

HOUSING REVENUE ACCOUNT: RISK REGISTER

Risk and Mitigation in Place	Gross Value of Risk £'s	Probability	Potential Impact £'s
<p>1. With effect from April 2012 the Government introduced a new financial regime to manage the HRA. This reform effectively transferred a number of risks from the national HRA pool to individual local authorities. These include reduction in property numbers from RTB, demolition, changes in HRA legislative and rent setting framework etc.</p> <ul style="list-style-type: none"> • While the new system brings with it uncertainty and associated risks the flexibility incorporated within the system means that risks are more likely to materialise in respect of the longer term sustainability of the HRA. The indicative figures provided cover the initial year impact only. • While the Council will monitor the impact of trends in respect of the HRA through its budgets and the Business Plan it needs to be recognised that many of the risks arise from situations beyond the Council's direct control such as the loss of stock through Right to Buy, or through elements of the housing stock not being economically sustainable. 	£2,000,000	25%	£500,000
<p>2. Rental collections fall as a result of the wider economic position and major changes being introduced to the welfare system.</p> <ul style="list-style-type: none"> • Assumed income levels have been calculated on the basis of previous experience and are based on prudent assumptions with appropriate bad debt provisions in place. • The Council will work with tenants to ensure adequate support is available to keep rent payments up to date. • The Council has recently strengthened its procedures for the recovery of arrears and has established appropriate financial provisions should write offs be required. 	£500,000	25%	£125,000

Risk and Mitigation in Place	Gross Value of Risk £'s	Probability	Potential Impact £'s
<p>3. The level of void property is above the budgeted allowance.</p> <ul style="list-style-type: none"> • Void levels have fluctuated quite significantly as major works and plans are undertaken. A void allowance is built into the main rental budgets to minimise this variance. 	£500,000	25%	£125,000
<p>4. There are unanticipated pressures on demand led budgets such as repairs and maintenance, or costs or income fall outside of the budgeted position.</p> <ul style="list-style-type: none"> • All budgets are based on previous experience of expenditure / income and should be sufficiently robust to cope with the expected range of fluctuation. 	£1,000,000	25%	£250,000
<p>5. A significant Business Continuity issue arises.</p> <ul style="list-style-type: none"> • The Council have developing Business Continuity Plans which should reduce these risks. • Appropriate insurance arrangements are in place. • In exceptional circumstances Central Government has provided an element of financial support. 	£2,000,000	10%	£200,000
<p>6. Capital Expenditure</p> <ul style="list-style-type: none"> • Any significant overspend on the capital programme may require an additional contribution from the HRA to finance. • Regular contract management and capital budget monitoring meetings will manage the HRA capital programme. • The risk on much of the Programme can be managed by reducing the number of Commitments entered into. There are however a number projects where this approach is not appropriate. 	£16,000,000	5%	£800,000
Calculated Potential Financial Impact of Identified Risks			£2,000,000