

Appendix 1

New Homes Programme - Risks and Issues

The table below sets out the key programme risks and mitigation measures in place across the NHP. Projects teams also maintain their own risk and issue logs for each scheme.

	Risk	Likeli hood	Impact	Overall	Action to avoid / mitigate risk.
		L = low; M = medium; H = high			
1	Financial - Currently high cost of construction exacerbated by continuing inflation, reducing the viability of individual projects and undermining the viability of the portfolio overall.	H	H	H	Efficiency KPIs have been developed and form part of the brief alongside continuous and robust cost monitoring. Rigorous cost optimisation and value engineering processes in place Soft market testing by Cost Consultants and Beacon benchmarking group is being used to inform pre-tender cost estimates Procurement/contract strategies are being developed to respond to high construction costs Proval modelling is regularly updated and responded to, including reviewing tenure mix, Finances reviewed at Gateways and during Monthly Project Reviews. Programme contingency in place set at 10% of works to provide additional layer for design development and tender pricing risk.
2	Financial - the risk of an increase in interest rates further compounding the high costs of construction and challenge to scheme and programme viability undermining the viability of the portfolio.	M	H	H	Regular monitoring of interest rates and Council borrowing rates, prioritising available funds before external borrowing. Front loading of funding (overage and grant) helps reduce net borrowing requirements for the programme.
2	Financial - If a contractor goes into liquidation during the construction period, this could delay completion of the project.	M	H	M	Procurement of contractors includes financial background checks prior to selection. The NHP procurement strategy includes a range of procurement methods to widen the ‘net’ and ensure a diversity of contractors.
3	Financial - If market values stagnate or decrease then this	M	H	H	The Sales and Marketing team are working on project specific and

	will impact on the Council's ability to cross subsidise the current direct delivery model in Regeneration.				programme wide sales and marketing and each project with homes for sale / shared ownership has a contingency that can be used to offset value decreases A Development Advisor has been appointed to advise on residential property market trends and on maximising sales income. Homes could be sold to the Hackney Housing Company and rented as Private Rented Sector (PRS) and/or Hackney Living Rent if viable. Outright sales homes could be 'flipped' to shared ownership in some circumstances, and with grant would retain a viability position.
4	Programme / financial - If site abnormals associated with brownfield land (such as tunnels, substations, contaminated land, third party rights etc.) are found, then this may result in delays and increased costs to projects.	H	H	H	Surveys and ground investigations are being undertaken to inform project design and site abnormals are identified and quantified as early as possible.
5	Programme / financial - If start on site is not achieved by early 2026, GLA funding for the scheme may be jeopardised.	H	H	H	Robust programmes are being produced and scrutinised in consultation with QS and EA consultants. Delegated authority received at CPIC for tranche 1 sites to enter into the main build contract without seeking further approval from CPIC to speed up contract awards. Start on site requirements have been clearly articulated to internal and external teams. Regular touchpoints with GLA are held following decisions to award funding and realistic timescales are being negotiated.
6	Reputational - If residents and campaigners object to the proposals then projects could be delayed.	L	M	M	A robust and proactive community engagement strategy is being undertaken across all projects - some with Resident Steering Groups and public community engagement and consultation events. Regular newsletters, letters, attendance at TRAs (where appropriate) is also being undertaken, as well as regular briefings with ward Councillors.
7	Political - Loss of Member support for plans	L	H	M	Schemes are being developed in line with Council policies and exceed policy ambitions in some areas. Ward Councillors are being kept well informed

					as schemes progress.
8	Project Management - Lessons Learnt from early projects not fed back into emerging projects	L	H	M	Version 6 New Build Design Specification has been used on all schemes across the programme - this embeds lessons learned over the last 10+ years of housing delivery at Hackney.
9	Project Management / reputational - Use of new and untested technology (in residential buildings) leads to maintenance issues - lack of acquired knowledge and experience.	M	H	M	Liaison with Housing Services (M&E/Maintenance) on emerging systems is ongoing including consideration of upskilling internal teams. Projects have appointed suitably qualified energy consultants to advise.
10	Design - Due to change in London Plan/Planning Heat Pump technology now replacing Gas/CHP Energy Systems (resulting in significant carbon savings and greater efficiencies) but electrical energy is still more expensive than gas resulting in potentially larger tenant/ residents' bills.	M	L	M	Continued increase in fabric specification and a drive towards reducing overall energy usage, including the introduction of some Passivhaus schemes in the NHP.

The table below sets out the key programme issues and mitigation measures in place across the NHP. Projects teams also maintain their own risk and issue logs for each scheme.

	Issue	Mitigation
1	Cost of housing delivery has increased significantly over a short period of time, whilst values have not increased at the same rate, making the cross-subsidy model unviable.	Teams are working closely to leverage as much external funding as possible, including GLA Affordable Housing Programme funding, and subsidy from Right to Buy one-for-one receipts is also being employed on certain sites, and use of a one-off historic overage payment. The HR&D team is working within tight cost management parameters to ensure the subsidy is managed appropriately and projects represent value for money.
2	Planning policy and building regulation changes pertaining to building safety and sustainability have impacted site design to meet requirements but has also impacted on the cost of projects.	We have worked closely with colleagues in Housing Services to implement an appropriate BIM model and process using auto-desk to provide golden thread building safety information. Staff are being trained, and our Employer's Requirements have been updated accordingly procurement. Continuous horizon scanning of emerging regulatory change is ongoing, and adaptations are being made as appropriate, for example implementing second staircases into buildings over 18 metres which are not yet onsite.

	Issue	Mitigation
3	New Building Safety Act introduces new Gateway processes, and places more formal responsibility on the responsibility of client and contractor (for example a new Principal Designer role) and lack of capacity within industry (Building Safety Regulators) is likely to impact on programmes and limit added value design options.	All projects within the NHP have been designed to be below 18 metres and therefore do not constitute high risk buildings (HRBs). Appointment to the new role of BRPD is required under the new building safety regulations and this is being undertaken across all schemes.
4	Need for repairs, maintenance, and investment in existing housing stock can undermine resident and political support for new housing development on some estates, and may risk GLA funding support for new schemes.	Closer working with Housing Services to align repair and maintenance work and to approach investment in an Estate in a more joined-up holistic way. Following progress and evidence improvements within Housing Services to respond to the Social Housing Regulator's C3 judgment on Hackney's management of housing stock, the GLA have confirmed that they can continue to support Hackney's Investment Partner status.
5	Negative customer service experience of leaseholders in newbuild homes delivered and managed by Hackney for example, management of defects, latent defects, and actual service charges (which are much higher than estimated) - this results in resident dissatisfaction and reputational damage for the Council's "Hackney Sales" brand, which will impact on future sales.	Service charge review is ongoing within Leasehold and Tenancy Services. New Aftercare and Defects Manager role in Housing Regeneration & Delivery has been appointed to (starting in summer 2025) and historic defects and latent defects issues are being dealt with.