

Risk Assessment: Disposal Policy

Context

This risk assessment identifies potential risks associated with disposal and proposes mitigation measures.

Legal and Regulatory Risks

- Non-compliance with legislation: Disposal activities must adhere to legislation. Failure to comply may result in fines, legal action and reputational damage.
- Contractual obligations: Existing contracts, covenants, or grant conditions may restrict disposal or require specific procedures. Breaching these can trigger penalties or clawbacks.
- Planning and environmental regulations: Certain assets may have planning restrictions, listed status, or environmental considerations, such as contaminated land, affecting disposal options.

Mitigation: Conduct thorough legal due diligence.

Financial Risks

- Asset undervaluation: Selling assets below market value can result in financial loss and reduced funds for reinvestment.
- Unexpected costs: Disposal may incur costs such as legal fees, marketing, repairs, or environmental remediation, impacting net proceeds.
- Fraud and misappropriation: Insufficient controls may allow internal or external parties to exploit the disposal process for personal gain.

Mitigation: Obtain independent valuations, use competitive bidding processes, and implement robust financial controls and audit trails.

Operational Risks

- Disruption to services: Disposal of operational assets may affect service delivery, tenant welfare and organisational capacity.
- Data management: Inadequate record-keeping can lead to loss of information, disputes, or regulatory breaches.

Mitigation: Assess operational impact prior to disposal, communicate with affected stakeholders, and maintain accurate records throughout the process.

Reputational Risks

- Negative public perception: Disposing of housing assets may attract criticism from tenants, the community and the media.
- Lack of transparency: Perceived secrecy or unfairness in disposal decisions can undermine trust and confidence in the Council.

Mitigation: Engage in open consultation with stakeholders, publish clear disposal criteria, and communicate the rationale for decisions.

Strategic Risks

- Loss of strategic assets: Disposing of assets crucial to long-term objectives may hinder future growth or service provision.
- Misalignment with organisational goals: Disposal decisions that do not align with strategic plans can result in missed opportunities or unintended consequences.

Mitigation: Align asset disposal policy with strategic plans, involve senior management and the board in key decisions, and regularly review the policy.