level of need, changing housing needs and individual expectations.

Ensuring the rent is set at a level that ensures service delivery and promotes both financial sustainability for the HRA and investment in houses, will generally mean it will have a positive impact for service users. The provision of security of tenure and housing is well-established as essential for promoting settled households.

(1) Age

The rent consultation findings did not indicate major differences in opinion/circumstance between age groups. The vast majority of housing services will apply to all age groups. It is recommended that more detailed consultation take place with sheltered housing tenants to consider the topics of value for money and services delivered specific to service charges.

(2) Disabilities

The rent consultation identified that tenants in this group considered rents to be more affordable, than tenants in other groups. However, the consultation responses also gave a high neutral response to this question.

The continued delivery of adaptations to Council houses remains a priority for the Council to ensure tenants can live independently in their own homes. Performance in terms of the time taken to deliver adaptations remains impressive compared to national benchmarking comparison.

(3) Race & Ethnicity

There is limited information available to identify any impact. Discussions have taken place with the gypsy/traveller residents around their rents. There remains a strong preference among the residents for increased capital investment in site facilities in the future.

(4) Gender

Female tenants who responded to the rent consultation indicated that they are more likely than male tenants to consider their rents to be affordable. However, female

tenants were more likely than males to indicate that the rent increase may have a negative impact on their household finances.

Poverty and socio-economic

The rent consultation has provided helpful information on the financial implications of the proposed 2026/27 rent level and budget-setting. While 79% of tenant respondents considered their rent to be either very/fairly affordable or gave a neutral response, 33% of respondents considered the proposed rent levels to have a significant impact on their finances.

Highland has a strong track record of supporting tenants with their rent accounts, in term of income maximisation, budget management advice and referrals to independent support. Currently, 59.3% of tenants are in receipt of benefits to assist them with rent payments. It should also be noted that rent arrears are at their lowest level for over 3 years, which indicates that the majority of Highland tenants continue to prioritise their rent payments.

It is recommended that the proposed review of the Rent Arrears Management Policy should focus on the advice and assistance available to tenants not in receipt of benefits as the consultation indicated that these tenants considered the impact of the proposed rent levels to be greater than for tenants in receipt of benefits.

The consultation indicated strong tenant preferences for investment in energy efficiency and fabric works. The proposals for the 2026/27 budget include additional funding for these works which will help tenants with their fuel bills which remain a concern for many households.

Human rights

The investment proposed to deliver housing services and investment in houses will have a positive impact on human rights.

Children's rights and wellbeing

As indicated elsewhere, the provision of security of tenure and housing is well-established as essential for promoting settled households and helping child development.

Island and mainland rural communities

The principle of service delivery to all communities in Highland is protected as the rent levels ensure services can be provided effectively regardless of location (for example, repairs and maintenance). This is a positive impact.

It is recognised that rural communities are disadvantaged through additional costs such as public and private transport, and hence the rent increase may increase the pressure on household budgets.

Data protection

No significant change to current processing.

Climate change

The proposed additional funding for capital investment will increase the allocation of funding for energy efficiency works in Council houses.

Conclusion

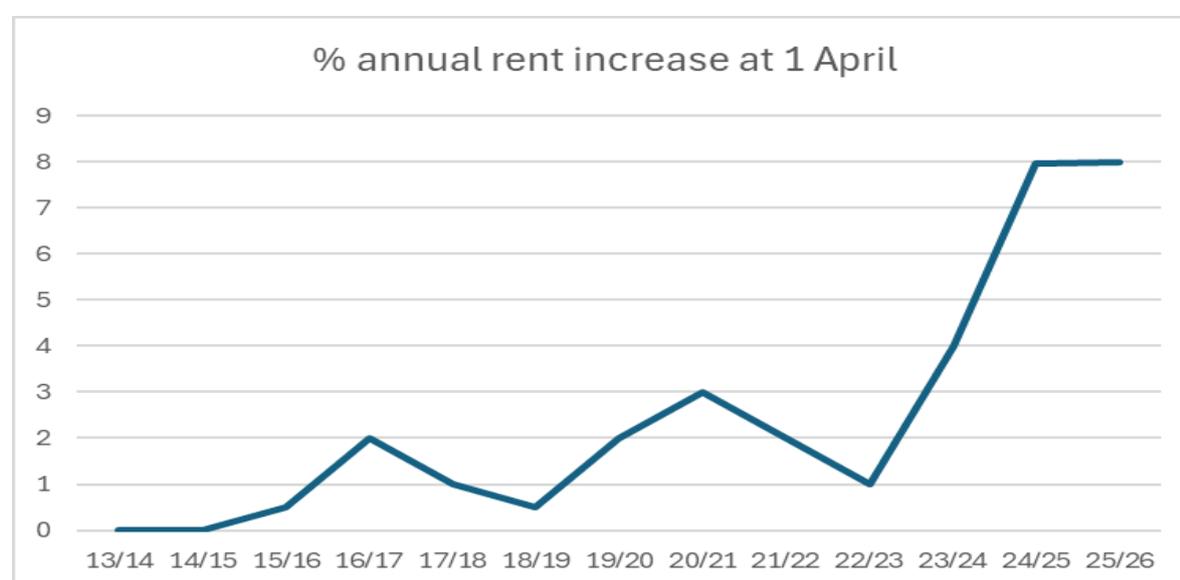
A number of tenants in the consultation have indicated that any rent increase will put further pressure on their household finances. However, even with the proposed rent increase, Highland rents remain well below most other social landlords and significantly lower than private sector rents. There also remain established processes to ensure that tenants are supported to manage their rent accounts, and this has been demonstrated in the decrease in rent arrears in the last 3 years.

