

## HRA RISK REGISTER

Risk Ref. No.	Risk Respons- ibility (DH/DCC)	Risk Type (financial, reputational operational)	Risk Description	Issues to Consider in the Evaluation of the Impact	Value of Risk (£000)		Inherent Risk Level: Likelihood	Inherent Risk Level: Impact	Inherent Risk Score Likelihood x Impact	Current Residual Risk Impact	Current Residual Risk Likelihood	Current Residual Risk Score	Key Controls	Risk Owner	Quarter 1 Update 2012/13	Quarter 2 Update 2012/13
1	DCC	Financial Reputational	Rent Policy / rent restructuring - failure to increase rents to adequate levels to fulfil funding plan	Changes to policy of real increase, rent policy post convergence, possible rent indexation change in future from RPI+0.5% to CPI	485 per 1%	Short Term	2	4	8	4	2	8	Continue to support rent restructuring as basis for rent setting until target rent is reached. Continue to consult tenant groups to explain reasoning and secure continued support for strategy. First year of rent restructuring under self financing supported by Council.	David Enticott	Policy continues at previous levels	RPI for September 2.6% - in line with planning assumption of 2.5% - likely to lead to rent rises around 5.5% to 6%, but this is policy decision yet to be made. Future rents will be hit by welfare reform - see other risks, but core rent increases still assumed at RPI plus 0.5% for foreseeable future.
						Long Term	4	4	16	4	3	12			Some rumours that the government will change rent policy in the future to reduce inflation from RPI to CPI and eliminate the 0.5% real terms increase - after this CSR. Such a change would be severely detrimental to plans for new build or replacement homes	
2	DH & DCC	Financial. Reputational	Breaching Debt Cap	Insufficient resources applied to debt repayment, debt profiling and refinancing, use of internal resources, spending above expected levels, income below expected levels	238000	Short Term	2	5	10	5	1	5	HRA planning set on a long term basis, plan for 5% flexibility below cap as standard to avoid emergency measures	David Enticott	Extremely unlikely given low interest rates and £9m gap to cap	Debt cap breach very unlikely in the short term as investment less than capacity. Ability to increase investment potential if RTB and debt cap issues for the longer term are addressed by central government
						Long Term	3	5	15	5	2	10			still unlikely to breach cap although combined impact of many detrimental changes may cause problem in future	
3	DH & DCC	Financial. Reputational	Failure to maintain stock to adequate standard	Maintenance of a lettable standard of accommodation to maintain rental income	10% budget = >£1m	Short Term	2	5	10	5	1	5	Set out long term plan for adequate levels of funding post HRA reform. Asset Management Strategy in place. Regular review of costs against funding levels both short term and long term prospects	Matt Hands	Standards agreed and all fully funded. CESP funds being used to stretch further.	No change - as at quarter one
						Long Term	3	5	15	5	2	10			Long term plans vulnerable if income affected massively.	
4	DH & DCC	Financial Operational	Failure to develop effective business plan - business planning and asset management to become unified	All issues set out here.	485 per 1%	Short Term	2	4	8	4	2	8	Set initial business plan out in modelling. Consult with interested parties - DH,DCC officers and members, tenants. Agree long term strategy between parties. Develop modelling to feed Council budgeting process. Cover risks in this register in modelling	David Enticott	Planning remains long term and within bounds for now	Asset management will need to be reviewed and stock condition survey updated, but core maintenance standards set within business plan that can be afforded unless welfare reform turns out to be even worse than feared
						Long Term	3	4	12	4	2	8			Longer term vulnerability to government policy change but current plans can be updated or adapted.	
5	DH & DCC	Financial Operational	Impact of changes on bad debt levels eg Housing Benefit Changes	Income recovery rates - impact of benefit changes especially underoccupation deductions, collectability of higher levels of bills for leaseholders as the investment of homes increases	485 per 1%	Short Term	4	4	16	4	3	12	Financial Inclusion Strategy by awareness raising and training for staff and reporting system on Credit Union project. Linkage with Credit Union by encouraging the Credit Union to continue to expand its portfolio of service. Plan for increased levels of bad debts after 2013. - Links to Derby Homes Strategic Risk4. Performance management framework, effectively enforced, to manage the risks of poor performance in income collection.	Maria Murphy / Jaz Sanghera	Ongoing training plan for staff. Completed welfare reform awareness training and DHP training for income management team and tenant representatives. Performance management and management information framework introduced alongside new reporting template.	Programme of regular reporting to main board and city board informing of progress in communication with tenants and estimated impact of under occupation charges. Recruitment completed to additional two positions within project team. Working alongside DCC on consultation around CT Scheme - link installed on DH Website to try and maximise opportunities for our tenants and leaseholders to express their opinion on proposals.
