

WEST DUNBARTONSHIRE COUNCIL**Report by Chief Officer, Housing****Council: 4 March 2026**

Subject: Housing Revenue Account (HRA), Housing Capital Investment Programme, Revenue Budget, and Rent Levels for 2026/27

1. Purpose

1.1 To seek Council approval of the proposed Housing Capital Investment Programme 2026-2031 and the HRA revenue budget for 2026/27 and to agree the level of weekly rent increase for 2026/27.

2. Recommendations

2.1 It is recommended that Council:

- i) Notes the progress made in delivering the HRA Capital Investment Programme for 2025/26 as detailed in appendix 1.
- ii) Approves the HRA Capital Investment Plan 2026/27 – 2030/31 as detailed in Appendix 2.
- iii) Approves the HRA revenue budget for 2026/27 as detailed in Appendix 3 and Appendix 4.
- iv) Approves a 6.7% weekly house rent increase for 2026/27: an average increase of £6.88 per week on a 52-week basis, inclusive of the Gypsy Traveller site at Dennystoun Forge.
- v) Approves an initial 6.7% lock up and garage site rent increase for 2026/27: an increase to lock-up rents of £0.44 per week to £6.96 per week on a 52-week basis.
- vi) Approves a 6.7% rent increase for properties that the HRA rents for homeless temporary accommodation and this increase will be reflected in temporary accommodation charges from 1st April 2026.
- vii) Notes the outcome of the tenant consultation process as detailed in Appendix 5 of this report.
- viii) Notes that the HRA prudential reserve target for 2026/27 is £1.222m (2% of gross expenditure)

3. Background

- 3.1** West Dunbartonshire Council (the Council) is the landlord for 10,547 homes as at the 31st March 2026 located in communities across West Dunbartonshire. Council housing costs must be self-financing from house rents and other income. This includes any investment in improving homes or increasing the number of homes. In delivering this landlord role, the Council strives to provide excellent quality, affordable, safe, secure, and warm housing that is fundamental to the health and well-being of individuals and families, the sustainability of local communities and the success of the local economy.
- 3.2** The Council has a legal requirement under the Housing (Scotland) Act 2001 to consult council tenants and give consideration to their views before considering any proposed rent increase. Approval of this report will demonstrate this obligation has been fulfilled. Full details of the consultative exercise are included in appendix 5 of this report.
- 3.3** The recommended rent increase for 2026/27 will contribute towards the funding of the HRA Capital Housing Investment Programme and fund increased HRA revenue costs which will allow for:
- Continued investment in tenant priorities through the Housing Capital Investment Programme.
 - Investment in improving homes including energy efficiency measures that help alleviate fuel poverty.
 - Investment in measures to meet compliance with the proposed Social Housing Net Zero Standard which will help reduce council home carbon emissions.
- 3.4** In considering the structure of the budget, consideration has been given to increasing revenue, reducing costs, and identifying ways to mitigate the impact of high interest rates and increased employment costs. The service has focused on:
- Improving void performance and increasing the desirability of council housing stock.
 - Strategic asset management of our council homes.
 - Improving housing management.
 - Strengthening cost control over revenue expenditure, including recruitment, overtime, property, and responsive repair costs.
 - Value for money, including an ongoing review of charges to the HRA account.
 - Stringent application of the rechargeable repairs policy.
 - Reducing costs associated with the housing repairs service and void houses.
 - Reviewing the expenditure across revenue and capital budgets to ensure all

spend of a capital nature (spend that enhances and improves a capital asset) is charged to the HRA capital account.

3.5 The following factors have been considered when preparing the 2026/27 HRA estimates:

- Inflation has been applied to relevant revenue budget lines.
- Provision made for a 3.5% pay award.
- Provision made for higher employer pension costs.
- A 4% turnover allowance has been applied to the employee cost budget.
- Debt interest rates have been assumed in line with projected council borrowing costs.

4. Main Issues

4.1 HRA Capital Investment Programme

HRA Capital Investment Programme 2025/26

4.1.1 On 5 March 2025, Council approved a five-year HRA capital programme for capital works over the period 2025/26 - 2029/30. On 20 August 2025, the Housing and Communities committee was advised that the 2025/26 HRA capital programme had been reprofiled with a revised net borrowing estimate of £49.257m in 2026/26. Progress delivering the 2025/26 programme is shown in Appendix 1.

4.1.2 The Better Homes element of the Housing Capital Investment Programme invests in improving existing housing stock is projecting a £9.827m underspend in 2025/26. Council has been advised of progress delivering this programme during 2025/26.