As the Housing Revenue Account's primary function is to deliver housing services to its tenants who fund these, the proposed rent level for 2026/27 and the financial assumptions which underpin it, are considered necessary to positively deliver these services to tenants who will benefit accordingly.

Current Position of the HRA

Rent Increases

Over the last 10-15 years, the Council has gone from one of the highest rents in Scotland to one of the lowest. Between 2013/14 and 2023/24, the average annual increase was 1.6%. In the main, this was below inflation levels. Whilst low rents have been a positive for tenants, levels of inflation and the improvement requirements for the HRA meant that borrowing was essential to meet the duties to tenants. As discussed elsewhere in this report, the borrowing has meant that an increasing proportion of rental income has funded loan charges rather than the services expected by tenants.



Current Capital Expenditure

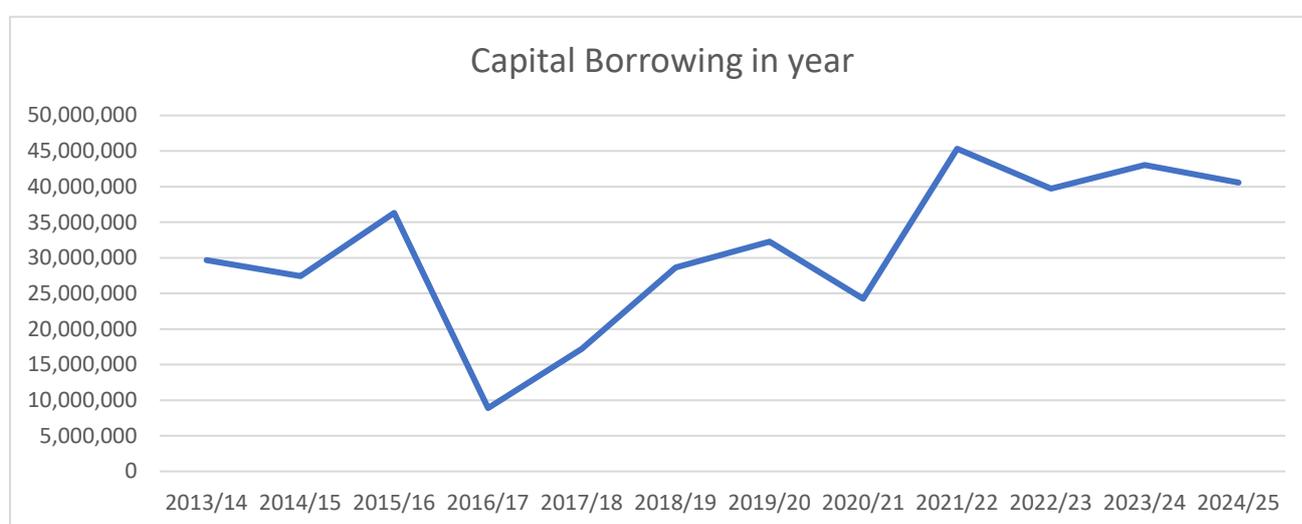
Over the past 15 years a series of new regulations and standards have required upgrades and improvements to current HRA properties. Highland reached compliance with the Scottish Housing Quality Standard in December 2015, which was achieved as a result of unprecedented capital investment in heating, insulation, bathrooms and kitchens.

Further investment was required in the following decade in order to comply with extensions to the Standard. These have included:-

- the energy efficiency requirements of the Energy Efficiency Standard for Social Housing, introduced in 2014;
- the energy efficiency requirements of the Energy Efficiency Standard for Social Housing 2, introduced in 2019;

- the installation of interlinked fire alarms into all Council properties, introduced in 2019; and
- compliance with 5-yearly electrical inspection compliance reports, introduced in 2022.

However, whilst the outcomes were essential and positive, this came at a cost. Prior to 2024/25, there was no or limited external funding to support compliance with these requirements and with low levels of rental increase, the only way in which to deliver on these legal requirements was to borrow. Graph 3 illustrates the growth in capital borrowing from 2013 onwards. There were particular peaks in 2015/16 (to achieve compliance with the Quality Standard) and in 2021/22 (to deliver new build projects delayed on site during the pandemic).



Council Housing Building Programme

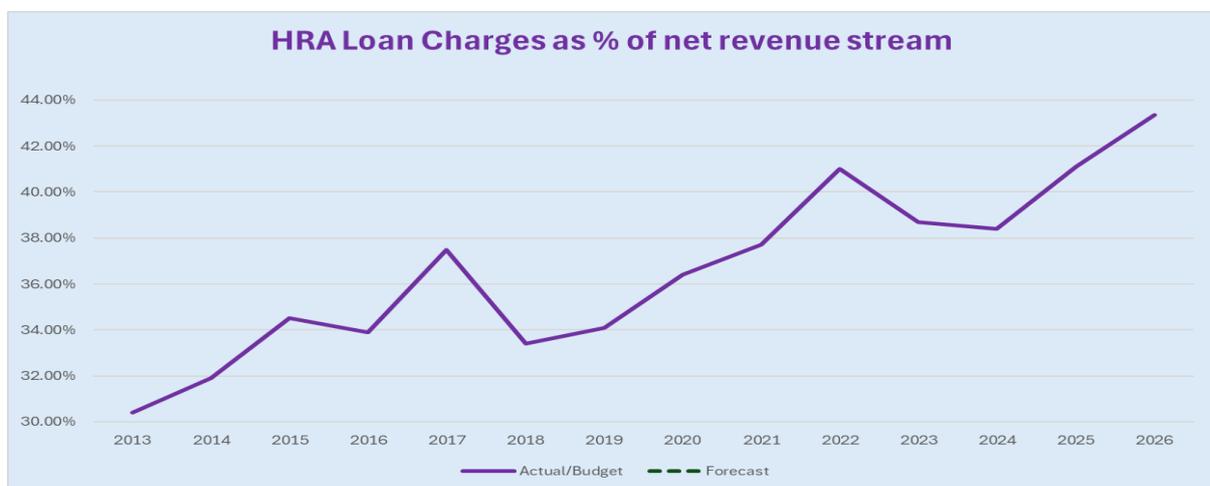
Part of the capital borrowing costs support the Council's new build programme. Between 2013/14 and 2025/26, a strong building programme was introduced, recognising the need to replenish the stocks lost through the Right to Buy legislation.

