



Ministry of Housing,
Communities &
Local Government

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Government**

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Rebecca Owen

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Dear Rebecca Owen,

Thank you for your correspondence dated 14 July 2025. I am incredibly sorry for the delay in responding to you.

I am pleased to hear about the steps Hinckley and Bosworth Borough Council have already taken to increase housing delivery. As you know, the government remains committed to delivering 1.5 million safe and decent homes this Parliament, alongside a generational increase in social and affordable housebuilding.

On 2 July, we set out our plan for a decade of renewal for social and affordable housing, including a reinvigoration of council housebuilding. The link for this can be found here: <https://www.gov.uk/government/publications/delivering-a-decade-of-renewal-for-social-and-affordable-housing/delivering-a-decade-of-renewal-for-social-and-affordable-housing#:~:text=This%20is%20the%20biggest%20long,of%20homes%20the%20country%20needs>. This included confirmation of £39 billion in funding for a new 10-year Social and Affordable Homes Programme (SAHP), running from 2026 to 2036. Our ambition is to deliver around 300,000 homes over the Programme's lifetime, with at least 60% for Social Rent. The remainder will be available for other tenures including Shared Ownership, Affordable Rent, and Intermediate Rent.

In addition to grant-funded Social Rent homes, we expect further delivery through Right to Buy receipts and Section 106 agreements. We recognise ongoing challenges in the Section 106 market, which is why the Government launched the Homes England clearing service in December to help buyers and sellers of S106 homes connect more effectively. While there has been some uptake, more action is needed to ensure homes are built to a good standard, marketed reasonably, and purchased efficiently.

We expect the improved financial capacity created by measures announced at the Spending Review to encourage Registered Providers to reassess their position on uncontracted and unsold S106 units.

To support councils' financial viability, we introduced a 10-year social housing rent settlement allowing rents to increase by CPI+1% annually from April 2026. This provides certainty for investment in new and existing homes, while protecting tenants. We also consulted on a convergence mechanism for social rents below formula to further support investment.

We are aware that the discounted Public Works Loan Board (PWLB) rate for Housing Revenue Account borrowing is due to end in March 2026. The government recognises the sector's call for certainty to enable long-term planning and remains committed to supporting councils. All

PWLB rates are kept under review, and we will confirm our approach to the discounted HRA rate in the autumn.

Regarding your concerns about the Right to Buy scheme, a review published alongside the 2024 Autumn Budget concluded that returning discounts to pre-2012 regional levels will create a fairer and more sustainable scheme. This will better protect council housing stock and enable councils to replace homes sold. The government also consulted on further reforms, including increased protections for new builds and changes to eligibility. A response was published on 2 July 2025 and is available at: <https://www.gov.uk/government/consultations/reforming-the-right-to-buy/outcome/government-response-to-the-consultation-on-reforming-the-right-to-buy>.

Section 157 of the Housing Act 1985 imposes resale restrictions on properties purchased under Right to Buy in designated rural areas, helping ensure social housing remains affordable and available to local residents.

We know council housebuilding capacity has been under pressure for over a decade. That's why we partnered with the Local Government Association and Homes England to launch the Council Housebuilding Skills & Capacity Programme, backed by £12 million in funding for 2025–26. The link for this can be found here: <https://www.gov.uk/guidance/council-housebuilding-skills-and-capacity-programme>. I encourage you to make full use of the support available, including the graduate talent scheme for vital surveyor and construction project manager roles.

The Affordable Homes Programme (AHP) continues to receive bids from housing associations and local authorities. Delivery partners assess viability against programme criteria. Bidders must demonstrate maximised use of other funding sources and justify grant levels based on project complexity. All bids are scrutinised to ensure compliance with subsidy control rules. A full prospectus for the new SAHP will be published in autumn 2025, with bidding expected to open in winter.

Thank you for writing in on this important matter.

Yours sincerely,

Shuma
Correspondence Unit