

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
Restructure of Housing Services		The financial impact of the proposed restructure of Housing Services is pending the outcomes of Job Evaluation and the time required to complete the recruitment process.
Rental Income from Dwellings	£18,900,000 (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. Early indications show rental income ahead of profile, as the amount of rent lost through void properties has reduced following a reduction in turnaround times.
General Maintenance	£1,588,000 (revenue) -	Reduction in the number of reported faults in the first three months of the year (3,657) compared to the same time last year (3,906), if pattern continues it could result in a potential under-spend.
Repairs to Void Properties	£1,500,000 (revenue)	A number of factors may result in an under-spend against this budget in sharp contrast to last financial year; kitchen and bathrooms are being referred to the capital replacement programmes, pre-void inspections are resulting in works being undertaken before a tenant hands back their property, minimum amount of works being undertaken in accordance with existing Voids Standard and a reduction in the number of void properties in the first quarter of the financial year compared to 2013/14.
Gas Servicing Contract	£965,000 (revenue)	New comprehensive Gas Contract commenced in July 2014, which may result in a budgetary saving. To be monitored and reported later in the financial year.
RTB Sales Administration	£30,990 (revenue)	Recent changes to the cap on Right to Buy discounts from £75k to £77k and the maximum discount for houses rising from 60% to 70% may impact on the level of RTB applications and subsequent sales.
Kitchen Replacement Programme	£2,648,710 (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 2014-15 it is planned that 477 kitchens will be replaced.

Bathroom Replacement Programme	£1,164,850 (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 2014-15 it is planned that 369 bathrooms will be replaced.
Rennes House Structural Repairs	£435,840 (capital)	This budget provides for essential structural repairs highlighted by external consultants; however completion of the works is pending the outcomes of an options appraisal for the block of flats, completion of a tender process and appointment of a project manager.
Central Heating Replacements	£354,190 (capital)	Spend of this budget may be affected by the commencement of the new comprehensive Gas Contract, as systems may continue to be repaired rather than replaced.
Boiler Replacement Programme	£550,630 (capital)	Spend of this budget may be affected by the commencement of the new comprehensive Gas Contract, as boilers may continue to be repaired rather than 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.