WOKINGHAM BOROUGH COUNCIL

Approved by Resident Volunteers

Wokingham Borough Council

Affordable Rent Setting Policy

August 2026



This is the Policy for Affordable Rent Setting for Wokingham Borough Council's Housing Service.

If you need a copy of this publication in another format, please contact the number below.

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Document Control Information

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2	October 2022	Rent setting policy reviewd
3	October 2023	Updated as Affordable Housing Rent Setting Policy
4	August 2026	Full review to align with Rent Standard 2026 and current WBC approach

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SIGNING OFF SECTION

This Policy has been subject to consultation, proof-reading, ease of reading and sign off with the following:

- Housing Leadership Team
- Housing Services
- Rental Income Team
- Local Housing Companies (Loddon Homes Ltd and Berry Brook Homes Ltd)
- Housing Innovation Partnership
- Resident Volunteers

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Affordable Rent Setting Policy

1. Policy Overview

1.1 This policy sets out Wokingham Borough Council's (WBC) approach to setting and reviewing rents for homes let at social rent and affordable rent within the scope of the regulatory framework for social housing rents.

1.2 The policy provides a consistent framework for rent setting, annual rent review, governance and assurance, and is intended to support lawful, transparent and evidence-based decision-making.

1.3 The policy should be read alongside the council's Housing Revenue Account business plan, budget-setting arrangements and any supporting procedures or guidance used to implement annual rent decisions.

2. Purpose

2.1 The purpose of this policy is to ensure that rents are set and reviewed in accordance with applicable legislation, the Rent Standard, and the Government's policy on rents for social housing.

2.2 The policy supports a fair, consistent and transparent approach to rent setting and aims to provide assurance that decisions are properly governed, accurately implemented and clearly communicated.

2.3 The policy also supports the long-term financial sustainability of the Housing Revenue Account by providing a framework that balances regulatory compliance, affordability considerations and investment in existing and future homes.

3. 3. Scope

3.1 This policy applies to council-owned low-cost rental accommodation where the relevant rent is required to be set in accordance with the applicable legal and regulatory framework for social housing rents.

3.2 This includes council-owned dwellings within the Housing Revenue Account and any other relevant low-cost rental accommodation to which the Rent Standard and associated government rent policy apply.

3.3 This policy does not apply to categories of accommodation or charges that fall outside the relevant rent-setting framework, including leasehold service charges and ground rents, shared ownership accommodation, garages, commercial premises, guest rooms,

temporary or private sector arrangements that are not low-cost rental accommodation, and any category of property expressly excluded from the Rent Standard or the Government's policy statement.

3.4 Where there is any uncertainty about whether a property or rent type falls within scope, the council will determine this by reference to the relevant legislation, regulatory requirements and the circumstances of the accommodation.

3.5 This policy applies to WBC in its capacity as local authority landlord. It does not apply to any wholly owned housing company, arms-length company or other separate registered provider associated with the council, including Loddon Homes and Berry Brook Homes, which are responsible for complying with their own legal and regulatory obligations, including the Rent Standard, in their own right.

4. Regulatory Context

4.1 The council will set and review rents in accordance with the current national framework for social housing rents. Registered local authority providers have been subject to the Rent Standard since April 2020. The current version is the Rent Standard 2026, issued by the Regulator of Social Housing, which applies from 1 April 2026 alongside the Government's policy statement on rents for social housing.

4.2 The regulatory framework establishes how social rent and affordable rent are to be set, the limits on annual rent changes, the circumstances in which exceptions or flexibilities may apply, and the expectations placed on registered providers in relation to compliance and assurance.

4.3 This policy is intended to reflect the current regulatory position and will be kept under review to ensure continued compliance with future legislative, regulatory or policy changes.

5. Legislation and Regulatory Requirements

5.1 The council recognises its statutory and regulatory obligations in relation to rent setting, including the following framework.

