Main risks to the delivery of the Capital Programme

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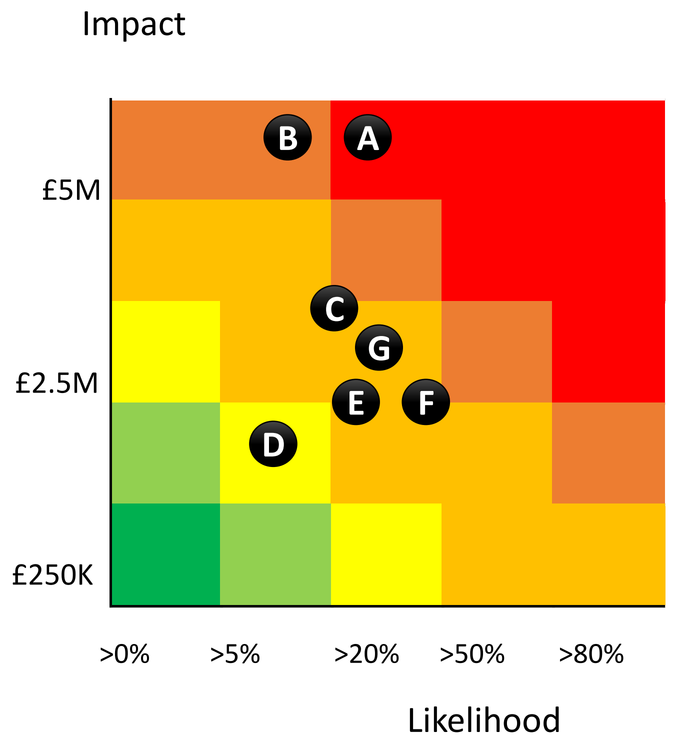
A. Educational designation (section 77) risk- educational designation on key development sites may delay procurement and construction progress
B. Market slowdown risk- a lack of available properties for acquisition could affect the housing pipeline
C. Financing risk- an increase in finance costs could lead to schemes becoming unviable
D. Developer risk- developers may seek to make amendments to agreed schemes to increase profitability
E. Inflation Risk – higher than budgeted construction inflation could impact on scheme viability
F. Regulation Risk – changes to regulations could impact construction costs
G. Commercial Values Risk– worsening market conditions could impact scheme viability



Risk	Concerns	Actions
A. Educational Designation (section 77) risk	Three of Brent's sites earmarked for redevelopment require secretary of state consent for change of use to housing.	Discussions with the Education and Skills Funding Agency are ongoing.
B. Market Slowdown risk	Slow market conditions have led to a lack of availability of suitable properties for acquisition.	Monitoring is ongoing of progress and available properties.
C. Financing risk	On the 9th October without warning, the PWLB increased the margin applied to loan rates by 1% (0.8% to 1.8%). An increase in financing costs could make schemes unviable.	The Council is currently working to secure a long-term forward funding deal to lock in a borrowing rate now with drawdown in subsequent years. Financial viability appraisals factor in a realistic financing cost.
D. Developer risk	Outsourcing delivery to developers can lessen the Council's control over a scheme.	Agreements with developers are monitored by legal, finance and project teams.
E. Inflation risk	Construction inflation over and above that budgeted by the Council's professionals and advisors and built into project budgets could impact on the affordability of the project.	Scenario analysis is undertaken when a scheme is appraised and adequate contingencies are included.
F. Regulation Risk	Capital schemes need to comply with the latest law and regulations which can change leading to an impact on construction costs and may be retrospective in their nature.	Continuous monitoring of laws, regulations and sector announcements is undertaken. Subscriptions are made to relevant professional bodies.
G. Commercial Values Risk	A number of projects within the capital programme contain assumptions regarding the market value of future assets, income from property letting, generation of capital receipts from property sales in some cases post development, attracting developers to projects based on a potential share of profits and other revenue/capital financial flows. Should market movements worsen the Council may suffer financially. Conversely if market conditions improve the Council could benefit.	Scenario analysis is undertaken when a scheme is appraised and adequate contingencies are included.