

REPORT TITLE: HOUSING REVENUE ACCOUNT (HRA) RENT, SERVICE CHARGE INFLATION UPLIFT REPORT AND THE HRA BUDGET FOR 2026-27

Meeting	Cabinet
Date	2 nd December 2025
Cabinet Member	Cllr Moses Crook Deputy Leader and Transport and Housing
Key Decision Eligible for Call In	Yes Yes
<p>Purpose of Report This report provides the financial context and basis for the annual rent and service charges inflationary uplift as well as for the HRA budget which provides for the revised 5-year Capital Plan, which will be considered by Cabinet on 2nd December 2025, and by Council in February 2026 for approval.</p> <p>This report is for a decision for the annual rent and service charge inflationary uplift for 2026-2027, which will form part of the HRA budget proposals.</p>	
<p>Recommendations Cabinet is being asked to agree the following:</p> <ul style="list-style-type: none"> To approve rent uplifts by an average of £4.19 per week (CPI, 3.8% +1%) and service charges payable between 0.01p and £0.87 per week (4.8%) from 1st April 2026, after taking into consideration the affordability to tenants. The increases are summarised in Appendix 1. To approve the increase the rent by a further £1 or £2 per week in line with the government announcement to move towards rent convergence. To approve the increase the service charge for communal grounds maintenance services capped at £1.00 per week each year until full cost recovery is achieved. To approve the increase the charges for Extra Care Services – Intensive Housing Management to be uplifted by between £1.47 and £3.74 (4.8%) and Extra Care Services – Night Care Service to be uplifted by £1.13 per week (4.8%). To note the national and local financial challenges outlined as part of the HRA budget proposals for 2026-27. To delegate authority to and the Executive Director of Place in consultation with the Portfolio Holder for Transport and Housing to approve any changes to the rate for sheltered heating and district heating. That the draft HRA Revenue Budget for 2026/27 is recommended to Council in February 2026 for approval; Appendix 2 That the revised proposed five-year Capital Plan Budget is recommended to Council for approval; Appendix 6. (Funding summary Appendix 4) 	

Reasons for Recommendations

- To maximise rent and service charge income which complies with the requirements of the Local Government and Housing Act 1989 to have a balanced HRA and the Welfare Reform and Work Act 2016 and the rent standard.
- To ensure resources are available to invest into tenants' homes to make sure they are safe and that they meet the decent home standard. A breakdown of the capital plan is summarised at Appendix 5.
- To ensure the appropriate mechanisms are in place to support vulnerable tenants.
- To propose a balanced HRA revenue and capital budget for 2026-27.
- To hold reserves at a level which is set at £500 per property at c£10.8m.

Resource Implications

The proposed budget provides for additional staffing costs of £383k to support the delivery of the Capital programme.

Date signed off by Executive Director & name

David Shepherd – Executive Director of Place
5 November 2025

Is it also signed off by the Service Director for Finance?

Kevin Mulvaney – Service Director of Finance
21 November 2025

Is it also signed off by the Service Director for Legal Governance and Commissioning?

Samantha Lawton - Service Director of Legal, Governance and Commissioning (Monitoring Officer)
21 November 2025

Electoral wards affected: All

Ward councillors consulted: No

Public or private: Public

Has GDPR been considered? Yes

1. Executive Summary

1.1 The Council is required to maintain a self-financing Housing Revenue Account (HRA), which is a ring-fenced account separate to the General Fund and is a record of all revenue expenditure and income relating to the authority's own housing stock. It is the responsibility of all Councils with an HRA to set a balanced budget and make provision for adequate resources to invest in council properties. This ensures tenants safety and that they are living in properties that meet a decent home standard including energy efficiency which will support tenants with the cost of living. This report sets the provisional budget for 2026-27 for the HRA, details of which are included in the following pages and appendices.

1.2 The Council regularly reviews and updates the HRA business plan with the aim to produce a self-financed and balanced budget position over the 30-year plan that delivers the key objectives.

- 1.3 The main source of income for the HRA is from rents and service charges, income from leaseholder service charges and charges paid by tenants for specific services. The income is used to support the management and maintenance of the Council's circa 21,500 housing stock, is reviewed annually, and is increased as required within the guidelines agreed by Government. This report sets out the approach to the annual rent and service charge inflationary uplift for council tenants for the 2026/27 financial year. The annual proposed uplift to social housing rents and service charges is based on the government formula of CPI + 1% (Consumer Price Index). This was agreed for a ten-year period from April 2026 to March 2036 where the CPI rate is taken from September each year. This complies with the requirements of the Rent Standard set by the Regulator of Social Housing.
- 1.4 This year the rate of inflation at the end of September 2025 was 3.8% which means a proposed uplift of 4.8%. In addition to this proposed increase the Government is currently consulting on a regime of rent convergence, which means charging a formula rent for all properties, where the formula is calculated based on the property valuation, number of bedrooms, location and local earnings levels. Where rents are currently charged below the formula rent, government are expected to announce a plan of how Registered Providers can move towards rent convergence. This may mean a further increase of £1 or £2 per week for tenants whose rents are not in line with the formula rent calculations set out in the Rent Standard. The Council is also proposing a 4.8% uplift for the extra care - Intensive Housing Management service and night-time security service charges where the costs are linked directly to staffing and the increase for the National Living Wage.
- 1.5 We have aimed to sensitively increase costs recognising financial challenges for our tenants. To support this agenda the proposed budget has allocated funds to provide additional support to tenants. This will aim to provide support to the financial challenges that the rent/service charge increase brings along with the impact of rent convergence. The support will be for a transitional period offered as part of a package of wider support.
- 1.6 The proposed rent and service charge increase, and convergence uplift are required to enable investment in our tenants' homes. Within the financial plan is a proposed five-year Capital Programme outlining investment in our homes including new roofs, doors, environmental works, kitchens, bathrooms, and heating systems benefitting the fabric of our properties and improving the quality of tenants' homes.
- 1.7 A review of service charges has been carried out because the Council needs to ensure that it recovers income to cover the cost of providing services to tenants and leaseholders in an equitable manner.
- 1.8 The Regulator of Social Housing benchmarking data for 2024-25 shows that Kirklees continues to charge one of the lowest average rents. The Yorkshire and Humberside region reports the second lowest average social rent across the country, with only the Northeast charging a lower average social rent. The average weekly social rent for Kirklees being proposed for 2026-27 is £91.57. (*Local Provider Social Housing in England – Stock and Rents 2024-25*)

