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Consultation on a new rent and service charge standard for Wales: summary of responses

Summary of responses received to a consultation on proposals to strengthen the Welsh Government's social rent policy.

September 2025

Mae'r ddogfen hon ar gael yn Gymraeg hefyd / This document is also available in Welsh
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg / We welcome correspondence and telephone calls in Welsh

Overview

This document provides a summary of the responses to the consultation on proposals to strengthen the Welsh Government's social rent policy. The consultation applies only to Wales.

Action required

This document is for information only.

Further information and related documents

Large print, Braille and alternative language versions of this document are available on request.

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Additional copies

This summary of response and copies of all the consultation documentation are published in electronic form only and can be accessed on the Welsh Government's website.

Link to the consultation documentation: [A new rent and service charge standard for Wales | GOV.WALES](#)

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Introduction

The [Welsh Government Rent and Service Charge Standard 2020 – 2025](#) (the ‘Rent Standard’) is the policy that applies to Registered Social Landlords and local authorities (referred to here as social landlords), providing homes for social rent in Wales. This policy sets out the framework and parameters within which social landlords can adjust the social rents they charge their tenants. The social rent policy applies to all general needs and sheltered housing funded through Welsh Government programmes or provided from social landlords’ own resources.

This summary provides an overview of responses to a consultation on proposals to strengthen the Welsh Government’s social rent policy. The consultation questions focused on those areas stakeholders had highlighted as being important to them. However, recognising the wide range of views, the consultation enabled respondents to explain their views and provide additional reflections on areas that were not explicitly covered by the questions posed. The views and themes provided in response to the consultation are summarised below.

The consultation exercise ran from 30 June 2025 to 12 August 2025. Respondents were able to submit their views and comments online, by email or post, and in Welsh or English. The consultation applied to Wales only.

Who responded to the consultation

The consultation received a total of 62 responses, of which 7 returns had no data recorded. The remaining 55 responses reflected a range of views, and all these responses have been considered and analysed. Sixteen questions were asked in the consultation document. Not all questions were answered by all respondents, and some respondents provided a general response to the consultation rather than answering specific questions. Where a general response was provided, it has been reflected under the most appropriate question.

This document is a summary of the responses received.

The respondents represented a range of interest groups, as follows:

Category of respondent	Number of respondents
Member of the public	22
Local authority	10
Registered Social Landlord	13
Stakeholder or third sector organisation	17

Where respondents did not explicitly state whether their response was an official response on behalf of an organisation, it is assumed they responded in a personal capacity and are categorised as a member of the public.

A list of respondents other than those who requested anonymity is at Annex A. Where respondents asked for their details to be withheld, they are identified as 'Anonymous' to comply with General Data Protection Regulation.

Consultation questions and responses

Question 1

“Please specify if you are responding as an individual member of the public or on behalf of an organisation.”

All respondents provided a written response to this question.

Question 2

“The Welsh Government believes the principle that *“affordability requires balancing the needs of social landlords and their tenants, ensuring rents remain affordable for both new and existing tenants while enabling social landlords to meet tenants’ housing need”*, embodies our commitment to ensuring affordability and should underpin our approach to social rent setting across Wales.”

“Do you agree that the Welsh Government should adopt this principle?”

55 respondents answered this question, of whom 40 agreed.

A number of respondents emphasised that while keeping rents affordable is crucial for tenants’ well-being, landlords require sufficient income to maintain, improve, and expand housing stock, meet regulatory standards, and invest in future needs. These pressures increase the complexity of maintaining affordability and require additional funding, strategic planning, and sometimes government intervention to ensure housing quality and supply are not compromised. The challenge lies in ensuring neither side is disproportionately impacted, and that both tenant protection and landlord viability are maintained.

There was widespread agreement on the importance of a clear, consistent, and transparent definition of affordability. Stakeholders highlighted the subjectivity of affordability, noting that it varies by household and region. Many expressed support for models such as the

living rent model (which defines affordability based on income), and called for robust methodologies, regular consultation with tenants, and the inclusion of service charges in affordability assessments.