4.1.3 The More Homes element of the Housing Capital Investment Programme invests in provision of new homes, regeneration activities, and buyback acquisitions is forecasting a £4.339m overspend against budget. A significant positive factor in this overspend is the accelerated spending to deliver much needed new homes at greater pace in Bonhill and Queen Mary Avenue.

4.1.4 It is forecast that HRA capital resources will be £4.989m more than budget, as set out in appendix 1 of this report.

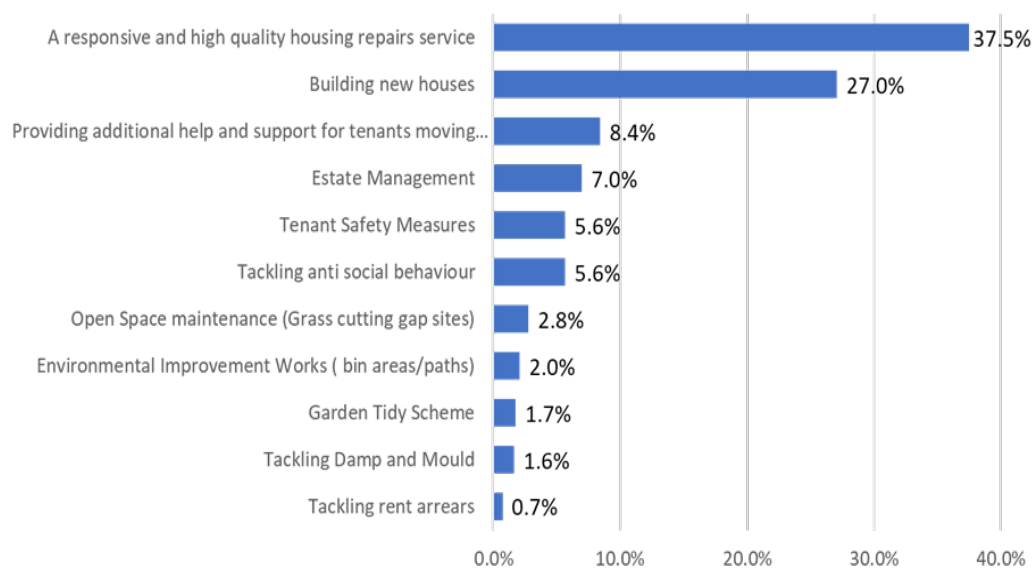
HRA Capital Investment Programme 2026/27 – 2030/31

4.1.5 The HRA Capital Investment Programme has been developed using data from current stock condition surveys and a bi-annual stock assessment exercise. The main drivers for the programme are for the Council to deliver on the key objectives of the Council's Better Homes Strategic Housing Asset Management Strategy and to ensure the Council complies with its health and safety responsibilities. In addition to investment in the core stock, the investment programme includes the Council's ambitious ongoing new house build

programme More Homes West Dunbartonshire.

4.1.6 The Investment Programme is consistent with evidenced tenant priorities which were reinforced through the findings of the 2024 tenant satisfaction survey that highlighted the top two spending priorities for tenants are:

- A responsive and high-quality repair and maintenance service; and
- Building new Council homes.



4.1.7 Due to the long-term nature of HRA capital investment, there is an ongoing need for assurance that investments are affordable in the longer-term taking account of estimated inflation, cost pressures, potential savings, and projected changes to future interest rates. Current financial modelling work identifies short term cost pressures across capital financing costs; however, capital financing costs are projected to stabilise as CPI inflation reduces to target levels and public sector borrowing rates reduce.

4.1.8 The HRA capital investment plan addresses the long term need to improve existing housing stock and provide new homes that meet the needs and aspirations of current and future tenants. This report outlines proposals for investment in housing-led regeneration and renewal to meet this need.

4.1.9 Through the HRA Capital Investment Programme, investment of £261m is planned over the next five years. This will enhance and improve the Council's housing stock, contribute to the wider transformation of West Dunbartonshire, and be central to improving West Dunbartonshire's economic and social wellbeing.

4.1.10 The housing supply and regeneration programme element of the HRA Capital Investment Programme, 'More Homes West Dunbartonshire,' will see investment of £100m over the next five years, partially funded by a projected minimum £41m of Scottish Government grant funding from the

Affordable Housing Supply Programme. Therefore, for new builds and acquisitions, there is a net HRA capital cost of £59m over the next five years. The borrowing cost of financing new builds is spread over 60 years.

4.1.11 The More Homes West Dunbartonshire programme contributes towards the Council’s commitment for 2,500 new homes over the period 2022 – 2032. Quarterly updates on progress, including changes in programme, will continue to be reported to the Housing and Communities Committee.

