

**APPENDIX E: RISK BASED ASSESSMENT OF THE LEVEL OF HOUSING REVENUE ACCOUNT
BALANCES 2014/15**

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
Increased Right to buys as a result of Government initiatives reducing the amount of collectable rent. Assume an additional 20 RTB's	£102,534	100.00%	£102,534
Rechargeable works not raised or recovered	£171,790	15.00%	£25,769
Leaseholder charges not realised	£747,300	5.00%	£37,365
Rental income (increase in voids rates)	£41,163,720	1.00%	£411,637
Loss of rental income arising from welfare reforms and increase in arrears (including Universal credit etc.)	£41,163,720	1.25%	£514,547
Heating charges	£327,340	5.00%	£16,367
Total			£1,108,218

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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	100.00%	£75,000
Response and Emergency repairs increase	£5,367,380	5.00%	£268,369
Unforeseen Capital works not budgeted for requiring a contribution to capital (based on a proportion of the capital programme)	£26,000,000	1.50%	£390,000
Total			£733,369

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 future years, however risk in 2014/15 assessed as zero. HCC are currently trying to determine how they are going to commission housing related support services in the future.

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		Risk assessed at	Balances Required
Single Status *	£7,971,640	2.50%	£199,291
Housing restructure costs are higher than estimated*	£7,971,640	1.00%	£79,716
Reduction in Supporting People Grant (notification funding for 2014/15 secure)	£519,100	0.00%	£0
Increase in borrowing costs for internal borrowing	£770,000	2.93%	£22,561
Transitional Vacancy Rate 4.5% not achieved	£221,500	10.00%	£22,150
Increase in bad debt provision	£200,200	25.00%	£50,050
Increase in utility inflation (above 15% 1 October 2013)	£255,680	10.00%	£25,568
Total			£399,336

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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 delayed or not realised	£622,850	10.00%	£62,285
Total			£62,285

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	£41,000,000	1.50%	£615,000
Total			£615,000

Level of Balances Assumed in Housing Revenue Account Based on risk	£2,918,208
Balances held for Future debt repayments and Capital Programme	£7,249,000
Total Balances Required in 2014/15	£10,167,208
HRA Projected 2014/15 Balances	£13,318,443
Balances in Excess of the minimum level	£3,151,235