







AREAS OF BUDGETARY RISK

APPENDIX 1

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

Budget Title	2022/23 Approved Budget	Risk Rating	Risk and mitigation
General Maintenance	£2,710,000 (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 Tenancy Services Team may also lead to the identification of additional repairs. Spend to month six is ahead of profile and current projections are that the budget will be £350k overspent. 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	£1,500,000 (revenue)		Property turnover and the varying condition of properties when returned to the Council represent a budgetary risk. Spend to month six is slightly behind profile however year end projects are that the budget will be £150k overspent. 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	(£19,409,890) (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 in 2020-21 and a two year recovery period was built into the medium-term financial plan. Rental income after the first 6 months is largely in line with profile. Mitigation has been impacted by the scale of work to some void properties. However, contract works are monitored to focus on timely completion of refurbishments.

Risk Rating:

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