

# ANNEXE A

## HRA Business Plan Risk Register

### Housing Risks

Housing Risks	Impact	Mitigation
Self financing 2012	Impact of self financing on cyclical repairs and responsive, failure to deliver a sustainable capital programme over 30 years	A robust and prudent business plan model has been developed for 30 years and will be reviewed annually. The Council will take on debt of £190m to maintain the stock
New discounts - Right to Buys	Impact of the new discounts on Right to buys could reduce stock levels and hence reduce capital and revenue streams	Reduced mortgages available in the short term will deter tenants from taking on debt. Monitor sales in the short, medium and long term
Social housing regulator	Abolition of the TSA and the revised regulatory framework for social housing in England (currently under consultation)	A new independent regulation committee in the Homes Community Agency taking over responsibility from April 2012. Risk will be managed by providers with the committee providing a co-regulatory approach
Lack of funding for Decent Homes Programme	Failure to achieve decent homes status	Backlog funding secured from 2012 to 2015
Sheltered accommodation	Lack of supporting people funding, age population changes and lack of provision of sheltered accommodation	Ensure that the Housing Strategy incorporates a plan for performance monitoring of this service in order to predict future needs and budget accordingly
Delivery partners by outsourced contractors and consultants	Failure to deliver services as per contracted	Monitor service level agreements and contracts and ensure that the terms and conditions reflect the standards to be maintained

### Finance Risks

Risk/Uncertainty	Possible impact	Mitigation
Interest Rate uncertainty (borrowing rate)	Exposure to adverse (upwards) movement in interest rates	Only Fixed Interest Rates Regular monitoring and reporting All self-financing transactions on 28 March are at the lower PWLB rates
Timing of borrowing	Waverley may not be able to take advantage of any window of opportunity between enactment of the Localism Bill and the transaction date	Ensure that the Treasury Management Strategy 2011/12 contains sufficient flexibility to borrow in the current financial required. Amending draft subsidy determination will cover interest payable on loans taken out in advance between date payment is made to Government and 31 March 2012.
Exchange Rate Risk	Fluctuation in exchange rate risks	All Sterling transactions therefore no Exchange Rate Risk
Inflation - Economic uncertainty	High inflation will affect rent modelling which is currently at RPI plus 0.5%	The Self financing model and business plan have been modelled using various options and varying inflation rates. By regularly monitoring and making informed predictions the model can be adjusted to take account of fluctuations in inflation rates

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<b>Risk/Uncertainty</b>	<b>Possible impact</b>	<b>Mitigation</b>
Regulatory	Compliance with Code of Practice, Statutory instruments and approved Treasury Management Strategy	Subscriptions to CIPFA Technical and regular updates. Annual updates of Treasury Management Strategy.
Counterparty risk	Counterparty default results in loss of capital/late payment to the Council.	Ensure appropriate strategy is adopted, particularly if borrowing & investing in advance of the settlement.
Right to Buys/Disposals of Council Houses	A high reduction of asset disposals would result in reduced rental income and affect the repayment of associated debt.	The Business Plan has taken account of an average number of asset disposals based on current legislation and forecasting using historical data
Other Asset Disposals	A high reduction of other asset disposals could affect the viability of the business and loss of any associated income.	Business planning and regular monitoring and forecasting includes other land and other HRA property.
Government /legislation changes	Government amendments to legislation such as proposals to the Localism Act being amended or other legislation could have an impact on the Business Plan	Regular monitoring of new legislation using Government websites ensure that the plan fully incorporates such amendments
Rent increases	Rent increases could result in a lower collection rate. Unemployment, inflation and other economical factors could affect tenants' ability to afford higher rent increases.	Rents have been modelled using social rent policy and to keep within guideline rent. Various options for rent increases have been modelled and these options will be set according to strict policy and affordability but also to meet projected rental income and a balanced budget
Universal Credits	The housing element of Universal Credits will be paid as one single payment to the claimant on a monthly basis. There is a risk that claimants will not pay rents to landlords and fall into arrears.	Welfare reforms include a package for vulnerable people whose housing costs will continue to be paid direct to the landlords There will also be a trigger in place that will switch the housing payment direct to landlords if tenants start to incur rent arrears An increase in the bad debt provision will ensure that there is adequate finances to deal with arrears An increase in the level of support will be given by the Rents Team.
HRA Componentisation within 5 years from self financing settlement	There is a risk that the accounts could be materially incorrect, with implications for the Business Plan if Depreciation is significantly in excess of the transfer to the major repairs reserve as this will impact on the HRA's bottom line.	Regular monitoring of depreciation and property, plant and equipment asset balances will ensure that the accounts will be accurate. Comparisons between transfers to major repairs reserve and depreciation carried out regularly will ensure that targets are met and can be revised as necessary.

## Property and Insurance Risks

Risk/Uncertainty	Possible impact	Mitigation
Insurance Property Risks -	1. The cost of remediation/loss of rent of properties affected by environmental pollution is not insurable.	1. Regular monitoring and surveys of contaminated land to be carried out.
Insurance Property Risks -	2. Storm damage insurance carries an excess of approximately £10k and subsidence is not insured through the HRA self-fund.	2. Regular tree-management monitoring is carried out. HRA carries a degree of self-insurance