

RISK ASSESSMENT

DEPARTMENT Housing

Key Impact Score 1-10
Likelihood Score 1-10
1 = Low; 10 = High

BUSINESS OBJECTIVE HRA Business Plan Review

COMPLETED BY Dr Ian Gardner (Consultant)

No	Risk & Impact	Effect	Gross Risk (before control measures)			Risk Treatment Measures to be Implemented	Residual Risk (after control measures)			Action Plan for Additional Risk Mitigation	Timescale
			Impact	Likelihood	Risk Score		Impact	Likelihood	Risk Score		
1	Absence of current accurate stock condition survey data for component replacement on which to base the projected investment need.	Investment programme costs cannot be based on current stock data	7	10	70	Pending new stock condition survey, alternative method for estimating investment need is required	4	10	40	New Stock condition survey to be done	2018
2	Suspect Decent Homes failures held in asset management database.	Decent Homes backlog of investment need possibly overstated	7	8	56	Audit of Decent Homes failures in TBC's Asset Management database	3	10	30	New Stock condition survey to be done and all DH failures quantified	2018

3	Lack of consultation with tenants / reporting to tenants on variance between last BP and actual delivery (investment programme esp)	Tenants react adversely to variances as they have not been advised or consulted	6	10	60	TCG and other stakeholder groups are properly advised of reasons for variances to old BP and consulted on new BP	3	6	18	Consultation Plan to be developed	May 2018
4	Inclusion of unbudgeted projects and programmes in the 2012 BP.	Squeeze on core investment programme projects such as kitchens, bathrooms, rewires etc.	7	10	70	Investment Programme re profiled to address any backlog and commitment secured to staying with the revised programme	5	6	30	Cabinet Approval of new BP and linkages with annual budget and how new projects are assessed	July 2018
5	Cost variances between planned and actual expenditure over the life of the original BP	Squeeze on core investment project budgets	10	7	70	Programme of VFM activity undertaken to control costs within the BP	5	6	30	To be included in BP Action Plan	From 2018 onwards
6	Unit costs for investment activity that do not represent Value for Money	Squeeze on core investment project budgets	10	7	70	Programme of VFM activity undertaken to control costs within the BP	5	6	30	To be included in BP Action Plan	From 2018 onwards
7	Suspect component replacement lifetimes in the Council's asset management database	Investment need understated	4	10	40	Revised Investment Programme and new Stock Condition Survey to be based on standard lifetimes	2	5	10	See Investment Programme review report	From 2018 onwards

7	Incomplete stock condition data – especially data on Non-Traditional Housing and energy efficiency.	Investment need understated	4	10	40	Brief for new Stock Condition Survey to include specific commission for specialist consultants to assess condition and investment need of non-traditional stock	2	5	10	To be included in Stock Condition Survey brief	2018
8	Over optimistic assumptions in the initial BP – e.g. RTB sales of only 5 per year	Income estimates are overstated and capital receipts are understated	6	10	60	New BP has more conservative assumptions	6	5	30	Residual risk still exists but has been reduced and quantified in new BP	2018
9	Failure to test effects of new policies against BP (e.g. Handyperson; HMO conversions etc.)	Financial Effect of policies not known	5	10	50	BP model to be purchased by TBC and used dynamically to assess projects and annual budgets	4	5	20	Residual risk still exists but has been reduced	2018
10	Failure to use BP as a basis for annual HRA budgets	BP and HRA Budget / MTFS do not align	7	10	70	Annual HRA budget to be linked more closely to BP	4	5	20	Residual risk still exists but has been reduced	2018

Revised Business Plan											
No	Risk & Impact	Effect	Gross Risk (before control measures)			Risk Treatment Measures to be Implemented	Residual Risk (after control measures)			Action Plan for Additional Risk Mitigation	Timescale
			Impact	Likelihood	Risk Score		Impact	Likelihood	Risk Score		
11	Estimate of Investment Need is inaccurate	Policy choices constrained.. i.e. new build capacity	8	5	40	Multiple versions of investment programme discussed with Officers and compared with past investment need estimates	5	4	20	New Stock condition survey to be done	2018
12	Assumptions regarding RTB activity in new BP are inaccurate	If RTB's are overstated, rental income will be greater but capital receipts will be lower. At £60k per receipt, with 15 fewer sales, this could equate to £900k a year	6	5	30	Additional scenario showing lower RTB sales to be modelled as part of new BP and policy response developed by TBC and referenced in final BP	4	5	20	Residual risk still exists but has been reduced	2018
13	Inflation is greater than expected on expenditure	BP costs increase	7	5	35	Additional scenario showing increased inflation has been modelled	7	5	35	Risk remains same after modelling but can be partially mitigated through a programme of VFM activity to control costs	From 2018 onwards

