

## ANNEX K

### 2021/22 HRA Budget Risk Matrix

|               |   |                   |        |        |     |   |
|---------------|---|-------------------|--------|--------|-----|---|
| <b>Impact</b> | 5 |                   |        |        |     |   |
|               | 4 |                   |        | H3     |     |   |
|               | 3 | H6                | H2     |        |     |   |
|               | 2 |                   | H4, H9 | H1, H5 | H10 |   |
|               | 1 |                   | H7     | H8     |     |   |
|               |   | 1                 | 2      | 3      | 4   | 5 |
|               |   | <b>Likelihood</b> |        |        |     |   |

| No. | Risk Title/Description   | Control   | Residual Risk Level |
|-----|--|---|---------------------|
| H1  | Reduction in rental income due to the roll-out of Universal Credit and changes in the Welfare Reform and Work Act, reducing the ability of the HRA to finance investment in the housing stock  | The HRA medium term financial plan includes provision for increases in arrears and bad debts to allow for potential loss of income as a result of Welfare Reforms. The impact of changes will be closely monitored and the impact on the forecast budget will be considered before any long-term investment decisions are made. | 6                   |
| H2  | The total impact of overspends on capital projects would need to be met by the HRA in a single financial year. In light of the potential major development work planned in the HRA for the medium term through the regeneration programme, this is a significant risk. | Capital projects are managed through the Council's MK Approach, allowing potential overspends to be identified and mitigated individually as they arise. Provision has been made within the calculation of the Minimum Revenue Balance to enable any in-year impacts to be covered.   | 6                   |
| H3  | The current housing stock needs significant investment, both in Planned Maintenance and through a programme of regeneration. Both of these will require significant investment and may involve innovative  | Funding for a 5-year Planned Maintenance programme has been included in the HRA Business Plan. Work is continuing on development of the regeneration programme, for which specific proposals for each priority area will be costed and financially risk-  | 12                  |

| No. | Risk Title/Description  | Control   | Residual Risk Level |
|-----|---|---|---------------------|
|     | delivery models to leverage external financial resources.   | assessed before being submitted for residents' approval through ballots.  |                     |
| H4  | Insurable events in excess of Insurance Fund provision  | Provision has been made within the calculation of the Minimum Revenue Balance to enable any in-year impacts to be covered.  | 4                   |
| H5  | In-year legislative pressures, which may be heightened as a result of the December 2019 election (e.g., by the enactment of a Higher Value Void Levy).  | Provision has been made within the calculation of the Minimum Revenue Balance to enable immediate in-year impacts to be covered.  | 6                   |
| H6  | Civil emergency/disaster  | Provision has been made within the calculation of the Minimum Revenue Balance to enable in-year impacts to be covered.  | 3                   |
| H7  | Abnormal weather conditions   | Provision has been made within the calculation of the Minimum Revenue Balance to enable in-year impacts to be covered.  | 2                   |
| H8  | Claims for Disrepair costs may further increase, as claims agents may continue to expand their solicitation of claims by tenants..  | Provision has been made in the draft budget for a number of claims, and staff and processes put in place to enable effective responses. Planned capital and revenue expenditure may need to be amended to reduce the incidence and/or value of claims | 3                   |
| H9  | If additional external HRA borrowing is required to finance planned new build and regeneration, interest rates in the future may exceed costed rates and adversely impact the financial viability of schemes. | Financial viability will be sensitivity-checked to assess exposure to interest rate fluctuations, borrowing will be subject to the Prudential Code regime and sound Treasury Management practices will be followed to minimise risk                   | 4                   |
| H10 | The pace and costs of works and service delivery may continue to be adversely affected by COVID-19  | Provision has been made within the calculation of the Minimum Revenue Balance to enable in-year impacts to be covered.  | 8                   |

