

Isle of Anglesey County Council	
Report to:	The Executive
Date:	16th December 2025
Subject:	Housing Rent HRA and Housing Service Charges 2026/27
Portfolio Holder(s):	Councillor Carwyn Jones
Head of Service / Director:	Ned Michael, Head of Housing Services
Report Author:	Darren Gerrard, Housing Service Business Manager 01248 752265
Tel:	dkghp@anglesey.llyw.cymru
E-mail:	
Local Members:	

A – Recommendation/s and reason/s	
Following the Welsh Government's announcement of an increase of up to 4.3% in social rent levels Members of the Executive Committee are asked to approve the rent increase and service charges for 2026/27 as set out below :-	
R1	to approve the rent increase of 4.3% on all general rent units in line with the Welsh Government rent policy on collection over 51 weeks.
R2	to approve an increase of £1.10 per week for the rent of all garages.
R3	to approve that the service charges costs as noted within section 6.3 of the report be applied to all tenants who receive the relevant services.
R4	to approve the administration of the 'Rent Support Scheme', a local scheme to support tenants who are in financial difficulty.

A – Recommendation/s and reason/s

Reasons:

1.0 Background

1.1 The Council is required under the Local Government and Housing Act 1989 to keep a Housing Revenue Account (HRA), which is ring-fenced for transactions specifically relating to Local Authority Housing.

1.2 On 29th September, the Cabinet Secretary for Housing and Local Government published a new 10-year Welsh Government Rent and Service Charge Standard 2026-2036, providing certainty and stability for social landlords and tenants across Wales. This long-term policy reflects the Welsh Government's commitment to ensuring that social housing remains affordable, high-quality, and responsive to the needs of communities. The 2026–2027 rent year marks the first year governed by the new 10-year Welsh Government Rent and Service Charge Standard (the Rent Standard). The new Rent Standard applies from 1 April 2026 to 31 March 2036.

1.3 On 24th October 2025, the Welsh Government confirmed in writing that it had approved the Policy for Social Housing Rents for 2026/27. The letter advises that all Local Authorities should apply the formula of Consumer Price Index (CPI) + 0.5%, with the CPI value for September 2025 set at 3.8%.

1.4 The Minister has determined that the total maximum annual rent uplift across the whole of the stock will be **up to 4.3%**.

1.5 Whilst 4.3% will be the maximum increase allowable, it is expected that the Authority's decision on rent increase **must** consider the needs of landlords and affordability of rents for tenants equally.

1.6 It is the ambition of the Welsh Governments that all Registered Social Landlords including the 11 local authorities that have retained their housing stock commit to meeting to the WHQS 2023 by 2033. It will require significant investment from the HRA to fund over the next 7 years to realise these additional standards which will result in a reduced revenue surplus being available from the HRA to finance capital investment required to meet the new standards.

1.7 We will continue to receive the Major Repair Allowance of approximately £2.7m from the Welsh Government which has not increased to meet the additional new standards.

1.8 The Welsh Government expects all Registered Social Landlords (RSLs) in Wales to continue increasing the number of new affordable social homes being developed in order to meet their target of delivering 20,000 new homes. Over the past four years, the Housing Service has completed the development of 140 new homes and purchased 69 former Council properties. In addition, there is currently a development programme of 44 new homes on site.

A – Recommendation/s and reason/s

1.9 We trust that the above justifies the means case to be maximising our rental income in order to meet the aspirations of the Welsh Governments which includes the need to ensure a suitable flooring finish in our homes which is going to be increasing our costs when re-letting homes.

1.10 As part of the Welsh Government's new Rent Standard 2026–2036, all Social Landlords are required to undertake an annual assessment of tenant affordability, ensuring that service charges are included within the affordability model. They must also demonstrate cost efficiency and provide assurance that their homes and services represent value for money.