Comparative rent data	Local Authority Net	Private Registered Providers Net	Average Net
	rent	rent	rent
	£	£	£
Kirklees	£85.87	£104.49	£88.62
Yorkshire and the Humber	£90.88	£101.73	£95.36
England	£107.88	£118.15	£113.69

- 1.9 Where new council housing is being developed for rent, there will be consideration, subject to a business case to charge social rent or an affordable rent, which is 80% of the market rental charge. The affordable rent would be less than the agreed local housing allowance and supports the published rent standard. When a property is relet, the tenant will automatically be charged the formula rent for that property, plus any relevant service charge unless the property is subject to an affordable rent, in which case the agreed affordable rent will be charged.
- 1.10 The Proposed HRA revenue budget is £115m, where 28% is budgeted to be spent on repairs and maintenance, 24% to be spent on management costs, 5% to be spent on community facility costs which is recoverable through a service charge, 10% to be spent on extra care schemes which is recoverable through grant, rents and service charges, 23% to contribute to the cost of capital and major works, 7% for financing costs and 3% for other provisions and taxes.

Capital Plan

- 1.11 As part of our budget setting work a review of the five-year capital plan has taken place. This ensures that our plan is affordable and, after several years underspending on capital budgets, that it can be delivered by teams in Homes and Neighbourhoods, working closely with Property Services, and our wider sub-contracting supply chains.
- 1.12 During the last 12 months the service has benefitted from a range of resources brought in to develop our programme and capacity to deliver. We have recently appointed a new Head of Asset Management and Building Safety (employment with the Council commences in January 2026) and prior to the new financial year will have recruited a new management team and reduced significantly the officer level vacancy rate to support the delivery. These actions are being taken to ensure that over the life of the five-year capital plan we have the resources required to deliver and reduce capital expenditure slippage.
- 1.13 Our priorities over the next 5 years are to:
- Ensure compliance with our regulatory responsibilities (Consumer Standard - Quality & Safety Standard)
 - To reduce the maintenance backlog and elemental component failures
 - To deliver our fire and building safety programme over a five-year programme.
 - Improve homes to ensure they are compliant with the Decent Homes Standard.
 - Continue to reduce the number of homes that are affected by DMC.
 - Completing fire and building safety investment to ensure our homes remain safe.
 - Achieve EPC C across our stock by 2030 (6,800 approx. homes)
 - Deliver our neighbourhood and communal investment priorities.
 - Develop plans to increase the supply of new Council homes through new build, acquisition & conversions
 - Complete delayed regeneration projects and deliver strategic priorities
 - Maximising external funding opportunities to deliver our agreed priorities with tenants and, the HRA Business Plan ambitions
- 1.14 The capital plan has been updated from the Council Housing Asset Strategy, which was approved by Cabinet on 12 March 2024, ensuring our existing Council homes are safe, warm, well maintained and, our capital investment is reducing long-term repairs and maintenance costs. It will also reduce current maintenance backlog and, will deliver on updated regulatory responsibilities, tenant priorities, and tenants' satisfaction with the quality of their homes.
- 1.15 In March 2024 we estimated that a capital plan budget of £170million would be required to improve our stock of council homes including a backlog maintenance of £70m. However,

that plan had not fully considered the extent of future building cost inflation and did not include other strategic Council's priorities including additional investment required to reduce the levels of non-decency; compliance with Regulator for Social Housing Consumer Standards including new requirements held within Awaab's Law; fire & building safety legislation; or growth ambitions.

