

APPENDIX D - HRA 30-YEAR BUSINESS PLAN RISK REGISTER

Items	Risk	Scenario description	Uncontrolled		Controlled
			Risk	Controls	Risk
1	Interest Rates	Interest rates increase, faster than CPI linked to rental increases, leading to shortfall in the income required to service the council's debt. If it is not possible to refinance loans at a lower rate, and new borrowings are at the current high rates, the council would be forced to cut budgets and so reduce development, maintenance and services for residents.	Medium	The current HRA debt is structured over long-term loans from sources such as Public Works Loan Board (PWLB), which offers the best and most stable rates. All new borrowings will need to meet the affordability metric indicated in the business plan	Medium
2	Rent Charges	A rent freeze or reduction reduces the income available to the council in the medium - and long term because of its cumulative, compounded effect. This forces the council to reduce development, maintenance and services to residents.	Medium	The government has not implemented a rent cap for 2024/25 and it is proposed to increase rents by the maximum rent formula of CPI + 1%. This is also built into future years of the business plan.	Medium
3	Cost of Inflation	BCC has seen construction cost inflation continuing to be above CPI. As rental increases is linked to CPI, the higher cost inflation on services have led to a shortfall of income that forces the Council to cut its management and capital budgets and so reduce maintenance and services for residents.	High	Cost inflation is profiled and accounted for against schemes of new development, the capital programme and in general across the service delivery model. Rents are designed to increase just above inflation, to allow a surplus of income that can absorb a level of above-inflation increases in cost. However, sharp increases due to external market and macroeconomic conditions may exceed this and may require reprofiling of the planned expenditure.	High
4	Bad Debt	Some tenants and leaseholders are unable or unwilling to pay the council. This could be because of challenges with the cost of living crisis or changes to their employment / benefit status. Only some arrears are recoverable, others are bad debts and are written off. Widespread, non-recoverable arrears decrease income, causing the council to reduce development, maintenance and services to residents.	High	A level of bad debt provision is accounted for in the model, based on previous levels of defaults and write-offs. Rent and service charge arrears are handled pro-actively by the housing management service. However, welfare policy changes compounded by a difficult economy could significantly impact levels of arrears.	Medium
5	Voids	Empty units provide no income for the council yet still incur costs to secure and maintain. An increase in the current voids, either due to greater numbers or longer time spent to re-let or repair, will decrease available income and so reduce development, maintenance and services for residents. Void turn around times are currently high.	Medium	The rate at which tenants leave properties is consistent over time and the projected rate is built into the model. Void times are closely monitored with targets, so it is unlikely that voids will increase significantly, due to time spent in repairs or taken to re-let. An ambitious reduction in void turn around times has been built into the business plan and an improvement plan has been developed that will remain under regular review.	Medium
6	Right to Buy	Sale of council housing stock at a significant discount reduces rental income to the HRA, in disproportion to the cost reduction from servicing and maintaining these properties, because of the economies of scale and fixed costs. Increased demand for RTB for market value or policy reasons can therefore compromise planned development, maintenance or service to residents	Medium	Right To Buy (RTB) sales are consistent over time and an allowance for sales at the current projected levels is built in the model. It is unlikely there will be any significant increase in RTB sales, unless there is a significant policy change to increase the discount still further, or a widespread reduction in the value of council stock.	Low
7	Housing Market	A downturn in demand or widespread increase in supply reduces the ability to sell ownership products or let council properties to new tenants. This causes cash flow problems that hinder future development, as schemes depend on the sale/occupation of units to provide future funds and make them economical to service and maintained.	Medium	Given the trend over previous decades, a reduction in demand for housing in Bristol is unlikely. There is a backlog of demand for housing in the City with approximately 21,000 households on the housing waiting list. Therefore, any reduction in the value of housing is likely to slow, but not halt the delivery of additional housing units over the lifetime of the business plan.	Low

