

Appendix A - Homeless Accommodation Supply - CEB Report Risk Register - 11th Sept 2013

Risk Score Impact Score: 1 = Insignificant; 2 = Minor; 3 = Moderate; 4 = Major; 5 = Catastrophic				Probability Score: 1 = Rare; 2 = Unlikely; 3 = Possible; 4 = Likely; 5 = Almost Certain											
No.	Risk Description Link to Corporate Obj	Gross Risk		Cause of Risk	Mitigation	Net Risk		Further Management of Risk: Transfer/Accept/Reduce/Avoid		Monitoring Effectiveness				Current Risk	
		I	P			I	P	Action: Action Owner: Mitigating Control: Control Owner:	Outcome required: Milestone Date:	Q 1	Q 2	Q 3	Q 4	I	P
					Mitigating Control: Level of Effectiveness: (HML)					☹	☹	☹	☹		
										☺	☺	☺	☺		
										☺	☺	☺	☺		
97	Scale of the project is too small to address the potential growth in homeless presentations	3	3	That the pressures on homeless identified in the report are such that the model cannot contain the growth in households requiring access to accommodation	The approach will be kept under regular review by officers; reported quarterly to Housing Programme Board; and annually to CEB. If the need arises and the business case is sound, then this approach could, with the necessary approvals, be up-scaled	2	3	Review of approach by Head of Housing and Property	Review of scheme and the request of approvals to procure more units						
2	Scale of the project is too large and not all the property procured is required for homeless prevention use	3	2	That insufficient homeless households require accommodation.	This is considered highly unlikely. The reason for this includes: <ul style="list-style-type: none"> The Council has 120 households not yet in temporary accommodation that are facing homelessness identified. This approach can also be used for households to whom the Council has accepted a homeless duty. PRS accom in Oxon is becoming less available, with a widening gap between actual rents and LHA rates 	1	2	Review of approach by Head of Housing and Property	Review of scheme on a monthly basis during procurement stages. Flexibility in any contractual arrangements to exit the scheme and/or sell property at suitable intervals. Flexibility within the model and contracts to shift some units into sub-market/ market rent for alternative client groups						

3	The procurement exercise does not identify any suitable providers willing to operate the scheme to the Council's satisfaction	3	2	That the type or scale of the proposal does not attract providers that can meet the specifications	This is considered unlikely, but an in-house option is to be considered alongside offers from external providers.	2	2	Review by officers throughout procurement process	Soft market testing prior to procurement Flexibility within the tender specification for various provider models to be put forward to deliver the same outcomes						
4	That numbers of homeless being presented does not meet expectations	3	2	Numbers of homeless are overly cautious	Slow down purchase of additional properties. Let properties out at market rents Dispose of surplus properties			Head of Housing	Review through Housing Board					3	1
5	Sensitivities in the financial model exceed forecasts and tolerances. Especially: <ul style="list-style-type: none"> • Cost of Financing • Rent Increases & LHA rates • Procurement costs • Management, Maintenance, bad debts, and void costs 	4	3	That the financial modelling estimates prove inadequate or that model sensitivities are exceeded	Conservative assumptions have been made throughout the model, and there is sufficient flexibility in the model (see 2 above) to cover unexpected variations. Sensitivity analysis shows the main sensitivities to be the procurement costs; the LHA increases and the most significant being the cost of financing. Other variables have significantly less impact on the model. <u>Cost of Financing</u> Various rates have been modelled within the sensitivity analysis, showing that there is scope in the model to provide for these variations. Long term borrowing will also help to fix rates in advance to improve forecasting of spend. In the event that there are insufficient surpluses to repay debt then consideration will need to be given to renewing the debt or disposing of properties to repay.	2	2	Review of approach by Head of Housing and Property and Head of Finance, reported quarterly to Housing Programme Board. Undertake property purchases in tranches and review after each tranche	Regular review of actual activity against the model					4	3

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Rent Increases & LHA rates

The model assumes that LHAs will increase year on year at CPI, capped at 1% (as per current HB guidance) and that rent levels are set to match this. Should this regime change, then rent levels may not be able to be increased whilst keeping the accommodation affordable. Options at 2 above could be considered if needed, including the sale of some units.

Procurement costs

These are within the control of the Council and if expected purchase prices cannot be secured, then procurement will be suspended pending a drop in prices of a review of the model. A 1% contingency is also applied to this area in the model - mainly relating to initial refurbishment costs

Management, Maintenance, bad debts, and void costs

Conservative assumptions have been used based on industry-standard models (25% of gross rent) and contracts will be used to off-set risks to the Council of under-performance in terms of rent collection, etc

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