

Appendix 1 - HRA Business Plan Assumptions

Description	How it impacts the Business Plan	Assumptions used in the Business Plan
HRA Stock	Projected rental income is based on stock numbers	Baseline stock numbers in the current year are adjusted for projected RTB sales, demolitions and new affordable housing supply
Pay Inflation	Annual inflationary uplift	A 4% pay award has been assumed for 2024/25 and then 3% in 2025/26 and 2026/27 and then 2% thereafter across the plan
Rental Income	Tenant rent projections are driven by stock numbers and average rent. Tenant rent is the largest source of income for the HRA	The current rent policy of CPI +1% ends in 2024/25. Rents have been assumed to increase by 7.7% in 2024/25 (CPI +1%), 3% in 2025/26 and 2026/27 and 2% thereafter across the plan.
Repairs and Maintenance	Annual inflationary uplift	A 6.7% increase has been assumed for 2024/25 3% in 2025/26 3% and 2026/27 and then 2% thereafter across the plan
Energy	Annual inflationary uplift	A 20% increase has been assumed for 2024/25 (in line with CPI) 5% in 2025/26 and 3% in 2026/27 and 2027/28 and then 2% thereafter across the plan
Depreciation	Annual inflationary uplift	A 6.7% increase has been assumed for 2024/25 (in line with CPI) 3% in 2025/26 and 2026/27 and then 2% thereafter across the plan
Other Management Costs	No change	No inflation has been assumed on other management costs
Minimum Working Balance	Target level of minimum reserve for any overspends	Working balance requirements assumed at 10% of turnover
Service Charges	Cost of specific services are charged back to tenants and leaseholders	Service charge uplift is in line with anticipated cost increases
Voids	Level of void properties have an impact on rental income that can be charged	Rent loss though voids is estimated at 2.0% of rent throughout the plan
Bad Debts	Rent arrears that are not collected results in loss of income	Based on arrears as a percentage of rental income
Right to Buy Sales	Stock reductions reduce rental income and set a target for the Council to achieve 1-4-1 replacements	50 sales have been assumed for 2024/25, 40 for 2025/26, 30 in 2026/27 and then 20 thereafter across the plan
Interest rate on borrowing	Rental income is allocated to financing debt	New debt is assumed at 4.5% interest in 2024/25, 3.5% in 2025/26 and then 3% thereafter