

## Low Carbon Retrofit Strategy and Delivery Plan Risk Assessment

Appendix 3

Risks & Mitigations						
	Risk	Description	Impact	Probability	Risk Score	Mitigation
1	Unaffordable costs placed on HRA business plan.	Failure to align decent homes spending with retrofit budget requirements.	4	2	8	Asset management service tasked with aligning component replacement, additional resources (analysts) being introduced to the team, joined up working of capital delivery team and asset management team, MTFP to reflect investment alignment
2	Unaffordable costs placed on HRA business plan.	Aligning decent homes spending with retrofit budget requirements leads to early component replacement and repeated investment. In efficient use of budgets.	3	4	12	Asset management service tasked with aligning component replacement as best as possible to minimise early replacement, asset management working with capital delivery, void and compliance teams to agree component specification, additional resources (analyst) being introduced to the team, stock condition data will be tracked to understand early component replacement, grant bids will build in component lifetime value loss where possible.
3	Unaffordable costs placed on HRA business plan.	Inability of HRA income (rents) to keep pace with services costs and budget requirements.	4	3	12	The Council sets rent annually, and the housing service will present a case to Member which highlights the financial pressures within the service including market conditions, statutory requirements and inflationary pressures. The retrofit programme will be designed to allow works to come forward or be held back depending on available funding. Reprofiting delivery dates will impact on the expected date to achieve targets.

4	Unaffordable costs placed on HRA business plan.	Resourcing asset management and delivery teams. To deliver retrofit some new skills and capacity is required. The main areas are asset management, capital programme delivery and tenant liaison but communication/press and grant administration is also critical.	4	3	12	Current resources are being flexed to provide some additional capacity in the asset management team and capital budgets for surveys established in the MTFP. As grants are pursued consideration will be given to the revenue funding available. Capitalisation of salaries will be considered where staff are transforming the service or improving an asset. Social Housing Decarbonisation Fund provides a 15% revenue contribution. As more grant funds are introduced the service will need to increase resources unless the works displace other decent homes or compliance works. The Council has also agreed an MoU with E-ON introducing significant energy company obligation funding and third party capacity to deliver a large element of the 2022-2025 programme. This partnership will allow learning from a third party and limit the growth of directly employed staff.
5	Unaffordable costs placed on HRA business plan.	Addition maintenance costs as a result of introducing low carbon technology	3	4	12	Component specifications will be agreed between Asset management, capital programme delivery, voids team, compliance team and repairs. Replacement costs will be noted and considered in the 30 year business plan and MTFP.
6	Unaffordable costs placed on HRA business plan.	Failure to attract grant to subsidise works.	3	3	9	The service will constantly need to understand the grant opportunities and create capacity to apply for grant. SWT has been successful in attracting grant as a WECA consortium member and individually via a partnership with E-ON. Resources will be required to administer grant requirements and delegated authority will need to reflect the timescales often demanded by grant providers. The 2022-2026 retrofit programme is forecast to benefit from £12-£28m grant or subsidy. There is no subsidy identified to support the period 2026-2029 as grants are usually launched for shortly before the delivery period.
7	Unaffordable costs placed on HRA business plan.	Increase costs of works due to additional preparation works such as decanting customers, structural works, joinery, plumbing and utility connections/disconnections.	4	3	12	The delivery plan has selected a limited range of components to avoid additional disruption to customers or the property wherever possible. Some components such as internal insulation and floor insulation may require the decanting of customers, changing to carpentry, doorways and the reconfiguration of stairs at significant expense. External insulation has been preferred to internal insulation wherever possible.

8	Unaffordable costs placed on HRA business plan.	Stock Reduction. Some properties will be coming to the end of their life expectancy and/or have significant costs. Options appraisals will be required to understand if investment, demolition or disposal is the best financial option for the Council. The sale or demolition of property places additional cost pressure on the residual stock units/rental income.	2	4	8	The service will use option appraisals on properties anticipated to cost significantly more than the average to meet structural, decent homes and zero carbon requirements.
9	Failure to collect appropriate data.	Failure to collect appropriate data.	4	2	8	The service has invested in open Assets and parity software data bases. The service is seeking to employ additional asset management analysts to ensure better data inputting and accuracy. The service will work hard to ensure improvements to homes are recorded swiftly following capital works. The MTFP has included significant budgets for survey works.
10	Failure to collect appropriate data.	Failure to survey and design solutions appropriately.	4	2	8	The service is introducing PAS 2035 assessments wherever grant funding is being used. The PAS approach includes quality assurance in design and implementation. Surveys will be pre and post works and allow the service to measure changes in property performance in EPC, SAP and Heat demand.
11	Failure to engage tenants	Failure to bring customers on the journey to zero carbon.	5	3	15	The service is developing communication and engagement strategies to raise awareness of the benefits of low carbon retrofit. The service has secured funding to develop a show house Spring 2023 and video clips of low carbon works are being collected. The service will learn from the approach being taken by E-ON as they deliver neighbourhood based ECO4 projects.