Respondents also called for greater transparency in rent-setting, meaningful tenant involvement in decision-making, and policies rooted in social justice. They urged the Welsh Government to co-develop frameworks with tenants, safeguard vulnerable groups, and consider the wider social impacts of rent policy, including health and well-being.

The Foundational Alliance proposed an alternative approach based on liveable rents and residual income, arguing that affordability should reflect the combined burden of rent, utilities, food, and transport—the “*FE4*”—on household finances.

Some respondents disagreed with the underlying principle, suggesting that a clear affordability framework, with a clear definition and measures for affordability, should be established first. Others felt that financial viability and sustainability were more pressing concerns for social landlords than rent affordability alone. One respondent made the case that the current social rent policy should be extended until an affordability model based on the living rent model is adopted in Wales.

Question 3

“The Welsh Government will continue to work with the social housing sector to increase transparency and consistency of all service charges but has outlined proposals to strengthen the existing guidance on service charges.”

“Do you agree these proposals work to help strengthen the existing guidance on service charges by reinforcing transparency, fairness, and accountability in service charge management?”

51 respondents answered this question, of whom 40 agreed. There was broad support for proposals to strengthen existing guidance on service charges, with respondents expressing support for additional

work to increase transparency, fairness, and accountability in calculating, communicating, and managing service charges.

Many respondents suggested service charges should be more consistently factored into affordability models to assess the combined impact of rent and service charges on household budgets. Some expressed concerns that service charge increases have outpaced wage increases, placing added strain on household budgets and affecting overall wellbeing. Other respondents urged the Welsh Government to monitor and intervene if charges become excessive.

Many responses stressed the importance of meaningful tenant engagement, consultation, and clear communication providing detailed, accessible information to enable tenants to understand and question charges. Suggestions included regular reviews, independent oversight, and clearer recourse mechanisms. The importance of involving tenants in decision-making and using a variety of communication methods to ensure all tenants, including those with additional needs, are informed and able to participate, was also emphasised.

Question 4

“The Welsh Government has proposed the new social rent policy should apply from 1 April 2026. In your view, should this policy apply for five years or 10 years?”

Support for a 10-year social rent policy was marginally greater with 25 respondents favouring 10 years and 23 respondents supporting a 5-year social rent policy.

Most respondents emphasised the value of a longer-term rent policy for providing certainty to landlords, tenants and funders. In respect of a 10-year policy, respondents emphasised how stability would support effective business planning, investment in housing stock, and better financing terms, aligning with approaches in England and supporting strategic goals such as decarbonisation and housing quality standards.

Respondents also highlighted recent experience with economic volatility to make the case for ensuring formal review points within a longer-term policy, to help manage risks, and ensure the policy remains relevant and responsive to tenants' and landlords' needs.

Question 5

“Do you agree with the proposal that rents should be permitted to increase by up to CPI+1% per annum?”

There were 48 responses to this question, of which 36 agreed with maintaining a rent cap. Of the 36 who agreed with having a rent cap, 26 respondents agreed that rents should be permitted to increase by up to CPI+1% per annum. (Social rent increases in Wales are currently informed by the consumer price index (CPI) for inflation.)

Specific views on the rent cap varied by type of respondent. While some tenants and advocacy groups opposed above-inflation increases, citing affordability and well-being, many social landlords and sector representatives stressed the need for higher increases to cover rising costs and meet regulatory standards. There were strong calls for ongoing consultation, transparency, and tenant engagement in future rent-setting decisions.

Those opposed to a CPI+1% rent increase argued that it does not reflect actual cost pressures, especially as operational and maintenance costs have risen faster than CPI, and suggested it may not be flexible enough to address local market conditions or emergencies.

The need to ensure rents remain affordable for low-income and vulnerable tenants was emphasised by others, as CPI+1% could *“outpace wage and benefit increases, risking increased arrears”* – highlighted as already being high by a number of respondents. There were also calls for rent-setting to be more closely linked to local incomes and for regular health and affordability impact assessments.

Question 6

“Do you have views on whether to amend the parameters that trigger Welsh Ministers’ involvement in rent setting, which is currently set at CPI falling outside the parameters of 0% - 3%?”

33 of the 50 respondents to this question, supported Ministerial involvement in social rent setting.