- 1.16 This plan rectifies the above points by bringing together all required investment and strategic priorities into one capital plan with relevant building cost inflation (BCIS formula) applied. This ensures affordability and robustness across a balanced thirty-year asset management programme.
- 1.17 With the successful completion of the full fire risk assessment (FRA) programme on all properties requiring an FRA we have been able to complete a review of the fire & building safety programme. The result is a proposed detailed 5-year investment programme (reduced from 7 years) that will ensure all our homes meet the required legislation. It means that work is carried out at the earliest opportunity to address required actions and recommendations made to the Council regarding fire safety.
- 1.18 The proposed 5-year Capital Plan including inflation is as follows:

HRA 5-Year Capital Plan	£
Improving the quality of Council Homes	264m
Strategic Priorities: Completing Regeneration Projects, Acquisitions & New Council Homes etc	105m
Adaptations	21m
Total Cost (5-Years)	390m

- 1.19 The financial detail of the capital plan is provided at Appendix 5. There is a high degree of confidence in the total value of the programme over the five-year period, but at this stage of reporting there could still be variation in the spend profile within years, and particularly in Year one as the programme mobilises. The work required to confirm the final profile will be completed in December and early January with a final year one investment spend confirmed for the final decision in February 2026. The work required to confirm includes programme risk assessment and potentially soft market testing, will be concluded ahead of final approval of the budget.
- 1.20 The capital plan includes our ambition to increase the supply of new homes on HRA land. This will be achieved through a robust review of land that will be suitable for new Council homes; demolition and rebuild projects; acquisition of new homes via section 106 and on open market; continuation of our LA Housing Fund (LAHF); And working in partnership with other Registered Providers via the West Yorkshire Housing Partnership and WYCA to secure funding and deliver homes under the Homes England Social and Affordable Housing Programme 2026-2031 and any other available external funding to help us deliver our ambitions.
- 1.21 A priority for the HRA Business Plan is the long-term viability of this plan, to replace homes lost from RTB; to increase the supply of new Council housing to meet ever growing demand for social housing to reduce the number of households in temporary accommodation. The outcome of this work will be the subject of a separate Cabinet report during 2026/27 and is likely to refresh the assumptions included in the five-year Capital Plan.

2. Information required to take a decision

- 2.1 The Council is required to deliver a balanced thirty-year business plan. The HRA (Housing Revenue Account) business plan has been modelled based on an inflationary uplift of 4.8%

with the additional £1 or £2 per week to achieve rent convergence and this is required to be able to fund all its commitments in the capital plan and support a minimum reserve balance of £500 per unit, (2025-26 - £10.8m). A minimum reserve of £500 per unit is considered prudent and provides for unexpected costs or economic shocks.

- 2.2 An inflationary provision of 3.5% for staffing costs has been provided for, until the pay award for 2026-27 has been finalised.
- 2.3 Homes and Neighbourhoods have implemented a new housing management system (CX) which includes an integrated customer contact and relationship module. This will support the ongoing transformation work, which includes end to end process reviews, a focus on compliance, statutory, legislative, regulatory and a culture review. This will be supported by better insight and data provided by more efficient systems and processes.
- 2.4 Service revenue management budgets have increased by £653k, which includes £383k for additional staff costs for the Assets and Development team to provide additional capacity and the right skills to deliver the capital plan programmes. An additional £200k has been included to support transitional arrangements for tenants in receipt of partial or no housing benefit assuming rent convergence will be applied. A further £70k has been set aside to assist with preparations for an expected inspection by the Regulator of Social Housing.
- 2.5 The proposed budget for repairs and maintenance is £32.7m, which is a net increase of £1.4m. Resources will be set aside to carry out stock condition surveys; additional funding for meeting the cost of an increase in responsive repair call volumes; increasing funding to ensure we are compliant with new Legislation including fire and building safety work, implementation of Awaab's Law; reducing backlog maintenance. An inflationary increase of at least 3.5% has been allocated to repairs related works and an increase of 4.5% will be applied to works related budgets, where additional demand pressures have been identified or to address any outstanding works.
- 2.6 The grounds maintenance service is provided to tenants and leaseholders in Kirklees and currently costs £1.7m. A service charge has been introduced which will be a maximum increase each year of £1 per week, per year until full cost recovery is achieved. Charges have been divided equally between tenants and leaseholders based on each property they live in, on an estate-by-estate basis. Service standards will be issued, and regular monitoring will take place.
- 2.7 For district heating schemes, meters will be reviewed at least annually and adjusted by the appropriate cost per kwh to match current prices. It is requested that the decision to approve any changes to charges is delegated to the Executive Director of Place in consultation with the Portfolio Holder for Transport and Housing.
- 2.8 Similarly for sheltered heating schemes, it is requested that the decision to approve any additional charges is delegated to Executive Director of Place in consultation with the Portfolio Holder for Transport and Housing.
- 2.9 The amended UK Decent Homes Standard was introduced in 2006. Compliance with this standard does not stand still and properties each year will be made 'decent' whilst others will fall 'out of decency' because some of the key elements of a home may have reached the end of their lifecycle (e.g. roof & chimneys, windows, heating, kitchens & bathrooms etc). At the end of 2024/25 had 21.19% (5,224 Council homes); 21.7% including other social units (PFI units and others) that did not meet the Government Decent Home Standard (DHS). This measure is calculated on a quarterly basis. We are already seeing improvements against non-decency this year because of work that is being undertaken and further stock condition validation. In October 2025, non-decency stood at 13.9%.

