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**Title:** Strategic and Operational Risk Registers

**Report of:** Keelman Homes Development & Investment Manager

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### **Purpose of Report**

1. To seek approval from the Board of the updated Strategic and Operational Risk Registers.

### **Background**

2. At its meetings on 19 March, 21 May and 2 July 2015, the Board approved an updated Operational Risk Register, a Risk Management Policy and a Strategic Risk Register.
3. Some of the risks identified in these documents and policies will be mitigated by the development of Keelman Homes' five-year Business Plan, which is currently underway.
4. In addition, some of the risks identified in these documents and policies will be mitigated by the development of Keelman Homes' Project Management Framework, which is currently underway.
5. A periodic review of the Operational Risk Register and Strategic Risk Register was carried out in February 2016 and both documents have been updated.
6. The Development and Investment Manager will continue to periodically review both risk registers to identify emerging risks and recommend to the Board any risks that should be escalated.

### **Strategic Risk Register**

7. 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.
8. 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.
9. Strategic risks are assessed for severity using a four level scoring matrix, which is located within the register.

10. The updated Strategic Risk Register is attached to this report as Appendix 1.
11. Changes made are relatively minor to reflect that there is now a dedicated team in place and highlight the current challenges faced by the housing sector.

### **Operational Risk Register**

12. Operational risks are those which are encountered during the day to day running of the company.
13. Operational risks are assessed for severity using a four level matrix, which is located within the register.
14. The updated Operational Risk Register is attached to this report as Appendix 2.
15. Changes have been made to reflect accountability now that there is now a dedicated Keelman Homes team in place and in line with objectives set out in the approved Risk Management Policy, specifically in relation to *“establishing clear roles, responsibilities and reporting lines within the Company for risk management”*.
16. Many of the risks identified in the Operational Risk Register, particularly development risks, will be dealt with by the implementation of a Project Management Framework and its associated documentation e.g. individual Project Risk Registers and Pre-Commencement Checklists. In the meantime, these risks have remained on the Operational Risk Register to ensure consistency during the development of the framework.
17. Once the formal Project Management Framework is developed fully and approved by Board the Operational Risk Register will then be reviewed again to transfer some of the identified risks so as to avoid duplication. The updated Operational Risk Register will be presented to a future Board for approval.
18. It is likely the Risk Management Policy will need to be updated to reflect the implementation of the formal Project Management Framework and impact on risk registers. The updated Risk Management Policy will be presented to a future Board for approval.
19. All identified operational risks are currently shown on the Operational Risk Register, it is proposed that in future any green risks are referred to in the covering report and removed from the Register. These risks would then continue to be monitored internally, due to how low they are. Should the score increase for any of these risks in the future they would go back on the register and be reported to the committee. The Board is asked to approve the removal of green risks from the Operational Risk Register during future reviews.

### **Impact on tenants**

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

### **Risk Management Implications**

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

### **Financial Implications**

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

### **Equality and Diversity Implications**

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

### **Value for Money implications**

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

### **Health Implications**

25. Effective control measures in place should reduce significantly the likelihood and impact of Health and Safety associated risks occurring.

### **Environmental implications**

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

### **Consultation carried out**

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

### **Recommendation**

28. The Board is asked to approve:
- updated Operational and Strategic Risk Registers;
  - removal of green risks from the Operational Risk Register during future reviews.



**Keelman Homes**  
**Strategic Risks**  
**Current Heat map as at February 2016**

<b>Likelihood</b>	Almost certain				
	Likely			1	1
	Moderate		1	4	4
	Unlikely		1	1	
		Low	Medium	High	Critical
		<b>Impact</b>			

Risk No	Risk	Current		Owner	Future	
		Likelihood	Impact		Likelihood	Impact
KH1	Failure to manage the Company's finances	2	4	Finance Manager	2	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	2	3
KH9	Failure to maintain supply chain	2	3	Development and Investment Manager	1	3
KH10	Failure to react appropriately to the political environment	3	3	Development and Investment Manager	3	3
KH11	Adverse impact of welfare reform legislation	3	4	Development and Investment Manager	2	4
KH12	Adverse impact of right to buy	2	4	Development and Investment Manager	2	4
KH13	Failure to access sources of funding	2	4	Finance Manager	2	4

## Scoring Matrix

### 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 £100,000 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

<b>KH1</b>	<b>Failure to manage the Company's finances</b>	<b>Finance Manager</b>
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<b>Consequence of the risk</b>	Financial loss to the Company that we are unable to meet through our reserves and an inability to deliver services.
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<b>Current Likelihood</b>	<b>Current Impact</b>
2	4

### Existing Controls

1	Regular, accurate budget monitoring scrutinised by the Board
2	Annual 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
7	Financial Regulations in place that have been approved by the Board
8	Regular management team meetings to monitor financial activity
9	Monitoring of political environment and external influences that may impact the Company's financial position

### Planned Controls

No additional controls planned
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<b>KH2</b>	<b>Failure to deliver on new build and investment projects</b>	<b>Development and Investment Manager</b>
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<b>Consequence of the risk</b>	Negative impact on Keelman Homes financial position, reduced opportunities to generate additional income and build asset base. Loss of reputation with the Council, partner agencies, the public and other stakeholders.
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<b>Current Likelihood</b>	<b>Current Impact</b>
<b>2</b>	<b>3</b>