The majority of respondents supported the case for Ministerial intervention, but views differed on what the appropriate parameters triggering Ministerial intervention should be. Respondents who wanted to maintain the existing parameters argued they provide an important safeguard in ensuring rents remain fair and proportionate.

Where respondents made the case for amending the parameters, views ranged from raising the lower threshold from 0% to 1% - but suggesting that this should trigger a review of the impact on housing objectives but not necessarily lead to a Ministerial rent cap. Some respondents suggested *amending the upper threshold only*, to either 4%, 5% and one suggested 6%. A few others thought the parameters should be set at CPI falling outside 1% and 4%. Two others suggested aligning with the Bank of England’s target rate for inflation, so triggering Ministerial intervention when CPI falls below or above 2%.

The main argument for widening the parameters centred on how the current parameters resulted in Ministerial intervention in three of the current 6-year social rent policy, explaining that this impacts by undermining the certainty gained through multi-year rent settlements.

A couple of suggestions were put forward for streamlining the current process, enabling automatic approval within certain bands or a sliding scale triggering a review.

Respondents noted the timescales within which social landlords needed to undertake rent setting activity and called for Welsh Government to notify the sector of the rent cap within set timescales.

One respondent felt strongly that Ministerial intervention should be triggered when a significant percentage of social housing tenants fall into rent arrears.

Question 7

“The Welsh Government believes there are good reasons to retain the use of September’s CPI to inform the social rent increase for the following April but recognises this can place landlords under significant pressure to undertake all necessary activities ahead of rent changes being applied from April. We have assessed options and propose to consider using the previous April’s CPI measure to inform the following year’s rent increase (*i.e. CPI in April 2025 is used to inform the rent increase to be applied from April 2026*).”

“Do you have any views on whether we should retain the link to the previous September’s CPI or amend this to the previous April’s CPI instead for rent increases to be applied from the following April?”

52 respondents answered this question, of whom 38 argued for retaining the link to September’s CPI in informing any rent increases to be applied from the following April.

The majority of responses strongly supported retaining September's Consumer Price Index (CPI) as the basis for annual social rent increases. This approach was favoured because it aligns with welfare benefit uprating, reflects the most current economic conditions, and minimises the lag between inflation measurement and rent implementation.

Many stakeholders highlighted that September CPI is used by the UK Government for pensions and benefits, ensuring consistency and predictability for tenants and landlords. This link was seen as crucial for tenant affordability, given a significant proportion of social housing tenants in Wales rely on housing benefits or Universal Credit support towards meeting their housing costs. Respondents stressed that aligning rent changes with welfare benefit adjustments helps protect vulnerable

tenants from sudden or disproportionate rent hikes and supports broader social policy goals.

Several respondents noted the tight timelines between the publication of September CPI and the legal requirements for rent increase notifications. While September CPI is preferred, respondents emphasised the need for prompt government communication and streamlined internal processes to allow for meaningful tenant consultation and compliance with deadlines.

A minority of respondents suggested using April CPI, averaging CPI over several months, or switching to CPIH. These suggestions aimed to address volatility and provide more time for consultation, but some raised concerns about the risk of using outdated data, weakened links to current economic conditions and the potential confusion for tenants.

Question 8

“Do you agree with the proposal to retain the flexibility social landlords have to amend individual rents by up to a further £2.55 (as adjusted for inflation) to help achieve and maintain rent affordability?”

29 of the 43 respondents to this question agreed with retaining the flexibility to adjust individual rents, however views varied on the level of flexibility.

Some suggested that the £2 should be adjusted for inflation from 2014 – taking it closer to £2.77 and therefore, rounding to £3. It was also suggested the figure should continue to be indexed annually to inflation to ensure it remains effective and does not erode in real terms.

There were calls for the removal of the rent envelope requirements where the rent cap applies across a social landlord’s entire housing stock, on the basis that it undermined the effectiveness of the added rent flexibility. However, if it is maintained, it was suggested the next rent policy would need to develop mechanisms to enable ‘exceptions’ for exceptional circumstances.

The argument was put forward several times that the removal of the rent cap was necessary to enable rent convergence.

