

HOUSING REVENUE ACCOUNT - RISK ASSESSMENT

Risk Event	Impact	Risk Level	Likelihood	Max. Impact £000	Min. Provision £000
Increased stock loss - level exceeds the provision made in the estimates	The loss of a property costs the HRA approx. £3,352 in lost rental income in a full year. A loss of 25 properties throughout the year would cost £42,700.	M 80%	Budget 2011/12 assumes 15 sales. Given the small upturn in sales in the current year there is a possibility that the forecast number could be	43	34
Higher level of void (empty) properties - increase loss of rental income	A 0.5% increase in void loss costs the HRA £133,900 in a full year.	H 100%	Budget 2011/12 assumes 2% void rental loss. There is a possibility that the level may be higher than this if current performance is not improved.	134	134
Increase in Management Fee paid to Six Town Housing - pay costs	Six Town Housing can request additional pay costs as an addition to the Management Fee however this is subject to negotiation with the Council (it is not an automatic payment). Pay awards have yet to be set for 2011/12 and so there is a degree of uncertainty about the extent to which the budget provision will meet the actual costs. STH have yet to complete their pay and grading process; this could lead to requests for additional funds to cover temporary costs resulting from this.	M 80%	Budget 2011/12 allows for 0% increase on pay elements of the Management Fee. The 0% assumption made in respect of the 2011/12 pay award is felt to be prudent in light of the Employers' offer but in order to mitigate risk an allowance should be retained in balances for this and potential one off costs of job evaluation.	182	146
- non pay inflation	If non pay inflation was to be 1% higher than assumed then this would amount to £64,100. Six Town Housing can request additional inflation as an addition to the Management Fee however this is subject to negotiation with the Council (it is not an automatic payment).	M 80%	Budget 2011/12 allows for 0% increase on non pay elements of the Management Fee. This includes expenditure on the Repairs and Maintenance service.	64	51

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Increase in arrears levels	Rental income is accounted for in the HRA on a rents receivable basis rather than actual rent received. However an increase in arrears could impact on the level of contribution required to the Bad Debt Provision.	M 80%	Budget 2011/12 allows for a contribution of £75,000 to the Bad Debt Provision. This is based on the current performance but as the level of arrears can be volatile there is a risk of the final requirement being different if performance is not maintained.	61	49
Interest rates - Cost of Capital	Any reduction in the cost of borrowing has an adverse impact on the level of Housing Subsidy received to cover interest on HRA debt.	M 80%	Risk in this area is felt to be minimal as borrowing is locked in. However in view of the prevailing economic uncertainties then a contingency is felt to be prudent.	84	67
Other HRA expenditure	Whilst the Management Fee paid to Six Town Housing accounts for the majority of management and maintenance expenditure within the HRA there are other costs and charges. These include payments to Adult Care Services, Strategic Housing Unit and other departments of the Council for services provided to HRA customers. If these costs were to 1% higher than assumed then this would amount to £19,600.	M 80%	The majority of these charges are agreed in advance and as such should not vary throughout the year. However it is felt prudent to allow for the possibility that unforeseen circumstances within services outside of the HRA could have an impact on the charges made.	20	16
Springs Tenant Management Co-operative - potential progress towards small scale voluntary transfer	If the transfer proposals are progressed to the next stage then the HRA will incur costs associated with this.	H 100%	The 2011/12 budget does not contain any provision for these costs as there is uncertainty as to when the issues raised will be resolved. The extent of costs that could be charged to the HRA has not yet been fully established.	35	35
				623	532