### Existing Controls

1	Specific projects or new ventures are subject to Board approval
2	Development principles in place and adhered to for new build projects
3	Informal systems in place to ensure accountability and resources identified to support new projects
4	Dedicated role of Development and Investment Manager now in place, to source land opportunities, housing development finance and develop alternative ways of working in light of the current challenges faced by the housing sector

### Planned Controls

		<b>Timescale</b>
1	Risk appetite to be developed and agreed by the Board	<b>30 Sep 2016</b>
2	Implement formal project management systems, including risk management, to deliver new projects and services	<b>31 Dec 2016</b>
3	Introduce sensitivity analysis as part of project development appraisals	<b>31 Dec 2016</b>

<b>Future Likelihood</b>	<b>Future Impact</b>
<b>1</b>	<b>3</b>

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

<b>KH3</b>	<b>Failure to deliver effective asset management</b>	<b>Development and Investment Manager</b>
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<b>Consequence of the risk</b>	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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<b>Current Likelihood</b>	<b>Current Impact</b>
<b>1</b>	<b>2</b>

### Existing Controls

1	Keelman Homes financial model takes into consideration the need for future asset investment
2	The Board provide scrutiny to asset management decisions
3	Regular meetings and close working relationship with the Managing Agent ensures that maintenance issues are identified at earliest opportunity and factored into decisions

### Planned Controls

		<b>Timescale</b>
1	Produce and implement asset management strategy, to be agreed by the Board	<b>31 Dec 2016</b>

<b>Future Likelihood</b>	<b>Future Impact</b>
<b>1</b>	<b>2</b>

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

<b>KH4</b>	<b>Failure to maintain a positive reputation</b>	<b>Development and Investment Manager</b>
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<b>Consequence of the risk</b>	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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<b>Current Likelihood</b>	<b>Current Impact</b>
<b>2</b>	<b>3</b>

### Existing Controls

1	Management agreement with The Gateshead Housing Company approved by the Board; current agreement runs from January 2016 to December 2018, with an option to extend
2	As part of the management agreement, the Managing Agent provides regular involvement opportunities for customers with a number of different options available to them
3	As part of the management agreement, the Managing Agent provides the services of a communications team. The communications team provides positive press stories and reacts to negative stories
4	Quarterly review meetings and relationship management with Homes and Communities Agency
5	Keelman Homes website

### Planned Controls

		<b>Timescale</b>
1	Develop and implement PR and communications plan, to be approved by the Board	<b>31 Dec 2016</b>
2	Further development to Keelman Homes website	<b>31 Dec 2016</b>

<b>Future Likelihood</b>	<b>Future Impact</b>
<b>1</b>	<b>3</b>

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

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

### Existing Controls

1	Management agreement with The Gateshead Housing Company approved by the Board; current agreement runs from January 2016 to December 2018, with an option to extend
2	As part of the management agreement, the Managing Agent provides services including customer satisfaction surveys, service delivery reviews and complaints monitoring
3	Key Performance Indicator monitoring approved by the Board, with bi-annual performance reporting

### Planned Controls

		<b>Timescale</b>
1	Business plan to be developed and approved by the Board	<b>30 Sep 2016</b>

<b>Future Likelihood</b>	<b>Future Impact</b>
<b>1</b>	<b>2</b>

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

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

### Existing Controls

1	Due to co-location with Gateshead Council and The Gateshead Housing Company, for office arrangements, the business continuity plans of these organisations have been adopted
2	For day-to-day housing management issues, the business continuity plan of the Managing Agent (The Gateshead Housing Company) has been adopted

### Planned Controls

		<b>Timescale</b>
1	Review Keelman Homes specific business continuity requirements. As appropriate, with Board approval, produce and implement Keelman Homes business continuity plan	<b>31 Dec 2016</b>

<b>Future Likelihood</b>	<b>Future Impact</b>
<b>1</b>	<b>3</b>

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

<b>KH7</b>	<b>Failure to manage effective corporate governance</b>	<b>Development and Investment Manager</b>
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<b>Consequence of the risk</b>	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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<b>Current Likelihood</b>	<b>Current Impact</b>
<b>2</b>	<b>4</b>

### Existing Controls

1	Board consisting of 7 members with appropriate skills and experience, including 1 nominated by The Gateshead Housing Company, 2 nominated by Gateshead Council and 4 independent members
2	Board members appointed in line with the Company's Articles of Association
3	Board members code of conduct in place
4	Internal and external audits of the Company undertaken
5	Annual appraisal programme in place for all Board Members, highlighting training needs
6	Induction plan for all new Board members

### Planned Controls

		<b>Timescale</b>
1	Business plan to be developed and approved by the Board	<b>30 Sep 2016</b>
2	Governance handbook to be reviewed	<b>30 Sep 2016</b>