12	Failure to engage tenants	Failure to access customers' homes. The council has 1891 homes failing the 2030 target and the majority of these homes require very marginal works to achieve target.	5	3	15	The service is developing communication and engagement strategies to raise awareness of the benefits of low carbon retrofit. The service has secured funding to develop a show house Spring 2023 and video clips of low carbon works are being collected. The service will learn from the approach being taken by E-ON as they deliver neighbourhood based ECO4 projects. New procedures are being introduced to ensure more timely communication and work standards.
13	Failure to engage tenants	Failure to support tenants in a timely way when delivering works.	5	3	15	The service is reviewing and refining its tenant engagement and communication processes to ensure customers have the right communication and support when surveys and works are to take place in their home. The service is introducing policy statements during the contract stage to ensure contractors bidding to work for the council will understand expectations and deliver in a more consistent way.
14	Failure to engage with leasehold and private owners	The council has xx leaseholder who homes are spread throughout the 440 blocks owned by SWT. The leaseholder and council (as freeholder) both have rights however the council will need to agree access and financial contribution towards investment with the leaseholder. Considering the scale of investment to achieve zero carbon this process could be challenging. Some components such as external wall insulation needs to wrap the whole of a block when being applied.	4	4	16	The council will commence its investment on houses and bungalows to allow additional time to prepare block investment strategies and commence consultation with tenants and leaseholders in blocks, the council will investigate the creation of sinking funds allowing more leaseholders to build up funds to support capital investment contributions. The council will consider grants which could benefit leaseholders as well as tenants. The ECO4 partnership is an example of where this may be possible.

15	Blocks	The council has 440 buildings which it classifies as blocks ranging from 4 units to xx units. Block will have extra complications such as flat roofs, common areas, extra access challenge and some properties will be leasehold and permissions and costs have to be agreed with owners.	4	3	12	The service will prepare block investment strategies. It will refine its archetype studies to provide greater clarity in relation to the 440 blocks owner by the council. The capital investment plan will create a block investment investment strategy which will feed into the MTFP and annual HRA budget request to Council. The service will work towards developing a leaseholder working group. The service will seek to join up compliance, cyclical maintenance, decent homes and retrofit requirements through a single block investment plan. Grants such as ECO4 will be used to explore efficient delivery approaches.
16	Procurement & capital programme delivery	Failure to procure in line with grant pressures.	4	4	16	The service is developing standard specifications for components and plan capital programmes over five years. These actions should overtime allow the service to procure contractors who are able to deliver works over several years and reduce the frequency of procurement. Over time the service should be able to use the strategy and delivery plan to forecast the range of contractors required to support the delivery plan.
17	Failure to procure & deliver programme	Failure to attract contractors. The environment is very challenging and there are risk that contractors will not commit to tendering or tender with excessive costs.	4	4	16	The strategy and delivery plan allows the council service to provide more certainty to contractors in terms of the type, volume and timing of contracts which the council will be seeking. The transparency of our programme should allow more engagement with the market to encourage companies to bid for contracts.
18	Procurement & capital programme delivery	Shortage of skills and materials . The market has seen the costs of some components and labour increase due to their scarcity. As a result, prices have increased, more of the risk has been placed on the client and some contracts have no or limited bidders.	4	4	16	The strategy and delivery plan allows the council service to provide more certainty to contractors in terms of the type, volume and timing of contracts which the council will be seeking. The transparency of our programme should allow more engagement with the market to encourage companies to bid for contracts.

19	External Risks	The national Grid does not decarbonise by 2050. This would mean the council would not achieve zero carbon or it would need to offset some of its carbon. The strategies aim is to replace all fossil fuel (Gas/solid Fuel/Oil) by 2050 with electric based heating systems. If electricity continues to use fossil fuel in its production the council will not achieve its goal.	5	2	10	This is an external factor and cannot be controlled by the council. The strategy is introducing a fabric first approach and an ideal heat demand of 50kWh/m2/yr. The reduced heat demand will significantly reduce fossil fuel use even if the grid is not fully decarbonised. The use of ASHP and energy efficient quantum heaters will further reduce the amount of energy.
20	External Risks	Introduction of a new SAP calculation methodology. The government is proposing to introduce a new methodology for calculating SAP. This may impact on EPC and other methods of comparing a properties energy efficiency.	4	2	8	The strategy proposes to move away from EPC and SAP as the main forms of energy assessment to Heat Demand. This will allow the council to assess more accurately progress towards zero carbon. EPCs based on SAP calculation may still be important in relation to grant applications however as the details are unknown of the methodology other impacts are hard to assess.
21	Failure to achieve Targets	Failure to achieve EPC C by 2030	5	2	10	The delivery plan outlines over 2600 homes will receive low carbon capital works. This figure includes 1300 homes which are within 6 SAP points of EPC C. These homes should achieve target through window or boiler replacement combined with a package called the Fuel cost care box. The service is about to agree an MoU with E-ON to delivery multiple measures to the worst performing homes. It is envisaged a limited number of homes will struggle to achieve target.

22	Failure to achieve Targets	Failure to achieve a heat demand for homes of 50kWh/m2/yr. by 2040. This is a very real risk as the target is very ambitious. The service has projected the target using archetype studies which clone surveys to predict opportunity. The council ambition is to achieve 50kWh/m2/yr. should permit affordable warmth to tenants regardless of the electric heating system introduced. Homes which do not achieve this ambitious target will require additional fabric or power saving investment.	3	5	15	The strategy is ambitious in its goal of 50kWh/m2/yr. by 2040. Failure to achieve this target will lead to either higher fuel cost than desired when a property switches from fossil fuel to electric fuel and/or it will mean the council may wish to carry additional fabric measures or provide PV to compensate the tenant for some of the higher costs of fuel. The failure to achieve the target impacts primarily on the customer and their fuel costs.
23	Failure to achieve Targets	Failure to achieve zero carbon by 2050. The council has c 4000 homes which use fossil fuel for heat.	4	2	8	The council is able to switch fuel from fossil fuel to electricity through the replacement of gas, solid and oil boilers with ASHP, quantum heaters or other individual or community electric heating systems. The service is able to use its boiler replacement programme to switch fuel sources. Should grant become available for fuel switching then this will offset the additional cost of some electric heating systems such as ASHP.