



Title: Strategic Risk Register

Report of: TGHC Managing Director

Purpose of Report

1. To seek approval from the Board of a Strategic Risk Register.

Background

2. The Board, at its meeting on 19 March 2015, approved an updated Operational Risk Register.
3. At its meeting on 21 May 2015, the Board approved a Risk Management Policy.
4. Following the implementation of the Risk Management Policy, it is now necessary to identify strategic risks separately from operational risks.

Strategic Risk Register

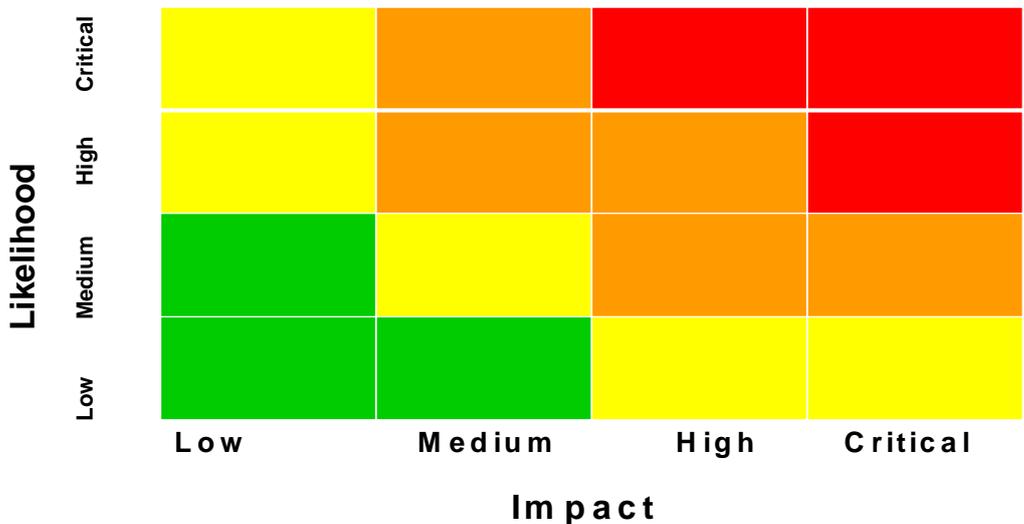
5. Strategic risks are those which are critical to the direction of an organisation. Strategic risks may be driven by government policy, competition or a change in stakeholder requirements.
6. Risk management, performed rigorously and comprehensively, creates stability, contributes to the achievement of the company's strategic objectives and enhances the value of the services it provides to the community.
7. The following four scale matrix has been used for impact and likelihood:

Likelihood

Scoring	Definition	Timing of occurrence
4	Almost certain	Less than 3 months
3	Likely	3 – 6 months
2	Moderate	6 – 12 months
1	Unlikely	In excess of 12 months

Impact		
Scoring	Definition	Example of impact
4	Critical	Total service loss for significant period Fatality Financial loss over £200,000 Government / Council intervention
3	High	Significant service disruption Major/disabling injury Financial loss over £50,000 Adverse national media coverage
2	Medium	Service disruption Loss time injury Financial loss over £25,000 Adverse local media coverage / lots of service user complaints
1	Low	Minor service disruption / short term inconvenience Minor injury Financial loss under £25,000 Isolated service user complaints

8. The following four scale matrix demonstrates how the risks have been assessed using a traffic light system:



9. A Strategic Risk Register is attached as an Appendix to this report.
10. The Development and Investment Manager (Lead Officer) will periodically review the risk register to identify emerging risks and recommend to the Board any risks that should be escalated.

Impact on tenants

11. Failure to identify and manage risk could have a significant impact on tenants.

Risk Management Implications

12. The risk management implications are contained in the report and appendix.

Financial Implications

13. Failure to identify and manage risk could have a significant impact on the financial position of Keelman Homes.

Equality and Diversity Implications

14. There are no equality and diversity implications arising from this report.

Value for Money implications

15. Efficient and effective control measures in place should reduce significantly the likelihood and impact of the risks occurring.

