

# 2026/27 Council housing budget consultation

## Summary

Every year we ask tenants for their views on the rent they pay.

In February 2024, Councillors agreed to increase rent by 7% every year, for five years, starting in April 2024. 2026/27 will be the third year of the five-year period. Officers are proposing to continue the approved plan and to increase rent by 7% in 2026/27. Councillors will decide the actual rent increase at the Council's budget meeting in February 2026.

Below we have provided you with some information and have answered some questions you have asked us. Please read the information provided and then let us know your thoughts.

You could win a £100 shopping voucher by completing our short survey to tell us about your views.

If you have any questions, please email [housing.research@edinburgh.gov.uk](mailto:housing.research@edinburgh.gov.uk)

The consultation runs until 30 November 2025. We look forward to reading your thoughts and feedback.

## How much will my rent go up by in 2026/27?

In February 2024, Councillors agreed to increase rent by 7% every year, for five years, starting in April 2024. 2026/27 will be the third year of the five-year period. Officers are proposing to continue the approved plan and to increase rent by 7% in 2026/27. Councillors will decide the actual rent increase at the Council's budget meeting in February 2026.

## Why are you looking to put rents up by 7% again?

The five-year rent strategy was introduced for two main reasons. The first was to give you more certainty about the rent you'll pay over that time period, and the second was to help us better plan our spending on improving homes and services.

## How will the 7% increase affect my rent?

Here is a list of property types and how weekly rents will change should a 7% increase be agreed by Councillors.

Bedsit (house or flat) from £93.24 to £99.78  
1 bedroom flat from £103.95 to £111.24  
1 bedroom house from £109.23 to £116.88  
2 bedroom flat from £120.78 to £129.24  
2 bedroom house from £126.12 to £134.94  
3 bedroom flat from £137.70 to £147.33  
3 bedroom house from £143.01 to £153.03  
4 or more bedroom flat from £146.58 to £156.84  
4 or more bedroom house from £151.89 to £162.51

## What will the 7% increase help to fund?

Nearly all of the rent increase from this year and future years would be used to support investments such as building new homes and improving existing buildings.

When the five-year rent strategy was agreed in February 2024, Councillors also agreed to us using a rent increase of 7% per year until 2033/34 as part of our investment planning. The rent increase for the second five-year period (from 2029/30 to 2033/34) has not been agreed and tenants will be consulted on any new plan.

Should the assumed 7% rent increase until 2033/34 happen, this is how it would be used to fund different aspects of the investment programme.

- The new build programme would get 1.04% of the 7% rent increase, which is 15% of the income raised through the rent increase. This would be used to repay the borrowing for the new build programme.

- The whole house retrofit work would get 2.70% of the 7% rent increase, which is 38% of the income raised through the rent increase. This would be used to repay the borrowing for the improvement of the external fabric of a building.

- The existing homes programme would get 3.05% of the 7% rent increase, which is 44% of the income raised through the rent increase. This would be used to repay the borrowing for the investment in modernising existing homes, e.g. new kitchens & bathrooms and windows & doors.

- Inflation and non-debt costs would get 0.21% of the 7% rent increase, which is 3% of the income raised through the rent increase. This would pay for increased costs to deliver the day-to-day service.

### **What would happen if rent didn't increase by 7%?**

Projects, such as building new homes and improving existing buildings, are mainly funded by borrowing, which is then repaid over 20 or 30 years using the rent collected from tenants. These projects take months, and sometimes years, to plan and design before they are actually delivered.

When reviewing the housing budget each year we need to make sure there is enough income to cover all expenditures, for both day-to-day services and the repayment of borrowing. Some of the borrowing is for projects from previous years, some is for projects currently on site, and some is for projects we have already committed to in the future.

If rent did not increase by 7% in the next two years as was previously agreed, we would not be able to carry out the projects we have already committed to, and in some cases, this could breach contractual agreements.

Also, the capital investment programme is predicated on the rent increase assumption. Should the strategy be deviated from, this could significantly impact on the overall deliverability of the programme, resulting in a reduction in the number of new affordable homes that could be delivered or the number of existing homes that could be modernised.

Our ten-year capital investment plan aims to provide New Homes by investing £929 million in both the development of over 2,000 social rented homes and buying existing homes on the open market as well as newly built homes from developers. Whole house retrofit and mixed tenure investment of £633 million will support the upgrade of about 9,200 existing homes so they meet energy efficiency standards, as well as reduce energy use and carbon emissions, which in turn reduce your bills.

Core and cyclical investment on existing homes will have a £470 million investment, ensure homes are in a good condition and meet the Scottish Housing Quality Standard, plus the latest health and safety standard. Estate improvements will see a £72 million investment, improving housing estates and wider areas through work that's centred around the community.

