

Appendix Two: Housing Revenue Account Business Plan Risk Register 2016-17

Description of Risk	Cause	Effect	Control/Mitigation	L	S	Risk Score	Action Taken	Risk Owner
Unable to deliver agreed Business Plan commitments.	Government changing the regulations and legal framework that govern the provision of municipal housing.	Business Plan becomes unsustainable.	Keep abreast of policy developments and legislative changes so that prompt action can be taken to mitigate any adverse impacts. Review and amend as necessary the Business Plan.	4	4	16	Housing Futures project, including a review of the HRA Business Plan, started February 2016 and to complete by December 2016	Head of Housing & Property Services – Andy Thompson
Unsustainable debt financing leading to Business Plan inefficiencies and breaching of loan covenants.	Inadequate treasury management advice. Significant changes in Business Plan assumptions on the cost of debt. Government changing the regulations and legal framework that govern the provision of municipal housing.	Sub-optimal Debt Structure	Evaluation of options – supported where necessary by external advice and expertise - to the HRA's debt structure leading to the selection of the most optimal financing strategy. Review of the Business Plan to prioritise the use of funds to meet debt repayment.	3	3	9		Head of Finance – Mike Snow

Description of Risk	Cause	Effect	Control/Mitigation	L	S	Risk Score	Action Taken	Risk Owner
Changes in income that fall below assumptions made in the HRA Business Plan	Significant changes in social security policy which negatively impact actual income collection versus Business Plan projections. Economic downturn increases unemployment levels and reduces incomes, wages and salaries, resulting in tenants unable to maintain rent payments. Less than effective income collection processes and systems. Increase in void rates due to higher turnover as people vacate properties. Introduction of mandatory use of short term tenancies. Government-led changes in rent	Likely to increase the amount of rent arrears and the cost of collection meaning a need to increase Bad Debt Provision (BDP) and/or increase the resources to be deployed on income recovery. More void properties taking longer to re-let will increase void rent loss.	Increased investment in income collection service. Keep abreast of developments and changes in national policy so that mitigation can be implemented quickly. Amendments to the Allocations Policy to better align lettings of properties with the long term ability of tenants to make rent payments. Prudent implementation of short term tenancy requirement. Amend BDP.	3	2	6	The Business Plan has already managed changes announced in 2015 to national rent policy and remains in a viable position. Housing Futures project, including a review of the HRA Business Plan, started February 2016 and to complete by December 2016.	Sustaining Tenancies Manager- Jacky Oughton

Description of Risk	Cause	Effect	Control/Mitigation	L	S	Risk Score	Action Taken	Risk Owner
Unsustainable Business Plan due to compulsory additional expenditure	Imposition of financial levies by government to cover the cost of compensating housing associations for the Right to Buy and Pay-to-Stay	Likely to reduce the income available to service all other financial commitments and responsibilities.	Proactive management of assets, including the sale of assets. Review and amend as necessary the Business Plan. Maintain development programme to generate additional income and assets for the HRA. Ring fencing and recycling of Right to Buy receipts (currently used to support private sector	5	4	20	Housing Futures project, including a review of the HRA Business Plan, started February 2016 and to complete by December 2016. A policy is being developed to manage a pro-active approach to asset retention and disposal – this will be presented to the Council in the summer of 2016	Head of Housing & Property Services – Andy Thompson
Unsustainable Business Plan following higher than projected Right to Buy Sales	Further changes to the national Right to Buy policy (for example higher discounts, lower qualifying period, wider eligibility criteria, less favourable rules around the sue of sales receipts). Increased availability of mortgage finance allowing more people to access funds needed to exercise the Right to Buy	Increased loss of stock available for letting. Reduced income to repay associated debt.	Sensitivity analysis shows that the business plan is able to sustain a substantial increase in Right to Buy, although this reduces capacity to provide new homes or invest in the service. Amend expenditure to reflect reduced income (and reduced management and maintenance liabilities). Ring fencing and recycling of Right to Buy receipts (currently used to support private sector housing) into the Business Plan.	2	2	4	In December 2013 the Council revised the Business Plan assumption so that the rate of sales from 2014/15 is 50% higher than the 2012 Government forecasts; this remains the current Business Plan projection.	Head of Housing & Property Services – Andy Thompson

