

# Strategic Housing And Regeneration Programme (SHARP) Strategic Development Programme

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Approved by: Community and Enterprise Programme Board

18 - 25	High
9-17	Medium
1 - 8	Low

Item	Risk Description	Pre-mitigation					Notes / Action / Comment / Mitigation Plan	Owner	By When	Post-mitigation					Change in Period
		Probability (1:5)	Impact (1:5)	Total Prob x Imp	Time	£				Probability (1:5)	Impact (1:5)	Total Prob x Imp	Time	£	
<b>1.0 TOP 5 RISKS</b>															
1.01	Programme Delivery - SHARP does not deliver 500 new Council (200) and Affordable (300) new homes due to insufficient land availability, complex internal land ownership arrangements (including State Aid) and not maximising commercial opportunities to cross-subsidise.	4	5	20			A number of Council-owned and other public sector sites have been identified for potential residential development which will be subject to site feasibility before inclusion in the Housing Delivery Programme; Housing Delivery Programme has agreed collective annual targets and key performance indicators for the delivery of new Council and affordable homes between 2016/17 - 2022/23; Progress against these targets set in the Housing Delivery Programme will be reported on a quarterly basis to the SHARP Community and Enterprise Programme Board for approval by Cabinet and NEW Homes Board. FCC recently raised concerns on State Aid rules affecting the viability of schemes and the scope for applying for State Aid Block Exemption for all future housing schemes. Explore commercial options on the larger sites to use cross subsidy.	Housing programmes Manager	on-going	4	4	16			Lower
1.02	Programme Delivery - Scheme costs are expensive making them unfeasible for the Council and NEW Homes.	4	5	20			Detailed site feasibility works undertaken to identify any potential issues with ground conditions which either preclude or make scheme development particularly expensive; Council / NEW Homes are proposing to jointly invest in Proval Development software which will be used evaluate new build housing schemes, including projected rent levels from the scheme to cover repayment obligations; From 2018/19 Housing Finance Grant indicative allocation of £3.144M for SHARP will enable SHARP to potentially deliver more schemes in Flintshire. KPI targets have been established to monitor performance in this area; Additional scheme investment could also be made available to support delivery in the form of commuted sums (£735K) and Shared Equity Redemption Payments (£676K). Housing Programmes are developing proposals for Cabinet to consider on the use of these within the SHARP. From 1st April 2017, WG Housing Finance Grant will become available to fund SHARP schemes. The Housing Programmes Team have been attending meeting with WG in preparation for the availability of grant.	Housing Programmes Manager / Finance Manager	On-going	2	4	8			Higher
1.03	Delivery of poor quality product, leading to low customer satisfaction, high future maintenance costs, reputational damage to Council / NEW Homes	3	5	15			Robust contract specifications and design as set out in Flintshire House Standard and WG Development Quality Requirements (DQR); Products aligned to planned works specification; Council's Design and Consultancy Team employed Employers Agent to support the Housing Programmes Team on the strategic delivery of the SHARP, whilst the Council's Housing Asset Team have been employed Clerk of Works on site to oversee the quality of works on site; Quality Management system and formal practical completion sign-off; Indicators for development included with contract.	Housing Programmes Team	On-going	2	4	8			