1.11 Rent Agreement Commitments and Initiatives

As part of the consideration process for this settlement, a number of new commitments and initiatives have been set by Welsh Government which include :-

- Continue the commitment of no evictions due to financial hardship for the term of the settlement, where tenants engage with landlords, whilst working with partners to deliver on the commitment not to evict into homelessness.
- Continue to provide targeted support to those experiencing financial hardship to access support, alongside focused communication to encourage tenants to talk to their landlord if they are experiencing financial difficulties and access support available.
- Maximise the use of all suitable social housing stock, with a focus on helping those in the poorest quality transitional accommodation move into longer term homes that meet their needs.
- Continue to build on existing engagement with tenants in rent setting decisions, including explaining how income from rent is invested and spent.
- Continue to undertake a standardised tenant satisfaction survey and provide the data for publication on a central website to assist tenants in scrutinising landlord performance. Working with the Welsh Government to consider including up to three new questions over the rent settlement period to ensure data collected remains current and in line with tenant priorities and continue to work to improve survey methodologies.
- Commit to work with the Welsh Government to strengthen transparency and accountability and improve learning and practice through enhanced data sharing:
 - *for Local Authorities, work with us to enable the completion of quarterly data returns on key aspects of service provision and agreeing to their anonymised publication*
 - *for Local Authorities and Registered Social Landlords, work towards a fully transparent publication of the data (each landlord identifiable) as soon as practicable, once any data quality concerns have been addressed*

A – Recommendation/s and reason/s

- *Work together to gather evidence and fully assess, and where possible, test initiatives to support work that strengthens our abilities to improve and decarbonise more homes.*
- *Continued commitment to invest in the delivery of more homes and work with the Welsh Government to inform the policy design and adoption of innovative*
- *financing models to support delivery of our decarbonisation objectives and meet our net-zero ambitions.*

1.12 Intermediate Rent – The Social Housing Rent and Service Charge Standard stipulates that Intermediate Rent properties do not fall within the scope of the policy. It has therefore been decided to apply the same 4.3% increase to these properties.

2.0 Affordability

2.1 In order to assess the current average rent affordability for Isle of Anglesey County Council tenants, the Joseph Rowntree Foundation (JRF) Living Rent methodology has been used.

2.2 The JRF Living Rent model establishes a link between rents and the ability of people on low income to afford them, using the 30th quartile localised earnings data from the Office for National Statistics Annual Survey of Hours and Earnings.

2.3 The model states that a Living Rent should be affordable for a household with someone in full-time employment, working the average number of hours worked per week and earnings around the minimum wage. The model therefore uses the lower quartile national earnings figures.

2.4 According to ASHE(Annual Survey of Hours and Earnings) 2025 data, the 30th percentile gross earnings for Anglesey are £486.29 per week, which equates to £25,287 per year.

2.5 The principle of JRF model states that 28% of these net weekly earnings is therefore £116.99 per week, meaning a person on social rent should not be paying more than £116.99 per week on rent for a single person in a one bedroom flat.

2.6 Weightings are necessary to reflect the different composition of our property types and sizes :-

Property Category	Factor	No. of bedroom	Factor
Bedsit	-0.10	Bedsit	0.00
Flat	0.00	1 Bed	0.00
Bungalow	0.10	2 Bed	0.20
House	0.10	3 Bed	0.30

A – Recommendation/s and reason/s

		4 Bed	0.40
		5+ Bed	0.50

2.7 In line with the JRF methodology, applying the 4.3% increase confirms that the average rent and service charges for all property types and sizes remain affordable for tenants on Anglesey.

Property Type	No. of Bedroom	Start Factor	Adj Factor	Living Rent	IOACC Ave weekly rent	Rent + 4.3%+ Service Charges
Bedsit	Bedsit	1.00	0.9	£105.29	£83.52	£92.64
Flat	1 Bed	1.00	1	£116.99	£94.20	£105.24
Flat	2 Bed	1.00	1.2	£140.39	£104.41	£113.29
Flat	3 Bed	1.00	1.3	£152.09	£114.98	£123.05
Flat	4 Bed	1.00	1.4	£163.79	£125.70	£142.95
Bungalow	1 Bed	1.00	1.1	£128.69	£104.11	£109.39
Bungalow	2 Bed	1.00	1.3	£152.09	£114.16	£119.51
Bungalow	3 Bed	1.00	1.4	£163.79	£125.10	£130.60
Bungalow	4 Bed	1.00	1.5	£175.49	£137.40	£143.31
House	1 Bed	1.00	1.1	£128.69	£104.31	£108.79
House	2 Bed	1.00	1.3	£152.09	£115.21	£120.19
House	3 Bed	1.00	1.4	£163.79	£123.35	£128.80
House	4 Bed	1.00	1.5	£175.49	£132.38	£138.11
House	5+ Bed	1.00	1.6	£187.18	£142.31	£148.77