- 2.10 Over the next five years £390 million will be required to be invested in our homes based on current information. This is updated annually and, will be further informed by more up to date stock condition surveys that will be undertaken over the next three years for all existing homes. All homes that do not meet the Decent Homes Standard are now included in the capital plan. This will include our commitment to taking a fabric first approach, retrofit measures targeted at homes where there are recurrent or ongoing damp, mould, and condensation or cold home issues.
- 2.11 Until such time as more current stock condition information is available and data has been integrated to support capital planning, surveys will take place for each year's capital programme to ensure that homes included in the capital plan will continue to prioritise work on a 'worst first approach' , whilst also taking a geographical approach to planning investment so that those homes that are in urgent need of investment are prioritised. Annual programmes and budgets will be developed in a way that enables flexibility in year to deal with unforeseen issues through the dynamic planned maintenance initiative and will be kept under regular review.
- 2.12 There is a requirement to propose a rent and service charge uplift of 4.8% for the financial year 2026-27. The report aims to provide context in terms of the key challenges for the Housing Revenue Account even with the proposed 4.8% rent uplift. The appendix to the report sets out the full schedule of proposed weekly dwelling rent, service and other charge inflationary uplifts to Council tenants for 2026/27, noting that these will be calculated on a basis that matches the billing period to the number of weeks in the year (i.e., 52 weeks for 2026/27) Appendix 1.
- 2.13 The proposed inflationary uplift will mean an average uplift across all tenancies of £4.19. The following table summarises the proposed average rent to be charged and increase for each bedroom size:

Average weekly rent increases	2025-26	2026-27	Increase	Increase
	£	£	£	%
All	87.38	91.57	4.19	4.80
Average 1 bedroom	77.39	81.10	3.71	4.80
Average 2 bedroom	91.72	96.12	4.40	4.80
Average 3 bedroom	103.09	108.04	4.95	4.80
Average 4+ bedroom	110.18	115.47	5.29	4.80

- 2.14 Following the Government consultation carried out earlier this year in relation to rent convergence, there is an additional £1 or £2 per week per property increase being proposed where the formula rent is not currently being charged.
- 2.15 There are 73% of council tenants that are currently in receipt of some benefit either Universal Credit or Housing Benefit and so the Council needs to ensure that they consider the impact of the proposed uplift for the 27% of tenants who are not in receipt of any benefits and those on partial benefits. The Council have a dedicated Income Management and Money Advice Team who will work with these tenants to support them with completing claims for benefits and signposting them to other agencies. Tenants can also access Kirklees corporate support. [Local Welfare Provision | Kirklees Council](#)
- 2.16 Where new council housing is being developed for rent, there will be the consideration, subject to a business case to charge a social rent/formula rent or an affordable rent. An affordable rent may be charged, which is 80% of the market rental charge and is inclusive of service charges. This is supported by the rent standard published by the Regulator of Social Housing.

- 2.17 There are 51% of tenants that are currently reported as having some arrears of which 72% are in receipt of Universal Credit and so it cannot be guaranteed that payments will be made because the benefit goes direct to the tenant, although claims to have the benefits paid direct to Kirklees can be made if the tenant is reported to have more than eight weeks arrears. There are 42% of tenants who pay by direct debit and 58% who pay by alternative methods of payment. Tenants are encouraged to sign up for direct debit arrangements.
- 2.18 All services are looking to achieve efficiencies to address the cost-of-living inflationary increases and in total savings of £1.1m for 2026-27 have been proposed. These savings have been built into the proposed budget to ensure there is budgetary control and accountability. Savings include a reduction of 128 void properties over the year, reducing rent lost by £291k; recovery of service charge income of £386k for grounds maintenance; £14k for cleaning; heating charges of £25k; and £172k efficiency proposed from better ways of working.
- 2.19 The Intensive Housing Management service charge provides a manager presence in the extra care schemes and the provision of a housing related support service to tenants to help them maintain their tenancies. Of the total cost of this service tenants pay for 80% and the charge is eligible for housing benefit. An uplift of 4.8% is proposed as the costs are linked directly to staffing and the increase for the National Living Wage.
- 2.20 There are two service charges which are commissioned by the Council's Adult Social Care. The Night-time Security service charge provides a staff presence in the extra care schemes overnight and to respond to emergency calls made by tenants during the night. The charge that tenants pay for this service amounts to 50% of the total cost and the service charge is eligible for housing benefit. The total cost of this service will increase annually due to an uplift to the National Living Wage. An uplift of 4.8% is proposed as the costs are linked directly to staffing and the increase for the National Living Wage.
- 2.21 The Council assumes a number of properties will be sold through the RTB Scheme, which on average is around two hundred properties per annum. The number of sales has reduced over the last two years but due to the budget announcement to amend the discount levels with effect from 21st November 2024, there has been additional applications and so there is an assumption that there will be 180 sales in 2026-27.

3. Implications for the Council as part of the Council Plan

3.1 Working with People by providing direct support to tenants.

- 3.1.1 The rollout of Universal Credit (UC) started in June 2015 and is now accelerating due to DWP Managed Migration with 55% of tenants currently in receipt of UC, 18% partial or full Housing Benefit (HB) and 27% in receipt of no benefits and so there are dedicated staff to support tenants transitioning from Housing Benefit to Universal Credit. As of 29th September 2025, there were 5438 tenants who were not in receipt of any benefits of which 3306 (61%) of those tenants who are already on an arrangement to pay by Direct Debit. The Money Advice team will support these tenants to assess whether they will be eligible for any benefits, will support them to claim any entitlements and to put in place an arrangement to pay by Direct Debit. Contact details for support and additional information will be sent out to all tenants with the statutory increase notice.
- 3.1.2 Tenants will have access to a Discretionary Housing Payment (DHP) which is still available to fund short term gaps in customer benefit entitlement etc. All assessments are made on specific need.

