

APPENDIX C

Description	Assumptions used in the Business Plan
Inflation CPI	Uplifted in 2024/25 (6.7%), 2025/26 (2.8%), and 2026/27 (2%) + every year after
Efficiency savings	£7m reduction on repairs contract assumed for 2024/25 will reduce the size of the increase required to align 2023/24 budget to current contract price
Minimum HRA Balances	Minimum HRA reserve balance of £11m representing 10% of total revenue has been set over the 30 years of the business plan to increase by 2% per annum
Rent Income uplift (dwellings)	Model assumes CPI plus 1% for 2024/25 and CPI only from 2025/26 onwards
Rent Income uplift (non-dwellings)	2024-25 are budgets provided based on current performance. Years thereafter assume CPI uplifts applied to non-dwellings income
Void Rate	Void rate of 1% applied to Council dwellings throughout the business plan. This amounts to £977k in 2024/25
Non-staffing budgets	Assumes actual budgets based on performance for 2024-25 and increased by 2.8% in 2025/26 and 2% in 2026/27 and thereafter 2%.
Bad debt allowance	3.4% assumed based on current trend.
Interest rate on borrowing	Interest on loans specifically taken for the HRA remains on the interest used in loan agreement while internal borrowing is based on Council's average cost of borrowing which 2024/25 (3.01%), 2025/26 (3.01%) 2026/27 onwards (3.01%). New loans interest forecast are 2024/25 (4%), 2025/26 (3.5%) 2026/27 onwards (3%)
Minimum Interest Cover Ratio (ICR)	A minimum interest cover of 1.2% has been set to the affordable limit for debt in the HRA business plan
HRA Debt balance	The HRA CFR opening CFR for 2024/25 is estimated to be £313.065m.
Debt Repayment	Repayment of debt assumes debt will be repaid when they become due at the end of their terms.
Right To Buy (RTB)	110 RTB sales are assumed annually to year 19, then nil. This corresponds with the end of the agreement with DLUHC. The model assumes a profile of sizes of properties in line with historic experience and values and discounts seen in the current market. Values are assumed to be frozen into 2024/25 then rise by 1% per annum.
Major Repairs	Uplifted in line with CPI above (6.7%, 2.8% then 2% thereafter) other than disabled adaptations, capital void contingency and communal works budgets which are assumed fixed
R&M uplift	Uplifted in line with CPI above (6.7%, 2.8% then 2% thereafter)
Major Repairs Reserve	This is funded from amounts set aside as depreciation in the income and expenditure budget of the HRA. The model assumes they are all used to fund the HRA capital programme when available.
Leaseholder Reserve	Around £2m per annum + inflation is assumed to go into a reserve for dealing with Leaseholder Capital Works. It is assumed that from 2025/26 onwards, £1m of this reserve per Annum will fund leaseholder works in the capital programme figures.
Non- 1-4-1 Capital Receipts	From 2026/27 onwards, RTB receipts retained in relation to the LA share and the allowable debt will be used to fund the capital programme rather than GF capital works
RTB 1-4-1 Receipts	All RTB 1-4-1 receipts are assumed to be given away to another RP or fund Be First projects before they require repayment to the Treasury