Description of Risk	Cause	Effect	Control/Mitigation	L	S	Risk Score	Action Taken	Risk Owner
Unsustainable Business Plan due to higher than projected increase in repairs and maintenance expenditure.	The assumptions made in the Business Plan regarding the condition of stock and the forecast capital expenditure differ from actual costs incurred for the following reasons: Costs increase following survey of all properties. Building & contractor costs higher than forecast. Inefficient asset management. Significant increase in the required repairs standards.	Increases cost and therefore reduces Business Plan viability.	The contingency built into repairs and maintenance cost assumptions allow for reasonable variances in cost outturns. The Business Plan forecasts capital expenditure to increase year on year by RPI from 2018/19. The Business Plan will be reviewed on a regular basis to respond to any significant and business critical changes to actual expenditure versus projections. The use of good business practice will continue to assist in efficient decisions on asset management. Continued use of market testing to secure competitive prices for materials and services.	2	4	8	The most recent stock condition survey was completed in 2010. A new Stock Condition Survey, covering all properties owned by the Council, will be completed in 2016. This will allow for an informed long term planned maintenance programme to begin in 2017. Pre and post-inspections of repairs were introduced in 2015 to give greater control to the Council over its repairs and maintenance expenditure. A transition from Open Book Accounting to a Schedule of Rates cost model will take effect from April 2016, allowing greater control over costs.	Asset Manager – Matt Jones

Description of Risk	Cause	Effect	Control/Mitigation	L	S	Risk Score	Action Taken	Risk Owner
Reduction in income to support housing related support services.	Funding for Housing Related Support (Supporting People), which while overseen by Warwickshire County Council WCC), finances elements of the Council's services to older people, ends in July 2016.	Services provided which are currently funded from the HRS (SP) budget will either have to be funded by the HRA, via service charges or some services will no longer be able to be provided, which may impact upon adversely on the ability of some tenants to sustain their tenancies.	A full option appraisal on the impact of the funding reduction and recommendations to manage any reductions in income to the Council will be presented to the Executive approval in December 2016. Research on alternative funding and delivery mechanisms for housing related support. Housing Futures will take account of any changes that have or are likely to be made to the funding available for Housing Related Support.	5	3	15	The Council set aside in the HRA BP sufficient funding to allow for a 12 month transition period to allow for a measured and informed change in Housing Related Support services.	Sustaining Tenancies Manager – Jacky Oughton

Description of Risk	Cause	Effect	Control/Mitigation	L	S	Risk Score	Action Taken	Risk Owner
Rental Income lower than Projections in the Business Plan	<p>The Council takes a decision not to increase rents in line with the rent forecasts set out in the Business Plan.</p> <p>The Government imposes a reduction in rents.</p>	Rental income not sufficient to cover the costs of the Business Plan.	<p>Consider implementing service charges where appropriate to maximize income.</p> <p>Consider changes to service levels to reduce expenditure</p> <p>Each year the Business Plan will be presented to Members during the rent setting process to allow the Council to make informed assessments regarding the implications of rent setting decisions.</p> <p>Ring fencing and recycling of Right to Buy receipts (currently used to support private sector housing) into the Business Plan.</p> <p>Consideration given to amending or reducing the level of services offered.</p> <p>Continued use of market testing to secure competitive prices for materials and services.</p>	5	4	20	Housing Futures project, including a review of the HRA Business Plan, started February 2016 and to complete by December 2016	Members of the Council

Description of Risk	Cause	Effect	Control/Mitigation	L	S	Risk Score	Action Taken	Risk Owner
Unsustainable Business Plan due to higher than projected increase in supervision and management expenditure.	<p>The actual costs of managing housing and providing services to tenants may differ from the Business Plan assumptions, for example: Increase in support service costs.</p> <p>Increase in staff costs More services required for an ageing population Changes in the services required New legal obligations to deliver new and unforeseen services</p>	Increases cost and therefore reduces Business Plan viability.	Consideration given to amending or reducing the level of services offered. Review housing management arrangements.	3	3	9	The service redesign has been completed. All staffing structures were reviewed and revised costs have been built into the latest Business Plan.	Head of Housing & Property Services – Andy Thompson
Income recovery lower than Projections in the Business Plan	<p>The nationwide roll-out of Universal Credit during 2016 will mean that increasingly social security payments will now include in one payment an amount cover housing costs Universal Credit will be paid monthly in arrears to tenants.</p>	<p>Reduced revenue Increased collection costs Possible increase in BDP</p>	<p>Increased investment in income collection service. Revised income recovery policy. Consider change from weekly to monthly rent accounting. Increase BDP Amend service levels to match collectable income.</p>	3	3	9		Head of Housing & Property Services – Andy Thompson