Click or tap to enter organisation name

**Checklist completed:** Click or tap to enter a date.

*This form has been prepared by Campbell Tickell. It aims to assist housing providers in taking a systematic approach to tracking exposure to those risks highlighted by the regulator. Please note this is* ***not*** *an exhaustive list of risks that the sector or an individual provider faces, rather it highlights those risks identified in the HCA’s Sector Risk Profile 2017[[1]](#footnote-1). Boards will of course look to assure themselves of the controls in place to mitigate the specific risks that their organisation is facing.*

| **#** | **Category** | **Risk** *(p# = SRP17 page number)* | **Status** | **Controls & Assurance** | **Action Needed** |
| --- | --- | --- | --- | --- | --- |
| **Introduction** *(not covered elsewhere)* |
|  | **Strategic / Board risk management** | Business plan is based on unsound assumptions *(p.7)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
|  | Business plan is not built on a consideration of our risk appetite *(p.7)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
|  | Financial and management data is inaccurate, inconsistent or untimely *(p.7)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
| **2. Operational risks – existing stock** |
|  | **Stock management, housing quality****and health and safety of occupants** | Breach of any health and safety legislation. *[including gas safety, fire safety, legionella etc.] (pp. 2, 5, 9)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
|  | Breach of HCA’s Home Standard *(p.9)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
|  | Breach of Decent Homes Standard *(p.9)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
|  | Poor service to tenants *(p.9)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
|  | Mishandling of complaints regarding service delivery *(p.9)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
|  | Poor communication with tenants and other stakeholders *(p.9)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
|  | Lack of investment in existing stock *(p.9)* Failure to sustain adequate investment in existing stock whilst delivering cost efficiencies *(p.17)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
|  | Inadequate assessment of costs of post-Grenfell remediation works *(pp. 5, 17)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
|  | Failure to reappraise business plans and plans for investment in existing stock in the light of post-Grenfell remediation costs *(p.17)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
| 1.
 | **Rents and rental markets** | Incorrect application of, or exclusion or particular properties from rent reductions *(p.10)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
|  | Cashflow volatility from fluctuating PRS rents and impact on Affordable Rents *(pp. 2, 10)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
|  | Inadequate assessment of regional and product-specific rents, and resident expectations, ahead of investment commitments *(pp. 2, 10)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
|  | Lack of assessment of opportunity costs and risks of entering PRS market *(p.10)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
|  | **Inflation** | Business plan vulnerability to significant inflation pressures, including development and stock reinvestment programmes *(pp. 2, 11)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
|  | Increasing costs of index-linked finance, including sale and leaseback arrangements *(p.11)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
|  | **Welfare reform\***  | Reduced income due to effects of welfare reform\* on rent arrears and rent lost to voids *(pp. 2, 12, 13)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
|  | Failure to assess particular impacts of welfare reform\* by location, property type and household size *(pp. 12, 13)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
|  | Increased income collection costs due to effects of welfare reform\* *(p.14)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
|  | **Supported housing** | Risk of reductions in net income due to continued pressures on local authority funding, rent cuts, National Living Wage and impact of LHA cap *(pp. 3, 15)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
|  | Raised exposure to falls in net income in low-value areas where rents and housing-benefit-eligible service charges are [*relatively*] high *(p.15)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
|  | Plans for top-up funds and funding for short-term and emergency supported housing prove to be inadequate *(p.15)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
|  | Income and cost pressures lead to difficulties in maintaining compliance with both social housing and care regulatory standards and statutory requirements *(p.15)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
|  | **Cost efficiencies** | Failure to deliver planned savings programmes *(p.16)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
|  | Failure to identify contingency plans for delays in, or non-delivery of, savings programmes *(p.16)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
| **3. Operational risks – new supply and diversification** |
|  | **New supply** | Income from sales\*\* is lower than assumed in business plan due to sudden and significant market slow-downs, or market shut-downs *(pp. 2, 3, 5, 19)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
|  | Lack of appropriate skills to manage a housing market downturn *(p.19)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
|  | Asset sales are relied upon to meet current and future interest payments. As highlighted by the EBITDA-MRI-SH interest cover ratio *(p.19)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
|  | A significant increase in development ambition is not matched by appropriate skills *(p.20)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
|  | Acquired land [*with or without planning permission, and work-in progress*] is impaired following housing market downturn *(p.20)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
|  | Robust mitigation strategies are not in place to respond to problems arising in the development programme *(pp. 3, 20)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
| 1.
 | **New build quality** | Build quality of new homes fails to meet relevant standards, planning requirements, and conditions of publicly funded *(p.20)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
|  | Inadequate management of contracts for procurement of new homes leads to inappropriate build quality *(p.20)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
|  | Increased resources required to manage defects, rectify problems and handle complaints in new build schemes *(p.20)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
|  | **Diversification**\*\*\* | Social housing assets are inadequately protected from guarantees, recourse and impairment effects involving non-registered entities *(p.21)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
|  | Investment in non-social housing activity is not consistent with charitable vires *(p.21)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
|  | Said investment produces a level of return that is below that commensurate with the risks involved *(pp. 5, 21)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
|  | Said investment produces a level of return that is below that assumed in the business plan *(p.21)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
|  | Non-social housing business ventures fail completely *(p.21)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
|  | Skills at executive and Board level are inadequate to proactively challenge performance in diverse ventures *(p.21)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
| **4. Financial and treasury management risks** |
|  | **Treasury management** | Treasury management is ineffective in ensuring [*timely*] access to sufficient debt to meet liquidity requirements. *(p.22)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
|  | Treasury management is ineffective in ensuring availability of sufficient [*unencumbered*] security [*to access loan facilities*] when required *(p.22)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
|  | Treasury management is ineffective in ensuring continued compliance with loan covenants *(p.22)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
|  | Poor understanding or mitigation of adverse impact on business plan of higher interest rates on floating rate existing debt and new debt *(pp. 2, 3, 22, 25)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure: |
|  | **Existing debt** | Inadequate and/or slow arrangements for refinancing debt due for repayment *(p.23)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
|  | [*Increased costs*] as funders seek to recover short-falls resulting from low margins on existing debt. *(p.23)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
|  | [*Failure to agree, in a timely manner,*] new financial covenants following changes to reporting standards. *(p.24)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
|  | Exposure to counterparty risk *[and hence risk of non-availability of undrawn funds*] amongst new and existing funders. *(p.24)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
|  | **New debt** | Inadequate understanding [*and inaccurate modelling*] of any indexing in financial instruments and sale and leaseback arrangements *(p.25)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |  |  |
| Scale of exposure:      |
|  | Inadequate design of funding arrangements intended to be off-balance sheet *(p.25)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
|  | **Hedging strategies** | Insufficient cash or other security to cover mark-to-market exposures [*as and when required],* including at very short-notice. *(p.26)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
|  | **Pensions** | Issues with scheme membership and legal obligations [*including future increases in contributions and potential termination costs*], lead to unanticipated costs *(p.26)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
|  | Changes in accounting standards lead to volatility in treatment of agreed deficit contributions, [*difficulties for readers of Financial Statements, and potential impact on loan covenant compliance*] *(p.26)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
| **5. Changing regulatory context** |
|  | **Deregulation** | New governance arrangements implemented following the removal of the HCA’s consents regime fail to retain the confidence of key stakeholders *(pp. 3, 27)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
|  | Said new governance arrangements fail to reflect social purpose and charitable status *(p.27)* | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |
|  | Said new governance arrangements are inadequate to manage the risks associated with disposals & mergers *(pp. 3, 27)*  | Are we exposed to this risk? Yes [ ]  No [ ]  |       |       |
| Which risk map(s) is it tracked on:Strategic / Board [ ]  Operational [ ]   |
| Scale of exposure:      |

