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Rent Convergence

The government has consulted on reintroducing rent convergence and the result is expected to be announced as part of the budget. Here Helen Routledge, a director at Campbell Tickell, reviews what convergence is, the consultation and how it can be implemented.

For those who have been in housing as long as I have, you may remember rent convergence first time around in 2002. A target rent, now called formula rent, was set and was formula-based, so similar homes in the same area were charged the same rent. Registered Providers (RPs) had to have a plan to reach target rent, over 10 years, by restructuring rents. This effectively meant changing the rents annually by a maximum increase of Retail Price Index(RPI)+0.5% +/-£2. The convergence factor of +£2 was removed in 2015, even though not all properties had yet reached 'formula rent'.

To get a sense of what this meant in practice, in 2023 when the annual rent increase was capped at 7%, formula rents increased by Consumer Price Index (CPI)+1% which was 11.1%. This meant new lettings could increase by 11.1%. So actual rents fell behind formula rent, and there were different rents depending on when the properties were let.

The government is now proposing bringing back rent convergence, to help give RPs the stability to invest in new and existing homes. They are proposing to allow RPs to increase rents by an additional £1 or £2 a week until they converge with formula rent.



Rent consultation outline

The consultation asked:

1. At what level should social rent convergence be permitted – £1 a week or £2 a week?
2. How would the benefits for the supply and quality of social housing differ depending on whether £1 or £2 was permitted?
3. How would the impacts on households differ?
4. Should the starting date be implemented from 1 April 2026 or a later date, and what would be the impact of deferring this?
5. How long should the convergence regime be in place, and what would be the implication of different durations of convergence?

Financial modelling

To answer these questions, you will need to carry out some financial modelling and understand the impact on both your business plan and your tenants. The following factors will need to be considered.

- 1. Convergence, as proposed, can only be used to increase the rents up to formula rent:** it cannot provide formula rent plus flexibility. This is not being consulted on, but is explicit in the government's draft policy statement accompanying the consultation. If your RP applies the flexibility, you will not be increasing all rents to the same level – the increase to formula rent plus flexibility will still only be made on reletting a property.
- 2. What happens to landlords with monthly rents, or a 48-week rent year?** One assumes the +£1 or +£2 will be applied pro-rata as the Draft Rent Policy Statement refers to a weekly rent.
- 3. What are the organisation's priorities for using this additional income?** What will be the impact of introducing these plans on your business plan and loan covenant compliance? Will you now be able to bring forward plans for new homes or investing in existing stock?
- 4. What is the potential impact on tenants.** For some tenants – especially self-payers – convergence could affect affordability. It may also lead to an increase in rent arrears. Consider whether this is going to cause financial difficulties and whether you need to consider increasing your tenant hardship fund provision.

Prepare for rent increase

Organisations will also need to start thinking about the next year's rent increase by:

1. Updating and testing rent increase systems and processes;
2. Revising rent policies and procedures;
3. Planning communication for how your organisation is going to consult with tenants on this change.

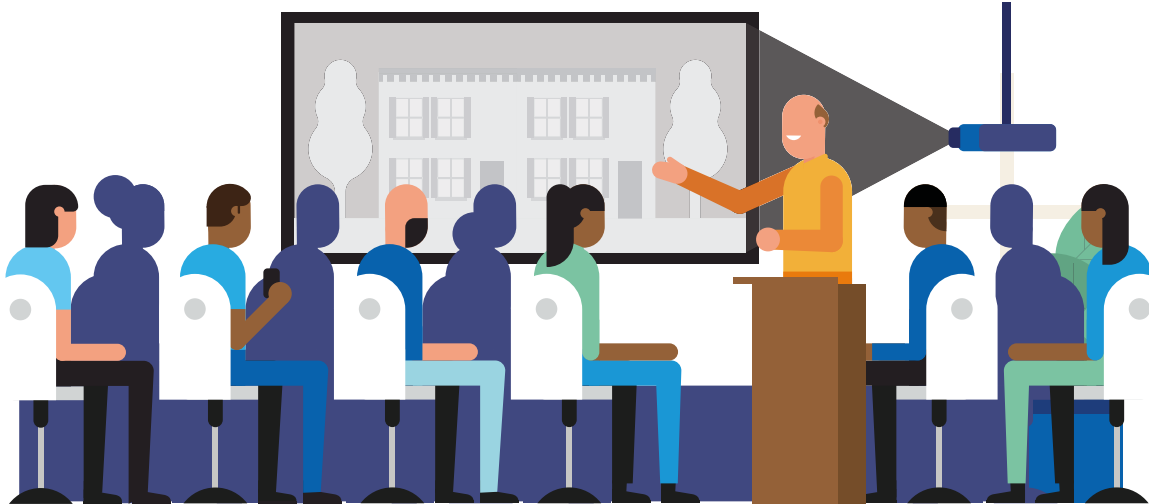
The convergence consultation closed on 27 August 2025 and the result is expected to be announced as part of the budget. If it is to be implemented from 1 April 2026, Registered Providers will need to act quickly to get policies, consultation, systems and procedures in place.