### **What does my rent pay for?**

In 2024/25, the total income for the Housing Revenue Account (HRA) was £122.617 million and the total expenditure was £123.025 million. This meant we had to take £0.408 million from our reserves, i.e. saving from previous years. The chart below shows how each £1 of your rent was spent in 2024/25.

- Planned investment = 36p per £1 (approx. £45 million in total). Building new homes and improving existing homes are funded mainly by borrowing (about two thirds of the investment costs). We repay the borrowing using the rent collected from tenants.

- Repairing and maintaining homes = 30p per £1 (approx. £36 million in total). Responsive repairs and maintenance to all our 20,000 council homes. They are one of the main reasons you get in touch with us and we're working hard to improve the service.

- Employee costs = 10p per £1 (approx. £13 million in total). These include the concierge teams and housing officers, and all the training and equipment staff need to do their jobs.

- Supplies and services = 11p per £1 (approx. £13 million in total). This includes important services provided by other parts of the Council and/or contractors to make sure homes are safe and well maintained, such as grass cutting and pest control.

- Support services = 7p per £1 (approx. £8 million in total). Support from other Council teams makes sure housing services run well, such as, Finance, Human Resources, and the Contact Centre helpline.

- Premises costs = 6p per £1 (approx. £8 million in total). These are the costs for running the offices and other places used by staff.

- Contingency and savings = 0p per £1. This money is set aside for unforeseen circumstances and for future investment. In 2024/25, total expenditure was higher than total income, meaning we had to take money from our reserves, instead of putting money into it.

## **We would like to hear your view on the proposed 7% rent increase in 2026/27 – See Question 1**

### **What were the results of the last Council housing rent consultation?**

Last year's consultation ran from 4 October 2024 to 29 November 2024. We received 773 responses through our online and postal survey, and we would like to thank everyone who took the time to respond to the consultation.

Many respondents commented that rent increases should be linked with property condition, highlighting the importance of getting repairs and upgrades done properly and promptly. This is also reflected in the investment priorities, with *“deliver and improve housing management and repairs and maintenance services”* being the top priority for most respondents, followed by *“building more social rented homes”*.

40% of tenants have found it more difficult to pay for their rent over the last 12 months, this is more than the 34% in previous consultation. This increase could be partly due to a higher percentage of respondents being 'self-payers' and receiving no government help to pay their rent.

Of the tenants who had found it more difficult to pay their rent, only 40% had sought advice or help. And of those who had sought advice or help, 40% were very or fairly satisfied that the assistance they received met their needs, compared to 26% who were very or fairly dissatisfied.

Tenants also commented about the importance of promoting the advice and support available regularly, and that the information needed to be more accessible. This is now one of the actions in our Housing Emergency Action Plan.

### **How are the Council helping tenants?**

As well as agreeing the rent increase in February earlier this year, Councillors also agreed to continue the Tenant Hardship Fund. The Tenant Hardship Fund was set up as part of 2023/24 HRA budget to support tenants experiencing financial hardship, including those who cannot access benefits. Currently 59% of tenants are receiving full or partial support through Universal Credit and 18% of tenants are receiving full or partial support through Housing Benefits

The criteria of the fund was extended in 2024/25 to assist tenants facing pressing personal or family financial pressures, such as needing to replace or repair household appliances, to pay for school activities, to meet

demands for energy bills or personal debts. The maximum award has also been increased to two fortnightly (four weeks) rent payments where appropriate. In 2024/25, a total of £660,185 was awarded to 1,591 tenants.

If you need help paying your rent, please contact your local Housing Officer in the first instance and speak to them about what help is available to you. Information on help with the costs of living can be found on by visiting - [www.edinburgh.gov.uk/costofliving](http://www.edinburgh.gov.uk/costofliving)

**We want to hear about your experiences with paying your rent – See Question 2**

**Are the Council looking to bring in additional funding for the Housing service?**

Yes. We are currently looking at a number of innovative ways to both increase funding and reduce costs for the Housing service.

This includes looking at new funding options, for example, how to make the best use of the annual £5 million funding allocated to Housing through the new 'Edinburgh Visitor Levy' scheme. We are also looking at ways to better manage assets owned by Housing, including sale or re-purposing vacant council-owned garages, sale of small patches of land and reviewing maintenance responsibilities for open spaces and roads that are currently maintained at a cost to Housing.

**We are seeking your views on how any additional funding could be used to help support Housing – See Question 3**

**Have your say**

You could win a £100 shopping voucher by completing our short online survey to tell us about your views on rent by 30 November.

**Need a different language or format?**

Please email the Interpretation and Translation Service at [its@edinburgh.gov.uk](mailto:its@edinburgh.gov.uk) quoting reference 25-1302.