2019/20 HRA Budget Risk Matrix

	5					
Impact	4			Н3		
	3	Н6	H2			
	2		H4	H1		
	1		H7	H5		
		1	2	3	4	5
		Likelihood				

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. The Council will respond robustly to any consultation on the proposed changes.	0
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.	0
НЗ	The current housing stock needs significant investment, through a programme of regeneration. This will require significant investment and due to the housing debt cap will involve external partnerships to generate income which could	A Regeneration partner, the Mears Group, was appointed in December 2015 and work is continuing on development of the partnership (YourMK LLP), asset management planning, and community engagement to inform the regeneration programme.	12

No.	Risk Title/Description Control		Residual Risk Level
	be invested into the housing stock. This is a major project; decisions on financing and funding will be dependent on asset management and stock condition data.	Specific proposals for each priority area will be costed and financially risk-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	Provision has been made within the calculation of the Minimum Revenue Balance to enable any in-year impacts to be covered.	3
H6	Civil emergency/disaster	Provision has been made within the calculation of the Minimum Revenue Balance to enable any 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 any in-year impacts to be covered.	2

2018/19 HRA Prudent Minimum Balance

HRA Budget 2018/19 to 2022/23	Comment on risk provision	2019/20 Budget £000s	Low Level		Medium Level		High Level		Provision £000s
			Impact	L'hood	Impact	L'hood	Impact	L'hood	
Dwelling Rents	Decrease in rents chargeable	52,016	2%	20%	4%	15%	6%	10%	312
Non-Dwelling Rents	Decrease in rents chargeable	319	1%	30%	3%	20%	5%	10%	2
Leaseholders' Service Charges	Decrease in costs chargeable	800	10%	20%	20%	10%	30%	5%	16
Fees & Charges	Decrease in costs chargeable	1,353	10%	20%	20%	10%	30%	5%	27
Interest Receivable	Decrease in interest rates/balances	600	1%	20%	3%	10%	5%	5%	2
Total Income		55,088	2%	20%	5%	15%	7%	10%	359
Repairs & Maintenance	Increases on responsive/void costs	10,560	10%	25%	20%	20%	30%	10%	422
General Management	Increases in employee costs	8,271	5%	20%	10%	10%	15%	5%	83
Special Services	Increases in employee/utility costs	2,999	5%	20%	10%	10%	15%	5%	30
Rent, Rates, & Other Charges	Increases in property costs	43	5%	20%	10%	10%	15%	5%	0
Depreciation and Impairment	Increases/decreases in asset values	13,490	5%	20%	10%	10%	20%	5%	133
Bad & Doubtful Debts	Decrease in collection rates	614	20%	20%	30%	10%	40%	5%	25
Capital Transfers	No risk attached	11,149	0%	0%	0%	0%	0%	0%	0
Interest & repayment of capital debt	Increase in interest rates/borrowing	7,963	5%	20%	10%	10%	15%	5%	80
Total Expenditure		55,088	5%	17%	10%	10%	16%	5%	773
Total HRA Turnover		110,176	4%	18%	7%	12%	12%	7%	1,131
Total Housing Capital Programme	Unforeseen cost increases	32,703	10%	20%	20%	10%	30%	5%	654
Total Housing Operational		142,879	5%	19%	10%	12%	16%	7%	1,786
Risk Summary	Operational risks as above 1,786								1,786
,	Insurable events in excess of Insurance Fund provision								1,000
	In-year legislative pressures							1,000	
	Civil emergency/disaster							1,000	
	Abnormal weather conditions							1,000	
Total HRA Minimum Revenue Balance									5,786