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8	Disaster	A disastrous major incident causes a significant portion of the council stock to fall into disrepair. Priority repairs and alternative accommodation for affected residents reduce available funds so that non-priority development, maintenance and general services for residents are scaled back, postponed or cancelled.	Medium	The Health & Safety of residents and their homes is the number one priority. All reasonable steps are taken to minimise the risk of any potential incident. However, as with Barton House, it remains a possibility that an adverse event could occur in the council housing stock. A reserve is set aside for this, which should be enough to deal with ad-hoc day-to-day contingencies, or any emergency other than a catastrophic major incident.	Low
9	Failure of contractors	The risk of contractor insolvency remains a moderate risk. This is a result of continued higher inflation than the Bank of England's target (although inflation pressure is easing). Credit condition remain and a skill deficiency in the sector remain an issue. The slow down of the development of new homes is also a challenge.	Medium	Effective contract and procurement management	Medium
10	Internal Capacity	Reduced capacity within operational and support services (legal, procurement) impacting the delivery of new homes and maintaining current stock to the required standard.	High	Effective management of resources and key work activities	Medium
11	Government policy changes	Impacts of national housing policies and any changes proposed in future Government papers can have an adverse impact on the HRA and could require additional resources to address any unexpected changes. Lack of financial and delivery resources to achieve the governments and Bristol's energy improvement targets for the HRA housing stock by 2030. Inability to achieve government Social Housing Decarbonisation Fund grant timescales for the completion of schemes.	High High	The Council will review and monitor the business plan to reflect any changes that the Government might announce. The business plan has additional funds allocated to Landlord Health & Safety Compliance priorities, damp & mould and responding to the upcoming Consumer Standards. A HRA Energy Efficiency Strategy is being developed and will be approved by March 2024. Funding is included within the plan and energy improvement programmes are underway through the City Leap partnership. It is likely more funding will be required to ensure all HRA homes achieve EPC C by 2030 and this will be further developed during 2024/25 and an options appraisal developed for the 2025/26 Business Plan. Grant opportunities will also continue to be explored alongside innovative finance delivery models for aspects of decarbonisation (e.g. Solar PV).	Medium
12	Energy Efficiency Improvements	The General election expected in the second half of 2024 and the implementation of a new committee system in Bristol following May's local elections may initially have an impact on policy setting and decision making both locally and nationally.	Medium	Significant work has been undertaken to prepare of the new Committee system in Bristol.	Low
13	Political environment changes	The efficiency savings identified within the Business Plan are not delivered	High	An improvement plan will be developed to outline measures required, which will include a robust performance management framework to oversee delivery against targets.	Medium
14	Efficiency Targets				

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15	Borrowing Headroom	We have maximised borrowing in the first 5 years of the plan to accelerate the New Home provision (New Build & acquisitions) to respond to the housing crisis in Bristol and reduce the use of Temporary Accommodation. This means that the plan has very limited capacity for additional borrowing in the event of other investment demands or unforeseen events.	High	In order to maximise borrowing potential, all schemes or acquisitions are subject to robust viability appraisals and can be accommodated within overall capital budget. The 5 year capital plan and 30 year business plan will be continually reviewed within the year and during the 2025/26 budget setting process to ensure revenue resources are within expected level to support borrowing.	Medium
<u>Development Risks</u>					
1	Homes England Funding risk (1)	Impact of any notice being served by Housing Regulator on the HRA which could see the Council lose its Investment Partner status with Homes England and the loss of its Affordable Housing subsidy	High	To ensure that management of our existing stock is maintained and achieved, working closely with the regulators	High
2	Homes England Funding risk (2)	The current Homes England Affordable Grant Programme expires in March 2026, therefore there is a risk if no new funding programmes are introduced	High	To work with Homes England in providing the evidence to the Government for further rounds of the grant programme To have a focus on buying back ex-council houses and flats that come to the market alongside street acquisitions. A set of criteria to inform acquisitions has been developed to ensure a delivery partner can acquire at pace.	Medium
3	Acquisition of new homes	Availability in the market of suitable and appropriate new homes to achieve the proposed numbers	High		Medium
4	Availability of subsidy for Acquisition programme	Homes England do not traditionally fund street / market acquisitions, the Business Plan makes an assumption that the acquisitions programme will be supported by the Homes England Affordable Housing Funding Programme	High	Begin engagement with Homes England immediately and build upon the council's existing working relationship over the offer of a targeted acquisitions funding programme.	High
5	Acquisitions of New Homes and bring them into use	Once new homes have been acquired from the market, works will have to be undertaken to bring them up to standard and this may cause both a cost uplift and delay in occupation	Low	Produce a New Dynamic Purchasing System (DPS) of contractors to carry out the works. Costs of bringing up to standard have been factored into the acquisitions programme.	Low
6	Development by Third parties	Our Programme is reliant upon information and progress from developers. Delays to programme, funding slippage and homes being delivered are out of our control.	High	To work closely with third party developers to accurately forecast milestones and mitigate the risks to delivery.	Medium