

Appendix 5 (open report)

Key risks

	Risk	Mitigation
1	A decline in the housing market and increasing costs could result in Notting Hill Housing Trust deciding not to proceed with the development of the first development site.	Payment of the fixed price and overage will be a contractual commitment but in the event of Notting Hill Housing Trust (NHHT) deciding not to proceed, the council would have an implementable planning consent for the site and would be able to consider procuring an alternative developer.
2	Public opposition to designs for the first development site and subsequent development plots means that consent may not be granted.	NHHT is required to carry out public consultation on proposed designs and the council has to approve all planning applications. NHHT are also required to put in place structures that enable resident involvement in regeneration that would minimise the risk of public opposition as issues will be identified and addressed where possible prior to the submission of planning applications.
3	The council's requirements (including the high level of target rented units) could be unviable, even with public sector investment.	The DPA sets out mechanisms for the parties to work together to resolve viability issues. As part of this process, the council will have the ability to consider varying its requirements, but cannot be obliged to do so i.e. the council cannot be obliged to accept a lower percentage of target rented units. If an individual phase or plot cannot be made viable, then development will not proceed.
4	Future sales programme may be threatened by deterioration in market conditions or withdrawal of Central Government initiatives such as Help to Buy.	NHHT and the council will work together to promote the new Walworth Area and minimise the impact of any downturn in the housing market.
5	The developer could proceed with developing only the most profitable sites.	The DPA and the business plan have clear implementation plans and NHHT would need the council's consent to draw down plots in a different order.
6	NHHT could offer poor value for money after contract close on subsequent phases.	NHHT's maximum profit levels are fixed for the term of the agreement. Any payments made, for example, for design services, the construction of new public spaces or demolition will be agreed through either market

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		testing or benchmarking with all costs subject to independent review.
7	The council could be unable to deliver its vacant possession obligations.	<p>There will be a dedicated Aylesbury area housing management team leading the vacant possession process and support residents – both tenants and leaseholders through the re-housing process.</p> <p>NHHT's offer to support re-housing, by providing off-site stock through its own re-lets and offering a range of affordable options for existing leaseholders is incorporated in the DPA through the business plan and this supports the council's obligations</p> <p>The council's vacant possession obligations have a reciprocal obligation for the partner to deliver a pre-agreed pipeline of new affordable homes.</p> <p>A clear strategy is in place for use of the council's CPO powers if required.</p>
8	Environmental issues such as contamination or major services diversions could have an adverse impact on development.	<p>Desktop studies have been completed on the whole area and some intrusive surveys have been completed on the first development site. Survey work will continue to be carried out throughout the programme on future sites to ensure risks are identified and measures put in place to mitigate the impact on the programme.</p>
9	The security of the existing blocks and safety in the wider area the may need additional resourcing during the re-housing process and whilst there are large sites under construction.	Council officers will work closely with residents, NHHT and other agencies to put in place measures to improve safety and security.
10	The cost of land assembly including demolition and the buy back of leasehold interests may increase due to market factors.	The budget of £76.7m for land assembly on phases 1 and 2 includes a 10% contingency.