

Strategic Risk	Likelihood	Measures and Mitigation
Failure to provide a repairs and maintenance service or Property Management Service that meets relevant standards, within agreed resources.	Medium	Properly specified service agreement for repairs and maintenance and property management. Establishment of appropriately skilled and resourced team. Regular meetings between the CEO, Council and property management / R&M team and defined set of KPI's. Benchmarking of KPI's to be put in place.
Adverse macro-economic environment compared to business plan and budget assumptions	Medium	Business plan stress testing to identify failure scenarios and mitigating actions, any requirement for additional funds and ensuring there is adequate headroom. BDC as shareholder has a vested interest in DG success.
Cost of future pipeline of new homes increasing in price or becoming available later than planned.	Medium	DDC / Council input and challenge into the development appraisal process, and a Gateway approval process via Company governance. The Board will assess future schemes viability as a site and as part of the overall programme before committing, contracts and pricing to be agreed.
Failure to achieve the planned quality of neighbourhoods and communities within agreed resources.	Medium	Tenants to be vetted prior to letting and appropriate support put in place. Quality of environment maintained to discourage ASB. Tenancy management will be provided by the Council under existing targets and arrangements. Neighbourhood management and dealing with Anti-social behaviour forms part of the property management arrangements.
Failure to comply with health and safety obligations as a Landlord.	Medium	Quarterly health and safety and landlord statutory compliance reports to be brought to Board, with regular H&S items picked up as a standing item.

		Upskill as a Board on health and safety and engage external consultant to give assurance. Appropriate review and reporting arrangements put in place.
Failure to deliver planned improvements in environmental management and energy efficiency and planning for climate change scenarios.	Medium	Homes built to sustainable design standards. Planning system considers flood risk zone as part of the application and this impacts on the design of new homes, planning system also considers heating / risk of overheating. Under constant review as part of wider work on preparing for a zero-carbon future.
Risk of loss of income because of inadequate handover processes meaning the homes are not occupied quickly.	Medium	Business plan assumptions for letting to be stress tested. Nominations are from the Council. Agreement to lease should specifically set out the homes will not come to DDC until they are ready for occupation. DMC should be part of sign off on Practical Completion with DDC.
Unavailability of future funding.	Medium	Business Plan and establishment process should agree an approach to lending and the security of draw down. One of the Business plan stress testing criteria should be a requirement for extra funds, this means that there should be a good understanding of the circumstances that would trigger a need for extra finance and how this would be addressed.
Failure to effectively monitor, anticipate, and respond to changes in the external environment: policy / regulation / law/taxation.	Low	If structure was no longer viable the MDC can move appropriate homes into the Council, this will give the tenants at least the same rights they have as tenants of MDC. Other units would be sold to the market.
Income or cost assumptions in the financial business plan are incorrect.	Medium	Homes will mostly be new build (other than TA acquisitions) and constructed to current standards, they will be purchased by third party purchasers

		<p>outright or purchased at a fixed price from DDC on a leasehold basis. Quarterly consideration of key risks by Board. Annual business planning process includes stress testing scenarios. Lifecycle costs for repairs in the business plan should be based on appropriate professional QS reports. Performance and financial reporting framework being put in place with quarterly reporting to the Board.</p> <p>Handover project process for new homes should be led by DMC CEO.</p>
Failure to comply with regulation/law/taxation.	Medium	<p>Establishment of the company should consider all relevant legal requirements including Teckal, TUPE, housing management standards, development standards, vires etc. Service Agreements should include provisions to ensure compliance with GDPR and in the case of the Property Management Agreement will specify a Regulatory compliant service. Service will review regularly to ensure compliance and performance management will focus on these areas.</p>
Failure to maintain a strong and positive relationship with key stakeholders, including the Council Officers, Councillors and MPs.	Low	<p>Regular liaison meetings should be established with key stakeholders. Quarterly meetings between the Council and the Companies should be established.</p>
Lack of sufficient leadership and strategic direction.	Low	<p>Regular meetings should be held between the Board Chair and the CEO for each company. Business Plan. A Governance handbook should be established (including clarity on Board and Executive roles). Board evaluation process and CEO appraisal should ensure they have the skills to develop and deliver on the business plan.</p>
Failure to maintain back-office services that meets	Low	<p>HR, finance, and internal audit services should be procured from the Council third parties.</p>

the needs of the business, within agreed resources.		<p>Monthly performance reporting should be put in place to the company's Senior Leadership Team with quarterly reports to the Board, this will highlight any issues and enable them to be addressed under the contracts in place.</p> <p>Specific monitoring of timetable for production and filing of the financial statements should be put in place and regular meetings between the CEO and the Company CFOs to allow for escalation.</p>
Failure of contractor to provide expected quality and volume of service within agreed resources.	Low	Regular performance monitoring arrangements to be put in place with all contractors, including relevant KPIs. Escalation procedures to be included in all contracts. Only contractors with a high viability and governance rating able to tender for works.
Failure of governance (including medium and long-term financial control).	Low	Governance manual and policy framework to be put in place Service agreements for the HR / ICT / finance etc. should I.e., appropriate arrangements around the financial statements.
Rising interest rates.	Medium	These would impact the loan rates offered to DDC, however, there is the potential for subsidised rates to be offered provided they comply with Subsidy Control regulations.
A legal challenge is made with regards to Subsidy Control (formerly State Aid).	Low	Expert opinion should be sought to ensure that the terms of set up by the Council and DDC are considered reasonable, under the latest guidance.
Perception and reputation.	Low	The Council's role as an operator in the affordable rented and private letting sector would need to be considered in the context of ensuring correct branding and marketing strategy.
Demand for certain tenure changes.	Low	The balance of the properties, be it market rent or market sale, and affordable homes, could be varied flexibly for a short or medium term,

		though the impact to the business plan would need to be assessed.
Increased voids.	Low	Void risk performance management and KPIs should be core to the service management process.
Increased bad debts.	Low	Debt collection performance management and KPIs should be core to the service management process.