

Local authorities as landlords – a guide for local councillors

Most housing authorities in England still provide council housing and there are approximately 1.5 millionⁱ council homes in England. It is intended for people who cannot afford private housing, and due to the high demand for it, it's usually allocated using a points-based system to those in the greatest housing need.

Management models

- Most councils manage their housing landlord function directly through a housing department or a housing team within a wider place or community focused directorate
- Around 172,275 council homes are managed by 15 Arms-Length Management Organisations (ALMOs) across Englandⁱⁱ (an ALMO is a wholly owned local authority company, set up by a council to manage and improve all or part of its housing)
- Councils can also contract out their housing management services to a private provider or a housing associationⁱⁱⁱ
- Repairs and maintenance are normally provided either in-house through a direct labour organisation (DLO) or via a private contractor
- Some councils have shared services arrangements so that one team provide housing management and maintenance services to two or more councils.

Financing

- Most housing that councils own is funded through a Housing Revenue Account (HRA)
- The HRA is a self-financing landlord account with expenditure and income linked to managing homes. It is not a separate fund but a ring-fenced account, within the General Fund
- The main sources of income are from tenants in the form of rents and service charges as well as leaseholder's service charges. The main items of expenditure are management and maintenance costs, major repairs, loan charges, and depreciation costs
- The government sets the rent policy for social housing so there is not much discretion for council landlords
- The government recently agreed a 10-year rent settlement for both councils and housing associations allowing rent increases up to CPI plus one per cent per year plus the ability to increase particularly low rents an additional £1 per week from 2027 and £2 per week from 2028 to help bring them up to normal levels (after a period of rent freezes/caps)

- A self-financing settlement agreed in 2012 was designed to make HRAs sustainable, allowing for growth and investment. However, the assumptions made in 2012 no longer fit with the financial and policy environment^{iv}
- The impacts of previous rent controls, high inflation, loss of homes through Right to Buy and new regulatory burdens have undermined the original settlement and resulted in many councils' not having enough money to run council housing properly.

New house building

- Loans can be taken out by the council to build new housing or major works on existing homes, but the repayments need to be affordable from the future income of the HRA
- Loans are normally made from the Public Works Loans Board (PWLB), the interest rates on which are set by government. The rates are usually lower than the open market and there is a preferential rate for building new council homes currently in place until March 2027
- Grants to subsidise new social and affordable rented homes are available to councils from Homes England or the GLA via the Social and Affordable Homes Programme (SAHP)^v
- The LGA provide a council housebuilding support service funded by government to help build capacity and skills to deliver more council house building^{vi}.

Right to Buy

The Right to Buy (RTB) scheme was first introduced across the UK in the Housing Act 1980 and gave secure tenants a legal right to buy their homes at a discounted price. Since its introduction, around 2.7 million homes have been sold. In Scotland and Wales, the scheme has been stopped since 2016 and 2019 respectively. It is now only available in England and in Northern Ireland for tenants of the Housing Executive.

Discounts and eligibility for the scheme as well as the rules about how councils can spend the sales receipts are controlled by central government. Over the lifetime of the scheme those rules and the discounts available have changed many times.

Due to the detrimental impact on the availability of council housing and council housing finances, the current government recently reduced the maximum cash discounts to £16,000 - £38,000 depending on the area. They also allowed councils to keep all the receipts from sales and combine them with grant funding to build and buy more homes.

The government is also planning further reforms which require legislation including:

- Increasing the minimum eligibility period from three to 10 years before tenants can apply to buy their home

- Amending discount rules so that discounts start at five per cent of the property value and increase by one per cent each year up to the maximum discount of 15 per cent of the property value or the cash cap (whichever is lower)
- A 35-year new build exemption period so new social homes cannot be sold under Right to Buy for 35 years after they are built.

Regulation of council housing

As a landlord you must meet all your legal requirements, and you are regulated by the Regulator of Social Housing (RSH). The terrible fire at Grenfell Tower in 2017 and the subsequent public inquiry led to a significant overhaul of the regulation of social housing. Tenants across the country told government ministers and their landlords they had concerns about the safety and quality of their homes, of complaints being handled slowly or poorly and that they did not feel respected or listened to. One part of the government's response was to strengthen consumer regulation of the whole social housing sector, including council housing^{vii}.

Proactive consumer regulation by the Regulator of Social Housing began on 1 April 2024 consisting of planned four yearly inspections, annually published performance measures in the form of Tenant Satisfaction Measures (TSMs) and the monitoring of improvement plans.