- Between 2013/14-2025/26, **1,800** new Council houses were built
- Currently there are 15,363 Council houses. This is still lower than 1998 when stock levels were 19,445.
- For 2025/26 the estimated gross outturn for the programme is £27.542m, with the HRA capital budget receiving both contributions from the Landbank Fund and Scottish Government grants. The HRA total grant income expected of c£13.179m and Landbank contributions of c£3.066m are anticipated.
- For every house, the HRA contributes approximately £90,000, the Landbank approximately £20,000 and the Scottish Government Grant making the majority contribution from £100,000 upwards depending upon the price of building within that location. (Note: in rural locations, Scottish Government grant is significantly higher, and increased contribution from the Landbank which reflects the increased building costs.)

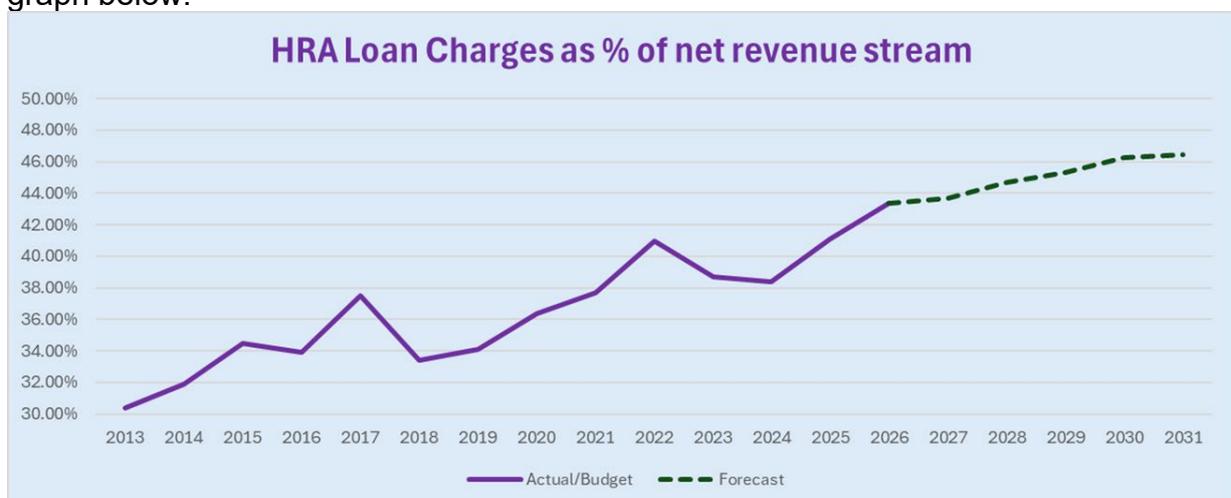
Loan Charge Ratios

The current Housing Revenue Account is under pressure. Over the last 10-15 years, a combination on low rent increases, building of additional houses, meeting enhanced standards and compliance requirements, have all compounded the historical HRA debt to the current position where 43 pence in every pound of HRA resources is servicing the debt.

- Since 2013 the loan charge ratio has increased from 30.4p in the £ to 43.3p in the £ of the HRA budget.
- The average loan debt ratio over the last 10-year period has been 37.2p in the £.
- In the 2025/26 HRA budget £32.5m is being allocated for loan charges. The total income for HRA in the 2025/26 budget is £75m.



Without appropriate levels of rent increase , and if borrowing to fund core capital investment continues (capital investment to fund essential upgrades and existing house building), the loan charge ratio will increase over time as illustrated in the graph below.



Feedback from the Rent Consultation

Consultation Responses on Rent Strategy Proposals.

1 Legal duties

- 1.1 The Housing (Scotland) Act 1987 places a duty on local authorities to consult with their tenants about any proposed rent increase, and to consider these views into when deciding any changes to the rent.
- 1.2 The Scottish Social Housing Charter also states that social landlords should set rents and service charges in consultation with their tenants and other customers.

2 Rent consultation format

- 2.1 The consultation for proposed rent increases included a 5-year rent strategy covering the period 2026 -2031 and ran from 17 November 2025 to 5 January 2026. All tenants were contacted primarily via 12,958 email or texts, with any tenants without an email or mobile number (2,428) receiving a letter. All tenants were given the opportunity to respond to the digital survey.

A dedicated phone number was in place to allow tenants the opportunity to discuss the consultation in more detail with officers or to help those tenants unable to complete the digital survey. Briefings were shared with Housing and Service Point officers so they were able promote the consultation to tenants who may be digitally excluded or who had queries as part of the daily tenancy management and rent account interactions with officers.

Additionally, the team held drop-in events in Caithness, Sutherland, Lochaber, Inverness, Cromarty and Easter Ross as well as in-person visits to sheltered tenants in Wester Ross, Mid Ross, Black Isle, Thurso and Nairn. Information cards were distributed by local Housing Teams with QR codes linking to the survey and posters displayed at Service Points.

- 2.2 The consultation was also available on the Highland Council website and was promoted through the corporate social media channels. Various meetings were offered to tenants focusing in greater depth on the Housing Revenue Account (HRA) and the proposals for the 5-year Rent Strategy. The Value for Money Group met in September for an initial discussion on the Strategy, followed by the Highland Tenant Forum to discuss the consultation process on 10 November 2025, prior to the consultation launch on 17 November.