3.2 Working with Partners

3.2.1 Homes & Neighbourhoods Income Management resources are being made available and targeted towards new and transitioning UC claimants to ensure that they receive the support that they need to successfully make the change and keep in control of their rent accounts. The waiting period is around 5 weeks before the first payment is received, although tenants can claim an advance payment. There are significant strategic and operational challenges in dealing with the claimants in receipt of benefits in Kirklees Council tenancies and as UC continues to be rolled out in Kirklees, with increased risks associated with managing the HRA, cashflow and income collection rates. The Homes & Neighbourhoods Income Management team work with partners to oversee the delivery of a set of action plans designed to directly mitigate the impact of welfare reform changes such as UC on tenants through a dedicated debt advice team that adopts a restorative approach to debt management.

3.3 Place Based Working

3.3.1 Engagement proposals are informed by intelligence and evidence gathered from previous successful place-based engagement programmes delivered by Homes & Neighbourhoods and other partner services. This includes consultation at the high-rise blocks at Berry Brow and Harold Wilson Court in 2021 to inform full regeneration and fire safety improvement programmes, working with ward members and tailored to the needs of Kirklees as a place and the individual needs of its distinct communities.

3.3.2 There have been several issues regarding the delivery of the capital programme in recent years which have been addressed. This includes lack of oversight, significant vacancies within the services, changing priorities for investment and lack of effective planning. These issues have been addressed through the introduction of the Homes & Neighbourhoods Capital and Revenue Investment Board (HCRIB), reporting into H&N Senior Management Team and appropriate Council Governance meetings with a close alignment with the Council's Capital Board; by reviewing the five-year Capital Plan alongside the resources required to deliver this programme; robust delivery performance management of the programme and, the re-structure of the service. This has also included changes within Property Services.

3.4. Climate Change and Air Quality

3.4.1 Kirklees Council are investing in new heat sources for a number of their council properties to make them more efficient. They have been successful in accessing grants to support the review of existing networks and to support the cost of new heat networks. They also have the use of a number of electric vehicles which will support the climate and clean air agenda.

3.4.2 The planned programme includes the work required to bring around 6,800 Council homes up to EPC C by 2030. Programmes designed to improve energy efficiency and environmental impact (decarbonisation and fabric first retrofit) will be reviewed as part of the ongoing stock condition surveys and Health and Housing Safety Rating System (HHSRS) to inform future investment planning. West Yorkshire Combined Authority have awarded Kirklees £2.6 million to support our Capital Plan.

3.5 Improving outcomes for children

3.5.1 The current baseline capital plan is forecast to invest £390m over the next five years, which includes resources set aside for component replacements, estate improvements, compliance, fuel poverty, and adaptations. Investing in council properties will improve living conditions by providing a warm and safe home for tenants to live in, which will improve

outcomes for children. The capital plan has been reviewed and updated during 2025-26 which will provide additional investment into existing homes.

3.5.2 The Money Advice team work closely with tenants to assess whether they are entitled to benefits and then support them to claim entitlements. This relieves poverty in the household and therefore supports children to have a better start in life, which improves outcomes.

3.6 Financial Implications

3.6.1 The Council will propose a balanced budget for 2026-27 and maintain a balanced 30-year HRA business plan, which will be supported by funding from reserves and additional borrowing.

3.6.2 A number of key policy announcements have been made following the enactment of the Welfare Reform and Work Act 2016 and the Housing and Planning Act 2016. The implications of the new legislation have been included within the 30-year financial modelling for the HRA. The budget proposals for 2026-27 result from a review of the HRA with the key objective to deliver a balanced 30-year HRA business plan.

3.6.3 People living or working in Kirklees will have access to the Kirklees local welfare provision: [Local Welfare Provision | Kirklees Council](#)

3.6.4 The proposed 30-year capital plan to support delivery of the Asset Management Strategy requires £390 million investment in Council housing over the next 5 years. This will be financed through the Major Repairs Reserve (MRR), Grants, and revenue contributions to capital outlay (RCCO) from the HRA with any additional amounts being financed through new borrowing. This balance assumes the most critical priority is to improve the quality of existing Council homes for tenants alongside maximising opportunity and funding to increase year on year acquisitions and new provision to support this plan to ensure long-term viability of the HRA BP. The proposed budget provides for corporate resource to support the delivery of this plan. The HRA Business Plan is reviewed annually, and as stock condition survey information is updated this will feed into the annual review process to ensure the capital plan is adjusted to reflect current investment needs.

3.7 Legal Implications and governance

3.7.1 The approval of the above recommendations will ensure that a balanced HRA is achieved, which means the Council is compliant with section 76 of the Local Government and Housing Act 1989. The HRA is a ring-fenced account and cannot be subsidised by the General Fund. Section 24 of the Housing Act 1985 allows the Council as a registered provider the discretion to set its own rents, but the charges must be reasonable and are subject to legislative rent caps imposed by the government. The Local Government and Housing Act 1989 also covers the recovery of service charges, and the rent standard applies to both rents and service charges. Changes to rent and service charges are excluded under section 105 (2) of the Housing Act 1985 from the statutory duty to consult with tenants on matters of "housing management" under section 105 of the Housing Act 1985.

