

Appendix 2 – Company Risk Register

Risk	Business plan assumption	Risk Type	Likelihood (/5)	Impact (/5)	Risk Score (/25)	Mitigation
There is a risk of unforeseen costs and loss of income as a result of poor quality housing stock	The potential consequence of this risk materialising is that the Company's income is insufficient to cover the expenditure required to maintain good quality housing stock	Operational & Financial	3	4	12	A stock condition report has been produced and a subsequent repairs action plan developed and presented to the FWH board - the Board has approved expenditure in relation to this
*There is a risk of reduction in income in market rent because the properties cannot achieve market rent yield	The business plan assumes that market rent achieves 20% uplift over LHA	Financial	5	2	10	This is a live issue as it has already occurred with 4 of First Wave's properties. The Company is not currently purchasing properties - if the board takes a decision to grow the Company's portfolio this risk will increase. The board is able to consider different tenures for properties to mitigate this risk.
There is a risk that FWH policies and procedures specific to the non-social housing tenures e.g. market rent and intermediated rent are not applied appropriately	The failure to adhere to core policies and procedures could lead to a financial and reputational risk to the company	Operational & Financial	3	3	9	Brent Housing Management have advised they will undertake a policy and compliance audit and consider commissioning an internal audit programme through PwC

<p>There is a risk that business plan rent collection rates are not achieved and bad debt exceeds business plan assumptions. The introduction of universal credit may adversely affect rent collection</p>	<p>The potential consequences of this risk materialising is the company's income is insufficient to cover its expenditure.</p>	<p>Operational & Financial</p>	<p>2</p>	<p>3</p>	<p>6</p>	<p>Rent collection rates are monitored at monthly First Wave board meetings and remain consistent at around 100%.</p> <p>Brent Housing Management, who deliver housing management services, for FWH have in place an action plan for Universal Credit implementation.</p>
<p>There is a risk that void periods will exceed the business plan</p>	<p>The potential consequences of this risk materialising is the company has fewer properties able to receive rent and therefore income would reduce whilst expenditure potentially increases. Additional costs such as council tax costs to the company increase during void periods.</p>	<p>Operational & Financial</p>	<p>2</p>	<p>3</p>	<p>6</p>	<p>FWH has built the requirement to cooperate to ensure void periods are minimised into the contracts with housing management and void contractors.</p>
<p>There is a risk that FWH is deemed to have failed a statutory health and safety obligation as a landlord</p>	<p>The SLA places a requirement on Brent Council to deliver this function, but is unable to transfer the risk of non-compliance with legislation e.g. H&S, gas safety etc.</p> <p>Failure to comply with H&S requirements increases the opportunity for hazards including the causing of death. The ultimate penalty for failure to abide by statutory H&S requirements is imprisonment of the Chair of the Board.</p>	<p>Financial & Reputational</p>	<p>1</p>	<p>5</p>	<p>5</p>	<p>Contracts cover compliance requirements including gas servicing. Only suitably qualified people will be employed to deliver works. Monthly monitoring include some key aspects including gas, complaints and customer satisfaction.</p>

<p>FWH is deemed to have failed a statutory requirement in its corporate role</p>	<p>The company must comply with regulatory and best practice requirements around its own management and governance such as annual accounts, returns to Companies House, and other regulatory bodies such as the Housing Ombudsman and Homes England. There could be a residual risk in relation to the above occurring from the company previously being known as Brent Housing Partnership and relevant legal and statutory documents not being changed to reflect the Company's new name.</p> <p>The consequences of other statutory failures may be fines and/or reputational damage to FWH.</p>	<p>Financial & Reputational</p>	<p>1</p>	<p>5</p>	<p>5</p>	<p>The Board is putting in place suitable policies and procedures to ensure regulatory compliance, e.g. an escalation policy, scheme of delegation, risk management, and internal audit arrangements.</p> <p>A thorough transformation programme was undertaken when BHP became FWH to ensure that all legal and statutory documentation was changed.</p>
<p>There is a risk of fraud to the Company</p>	<p>Subletting of properties by tenants.</p> <p>Letting of properties by Council or maintenance staff for personal gain during a void period.</p>	<p>Fraud</p>	<p>2</p>	<p>2</p>	<p>4</p>	<p>BHM will prioritise regular visits to 'high risk' properties and will use intelligence from the Council's Audit and Investigation department to inform this.</p> <p>Property void times will be reported to the board and BHM will work to keep void periods low.</p> <p>The board will be provided with detailed reporting on void checks undertaken by BHM.</p>

<p>There is a risk of fraud to the Company</p>	<p>Tenants misrepresenting their circumstances during the eligibility assessment process.</p> <p>Proceeds of crime being used to purchase properties.</p>	<p>Fraud</p>	<p>1</p>	<p>3</p>	<p>3</p>	<p>FWH will review Brent Council's Right-to-Buy Policy with a view of adopting it.</p> <p>Board approval will be sought on any right-to-buy applications and these will be considered alongside the Council's current processes. The Council has a two stage approval process in place - if the property purchase price is above £500K it is approved at Operational Director level, and if it is below £500K it is approved at HoS level.</p> <p>Brent Housing Management staff can refer Right-to-Buy applications to the Council's Fraud and Investigation department if required.</p>
<p>There is a risk of fraud to the Company</p>	<p>Repairs/maintenance/major works – overcharging or charging for fictitious works.</p>	<p>Fraud</p>	<p>1</p>	<p>3</p>	<p>3</p>	<p>BHM will implement a post inspection regime to ensure that the repairs and major works completed comply with the cost incurred.</p> <p>A review will be undertaken into any property which has more than 7 repairs in a 12 month period.</p> <p>The average cost of repair per property will be regularly reported to the board.</p>
<p>There is a risk of fraud to the Company</p>	<p>Collusion between staff/ board members and buyers to dispose of properties at under market value.</p> <p>Undeclared conflicts of interest between staff/board members and buyers.</p>	<p>Fraud</p>	<p>1</p>	<p>3</p>	<p>3</p>	<p>FWH will develop an Assets Disposal Policy. This will consider the Council's checks, and board and shareholder approval for the disposal of any company assets.</p> <p>The policy will be submitted to the shareholder for approval.</p>

<p>There is a risk of fraud to the Company</p>	<p>Diversion of tenant rent payments by staff.</p> <p>Collusion between tenants and staff to write off rent arrears.</p> <p>Deliberate overpayment of rent by tenants using proceeds of crime and then requesting a refund.</p>	<p>Fraud</p>	<p>1</p>	<p>3</p>	<p>3</p>	<p>Rent collection rates are monitored by the Board. Rent arrears write-offs are submitted to the board for approval, after going through the Council's internal procedures.</p>
<p>There is a risk of fraud to the Company</p>	<p>Set up of invalid/fictitious suppliers by staff for personal gain.</p> <p>Invalid amendments to supplier bank details to divert payments, either by external parties making fraudulent requests or by staff making amendments for personal gain.</p> <p>Payments to third parties for goods/services not being received.</p>	<p>Fraud</p>	<p>1</p>	<p>3</p>	<p>3</p>	<p>Payments from FWH are made through the Council's payment system and as such, are subject to Council policies and procedures.</p>