

APPENDIX 3

Risk Analysis

Dover District Council housing management service: Risk analysis of a decision to create an in-house service

An options appraisal was completed in October 2019, reviewing the delivery of housing management services provided by East Kent Housing (EKH) on behalf of Canterbury City Council, Dover District Council, Folkestone and Hythe District Council and Thanet District Council. The four councils agreed that the preferred option for future service provision to the four councils' tenants and leaseholders is that it should become an in-house service, subject to consultation. Between 22 October to 20 December 2019, EKH tenants and leaseholders were invited to express their views on the future of the council's ALMO, East Kent Housing, through a test of opinion.

The format of this document will ensure compliance with the Government guidance on the consideration of the future of local councils' ALMOs dated December 2011 (Appendix 1). The risks identified in the document reflect the guidance. The table below analyses the risks and shows the steps which need to be taken to mitigate them. (In the table 1 is low).

	Risk	Likelihood	Impact score	Combined score	Mitigation
		1-5	1-10	1-10	
1.	Short term loss of key senior level staff within EKH with impact on service quality.	2	2	4	Internal DDC Client team have housing management experience at strategic and operational level. Further recruitment to team has been undertaken to improve resilience. New interim CX appointed to EKH to oversee operational issues. EKH Board monitoring staffing resources regularly
2.	Short term loss of key EKH technical staff with impact on stock condition.	3	3	6	DDC internal secondment and interim resource provided to support asset management function.

	Risk	Likelihood	Impact score	Combined score	Mitigation
		1-5	1-10	1-10	
					<p>Technical support for procurement secured through external consultant</p> <p>New interim CX appointed to EKH to oversee operational issues.</p> <p>EKH Board monitoring staffing resources regularly</p> <p>Implementation of an effective staff communication strategy.</p>
3.	Loss of focus on services and reduction in performance during transition.	2	4	6	Implementation of an effective performance management and monitoring strategy / scrutiny arrangement.
4.	Stability and therefore performance of EKH is affected by lack of staff / reliance on interims.	2	4	6	<p>Each council continues to measure and manage performance.</p> <p>Identifying specialised staffing support to address any issues arising.</p> <p>Implementation of an effective staff communication and engagement strategy.</p>

	Risk	Likelihood	Impact score	Combined score	Mitigation
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5.	Revised governance arrangements leading to less tenant and leaseholder involvement.	1	4	5	Ongoing active involvement with district tenant and leaseholder groups Early creation of resident engagement structure and strategy.
6.	Loss of service quality arising from reduced staff morale.	2	4	6	Implementation of an effective HR strategy to support staff, ensuring necessary training and development is in place. Implementation of an effective staff communication and engagement strategy.
7.	Loss of service quality arising from IT complications.	2	3	5	Early meeting with IT to identify issues (e.g. the full implementation of the single system) and develop a project action plan.
8.	Impact on DDC provided services as a consequence of resources used to support transitional process.	2	3	5	Appointment of specialist interims if necessary.
9.	Cost of transition uncertainty	2	2	4	The finances of EKH (which is a limited company) are currently structured on the basis that its operations in managing the housing stock of the councils will continue. It is possible that the closure of the company will give rise to additional costs and liabilities falling on the company (or existing liabilities crystallising) which the company will not be able to discharge from its existing

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					<p>revenues and reserves. Should this situation arise, the councils, (as owners of the company), will need to consider whether to take such measures as injecting further financial resources into the company to avoid it being wound up as insolvent and/or themselves assuming some of the liabilities of the company.</p> <p>Both EKH Board and the councils, (as owners of the company), should seek specialist legal/financial advice regarding this to identify all options available to resolve this.</p> <p>Project management to include cost management.</p>
10.	The council's consultation and decision making process are challenged.	2	1	3	Continue to comply with statutory guidance and good practice.
11.	Changes in Government guidance of statutory requirements during the transition.	1	2	3	None possible.
12.	Excessive short-term expectations from tenants and leaseholders.	4	3	7	<p>Manage expectations via published material and meetings with tenants and leaseholders.</p> <p>Implementation of a tenant and leaseholder communication strategy.</p>

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13.	Unreasonable expectations of the future service arising from consultation.	2	2	4	Manage expectations via published material and meetings with tenants and leaseholders. Implementation of a tenant and leaseholder communication strategy.
14.	Insufficient senior staff capacity to support the transition project.	2	2	4	Internal project delivery/implementation team created and arrangements for backfilling to be considered.
15.	Changes in the required extent of reintegration of services made after reorganisation has started.	2	4	6	Identify the risks clearly at the start of any reorganisation.
16.	One or more of the four councils begins an aggressive recruitment campaign from EKH prior to the transfer date.	4	4	8	The four council Chief Executives currently and will continue to meet fortnightly to discuss EKH. Regular transition monitoring by the four council Chief Executives. Co-ordinated and effective implementation planning to pinpoint decisions points and milestones throughout the transfer.
18.	Redundancy costs are unaffordable due to the pool of staff subject to TUPE being very small and many of the remaining staff are not interested in being recruited by the Councils.	2	4	6	Regular transition monitoring by the four council Chief Executives and HR teams.

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					Co-ordinated and effective implementation planning to pinpoint TUPE implications throughout the transfer.
19.	No / limited EKH staff want to work for the four councils.	2	3	5	<p>Comprehensive HR communication plan to keep EKH staff informed of the project timescales, job opportunities, staff benefits etc. if they chose to transition to one of the four councils.</p> <p>Talent management plan developed identifying key people and knowledge and put measures in place to secure these key people.</p>