3.7.2 The Equality Act 2010 (Section 149) requires the Council to have due regard to the need to:

a) eliminate discrimination, harassment, victimisation, and any other conduct that is prohibited by or under the Act.

b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.

c) Foster good relations between people who share a relevant protected characteristic and those who do not.

3.7.3 A landlord, including a social landlord has the legal right to impose charges for services they provide which are payable in addition to the charges imposed for rent. The tenancy agreement or lease the landlord has with a tenant sets out the obligations on the tenant to pay these service charges. The service charges each tenant is required to pay should be clearly set out at the commencement of the tenancy. The Council, as a landlord must ensure it meets its statutory obligations when deciding to increase or introduce service charges and ensure the right to impose such charges is clearly set out in the tenancy agreement/lease as this may limit the ability to charge. The amount of service charges each tenant is required to pay should be reasonable. This applies to both secure and leasehold tenants.

3.7.4 Improved Governance has been introduced for capital programme delivery in 2025/26, this has involved the establishment of a Homes & Neighbourhood Capital and Revenue Investment Board (HCRIB), focus on robust financial management and monitoring the delivery of the capital plan against approved budgets, robust investment planning, enhanced project and contract management and delivery. This brings together representation and expertise from across the Council to ensure this plan is delivered. With an increased focus on performance management and KPI reporting. All HRA Capital being managed by a single Homes & Neighbourhoods Capital Board reporting into H&N SMT and, alignment with the Corporate Capital Board.

3.8. Other (e.g. Risk, Integrated Impact Assessment or Human Resources)

3.8.1 In planning of the five-year Capital Plan this provides the opportunity to review the approach to procurement to avoid unnecessary tenant disruption and, the move to appoint through a procurement compliant process the opportunities to move away from smaller, single elemental replacement programmes to a smaller number of strategic contractors or framework partners carrying out greater volumes of work delivering a range of improvements, coordinating work programmes to reduce tenant disruption, improving operational efficiency and allow for more robust contract management, whilst managing any relevant risks of such an approach.

3.8.2 It is believed that the proposals to change rents and other charges set out in this report will not have an unduly adverse impact on any persons in any of the nine protected characteristics namely, age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion, or belief, sex, and sexual orientation. All tenants affected by any approved changes to rents and other charges will be notified of the specific changes to their charges and be provided with information and guidance on how to access information and guidance on housing and other benefits. Ref: [IIA-667140185](#)
Ref: [IIA- 656525132](#).

4. Consultation

4.1.1 Consultation was undertaken with tenants and leaseholders to introduce a service charge for the provision of communal Grounds Maintenance (GM) services capped at £1.00 per week from 2025/26.

4.1.2 Resident involvement is essential and, to ensure the quality of improvements to homes supports our tenants' priorities and, we have their support to improving their homes. The five-year capital plan will be used to introduce a range of ways to communicate with tenants about planned improvements. A new Tenant & Leasehold Communications Plan key that will improve engagement with our tenants and leaseholders. This will include

improvements to the website providing more information that is easily accessible and, routine update testing out new channels of communications and information available in our communities. This will be developed over the next few months to coincide with the approval of the five-year Capital Plan by the Council.

4.1.3 The overall programme quantum over a five-year period will not change, but Cabinet should be advised that the profile of the programme may adjust particularly in the early years as officers work through the programme risk profile associated with procurement and delivery. This will be confirmed in advance of the final budget report in February 2026. Careful planning of the programme is taking place to minimise disruption but to also reduce the need for decanting tenants. Additional support will also be available to provide support to tenants in planning the work programme, during the works and minimising disruption. Additional support is in place for any household with vulnerabilities.

4.1.4 Capital Project Delivery teams will include Quality Liaison Officers whose role is to understand the individual needs of tenant & residents and households who will work closely with Housing Management officers so that plans can be developed together in a way that will minimise disruption and supports residents. These officers will manage day to day communications throughout the delivery of work in homes to ensure it is tailored to their needs and support for any vulnerable household as part of the planning of any work to homes.

5. Engagement and communication

5.1.1 The five-year, £390m plan is a significant programme and has been carefully planned to provide the opportunity to maximise social value benefits (through capital contracting) beyond supporting voluntary initiatives. A priority for the borough and in line with Kirklees strategic priorities is the opportunity to maximise apprenticeship and trainee opportunities with contractors and the supply chain. This could be targeted at areas of worklessness, working closely with local schools, colleagues and children's parenting board whilst targeting workplace opportunities for those furthest away from the labour market.

5.1.2 There is a requirement to give tenants 28 days' notice of any uplift in rents or service charges.

6 Options

6.1 Options considered

6.1.1 To do nothing would mean that Kirklees would have to either increase its borrowing to cover the cost of services, make additional savings or would have to consider reducing the level of services delivered.

6.1.2 To maximise rental income based on the government formula to uplift rents annually by CPI +1% and to move to a full cost recovery for service charges.

6.2 Reasons for recommended option

6.2.1 To maximise income so that Kirklees can invest in tenants' safety and decent homes and so it can set a balanced budget.

6.2.2 To recover income where Kirklees Homes and Neighbourhoods has incurred costs on behalf of tenants, so that tenants are charged for the service they receive.