- Housing Act 1985
- Landlord and Tenant Act 1985
- Local Government and Housing Act 1989
- Housing and Regeneration Act 2008
- Social Housing (Regulation) Act 2023
- Welfare Reform and Work Act 2016
- The Social Housing Rents (Exceptions and Miscellaneous Provisions) Regulations 2016
- Direction on the Rent Standard 2026
- Policy statement on rents for social housing

- Rent Standard 2026

5.2 The council will ensure that rents are set and reviewed in accordance with this framework and any subsequent amendments, replacement standards, directions or guidance relevant to rent setting.

6. Policy Principles

6.1 In applying this policy, the council will be guided by the following principles.

- Compliance - rents will be set in accordance with applicable legislation, the Rent Standard and the Government's policy on rents for social housing.
- Fairness and consistency - comparable properties will be treated consistently, with any locally adopted approaches applied on a clear and evidenced basis.
- Transparency - the council's approach to rent setting will be clear, documented and capable of being explained to tenants and other stakeholders.
- Affordability - the council will have regard to the impact of rent decisions on tenants and households, particularly where discretion or flexibility is available.
- Financial sustainability - rent decisions will support the long-term viability of the Housing Revenue Account and investment in existing and future homes.

7. Rent Setting Policy

7.1 Social rents will be set in accordance with the requirements of the Rent Standard and the government's rent policy framework, including the use of formula rent where applicable.

7.2 Affordable rents will be set only where permitted within the applicable regulatory or funding framework and will not exceed the relevant permitted proportion of market rent, inclusive of service charges where required by the framework.

7.3 Rents will be reviewed annually and any rent increases will be applied in accordance with the relevant annual limit, including the CPI plus 1% settlement from 1 April 2026 where applicable.

7.4 The permitted CPI plus 1% increase is intended to support the long-term sustainability of the Housing Revenue Account by helping to maintain the income required to manage, maintain and improve existing council homes, meet landlord health and safety obligations, and support future investment priorities. This includes the ability to invest in the quality, safety and energy efficiency of existing homes and, where financially viable, to support the development or acquisition of additional council homes. The council will balance this investment need with affordability considerations for tenants as part of the annual rent-setting decision.

7.5 Although the national rent framework permits limited rent flexibility above formula rent in certain circumstances, Wokingham Borough Council will not apply rent flexibility above formula rent. This reflects the council's commitment to a simple, transparent and consistent approach to rent setting and recognises that applying such flexibility would not be cost-effective in the context of the council's stock profile and available information.

7.6 Wokingham Borough Council will apply social rent convergence where permitted by the Rent Standard for eligible properties below formula rent. In doing so, the council will have regard to affordability, business plan assumptions, implementation requirements and value for money.

7.7 Wokingham Borough Council will not implement higher rents for high income social tenants. The council does not currently hold reliable household income information that would be required to operate such an approach efficiently and considers that doing so would not be cost-effective.

8. Definitions

8.1 For the purpose of this policy, the following definitions apply:

- Affordable Rent - a rent level set in accordance with the applicable national framework for affordable rent housing.
- Formula Rent - the rent determined using the government's rent formula for social rent housing, taking account of the relevant factors set out in the rent framework.
- Housing Revenue Account (HRA) - the statutory account that records income and expenditure relating to the council's landlord housing activities.
- Low-cost rental accommodation - accommodation that meets the definition in section 69 of the Housing and Regeneration Act 2008.
- Market Rent - the rent that would reasonably be obtainable for the property on the open market, assessed in accordance with the relevant rent framework where required.
- Rent Standard - the Rent Standard issued by the Regulator of Social Housing, as updated or replaced from time to time.
- Service Charge - a charge for services, amenities or facilities, which may be treated in accordance with the relevant rent framework depending on the tenancy and rent type.
- Social Rent - a rent level set in accordance with the applicable national framework for social rent housing.
- Tenant - a person who holds a tenancy or other relevant occupation agreement with the council.
- WBC - Wokingham Borough Council.

9. Roles and Responsibilities

9.1 Wokingham Borough Council is responsible for ensuring that rents are set and reviewed in accordance with legislation, the Rent Standard, the Government's policy statement on rents for social housing, and this policy.