Local authority registered providers are subject to the rent standard and the following consumer standards but not the governance and other economic standards that housing associations are also subject to.

Consumer Standards

Safety and Quality Standard – understanding the condition of the homes you own, meeting the Decent Homes Standard, complying with all relevant health and safety legislation and regulation, providing an effective repairs service, planned maintenance programme and assistance with adaptations.

Transparency, Influence and Accountability Standard – ensuring that you treat tenants with fairness and respect, that you take account of diverse needs and take action to provide fair and equitable outcomes, that you take tenant views into account in decision making and communicate how they have been considered. You need to provide information to tenants to help them use services and hold you, as a landlord, to account, collect and provide performance information (TSMs) and ensure complaints are addressed fairly, effectively and promptly.

Tenure – ensuring you let your properties in a fair and transparent way, supporting tenants to sustain their tenancy, providing suitable and legal tenancies and supporting mutual exchanges.

Neighbourhood and community - working with all residents, other landlords and organisations to ensure the safety of shared spaces, co-operating with partners to promote social, environmental and economic wellbeing, working with partners and the police to deter and tackle anti-social behaviour and co-operating with others to tackle domestic abuse and enable support and advice.

Rent standard - which sets out how social landlords must set certain rents.

The RSH has also recently consulted on adding a further requirement which covers ensuring your staff have the necessary skills, knowledge, experience and behaviours for your services to be of good quality and specified staff have the necessary professional qualifications. These 'competence and conduct' requirements will be included in the Transparency, Influence and Accountability Standard and regulated from October 2026.

Tenant Satisfaction Measures

Tenant Satisfaction Measures (TSMs)^{viii} are a mixture of performance and satisfaction data collected by landlords, published for tenants and sent to the Regulator of Social Housing. They cover areas including repairs and maintenance, complaints and engagement, respectful engagement and building safety. TSMs are intended to be a tool to allow tenants to scrutinise their landlord's performance, give insights to landlords about where they might improve their services, and provide a source of intelligence to the regulator on how far landlords are meeting the outcomes of the new consumer standards.

Inspections and consumer ratings

Councils will be inspected^{ix} by the Regulator on a four-yearly cycle or more frequently if there are serious concerns about non-compliance. The inspection will include a desktop and document review as well as in-person or virtual on-site work. This will include meetings with the executive leadership team, councillors and ALMO or housing improvement board members if relevant.

The council will then be rated on a scale between C1 (being fully compliant) to C4. For all C3 and C4 ratings the council will be asked to draw up an improvement plan and keep the regulator informed of progress.

The Housing Ombudsman

The Housing Ombudsman^x is an independent, impartial, and free service for social housing residents. Residents can refer their complaint to the Housing Ombudsman if they are not satisfied with the outcome of the landlord's complaints process. They investigate the case and make the final decision on disputes. They will publish their judgements; set out the action a landlord needs to take if required and can set compensation payments from the landlord to the tenant. They also publish reports to help landlords to learn from complaints.

About CIH

The Chartered Institute of Housing (CIH) is the independent voice for housing and the home of professional standards. Our goal is simple - to provide housing professionals and their organisations with the advice, support and knowledge they need. Many local authority housing professionals are members of the CIH. CIH is a registered charity and not-for-profit organisation so the money we make is put back into the organisation and funds the activities we carry out to support the housing sector. We also provide training and professional qualifications for the sector. For more info: www.cih.org.

ⁱ [Local Authority Housing Statistics data returns for 2023 to 2024 - GOV.UK](#)

ⁱⁱ <https://www.almos.org.uk/about-us/our-members/#>

ⁱⁱⁱ <https://www.legislation.gov.uk/ukpga/1985/68/section/27>

^{iv} For more information on this see [Why councils are underinvesting in housing and how an updated debt settlement could put that right](#)

^v <https://www.gov.uk/guidance/social-and-affordable-homes-programme-sahp-2026-to-2036>

^{vi} <https://www.local.gov.uk/choss>

^{vii} Social Housing Regulation Act 2023 <https://www.legislation.gov.uk/ukpga/2023/36>

^{viii} <https://www.gov.uk/government/collections/tenant-satisfaction-measures>

^{ix} <https://www.gov.uk/guidance/our-approach-to-inspections>

^x <https://www.housing-ombudsman.org.uk/>