APPENDIX 7 - HRA Business Planning Assumptions

	CPI +1%	CPI +1% +£1	CPI +1% +£2
HRA Business Plan 2026/27 - Assumptions	**Option 1**	**Option 2**	**Option 3**
Average Rent Increase	4.8%	5.6%	6.5%
Service charge increase	3.0%	3.0%	3.0%
DH Unit rate options Increase/(Decrease) vs current charge	0.0%	0.0%	0.0%
New Borrowing requirement	£164.7m	£134.8m	£123.9m
Opening Debt	£345.0m	£345.0m	£345.0m
Total Debt	£460.5m	£460.5m	£460.5m
Debt repaid	£49m	£19.5m	£8m
Council homes to be delivered	860	860	860
Inflation - CPI:			
Year 2	3.80%	3.80%	3.80%
Year 3	2.70%	2.70%	2.70%
Year 4	2.00%	2.00%	2.00%
Year 5	2.00%	2.00%	2.00%
Year 6	2.00%	2.00%	2.00%
Inflation - RPI:			
Year 2	4.50%	4.50%	4.50%
Year 3	3.50%	3.50%	3.50%
Year 4	2.80%	2.80%	2.80%
Year 5	2.50%	2.50%	2.50%
Year 6	2.50%	2.50%	2.50%
Interest rates on external borrowing	4.03%	4.03%	4.03%
RTB projections:			
Year 1	358	358	358
Year 2	198	198	198
Year 3	50	50	50
Year 4	25	25	25
Year 5	25	25	25
Assumed S&M unit cost reduction linked to RTB	50%	50%	50%
Assumed R&M unit cost reduction linked to RTB	75%	75%	75%
Repairs & Maintenance - 30 year cost	£882.5m	£882.5m	£882.5m
Capital Repairs & Maintenance Investment Base values	£1,328.6m	£1,328.6m	£1,328.6m
Capital Housing Growth Investment	£213.8m	£213.8m	£213.8m
Bad debt - percentage of rental income	0.89%	0.89%	0.89%
Void loss - percentage of rental income	1.30%	1.30%	1.30%
Reserves	£'000		£'000
Year 1	19,348	19,348	19,348
Year 2	6,688	7,445	8,202
Year 3	5,910	7,818	7,985
Year 4	6,025	7,837	8,550
Year 5	6,382	8,493	9,761
Year 30	25,996	123,217	143,437