

AREAS OF BUDGETARY RISK

APPENDIX 1

A number of areas of budgetary risk have been identified within the HRA, as follows:

Budget Title	Approved Budget	Risk
Rental Income from Dwellings	£18,140,000 (revenue)	Right to Buy sales, number of new tenancies set at convergence rent levels, number of days lost through major works, rent lost in respect of void properties and welfare reform changes (for which an increased bad debt provision has been made) all impact on the annual rental income.
General Maintenance	£1,630,000 (revenue) - £400,000 overspend reported in September	Risk of overspend exceeding the £400k already reported to committee. The combination of recent prolonged wet weather and high winds has led to a significant rise in the number of leaks and damp ingress reported by tenants (152 separate reports). Technical Officers are currently assessing the extent of remedial works required to each property prior to instructing works. Contractual uplifts in respect of the general maintenance contract are also being negotiated which could further impact on this budget.
Repairs to Void Properties	£1,000,000 (revenue) - £750,000 overspend reported to date	Contractual uplifts are also being negotiated with the main contractor which could further impact on this budget.
External Low Maintenance & Painting	£750,000 (revenue)	Planned works to external painting and repairs to flats require consultation with leaseholders prior to commencement. In the mean time works will mainly be focused on houses. New contractor appointed 1st April 2013 so works more weighted in later part of year allowing time for initial surveying work. Work in last quarter of financial year exposed to risk of adverse weather conditions.
Kitchen Replacement Programme	£2,297,830 (capital)	The number of kitchens which can be replaced within approved budgets may vary dependent upon the cost of associated works such as electrical repairs and re-plastering, which varies per property. For 2013-14 it was planned that 499 kitchens would be replaced.
Bathroom Replacement Programme	£867,990 (capital)	The number of bathrooms which can be replaced within approved budgets may vary dependent upon the cost of associated works such as re-plastering, which varies per property. For 2013-14 it was planned that 322 bathrooms would be replaced.
Knights Place	No budget (capital)	Significant works have been required to resolve water penetration issues at Knights Place and the costs and associated lost rental income will form part of a claim from the main contractor.