At the request of tenant volunteers, a subsequent meeting was arranged with the Council's Finance Team to explain the Council's approach to Treasury and Loan Management going into detail on monitoring loan repayments and managing risk through diverse borrowing.

2.3 The consultation was based on the following options:

Option 1: 8% increase Average increase of £7.16 in rent per week

Benefits: Increase of 150 new Council homes per year (additional to the existing programme), plus an additional 300 extra kitchens/bathrooms, 180 heating upgrades, 370 windows/doors, reduced loan debt ratio.

Option 2: 9% increase Average increase of £8.05 in rent per week

This would provide the same as above **Plus:** £21.2 million for extra capital works (740 kitchens/bathrooms, 460 heating, 900 windows/doors)

Option 3: 10% increase Average increase of £8.95 in rent per week

This would provide same as above **Plus:** £42.4 million for extra capital works (1,480 kitchens/bathrooms, 920 heating, 1,800 windows/doors)

3 Consultation responses

3.1 Overall, the number of responses received was 1,743 which constitutes 11.5% of all current mainstream tenants.

This compares to the previous annual consultation responses of 2,416 in 2024/25 which constituted 16.44% of tenants, 13.08% in 2023/24 and 10.98% in 2022/23. The national average for rent consultations tends to be under 10%.

Tenants were presented with 3 options along with a comment box to express their thoughts on the choices. The table below details responses by volume and % of overall responses:

| Rent Increase Option | Number of responses | Percentage of responses |
|----------------------|---------------------|-------------------------|
| 8% | 1,018 | 58.4 |
| 9% | 204 | 11.7 |
| 10% | 266 | 15.3 |
| None selected | 255 | 14.6 |

3.2 We asked respondents if they agreed with the principles underpinning the 5-year Rent Strategy

- Investing in existing stock and making homes more affordable with improved energy efficiency;
- Building new Council houses;
- Maintaining existing service delivery such as day-to-day repairs and maintenance works;
- Reducing debt costs and ensuring financial sustainability for the future;
- Keeping rents as affordable as possible.

1,691 tenants responded to this question with 58.7% agreeing with these principles, 20.4% disagreeing and 20.8% unsure.

3.3 The consultation also included some more probing questions in regard to;

Current rent affordability and if tenants found them affordable or not.

- 40.9% said either very or fairly affordable
- 38.1% gave a neutral response to affordability
- 20.9% said either very or fairly unaffordable.

Tenants were also asked how they found the value for money of their current rent

- 40.1% said very or fairly good
- 27.2% gave a neutral response
- 32.6% said very or fairly poor.

Lastly, we asked tenants to tell us the impact a rent increase would have on their household.

- 6% said no impact
- 29.7% said manageable impact
- 31.7% gave a neutral response
- 26.8% said significant impact
- 6.2% said it would be unaffordable/unsustainable.

Taking an in-depth look at these responses, tenants not in receipt of any form of benefit suggested an increased risk of greater impact (39.85% saying they would face significant or unaffordable impacts compared to 26.26% of respondents receiving some form of assistance with their rent).

432 tenants took the opportunity to provide more detail about how they would be impacted with the key themes concerning;

Affordability and Financial Pressures

- Tenants expressed concern that proposed increases are unmanageable.
- Households on fixed incomes and low wages are particularly vulnerable.
- Working families without benefit support feel squeezed.

Cost of Living Crisis

- Rising costs for food, fuel, electricity, and council tax are major challenges.
- High energy costs and transport expenses linked to rural geography.

Disparity Between Rent Increases and Income Growth

- Wages and benefits are not increasing at the same rate as proposed rent increases.

Impact on Wellbeing

- Negative consequences such as cutting back on essentials and increased risk of poor health.

Property Condition and Value for Money

- Perception that rent rises are not matched by improvements in housing quality.
- Complaints about outdated kitchens, limited insulation, suspected damp, and inefficient heating systems.

Calls for Alternative Approaches

- Suggestions include smaller, inflation-linked increases, and investment in energy efficiency.

Equity and Fairness

- Concerns that rent increases disproportionately affect single-income households, disabled tenants, and pensioners.
- Questions about whether existing tenants should part-fund new housing developments, rather than receive 100% government subsidy for this.

3.4 A total of **384 tenant comments** were received in response to the consultation on proposed rent increases and associated investment plans.

Headline Findings

- Strong calls to invest in existing stock rather than funding new builds.
- Affordability concerns dominate, increases seen as above inflation and unaffordable for many, especially pensioners and low-income households.
- Most frequent upgrade requests: windows/doors, heating & insulation, kitchens/bathrooms, and tackling suspected damp/mould.
- Tenants want clear evidence of delivery and ring-fenced spending.
- Geographic equity: ensure rural and remote areas benefit from investment.

There were some positive comments provided by tenants

- Service quality and repairs were mentioned, specifically the efficiency at getting repairs carried out.
- Affordability in comparison to private rents in Badenoch & Strathspey.
- Appreciation of the staff and the work they do.
- Positive improvements to energy efficiency upgrades.

3.5 We included specific questions for sheltered tenants 7.66% of respondents (128), 51.97% (66) said their warden service was value for money, 19.69% (25) did not think it provides value for money and 28.35% (36) were unsure.

3.6 Tenants were asked to rank their priorities for how they wanted their rent money invested. The data was analysed using weighted averages and number one ranked choices highlighting tenant top priorities.

Overall Weighted Ranking (Strategic Importance)

- **Heating & Insulation** – top-ranked overall, reflecting energy efficiency and affordability pressures.
- **Windows & Doors** – strong preference for fabric improvements that reduce drafts and heat loss.
- **Kitchen & Bathroom Replacements** – improves functionality and tenant satisfaction.
- **Day-to-day Repairs** – ensures safety, comfort, and trust in service reliability.

