

## APPENDIX C: RISK BASED ASSESSMENT OF THE LEVEL OF HOUSING REVENUE ACCOUNT BALANCES 2026/27

Potential Risk Area	Comments including any mitigation factors		
Income from areas within the base budget where the Council raises "Fees and Charges"	There is a potential risk that the budgeted income from activities where the Council charges for services will not be achieved. This is largely anticipated due to the challenging economic conditions, but could also result from increased void rates, lower collection rates, and disputed bills. All "fees and charges" income is reviewed as part of the quarterly budget monitoring process. Budgets are profiled over the year based on previous experience.		
		<b>Calculated Risk</b>	
Specific Areas	Estimated Income	Risk assessed at	Balances Required
Rechargeable works not raised or recovered	-£153,790	10.00%	£15,379
Leaseholder charges not realised (excluding insurance)	-£1,480,210	5.00%	£74,011
Rental income (increase in voids rates)	-£53,332,290	1.00%	£533,323
Service Charges (increase in voids rates)	-£3,567,320	1.00%	£35,673
Heating charges	-£639,350	5.00%	£31,968
<b>Total</b>			<b>£690,353</b>

Potential Risk Area	Comments		
Demand Led Budgets	There is a potential risk that spending on parts of the budget where the Council has a legal duty to provide services will increase significantly, including due to regulatory requirements. Individual budgets are reviewed as part of the quarterly budget monitoring process. Budgets are profiled over the year based on previous experience, so any variances should be identified during the year.		
		<b>Calculated Risk</b>	
Specific Areas	Estimated Exposure	Risk assessed at	Balances Required
Storm damage and fire damage uninsured costs (excess is £25,000 for fire damage)	£25,000	100.00%	£25,000
Response and Emergency repairs increase as a result of inflationary pressures or unforeseen repairs	£15,859,220	10.00%	£1,585,922
Unforeseen Capital works not budgeted for requiring a contribution to capital (based on a proportion of the capital programme)	£75,635,000	3.00%	£2,269,050
Inflation pressures on capital works requiring additional revenue resources to fund the shortfall	£75,635,000	1.00%	£756,350
There is an insufficient budget identified for Void, Fencing, Aids and Adaptation, and Damp and Mould and compliance work.	£1,500,000	50.00%	£750,000
<b>Total</b>			<b>£5,386,322</b>

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.		
		<b>Calculated Risk</b>	
Specific Areas	Estimated Exposure	Risk assessed at	Balances Required
Transitional Vacancy Rate 4.5% not achieved	£372,420	5.00%	£18,621
Increase in bad debt provision	£488,220	5.00%	£24,411
Utility inflation (Electricity increase in April 2025, Gas increase from Oct 2025 )	£1,428,280	5.00%	£71,414
Pay award is higher than budgeted for	£14,494,050	1.00%	£144,941
<b>Total</b>			<b>£259,387</b>

## APPENDIX C: RISK BASED ASSESSMENT OF THE LEVEL OF HOUSING REVENUE ACCOUNT BALANCES 2026/27

Potential Risk Area	Comments including any mitigation factors		
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 over Medium Term (5 yrs)	£4,165,390	22.00%	£900,050
<b>Total</b>			<b>£900,050</b>

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 (excluding fixed interest costs and depreciation and RCCO and cost covered above)	£1,633,750.00	5.00%	£78,770
<b>Total</b>			<b>£78,770</b>

Potential Risk Area	Comments including any mitigation factors		
Greater exposure to interest rate changes	The latest Business Plan revision includes re-financing of existing debt and a higher level of borrowing in the first 5 years of the plan. To mitigate this reserve values have been increased related to future debt		
		Calculated Risk	
Specific Areas	Estimated Exposure	Risk assessed at	Balances Required
5 Year Assumed new borrowing - interest rates 1.25% higher than projected	£214,789,000	1.25%	£2,684,863
<b>Total</b>			<b>£2,684,863</b>

Level of Balances Assumed in Housing Revenue Account Based on risk

**£10,000,000**