<b>Future Likelihood</b>	<b>Future Impact</b>
<b>1</b>	<b>4</b>

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

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

### Existing Controls

1	Formal Management Agreements with other providers and landlords in place
2	Management Agreements include provision of performance information and six month termination clause
3	Regular update and review meetings held with other providers and landlords
4	Keelman Homes Managing Agent has robust policies and procedures in place
5	Keelman Homes management team includes representatives from the Managing Agent to ensure issues are identified at the earliest opportunity and resolved in a timely manner

### Planned Controls

No additional controls required
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<b>KH9</b>	<b>Failure to maintain supply chain</b>	<b>Development and Investment Manager</b>
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<b>Consequence of the risk</b>	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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<b>Current Likelihood</b>	<b>Current Impact</b>
<b>2</b>	<b>3</b>

### Existing Controls

1	Management Agreement with The Gateshead Housing Company approved by the Board; current agreement runs from January 2016 to December 2018, with an option to extend
2	Contracts in place with existing suppliers
3	Regular update and review meetings held with suppliers
4	Contract Procedure Rules approved by the Board
5	Keelman Homes management team includes representatives from the Managing Agent to ensure issues are identified at the earliest opportunity and resolved in a timely manner

### Planned Controls

		<b>Timescale</b>
1	Project management systems, including formal supplier monitoring and meeting schedules implemented	<b>31 Dec 2016</b>

<b>Future Likelihood</b>	<b>Future Impact</b>
<b>1</b>	<b>3</b>

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

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

### Existing Controls

1	Understanding of local politics, policies and potential pressures faced by Gateshead Council and it's ALMO
2	Understanding of national political direction and emerging policies
3	Make up of Board ensures political knowledge and objectivity
4	Partnering arrangement with The Gateshead Housing Company ensures strategic alignment
5	Regular meetings with Keelman Homes Board, Gateshead Council, The Gateshead Housing Company, local councillors and ward members
6	Quarterly review meetings and relationship management with Homes and Communities Agency
7	Active networking and comparison of industry responses to political challenges

### Planned Controls

No additional controls planned
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<b>KH11</b>	<b>Adverse impact of welfare reform legislation</b>	<b>Development and Investment Manager</b>
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<b>Consequence of the risk</b>	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. Rental income may be reduced due to increased rent arrears and void rent loss leading to the Company being unable to meet budgetary requirements.
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<b>Current Likelihood</b>	<b>Current Impact</b>
<b>3</b>	<b>4</b>

### Existing Controls

1	As part of the management agreement, the Managing Agent provides services including support and advice for tenants, specialist teams and partnership arrangements with external agencies
2	Systems in place to understand housing demand when reviewing new build and investment projects
3	Facility for any day direct debits in place, so tenants can link rent payment day to Universal Credit day

### Planned Controls

		<b>Timescale</b>
1	Comprehensive review to understand in detail the actual impact of welfare reform on Keelman Homes tenants	<b>31 May 2016</b>

<b>Future Likelihood</b>	<b>Future Impact</b>
<b>2</b>	<b>4</b>

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

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

### Existing Controls

1	Business direction is to continue increasing assets through new build and empty homes schemes
2	Strong relationships with organisations who can provide advice and guidance such as The Gateshead Housing Company, Gateshead Council and the HCA
3	Monitor publicity and external research surrounding right to buy legislation updates

### Planned Controls

		<b>Timescale</b>
1	Review and understand the potential impact of changes in right to buy legislation on Keelman Homes stock	<b>30 Nov 2016</b>

<b>Future Likelihood</b>	<b>Future Impact</b>
<b>2</b>	<b>4</b>

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

<b>KH13</b>	<b>Failure to access sources of funding</b>	<b>Finance Manager</b>
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<b>Consequence of the risk</b>	Unable to commence new projects which would generate additional income and increase asset base. Loss of reputation with the Council, partner agencies, the public and other stakeholders.
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<b>Current Likelihood</b>	<b>Current Impact</b>
<b>2</b>	<b>4</b>

### Existing Controls

1	Monitoring of political environment and external influences that may impact the Company's financial position
2	Quarterly review meetings and relationship management with Homes and Communities Agency
3	Quarterly capital monitoring completed for Gateshead Council detailing future loan drawdown requirements
4	Regular monitoring of financial markets and review of funding options, availability and suitability

### Planned Controls

		<b>Timescale</b>
1	Business plan to be developed and approved by the Board	<b>30 Sept 2016</b>
2	Formal loan agreement with Gateshead Council to be developed and approved by the Board	<b>31 Mar 2016</b>
3	Review of Homes and Communities Agency prospectus for Affordable Homes Programme 2016-21, to understand future grant funding available	<b>30 Sept 2016</b>

<b>Future Likelihood</b>	<b>Future Impact</b>
<b>2</b>	<b>4</b>

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



**Keelman Homes  
Operational Risks  
Current Heat map as at February 2016**

Almost Certain				
Likely		1	2	1
Moderate	1	1	8	6
Unlikely		4	3	6
	Low	Medium	High	Critical

