

APPENDIX 1

Risk assessments

The table below is the risk assessment taken from the original cabinet report with updated comments to reflect the outcomes to date, highlighted in italics.

Risk	Likelihood	Consequences	Mitigation	Risk after mitigation and Current risk
Non-secure tenancies are deemed to be secure under HA 1985.	Low	Tenants become secure tenants acquiring all the rights and protections arising from secure tenant status.	<ul style="list-style-type: none"> - Secure tenant status is excluded where the conditions of the relevant provision under schedule 1 of Housing Act 1985 are satisfied. - Officers have taken legal advice and have taken steps to ensure compliance with the conditions of the relevant 'exclusion' provision. 	<p>Low.</p> <p><i>No tenancies have acquired secure status.</i></p>
Perception that the scheme is operated to avoid the council's obligations to the person homeless or at risk of homelessness	Med	Legal challenges against the council	<ul style="list-style-type: none"> - Choices will be clearly explained to applicants. - Staff within the Options Service will be trained to ensure they are aware that this is one of a range of private sector options for those at risk of homelessness. - Applicants will be asked to sign a disclaimer in the appropriate terms. 	<p>Low.</p> <p><i>There have been no challenges.</i></p>
Changes in HB regulations. The emergency budget in June 2010 and the CSR of October 2010 announced falls in LHA to take effect from 2011. Further announcements in August 2010 broadly preserved LHA levels for leased schemes through to 2013.	High	<p>Leased schemes will become more attractive to landlords compared to direct let schemes.</p> <p>There is no commitment to preserve LHA levels beyond 2013.</p> <p>If LHA rate drops substantially beyond 2013 this will erode the schemes margins</p>	<p>Ensure that all leases with landlords have a rent review. If LHA falls, we will be able to reduce rents to landlords accordingly.</p> <p>Monitor financial performance of</p>	<p>Low.</p> <p><i>Significant changes to HB and welfare reform See table below.</i></p>

Risk	Likelihood	Consequences	Mitigation	Risk after mitigation and Current risk
			scheme. If running at a loss, consider terminating or varying the lease. Reduce the attractiveness of the scheme to landlords where these are causing losses.	
Financial risk of operation of scheme.	Med	Scheme runs at a loss and causes General Fund overspend.	<p>Monitor income and expenditure on a monthly basis. Key issues are</p> <ul style="list-style-type: none"> - Income. Maintain equivalent rent collection at 95%. - Repairs costs must compare to costs of estate TA (£556 per property), and exclusive of landlord re-charges. - Dilapidations costs must average at no more than £1000 per property - Void turnaround must be limited to 4 weeks. - Void repairs must be under £1,500 per void (LBS liability) - Void frequency must be no higher than 20% of stock in a year. - Legal fees should be standard. <p>If scheme runs at a loss, vary as above, or close the scheme after the pilot.</p>	<p>Low.</p> <p><i>Scheme within budget as detailed in the table above.</i></p>
Scheme is not popular with landlords and supply targets are missed	High	TA builds up and budgets for TA/CHS are overspent.	<p>Review supply performance on a monthly basis. Collect stats on reason for landlord drop outs. If for a specific reason, consider amending terms of the lease.</p> <p>Offer new product to landlords.</p>	<p>Med/ High.</p> <p><i>Rent levels offered to landlords have not been as attractive in comparison to the PRS.</i></p> <p><i>The scheme has made a small increase in rents offered for 2 bedroom properties, but this is limited by</i></p>

Risk	Likelihood	Consequences	Mitigation	Risk after mitigation and Current risk
				<i>the risks outlined above.</i>

1. The following table represents new risks identified since further government announcements on welfare reform:

Risk	Likelihood	Consequences	Mitigation	Risk after mitigation and Current risk
<p>The existing Housing Benefit regulations have been extended until each tenant reverts to Universal Credit (UC). This will be from April 2014. When UC applies, rents will fall to LHA levels and the management fee element will be paid via increased Discretionary Housing Payments.</p>	High	<p>See below.</p> <p>If there is no management fee paid to the authority, the scheme's financial viability will cease.</p>	<p>See below</p> <p>The Financial Model suggests we can absorb a small reduction in rental income, but if the reduction is large we will have to reduce landlord rents. This in turn will risk landlords terminating leases.</p>	Medium
<p>Caps to welfare benefits will be rolled out between April and September 2013. This will restrict tenant's ability to pay the rent, especially with families requiring 3 bedrooms or more.</p>	High	<p>Larger families will not be able to afford the rent, so bad debt will increase across portfolio.</p>	<p>Lettings of 3bed or larger properties restricted to workers (where the caps do not apply). Employment advice for all households in scheme and acquisition of larger properties outside London. Larger TA households to be prioritised for permanent offers.</p>	Medium
<p>Abolition of HB with introduction of Universal Credit (UC). Rental element of UC paid to tenant. UC rolled out between 2014 and 2017.</p>	High	<p>Council will not have HB paid directly to rent account, thus increasing risk of bad debt.</p>	<p>LBS Area Management are piloting rent direct scheme and lessons will be shared.</p> <p>Requirement of scheme is for account to be opened with credit union. Set up accounts with the local credit union for all tenants with direct debits/ standing order to pay rent. First new accounts expected</p>	Medium

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			February 2013.	