6.2.3 To recover service charge income to cover the cost of services provided to tenants and leaseholders to achieve a full cost recovery position.

7 Next steps and timelines

- 7.1 In order to comply with the requirements of the Local Government and Housing Act 1989 to have a balanced HRA and the Welfare Reform and Work Act 2016 and the rent standard which requires registered providers to comply with specified rules about their levels of rent set under section 194(2A) of the Housing and Regeneration Act 2008; to implement the uplift of 4.8% (CPI + 1%) plus £1 or £2 per week (pending the government announcement to move to rent convergence) subject to Cabinet approval,
- 7.2 Council Officers will prepare for the implementation of rents and service charge changes from 1st April 2026 as set out in Appendix 1 and the issuing of prior notification letters to individual tenants in accordance with the statutory 4 week notice period.

8 Contact officer

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9 Background Papers and History of Decisions

- 9.1 Rent setting report to Cabinet – 10th December 2024 and Approved budget for 2025-26.

10 Appendices

- 10.1 Appendix 1 – Schedule of weekly rent and service charges for 2026-27.
- 10.2 Appendix 2 – Revenue Medium Term Financial Plan - April 2026 to March 2031.
- 10.3 Appendix 3 – HRA Reserves – March 2027.

11 Service Director responsible

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Schedule of Weekly Rent and Service Charges for 2026/27

	Schedule as at 7 April 2025 £		Schedule as at 6 April 2026 £		Increase %
RENTS					
Average Dwelling Rent	87.38		91.57		4.8
Split:					
Average 1 Bedroom Rent	77.39		81.10		4.8
Average 2 Bedroom Rent	91.72		96.12		4.8
Average 3 Bedroom Rent	103.09		108.04		4.8
Average 4 and Over Bedroom Rent	110.18		115.47		4.8
Garage Rents (Excl VAT)	6.57		6.89		4.8
51					
Housing Benefitable Service Charges					
Concierge	2.77 to 18.12		2.90 to 18.99		4.8
Door Entry Systems	0.49		0.51		4.8
Communal Cleaning	1.13 to 8.70		1.18 to 9.12		4.8
Communal Cleaning (contract extension)	2.51		2.63		4.8
Window Cleaning	0.25 to 2.89		0.26 to 3.03		4.8
Sheltered Housing:					
Scheme Management	15.95		16.72		4.8
Independent Living Officer	5.88		6.16		4.8
Furnishings	20.55, 21.90		21.54, 22.95		4.8
PFI Service Charges					
Communal Cleaning	12.32 to 16.77		12.91 to 17.57		4.8
Communal Utilities	2.53 to 13.42		2.65 to 14.06		4.8
External Lighting (General Needs Only)	1.98 to 2.93		2.08 to 3.07		4.8
Grounds Maintenance	3.32 to 8.62		3.48 to 9.03		4.8
Intensive Housing Management (Extra Care Only)	30.57 to 77.97		32.04 to 81.71		4.8
Management and Admin	1.49 to 1.50		1.56 to 1.57		4.8
Night Time Security (Extra Care Only)	23.63		24.76		4.8
Property Management (Extra Care Only)	25.10		26.30		4.8
R&M Com fac&ut cost	5.89 to 13.46		6.17 to 14.11		4.8
Other Charges					
Parking Spaces	5.65		5.92		4.8
Other Utilities charges	16.70, 23.32		17.50, 24.44		4.8
Older People Support	6.95, 24.05		6.95, 25.20		4.8
Council Tax	5.72, 8.98		5.99, 9.41		4.8 TBC
Gardening	3.77		3.95		4.8
Sheltered heating :					
Bedsit	11.86		12.43		4.8
1 bed	13.59		14.24		4.8
2 bed	15.24		15.97		4.8
3 bed	16.74		17.54		4.8

