

APPENDIX B: RISK BASED ASSESSMENT OF THE LEVEL OF HOUSING REVENUE ACCOUNT BALANCES

Potential Risk Area	Comments including any mitigation factors		
Income from areas within the base budget where the Council raises "Fees and Charges"	Potential risk that the budgeted level of income from activities where the Council is charging for services will not be achieved. This is anticipated largely to be as a result of the downturn in economy, but could also be as a result of increased void rates, lower collection rates, disputed bills, All "fees and charges" income is reviewed as part of the monthly/quarterly budget monitoring process. All budgets are profiled over the year based upon previous experience.		
		Calculated Risk	
Specific Areas	Estimated Income	Risk assessed at	Balances Required
Right to buy Income (if the government change the rules on RTB's and income assumed to support capital is not available this would need to be funded from revenue or capital programme)	£195,000	23.0%	£44,850
Leaseholder charges not realised	£771,400	2.5%	£19,285
Rental income (increase in voids rates)	£37,288,270	1%	£372,883
Heating charges	£265,920	5%	£13,296
Total			£450,314

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Potential Risk Area	Comments		
Demand Led Budgets	Potential risk that spending on parts of the budget where the Council has a legal duty to provide the service increases significantly. Individual budgets reviewed as part of the monthly budget monitoring process. All budgets are profiled over the year based upon previous experience and so any variances should show up during the year.		
		Calculated Risk	
Specific Areas	Estimated Exposure	Risk assessed at	Balances Required
Storm damage and fire damage uninsured costs (excess is £25,000 for fire damage)	£75,000	100%	£75,000
Response and Emergency repairs increase	£5,322,180	5%	£266,109
Unforeseen Capital works not budgeted for requiring a contribution to capital (based on a proportion of the capital programme)	£16,353,460	5%	£817,673
Total			£1,158,782

Potential Risk Area	Comments including any mitigation factors		
Changes since budget was set	Potential risk that things change since the budget estimates were made and the estimates are then under budgeted for. (*Single status risk is expressed as a percentage increase in the pay bill). Supporting People grant a risk uncertainty around Supporting People funding for the future. HCC are currently trying to determine how they are going to commission housing related support services in the future.		
		Calculated Risk	
Specific Areas	Estimated Exposure	Risk assessed at	Balances Required

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Single Status *	£8,512,385	2.00%	£170,248
Reduction in Supporting People Grant	£525,950	10.00%	£52,595
Reduction in Decent Homes Grant	£4,750,000	10.00%	£475,000
Increase in borrowing costs for self financing		0.25%	£502,000
Transitional Vacancy Rate 2%	£107,870	5.00%	£5,394
Increase in bad debt provision	£150,200	10.00%	£15,020
Contractual inflation	£154,000	5.00%	£7,700
Total			£1,227,956

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Other Risks	Potential risk that savings options will not be realised as a result of delay or unforeseen circumstances.		
		Calculated Risk	
Specific Areas	Estimated Exposure	Risk assessed at	Balances Required
Savings Options	£1,139,780	10.00%	£113,978
Total			£113,978

Potential Risk Area	Comments including any mitigation factors		
Estimated balances required for any over spend or under -recovery of expenditure	This calculation replaces the calculation based on Net Expenditure		
		Calculated Risk	
Specific Areas	Estimated Exposure	Risk assessed at	Balances Required
Gross Expenditure	£42,880,500	1.50%	£643,208
Total			£643,208

Level of Balances Assumed in Housing Revenue Account Based on risk **£3,594,237**