

Appendix D

Newark & Sherwood District Council (NSDC) 30-year Housing Revenue Account (HRA) Business Plan (BP): some key assumptions

Assumption topic	Assumption										
Income: inflation	<p>Increase in 2022/23 rental income by 4.1%, based on the Consumer Price Index (CPI) for September 2021 (3.1%) plus 1%.</p> <p>The Bank of England's Monetary Policy Committee forecasts CPI inflation in 2022 to average 4.5%, though sets monetary policy to sustainably return to the government's target inflation rate of 2%, typically over a period of around two years.</p> <p>For prudence, and in light of the current volatility, 3% increases (CPI of 2.0% + 1%) have currently been assumed in rental income for future years of the government's five-year rent settlement (2023/24 and 2024/25). For 2025/26, a 2% increase (CPI of 2.0%) has currently been assumed.</p> <table border="1" data-bbox="507 907 1369 990"> <thead> <tr> <th></th> <th>2022/23</th> <th>2023/24</th> <th>2024/25</th> <th>2025/26</th> </tr> </thead> <tbody> <tr> <td>Rent change</td> <td>4.1%</td> <td>3.0%</td> <td>3.0%</td> <td>2.0%</td> </tr> </tbody> </table>		2022/23	2023/24	2024/25	2025/26	Rent change	4.1%	3.0%	3.0%	2.0%
	2022/23	2023/24	2024/25	2025/26							
Rent change	4.1%	3.0%	3.0%	2.0%							
Income: rent loss from void properties	1% in each year between 2022/23 and 2025/26.										
Expenditure: capital	Capital expenditure between 2022/23 and 2025/26 is updated in line with the reports presented to Policy & Finance Committee as part of the annual budget-setting and quarterly budget monitoring processes.										
Right to Buy (RTB)	<p>21 sales in each year between 2022/23 and 2025/26.</p> <p>The council has had 16 RTB sales in 2021/22 Q1-Q3.</p> <p>Nationally and locally, the number of RTB sales seemed to have peaked in recent years. The current environment could increase the ability or likelihood of some RTB sales (such as for tenants whose properties become relatively more affordable to purchase, if the ratio of house prices to rents decreases); and decrease the ability or likelihood of other RTB sales (such as for tenants whose financial circumstances have worsened as a result of the pandemic).</p>										