

Appendix 3 Risk Map

Description of risk	Detail	Impact	Control mechanisms	Risk Rating	
				Probability	Impact
Business case is not approved	Abortive costs	Scheme does not proceed Costs written-off	BHP to provide Independent legal and financial advice to prepare robust business case for Council's review. Council Executive approval to consider officer recommendations.	Low	Med
Failure to secure loan funding	Unable to fund acquisition costs	Scheme does not proceed	BHP to pursue soft market testing for private loans. Discuss whether contribution from BHP reserves can support small programme.	Low	High
Reduced loan to value ratios	Shortfall in funding	Funding gap to be met from other sources	Mixed funding approach and use of prudential borrowing Grant funding Contribution from BHP reserves	High	Med
Housing Corporation grant not approved	Shortfall in funding	Scheme does not proceed Costs written-off	Council or BHP to consider alternative funding sources to deliver programme.	Low	Med
Rise in loan interest rates	Increase in loan debt	Extends loan repayment period Impacts on crossover and/or units acquired	Financial modelling Prudential borrowing to be obtained at fixed rate	High	Low

Description of risk	Detail	Impact	Control mechanisms	Risk Probability	Rating Impact
SOS consent to financial support not given	Scheme funding delayed	Acquisitions dependant on private finance and grant	Council to prioritise securing SOS consents. Complies with HCA grant requirements and CLG Homelessness Strategy Objectives.	Low	Med
Rise in property values	Increases acquisition costs	Restricts volume of acquisitions	Modelling allows for moderate price increases	Med	Low
Insufficient properties available	Unable to acquire properties	Delays acquisition programme	Pipeline of properties identified within existing managed estates RTB buy backs in first 5years Initial acquisitions completed Possible funding Link to Granville New Homes bid . Target availability of 'off the shelf' new build.	Low	High
Demand for temporary accommodation falls	Void rent loss	Reduction in income to repay loan debt	Accurate forecast of housing demand Rents set below market level Let voids via other referral routes and agencies	Low	Med
Delay in letting after handover	Management arrangements to be set up	Void rent loss Reduction in income to repay loan debt	Nominations agreement with the Council protects against void rent loss ASTenancy agreement approved BHP Management structure and procedures in place	Low	Med
Default on loan agreement	Risk on asset ownership	Charge over the assets called upon	Audit accuracy of forecasting to predict income stream . Council holds first charge over the assets Robust balance sheet	Low	Med

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Market rents not met by HB	LHA's set maximum levels for HB	Rents reduced and impacts on the loan repayment profile	Rents set below LHA level	Low	Med
Tenants eligibility for HB ends	Household status changes	Triggers earlier crossover or rehousing	Rehousing criteria agreed with Council Nominations agreement in place Properties relet to new nominee	Med	Med
Tenancies are not sustainable	Crossover from temp to perm	Increase in turnover Void rent loss Delayed crossover	Housing support systems in place Allocation criteria agreed with Council	Low	Low
ALMO status changes	ALMO ceases to exist	BHP assets return to the Council as 'parent'	Council will own the assets and will decide on management, refinancing or sale options	Low	High

Key: High = Scheme viability

Med = Impacts cash flow

Low = Managed