4.1.12 The Better Homes programme that invests in improving the quality of existing houses has been reviewed and rolled forward a year to 2030/31. The proposed plan delivers £162m of investment over the next 5 years, with a forecast £3m of capital income recovered from owners participating in capital investment programmes. The Better Homes programme therefore has a net HRA capital cost of £159m over the next five years.

4.1.13 The updated HRA capital programme is shown in Appendix 2 and summarised as follows.

Financial Year	Expenditure £m	Income £m	Net £m
2026/2027	63.685	(16,901)	46.384
2027/2028	60.200	(6.801)	53.399
2028/2029	44.550	(5,701)	38.849
2029/2030	47.650	(8.561)	39.089
2030/2031	45.650	(5.981)	39.669
Five Year Total	261.335	(43.945)	217.390

4.1.14 The planned investment will deliver against the ongoing commitment to improve housing for tenants and future tenants of Council homes and will support the delivery of wider Strategic Plan and Local Housing Strategy priorities, including:

- Providing a pipeline of construction work with opportunities for job creation, community benefits, training, and benefits to the local supply chain and the potential to lever in significant external investment.
- Providing a catalyst for engagement with local communities in the development and delivery of these ambitious plans through strong tenant participation mechanisms.
- Ensuring design and specification maximises opportunities to future proof homes including use of modern technology to improve the health and wellbeing of tenants, the quality of housing, and helping improve the quality of people’s lives.
- Contributing to the Council’s place making agenda, providing a framework for improving the quality of the places where people live and supporting tenants to be actively involved in shaping change, impacting positively on the attractiveness of West Dunbartonshire as a place to

live and encouraging economic investment.

- Improving the quality and appearance of neighborhoods and deliver a consistent and cost-effective approach to the maintenance and management of areas.
- Contributing to the achievement of climate change ambitions and the Council's Climate Change Strategy and addressing fuel poverty using the highest standards of energy efficiency practices in new build construction and retrofit technologies.

4.2 HRA Financial Plan

- 4.2.1** The HRA requires a balanced budget which means budgeted rental income is sufficient to cover all anticipated revenue costs for operating and maintaining HRA properties including the borrowing costs associated with capital investment.
- 4.2.2** The HRA's financial environment continues to be challenging due to high inflation, public sector pay pressures, and high borrowing costs. There has been an increased call on HRA reserves over the past few years, with HRA reserves reducing from a balance of £2.635m on March 23 to a forecast HRA reserve balance of £1.691m on March 26.
- 4.2.3** HRA financial plans have been reviewed and updated for the period 2026/27 to 2030/31 to take account of planned capital investment, projected borrowing costs, and estimated changes to revenue costs and income.
- 4.2.4** The plan assumes an easing in inflationary pressures with CPI returning and remaining at the 2% Bank of England target during financial year 2026/27. It also assumes public sector pay pressures ease, however the recent increase to employer national insurance, the ongoing review of employer pension contribution rates, and the recent levels of public sector pay awards highlight the challenges in forecasting pay pressures.
- 4.2.5** One of the key financial challenges facing the HRA over the next five years is the increase in debt servicing costs because of the significant increase in HRA debt and associated borrowing costs. The assumption is the HRA will incur increasing debt servicing costs.
- 4.2.6** In considering debt affordability, our HRA financial plans look at debt servicing costs as a percentage of gross expenditure. This is an indicator of the stress that borrowing places on the remainder of the HRA revenue budget. When the decision was taken to retain all the housing stock in West Dunbartonshire the investment requirement needed to achieve the Scottish Housing Quality Standard, coupled with the historic HRA debt structure, recommended that the "debt affordability" percentage in West Dunbartonshire ideally does not exceed 50% in the medium to long term, and that the HRA should aim to have a surplus to generate CFCR (Capital Funded from Current Revenue) or a break-even revenue position.

4.2.7 The annual debt / expenditure percentages under the most recent HRA financial model update highlight that debt servicing costs continue to put a strain on the HRA revenue account and future rent increases. Debt affordability percentages are modelled to be around 50% of gross expenditure over the next few years. In addition, current financial plans require above inflation rent increases to fund HRA revenue and debt servicing costs. Officers will aim to minimise borrowing costs through proactive treasury management. Furthermore, officers will target efficiency and cost reductions across HRA revenue and capital expenditure lines to ensure that future rent rises are kept as low as possible whilst delivering a balanced HRA budget. However, there may be a requirement to further review the scope and scale of the HRA capital and revenue programmes if the level of financial pressure faced by the HRA cannot be reduced.