**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 £100,000 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

Risk No	Risk	Likelihood	Impact	Owner	Residual Likelihood	Residual Impact
<b>Communications</b>						
COM1	Communication Issues	2	4	Amanda Gallagher	1	3
COM2	Reputation tarnished if scheme outcomes not delivered	2	3	Amanda Gallagher	1	2
<b>Development</b>						
DEV1	Statutory Authority Risks (gas, water, electric, telecom etc.)	2	4	Jim Charlton	2	4
DEV2	Programme Slippage	2	4	Jim Charlton	2	4
DEV3	Project Management on site	3	3	Jim Charlton	3	3
DEV4	Party Wall Risks	2	3	Jim Charlton	2	3
DEV5	Security risks to properties, site and compound	2	3	Jim Charlton	2	3
DEV6	Achieving agreement on estate layout / traffic management / road names	1	4	Jim Charlton	1	4
DEV7	Scheme Appraisals not being accurate	1	4	Amanda Gallagher	1	3
DEV8	Delay or inability to supply materials part way through programme	1	3	Jim Charlton	1	3
DEV9	Environmental problems on site e.g. unknown contamination	1	2	Jim Charlton	1	2
DEV10	Loss of key records	1	2	Amanda Gallagher	1	2
<b>Finance</b>						
FIN1	Budget issues – cost overrun	2	4	Kelly Davis	2	4
FIN2	Financial impact from contractor(s) failing	2	4	Amanda Gallagher	2	4
FIN3	Cash Flow	2	4	Kelly Davis	2	4
FIN4	Market Sales properties left unsold	3	4	Amanda Gallagher	2	3
FIN5	Grant funding requirements fail to be met	2	3	Amanda Gallagher	2	3
FIN6	Collection of Shared Ownership charges	2	1	Kelly Davis	1	1
FIN7	Inaccurate rent and service charge provision	1	2	Kelly Davis	1	2
FIN8	Shared Ownership repurchase	2	3	Kelly Davis	2	2
FIN9	Procurement processes not carried out correctly	2	3	Kelly Davis	2	3
FIN10	Incorrect treatment of VAT and Corporation Tax	3	2	Kelly Davis	3	2
FIN11	Inaccurate performance reporting	2	2	Kelly Davis	2	2
<b>Housing Management</b>						
HM1	Cost of providing Housing Management Services to Other Landlords exceeds income from Landlords	1	3	Amanda Gallagher	1	3
HM2	Failure to deliver Housing Management Services to Other Landlord Properties	1	2	Amanda Gallagher	1	2
HM3	Termination of Other Landlord Management Agreement	2	3	Amanda Gallagher	2	3
<b>Human Resources</b>						
HR1	Health and safety	1	4	Amanda Gallagher	1	4
HR2	HSE prosecution	1	4	Amanda Gallagher	1	4
HR3	Staff recruitment and retention	3	3	Amanda Gallagher	2	3
HR4	Data protection issues	1	4	Amanda Gallagher	1	4
HR5	Failure to comply with the Freedom of Information/ Data Protection Act	1	4	Amanda Gallagher	1	4
<b>ICT</b>						
ICT1	Failure to identify and implement ICT requirements	1	3	Kelly Davis	1	3
ICT2	ICT systems failure	2	3	Kelly Davis	2	3

## Keelman Homes – Risk Register

Risk No	Risk	Controls	Likelihood	Impact	Owner	Future Actions	Timescale	Residual Likelihood	Residual Impact
<b>COMMUNICATIONS</b>									
COM 1	<p><b>Communication issues</b></p> <p>Reputation of company tarnished and working relationships with existing tenants affected.</p>	<p>Effective communications strategy to identify key consultation requirements and appropriate forms of communication.</p> <p>Keelman Homes Website has link to all Keelman Homes Board meeting papers.</p>	2	4	Amanda Gallagher (supported by TGHC Kerrie Slavin)	Further development required in relation to Keelman Homes website and communications strategy.	Dec 2016	1	3
COM 2	<p><b>Reputation tarnished if scheme outcomes not delivered</b></p> <p>Reduced customer satisfaction.</p> <p>If delivery delayed this may impact on future HCA funding.</p>	<p>Resident and member consultation at the outset and regular updates provided through press releases once works have commenced on site.</p> <p>‘Considerate Contractor’ policy sought from each contractor agreement.</p>	2	3	Amanda Gallagher (supported by TGHC Kerrie Slavin)	<p>Further development required in relation to Keelman Homes communications strategy and PR policy to be developed.</p> <p>Formal project management framework for scheme delivery to be developed and implemented. This will include scheme communication and PR plans, so expectations are clear and realistic.</p>	Dec 2016	1	2
<b>DEVELOPMENT</b>									

Risk No	Risk	Controls	Likelihood	Impact	Owner	Future Actions	Timescale	Residual Likelihood	Residual Impact
DEV1	<p><b>Statutory Authority Risks (gas, water, electric, telecom etc)</b></p> <p>The utilities all need to be available to be used by the contractor during the build project and prior to the tenant moving in. The cost of providing the ability to use these utilities needs to be built into the budget for each scheme.</p>	<p>Design and Build Commission on new build schemes with utility connections being explicit in the contract documentation as Contractor responsibility.</p> <p>Discussions held with all utility companies prior to any project being drawn up to ensure that all utilities can be provided and to ensure any costs associated with these are built into the budgets.</p> <p>Considered on an individual scheme basis</p>	2	4	Jim Charlton	<p>The controls focus on maintenance of current systems and preventative measures rather than significant changes, therefore the residual score remains the same.</p> <p>Formal project management framework for scheme delivery to be developed. This will include robust individual Project Risk Registers, to highlight risks from all partners, the level of severity and identify mitigation routes.</p>	Dec 2016	2	4