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1.04	Failure to deliver scheme within budget due to site issues increasing costs, variations and tender costs etc.	4	4	16			Development framework with formal approval processes; Supply chain management of key products; Accurate estimates and site investigations undertaken; Monthly development scheme reviews: Monthly QS cost plans managed through monthly meetings with NEW Homes Financial Lead; Increase scheme costs and large contingency included to address inflation to both materials and labour; Robust contract management and control of loss and expense/variations etc.	Design and Consultancy Team	On-going	3	3	9				
1.05	Inadequate internal capacity to deliver SHARP in terms of cost, time and quality	4	5	20			A number of teams are centrally involved in delivering the SHARP which collectively have extensive and proven experience of delivering large-scale and complex housing and construction schemes. The core SHARP team is small and the resource is shared with other service areas. This presents a risk for both the Council and NEW Homes in terms of capacity and resources available to maintain the excellent progress which the SHARP has made to ensure robust on-site monitoring arrangements are maintained. The staffing resourcing for the SHARP is scheduled to be reviewed to consider existing and future growth of the programme.	Housing Programmes Manager	on-going	3	4	12				
<b>2.0 SAFETY</b>																
2.01	Breach of HSE Legislation leading to death or injury, site closure, reputational damage, improvement notice, prosecution.	5	4	20			CHAS registered contractors utilised; CDM Principle Designer role in place in line with updated regulations (2015); Robust CDM procedures and Construction Phase Plan; Site supervision; Weekly site checks undertaken in relation to Section 106 and PRS contractors.	Wates Residential	on-going	3	3	9				
<b>3.0 PRE-CONSTRUCTION / DESIGN</b>																
3.01	Programme Delivery Housing Need - Sites included in the programme do not reflect the strategic housing priorities of the Council or NEW Homes	3	5	15			All sites included in the SHARP are approved by Council Cabinet; Robust housing need exercise is undertaken for each site to determine the level and type of housing needed; This includes housing needs data supplied from SARTH and Flintshire Affordable Housing registers and the Specialist Housing Group. Process set out to approve individual sites by SHARP Partnership Board, Asset Management Board, NEW Homes, Community and Enterprise Scrutiny Committee prior to Cabinet approval.	Housing Programmes Team	On-going	2	2	4				Lower
3.02	Delays in planning approvals - Schemes not being approved in a timely manner or not attaining necessary planning advice. Also delays in signing off planning conditions	5	2	10			Regular consultation and dialogue with Planning Team has fostered an excellent, "can do" approach.	Design and Consultancy Team	on-going	2	3	6				
3.02	Inaccurate construction time estimates leading to delay in handover, loss of rent to the Council and NEW Homes respectively	3	5	15			JCT Contractual terms and conditions will enable penalties/damage to be imposed for inaccurate delivery times. KPI targets have been established to monitor performance in this area.	Design and Consultancy Team	on-going	2	3	6				
3.03	Failure to reduce Environmental Impacts / manage sustainability risks	1	5	5			Sustainability risk assessment completed prior to each site to manage environmental impacts. KPI targets have been established to monitor performance in this area.	Design and Consultancy Team	on-going	1	4	4				
<b>4.0 CONSTRUCTION / DELIVERY</b>																

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4.01	Non-contractor site delays	3	4	12			<p>Local customer consultation events held on every scheme and with local Elected Member and Community Councils;</p> <ul style="list-style-type: none"> <li>- Strong Project Management</li> <li>- Scheme monitoring arrangements</li> <li>- Effective working relationship established through early dialogue with key Council departments including Planning, Highways, Streetscene, Housing, Building Regulations, Legal, Estates and Valuation</li> <li>- Close working relationship developed with statutory agencies including Welsh Water, Scottish Power, British Gas etc.</li> <li>- Instruct statutory authorities as early as possible with letter of undertaking if necessary</li> <li>- Attain evidence from Wates that diversion/connection orders placed</li> <li>- Approach reviewed for dealing with statutory diversions and new supplies</li> </ul>	Housing Programmes Team / Design and Consultancy Team	Scheme by scheme basis	2	4	8				
<b>5.0 COMMERCIAL</b>																
5.01	Council funding option selected is expensive and present a risk to NEW Homes	4	4	16			<p>A number of different funding solutions have been identified and reviewed to finance the affordable homes for rent on The Walks. These options include NEW Homes borrowing privately itself from the market; lease back and the Council borrowing directly to NEW Homes. The detailed financial modelling undertaken for each option has made very prudent Standard Development Scheme Assumptions about rental income and management and maintenance costs providing comfort that there is minimal risk for NEW Homes in meeting the finance costs for each option. Council borrowing is the most competitive and low risk as the funding has no dependencies on external approvals unlike the private funding models offered by Octopus-QSH and L&amp;G respectively, with the mechanism of payments being managed clearly between NEW Homes and the Council. The cost of the overall cost of finance on council options is the most efficient route. The Council is free of all funder obligations and retains ownership which allows the Council to review its options on its investment annually, as time moves on and headroom moves with it, the Council may require to change its position, only this option allows such in term change.</p>	Finance / Housing Programmes Team	on-going	3	3	9				