Number One First-Choice Votes (Urgency)

- **Windows & Doors** received the most first-choice votes, indicating urgent tenant need for fabric improvements.
- **Heating & Insulation** ranked second in urgency, reinforcing energy efficiency as a critical concern.
- **Kitchen & Bathroom Replacements** and **Repairs** remain important but are less urgent than energy-related upgrades.

Secondary Priorities (Important but Lower Ranked)

- **New Home Construction** – recognised by tenants as necessary to meet demand.
- **Communal Space Maintenance** – grass cutting and upkeep influence satisfaction and community pride.
- **Cyclical Repairs** – external painting/gutter clearing protect asset value and safety.
- **Accessibility Adaptations** – essential for inclusive housing and independence.

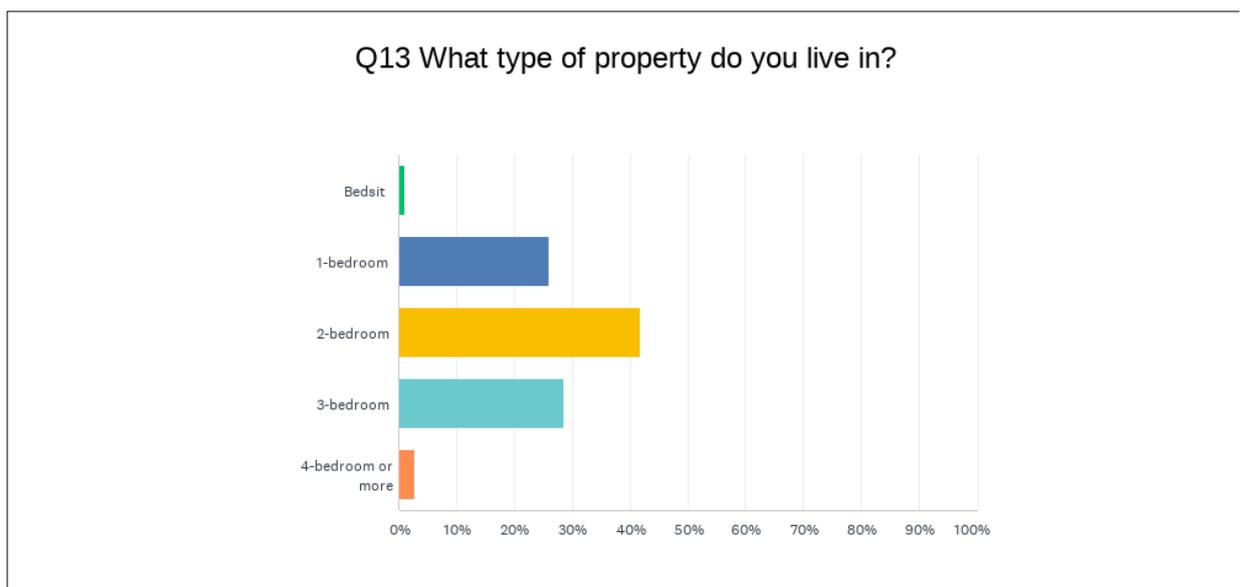
3.7 Tenants were asked if there were any of the priorities listed above, they thought their rent money should not pay for.

A total of 303 responses were received to this question. Within these, 175 responses explicitly objected to specific items being funded through rental income. The main areas of concern are summarised below.

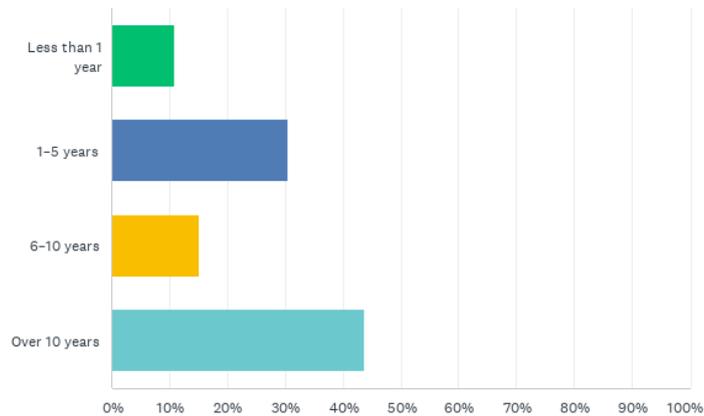
- Communal & grounds (grass, estate, paths, lighting, pavements, bins): 82 mentions (27.1% of all respondents);
- Building new homes / new builds: 60 mentions (19.8% of all respondents);
- Aids & adaptations (should be funded elsewhere): 18 mentions (5.9% of all respondents);
- Energy/heating upgrades (contested): 13 mentions (4.3% of all respondents);
- Cyclical / external painting / gutters: 11 mentions (3.6% of all respondents);
- Management overhead / pay rises / debt: 9 mentions (3.0% of all respondents).

4 Tenant Circumstances

4.1 Information on tenant circumstances was also asked, and the responses are below:



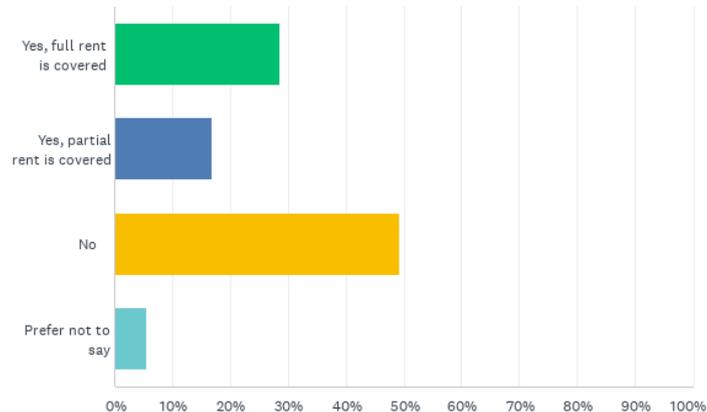
Q14 How long have you been a Highland Council tenant?