Risk No	Risk	Controls	Likelihood	Impact	Owner	Future Actions	Timescale	Residual Likelihood	Residual Impact
DEV2	<b>Programme slippage</b> Failure to deliver new homes on time	Programme reviewed and managed through regular monthly contractor meetings and site meetings.  As part of a robust procurement procedure this is addressed by checking the contractor's track record	2	4	Jim Charlton	Continue to monitor each scheme on an individual basis.  Formal project management framework for scheme delivery to be developed. This will include robust individual Project Risk Registers, to highlight risks from all partners, the level of severity and identify mitigation routes.	Dec 2016	2	4
DEV3	<b>Project Management on site</b> Late delivery of a project	Regular monthly site meetings to manage a project and focus on any issues that affect the programme	3	3	Jim Charlton	Continue to monitor on an individual scheme basis.  Formal project management framework for scheme delivery to be developed. This will include robust individual Project Risk Registers, to highlight risks from all partners, the level of severity and identify mitigation routes.	Dec 2016	3	3

Risk No	Risk	Controls	Likelihood	Impact	Owner	Future Actions	Timescale	Residual Likelihood	Residual Impact
DEV4	<p><b>Party Wall Risks</b> Delays to projects.</p> <p>Future risk of claims from third parties for subsidence etc.</p>	<p>Early identification of any party walls.</p> <p>Legal advice followed and Party Wall Act is invoked. Photographs taken of all adjacent properties prior to commencement of works on site.</p>	2	3	Jim Charlton	Formal project management framework for scheme delivery to be developed. This will include robust individual Project Risk Registers, to effectively manage and deliver new projects and services.	Dec 2016	2	3
DEV5	<p><b>Security risks to properties, site and compound</b> Loss due to vandalism and theft. Impact on neighbouring residents in the area.</p>	<p>As part of a robust procurement procedure this is addressed by checking the contractor's track record when they are on site.</p> <p>Materials or tools not stored with a resale value on site.</p> <p>Site compounds are secured overnight.</p>	2	3	Jim Charlton	<p>Work with police and local housing office to address issues of vandalism on site.</p> <p>Formal project management framework for scheme delivery to be developed. This will include robust individual Project Risk Registers, to highlight risks from all partners, the level of severity and identify mitigation routes.</p>	Dec 2016	2	3

Risk No	Risk	Controls	Likelihood	Impact	Owner	Future Actions	Timescale	Residual Likelihood	Residual Impact
DEV6	<p><b>Achieving agreement on estate layout / traffic management / road names</b></p> <p>Resulting in delay or making the development unworkable</p>	<p>Addressed as part of the planning process and through independent communication by TGHC with local residents.</p> <p>Key stakeholders for each scheme to be identified</p>	1	4	Jim Charlton	<p>Key contacts within the Council and with partners to be identified at the outset of the scheme.</p> <p>Formal project management framework for scheme delivery to be developed. This will include stages and gateways, and robust individual Project Risk Registers to effectively manage and deliver new projects and services.</p>	Dec 2016	1	4

Risk No	Risk	Controls	Likelihood	Impact	Owner	Future Actions	Timescale	Residual Likelihood	Residual Impact
DEV7	<p><b>Scheme Appraisals not being accurate</b></p> <p>Risk that inaccurate initial scheme appraisal will slow down, stop or make new developments unaffordable or a risk to the overall Keelman Homes Business plan.</p>	<p>All schemes run through a business model which has been benchmarked with other developing Registered Providers.</p> <p>Assumptions clarified around management, investment and repairs costs have also been benchmarked.</p> <p>Guiding principles for investment outcomes agreed at Keelman Homes Board in relation to minimum IRR, Positive NPV and no cross subsidy between sites.</p>	1	4	Amanda Gallagher	<p>As this is an emerging market, further investigation of available business models and benchmarking tools is to be undertaken.</p> <p>Formal project management framework for scheme delivery to be developed. This will include stages and gateways (e.g. feasibility), and project management documentation (e.g. Business Case).</p>	Dec 2016	1	3
DEV8	<p><b>Delay or inability to supply materials part way through programme</b></p> <p>Delay on completion of scheme, additional costs may be incurred.</p>	<p>Alternative suppliers for all materials. Suppliers are not nominated allowing alternatives to be used and passing the risk to the contractor.</p> <p>Robust tender process in place for all schemes.</p>	1	3	Jim Charlton	<p>Formal project management framework for scheme delivery to be developed. This will include robust individual Project Risk Registers, to highlight risks from all partners, the level of severity and identify mitigation routes.</p>	Dec 2016	1	3

