

**CONSIDERATIONS FOR HOUSING CAPITAL AND FINANCE BOARD:**

- Updates to Risk Matrix – At what forum, by whom and how often is this done?
- CASC Scrutiny Feedback March 2021 – Extract – *“Members firstly wish to welcome and acknowledge the benefits and importance of the Plan’s matrix table (RAG Analysis) and its ability to provide both the Welsh Government and members of the public with a clear understanding of the identified areas of risk and insight into how the council is working to address such matters. However, it is felt by Members that the narrative within the table should be expanded. For instance, during discussions, Members sought assurance surrounding how the risks are determined, analysed and monitored and it was confirmed that officers continuously review and monitor both the risks and the financial modelling in order to ensure performance, progress and viability. Although Members were pleased to be informed of such workings, Members do feel this working could be portrayed within the plan in greater detail; particularly given the number of risks identified as red pre-mitigation.*

	Impact	Pre Mitigation Risk Analysis	Mitigating Controls	Post Mitigation
Governance Arrangements	Ineffective governance leads to non-compliance with regulatory requirements, inappropriate decision making and a failure to deliver expected outcomes.	Amber	Effective control measures are in place to ensure compliance via specific targets. Increased transparency ensures outcomes are met in a timely manner consistent with policies and procedures.	Green
Asset Management	Inadequate asset management leads to a decline in stock condition and/or a failure to maximise income from assets.	Amber	Business plan resources and property improvement plans are based on periodically reviewed and tested stock condition data.	Green
Business Continuity	Failure to prevent or recover quickly from significant loss of service.	Amber	Robust facilities management and health and safety regimes are in place. Data protection policies and procedures to ensure safety and security with robust cyber security arrangements.	Green
Disaster Recovery	Failure to prevent or respond appropriately to a major incident affecting our assets.	Red	Emergency contact arrangements are in place for key staff and partners. Robust emergency plans including fire safety assessments and clear evacuation guidance.	Green

## HOUSING REVENUE ACCOUNT RISK MATRIX 2021/22 – Business Plan

Impact of Welfare Reform and Universal Credit	Impact on tenants' ability to pay rent, resulting in increased rent arrears, requirement for bad debt provision and increased debt collection and recovery costs.	Amber	Understanding of the Welfare Reform regime and risks. Information and advice to tenants, for example through Into Work Services. Maximisation of funding for promotion of available benefits and specific support e.g. the Hardship Fund and Discretionary Housing Payments grant. Regular review of bad debts provision.	Amber/Green
Contractor availability and capacity	Failure to carry out planned revenue repairs and planned capital programmes and to bring vacant properties back into use.	Amber	Upskilling of existing internal workforce through staff development programme with additional recruitment to specialist posts. Allocation of works to other contractors within existing frameworks.	Amber/Green
Health and Safety requirements	Regulations resulting in additional works / cost. Examples include sprinkler systems for new build, statutory maintenance programmes e.g. gas safety works and scaffolding.	Amber	Ensure awareness of and compliance with new and updated regulations and standards. Training and development of staff.	Amber
Restricted rent uplift for 2021/22 and future years due to the impact of lower CPI and potential changes to the rent policy beyond 2024/25	Significant reduction in available revenue resources to support the HRA budget and key commitments impacting on level and quality of service provision to tenants and capital schemes that can be taken forward. Affordability, prudence and sustainability of additional borrowing. Impact on local and national affordable housing targets.	Red	Ongoing multivariate sensitivity and stress testing to determine potential impact. Identify operational efficiencies and savings. Revise budget and avoid over commitment of new build programme. Planned build-up of reserves and general balance to support financial resilience.	Green
Cost inflation increase above rent uplifts	Increase in costs of supervision, management and repairs and maintenance.	Amber	Review and reprioritise revenue operating costs and consider reductions in any planned expenditure proposed to be funded by borrowing.	Green
A reduction in the (£9.5m p.a.) WG Major Repairs Allowance (MRA) grant	Impact on the achievability of the Capital Programme.	Red	Review and reprioritisation of the Capital Programme allowing for committed spend but realigning future spend plans.	Amber
Failure to meet new build housing programme targets resulting in delays to timing of lettings of new build properties	Non achievement of Capital Ambition targets. Failure to reduce housing waiting list and impact on temporary accommodation and homelessness. Holding costs of vacant sites and revenue costs of development teams. Reduction in rental income receivable and resources available to support the HRA budget.	Red	Contractual commitments are closely monitored by the New Build Board. Individual project viability is reviewed at all key stages of the scheme development. Ongoing review of new build development programme and resources required.	Amber

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Treasury Management	Increased costs of interest and prudent repayment of any borrowing undertaken to pay for capital expenditure proposed in the HRA capital programme.	Red	Integrated Council wide Treasury Management policies and strategy. Regular reporting in line with best practice and independent treasury advice. Review of programme in line with affordability and government policy changes such as rent. Commitment to Wellbeing and Future Generations (Wales) Act. This all allows the Council to respond to issues quickly and appropriately.	Amber
Financial Viability	Failure to react to adverse financial events resulting in significant increases in costs arising from Capital Programme schemes or other projects undertaken.	Red	Robust approach to business cases and viability assessments to inform decision making prior to implementation. Review of Earmarked / general reserve balances.	Amber
Challenge of Decarbonisation	Failure to plan and invest strategically in order to meet carbon reduction targets could result in failure to meet WG target and will impact on tenants energy costs. This will impact on tenants' energy costs. The requirement to meet the cost of decarbonisation without additional funding will impact on other spend – could reduce borrowing capacity and reduce funds available for new build.	Red/Amber	Work closely with WG to understand key requirements, targets, delivery methods and costs.  Plans in place to pilot renewable technology in order to meet the challenge.	Amber
Impact of Covid 19	Increase in unemployment impacting on tenants' ability to pay rent, resulting in increased rent arrears, and requirement for bad debt provision and increased debt collection and recovery costs.	Red	Information and advice to tenants, for example through Into Work Services. Maximisation of funding for promotion of available benefits and specific support e.g. the Hardship Fund and Discretionary Housing Payments grant. Regular review of bad debts provision.	Amber
Impact of Brexit	Shortage of supply and cost inflation of materials due to increased bureaucracy and uncertainty.	Amber	Maintain communication channels with suppliers and contractors including seeking alternative sources of supply. Embrace post-Brexit procurement opportunities to ensure regime is simple, efficient and delivers greater value for money.	Amber/Green