

Appendix G

HRA Business Plan 2019/20 Base Model - Assumptions

Item	Assumption	Comments
Start Year In Model	2019/20	
General Inflation 2019/20 onwards		
2019/20	2.0%	Consumer Price Index (CPI) forecasts
2020/21 onwards	2.0%	
SHP Management Fee		
2019/20-2021/22	0%	To achieve savings
2022/23 onwards	2.0%	Linked to CPI
LB Sutton Expenses		
2019/20-2019/20	0%	To achieve savings
2021/22 onwards	2.0%	Linked to CPI
Inflation on capital works		
2019/20 - 2020/21	4.0%	Forecast Building Cost Inflation rates
2021/22 – 2022/23	3.5%	
2023/24 onwards	3.0%	
Interest Rates		
Consolidated Rate of Interest (CRI) on pre-settlement debt	3.8%	Based on the detailed loan portfolio of the council
Self-Financing Payment	3.5%	Based on latest Treasury advice
Subsequent borrowing	2.8% - 3.8%	
Interest on Balances		
2018/19	0.45%	
2019/20 onwards	0.65%	
Opening stock at 1st April 2019		
Tenanted	5957.75	Includes 6.75 full dwelling equivalent Shared Ownership properties + 19 acquired properties + 15 new build
Leasehold	1,444	
Section 16 Freehold	84	
Opening Rent (2019/20)		
Social Rent	£104.55	Existing stock
Affordable rent	£217.80	Acquired properties

Real (above inflation) Rent Growth		
2019/20	-1.0%	Final year of rent reduction
2020/21-2024/25	3.0%	CPI + 1%
2025/26 onwards	2.0%	CPI
Voids losses	0.60%	
Provision for Bad Debts		
2019/20 – 2020/21	1.0%	c. £353K
2021/22	1.1%	c. £407K
2022/23	1.0%	c. £390K
2023/24 onwards	0.9%	c. £370K
Service Charges – 2019/20		
Tenanted	£2.87	Per week
Leasehold	£200.94	Per quarter
Service Charge Growth		
2019/20	2.0%	Equivalent to CPI
2020/21 onwards	2.0%	
Other Income 2019/20		
Commercial Properties	£265K	
Heating Charges	£278K	
Garages	£496K	
Rechargeable Works	£40K	
Intensive Housing Management Charge	£392K	
Real Other Income Growth		Dependent on the individual source of income.
Borrowing		
All existing borrowing is refinanced, with the exclusion of:		
Self-financing settlement		
New build		
Opening Debt 2019/20		
HRA Capital Financing Requirement	£179,404,400	
New Borrowing		
2019/20	£4,228,000	For New Build & Acquisitions
RTB Sales (per annum)		
2019/20	23	11 freehold, 12 leasehold
2020/21 – 2027/28	20	10 freehold, 10 leasehold
2028/29 onwards	10	5 freehold, 5 leasehold

Real RTB Sales Growth	Nil	
Acquisitions Years 1-5		
2019/20	40	
2020/21	30	
2021/22	20	
2022/23	20	
2023/24	20	
Other Stock Movements (per annum)		
2019/20	78	New build rented stock
2021/22	81	
SHP Management Fee 2019/20 (inclusive of intensive housing management costs)	£14,048,000	Plus capital works management
LB Sutton Management Costs 2019/20	£2,449,000	
Service Costs 2019/20		
-Heating	£311K	Effect of limit rent
-Communal Alarm (Eldercare)	£170K	
-Cost of Housing Benefit	£142K	
Real Service Cost Growth	RPI	Actuals dependant on supplier costs.
Depreciation		
Dwellings	£1136	Annually per property
Non Dwelling Assets 2019/20	£62K	
New Build Phase 2		
Borrowing:		
2019/20	£1,684K	
2020/21	£13,936K	
2021/22	£929K	
Interest rate	2.8%	
Dwellings	81	From 2022 per week per week
Rent	£166.20	
Service Charge	£2.76	
Additional New Build Assumptions		
Borrowing:		
2022/23	£4,200K	
2023/24	£33,600K	

2024/25	£4,200K	
Interest rate	2.8%	
Dwellings	120	From 2026
Average Rent	£166.20	per week
Service Charge	£2.76	per week