

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

Assumption topic	Assumption										
Income: inflation	<p>Increase in 2021/22 rental income by 1.5%, based on the Consumer Price Index (CPI) for September 2020 (0.5%) plus 1%.</p> <p>Changes in rental income for future years (2022/23 to 2024/25) would typically be based on the five-year CPI forecast published by the Office for Budget Responsibility (OBR), but this has not been updated recently.</p> <p>For prudence, therefore, in light of the current pandemic-induced low-inflation environment, 1.5% increases (1% + CPI of 0.5%) have been assumed in each year of the council’s 2021/22 to 2024/25 (2021/25 Medium Term Financial Plan (MTFP)).</p> <table border="1" data-bbox="448 898 1425 981"> <thead> <tr> <th></th> <th>2021/22</th> <th>2022/23</th> <th>2023/24</th> <th>2024/25</th> </tr> </thead> <tbody> <tr> <td>CPI + 1%</td> <td>1.5%</td> <td>1.5%</td> <td>1.5%</td> <td>1.5%</td> </tr> </tbody> </table>		2021/22	2022/23	2023/24	2024/25	CPI + 1%	1.5%	1.5%	1.5%	1.5%
	2021/22	2022/23	2023/24	2024/25							
CPI + 1%	1.5%	1.5%	1.5%	1.5%							
Income: rent loss from void properties	<p>1% in each year between 2021/22 and 2024/25.</p> <p>The council’s target for 2020/21 is 0.6% of rental income lost through voids, though actual rental income lost through voids at the end of 2020/21 Q2 was 1% (an improvement from 2020/21 Q1, though higher than targeted because of the pandemic).</p>										
Expenditure: capital	<p>Capital expenditure between 2021/22 and 2024/25 is updated in line with the reports presented to Policy & Finance Committee as part of the annual budget-setting and quarterly budget monitoring processes.</p>										
Right to Buy (RTB)	<p>25 sales in each year between 2021/22 and 2024/25.</p> <p>The council has had 19 RTB sales in 2020/21 Q1-Q3.</p> <p>Nationally, the number of RTB sales seemed to have peaked towards late 2018/19 and early 2019/20. The current pandemic-induced economic crisis could increase the ability or likelihood of some RTB sales (such as for tenants whose properties become more affordable to purchase, if there are national or regional house price reductions); 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>										