

Appendix B Risk Assessment: Barley Homes Business Plan 2021

Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
Increased exposure to risks associated with Barley Homes by virtue of investment growth fund, when combined with external shock factors such as (Covid-19 and Brexit) create additional pressures on the deliverability of the Council's budget	High	The current Covid-19 crisis has created increased pressure on the Council's budget and necessitated the use of general fund reserves in order to support the achievement of a balanced budget. A prudent approach has been taken to the recognition of revenue from Barley Homes, to ensure that the Council's budget are not under undue pressure should the risks below in relation to Barley Homes materialise.	Medium
Assumptions in the Business Plan are not achievable or realistic	High	The revised values have been produced based on independent advice received by the Council (This has been updated using latest construction cost and market value estimates) alongside additional external advice commissioned by West Suffolk Council, including cost Consultants and valuation services. Given the nature of the housing market, the risks associated are inherently high, however regular reviews of development appraisals will be carried out by the council and Barley Homes to monitor the overall risk level, as the scheme progress through planning and development.	Medium

Insufficient regular monitoring of performance of Barley Homes against Business Plan by shareholders	Medium	<p>The governance arrangements for Barley Homes are now well established, in particular robust quarterly reviews of progress through to the Shareholder Advisory Group.</p> <p>West Suffolk Council have an officer responsible for liaison with Barley Homes directors and working closely with them to ensure Barley Homes are meeting their targets.</p>	Low
Uncertainty over costs and income in the housing market, particularly in light of Brexit mean the Business Plan is not achievable	High	<p>Sensitivity analysis undertaken during the appraisal stage giving fluctuation market values.</p> <p>Also see risk section of Barley Homes Business plan</p>	Medium
Further viability challenges emerge on sites or difficulty with land assembly mean sites cannot be delivered	High	<p>The Council will seek to explore options to develop sites where such challenge emerges, for example seeking funding from external sources to resolve viability challenges or compulsory purchase to ensure sites are developed</p>	Medium

Changes in public sector borrowing rates or government policy towards local authority investment mean anticipated returns cannot be achieved	Medium	The Council is working with the LGA to lobby government to ensure that any further changes to public sector rates are minimised. Potential alternative funding such as the Municipal Borrowing Agency would be explored if necessary. The treasury have indicated that they intend to review local authority investment activity however no announcements have been made.	Medium
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