						Long Term	5	4	20	4	4	16			Initial discussions with Erewash Credit Union and business plan being developed to support partnership working within city and alongside DUCU, ongoing work with financial institutions regarding availability and promotion of jam-jar accounts. Resource planning within welfare reform project team, income management team and rental control to manage impact of reforms.	
6	DH & DCC	Financial Reputational	Failure to keep abreast of demand and need - customer profiling,	Ability to vary rents in longer term within overall average rent target restraint; impact of HB changes eg underoccupation; understanding void levels and reasons	485 per 1%	Short Term	4	4	16	4	3	12	Develop a plan to collect all strands of profiling data for tenants, target in the Delivery Plan. Ongoing collection of data LA Core - Process in place for collection of data at sign-up, LA Core returns, customer satisfaction surveys and through Supported Living Team reviews, Sustainability Team Assessments and FIP Assessments. Utilise repairs team to collect/update information from tenants.	Maureen Davis	We network with partners to ensure that we are aware of the demographic changes within Derby. A quarterly equalities report is produced to look at any changes. A continuous update of profiling through data matching exercise. Ongoing monitoring, updating and mapping of data associated with risk management of welfare reform proposals	During our fraud investigations with Core Credit we undertook a housekeeping exercise which improved the reliability of the information in the tenancy. Accuracy and profile being improved during welfare reform discussions.
						Long Term	4	4	16	4	3	12				
7	DH & DCC	Financial Reputational Operational	Void levels	Lost income, increased cost of voids, increased management demands	485 per 1%	Short Term	3	4	12	4	3	12	Liaison with Housing Options, Monitoring of reasons for leaving, tackling issues that arise. Performance management frameworks, effectively enforced, to manage the risks of poor performance in voids.	Maureen Davis	Implementation of efficiency measures to manage productivity and reduce costs per void ongoing.	Void relets are showing an ongoing reduction at the same time as achieving a successful reduction in void costs. Joint action has been agreed to further improve management of and performance in this area.
						Long Term	4	4	16	4	3	12			Need to understand and prepare for an increase in voids created by internal transfers to alleviate underoccupation	
8	DH & DCC	Financial. Reputational	HRA revenue reserves lower than 5% of debt cap. Higher level impact if reserves < 0.	HRA revenue reserves need to be maintained above 5% of the debt cap in planning. If reserves fall below 0 the cost would have to be charged to the General Fund of the Council which would be unacceptable	cap is £239m	<5%	4	2	8	2	2	4	Planning to retain 5% reserves as part of long term financial planning for HRA. Potential plan to defer / hold back spending in case of imminent breach of target.	David Enticott	Some scenarios could see balances drop below 5% in a few years time	Main danger is in medium term where major investment goes ahead in advance of welfare reform impact being fully assessed. This would push plan close to debt cap and threaten revenue reserves as
						<0	2	5	10	5	1	5			No plans indicate balances below nil, and planning in place to avoid this.	
9	DCC	Financial	Increased interest rates	Levels of debt, interest rate increases	400 per % based on £40m floating interest rate	Short Term	3	3	9	3	1	3	Use of long term fixed debt to reduce impact. Agreement internally within the Council on how to charge the HRA for interest and manage debt in future.	David Enticott (DH) Ciaran Guilfoyle (DCC)	Agreement on debt split GF/HRA now reached and HRA has £190m of long term fixed rate debt and £40m of short term debt	Council has agreed to debt split and HRA has high level of fixed interest rates (4.55% over average 38 years) for long periods. Council may consider taking more borrowing at short periods soon and HRA should be able to fix rates on even more debt at that point
						Long Term	4	3	12	3	3	9			Longer term interest rates will increase at some point. Can fix now but would pay 4%+ instead of 1.5% short term	
10	DH & DCC	Financial	Right to Buy levels increase significantly above current levels of around 2 a month.	Increases in RTB where only retain 25%. Receipts from sale of assets not invested in HRA	40 value lost per additional RTB cash impact much	Short Term	5	4	20	2	3	6	Current Business Plan allows for 60 a year. New discounts likely to increase this to perhaps 200 a year. In event of increased levels, reduce spending. Considering replacement developments that have lower chance of RTB eg Extra Care, sheltered housing etc.	DCC	Short term numbers not yet increased (6 in first quarter) but increase still expected (4 from July 1 to 23 alone)	Second quarter at 10 following 6 in first quarter. For now, manageable risk. No cash flowing as a result of sharing agreement due to low sales totals.