Where respondents disagreed or advised limited or more stringent application of the additional rent flexibility, this was in the wider context of affordability for tenants, particularly for those whose rent is not fully covered by additional welfare support. There was recognition that wages do not track inflation and that without greater protections for tenants, more remain vulnerable to rent increases over CPI+1%, which could breach landlords' own affordability thresholds.

Question 9

“Do you have any further views on how we could seek to build in additional safeguards and/or flexibilities to help more efficiently respond to future economic volatility and inflationary spikes?”

Although 23 respondents ticked ‘yes’ to this question not all actually went on to offer views. Where views were provided on how to develop mechanisms to better manage economic volatility, several respondents referred to the safeguards provided in the form of Ministerial intervention when CPI rises above a set threshold.

Other respondents focused on the impact on tenants and referred to the importance of access to hardship funds, and other funding packages to support people who are struggling financially. There were specific calls to implement rent freezes for vulnerable tenants, expand access to discretionary housing payments or provide rent support schemes, as well as protecting the Discretionary Assistance Fund.

There was a consistent theme around improving access to entitlements, calls for Universal Credit reform and developing a benefits system for Wales.

Two respondents also suggested rent setting and intervention should occur more flexibly and responsively at a local level, allowing increased autonomy to direct local budgets to best effect.

Question 10

“Do you agree with the position that reinstating the target rent band (TRB) policy and mandating compliance with Welsh Government-produced TRB data tables undermines the sector’s calls for flexibility and autonomy, and would introduce unnecessary complexity and reduce transparency in social rent setting?”

52 responses were received to this question. Of the 52 respondents only 4 explicitly requested the re-instatement of target rent bands, arguing it was the only mechanism for enabling rent convergence and that their removal penalised local authorities and LSVTs, i.e. those RSLs formed through the large-scale voluntary transfer of social housing from local authorities.

The majority of respondents agreed with the removal of the target rent band policy explaining their views that re-instating it would cause confusion and complexity. They agreed it is no longer required due to landlords working with their own affordability assessments and applying the rent cap. However, many commented that in its absence, it was important to more consistently apply the living rent model.

In forwarding comments, respondents also referred to rent convergence indicating that whilst the target rent band policy should not be re-instated, a mechanism for enabling rent convergence was required. A number also took the opportunity to advocate for the removal of the rent envelope constraint, where the overall rental income from a social landlord’s housing stock cannot increase beyond the rent cap.

It was evident from the responses that understanding varied on how the target rent bands, affordability requirements and rent cap interrelated and operated in practice. Furthermore, whilst some argued target rent bands caused confusion for tenants, others suggested it offered tenants greater transparency.

Question 11

“Do you agree with the proposal that the future social rent policy should continue to apply to all general needs and sheltered housing funded through Welsh Government programmes or provided from a landlord’s own resources (i.e. maintain the current list of exempt properties as identified in the [Annex](#) to the current Rent and Service Charge Standard)?”

50 responded to this question, of whom 38 agreed with retaining the current list of exempt properties.

Respondents explained it is not always possible or right to apply the social rent policy to all types of homes, citing legal and contractual arrangements between tenants and social landlords that apply to different types of affordable homes. Many agreed the current exemptions provide *“transparency, simplifies implementation, and ensures that the policy remains focused on the core areas of social housing provision where affordability and stability are most critical”*.

Although they agreed with the policy applying to sheltered housing, two respondents highlighted that sheltered housing was different to other general needs accommodation and was *“costly to build and maintain”*.

A small number of respondents advocated for expanding the policy to include shared ownership homes or for applying a consistent rent standard across all housing types.

Question 12

“The Welsh Government is aware of on-going debates and discussions around a ‘warm rents’ model. We anticipate the evidence-base on this subject will grow in the coming years. We want to begin exploring if a ‘warm rents’ provision could be incorporated into a future social rent policy. How do you envisage this working?”

43 responses were received to this question with the majority of respondents expressing support for exploratory work but cautioning against implementing specific initiatives in the absence of more robust evidence. Respondents suggested effective implementation of warm rents requires robust data on energy consumption, property performance, and tenant circumstances. It was felt that challenges include variability in EPC ratings, differences in property types, and the need for consistent data definitions.