4.3 HRA Revenue Estimates and Rent Levels

4.3.1 The revenue estimates for 2025/26 are attached in summary form in Appendix 3 with a more detailed analysis explaining budget movements provided in Appendix 4. The estimates show an increase in expenditure of £4.099m in 2026/27.

4.3.2 The Council is required to consider the level of weekly rent increase for the budget year 2026/27 and agree an appropriate rent that meets estimated HRA revenue costs as identified in Appendix 3.

4.3.3 In determining the level of weekly rent increase, consideration needs to be given to changing service demands and cost pressures as well as the requirements for investment as highlighted in the Housing Asset Management Strategy. The Council also needs robust financial planning and management to ensure it delivers on its investment commitments.

4.3.4 The required weekly rent increase contained within the attached HRA estimate is 6.70% (based on housing stock and occupancy levels), an average increase of £6.88 per week on a 52-week basis (£7.61 per week on a 47-week basis)

4.3.5 It is also recommended the Council increase rents at the Gypsy Travellers site at Dennystoun Forge, lock ups, garage sites and homeless temporary accommodation by 6.7%. There is an ongoing review of lock ups and garage sites that may include future rent remodelling which, if approved, would be introduced during 2026/27.

4.4 Tenant Consultation

4.4.1 The Council has a statutory duty to consult tenants before increasing rents. The formal consultation was launched at a public meeting on 30 October 20205 where draft HRA spending plans for 2026/27 were presented. Information was also posted on the Council's website at the same time. The consultation consisted of four rent increase options as follows: -

Option 1: 6.7% rent increase (average weekly increase of £6.84)

This option will mean:

- Maintaining all current services that tenants receive

- Delivering our New Build housing programme
- Delivering our Capital Investment programme to improve existing Council homes
- A Tenant Priority Budget of £200k for tenant led improvements

Option 2: 6.95% rent increase (average weekly increase of £7.09)

This option will mean the same as Option 1 plus:

- Additional expenditure of £140k to re-instate open space maintenance to 2024/25 funding levels

Option 3: 7.2% rent increase (average weekly increase of £7.35)

This option will mean the same as Option 1 plus:

- An additional £3.6m of Capital Investment during 2026/27 expanding the Buy Back Scheme to deliver twenty-four additional Council homes for rent

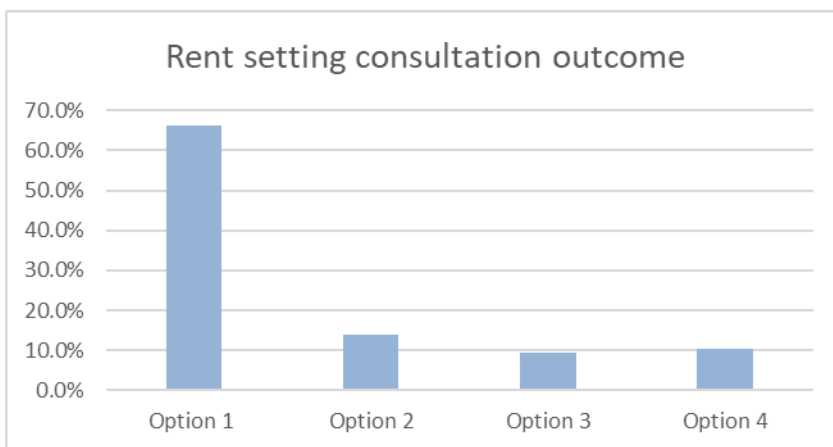
Option 4: 7.45% rent increase (average weekly increase of £7.60)

This option will mean the same as Option 1 plus:

- Additional expenditure of £140k to re-instate open space maintenance to 2024/25 funding levels
- An additional £3.6m Capital Investment during 2026/27 expanding the Buy Back Scheme to deliver twenty-four additional Council homes for rent.

4.4.2 The formal consultation was open to all tenants and those residing in homeless temporary accommodation. A wide range of accessible consultation methods were chosen to gather the views of as many tenants as possible. Information was provided in a clear and understandable way with staff across Housing Services promoting the survey and explaining the options to tenants.

4.4.3 A total of 1,246 completed responses were received – a response rate of 12%. Responses indicated a 66% preference for the 6.7% rent increase option, with 34% of respondents supporting the other options highlighted below: -.



Option 1 (6.7% increase) got 825 votes = 66.2%

Option 2 (6.95% increase) got 174 votes = 14%

Option 3 (7.2% increase) got 116 votes = 9.3%

Option 4 (7.45% increase) got 131 votes = 10.5%

4.5 Reserves

4.5.1 HRA reserves were £0.611m on the 31 March 2025, The HRA is forecasting an in-year surplus of £1.080m that will see HRA reserves increase to £1.691m on 31 March 2026.

