

**APPENDIX A - KEY ASSUMPTIONS UNDERLYING THE HRA BUSINESS PLAN**

Line	Year	1	2	3	4	5	
	Financial Year	2015.16	2016.17	2017.18	2018.19	2019.20	Comment
<b>1</b>	<b>DWELLING STOCK</b>						
2	Right to Buy Sales	40	40	40	40	40	Based on 40 sales per year
3	Demolitions	0	16	0	0	0	16 planned demolitions as part of Beechtrees Revival project
4	Additions	39	0	0	0	0	39 new build properties as part of the Firbeck Revival project
<b>5</b>	<b>INFLATION AND GROWTH</b>						
6	CPI	1.20%	2.00%	2.00%	2.00%	2.00%	Sept CPI 1.2% for 2015/16 and 2% in later years based on government target
7	RPI	2.30%	3.00%	3.00%	3.00%	3.00%	Sept RPI 2.3% for 2015/16, then assume 1% higher than CPI in line with experience
8	<b>Real Growth above RPI</b>						
9	Premises Related Expenditure	0.00%	0.00%	0.00%	0.00%	0.00%	Increase in line with RPI - but see note (1)
10	Other Management & Supervision Costs	0.00%	0.00%	0.00%	0.00%	0.00%	Increase in line with RPI
11	<b>Real Growth above CPI</b>						
12	Rents	1.00%	1.00%	1.00%	1.00%	1.00%	Rents will increase by 1% above CPI
13	Garage Rents	1.00%	1.00%	1.00%	1.00%	1.00%	Garage rents will increase by 1% above CPI for those that have been improved while other garage rents will be frozen
14	Service Charges	1.00%	1.00%	1.00%	1.00%	1.00%	Service charges will increase by 1% above CPI - but see note (2) Leasehold and district heating charges are also subject to different approaches
15	<b>Pay Costs</b>						
16	Employee Related Pay	1.20%	1.00%	1.00%	1.00%	1.00%	Pay award for 2015/16 agreed, assume 1% in subsequent years
17	<b>PENSION FUND VALUATIONS</b>						
18	Increase in Employer Contributions	£43,200	£87,000	£0	£0	£0	Reflects results of latest actuarial review
19	<b>VOIDS</b>	2.00%	2.00%	2.00%	2.00%	2.00%	Assume 2% void levels in line with previous years
20	<b>BAD DEBTS</b>	1.00%	1.00%	1.00%	1.00%	1.00%	Assume 1% in line with previous years - but see note (3)
21	<b>INTEREST EARNED / PAID</b>						
22	Interest on SF Debt with PWLB	3.47%	3.47%	3.47%	3.47%	3.47%	Loans are at fixed long term rates
23	Interest on New External Borrowing	4.50%	5.00%	5.00%	5.00%	5.00%	
24	Interest Earned on Working Balances etc	0.50%	0.75%	1.00%	1.00%	1.00%	Rates in line with Capital Interest Rate Forecasts
25	<b>VOLUNTARY DEBT REPAYMENT</b>						
26	Amount of Voluntary Set Aside	£0.27m	£0.28m	£0.29m	£0.30m	£0.30m	
27	<b>PROFESSIONAL FEES</b>	8.00%	8.00%	8.00%	8.00%	8.00%	

**NOTES**

(1) Rates of contract inflation for building work need to be reassessed in the light of experience and will be updated if required

(2) There are specific issues that have to be considered in relation to supporting people service charges and these will be separately considered through the budget process.

(3) The Welfare Reform agenda may potentially affect the level of bad debts and this area will be reviewed through the budget process