2.10 In addition to the affordability assessment, an online survey was conducted between 13th and 30th November 2025. The survey aimed to gauge tenants' views on whether their rent is fair and affordable, and whether the services they receive represent value for money. This helps ensure that rents remain fair and affordable for both current and future tenants.

2.11 One of the key questions in the survey asked: "We want to ensure that our rents are fair and affordable for current and future tenants. Do you consider your rent to be affordable?" Nearly 74% of tenants responded that their rent is affordable, while 26% disagreed.

3.0 Impact of rent increases on our tenants

3.1 The annual rent increase will be calculated by 'Current Rent + 4.3%' for all tenants.

3.2 Currently 3064 of the Council's tenants (77%) will face no additional hardship as a consequence of the proposed rent increase and service charges, as they are in receipt of full or part Housing Benefit or in receipt of Universal Credit. Tenants

A – Recommendation/s and reason/s

who are not in receipt of housing benefit will have to meet the rent and service charges, unless of course they become eligible for benefit, following the increase.

3.3 Applying the 4.3% increase will provide a range of increase between £3.51 per week and £6.65 per week for all tenants.

834 increase between £3.51 - £4.50

3054 increase between £4.51 - £5.50

124 increase between £5.51 - £6.65

3.4 There are approximately 876 tenants who are not receiving any help towards their rent and are therefore, paying the rent in full. The implementation of these increases will mean :-

199 increase between £3.51 - £4.50

677 increase between £4.51 - £5.97

3.5 Intermediate Rent

We currently have 44 properties under the 'Intermediate' rent rate and in order to be fair and consistent, it is decided to apply the same increase of 4.3% for these tenants. The ranges of increase will be :-

8 increase between £4.20 - £4.88

36 increase between £5.69 - £6.65

3.6 If we apply the 4.3% rent increase and collect over 51 weeks to take account the rent free week over the Christmas period. We will generate an annual rental income of £24.5m which is approximately £1M of additional annual rental income.

3.7 Considering the impact of the Government's Welfare Benefit Reform and the ongoing Cost-of-Living crisis, together with the effective management of rent arrears, the provision for bad debts has been reduced to **£159,250 (0.65%)** for **2026/27**.

4.0 HRA 30-year Business Plan

4.1 In the 30-year plan published in March 2024 the Council demonstrated that we are ambitious by providing more affordable housing together with extra care housing. Therefore, it is imperative that we maximise the rental income to be able to develop and increase the stock.

5.0 Financial Support for tenants

5.1 Housing Services has a Financial Inclusion team which consists of three Financial Inclusion Officers available to provide information, advice and support to tenants who would face any financial hardship as a result of implementing the increase.

A – Recommendation/s and reason/s

5.2 The Council will also set aside a 'Rent Support Scheme' fund which is a local scheme for tenants who may be in financial difficulty as a result of the increase.

5.3 Households deemed to need assistance with their rent will be able to apply to or be referred to the Rent Support Scheme.

6.0 Service Charges

6.1 The charges for services that the Authority provides during 2026/27 are based on actual costs incurred during 2024/25 and is shared equally among tenants and leaseholders utilizing the services. It should be noted that the majority of these costs are eligible for housing benefit or Universal Credit.

6.2 Most of the costs for providing these services have increased compared to last year's figures. The total income that will be generated is approximately £261k.

6.3 Proposed 2026/2027 weekly charges, based on 51 weeks, range from:

Lift maintenance - £0.21 - £1.23

Cleaning of communal areas - £4.57 – £12.72

Fire alarms and fire equipment - £2.59

Door entry systems - £0.31

Sewerage Charges - £3.90

Heating & Lighting of communal areas - £2.05

TV Aerial's within communal areas - £0.24

Ground Maintenance (Domestic Properties) - £5.75 (6 monthly charge)

Ground Maintenance (Sheltered Properties) - £0.15 - £3.23)

Management costs at 15% of each service charge.