Health Implications

16. There are no health implications arising from this report.

Environmental implications

17. There are no environmental implications arising from this report.

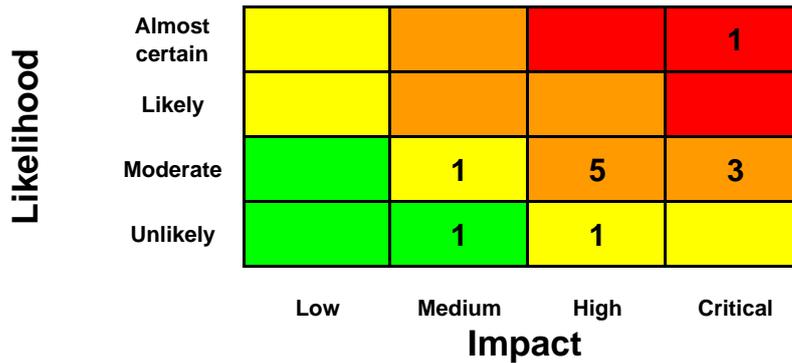
Consultation carried out

18. It has not been necessary to carry out any consultation when compiling this report.

Recommendation

19. It is recommended that the Board approve the Strategic Risk Register.

**Keelman Homes
Strategic Risks
Current Heat map as at June 2015**



Risk No	Risk	Current		Owner	Future	
		Likelihood	Impact		Likelihood	Impact
KH1	Failure to manage the Company's finances	2	4	Head of Corporate Services	1	4
KH2	Failure to deliver on new build and investment projects	2	3	Development and Investment Manager	1	3
KH3	Failure to deliver effective asset management	1	2	Development and Investment Manager	1	2
KH4	Failure to maintain a positive reputation	2	3	Development and Investment Manager	1	3
KH5	Failure to focus on the customer	2	2	Development and Investment Manager	1	2
KH6	Failure to effectively manage business continuity	1	3	Development and Investment Manager	1	3
KH7	Failure to manage effective corporate governance	2	4	Development and Investment Manager	1	4
KH8	Failure to deliver on management agreement with other providers and landlords	2	3	Development and Investment Manager	1	3
KH9	Failure to maintain supply chain	2	3	Development and Investment Manager	1	3
KH10	Failure to react appropriately to the political environment	2	3	Development and Investment Manager	1	2
KH11	Adverse impact of welfare reform legislation	4	4	Development and Investment Manager	4	4
KH12	Adverse impact of right to buy	2	4	Development and Investment Manager	2	4

KH1	Failure to manage the Company's finances	Head of Corporate Services
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Consequence of the risk	Financial loss to the Company that we are unable to meet through our reserves and an inability to deliver services.
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Current Likelihood	Current Impact
2	4

Existing Controls

1	Regular, accurate budget monitoring scrutinised by the Board
2	2015/16 Budgets approved by the Board
3	Comprehensive Internal Audit programme
4	External Audit carried out annually
5	Robust insurance arrangements in place
6	Qualified Finance Team in place

Planned Controls

		Timescale
1	Development and implementation of financial regulations to be approved by the Board	31 July 2015
2	Regular meetings and close working relationship between financial and operational teams to ensure effective communication and monitoring of financial activity	Ongoing
3	Quarterly budget monitoring scrutinised by the Board	Ongoing
4	Annual budget approval by the Board	Ongoing

Future Likelihood	Future Impact
1	4

The planned controls will ensure that this risk is appropriately managed and likelihood reduced.

KH2	Failure to deliver on new build and investment projects	Development and Investment Manager
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Consequence of the risk	Loss of reputation with the Council, partner agencies and stakeholders leading to reduced opportunities to generate additional income.
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Current Likelihood	Current Impact
2	3

Existing Controls

1	Specific projects or new ventures are subject to Board approval
2	Informal systems in place to ensure accountability and resources identified to support new projects

Planned Controls

		Timescale
1	Risk appetite to be developed and agreed by the Board	30 Sep 2015
2	Formal systems to be implemented to ensure accountability and resources identified to support new projects	30 Sep 2015
3	Project management systems, including risk management, implemented to deliver new projects and services	30 Sep 2015
4	Specific projects or new ventures are subject to evaluation and approval by the Board	Ongoing

Future Likelihood	Future Impact
1	3

The planned controls will ensure that this risk is appropriately managed and likelihood reduced.

KH3	Failure to deliver effective asset management	Development and Investment Manager
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Consequence of the risk	Properties will fall into non decency, increasing corporate complaints and potential for negative publicity and reputational damage. Sustainability of tenancies and neighbourhoods will be adversely affected. Without effective asset management, investment decisions will be ill informed and priorities for the stock not addressed jeopardising longer term sustainability.
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Current Likelihood	Current Impact
1	2

Existing Controls

1	Keelman Homes financial model takes into consideration the need for future asset investment
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Planned Controls

		Timescale
1	Produce and implement asset management strategy, to be agreed by the Board	30 Sep 2015
2	Regular meetings and close working relationship with The Gateshead Housing Company to ensure maintenance issues are identified at earliest opportunity and factored into decisions	Ongoing
3	The Board provide scrutiny to asset management decisions	Ongoing

Future Likelihood	Future Impact
1	2

The planned controls will ensure that this risk continues to be appropriately managed.

