

## Appendix 2: Risk Register:

<b>Risk</b>	<b>Comments</b>	<b>Impact</b>	<b>Probability</b>
Regulations change that threaten viability of the programme	Highly unlikely that regulation change will be applied retrospectively. In such event, acting reasonably parties to agree changes to adapt accordingly	None Expected	Low
Significant increase in property prices/reduction in available properties on the market meaning that properties cannot be acquired within the funding available.	Due diligence has been undertaken to ensure a clear evidence base on property availability and property prices. The model allows a level of flexibility on financial numbers. The Council agrees the final acquisition programme, and this will be kept under review and can be adjusted to reflect market changes. The model assumes a relatively speedy acquisition programme to reduce the risk of significant market changes and long-lasting impact on the market.	None Expected or a slight reduction in the overall number of units acquired	Very low.
Changes in local housing allowance/ benefit subsidy arrangements reducing rental income stream during the term of the lease.	Overall, based on market trends it is unlikely that the rental increases built into the model will not be achievable within subsidy arrangements. However, the proposed facility repayment holiday until year 3 will allow for a sinking fund to be established to assist in covering future costs. A proportion of properties could be rented at market rents to cross subsidise lower affordable housing rental levels. A proportion of properties could also be sold if the value has increased significantly. In addition, even if a future decision was made to top up any shortfall this would still be significantly less than the net costs of nightly paid units.	NO impact or a slightly reduced number of properties available to meet statutory rehousing duties	Low
Local housing allowance rates reduced during acquisition programme.	Expectations are that the LHA rates will remain at least at current rates for the next 2-3 years and it is highly unlikely that rates will fall. However, should this occur during procurement then the acquisition strategy can be adjusted to purchase an increased proportion in areas with higher LHA rates or a larger proportion of 3 and 4 bed units which produce a higher rental charge.	No impact or a slightly reduced number of properties purchased	Low
Sales do not complete and legal and or valuation costs incurred.	The model assumes a proportion of sales will not proceed to exchange of contracts. Checks are in place to minimise the rate of fall through. O&S bear the cost unless LBB instruct for a sale not to proceed	No impact – already costed into the model	Very low
Property refurbishment cost higher than anticipated	There is sum built into the model for refurbishment costs and procedures in place through inspection and survey to ensure costs are accurately identified. Any additional costs are an O&S risk	No Impact expected	Very low

Delay in refurbishment work	This is an O&S risk. The target is for occupation within 1 month of completion. The rental commitment from O&S to the Council commences upon completion regardless of refurbishment times and occupation date	No impact expected	Very low
The Council is unable to provide nominations for some of the properties or no longer requires the property in the short or long term	The number of homelessness acceptances and households in TA have consistently exceeded the number of units proposed to be acquired through this and other schemes. All local and national forecasts show numbers increasing in the short, medium and longer term. The property can also be offered to other local authorities or on the open market for rent. Properties can also be sold if the value has increased significantly to offset any debts	Very low	Very low
Lease term of 50 years is a long time and the Council going forward may no longer be responsible for homelessness.	There will very likely always be a need and level of statutory duty for homelessness and housing accommodation in or close to London. Therefore, the demand for good housing accommodation that is affordable means that variations will be possible to scheme entered into, to allow other organisations to take over the leasing arrangement or alternatively cease the scheme, sell the properties and use the capital receipts to pay off any loans outstanding. Should any balance be outstanding on the loan, it will still be significantly lower than the revenue savings that the Council will achieve each year that the arrangement is in place.		
Tenant does not pay the rent	This is an O&S risk. A certain level of bad debt has already been built into the financial model and O&S have a successful track record of rental collection	No impact already costed into the model	Very low
Major repairs required before anticipated in the model or at greater cost	This is a risk for O&S and a sinking fund will be accrued to meet such costs. The model provides for a contingency fund to cover potential works within the first 10-12 years,	No impact – already costed into the model	Very low
O&S fail to provide adequate services	The lease between O&S and the LLP to enable termination under reasonable force majeure clauses and also to provide for early surrender in the event of service or business failure.	Low	Low