Tenants of 1 year or less were more likely to find their current rent more affordable, representing good value for money with less impact posed by future increases. This is likely to reflect their previous housing tenure and experience of higher private sector rents and mortgage payments.

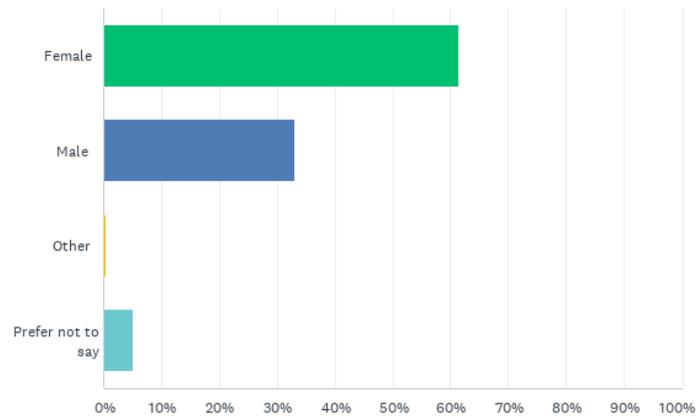
(Less than 1 year 50.58% compared to 10 yr+ 36.86% affordable; 23.84% of tenants 1 year or less and 37.3% of tenants 10yr+suggesting a significant or unaffordable impact).

Q16 Do you currently receive Housing Benefit or Universal Credit to help with your rent?



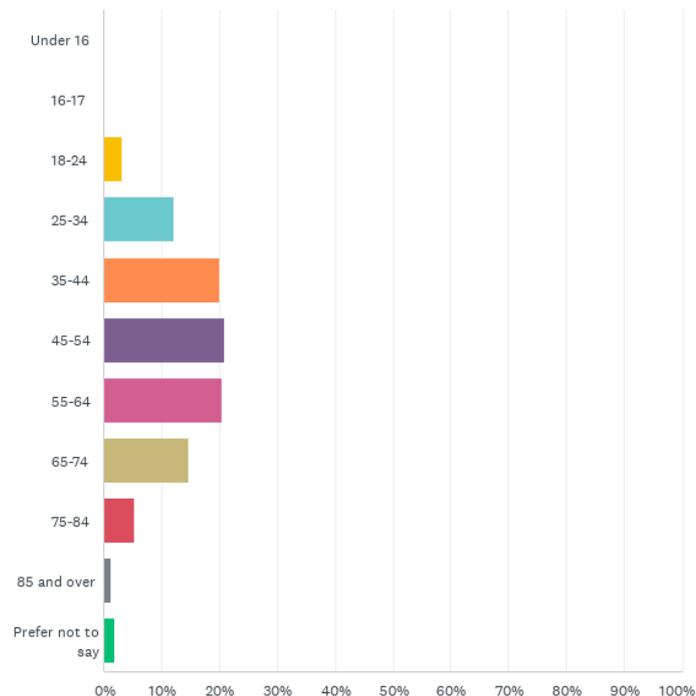
Tenants in receipt of full or partial benefit suggested they found current rents more affordable (45.3%/41.36%) and offer better value for money (48.1%/50.89%) compared with those not receiving any help (40.4%) or preferring not to disclose (27.5%).

Q17 What is your sex?



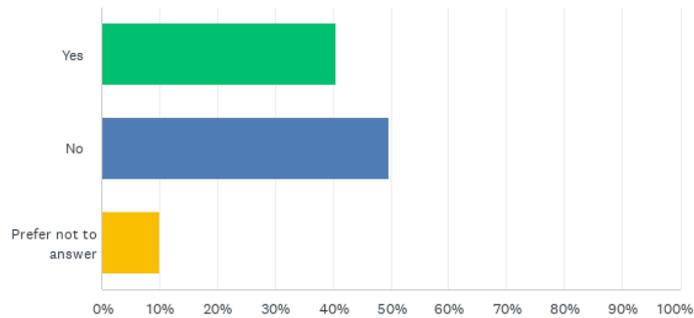
Female tenants were most likely to find their current rent affordable, (f 44.2% m 39%). 42% male and female respondents consider the rent offered as value for money. However, there was a slight increase in females being impacted (f 34.65% m 39.11%) responding they faced no or manageable impact compared to (f 32.78% m 30.64%) expecting significant or unaffordable impact with the proposed increase.

Q18 What is your age?



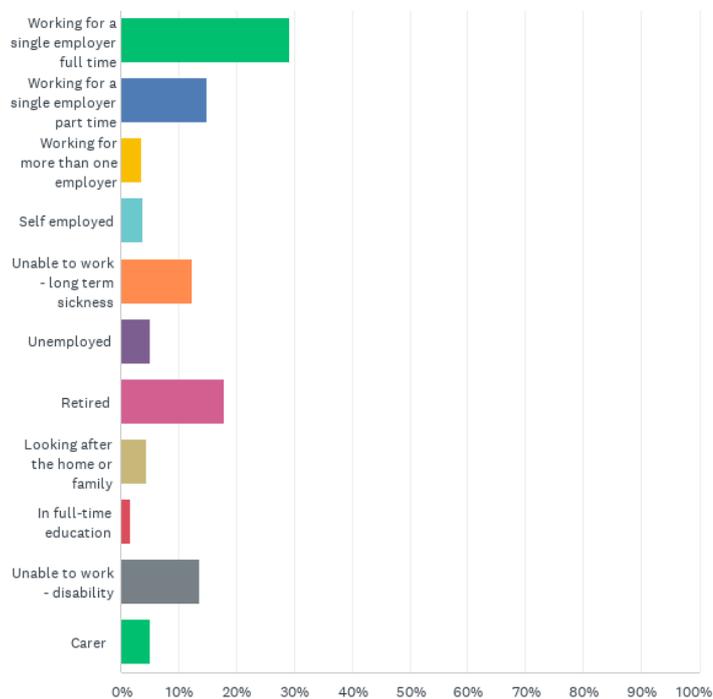
Rent affordability across the age groups is fairly even with 45-64 and 85+ finding rents least affordable (22.4% and 25% respectively). On value for money, the 65- 84 group suggested the greatest level of value for money (57.9%) and 16-24 returning a greater neutral response (38.4%). The impacts of an increase likely to be felt greater by 85+ (43.7%) and least by 16-24 (25%) and 65-84 age group (25.2%).

