

APPENDIX A

KEY BUSINESS PLAN ASSUMPTIONS FOR THE NEXT FIVE YEARS - 2018/19 TO 2022/23

	2018/19	2019/20	2020/21	2021/22	2022/23
<u>General Factors</u>					
CPI Inflation	3.0%	2.5%	2%	2%	2%
RPI Inflation	4.0%	3.5%	3%	3%	3%
Stock numbers	-1.3%	-1.2%	-0.9%	-0.9%	-0.9%
<u>Income</u>					
Dwelling rents	-1%	-1%	3%	3%	3%
General Service Charges (CPI + 1%)	4%	3.5%	3%	3%	3%
Garage rents (CPI)	3%	2.5%	2%	2%	2%
Heating Charges	-10%	0%	3%	3%	3%
Interest income	0.5%	0.5%	0.5%	0.5%	0.5%
Other income (CPI)	3%	2.5%	2%	2%	2%
<u>Expenditure</u>					
Employee related	2%	2%	1%	2%	2%
Repairs, maintenance & energy (RPI)	4%	3.5%	3%	3%	3%
Bad debt provision	1.5%	1.5%	1%	1%	1%
Interest rate on new borrowing	3%	3%	3%	3%	3%
Other expenditure (CPI)	3%	2.5%	2%	2%	2%

Notes

- ✓ (1) As void rates, (currently budgeted at 2%), are not expected to change over the period of this forecast and their impact is built into the starting budgets they have not been included in this analysis
- ✓ (2) The average interest rate on existing borrowing of 3.47% is fixed and will not change over the forecast period and so is not shown above
- ✓ (3) The investment programme is based on long term investment profiles and has been updated to reflect latest information
- ✓ (4) For 2018/19 budgets the above assumptions have been applied but where there is a contractual obligation for a different rate, or there is local knowledge about a specific budget, then that has been used instead
- ✓ (5) No principal repayments of debt will be made over the next 2 years and then this position will be reassessed in 2020/21

AREAS OF UNCERTAINTY WITHIN THE BUSINESS PLAN

- 1) It is difficult to accurately predict future inflation rates, interest rates, and the level of right to buy sales. These will be kept under review and updated if required.
- 2) The continuing welfare reform agenda, along with the implementation of the Local Housing Allowance may potentially have a significant effect on the level of bad debts, as a consequence the underlying rate has been increased from 0.5% to 1% with 1.5% expected for 2018/19 and 2019/20 due to initial timing delays in Universal Credit being paid.