

## 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. £3,800 in lost rental income in a full year. A loss of 45 properties throughout the year would cost around £86k.	H 100%	Budget 2020/21 assumes 60 sales. Current sales levels are a bit below this level but the level of applications can be influenced by outside factors such as the general economy or promotion of Right to Buy.	86	86
Higher level of void (empty) properties - increase loss of rental income	A 0.7% increase in void loss costs the HRA £213k in a full year.	H 100%	Budget 2020/21 assumes 1% void rental loss. Whilst recent performance is meeting this target it may prove difficult to maintain.	213	213
Numbers of properties moving to target rents not as high as anticipated	A property moving to target rent will increase the weekly rental income by an average of £6.07.	H 100%	The numbers of properties moving to target rent will depend on how many properties become void during the year and whether their rents are already at target level (which will increase by the same).	25	25
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.	H 100%	Budget 2020/2021 allows for contributions of £484k to the Bad Debt Provision. This is based on 1.6% of the rental income due and allows for the potential impact of benefit changes. However the level of arrears can be volatile and the timing and impact of benefit changes is still estimated.	303	303
Interest rates - Cost of Capital	Under self financing the risks associated with changes in interest rates impact directly on the HRA. A 0.5% increase across the assumed HRA borrowing (excluding the loans taken for self financing) would cost £206k.	L 60%	The loans taken on for self financing are long term fixed rate so the interest charges are known. However there could be an impact on the HRA if it picks up a larger share of existing higher interest rate debt or when pre self financing loans are replaced. Borrowing for new developments could be at a higher rate than when the	206	124

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Capital Investment requirements - newly arising need.	Under self financing the resources for capital investment in the housing stock come directly from the HRA.	L 60%	The 3 year capital investment programme for 2018-2021 was determined on the basis of the resources required to maintain the stock at a Decent Homes Plus level however it is felt prudent to allow for the possibility of any unforeseen or urgent investment requirements or changes.	246	148
Increase in Management Fee paid to Six Town Housing	Six Town Housing can request additional pay and non pay costs as an addition to the Management Fee however this is subject to negotiation with the Council (it is not an automatic payment).	L 60%	The STH Management Fee has not yet been agreed for 20/21 and new Management Agreement is not yet in place. Therefore it is felt prudent to allow for a 1% increase over and above that provided for in the 20/21 budget.	133	80
Other HRA expenditure	There are costs and charges within the HRA that are outside of the Management Fee paid to Six Town Housing; these include payments to the Department of Communities and Wellbeing and other departments of the Council for services provided to HRA customers. If these costs were to be 2% higher than assumed then this would amount to around	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.	42	34
Springs Tenant Management Co-operative - potential progress towards self financing TMO.	As these proposals progress there may be costs that fall on the HRA associated with this.	H 100%	The 2020/21 budget does not contain any provision for these costs as the timing and extent of such costs has not yet been fully established.	40	40
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