

APPENDIX 1: HDV RISK REGISTER

The following table sets out the initial top ten risks for the HDV. This tool will be used as part of the risk and opportunity optimisation across all the business plans and will be reviewed as an integral part of the business governance process.

Item	Risk	Impact	Severity	Likelihood	Management strategy
1	CPO and land assembly Council unable to fully acquire third party interests by private treaty or CPO, and therefore cannot fully assemble the land	<ul style="list-style-type: none"> Delays the project and/or increases the costs of completing the CPO and private treaty; some contracts may be set aside Pre-commencement costs invested by HDV at risk prior to land draw down In worst case, HDV is unable to redevelop some or all of the site, reducing overall benefits to residents and the Authority 	H	H	<ul style="list-style-type: none"> Authority and HDV will agree robust re-housing strategy, and clear private treaty and CPO strategy Agree targeted rehousing strategy for re-provision and satellite sites that supports the demolition and phasing strategy CPO programme to be closely aligned with re-provision of affordable housing, including accelerator phase, to provide accommodation and flexibility for relocation Develop unit-by-unit leaseholder engagement plan to ensure all leaseholder needs and issues are addressed, within the overall objectives of the CPO and private treaty Ensure engagement plans fully consider needs, requirements and programme for non-resident leaseholders
2	Residents, community and stakeholders Scheme does not meet community nor stakeholders expectations, and/or causes significant disruption to residents' lives	<ul style="list-style-type: none"> Community disenchantment with the proposed scheme design results in adverse publicity for the project and HDV Project is potentially delayed as community and stakeholder expectations are re-worked into the scheme Project phasing, demolition and construction works may materially impact the day-to-day lives of residents and neighbours with commensurate reputational impact on the Authority and HDV 	H	H	<ul style="list-style-type: none"> Early and active stakeholder mapping, supported by dedicated stakeholder engagement team (as detailed in the Stakeholder Engagement Strategy) to specifically understand and address resident and community expectations Detailed early discussion with the Authority to ensure HDV seamlessly picks up the existing community and stakeholder engagement undertaken by the Authority Ensure day-to-day resident and community needs remain at the forefront when designing the detailed phasing and delivery plan for the scheme Ensure site permeability, where possible, to allow residents to access their existing social, community and leisure uses, and walking and transit routes Apply best practice lessons learned from other regeneration schemes Maintain ongoing review of any pertinent political and/or statutory changes which may affect the scheme
3	Socio-economic Outcomes – HDV fails to deliver the committed outcomes.	<ul style="list-style-type: none"> Regeneration occurs without meeting wider HDV objectives. 	H	H	<ul style="list-style-type: none"> Robust management, processes, review and oversight of Socio-economic programmes and investment.

4	Safety, health and wellbeing On- and off-site logistics, noise, dust, emissions and disruption	<ul style="list-style-type: none"> Increased disruption and nuisance to the local residents and community through increased vehicle movements, noise, dust and emissions associated with construction activity in close proximity to residents 	H	H	<ul style="list-style-type: none"> Ensure phasing and delivery plans fully consider the impact of scheme delivery on residents and neighbours Apply HDV health and wellbeing requirements and IIF protocols Implement a dedicated construction management plan including best practise approach to elimination / mitigation of noise, dust and emissions. All main contractors to sign up to Considerate Contractors Scheme and achieve “performance beyond compliance” Implement security protocols to maintain effective site security logistics plan to ensure site is safely accessible by construction traffic with appropriate segregation from wider vehicle, cycle and foot traffic at site entrances. Vehicle waiting areas to be agreed with the Authority (and TfL if appropriate)
5.	Site constraints and infrastructure information	<ul style="list-style-type: none"> Desktop due diligence only conducted to date on Category 1 sites Likelihood of issues with the ground conditions including contamination, flooding, buried structures/obstructions, archaeology, ecology and unexploded ordnance that may have a significant impact on design. Unforeseen capacity enhancements to utilities and power may be required 	H	H	<ul style="list-style-type: none"> Detailed site investigations to be undertaken to meet design, planning and EIA requirements. Site constraints plan has been produced based on current desktop information and optimisation of scheme design to allow for minimal disruption to existing services during delivery of the scheme Adjust scheme to minimise site wide infrastructure costs as site conditions become better resolved. HDV to procure dedicated in-house infrastructure and utilities expertise, supported by consultants
6	Market risk - sales Slowdown of London housing market and impact on sales pricing and absorption	<ul style="list-style-type: none"> A slowdown in London and/or local housing market would impact sales prices and absorption rates, impacting HDV financial returns Reduced sales rates slow the progress of the overall scheme; start on site for individual plots may be delayed until market conditions recover 	H	M	<ul style="list-style-type: none"> Sales approach, including phased delivery, will ensure the scheme can cope with market cycles during delivery, whilst ensuring the HDV meets its affordable and social infrastructure obligations Pre-sales hurdle target to be appropriate to market conditions, to ensure surety of delivery and mitigate cost at risk exposure Agree business plan that allows for market price movements Enable flexibility in design to enable the HDV to respond to market conditions (for example PRS versus open market homes) Thoroughly market test non-residential uses through agent advice and seek relevant end users at an early stage PRS model to accelerate place making
7	Market risk – cost High cost inflation, driven by material cost inflation (incl. forex) and	<ul style="list-style-type: none"> Overall scheme viability impacted and would affect Authority land value for later phases Reduction in commercial return for HDV including profit and internal rate of return 	H	M	<ul style="list-style-type: none"> Implement procurement strategy that allows best total value contractors to be selected, and provides for recourse in contractor and sub-contractor contracts Implement financial controls and value management tool to enable live cost planning

