

## Risk Assessment to support the minimum Housing Revenue Account reserve balance of £3m

Risk / Justification of Reserve Level	HRA Reserve Requirement £000
<p><b>Underachievement of income from Rents</b> Income from dwelling rents 2024/25 is anticipated to be £33.259m</p> <ul style="list-style-type: none"> <li>• a 1.5% fall in rental income collected would result in a reduction of £499k</li> <li>• an increase in the void periods of 0.5% would result in a reduction of £166k</li> </ul>	£665,000
<p><b>Underachievement of income from services charges</b> Service Charges for 2024/25 are budgeted to be £2.429m</p> <ul style="list-style-type: none"> <li>• a 1.5% fall in the income collected would result in a reduction of £36k</li> </ul>	£36,000
<p><b>Right to Buy sales – In 2024/25, 20 RTB properties are assumed to be sold</b></p> <ul style="list-style-type: none"> <li>• if an additional 5 dwellings were to be sold, this would result in a loss of rental and service charge income of £30k</li> <li>• if the RTB rules were further relaxed, then an additional 5 more dwellings could potentially be sold leading to a loss of £30k</li> </ul>	£60,000
<p><b>Employee pay</b> – The HRA assumes a 5% increase in pay for 2024/25, 3% the year after and 2% annually in future years. It is prudent to include a provision for an additional 1%</p>	£76,000
<p><b>Vacancy Target</b> – A vacancy target of £400,000 not achieved</p>	£400,000
<p><b>Inflation</b> – Cost of living higher than budget has anticipated meaning that spending plans are underestimated, or ongoing revenue implications of capital projects not adequately captured.</p> <ul style="list-style-type: none"> <li>• A 1% increase inflation or service spending on Supervision and Management and Repairs and Maintenance (excluding salaries) would result in an increased cost of approx. £93k</li> </ul>	£93,000
<p><b>Electricity and Gas</b> – if the price of electricity and gas increases over and above the level assumed in the budget a 10% increase in cost would result in an additional £30k</p>	£30,000
<p><b>Increase in demand in responsive repairs</b> – As a demand led service, requests could be higher than estimated.</p> <ul style="list-style-type: none"> <li>• A 5% increase in responsive repairs cost would result in these costs increasing by approx. £255k</li> </ul>	£255,000
<p><b>Stock Condition Works</b> – If surveys reveal higher levels of disrepair than assumed this could result in a 5% increase in the capital programme items relating to stock in 24/25</p>	£422,000

<b>Debt Financing</b> – an increase of 1% in the cost of new borrowing for the capital programme would increase the HRA's interest costs by £181k	<b>£181,000</b>
<b>Investment Income</b> – if both revenue and capital spend is over and above that which is budgeted and if spend is quicker than anticipated, the HRA's resources would be used faster therefore there would be no balances on which the HRA could earn interest. This would result in a loss of investment income of £40k.	<b>£40,000</b>
<b>Breach of Statutory Duty</b> – unanticipated legal proceedings brought against the Council. The associated costs of such an issue is anticipated to cost £50k	<b>£50,000</b>
<b>New Build</b> – Additional activity for the year meaning that a higher contribution from revenue or additional borrowing required <ul style="list-style-type: none"> <li>Total spend of £11.020m required in 24/25 (excluding Property Acquisition of £11.1m. If exceeded by 10%, GBC to find an additional £661k, interest at 4.5% approx. £33k interest.</li> </ul>	<b>£694,000</b>
<b>Housing Stock Damage</b> – Serious or significant events which damage housing properties. <ul style="list-style-type: none"> <li>Stop loss of £20k, losses above this will be covered by the Council's insurance policy. Costs up to £20k from each single event to be met by GBC. Assume 2 major events</li> </ul>	<b>£40,000</b>
<b>Housing Disrepair Claim</b> – Housing property disrepair which negatively impacts the tenants quality of life <ul style="list-style-type: none"> <li>Housing not repaired in a timely fashion or to a suitable standard. The cost of settling such a claim could be assumed to be £3k. Based on 51 claims to date in 23/24 therefore assume an additional 5 claims. Budget set at £15k for 24/25.</li> </ul>	<b>£15,000</b>
<b>Organisational Capacity</b> – Resources available to the Council are not sufficient to deliver council service obligations. <ul style="list-style-type: none"> <li>Estimate of £100,000 to respond to this issue</li> </ul>	<b>£100,000</b>
<b>Changes in government policy</b> – Changes or additions to council responsibilities or funding of existing services. <ul style="list-style-type: none"> <li>Estimate of £110,000 to respond to this issue</li> </ul>	<b>£110,000</b>
<b>HRA Debt Settlement</b> – If the Government were to re-open the HRA debt resettlement and seek to renegotiate the value of the Council's housing stock. Assumed cost £5m.	<b>£5,000,000</b>
<b>Total Requirement</b>	<b>£8,267,000</b>
<b>Risk Probability Factor</b>	<b>40%</b>
<b>Provision Required</b>	<b>£3,307,000</b>