Risk No	Risk	Controls	Likelihood	Impact	Owner	Future Actions	Timescale	Residual Likelihood	Residual Impact
DEV9	<b>Environmental problems on site e.g. unknown contamination</b> Delays in delivering the development and increased cost of a scheme.	Early site investigation - desk top and on site.  Remedial measures identified and built into the project plan	1	2	Jim Charlton	Formal project management framework for scheme delivery to be developed. This will include robust individual Project Risk Registers and Pre-Commencement Project Plans to assist with planning timelines for early site investigations.	Dec 2016	1	2
DEV10	<b>Loss of Key Records</b> Risk of loss of key records such as property deeds, contracts and building plans etc.	All documentation retained both electronically and backed up via Council Network systems. Hard copies also retained and stored at Civic Centre offices.  Keelman Homes specific shared electronic filing system in place.	1	2	Amanda Gallagher	Formal project management framework for scheme delivery to be developed. This will include document storage and change control processes.	Dec 2016	1	2

**FINANCE**

Risk No	Risk	Controls	Likelihood	Impact	Owner	Future Actions	Timescale	Residual Likelihood	Residual Impact
FIN1	<p><b>Budget issues - cost overrun</b></p> <p>Overall Company budgets overspend.</p> <p>Specific project budgets overspend.</p> <p>If budgets overrun then the company may face financial difficulty and there would be no funding available.</p> <p>Company may not be able to pay contractors.</p>	<p>All budgets and cash flow are closely monitored on a regular basis.</p> <p>Dedicated Finance Manager in place.</p> <p>Loan facility is provided through Gateshead Council and regular cash flow projections are provided.</p>	2	4	Kelly Davis	<p>Budgets and cash flow continue to be monitored on a regular basis.</p> <p>Formal project management framework for scheme delivery to be developed and implemented. This will include individual project risk registers and budget monitoring.</p>	<p>Ongoing</p> <p>Dec 2016</p>	2	4

Risk No	Risk	Controls	Likelihood	Impact	Owner	Future Actions	Timescale	Residual Likelihood	Residual Impact
FIN2	<p><b>Financial impact from Contractor(s) failing</b></p> <p>Keelman Homes could lose grant funding if schemes are not completed in line with the milestones as agreed with the HCA.</p> <p>Keelman Homes could lose any advances paid to contractors. Schemes may be undeliverable if contractor goes bankrupt / into administration</p>	<p>Robust procurement process for new build contractors. Early consideration of any risks associated with specific contractors or potential contractors for each scheme.</p> <p>Company ensures that Insurance and Collateral Warranties are in place for each contractor.</p> <p>Sufficient retention to ensure cost of transferring works to a new contractor can be met.</p>	2	4	Amanda Gallagher	Continue to monitor on an ongoing basis	Ongoing throughout each project	2	4

Risk No	Risk	Controls	Likelihood	Impact	Owner	Future Actions	Timescale	Residual Likelihood	Residual Impact
FIN3	<p><b>Cash Flow</b></p> <p>If the cash flow is not managed effectively then Keelman Homes may not be able to meet its financial commitments as they become due.</p> <p>Keelman Homes needs to ensure that the funds are available to make loan repayments to Gateshead Council on a six monthly basis.</p> <p>Cash flow needs to be managed to ensure that loan drawdowns are made in a timely manner.</p>	<p>Cash flow forecasts are carried out on a monthly basis and aligned with the Keelman Business Model.</p> <p>Monthly bank reconciliations are undertaken.</p> <p>Quarterly monitoring completed for Gateshead Council around capital spending and loan requirements.</p>	2	4	Kelly Davis	Continue to monitor on an ongoing basis	Ongoing	2	4

Risk No	Risk	Controls	Likelihood	Impact	Owner	Future Actions	Timescale	Residual Likelihood	Residual Impact
FIN4	<p><b>Market Sales Properties Left Unsold</b></p> <p>If properties remain unsold there is a financial risk that Keelman Homes will not be able to meet its financial liabilities.</p>	<p>Sales Policy in place.</p> <p>Considered as part of initial project appraisal.</p> <p>Keelman Homes has subscribed to Help to Buy Scheme to maximise opportunities for making sales properties affordable to first time buyers.</p> <p>Dedicated Development and Investment Manager role in place to prioritise sales.</p> <p>Built into individual scheme business model and aligned with overall Keelman Homes business model.</p>	3	4	Amanda Gallagher	Formal project management framework for scheme delivery to be developed and implemented. This will include robust risk monitoring and individual market sales strategies for relevant projects.	Dec 2016	2	3
FIN5	<p><b>Grant funding requirements fail to be met</b></p> <p>Company could lose funding if schemes are not completed in line with conditions as agreed with the HCA or other funders.</p>	<p>Detailed legal advice on grant agreement prior to signing. Checks in place via pre contract and post contract project plan to ensure conditions precedent are met.</p> <p>Dedicated Development and Investment Manager in place.</p> <p>In-house expertise on HCA funding monitoring system (IMS).</p>	2	3	Amanda Gallagher	Formal project management framework for scheme delivery to be developed and implemented. This will include key milestones to ensure projects delivered on time.	Dec 2016	2	3

