ANNEX U

2018/19 HRA Budget Risk Matrix

Impact						
	5					
	4			**H4**		
	3	**H7**	**H2, H3**			
	2		**H5**	**H1**		
	1		**H8**	**H6**		
		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.	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 Government's policy of Higher Value Asset sales may result in large levies against the HRA.	No levy is expected be implemented for 2018/19, while expanded regional pilots of Housing Association RTB continue. The Council will respond robustly to any consultation on the proposed implementation in future years. Levies may be met from	6

No.	Risk Title/Description	Control	Residual Risk Level
		disposals of stock, or from other HRA resources. Options will be analysed and policy and financial plans will be developed once details of implementation are available.	
H4	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 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.	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. Specific proposals for each priority area will be costed and financially risk-assessed before being submitted for residents' approval through ballots.	12
H5	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
H6	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
H7	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
H8	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 2017/18 to 2021/22	Comment on risk provision	2018/19 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	52,363	2%	20%	4%	15%	6%	10%	314
Garage Rents	Decrease in rents chargeable	189	1%	30%	3%	20%	5%	10%	1
Commercial Rents	Decrease in rents chargeable	143	1%	20%	3%	10%	5%	5%	0
Heating & Utility Charges	Decrease in utility costs chargeable	811	2%	20%	4%	15%	6%	10%	5
Leaseholders' Service Charges	Decrease in costs chargeable	800	10%	20%	20%	10%	30%	5%	16
Charges for Services and Facilities	Decrease in costs chargeable	377	2%	20%	4%	10%	6%	5%	2
Contributions towards expenditure	Decrease in costs chargeable	5	10%	20%	20%	10%	30%	5%	0
Reimbursement costs	Decrease in costs chargeable	187	10%	20%	20%	10%	30%	5%	4
Interest Receivable	Decrease in interest rates/balances	455	1%	20%	3%	10%	5%	5%	1
Total Income		55,330	2%	20%	4%	15%	6%	10%	343
Repairs & Maintenance	Increases on responsive/void costs	10,513	10%	25%	20%	20%	30%	10%	421
General Management	Increases in employee costs	6,597	5%	20%	10%	10%	15%	5%	66
Special Services	Increases in employee/utility costs	3,101	5%	20%	10%	10%	15%	5%	31
Rent, Rates, & Other Charges	Increases in property costs	176	5%	20%	10%	10%	15%	5%	2
Bad & Doubtful Debts	Decrease in collection rates	614	20%	20%	30%	10%	40%	5%	25
Interest & repayment of capital debt	Increase in interest rates/borrowing	7,975	5%	20%	10%	10%	15%	5%	80
Depreciation and Impairment	Increases/decreases in asset values	12,978	5%	20%	10%	10%	20%	5%	130
Capital Transfers	No risk attached	13,377	0%	0%	0%	0%	0%	0%	0
Total Expenditure		**55,330**	**5%**	**16%**	**10%**	**9%**	**16%**	**5%**	**753**
Total Housing Revenue Account		**110,661**	**4%**	**18%**	**7%**	**12%**	**11%**	**7%**	**1,097**
Total Housing Capital Programme	Unforeseen cost increases	**22,481**	10%	20%	20%	10%	30%	5%	450
Total Housing Operational		**133,142**	**5%**	**18%**	**9%**	**12%**	**14%**	**7%**	**1,546**
Risk Summary	Operational risks as above								1,546
	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									**5,546**