Q19 Do you consider yourself to have a disability (i.e. a physical or mental impairment which has substantial and long-term adverse effects upon your ability to carry out normal day-to-day activities)? (Please tick one box only)



People without a disability found current rents more affordable (46.1%/38.2% respectively), however tenants with a disability gave a high neutral response (42%). Perception of value for money was almost identical by tenants with or without a disability (40.8%/40.7%). The impact of the increase was marginally more significant or unaffordable for those without a disability (34.32% compared to 31.49%).

Q20 Which of these best applies to you? (Please tick one box only)

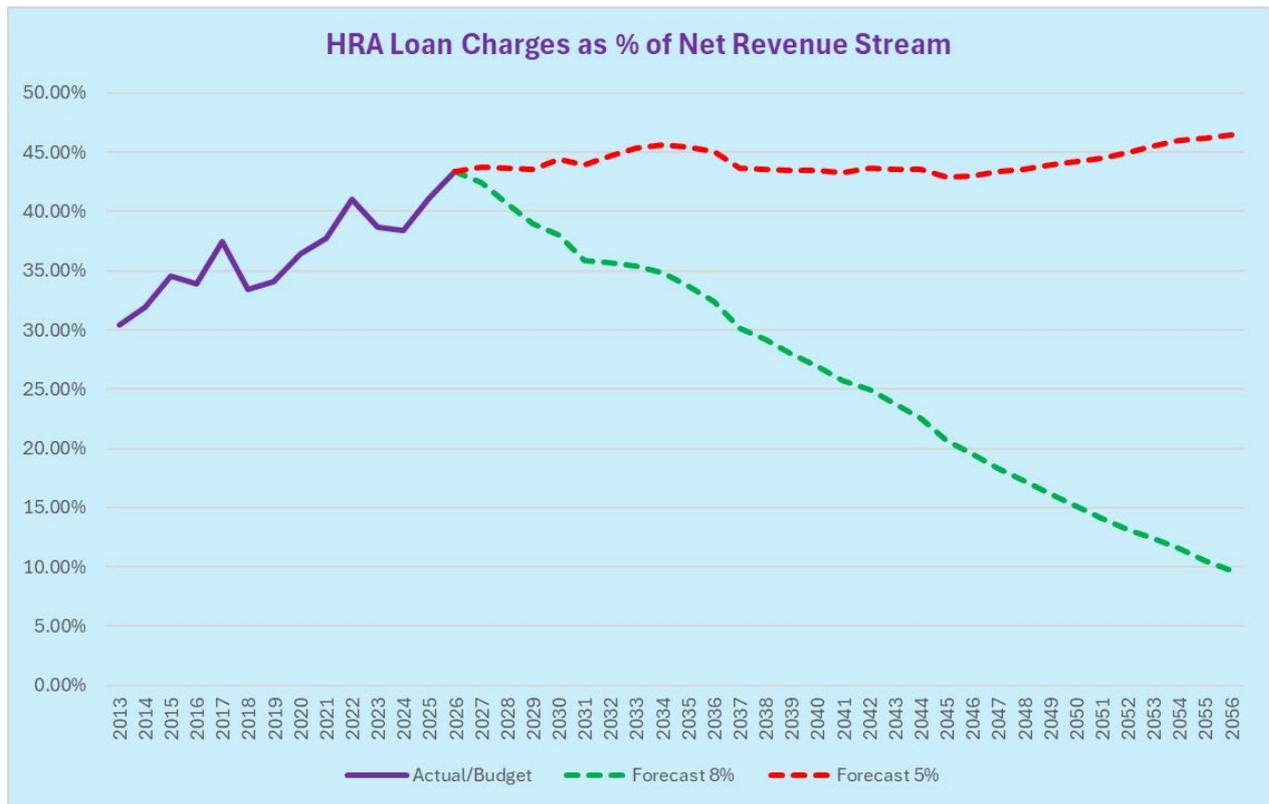


Retired tenants reported the highest level of affordability (48%), value for money (59.86%) and most manageable impact (49.65%). For tenants in employment, either full time or part time, 41.2% find the rent affordable but 39.28% say that value for money is poor and 39.81% suggest they would face a significant or unaffordable impact from the proposals.

Tenants looking after a family or with caring duties 41.2% reported current rents to be affordable, with 41.2% considering value for money to be poor. 35% indicated they would face manageable impact compared to 30% facing significant or unaffordable impact.

Those unable to work due to disability or long-term sickness report 35% affordability with 45% giving a neutral response. 43% felt current rents offered good value for money and 35.7% thought it was a manageable impact compared to 30% considering it as significant or unaffordable.

Financial Strategy Future Projections



The long-term financial modelling that has been conducted indicates there is a pathway to achieving the principles agreed by members and reducing the loan debt ratio over time.