Risk No	Risk	Controls	Likelihood	Impact	Owner	Future Actions	Timescale	Residual Likelihood	Residual Impact
FIN6	<p><b>Collection of Shared Ownership Charges</b></p> <p>Income may be reduced if accounts are not created and managed in line with the lease agreement.</p> <p>Cash flow impact if cash is not collected.</p>	<p>Policy and income management procedure developed.</p> <p>Monthly monitoring of income collected including arrears management.</p> <p>KPI reporting in place to monitor rent collection.</p>	2	1	Kelly Davis (with support from TGHC Janice Adams)	Monthly monitoring of income collected including arrears management.	Ongoing	1	1
FIN7	<p><b>Inaccurate rent and service charge provision</b></p> <p>Rent and service charges set too low could lead to costs outweighing income received. This may restrict the repairs/improvement works that can be carried out at these properties.</p>	<p>Detailed costings are produced before individual schemes are considered.</p> <p>Rent and Service charge policy in place.</p> <p>Individual scheme forecasts are aligned with the overall Keelman Homes 5 year Business Model.</p> <p>Rent setting and service charges are reviewed each year in line with HCA Guidelines.</p>	1	2	Kelly Davis (with support from TGHC Jeff Tudor)	Carry out a benchmarking exercise to review Keelman Homes rents against other local providers.	March 2017	1	2

Risk No	Risk	Controls	Likelihood	Impact	Owner	Future Actions	Timescale	Residual Likelihood	Residual Impact
FIN8	<p><b>Shared Ownership Repurchase</b></p> <p>If a Shared Owner with 80% or more share of a property wishes to sell Keelman Homes must repurchase the property.</p> <p>Company would be required to fund the repurchase.</p> <p>If funding isn't available Keelman Homes would have to offer the property to another Registered Housing Provider to purchase instead.</p>	Purchase of further Shares 'Staircasing' Procedure in place	2	3	Kelly Davis (with support from TGHC Janice Adams)	Develop and implement a reserves policy	September 2016	2	2

Risk No	Risk	Controls	Likelihood	Impact	Owner	Future Actions	Timescale	Residual Likelihood	Residual Impact
FIN9	<p><b>Procurement processes not being carried out in accordance with the Contract Procedure Rules and Financial Regulations</b></p> <p>Legal challenge from a supplier.</p> <p>Contract being awarded incorrectly.</p>	<p>Financial Regulations approved by the Board in July 2015.</p> <p>Contract Procedure Rules approved by the Board in September 2015.</p> <p>Financial Regulations and tender limits are in place to ensure that procurement activities are carried out appropriately.</p> <p>OJEU requirements followed for any procurement which meets these limits.</p> <p>Board approves procurement decisions.</p>	2	3	Kelly Davis	Annual review of spend with each supplier.	Annual	2	3

Risk No	Risk	Controls	Likelihood	Impact	Owner	Future Actions	Timescale	Residual Likelihood	Residual Impact
FIN10	<p><b>Incorrect treatment of VAT and Corporation Tax</b></p> <p>Fines and interest payments to HMRC.</p>	<p>VAT return is prepared by the Finance Manager and reviewed by TGHC Head of Corporate Services prior to submission.</p> <p>Guidance and advice sought from KPMG in relation to VAT and Corporation Tax implications of any new areas of business.</p> <p>Finance Manager attends annual social housing finance forum that provides updates on key issues and changes including VAT and Corporation Tax.</p> <p>Meeting in October 2015 with HMRC confirming use of VAT partial exemption method.</p> <p>Corporation Tax return is prepared by KPMG and reviewed by the Finance Manager prior to submission.</p>	3	2	Kelly Davis	Work closely with KPMG to produce Corporation Tax return for year ending 31 March 2016, as new activity will lead to an increase in the Corporation Tax due.	Dec 2016	3	2

Risk No	Risk	Controls	Likelihood	Impact	Owner	Future Actions	Timescale	Residual Likelihood	Residual Impact
FIN11	<p><b>Inaccurate performance reporting through inaccurate working papers</b></p> <p>Inaccurate customer expectations of service provision.</p> <p>Damage to Company reputation.</p> <p>Inappropriate decisions being taken in relation to incorrect data.</p>	<p>TGHC performance management team monitor and audit the performance data.</p> <p>Gateshead Council's APEX performance monitoring system is now being used to allow a streamlined process and quick access to performance information.</p>	2	2	Kelly Davis			2	2
<b>HOUSING MANAGEMENT</b>									

Risk No	Risk	Controls	Likelihood	Impact	Owner	Future Actions	Timescale	Residual Likelihood	Residual Impact
HM1	<b>Cost of providing Housing Management Services to Other Landlords exceeds income from Landlords</b>	<p>Housing management services provided via management agreement with TGHC, including use of policies and procedures.</p> <p>Business monitoring in place to assess cost effectiveness.</p> <p>Management fees and SLA set at full cost recovery rate.</p> <p>Termination notice built into the management agreement.</p> <p>Keelman management team meetings include representation from TGHC, so that issues are raised and resolved in a timely manner.</p>	1	3	Amanda Gallagher (with support from TGHC Julie McCartney )	Carry out annual cost benefit analysis	January 2017	1	3