Appendix 2

Service Activity	25-26	CHANGES	26-27	CHANGES	27-28	CHANGES	28-29	CHANGES	29-30	CHANGES	30-31
	BUDGET AMENDED		BUDGET PROPOSAL		BUDGET PROPOSAL		BUDGET PROPOSAL		BUDGET PROPOSAL		BUDGET PROPOSAL
	£m	£000	£m	£m	£m	£m	£m	£m	£m	£m	£m
Repairs & Maintenance	31,309	1,409	32,718	982	33,700	69	33,769	1,013	34,782	1,043	35,825
Housing Management											
Policy & Management	14,201	532	14,733	442	15,175	455	15,630	469	16,099	483	16,582
Other Council Services	8,282	290	8,572	300	8,872	311	9,183	321	9,504	333	9,837
Homes & Neighbourhoods Man't Costs	18,213	653	18,866	(200)	18,666	-	18,666	-	18,666	-	18,666
Property Services	(190)	18	(172)	-	(172)	-	(172)	-	(172)	-	(172)
Special Services (Communal facilities)	3,669	128	3,797	114	3,911	118	4,029	120	4,149	125	4,274
sub-total	44,175	1,621	45,796	656	46,452	884	47,336	910	48,246	941	49,187
Other Expenditure											
Depreciation charge on HRA Assets	23,989	1,948	25,937	778	26,715	801	27,516	825	28,341	850	29,191
Interest payable on capital debt	7,507	616	8,123	1,125	9,248	1,125	10,373	1,125	11,498	1,125	12,623
Bad debt provision	1,000	-	1,000	-	1,000	-	1,000	-	1,000	-	1,000
Revenue Contribution to Capital (RCCO)	-	-	-	150	150	1,250	1,400	250	1,650	-	1,650
Rents, Rates , Taxes & other charges	829	-	829	-	829	-	829	-	829	-	829
Inflation Provision	727	305	1,032	228	1,260	93	1,353	120	1,473	273	1,746
Sub total	34,052	2,869	36,921	2,281	39,202	3,269	42,471	2,320	44,791	2,248	47,039
Total Expenditure	109,536	5,899	115,435	3,919	119,354	4,222	123,576	4,243	127,819	4,232	132,051
Dwelling Rent income	(95,453)	(5,744)	(101,197)	(3,771)	(104,968)	(4,070)	(109,038)	(4,088)	(113,126)	(4,070)	(117,196)
Non-Dwelling Rent Income	(284)	(7)	(291)	(8)	(299)	(7)	(306)	(7)	(313)	(8)	(321)
Tenant & Leaseholder charges for services & facilities	(5,152)	(583)	(5,735)	(140)	(5,875)	(145)	(6,020)	(148)	(6,168)	(154)	(6,322)
HRA Interest income on cashflow	(735)	435	(300)	-	(300)	-	(300)	-	(300)	-	(300)
Excellent Homes for Life (PFI)	(7,912)	-	(7,912)	-	(7,912)	-	(7,912)	-	(7,912)	-	(7,912)
Government Grant	(7,912)	-	(7,912)	-	(7,912)	-	(7,912)	-	(7,912)	-	(7,912)
Total Income	(109,536)	(5,899)	(115,435)	(3,919)	(119,354)	(4,222)	(123,576)	(4,243)	(127,819)	(4,232)	(132,051)
Net Operating Expenditure	-		-	-	-	-	-	-	-	-	-

Appendix 3

HRA RESERVES	Balance at 31 March 2026	Contribution to reserves	Contribution from reserves	Balance at 31 March 2027
	£'000	£'000	£'000	£'000
Set aside for business risks	(10,800)	-	-	(10,800)
Repairs reserve	(1,000)	-	-	(1,000)
Set aside to meet investment needs	(7,510)	-	7,510	0
Total	(19,310)	-	7,510	(11,800)

Appendix 4

CAPITAL PLAN	2026/27	2027/28	£ 2028/29	£	2029/30	2030/31	Total
	£		£	£	£	£	£
FUNDING SUMMARY							
Borrowing	24,247,161	47,464,460	43,027,703		45,764,409	25,796,612	186,300,345
Grants	5,576,867	4,697,300	2,982,391		2,661,200	2,226,000	18,143,758
Capital Receipts	4,514,000	6,466,357	16,045,094		10,787,821	2,677,700	40,490,972
HRA RCCO	7,510,000	0	0		0	0	7,510,000
HRA MRR	25,937,000	26,715,110	27,516,563		28,342,060	29,192,322	137,703,055
Overall Total	67,785,028	85,343,227	89,571,751		87,555,490	59,892,634	390,148,130

Fire door renewals	£0	£0	£0	£0	£0	£0
Compartmentation and fire lining	£0	£0	£0	£0	£0	£0
External doors and screens communal	£587,004	£616,354	£647,172	£679,531	£713,507	£3,243,568
Damp, Mould & Condensation	£1,000,000	£1,000,000	£1,000,000	£1,000,000	£1,000,000	£5,000,000
Other Asset Capital Programmes	£26,749,284	£23,751,628	£22,520,055	£32,067,697	£19,971,830	£125,060,494
Estate Improvement (Neighbourhood Investment) projections	£1,100,000	£1,100,000	£1,100,000	£1,100,000	£1,100,000	£5,500,000
Six Storey Blocks building safety and refurb projections	£18,599,335	£13,702,386	£10,266,888	£19,093,002	£9,138,760	£70,800,371
Low Rise Blocks building safety and refurb projections	£2,306,341	£1,594,181	£1,593,012	£2,310,196	£168,445	£7,972,175
Retirement Living Schemes building safety and refurb projections	£3,035,858	£6,355,061	£7,760,155	£7,764,499	£7,764,625	£32,680,198
Decarbonisation and fabric first retrofit requirements	£1,707,750	£1,000,000	£1,800,000	£1,800,000	£1,800,000	£8,107,750
STRATEGIC PRIORITIES	£17,844,166	£36,739,357	£39,330,822	£25,270,436	£6,377,700	£125,562,481
Acquisitions	£2,722,970	£2,400,000	£2,400,000	£2,400,000	£2,400,000	£12,322,970
Council Housing Build Programme	£1,114,000	£1,114,000	£1,114,000	£1,114,000	£0	£4,456,000
Regeneration Projects	£1,000,000	£2,952,357	£12,531,094	£7,273,821	£277,700	£24,034,972
Approved Regeneration Projects	£7,516,020	£25,873,000	£19,585,728	£10,782,615	£0	£63,757,363
Fernside Module Build (Remediation works)	£145,000	£0	£0	£0	£0	£145,000
Adaptations	£5,346,176	£4,400,000	£3,700,000	£3,700,000	£3,700,000	£20,846,176