4.5.2 Council policy is to target a HRA prudential reserve of 2% of gross HRA expenditure. Based upon the recommended budget for 2026/27, this equates to a prudential reserve target of £1.218m (previously £1.162m). The increase in the prudential reserve target is therefore £0.056m for 2026/27.

4.5.3 In terms of the forward HRA reserve strategy, the aim is to maintain HRA reserves at circa £1.7m over the short term (above the prudential target) whilst balancing the need to keep rent rises as low as possible. The aim is to provide additional financial headroom so that the HRA can more effectively deal with unforeseen financial pressures.

4.5.4 Future HRA financial planning will aim to maintain HRA reserves at or above prudential levels with a medium-term goal for the HRA to generate annual revenue surpluses that can be used to finance capital expenditure, CFCR contributions, and reduce HRA capital debt and associated debt servicing costs.

5 People Implications

5.1 There are no people implications.

6 Financial and Procurement Implications

6.1 The financial implications are detailed within the report and appendices. The cost to notify tenants of the rent increase is absorbed within existing budgets.

6.2 All procurement activity conducted by the Council, more than £50,000, is subject to a contract strategy. The Corporate Procurement Unit Contract develops strategies for the HRA Capital Investment Programme in consultation with housing officers. The contract strategies will include but is not limited to; contract scope, service forward plan, the market, procurement model and routes – including existing delivery vehicles, roles and responsibilities, risks, issues and opportunities and on-going contract management. Opportunities to maximise the positive social, economic, and environmental impact for the Council through the relevant procurement processes will be developed in line with procurement policy.

6.3 An affordability analysis undertaken prior to the commencement of the Council's 2026/27 rent consultation determined Council WDC rents are on average £77 (42%) less than Market Rents with all properties comfortably below the equivalent average market rent. In addition, all households on minimum income can afford Council rents assuming the standard 35% rent to income ratio. Using equivalized income measures, all tenant household types spend under 35% of their income on rent, in some cases as little as 14%. Single adults on Universal Credit are the only group exceeding 30%.

7 Risk Analysis

7.1 The key driver for determining rents for Council properties is the HRA investment plan. Failure to set rents consistent with the delivery of this plan will potentially result in insufficient funding being available to meet

the aspirations highlighted above.

- 7.2 Officers have made assumptions in relation to performance around the repairs budget, rent recovery and void levels when setting this budget. Performance against these key areas will continue to be closely monitored during 2026/27 and members advised of any significant variations that impact materially on HRA financial performance.
- 7.3 In terms of the capital programme, the main financial risk relates to whether inflation increases costs, resulting in cost increases and upward pressure on budgets.
- 7.4 Ongoing budgetary control processes will monitor the above issues, and any issues will be reported to future council meetings for consideration.

8 Environmental Sustainability

- 8.1 Our current and future approach to strategic housing asset management will continue to prioritise a 'zero carbon' approach to decision making and deliverability, The proposed investment plan aligns with the aims of the Housing Asset Management Strategy and the Council's Climate Change Strategy.

9 Equalities Impact Assessment (EIA)

- 9.1 An initial assessment has been completed for the Housing Capital Investment Programme 2026-31. This showed that a full assessment was not required as the programme was a refresh of the previous programme with spend reprofiled to ensure delivery and as such, there are no significant changes.

10 Consultation

- 10.1 The Council has a statutory requirement to conduct a rent consultation exercise. Appendix 5 details the results of the consultation exercise.
- 10.2 A HRA budget scrutiny group (Joint Rent Group) is now well-established, involving tenant representatives. This group meet with officers and the Convenor bi-monthly and examines the HRA to ensure increased transparency and to respond to tenant enquiries about the value for money offered to tenants.

11 Strategic Assessment

- 11.1 The proposals contained in this report directly address all the Council's strategic priorities. The investment in and provision of attractive affordable housing will also indirectly support the objective of economic growth and employability through supporting employment and improving place

attractiveness.

11.2 Proper budgetary control and sound financial practice are cornerstones of good governance and support Council and officers to pursue the five strategic priorities of the Council's Strategic Plan. This report forms part of the financial governance of the Council.

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4 March 2026

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Appendices:

- Appendix 1: HRA Capital Projects Forecast
Outturn and Slippage 2025/26
- Appendix 2: HRA Capital Investment Plan
2026/27 – 2030/31
- Appendix 3: HRA Draft Revenue Estimate
2026/27 Summary
- Appendix 4: HRA Draft Revenue Estimate
2026/27 Explanation of Movements
- Appendix 5: Consultation Summary

Background Papers: EIA screening

Wards Affected All