Although the potential to increase energy efficiency and align rent with property performance was broadly welcomed, many raised concerns about added complexity, fairness, and the risk of increased financial burden for tenants, especially those in fuel poverty or older, less efficient homes.

Affordability remained a central issue, with respondents emphasising that tenants should not face higher rents to offset energy savings or push them into poverty. There was widespread agreement that rent models must protect vulnerable tenants, ensure actual cost savings, and avoid penalising those living in less efficient properties. A number of respondents called for rent reductions or caps for poorer performing homes.

Respondents showed wide support for decarbonisation and retrofitting social housing, but stakeholders cautioned that rent adjustments alone cannot fund the necessary investments. Dedicated long-term funding streams, policy convergence, and government support were seen as essential. There was concern that warm rents could become a substitute for proper decarbonisation funding, undermining sector ambitions.

Stakeholders also highlighted the importance of understanding tenant experiences, ensuring transparent communication, and involving tenants in policy development to avoid unintended consequences and build trust in new models.

Question 13

“The Welsh Government is committed to supporting the sector to learn from existing practices and drive continuous improvement. We will actively review and improve our data collection to publish information to support landlords while strengthening accountability to tenants.”

“What additional information do you believe Welsh Government should collect and publish to fulfil this objective and meet the requests for more publicly available data?”

Respondents called for greater transparency in how rents and service charges are set and spent. Suggestions included publishing annual rent increases and decreases, including detailed breakdowns of service charges, and benchmarking across social landlords including local authorities. Some argued enhanced comparability would help tenants understand costs and support fairer, more consistent policies.

There was widespread concern about the lack of granular private rent data, which hampers affordability assessments. Respondents called for improved market rent data at ward and property-type levels, and for consistent affordability tools to be used across the sector. Accurate data was seen as essential for fair rent setting and policy development. Many responses emphasised the need for better, more consistent data collection across social and private housing sectors. Responses included centralising existing datasets, reducing duplication, and ensuring timely publication.

There were some concerns raised about the resource burden of data requests, with suggestions to focus on quality and meaningful use rather than quantity. Responses noted that much useful data already exists but is not always accessible or well-presented. Recommendations included

reviewing current datasets for gaps, leveraging existing information for policy and benchmarking, and ensuring data supports broader outcomes such as health, sustainability, and community resilience.

Several comments highlighted the importance of involving tenants in data specification, rent setting, and information design. Co-production and consultation were recommended to ensure data and communications are relevant, understandable, and meet tenant needs.

Question 14

“What, in your opinion, would be the likely effects of the social rent policy on the Welsh language? We are particularly interested in any likely effects on opportunities to use the Welsh language and on not treating the Welsh language less favourably than English.”

28 responses were received to this question reflecting the range of views that social rent policy has a neutral or no impact on the Welsh language, to no adverse impacts had been identified, and others noting that services are delivered bilingually and Welsh and English are treated equally.

Some respondents highlighted opportunities to promote and strengthen the Welsh language through housing policy. Suggestions included prioritising developments near Welsh-medium schools and in communities with a high concentration of Welsh speakers and increasing visibility of the language in communications and tenant engagement.

A number of respondents expressed concerns about the financial burden of Welsh language policies, resource limitations, and the potential for artificial rent policies to disadvantage local Welsh speakers. Challenges highlighted included the recruitment of Welsh-speaking staff and balancing costs with the goal of language preservation.

Some suggested that policies should be sensitive to affordability in Welsh-speaking areas to avoid displacement and that broader language and accessibility needs (e.g., BSL, braille) should be considered.

Question 15

“In your opinion, could the social rent policy be formulated or changed so as to: have positive effects or more positive effects on using the Welsh language and on not treating the Welsh language less favourably than English; or mitigate any negative effects on using the Welsh language and on not treating the Welsh language less favourably than English?”

9 respondents agreed that social rent policy could have a positive effect, while 6 disagreed. 16 respondents were unsure about the impact of the Welsh language on social rent policy, and 22 respondents did not respond to this question.

