



2008/09 BUDGET
HOUSING REVENUE ACCOUNT – RISK & ASSUMPTIONS
FOR CONSIDERATION BY CABINET 22 JANUARY 2008



RISK AREA	NOTES/DETAILS
Reductions in stock from Right to Buy sales	<p>Assumptions of sales have been reduced from the peaks in activity in 2003/04. Any increase could impact on the revenue position as income would reduce but many costs are fixed.</p> <p>Longer-term – reduced rental streams will lead to deterioration in the HRA budgetary position unless measures can be taken to reduce costs within the HRA.</p>
Management of Void Properties	Rent losses through void properties have reduced and this has been built into the budgets. The reduction follows the introduction of improved void management arrangements within Council Housing Services.
Rent Arrears	Recent budgets have required increased contributions to the Bad Debts Provision. This requirement has now reduced due to reduced levels of arrears, and because the provision now stands at an appropriate level, but if arrears management deteriorates this would have an impact on future years' budgets.
Rental Income	The estimates have been set at 5%, just below the Government's Average Limit Rent of 5.5%. This is an increase below the level produced by the Formula Rent. As there is no form of compensation available now or in the future, for capping rent increases at 5%, it directly reduces the resources coming into the HRA.
Changes to HRA Subsidy System	Review currently underway, no details are currently available to quantify implications.
Projections of HRA Subsidy	Future years have assumed increases above previous years, this has been based on the Determination for 2008/09 and no guidance has been provided by the Government beyond this.
Meeting the Decent Homes Standard	Sufficient funds need to be set aside within the Major Repairs Reserve in order to ensure that the 30 Year HRA Capital Programme can continue to be financed.
Repair & Maintenance Services	RMS is a high turnover activity with charges set to recover costs. The budget is based on the recently approved pay structure, which was introduced as a result of difficulties in recruitment and retention in recent years. Changes in the level of the establishment, the efficiency of the workforce, or the amount of work available to RMS will impact on the ability of the unit to recover its costs and could lead to a surplus or deficit. The hourly charging rate is kept under review in order to ensure there is no significant under/over recovery of cost.