

Appendix F - Shropshire HRA Business Plan – Key Assumptions February 2025

| Area | Business Plan Assumption | Commentary |
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| Void Loss Rate | 1.5% per annum | The national average for void loss is nearer to 1% however, the 1.5% rate is more applicable to Shropshire. |
| Right to Buy | 47 units sold 25/26, 7 units sold per annum thereafter. Discount capped to £26k from 2025/26 onwards. | The RTB assumptions have changed significantly following the first plan iteration when Savill's gave their input. Assumptions are now updated to reflect the recent increase in applications then the expectation that future applications will dramatically reduce following changes in legislation. The assumptions stop at Year 18 in line with Abovo advice and to reflect that fact that the future beyond this point is considerably more unknown. |
| Relet rent approach | 6% of housing stock per annum, equivalent of 244 units in 25/26. Relet at Target Rent. | The HRA business plan now adopts the principle of reletting properties at target rate. This is in line with Savill's commentary and is now adopted in practice. |
| Rate of inflation | 1.7% 2025/26 and 2.5% thereafter. | This is driven by changes in CPI as at the September point. |
| Management Fee increase | In line with rent setting assumptions (CPI+1%). 2.7% in year 1 3.5% per annum thereafter | Management Fee increases are matched to rent increases throughout. |
| Bad Debt Provision (%per year) | 0.5% per annum | This sits at around half the national average but is reflective of Shropshire's experience in bad debt levels. |

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| Investment per property (PIP and Sustainability) | £69k per property over 30 years | This is above the initial amount included in the draft business plan as this includes a greater proposed investment in Sustainability and the impact of rising inflation. |
| EPC works investment | £36m cost investment, £15m grant funding, £21m HRA funding | This is increased from the original draft business plan as reviewed by Savills as it now reflects the realistic cost of addressing sustainability and matches the bid value put forward under the Government's Social Housing: Warm Homes Fund - Wave 3. |
| Development Assumptions | To deliver 509 units over 5 years | The initial business plan reviewed by Savill's did not include a development plan extending beyond the current plans and therefore showed itself to be in managed decline. The plan as now presented shows a healthy development programme over the next five years which firmly puts the HRA on a more sustainable footing. |