Over a 30-year period the loan debt ratio could be reduced to 9.7p in the £ depending on assumptions made, rent levels and other factors. If achieved, under this illustration over 90% of the HRA budget could be utilised directly on service delivery or for direct capital investment.

However, the model also demonstrates what could happen to the loan debt ratio in the longer term should action not be taken to address this.

*A financial model can only provide a high-level estimate of possible outcomes based on the assumptions and data it draws upon. Any changes to the underlying data, decisions or assumptions would result in a different outcome to that communicated in the model and thus the model can only be used as indicative of possible outcomes and should not be relied upon to give an absolute position on which to base policy decisions. The overall debt and loan charges are a particularly complex area to forecast. This model utilises a simplified version of the detailed accounting treatment to provide an indicative estimate of these figures.

HRA Revenue Estimates for 2026/27

HRA DRAFT BUDGET
2026-27

| | 2025/26 | 2026/27 | Change | Comments |
|-------------------------------------|---------------|--|--------------|---|
| | Budget | Budget 8% rent increase | | |
| | £'000 | £'000 | £'000 | |
| BY ACTIVITY | | | | |
| Supervision & Management | 8,271 | 9,147 | 876 | To reflect pay award |
| Bad Debt Provision | 2,039 | 1,716 | (323) | Review and re-assessment of provision |
| Tenant Participation | 339 | 350 | 11 | To reflect pay award |
| Sheltered Housing | 658 | 593 | (65) | To reflect changes to help call system |
| Homelessness | 797 | 830 | 33 | To reflect pay award |
| Repairs and Maintenance | 23,514 | 25,079 | 1,566 | To reflect pay award, 2% inflation uplift and additional 2.5% repairs inflation to cover increasing material and construction costs |
| House Rent Voids | 1,060 | 1,159 | 100 | Additional housing stock and rent increase |
| Other Rent Voids | 330 | 342 | 13 | |
| Central Support | 4,118 | 4,753 | 635 | Reflects projected costs for 2026/27 |
| Loan Charges | 32,500 | 34,800 | 2,300 | This reflects the borrowing requirements of the current HRA capital plan, capital investment incurred debt and updated interest rates. |
| Capital Funded from Current Revenue | 1,348 | 3,248 | 1,900 | 8% uplift in approved 2026/27 mainstream capital programme of £1.692m to invest in tenant priority of energy efficiency and fabric works. £1.556m to reduce borrowing requirements for the capital programme and offset future loan charges. |
| Gross Expenditure | 74,974 | 82,020 | 7,046 | |
| House Rents | (71,081) | (77,842) | (6,761) | To reflect additional housing stock |

| | | | | |
|------------------------------|-----------------|-----------------|----------------|--|
| Other Rents | (3,464) | (3,737) | (273) | |
| Other Income | (367) | (379) | (11) | |
| Interest on Revenue Balances | (62) | (62) | 0 | |
| Gross Income | (74,974) | (82,020) | (7,046) | |
| | | | | |
| Grand Total HRA | 0 | 0 | 0 | |
| BY SUBJECTIVE | | | | |
| Staff Costs | 16,531 | 18,026 | 1,495 | |
| Other Expenditure | 58,443 | 63,994 | 5,551 | |
| Gross Expenditure | 74,974 | 82,020 | 7,046 | |
| Grant Income | (282) | (292) | (9) | |
| Other Income | (74,692) | (81,728) | (7,036) | |
| Total Income | (74,974) | (82,020) | (7,046) | |
| | | | | |
| NET TOTAL | 0 | 0 | 0 | |

HRA Revenue Estimates 2026/27 - Descriptions

Supervision and Management

This budget heading includes the salaries and other running costs for housing related activities. The draft Housing Revenue Account budget for 2026/2027 takes into account a projected **2.5%** pay award for 2026/27. There has been no increase in the non-staffing elements of the Supervision and Management budget.

This equates to an increase in the budget by £0.876m for 2026/27.

Tenant Participation, Sheltered Housing and Homelessness are separate budget headings within the overall category of Supervision and Management costs. There has been no increase to the non-staffing elements of these budgets.

Repairs and Maintenance

This budget covers the cost of carrying out revenue funded day-to-day repairs and planned maintenance to Council houses, including repairs to empty houses and revenue funded environmental improvements. This includes the costs of the Council's in-house Building Maintenance teams.

Staff costs have been increased in line with the local government pay award as noted under Supervision and Management. The budget also covers repairs and maintenance for an increased housing stock. The budget reflects the approved budget for 2025/26 which included an increase in the funding for grounds maintenance and cyclical maintenance in the housing estate.

In previous years, all other Repairs and Maintenance budgets, including for external contractor costs and building materials, have been rolled forward at current levels. Inflation rates have meant this has led to a pressure on the budget in view of increasing contractor and supply/ material costs. The 2026/27 draft budget proposes an increase of the Repairs and Maintenance budget to specifically ensure sufficient resource to continue to deliver housing repairs. The budget includes a 2% inflation uplift and an additional 2.5% repairs inflation uplift to cover increasing material and construction costs

Void Rent Loss

At any time, the Council will have some properties empty as part of its normal letting operations. The budget for rent loss is based on actual rents for vacant Council houses, garages, garage sites and HRA homelessness accommodation. As rents increase, rent loss due to voids will increase even if there is no change to reletting times.

For mainstream housing, the draft budget for 2026/2027 has remained at 1.48% of gross rent, adjusted to reflect the proposed rent increase. Rent loss on houses used for temporary accommodation tends to be higher than for mainstream property due to higher turnover and repairs costs and servicing, and the budget has been set at 5% of gross rent.

Central Administration

This budget covers the costs of corporate charges to the HRA for legal, financial, IT and other corporate services in relation to the Council's landlord role. The draft budget for 2026/2027 is set at £4.753m which is the estimated costs for 2026/27.