9.2 Full Council is responsible for approving the Housing Revenue Account budget and annual dwelling rent levels, having regard to the applicable legal and regulatory framework.

9.3 The relevant Executive Member and senior leadership team will provide strategic oversight, including consideration of affordability, business plan assumptions, and compliance risks associated with rent setting decisions.

9.4 The Service Director for Housing Services is responsible for ensuring that this policy is implemented effectively, that sufficient resources are available, and that rent proposals are aligned to the Housing Revenue Account business plan and wider strategic priorities.

9.5 The Housing Finance function is responsible for calculating proposed rent levels, maintaining supporting financial modelling, and ensuring that annual rent changes are implemented accurately within the housing management and finance systems.

9.6 The Housing Information and Governance team and other relevant operational teams are responsible for maintaining accurate stock, tenancy, valuation and rent data, retaining evidence of decisions, and supporting assurance on compliance with the policy and the Rent Standard.

9.7 Managers responsible for lettings, tenancy management and income services will ensure that rents are applied consistently, that new rents are communicated clearly to tenants, and that any tenancy or re-let decisions are made in accordance with this policy and the council's tenancy framework.

9.8 The council will provide tenants with appropriate notice of rent changes and access to information that helps them understand how their rent has been set, together with signposting to support where affordability issues arise.

9.9 Internal audit and other independent assurance activity may be used to test compliance with this policy, the accuracy of rent setting data, and the effectiveness of controls.

10. Governance

10.1 The council will maintain clear governance arrangements for rent setting, including documented assumptions, approval routes, and retention of supporting evidence for annual rent decisions.

10.2 Rent proposals will be considered through the council's budget and decision-making process, with appropriate officer review and member approval in advance of implementation each financial year.

10.3 Annual rent increase proposals will be reviewed each year through the council's budget-setting and decision-making process. In considering whether to apply the permitted CPI plus 1% increase, the council will have regard to the CPI level at the relevant point in time, affordability impacts for tenants, the Housing Revenue Account business plan, and any applicable legal or regulatory requirements.

10.4 The council will monitor compliance with the Rent Standard and this policy through regular checks:

- Rent calculations, data quality, implementation activity, and exceptions.
- Periodic validation of rent formula inputs, property attributes, valuations and tenancy data.
- Management review of proposed annual rent uplifts, affordability impacts, and the effect of rent decisions on the Housing Revenue Account business plan.
- Independent assurance activity, which may include internal audit, to review compliance with regulatory requirements and internal controls.

10.5 Where required, the council will report relevant rent information through regulatory returns, financial reporting, and internal assurance arrangements.

10.6 Any identified non-compliance, data issue or control weakness relating to rent setting will be investigated promptly, with corrective action taken and reported through the appropriate governance route.

11. Policy Review

11.1 This policy will be reviewed at least every three years, or sooner if there are changes to legislation, regulatory requirements, government policy, case law, sector guidance, or material changes to the council's operating environment.

11.2 The review process will consider:

- Changes to the Rent Standard, the Government's policy statement on rents for social housing, and associated guidance.
- The effectiveness of current controls, data quality arrangements and governance processes.
- Feedback from tenants, complaints, audits, service reviews and assurance activity.
- Whether the policy remains clear, proportionate and aligned to the Housing Revenue Account business plan and the council's wider housing objectives.

12. Equality and Diversity

12.1 The council is committed to promoting equality, diversity and inclusion in the development and implementation of this policy. Rent setting decisions will be applied fairly, consistently and in accordance with the Equality Act 2010 and the Public Sector Equality Duty.

12.2 In implementing this policy, the council will:

- Consider the impact of rent decisions on tenants, including households who may be more financially vulnerable.
- Provide communications about rent changes in accessible formats where required.
- Have regard to affordability and support arrangements, including signposting to advice and assistance where appropriate.
- Use equality impact assessment processes where appropriate to inform policy development and significant changes.

12.3 This section should be read alongside the council's wider equality, diversity and inclusion framework and any relevant equality impact assessment completed for this policy.

13. Appendices

13.1 Appendix A - Equality Impact Assessment

End of Document