Responses advocated for policies that actively promote the Welsh language within social housing, including requirements for bilingual communication, staff training, and compliance with Welsh Language Standards. These measures are seen as ways to ensure the Welsh language is not treated less favourably than English and to support the Cymraeg 2050 strategy.

Bilingual engagement was viewed as essential for inclusivity and for normalising the use of Welsh in everyday interactions between landlords and tenants.

A significant number of responses expressed neutrality, uncertainty, or opposition regarding the impact of social rent policies on the Welsh language. These included statements of no concern, irrelevance, or that current practices already treat both languages equally. Some respondents also questioned the necessity of favouring the Welsh language.

Question 16

“We have asked a number of specific questions. If you have any related issues which we have not specifically addressed, please use this space to report them.”

25 respondents took the opportunity to reiterate and emphasise any strong views held.

Respondents called for greater flexibility in rent setting by removing the rent envelope constraints including, where applicable, lifting rent caps for local authorities and allowing councils to set rents locally. The Welsh Local Government Association (WLGA) related that a number of Councils held the view that Welsh Government should have no part in the rent setting process for Councils, who are democratically accountable bodies, accountable to the electorate, including contract holders. The responses submitted on behalf of Cardiff Council also explicitly stated their view that Welsh Government should have no role in social rent setting for their local authority area.

There were requests for clearer guidance on new build rents, rent convergence, and the need for policies to adapt to local market conditions and housing pressures.

Several comments highlighted the need for targeted support for tenants facing unaffordable rents, including maximising benefit uptake and mitigating the impact of the spare room subsidy or ‘bedroom tax’. There was also a focus on tenant involvement in decision-making, improved communication, and ensuring that evictions due to financial hardship are minimised. The latter currently forms part of the wider jointly agreed initiatives agreed with the sector under Part III of the current social rent policy. Part III was recognised in the consultation responses too, with one respondent commenting it had been ‘powerful’ in *“helping turn ambition and values into reality”*.

Respondents noted significant challenges in balancing rent affordability with the need to maintain and improve housing stock, meet

decarbonisation targets, and fund new developments. Concerns were raised about the sustainability of relying on rent payments and social security benefits for funding, and the need for a comprehensive review of social housing finance.

There was also a call for clearer guidance and consistency in the calculation and application of service charges, including for garages and Gypsy and Traveller site plots. Issues such as the complexity of rent payment periods, transparency in operations, and responsiveness to repair and maintenance needs were also highlighted.

Next steps

The feedback gathered, both through the consultation and extensive engagement with stakeholders, will inform the development of a refreshed social rent policy that continues to balance the needs of tenants and social landlords. It will also inform existing work on developing an affordability framework, including other related policy priorities already identified, for example, in relation to service charges, and any new objectives.

Annex A: list of respondents to the consultation

- Adra (Tai) Cyfyngedig
- Barcud Cyfyngedig
- Barcud Tenant Partnership Group
- Beacon Cymru Group Ltd
- Bevan Foundation
- Caerphilly County Borough Council
- Cardiff Council
- Carmarthenshire County Council
- City and County of Swansea
- ClwydAlyn Housing Limited
- ClwydAlyn Housing Association Resident Committee
- Community Housing Cymru
- Councillor Lynda Thorne, Cardiff Council
- Councillor Michelle Bateman, Pembrokeshire County Council
- Crisis
- Denbighshire County Council
- Foundational Economy Research Limited
- Isle of Anglesey County Council
- Joseph Roundtree Foundation
- Merthyr Tydfil Housing Association Limited
- Merthyr Valleys Homes Limited
- Monmouthshire Housing Association Limited
- National Independent Tenant Voice Cymru
- Pembrokeshire County Council
- Pobl Group Ltd
- Powys County Council
- Public Health Wales
- Shelter Cymru
- Taff Housing Association Limited
- Tai Hedyn Limited
- Tai Pawb
- Tai Tarian Limited
- The Property Institute

- The Vale of Glamorgan County Borough Council
- TPAS Cymru
- Trivallis Limited
- UK Finance
- Wales & West Housing Association Limited
- Welsh Local Government Association
- Wrexham County Borough Council