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5.02	Contractor failure to deliver SHARP	1	5	5			Over Arching Agreement signed with Wates sets out the following controls; - Contractor financial monitoring including subcontractor payments; - COW on site checking and recording progress and resources; - KPI and programme monitoring and reporting to NEW Homes / Council; - Monthly operational development meetings to review scheme by scheme progress; - Assessment of exposure (for development and investment work) against turnover; - Meetings with senior managers from contractors to carry out financial reviews where necessary; - Address performance at senior management level when necessary; - Significant Due Diligence work undertaken at tendering stage by independent auditors.	Housing Programmes Manager / Chief Officer Community and Enterprise	Ongoing	1	1	1				
5.03	Maes Gwern, Mold site not developed to generate "subsidy" to develop other sites in SHARP and 25% affordable homes for NEW Homes to manage	3	5	15			Council has established a working group to develop proposals to bring Maes Gwern site forward in Batch 2 schemes.	Housing Programmes Team	Sep-16	2	4	8				
5.04	Missed opportunity for the Council to purchase Well Street, Buckley from WG at discounted price though All Wales Land Release Protocol. Site has capacity to accommodate 160 units	3	5	15			Council is currently negotiating potential purchase of 13.09 acre site. An initial valuation has been jointly commissioned with WG. This has been further informed by a Site Investigation Study by Opus international Consultants which has identified a number of site abnormalities which will be deducted from the final overall land value. WG are supportive of the Council purchasing the site in three "tranche" payments. Detailed proposals will be presented for Council to consider early in 2017.	Housing Programmes Manager	Mar-17	2	2					
<b>6.0 REPORTING &amp; CONTRACT ADMINISTRATION</b>																
<b>7.0 OTHER</b>																
7.01	Reputational risk through poor communication of Programme objectives progress and outcomes and lack of coordinated engagement with/responses to comments on the initiative via all media outlets	1	5	5			Communications and Community Benefits work stream established to oversee strategy for maximizing positive PR to the Council. Work stream meets monthly and is chaired by Delwyn Evans, FCC Communications and supported by Wates appointed PR company, Truth. Work is supported by Communications Plan which is regularly updated and monitored to ensure key communications and engagement opportunities are maximized.	Housing Programmes Team	Scheme by Scheme basis	1	3	3				
7.02	Stakeholder opposition to development Programme and / or housing specifications	3	5	15			Regular community information events take place and development details circulated e.g. the Flint Master Plan Event. Stakeholder feedback is reviewed and monitored and the progress of the initiative and consultation carried out with residents and community groups.	Housing Programmes Team	Scheme by Scheme basis	2	4	8				

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7.03	Local people not benefitting from jobs and training opportunities available	2	5	10			The realisation of permanent employment, training and work placement and apprenticeship opportunities have been contractualised within the SHARP. KPI targets have been agreed with Wates to monitor performance in this area. Failure to achieve these targets would be considered a serious default by Wates. Good progress is being made on this, with the first two apprenticeships awarded for The Walks, Flinmt and Custom House School schemes. The Council's Communities First and Business Development Team are key partners in the programme and are leading on key initiatives to maximize local opportunities for long-term unemployed or traditionally under-represented groups.	Housing Programmes Team / Communities First	On-going	2	3	6				
7.04	Failure to realise positive publicity on a local, regional and national level for the SHARP	2	5	10			Positive PR received, with recognition from WG received that Flintshire is one of the first local authorities in Wales to develop a Council House volume building programme	Housing Programmes Team	On-going	2	2	4				
7.05	Failure to sell SHARP contract to other local authorities and public sector partners	3	4	12			On-going dialogue with a number of local authorities who have expressed a firm interest in using the SHARP contract	Housing Programmes Manager	On-going	2	3	6				