	lack of available labour, exceeds revenue inflation				<ul style="list-style-type: none"> Use Compass system to provide robust project governance External data to be used ensure robust cost forecasting and market conditions monitoring Target minimum level of pre-sales and secure significant % cost coverage prior to start of construction
8	Funding – equity and debt Insufficient land value and partner equity, and or senior debt availability impacts scheme funding	<ul style="list-style-type: none"> Project equity funded via HDV partners land value and partner cash contribution If land value is insufficient to generate sufficient equity to progress the phase, the phase either does not progress or a mezzanine debt solution is required (at commensurately higher interest costs) In event of limited senior debt availability, phase is unable to progress 	H	H	<ul style="list-style-type: none"> HDV business plan and planning approach to ensure sufficient flexibility to amend phased delivery and/or scope to ensure phase viability A clear funding strategy and ongoing communication with potential investors and lenders will ensure that the project has the best opportunity to obtain funding on the most advantageous terms and conditions possible Regular analysis of the optimal mix of debt and equity over the life of the project will be presented to the HDV Board as part of the over-arching business plan, aiming to deliver the most efficient return on capital and certainty on funding Flexibility for partners to inject more finance
9	Planning consent Planning subject to Judicial Review and/or GLA review	<ul style="list-style-type: none"> Planning consent is not granted, or objections are raised via a Judicial Review, and/or the scheme is called-in by the Greater London Authority Onerous conditions are attached to the consented scheme Any delay in granting consent will significantly delay the overall scheme and/or require an amendment to planning consent 	H	M	<ul style="list-style-type: none"> Request Authority, as the planning authority, undertake a legal review of the draft application and officers report prior to granting consent or submission HDV legal advisors to undertake review of draft resolution to grant and officers report prior to planning submission Ensure GLA the HDV proactively engages the GLA prior to planning submission Ensure any conditions are attached to individual phases rather than the masterplan
10	Condition of the properties Properties do not meet statutory compliance, creating safety concerns, impacting on costs and ability to relet	<ul style="list-style-type: none"> Safety concerns related to the properties not meeting statutory compliance Cost of bringing the properties up to a lettable state might make it unviable Lease event delays as a result of extended work required and ability to undertake this work Impacts the ability to implement asset management strategies due to high cost of works 	H	M	<ul style="list-style-type: none"> Undertake risk assessment and cost of bringing the properties up to statutory compliance at Preferred Bidder Mitigate risk by undertake a programme of works to ensure any unsafe properties are prioritised. Undertake required works, where possible at Preferred Bidder stage, particularly those that could cause injury to occupiers or the public.
11	The Council does not satisfy the Disposal Condition or if the appropriate Secretary of State consent is not obtained in respect of either or both of these sites.	Delays the project In worst case, HDV is unable to redevelop some or all of the site reducing overall benefits to residents and the Authority	H	M	Appropriate community consultation and compliance with LBH statutory and other consultation obligations must be ensured; Ensure engagement plans fully consider needs, requirements and management outcomes; Apply best practise lessons learned from other regeneration schemes.