

AREAS OF BUDGETARY RISK

APPENDIX 1

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

Budget Title	2020/21 Approved Budget	Risk Rating	Risk and mitigation
General Maintenance	£1,981,790 (revenue)		The volatility of the level of requested repairs due to factors beyond the control of the Council, for example adverse weather conditions represent a budgetary risk. The impact of property inspections undertaken by the Housing Customer Team may also lead to the identification of additional repairs. The impact of COVID-19 (if any) on this budget is yet to be fully determined. Mitigation measures include monthly contract meeting with the Contractor – the meetings include budget review and work in progress updates. Other supporting measures include weekly Surveyors meetings to highlight repair demand pressures.
Repairs to Void Properties	£1,195,010 (revenue)		Property turnover and the varying condition of properties when returned to the Council represent a budgetary risk. Additional costs relating to void clearances post COVID-19 lockdown, have been identified but it is expected that these costs will be absorbed within this budget during the year. Mitigation includes a current review of the void standard – for inclusion in the currently commissioned Integrated Asset Management Contract. Additionally, property inspections by Housing Officers highlight sub-standard property conditions wherever possible and are an early alert to issues.
Rental Income from Dwellings	£18,370,522 (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. The impact on rents due to COVID-19 was considered as part of the emergency budget and an anticipated fall in rental income was built in to the budget, however the long-term impact is yet to be fully determined. Rental income after the first 3 months is close to profile. Mitigation has been impacted by the scale of work to some void properties – including some fire damaged properties and some with subsidence issues. However, contract works are monitored to focus on timely completion of refurbishments including a current focus on the time taken for asbestos surveys.

Risk Rating:

	Current forecasts indicate either a favourable variance compared to the budget or no variance at all
	Current forecasts indicate an adverse budgetary variance of between 0% and 5% that will be kept under review
	Current forecasts indicate an adverse budgetary variance of more than 5% and will be monitored closely