



**2006/07 BUDGET**  
**HOUSING REVENUE ACCOUNT – RISK & ASSUMPTIONS**



RISK AREA	NOTES/DETAILS
Reductions in stock from Right to Buy sales	<p>Assumptions of sales have been further 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	<p>Rent losses through void properties have reduced and this has been built into the budgets. This reduction has been driven by increased demand for re-housing homeless families, and any changes to this could see void levels increase to previous levels.</p>
Rent Arrears	<p>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.</p>
Rental Income	<p>The estimates have been set using the Government's Average Limit Rent capped at 5%. It has also been assumed that the difference between the capped rent and the full Average Limit Rent will be paid back to the Council, in line with the Government Guidance.</p>
Projections of HRA Subsidy	<p>Future years have assumed increases in line with previous years, as no firm guidance has been provided by the Government. If not delivered this could have a negative impact on future years' budgets.</p>
Repair & Maintenance Services	<p>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.</p>