If you would like to discuss this or any issues raised, please contact:



Helen Routledge

helen.routledge@campbelltickell.com



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or email **helen.routledge@campbelltickell.com**

Integrating a new portfolio

Acquisition of tenanted portfolios provides a quick route to growth for Registered Providers. However, the integration of these portfolios into businesses presents a challenge which many acquiring landlords have limited, or no, experience of meeting.

For those thinking about acquiring tenanted homes, we have set out a few things to think about as part of integration planning.

Making the right first impression

You will get one opportunity to make a strong first impression with your new customers. Think carefully about your initial communications with customers so they know how to access your services, including digital platforms. Make sure that front line service delivery teams are well briefed and prepared to support new customers as you become their landlord in the crucial first few weeks.

Finally, think about early measures which demonstrate a visible presence in neighbourhoods, including some door knocking. This will show a pro-active approach and give your teams an opportunity to meet and get to know new customers.

Be prepared for a surge in service demand

With a change of landlord, there is also usually a surge in service demand for services from customers for a period after transfer. Primarily, this will be around repairs. However, other service areas such as ASB management, social value and lettings will also likely see increased traffic. Make sure that you are ready to absorb that surge as part of resource planning.



Data, data, data

Transfer of data is a key as part of portfolio handover. Early engagement between ICT data leads to discuss system data requirements and build relationships is essential. Facilitate the transfer of data as early as possible (even example data) to allow plenty of time for initial system mapping and consistency checking. It is not just about systems data either. Do not underestimate the number of documents which will be transferred as part of the handover as well. This will include compliance information and tenancy agreement for example. These will need to be checked and reconciled with what you are expecting to receive ahead of legal completion.



Think about how you maximise the use of touchpoints with new customers after the transfer of homes.

Get operational teams involved early in the process

It may seem obvious, but engagement with operational teams can be overlooked in the pressures of completing a transaction. Your teams will need time to scope and plan for receiving new homes, especially if they are in areas where you currently have little or no management presence. Early and consistent engagement prior to exchange of contract will take pressure of operational teams and make sure they have all that they need.

Make the most of touchpoints

Think about how you maximise the use of touchpoints with new customers after the transfer of homes. They will offer an opportunity to build relationships and update data you hold on customer households, which is often out of date. It also offers a chance to remind customers about things they will need to do following transfer, such as new direct debit instructions and updating landlord details on Universal Credit systems.

Do not lose sight of post-completion tasks

There are several post completion actions which buyer and seller will need to close out. Key amongst these is the transfer of rent arrears between the parties. However, there are also others which need addressing. Make sure that these are captured in project planning and do not get missed as portfolios transfer to business-as-usual arrangements.

Campbell Tickell's growth and acquisition team is highly experienced in all aspects of portfolio acquisition and disposal. If you would like to hear more about how we can help you with your project, please contact:



Glenn Allum

glenn.allum@campbelltickell.com

Mergers: Top tips for a successful outcome

It's no secret that housing providers are facing an unprecedented degree of challenge from their operating environment. The pressure on the delivery of new homes remains strong. At the same time, the sector is facing multiple shocks, which have eroded financial and organisational resilience and increased the challenge set by government to boost housing supply.

Consequently, housing providers have reset their corporate and financial plans, building in additional provision to meet new commitments, reviewing their financial Golden Rules to ensure there is reserved capacity to absorb shocks, and, as a result, ambitious development intentions have either been calmed or in some cases 'strategically paused'. Merger is seen as one solution to re-capture resilience using the combination of scale and efficiency to either restore, and ideally exceed over time, previous ambition.

Those expectations reflect our own view and experiences of the market. We are observing a new peak of interest in merger activity from across the sector, with providers of all sizes and locations looking to reach for resilience through scale as a means of providing a more secure future.

For those considering a merger as an option, here are our top tips to ensure success in what can be a difficult and challenging strategy.

01. Prepare your organisation fully

Spend time with your board to understand the why, how, and what of any proposed partnership.

02. How quickly do you want a partnership to happen?

Do you want to be proactive, test the market and search out a partner? Are you opportunistic, waiting for the right opportunity to arise? Or are you reactive, waiting to be courted by others?

03. Be curious

Approach discussions with a potential partner with an open mind. You never know where a conversation might take you!

04. Avoid pushing what you think are USPs.

You may not be as unique as you think!

