

Risk Matrix

The Council does not agree to the changes to the constitution or support the merger

Risk Ref	Date	Risk	Consequences	Mitigation	Current Risk Score	Target Score	Service Unit Manager/ Responsible Officer	Action Plan
1	April 2018	<p>YCHs Board may decide to proceed without agreement of the Council</p> <p>New regulations mean that the Council automatically loses its shareholding 'Membership' of YCH with effect from 15 May 2018.</p> <p>From that date the ability of the Council (via its shareholding membership) to vote against the conversion and merger ends.</p>	<p>The merger proceeds without the support of the Council.</p> <p>The Council could still insist on nominating 25% of the Board Members going forward however they could not vote on behalf of the Council.</p> <p>The relationship between the Council and the new organisation would be affected. This could hamper the Councils ability to meet its own objectives within its housing strategy.</p> <p>The Commitments agreement is unlikely to be agreed. This would have financial implications for the Council along with implications for the current 'joint' approach to allocating homes.</p>	<p>This risk would be mitigated by the Council agreeing to support the merger and approving the new constitution subject to entering into a Commitments Agreement with the new organisation.</p>	Not Known	A1	Housing Manager	

2	April 2018	YCHs Board may decide to halt further plans to convert to a CBS or merge with CCH.	<p>This is likely to result in:</p> <p>A full regulatory inspection by the HCA and the risk of a further downgrade in YCHs regulatory rating</p> <p>Stagnation in terms of YCHs development capacity (a downgrade in their regulatory rating from YCH would impact on their ability to develop homes going forward).</p> <p>A risk of aggressive or forced merger (should this happen the Council is unlikely to have any input or say in the way any new organisation operates.</p> <p>A breakdown in the relationship between the Council and YCH (this could hamper the Councils ability to meet its own objectives within its housing strategy). The Commitments agreement is unlikely to be agreed.</p> <p>Additional cost to the Council. (YCH would need to make alternative plans to find savings and make efficiencies. This could impact on the management of the housing register and the legal services contract).</p>	<p>This risk would be mitigated by the Council agreeing to support the merger and approving the new constitution subject to entering into a Commitments Agreement with the new organisation.</p>	Not Known	A1	Housing Manager	
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The Council agrees to the changes to the constitution and supports the merger

3	April 2018	The Council agrees to support the merger, approves the new constitution but insists on retaining its right to 25% of Council nominees on the Board	<p>This would have fundamental implications for the constitution of the new organisation that seeks to appoint Board Members on the basis of skills.</p> <p>Redcar and Cleveland Council already gave this up when CCH converted to a CBS.</p> <p>The conversion to a CBS and subsequent merger may not therefore proceed or YCHs Board may decide to proceed with the conversion and merger regardless.</p>	<p>The Council agrees to support the merger, approves the new constitution and gives up its retained right to 25% of Council nominees on the Board</p> <p>In order to protect the Councils interests going forward the Council enters into a Commitments Agreement with the new organisation.</p>	B4	B3	Housing Manager	
4	April 2018	The Council loses any future influence into the way that the new organisation operates.	From 15 May the Council automatically loses its' Golden Share of YCH anyway'.	In order to protect the Councils interests going forward the Council enters into a Commitments Agreement with the new Organisation.	E4	C3	Housing Manager	

5	April 2018	Over time the original commitments and promises made to tenants at stock transfer are forgotten or not met.	Services to tenants and residents would suffer.	All the existing legal contractual obligations on YCH are transferred to the new organisation. It is recommended that these agreements where needed are updated and included within the new Commitments Agreement.	A4	A3	Housing Manager	
6	April 2018	The new organisation does not sign up to any new obligations within the commitments agreement	Only the existing legal contractual obligations on YCH would be transferred to the new organisation. Any additional requirements from the Council would not be guaranteed	Ultimately the Council cannot require YCH to do anything over and above existing legal commitments. YCH are however seeking support from the Council to the merger.	B4	B3	Housing Manager	
7	April 2018	The benefits of the merger in relation to the development of new affordable homes are not realised. Future development is focused in the Redcar and Cleveland area.	This would impact on the delivery of the Councils housing strategy and the Councils objectives around meeting housing need. Fewer affordable homes would be provided.	In order to protect the Councils interests going forward the Council enters into a Commitments Agreement with the new organisation. This would include various commitments around housing development.	B4	A2	Housing Manager	

8	April 2018	The Council shall lose control over the way that homes are allocated.	<p>The Council would be unable to ensure homes are allocated to local people who most need them</p> <p>It could not meet its legal obligations under the Housing Act.</p>	<p>The nominations deed agreed at stock transfer gives the Council 75% nomination rights over YCHs stock. These nominations are made via the Councils Allocation Scheme.</p> <p>This agreement shall be transferred to the new organisation.</p>	A4	A3	Housing Manager	
9	April 2018	The new organisation withdraws from the Home Choice Partnership or gives notice to the Council to end the management of the housing register.	<p>The Council has a legal duty to have an allocation scheme and housing register to ensure that rented homes are allocated in accordance with the requirements of the Housing Act.</p> <p>If the new organisation stopped managing the register the Council would have an obligation to manage this service 'in-house'.</p> <p>It is estimated that this would cost in the region of £120- £150K per annum and has significant IT and staffing implications.</p>	<p>In order to protect the Councils interests going forward the Council enters into a Commitments Agreement with the new organisation.</p> <p>This includes an undertaking on the new organisation to manage the register for a period of no less than 5 years.</p>	C4	B3	Housing Manager	

10	April 2018	A commitment to 'Place'. e.g. the localised provision of quality services to residents within the Borough is lost.	<p>Services to tenants would suffer.</p> <p>The Council would struggle to meet various commitments within its own housing strategy.</p> <p>Joint working arrangements around tackling anti-social behaviour and issues around vulnerability would suffer.</p>	<p>In order to protect the Council's interests going forward the Council enters into a Commitments Agreement with the new organisation.</p> <p>This includes a variety of requirements on YCH in including the localised provision of services and engagement with existing joint working arrangements.</p>	B4	B3	Housing Manager	
11	April 2018	The Council incurs additional exposure to financial risk within the Pensions Agreement	<p>At the point of stock transfer the Council agreed to underwrite the Pension Liability for YCH within the N York's Pension fund.</p> <p>Should the new organisation not meet its pension liabilities the Council would be required to cover the cost.</p>	<p>The Council has employed specialist advisors to ensure that any agreement going forward does not increase the financial exposure of the Council.</p> <p>It is important to note that this risk to the Council is very low. Where Registered Providers are unable to meet financial obligations (and in the worst case scenario become unviable) the Housing Regulator steps in.</p>	A4	A3	Finance Manager	

• **Glossary of Terms**

Risk	An event which may prevent the Council achieving its objectives
Consequences	The outcome if the risk materialised
Mitigation	The processes and procedures that are in place to reduce the risk
Current Risk Score	The likelihood and impact score with the current mitigation measures in place
Target Risk Score	The likelihood and impact score that the Council is aiming to achieve
Service Unit Manager	The Service Unit or Officer responsible for managing the risk
Action Plan	The proposed actions to be implemented in order to reduce the risk to the target score

Risk Scoring

Impact	5					
	4					
	3					
	2					
	1					
			A	B	C	D
		Likelihood				

Likelihood:

- A = Very Low
- B = Not Likely
- C = Likely
- D = Very Likely
- E = Almost Certain

Impact

- 1 = Low
- 2 = Minor
- 3 = Medium
- 4 = Major
- 5 = Disaster

