

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 50 properties throughout the year would cost around £100,000	H 100%	Budget 2014/15 assumes 42 sales. Current sales levels are around this level but further changes to discounts and eligibility coupled with the introduction of Right to Buy Agents could significantly increase interest and potential sales.	100	100
Higher level of void (empty) properties - increase loss of rental income	A 0.5% increase in void loss costs the HRA £149,200 in a full year.	H 100%	Budget 2014/15 assumes 1.8% void rental loss. There is a possibility that the level may be higher than this if current performance is not maintained.	150	150
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).	H 100%	The STH Management Fee has not yet been agreed for 2014/15 and it is felt prudent to allow for a 1% increase over and above that provided for in the 2014/15 budget.	80	80
- non pay inflation	If non pay inflation was to be 2% higher than assumed then this would amount to £118,000. 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 2014/15 allows for 0% increase on non pay elements of the Management Fee. This includes expenditure on the Repairs and Maintenance service.	120	100

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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.	H 100%	Budget 2014/15 allows for contributions of £622,200 to the Bad Debt Provision. This is based on 2% of the rental income due and allow for the potential impact of under occupation and other benefit changes. However the level of arrears can be volatile and the timing and impact of benefit changes is still estimated at this stage; the position will be monitored and reviewed during the year.	310	310
Interest rates - Cost of Capital	Under self financing the risks associated with changes in interest rates impact directly on the HRA.	M 80%	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 when pre self financing loans are replaced.	200	160
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 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 £42,000.	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. Increased costs are likely to result from the implementation of benefit reforms.	40	30
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 2014/15 budget does not contain any provision for these costs as the timing and extent of such costs has not yet been fully established.	50	50
				1050	980