

South Kilburn Regeneration Progress Update

Executive Report

11th November 2013

Appendix 10

Peel: Key Project Risks

Risk/Issue	Mitigation Action
<u>Viability:</u>	
There is a risk the scheme will be unviable if sufficient residential development cannot be delivered within the site to cross subsidise the delivery of the Health Centre and affordable housing.	Continual review and sensitivity test the viability of the scheme during the detailed design stage.
There is a risk the Council will not be in a position to fund the acquisition of the third party interests.	Complete regular review of compensation estimates and ensure programme budget cashflow incorporates acquiring all third party interests moving forward.
There is a risk that the Developer Partner will default on its obligations under the Development Agreement prior to payment of land receipt.	Include robust mechanism within the Developer Agreement to mitigate this risk such as indemnity or parent company guarantee from the developer partner.
There is a risk the appointed specialist Health Care Provider will want to charge the three identified local GP practices a rent higher than the District Valuer's rental assumptions.	Ensure the Agreement for Lease with the specialist Health Care Provider restricts the rents for the three identified local GP practices to a rent equivalent to the District Valuer's rental assumptions. Continue to test the rental assumptions with the District Valuer.
There is a risk the Health Care Provider will not be willing to pay the assumed rent for the Health Centre.	Continue to soft market test and sensitivity test the Health Centre rental assumptions during the detailed design stage.
<u>Deliverability:</u>	
The Health Care Provider may not be willing to accord with the Agreement for Lease.	The Agreement for Lease will fall away at no cost to the Council if completion is not achieved on any of the Agreement for Lease Condition Precedents.
There is a risk planning permission will not be granted for the scheme.	Ensure early engagement with Local Planning Authority & Greater London Authority (GLA) planning department.
There is a risk the appointed specialist Health Care Provider will want to drive efficiencies within the Health Centre to derive a financial return.	The Council will secure detailed planning consent for the Health Centre in order to maintain control of design to ensure high quality building is delivered.

Risk/Issue	Mitigation Action
There is risk that NHS England business case approval is not forthcoming.	Work with Brent Clinical Commissioning Group (CCG) & NHS Property Services to ensure development of a robust business case.
There is a risk the local community will not support the delivery of the project due to the loss of shops/ The Royal British Legion/ South Kilburn Studios.	Ensure early engagement with local community to explain the scope of the project, the benefits the local community will receive from a new Health Centre and highlight the other retail provision that will be developed as part of the wider regeneration programme.
There is a risk the GLA will not approve the scheme with the proposed level of affordable housing.	Ensure early engagement with the GLA and justify the level of affordable housing on basis this will ensure the delivery of a new Health Centre and on basis that the redevelopment of Peel is part of the wider regeneration programme that proposes no net loss of affordable housing.
There is a risk ground contamination and services in the ground reveal unexpected site constraints.	Commission a geo-technical and environmental surveys at the earliest opportunity to confirm ground conditions.