05. Don't underestimate resource requirements

Understand the required business effort to deliver a partnership, especially if your business-as-usual requirements are challenging.

06. Be prepared to say no

Sometimes it's easier to carry on with discussions when it would be better for all to walk away. Be ready to make that difficult call.



07. Integration is harder than you think

The challenge of integration shouldn't be underestimated. Getting it right can be the difference in capturing ambition or causing deep frustration. Start integration conversations early, give it appropriate focus and ensure it is appropriately resourced with colleagues who know the territory.

08. Build trust

Mergers fail if trust and confidence disappear. Failed mergers because of technical points like pensions or funding arrangements are far rarer than those caused by a breakdown of relationships. Behaviours are very important.

09. Understand pace

As you develop your plans, make sure the pace is comfortable for both parties and that no one feels pressured or rushed into decisions.

10 Be honest with one another

An open and transparent dialogue, warts and all, is highly important and offers the best route to success

11. And finally – and perhaps most importantly – have as few lines in the sand as you can

Be very clear about them from the start. Try not to make it about who gets which job or about what the combined outfit is to be called.

Over the past few years Campbell Tickell has supported many mergers and partnerships. If you would like to discuss how we can help you form a new partnership, please contact



David Williams

david.williams@campbelltickell.com



Glenn Allum

glenn.allum@campbelltickell.com



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Contact:

Catherine Little catherine.little@campbelltickell.com

Ceri Victory-Rowe ceri.victory-rowe@campbelltickell.com

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For-Profit Registered Providers: Key considerations for effective governance



Preparing for a recent panel discussion about for-profit registered provider (FPRP) governance, I reflected that there are a few key considerations on which effective governance turns in this sector.

My colleagues and I already know and understand the FPRP part of the sector well. We have recently written the bespoke British Property Federation's Code of Governance for FPRPs of Social Housing and we have provided governance, regulatory and recruitment support to a range of sizes and types of FPRP.

Differences and similarities between for-profit and not-for-profit providers

To help me pull my thoughts together, I also sought wise counsel from someone who had chaired

both for-profit and not-for-profit registered provider boards.

They highlighted some differences, especially in reporting lines if the FPRP is part of a much bigger organisation or in how it must demonstrate looking after investors' money, for example. But there are also similarities. No registered provider (RP) can escape its legal and regulatory obligations and key stakeholders are residents – of whatever tenure.

It is also a porous sector. Many housing associations have senior team and Board members with a background from the commercial sectors. Some FPRPs have Board members who have had a background in housing associations. There are even housing associations that are setting up one or more FPRP subsidiaries. The distinction between the two types of entity is arguably less important than the individual context for each registered provider, to which its governance arrangements must be appropriate.

Getting the governance basics right

The starting point for any registered provider should be to get the basics in place. Ensure you have the right people around the table, be clear on your mission and purpose, be clear on what – for FPRPs especially – can be a complicated web of relationships and accountabilities.

Some FPRPs are subsidiaries of a much, much bigger organisation. The Board needs clarity on this, where the money flows, how the governance of the RP links to the governance of the wider organisation and to be aware that in some cases, the ways of doing things in these institutions may on occasion butt up against regulatory expectations.

Understanding regulatory expectations

And so, to the regulator. Of course, any Board must act in the RP's best interests and that of its key stakeholders – but it is critical, too, to meet the expectations of the sector's regulator. What I have found on occasion, though, is that for some Non-Executive Directors and executive team members, an active regulator such as the Regulator of Social Housing (RSH) is a new experience.

Ensuring everybody involved understands regulatory expectations and requirements from the outset is critical: baking this into ways of working from day 1 will make compliance ultimately feel less onerous, more business as usual. And for rapidly growing FPRPs, especially, it can be unhelpful to somehow assume that aspects of compliance can be put aside to tackle once the 'large provider' threshold (which triggers more proactive regulation) is passed.

Key considerations

I've concluded that giving attention to the following will stand any FPRP in good stead:

1. Ensure you have people around the Board table who have senior experience and knowledge of the regulated social housing environment – what social housing is all about, and RSH expectations.
2. Resource your company secretary/governance function appropriately. For some, remember the company secretary may be stretched in providing a service to a number of other companies within the overall organisation and that the wider organisation may have different constitutions, cultures and general 'ways of doing things' to one that is providing affordable housing.



3. Ensure clarity on the relationship with your investors and the wider organisation you are a part of and that any conflicts of interest are transparently addressed. Demonstrate how agreements to provide services deliver value for money, especially when provided by an organisation linked to the RP.
4. If the RP is a subsidiary of a larger group (and for some this can be a number of RP subsidiaries), whether it's a commercial entity or a large housing association, set out clearly how the RP is enabled to make its own decisions in its own best interests and ensure compliance with regulatory standards and appropriate legislation.
5. Adopt an appropriate code of governance – we recommend the British Property Federation's Code of Governance!



