

APPENDIX 3- BUSINESS RISKS ASSOCIATED WITH ENTERING THE CONTRACT.

As with any long-term strategic partnership, the proposed procurement of a single delivery partner (SDP) for the South Kilburn regeneration programme carries a set of commercial and delivery risks. These risks have been carefully considered and will be addressed through the procurement process, legal structuring, and contract management mechanisms.

Key Risk Considerations

Partner Dependency: Entrusting a single partner with the delivery of a multi-phase regeneration programme requires confidence in their financial standing, capability, and alignment with Brent's objectives. This risk is mitigated through a robust evaluation of bidders' technical and financial capacity and clear performance expectations set out from the outset as well as robust contractual mechanisms to continue to manage this risk appropriately throughout the lifetime of the partnership.

Performance Risk: There is a risk of underperformance at various stages—pre-development, or delivery—which could impact pace or quality. The council will mitigate this through clearly defined milestones / long stop dates, thorough contract management / governance frameworks, and other contractual protections / remedies for the council.

Market and Economic Conditions: Changes in viability due to market conditions (e.g. sales values, construction inflation) could impact delivery. The council's approach allows for site-specific and programme-wide viability testing, conditional drawdowns, and open-book appraisal mechanisms / benchmarking.

Vacant Possession and Planning: Dependencies such as securing vacant possession of sites and achieving planning permission are recognised risks. These will be proactively managed through CPO process and a phased drawdown structure. Planning risk will be managed through early and continuous engagement with the Local Planning Authority and GLA.

Mitigations and Controls

To address these risks, the council will implement the following safeguards:

- A well-formulated and rigorous procurement strategy to test capability and alignment with Brent's values and priorities.
- Contractual protections, including mechanisms to address default, change of control, and poor performance.
- Use of a Partnering Agreement and Site Development Agreements (SDAs), allowing for performance-based progression through the programme and the ability to pause or cease site drawdowns if necessary.

- Retention of land ownership by the council until it is required for development, with appropriate landowner protections during the development period (to enable site recovery) in case of a SDP default in relation to any site within the programme.
- Legal and commercial oversight throughout the contract term, including regular governance checkpoints and risk review mechanisms.