

8.12 Summary of most significant risks at November 2017

As described in section 6, risks will be monitored and managed in a number of ways within the JVLLP and independently within the Council:

- all reports to Members relating to 12 Estates and the JVLLP including the review of the JVLLP Business Plan
- detailed reports to the JVLLP Board prepared by the Development Manager which will be independently scrutinised by the Council's client team
- the Councils Execview performance monitoring system
- other governance and financial reports to Members as advised by the Councils s151 and monitoring officers.

The risks considered to be most significant are summarised below in a format consistent with Execview

Risk	Description	Severity (i.e. impact)	Mitigation
1. Planning	Planning permission is not obtained or there is a significant delay.	Red	<p>The project plan allows for a detailed design process which will include Member, public and stakeholder engagement. The latter will include the GLA and other statutory bodies.</p> <p>A Planning Performance Agreement will formalise consultation with the Local Planning Authority throughout the process.</p> <p>Pre-planning consultation will be undertaken in addition to statutory consultation requirements.</p> <p>The Council must give its approval to each planning application</p> <p>The planning application for the first phase will include a Masterplan for the whole site and seek at least outline approval for subsequent phases.</p>

<p>2. Economic Conditions</p>	<p>Economic conditions Deteriorate leading to slower sales rates or lower sales values. This reduces sales Receipts and/or delays receipts thereby increasing financing costs.</p> <p>Interest rates rise Thereby increasing the Council's and/ or the JVLLP's borrowing costs.</p>	<p>Amber</p>	<p>Each stage of development is subject to a detailed "gateway" process so that the JVLLP's proposals reflect market conditions and provide the owners with the JVLLP with a detailed assessment for decision making.</p> <p>The Council's business case models a more pessimistic "red book" scenario so that the implications of lower than expected sales values are understood.</p> <p>The average sales rate in the JVLLP Business Plan is below that originally proposed by the developer, is comparable with other projects and should be achievable even with a downturn scenario.</p> <p>Negotiated land transactions will as far as possible be phased to ensure that land is only acquired when required thereby partly compensating for any delay in sales.</p> <p>Phased planning applications provides some flexibility to adjust outputs in response to economic conditions (e.g. mix of 1/2/3 beds or residential/ commercial space).</p>
<p>3. Legal Challenge to JVLLP</p>	<p>A third party applies for a Judicial Review or instigates another form of legal action. even if unsuccessful, this would cause delay and incur expenditure.</p>	<p>Amber</p>	<p>The Council has taken external legal advice which is reported to Members in the Cabinet report. The advice confirms the lawfulness of the proposed arrangement and the statutory powers being relied on.</p> <p>A VEAT notice will be issued to provide any party with the opportunity to challenge.</p> <p>Legal advice will continue to be taken as the project progresses.</p>
<p>4. Land acquisition</p>	<p>Land cannot be acquired or the process causes delay.</p>	<p>Amber</p>	<p>The Council controls the site and will engage consultants to carry out the necessary investigations to ensure that any private interests on the earmarked sites are identified and extinguished.</p> <p>The JVLLP's Business Plan includes a Land Acquisition Strategy. There will be continual engagement with landowners, businesses and residents with the intention of securing land by private treaty and assisting relocation where feasible. This includes the Council's agreed Regeneration Plan and Local Lettings Plan in respect of the residential properties.</p>

5. GLA Housing Zone funding	<p>Agreement not reached with the Greater London Authority regarding the terms of Housing Zone Funding due to the level or mix of affordable housing, or timescales for delivery.</p>	<p style="text-align: center;">Amber</p>	<p>The Council will complete the GLA's due diligence process.</p> <p>A review of the scheme design and financial model will be required if funding is not secured.</p>
7. Client role	<p>Risk of insufficient client capacity and expertise to support and advise Members including monitoring the work of the JVLLP</p>	<p style="text-align: center;">Amber</p>	<p>The Director of Neighbourhood Services is undertaking a review of resourcing and skills requirements across the Council's regeneration programme and will present proposals to Cabinet.</p> <p>The effectiveness of the client function will be kept under review.</p>
8. Conflict of Interest	<p>There may be situations where the interests or views of the Council differ from those of the JVLLP.</p>	<p style="text-align: center;">Amber</p>	<p>The Legal Agreements and the JVLLP's Business Plan set objectives and parameters which are reflected in the Cabinet report and the Council's Business Case.</p> <p>Any significant changes in the JVLLP's Business Plan will require Cabinet approval so this alignment is maintained.</p> <p>The Director of Neighbourhood Services' review will distinguish the roles of those representing the Council on the JVLLP and the client function to ensure transparency.</p> <p>The independence of the Council's statutory roles means that there may be differences on matters such as planning; these are common to all development projects and the joint working should reduce the likelihood of such situations arising.</p>