						Long Term	5	4	20	3	4	12				
11	DH & DCC	Financial	New build strategy - planning of long term replenishment / renewal strategies and levels of HRA subsidy?	Costs overruns, programme slippage, needs exceeding the plans - backlogs, insufficient resources set aside for future plans. Debt that can be supported affected by rent levels set - higher rent more debt possible. HRA ability to subsidise overall	£ms over long term	Short Term	3	2	6	2	3	6	Mitigation measures include higher levels of sales of new build and/or possibly voids, lower costs of development where possible, higher rent levels where possible, possibly joint ventures etc. Performance management frameworks, effectively enforced, to manage the risks of poor	Shaun Bennett / David Enticott	Short term developments well within the capacity of the HRA.	Current developments well within capacity of the HRA, even if no RTB funding flows. Would be possible to increase build levels with higher RTB sales, but overall stock would reduce if that happens. A balance of around 0.5% a year sales would allow
						Long Term	3	4	12	4	3	12			Longer term dependency on the interaction of the programme, RTB sales and UC impact on income levels	
12	DH & DCC	Financial Reputational	SP Grant or other grants	Impact of year on year reductions, insufficient to cover costs	redundancy cost liability	Short Term	5	3	15	4	3	12	Plan for reduced staffing levels and services should income reduce in future, or replace income stream with alternative	Maria Murphy	Replacement of SP income with service charge appears likely to be successful for now	Proposal for Service Charge funded scheme submitted to DCC August 2012. Feedback received

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		Operational				Long Term	5	3	15	4	4	16	sources. Previous restructuring and lowering of costs should protect income levels.		Service charges under UC are under threat, so income may be removed / reduced by 2017	from DCC October 2012 that decision still not made on eligibility. To engage specialist counsel advice to progress proposal with DCC. Evidence is available that other local authority areas have accepted the Intensive Housing Management principle. Notice of contract termination received from DCC on SLS and TST. Potential TUPE issues for employees, statutory notifications completed and returned to DCC. Consultation with staff and TU's arranged. Consideration of reduced service provision which can be funded from income and also HRA to maintain a level of support to vulnerable elderly
13	DH & DCC	Financial	Cost Inflation not covered by rent increases	Pay levels, repairs, investment, energy, property prices etc	270 per %	Short Term	2	3	6	3	1	3	In general, inflation pressures are covered by increased rent which also relates to inflation. Impact will only arise if local pressures / costs out of line with national levels. Mitigation is about cost control within HRA - tighter budget for management already in place.	David Enticott/ Phil Davies	Inflation falling rapidly which reduces income levels. Plans already set for this year.	Inflation at 2.6% for september just above 2.5% assumed in business plan. Costs being held below this level generally, so adding to HRA capacity in short term - albeit threatened by welfare reform in the longer term. Longer term risk mitigated as far as possible at this stage with interest fixes and public sector wage restraint.
						Long Term	2	3	6	3	2	6			Longer term inflation is a positive for the HRA apart from any impact on borrowing as a result of income being higher than spending	
14	DH & DCC	Financial Reputational Operational	Fail to engage with Councillors and achieve cross party support for the 30 year HRA Business Plan		485 per 1%	Short Term	3	4	12	4	1	4	Maintaining agreement relating to rent policy and need to maintain resources for the HRA as previously experienced within the Council.	David Enticott	Discussions continue to be positive and focussed on common purposes.	No concerns about cross party support for business plan at this stage - investment in new homes and rent policy so far continues to be supported.
						Long Term	3	4	12	4	2	8				
15	DH & DCC	Financial Reputational Operational	Failure that after debt repayment and maintaining decent homes there will be insufficient funds to manage the estates successfully	Unable to continue the estate pride programme, and partnership and community initiatives which are needed to sustain council estates and prevent them from becoming less popular suffering from ASB and	500k total budget	Short Term	2	3	6	3	1	3	Allowing sufficient funds to be held to support this work.	David Enticott	Current plans remain affordable	Current plans remain affordable - intend to integrate FIP and YIP funding into management fee next year
						Long Term	2	3	6	3	2	6			Longer term increased risk as a result of income threats.	Longer term increased risk as a result of income threats.