Risk No	Risk	Controls	Likelihood	Impact	Owner	Future Actions	Timescale	Residual Likelihood	Residual Impact
HM2	<b>Failure to deliver Housing Management Services to Other Landlord Properties</b>	<p>Housing management services provided via management agreement with TGHC, including use of policies and procedures.</p> <p>Formal Management Agreements in place with Gateshead Council and Tees Valley Housing including monitoring arrangements.</p> <p>Performance reported monthly and quarterly to landlords and six monthly to Keelman Homes Board.</p> <p>Keelman management team meetings include representation from TGHC, so that issues are raised and resolved in a timely manner.</p>	1	2	Amanda Gallagher (with support from TGHC Julie McCartney )			1	2

Risk No	Risk	Controls	Likelihood	Impact	Owner	Future Actions	Timescale	Residual Likelihood	Residual Impact
HM3	<b>Termination of Other Landlord Management Agreement</b>	<p>Six month termination notice built into management agreement.</p> <p>TGHC carry out regular monitoring meetings with other landlords as part of management agreement.</p> <p>Performance reported monthly and quarterly to landlords and six monthly to Keelman Homes Board.</p>	2	3	Amanda Gallagher (with support from TGHC Julie McCartney )			2	3
<b>HUMAN RESOURCES</b>									
HR1	<b>Health and Safety</b> Injury to employees and the public.	<p>Employee training identified and carried out.</p> <p>PPE supplied for employees.</p> <p>CDM regulations adhered to on all construction and refurbishment projects.</p>	1	4	Amanda Gallagher (with support from TGHC Jennifer Aston)	Continue to monitor on an ongoing basis.	Ongoing throughout each individual project	1	4
HR2	<b>HSE Prosecution</b> Reputational impact. Financial impact.	<p>CDM regulations adhered to on all construction and refurbishment projects.</p>	1	4	Amanda Gallagher (with support from TGHC Jennifer Aston)	Continue to monitor on an ongoing basis.	Ongoing throughout each individual project	1	4

Risk No	Risk	Controls	Likelihood	Impact	Owner	Future Actions	Timescale	Residual Likelihood	Residual Impact
HR3	<p><b>Staff recruitment and retention</b></p> <p>Loss of skills, knowledge and experience.</p> <p>Disruption to day-to-day Company management during recruitment timescales.</p>	<p>Required employee skills and experience identified and appointed through the recruitment process.</p> <p>Employee appraisal processes and support in place to retain employees (TGHC).</p>	3	3	Amanda Gallagher (with support from TGHC Jennifer Aston)	<p>Keelman Homes specific employee appraisal/support process.</p> <p>Business Plan development - identifying roles, responsibilities, required resources and governance arrangements.</p>	<p>March 2017</p> <p>Sep 2016</p>	2	3

Risk No	Risk	Controls	Likelihood	Impact	Owner	Future Actions	Timescale	Residual Likelihood	Residual Impact
HR4	<p><b>Data protection issues</b></p> <p>Legal action or fines from the Information Commissioner.</p>	<p>Management agreements with TGHC and Gateshead Council include section on both parties complying with DPA.</p> <p>Management agreement with Tees Valley Housing includes data processing agreement.</p> <p>Website updated with information around privacy, data protection and the use of cookies.</p> <p>Managing Agent employees all undertook data protection training during 2015.</p> <p>Customers “opting in” to receive information from TGHC and other partners as part of customer profile.</p> <p>TGHC communications team use a secure data transfer method (dropbox).</p>	1	4	Amanda Gallagher			1	4

Risk No	Risk	Controls	Likelihood	Impact	Owner	Future Actions	Timescale	Residual Likelihood	Residual Impact
HR5	<p><b>Failure to comply with the Freedom of Information/ Data Protection Act</b></p> <p>Investigation by the Information Commissioner or legal action being taken against the Company.</p> <p>Legal action or fines from the Information Commissioner.</p>	<p>Management Agreements with TGHC and other landlords include provision for parties to assist each other in the event of requests for information under the Freedom of Information Act or the Data Protection Act.</p> <p>Advice from Gateshead Council's legal services.</p> <p>Employees made aware of protocol within the company for dealing with Freedom of Information/ Data Protection requests.</p> <p>TGHC has a central contact to coordinate all requests and timescales for responding to requests.</p>	1	4	Amanda Gallagher			1	4
ICT									

Risk No	Risk	Controls	Likelihood	Impact	Owner	Future Actions	Timescale	Residual Likelihood	Residual Impact
ICT1	<p><b>Failure to identify and implement ICT requirements</b></p> <p>If ICT development does not receive agreed accurate requirements for ICT changes the systems will not be aligned to Company requirements.</p>	<p>Procedures in place for the update of new properties within the Housing Management System.</p> <p>Training provided to key employees to be cascaded to all relevant employees.</p>	1	3	Kelly Davis (with support from TGHC Andrew Curtis)			1	3
ICT2	<p><b>ICT systems failure</b></p> <p>Failure of ICT systems in part or entirety affecting internal and customer processes and transactions.</p>	<p>ICT systems managed as part of management agreement with TGHC.</p> <p>TGHC complete daily system checks.</p> <p>A fully functional helpdesk system through TGHC allows control and administration of ICT issues avoid incidences becoming problems.</p> <p>TGHC Business Continuity Plan includes ICT disaster recovery plan.</p>	2	3	Kelly Davis (with support from TGHC Andrew Curtis)	Keelman Homes specific Business Continuity Plan.	Dec 2016	2	3