6. Pay attention to how the governance structure needs to evolve as you grow, supporting delivery of the business plan and providing the Board with the right level of assurance. What committees may you need to put in place and what skills will be needed on them? Think ahead; get them established.
7. Remember your responsibilities as a landlord and an RP even if you outsource the housing management function.
8. Ensure your governance documentation is tailored to your organisation. Don't simply use off the shelf versions or ones from the larger organisation you may be a subsidiary of.
9. Develop a positive relationship with the regulator. As you grow, or if significant things are happening to the organisation, inform them. No regulator likes surprises or learning about things from the front cover of the trade or national press.

And always remember, as my wise counsel told me 'just do the day job well and tell the truth'.

If you would like to discuss this or any issues raised, please contact:



Stephen Bull

stephen.bull@campbelltickell.com

Temporary Accommodation: Searching for financial solutions to the crisis

CT Senior Consultant, James McHugh, explores how local authorities, housing providers and investors are seeking financial solutions to one of the most pressing social challenges of our time.

The Temporary Accommodation (TA) crisis shows little sign of abating, with the number of children living in TA continuing to reach new heights and cash-strapped local authorities' spending on TA increasing by a quarter in just a single year. This is a crisis with profound costs, both human and financial, which are clearly unsustainable and undesirable.

Collaborating for change: The Temporary Accommodation Network

In recognition of this, we have been partnering with Devonshires on a Temporary Accommodation Network (TAN) to find more sustainable solutions to the crisis.

Through TAN we have sought to share best practice and generate discussion via the publication of case studies and a programme of free-to-attend events. Our membership is open and diverse, ranging from local authorities and registered providers to funders and private landlords – demonstrating the breadth of concern about this issue across our sector.

At our most recent TAN event on 30 September, we convened a panel of speakers to share their ideas, experiences and insights into the financial implications of TA. This included Common Projects who have worked with Croydon Council to successfully convert a long-term empty office building into high-quality, modern and energy efficient homes for homeless households; Newbridge Advisers on the role of different financing routes and delivery models for local authorities; Resonance on the potential benefits of leasing models tied to social impact investment; and Lambeth Council on the adverse consequences of TA on the availability of privately rented homes.

Our event proved enormously popular and generated much discussion, which sadly did not come as a surprise to us given the escalating costs involved in providing TA.

Shelter's recent analysis of official data for 2024/25 shows that over £2.8 billion was spent by local authorities on providing TA – a figure which has more than doubled (+118%) in the last five years. Of particular concern are the sums being spent on nightly paid, self-contained accommodation (over £1 billion) and B&Bs and hostels (£844 million). These are typically the least suitable forms of TA as they are often characterised by a lack of key amenities and private space, which has damaging effects for children, vulnerable people and those facing the trauma of having recently lost a permanent home.

In some respects, this is a story which has become all too typical of many of our country's public services, stretched by over a decade of austerity and buffeted by the successive impacts of Brexit and the pandemic. Exorbitant costs, ever-rising demands, and worsening outcomes for individuals could just as easily describe the current situations in special educational needs, social care, asylum, or prisons and probation.

Policy reform and financial solutions

As we cast our eye towards this month's Budget Statement, the escalating TA crisis will no doubt be of great concern to the Chancellor and Treasury officials. Of course, the long-term solution is to provide more permanent affordable housing, which has been recognised through the relatively generous settlements made via the new Social and Affordable Homes Programme and National Housing Bank, as well as various planning reforms aimed to accelerate housebuilding. But these will take some time to come to fruition and will be of remote comfort to those currently living in TA.

Many campaigners and commentators have quite rightly pointed to the counterproductive role of housing benefits in driving the TA crisis.

In particular, the rate at which the Local Housing Allowance (LHA) is set and the freeze which is in place until at least 2026, both of which serve to decrease the availability of lower-cost private rented housing.

The likelihood of the LHA being revised seems slim in the context of recent u-turns on the Winter Fuel Allowance and Personal Independent Payments which increase pressure on other parts of annual managed expenditure on welfare.

One aspect of the LHA which is in desperate need of reform is the current 'subsidy rule' through which local authorities can only claim back 90% of the January 2011 LHA rate (plus a management cost element) for most forms of TA. Suffice to say the UK economy and housing market have changed hugely since 2011, and this simply adds to the profound financial pressures facing local authorities. It diverts resources from local areas which would surely be better spent on homelessness prevention and increases the risk of more costly intervention to rescue struggling local authorities. Now should be the time to make such a change.

If you would like to discuss this or any issues raised, please contact:



James McHugh

James.McHugh@campbelltickell.com

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