14	Regen schemes (Tinkers / Kerrier) take longer than expected to complete and cost more than revised BP allows	BP costs increase	6	5	30	New BP includes £5m to complete regen schemes but if this is not enough, further cost reductions may / will need to be sought within the schemes to keep within budget	6	5	30	Risk remains same	2018/9 and 2019/20
15	Underlying growth in cost base is not contained	Increase in borrowing to meet needs from Year 27	7	10	70	Programme of VFM activity undertaken to control costs within the BP	5	6	30	Residual risk still exists but has been reduced	From 2018 onwards
16	High Value Assets Levy implemented	BP costs increase	GS to advise	GS to advise	GS to advise	GS to advise	GS to advise	GS to advise	GS to advise	GS to advise	GS to advise
17	Profile of stock investment is not evenly spread across the plan	Impact could be negative if spending is towards the end of the plan or positive if spending if front loaded	5	10	50	Profile of stock investment to be refined after stock condition survey completed in 2018/9. Where possible costs to be front loaded	3	10	30	Residual risk still exists but has been reduced	2019
18	Political reluctance to implement measures to increase income from service charges	BP limited in ability to address rising costs	5	6	30	Scenarios modelled showing how modest increases in service charges impact the BP	5	6	30	Residual risk still exists but has been quantified	From 2019
19	Lack of officer capacity to deliver the Investment Programme and BP in general	Programme slippage and delivery does not match commitment in new BP	8	7	56	TBC is reviewing its staffing structure and this risk should be highlighted as part of this process	8	7	56	Risk remains same as not clear how future staffing proposals will impact the BP	From 2018

20	HRA recharges do not represent true costs to tenants / costs to GF	Tenants bear inequitable share of costs	6	5	30	High level review of HRA recharges undertaken as part of BP. Recommend that further work is done to evidence historic GF/HRA splits	6	5	30	Risk remains same as not clear how review of recharges will impact the BP	2019
21	HRA recharges do not represent Value for Money	Squeeze on HRA direct costs to offset overheads	4	5	20	High level review of HRA recharges undertaken as part of BP. Initial indications are that corporate costs are reasonable (Finance; IT; Premises etc.)	4	5	20	Recommend TBC participates in Housemark cost benchmarking to ensure corporate costs and front line costs are kept under review	2019
22	New BP does not meet Member and Tenant aspirations	Customer and Member satisfaction reduces	7	5	35	TCG and other stakeholder groups are properly consulted on new BP	6	5	30	Residual risk still exists but has been reduced	2018
23	Repairs and Maintenance satisfaction levels remain in Q4 after new BP is adopted	Tamworth retains bottom quartile performance and attracts attention from Press and regulator	7	5	35	Further work required to understand why satisfaction is low	7	5	35	Risk remains same as not clear how review of satisfaction will affect the BP	2018
24	New BP does not meet Equality Act 2010 requirements	Equality and Human Rights Commission intervene	7	5	35	New BP has Equality Impact Assessment completed	5	4	20	Residual risk still exists but has been reduced	2018 before plan is finalised

25	New BP does not meet Homes England Regulatory Standards	Homes England intervene	7	5	35	New BP is tested against Homes England Consumer Standards	5	4	20	Residual risk still exists but has been reduced	2018
26	Contractors and suppliers lack capacity to deliver revised investment programme requirements	Programme slippage and delivery does not match commitment in new BP	7	5	35	Review of contractor capacity to deliver the revised investment programme to be carried out	7	5	35	Risk remains same as not clear how review of capacity will affect the BP	2018/9
27	The Council does not keep to its HRA BP and adds new schemes and projects that are not funded in the new BP	Squeeze on core investment project budgets	7	5	35	Option for locally determined budget provision to enable new projects to be added as agreed between Members and Tenants	5	4	20	Residual risk still exists but has been reduced	2018 before plan is finalised
28	Response repair budget realignment with actual expenditure removes flexibility to absorb overspending elsewhere in the BP	Budget overspends represent greater risk	6	5	30	Review of financial data and monitoring to be undertaken to assess current systems and skills as closer budgetary control will be required once repair budget has been realigned	6	5	30	Risk remains same as not clear how review of data and skills will affect the BP	2018 before plan is finalised
29	Void turnover increases above 283 per annum	BP costs increase	6	5	30	Review of void property costs and 'drivers' (such as transfer policy etc.) and reasons for tenancy termination to assess capacity to manage turnover	6	5	30	Risk remains same as not clear how review will affect the BP	2019
30	Decent homes backlog costs cannot be contained within 2018/9 annual budget	BP costs increase	6	4	24	Review of capacity in 2018/9 programme once no. of DH failures is known	6	4	24	Risk remains same as not clear how review of capacity will affect the BP	2018

31	Unpredictable national political policy that materially impacts the plan	BP costs increase	10	5	50	Routine political policy appraisal and briefings to be related to the BP	10	5	50	Risk remains same as not clear how policy change will affect the BP	From 2018
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Colour Code Key

Yellow – data and BP assumptions

Green – TBC Business Processes

Gold – Resources

Red – Outcomes and Regulatory

Blue – National Political Influences