**KEY**

[*text in square brackets does not appear in SRP17, rather it indicates a CT clarification*]

**\*** SRP17 refers to welfare reform risks associated with: Universal Credit & direct payment of housing costs to tenants; freezing of working-age benefits; changes to tax credits; removal of automatic entitlement to housing benefits for 18-21 year olds; cap on benefits for out-of-work, working-age families; and restricting housing benefit to the Local Housing Allowance.

**\*\*** SRP17 identifies income from sales as including market sale, shared ownership first tranche sales and staircasing, Right to Buy, Right to Acquire and asset management sales.

**\*\*\*** SRP17 refers to student housing, property management, commercial property and nursing homes as non-social housing activities that are commonly undertaken through unregistered subsidiaries, special purpose vehicles or joint ventures.

**TIPS**

1. Where there is little or no exposure, selecting the ‘No’ box will suffice, and there is no need to complete the remaining fields.
2. In the ‘scale of exposure’ field, look to quantify the organisation’s exposure e.g. “business plan expects £5m of sales income in 2020”, “maximum value of undeveloped land and work in progress = £12m in 2019”, “business plan assumes 15% return on commercial activity. If this were to fall to 0%, the income of the commercial subsidiary would drop by £250k”, “if we are unable to access top up funding, the LHP cap could see our supported housing income to drop by £350k pa”, “a 1% fall in PRS and affordable rents would see income fall by £150k”. It may not be possible to quantify all risk exposures.
3. For the non-negligible risks, indicate both internal and external sources of assurance in the Controls & Assurance column. Examples include: detailing the impact of stress testing variations in business plan assumptions on covenants and golden rules; evidence-based asset management strategies; development frameworks with robust appraisal processes and identified exit strategies; and assurance gained from internal auditors, treasury advisers, legal advisors, valuers, quantity surveyors (for stock condition), and other specialist advisors.
4. Once completed, inserting a page break at the end of the Action Needed cell, will assist in row readability.

This checklist was prepared by Sue Harvey, Director at Campbell Tickell. sue@campbelltickell.com.

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1. <https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/633667/Sector_Risk_Profile_2017.pdf> [↑](#footnote-ref-1)