KH4	Failure to maintain a positive reputation	Development and Investment Manager
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Consequence of the risk	Loss of confidence from the management partner, Council, funding providers and our customers. Negative press stories could lead to reduced opportunities to generate additional income.
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Current Likelihood	Current Impact
2	3

Existing Controls

1	The Gateshead Housing Company provides regular involvement opportunities for customers with a number of different options available to them
2	The Gateshead Housing Company has a communications team in place to provide positive press stories and react to negative stories
3	Quarterly review meetings and relationship management with Homes and Communities Agency
4	Keelman Homes website

Planned Controls

		Timescale
1	Develop and implement PR and communications plan, to be approved by the Board	31 Dec 2015
2	Quarterly update (newsletter) to be produced and circulated to the Council, partner agencies, ward members and other stakeholders	31 Dec 2015
3	Through The Gateshead Housing Company, continue to involve customers in service delivery	Ongoing
4	Further development to Keelman Homes website	31 Dec 2015

Future Likelihood	Future Impact
1	3

The planned controls will ensure that this risk is appropriately managed and likelihood reduced.

KH5	Failure to focus on the customer	Development and Investment Manager
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Consequence of the risk	Risk of poor standards of service leading to customer dissatisfaction and loss of customers to other housing providers.
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Current Likelihood	Current Impact
2	2

Existing Controls

1	Services provided by The Gateshead Housing Company, through management agreement in place, including customer satisfaction surveys, service delivery reviews and complaints monitoring
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Planned Controls

		Timescale
1	Management agreement with The Gateshead Housing Company to be reviewed and new agreement to be approved by the Board; current agreement expires December 2015	31 Dec 2015
2	Business plan to be developed and approved by the Board	30 Sep 2015
3	Performance management framework to be developed and approved by the Board	31 Dec 2015
4	Review of customer satisfaction survey, to develop the Keelman Homes brand	31 Dec 2015

Future Likelihood	Future Impact
1	2

The planned controls will ensure that this risk is appropriately managed and likelihood reduced.

KH6	Failure to effectively manage business continuity	Development and Investment Manager
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Consequence of the risk	Inability to deliver services, leading to an impact on customer satisfaction and potential financial losses.
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Current Likelihood	Current Impact
1	3

Existing Controls

1	The Gateshead Housing Company has robust business continuity plan in place
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Planned Controls

		Timescale
1	Review Keelman Homes specific business continuity requirements. As appropriate, with Board approval, produce and implement Keelman Homes business continuity plan	31 Mar 2016
2	Work with suppliers and development partners to ensure the appropriateness of their business continuity plans	31 Mar 2016

Future Likelihood	Future Impact
1	3

The planned controls will ensure that this risk continues to be appropriately managed.

KH7	Failure to manage effective corporate governance	Development and Investment Manager
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Consequence of the risk	Failure to manage effective corporate governance could lead to poor strategic decision making, reputational damage to the Company and could ultimately lead to the Company ceasing trading.
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Current Likelihood	Current Impact
2	4

Existing Controls

1	Board consisting of 7 members, including 1 nominated by The Gateshead Housing Company, 2 nominated by Gateshead Council and 4 independent members
2	Board members code of conduct in place
3	Internal and external audits of the Company undertaken
4	Appraisal programme in place for all Board Members, highlighting training needs

Planned Controls

		Timescale
1	Business plan to be developed and approved by the Board	30 Sep 2015
2	Produce and implement relevant policies and procedures, to be agreed by the Board	31 Dec 2015
3	Governance handbook to be reviewed	31 Dec 2015
4	Board appraisals for 2015/16	31 Dec 2015
5	Induction plan to be developed for all new Board members	31 Dec 2015

Future Likelihood	Future Impact
1	4

The planned controls will ensure that this risk is appropriately managed and likelihood reduced.

KH8	Failure to deliver on management agreement with other providers and landlords	Development and Investment Manager
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Consequence of the risk	Loss of reputation with the Council, partner agencies and stakeholders leading to reduced opportunities to generate additional income.
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Current Likelihood	Current Impact
2	3

Existing Controls

1	Management agreements include provision of performance information and six month termination clause
2	The Gateshead Housing Company has robust policies and procedures in place
3	Regular update and review meetings held with other providers and landlords

Planned Controls

		Timescale
1	Management agreements with other providers and landlords under review	31 Dec 2015
2	Regular monitoring meetings and close working relationship with The Gateshead Housing Company to ensure issues are identified at the earliest opportunity	Ongoing

Future Likelihood	Future Impact
1	3

The planned controls will ensure that this risk is appropriately managed and likelihood reduced.