6.4 Currently there are 39 leaseholders who will be charged for the services they receive by the Authority. This will generate an additional annual income of approximately £11k.

7.0 Garages

7.1 The Welsh Government Rent Policy does not provide any guidance on how to increase garage rents. The Council is therefore proposing to increase the garage rent by 10% which will increase the rent by £1.10. This will increase the rent from £11.02 per week to £12.12 and will generate income of £283k after deducting empty garages. As at 11th November 2025 there are 459 occupied garages and 124 empty garages.

We will aim to use the extra income to create a strategic plan for the garages.

B – What other options did you consider and why did you reject them and/or opt for this option?

Raising the rent by a lower sum than the maximum allowed by the Welsh Government Rent Policy, but given the additional budget pressures faced by the HRA, a rise lower than the 4.3% would be insufficient to meet rising costs and would weaken the overall financial sustainability of the HRA.

C – Why is this a decision for the Executive?

The Welsh Government Rent Policy has implications for the HRA Business Plan.

Ch – Is this decision consistent with policy approved by the full Council?

All Local Authorities, as instructed by the Welsh Government are required to implement the Rent Policy. Rejecting this policy would ultimately mean a loss of income for the Authority and inevitably affect the services provided. This would also undermine the HRA Business Plan and potentially leave us subject to intervention by the Welsh Government if the policy was not adopted.

D – Is this decision within the budget approved by the Council?

Yes

Dd – Assessing the potential impact (if relevant):

1	How does this decision impact on our long term needs as an Island?	Through continued investment within our stock meaning homes achieve WHQS standards on an ongoing basis
2	Is this a decision which it is envisaged will prevent future costs / dependencies on the Authority? If so, how?	Not relevant
3	Have we been working collaboratively with other organisations to come to this decision? If so, please advise whom.	Anglesey works with the other 10 stock holding authorities and the WLGA to influence the Welsh Government's rent policy.
4	Have Anglesey citizens played a part in drafting this way forward,	An online survey was conducted between 13/11/2025 – 30/11/2025 to engage with tenants and receive their

Dd – Assessing the potential impact (if relevant):		
	including those directly affected by the decision? Please explain how.	views on rent affordability & rent setting. Tenants are informed annually of rent & service charges increase post-democratic approval in December. Tenants are provided with 2 months notice of this increase via letters.
5	Note any potential impact that this decision would have on the groups protected under the Equality Act 2010.	EIA has been created and updated. Applying the rent increases to all tenants means we will apportion the increase fairly and limit the individual increase per tenant.
6	If this is a strategic decision, note any potential impact that the decision would have on those experiencing socio-economic disadvantage.	Welsh Government expects Councils to increase rents annually and provides an appropriate formula for this purpose. Councils have an obligation to maintain high standard of accommodation for its tenants, and is therefore reliant on this additional revenue to counter the effects of inflation. Most tenants will be unaffected by the increase due to the eligibility of Housing Benefit or Universal Credit.
7	Note any potential impact that this decision would have on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.	None – the rent increase is not directly associated with the Welsh Language given all tenants will be affected by the rent & service Charges increase.

E – Who did you consult?		What did they say?
1	Chief Executive / Senior Leadership Team (SLT) (mandatory)	The draft report was presented to the Leadership Team on 26 th November 2025 and comments made at that meeting have been considered in the drafting of the final report.
2	Finance / Section 151 (mandatory)	Was present at the Leadership Team meeting on 26 th November 2025
3	Legal / Monitoring Officer (mandatory)	Was present at the Leadership Team meeting on 26 th November 2025
4	Human Resources (HR)	Not applicable
5	Property	Not applicable
6	Information Communication Technology (ICT)	Not applicable
7	Procurement	Not applicable
8	Scrutiny	
9	Local Members	Relevant to all Members

F - Appendices:

Ff - Background papers (please contact the author of the Report for any further information):
WG Notification 2026/27 Rent Support Scheme Policy