KH9	Failure to maintain supply chain	Development and Investment Manager
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Consequence of the risk	Inability to deliver our service and breakdown of partnerships leading to an impact on customer satisfaction, loss of reputation and potential loss of income.
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Current Likelihood	Current Impact
2	3

Existing Controls

1	Management agreement in place with The Gateshead Housing Company
2	Contracts in place with existing suppliers
3	Regular update and review meetings held with suppliers

Planned Controls

		Timescale
1	Management agreement with The Gateshead Housing Company to be reviewed and new agreement to be approved by the Board; current agreement expires December 2015	31 Dec 2015
2	Project management systems, including formal supplier monitoring and meeting schedules implemented	30 Sep 2015
3	Produce and implement procurement policy, to be agreed by the Board	30 Sep 2015
4	Regular monitoring meetings and close working relationship with The Gateshead Housing Company to ensure issues are identified at the earliest opportunity	Ongoing

Future Likelihood	Future Impact
1	3

The planned controls will ensure that this risk is appropriately managed and likelihood reduced.

KH10	Failure to react appropriately to the political environment	Development and Investment Manager
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Consequence of the risk	Loss of confidence from Gateshead Council and an inability to maintain reputation, potentially leading to financial losses and reduced opportunities.
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Current Likelihood	Current Impact
2	3

Existing Controls

1	Understanding of local politics and potential pressures faced by the Council
2	Make up of Board ensures political knowledge and objectivity
3	Management agreement with The Gateshead Housing Company ensures a wide knowledge base and support mechanisms in place

Planned Controls

		Timescale
1	Management agreement with The Gateshead Housing Company to be reviewed and new agreement to be approved by the Board; current agreement expires December 2015	31 Dec 2015
2	Regular meetings with Keelman Homes Board, Gateshead Council, The Gateshead Housing Company, local councillors and ward members	Ongoing

Future Likelihood	Future Impact
1	2

The planned controls will ensure that this risk is appropriately managed and likelihood and impact reduced.

KH11	Adverse impact of welfare reform legislation	Development and Investment Manager
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Consequence of the risk	Tenants unable or not willing to pay rent. Company unable to meet requests for assistance. Mismatch between demand and supply of appropriately sized properties. Increase in levels of voids, with associated increase in demands on resources. Some properties at risk of being unsustainable, with high turnover and low demand. Rental income significantly reduced due to increased rent arrears and void rent loss leading to the Company being unable to meet budgetary requirements. Reduction in satisfaction with services and loss of confidence in ability to manage.
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Current Likelihood	Current Impact
4	4

Existing Controls

1	Services provided by The Gateshead Housing Company, through management agreement in place, including specialist teams in place, partnership arrangements with external agencies and provision of tenant support and advice services
2	Systems in place to understand housing demand when reviewing new build and investment projects

Planned Controls

		Timescale
1	Universal Credit scheduled to go live for new claims from single persons in Gateshead, Felling and Blaydon. Through The Gateshead Housing Company, identify and support any Keelman Homes tenant claimants	15/06/2015 onwards
2	With The Gateshead Housing Company and subject to feasibility study, develop facility for "any day" direct debits (so tenant can link rent payment day to Universal Credit day)	31 March 2016
3	Review and understand in detail the impact of welfare reform on Keelman Homes tenants	31 March 2016
4	Management agreement with The Gateshead Housing Company to be reviewed and new agreement to be approved by the Board; current agreement expires December 2015	31 Dec 2015

Future Likelihood	Future Impact
4	4

Planned controls will monitor the impact of welfare reform, but the financial impact and impact on tenants will continue to be high.

KH12	Adverse impact of right to buy	Development and Investment Manager
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Consequence of the risk	Reduction in stock numbers, with subsequent impact on the Company's financial model and business plan.
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Current Likelihood	Current Impact
2	4

Existing Controls

1	Management agreement with The Gateshead Housing Company ensures a wide knowledge base and support mechanisms in place
2	Relationships with organisations who can provide support and guidance such as Gateshead Council and the HCA

Planned Controls

		Timescale
1	Review and understand the potential impact of changes in right to buy legislation on Keelman Homes stock	31 March 2016
2	Monitor publicity and external research surrounding right to buy legislation updates	Ongoing
3	Enhance existing relationships with organisations who can provide support and guidance	Ongoing
4	Management agreement with The Gateshead Housing Company to be reviewed and new agreement to be approved by the Board; current agreement expires December 2015	31 Dec 2015

Future Likelihood	Future Impact
2	4

Planned controls will ensure that the risk is appropriately managed, however the potential impact will continue to be high.