

Development Risk Analysis Benchmarks (use of) Policy

1. Summary

- 1.1 The Development Risk Analysis Benchmarks have been drawn up by the Executive Team and approved by the Development Committee.
- 1.2 Their aim is to give the Executive team clear parameters within which to consider the key risks pertaining to individual development schemes.
- 1.3 The benchmarks are designed to set out the key risks to be considered for each scheme and the risk appetite against each one.
- 1.4 The RAG rating for each scheme signals to the Development Committee where the risk is or is not within the risk appetite laid down by the Board.
- 1.5 Where the risk is not within the parameters of the risk appetite laid down by the Board the scheme is not automatically excluded but mitigate will be expected and must be recorded within the template board report submitted to the Development Committee and to the Board for approval.

2. Objectives

- 2.1 The key objectives of this policy are:
- 2.2 To lay out the key risks which the Development Committee want to see addressed in their determination of an individual development scheme. These risks are to be seen as a baseline rather than a comprehensive list of all risks.
- 2.3 To ensure that each risk is fully considered prior to submission to the Development Committee for scrutiny and arrangements put in place to meet, manage or mitigate them.

3. Details

- 3.1 This Development Risk Analysis Benchmarks have been drawn up by the Executive Team. The Development Committee will review them annually and take account of emerging risks throughout the year to ensure that they remain relevant and up to date.

- 3.2 The Benchmarks will be used when assessing every individual development scheme. It is not necessary that each risk is green for the Development Committee to recommend the scheme to the Board. However, any risk which is not rated green will require a management or mitigation strategy and this must be clarified within the Development Scheme Approval Report template for consideration and scrutiny of the Development Committee.
- 3.3 An Amber rating is not used. This is because an Amber rating would require mitigation or management in the same way as a Red rating. It is therefore not considered necessary, especially in light of the fact that a Red rating does not automatically exclude the scheme from consideration by the Development Committee.
- 3.4 The most important aspect of the Benchmarks is not that the development scheme offers no risk. This is not possible. The most important aspect of the Benchmarks is that they offer the Executive a framework which will ensure that development risk is appropriately identified, assessed, communicated and controlled.

4. Outcomes

- 4.1 The development of new homes is a key risk for SHAL in terms of finance, treasury management, meeting our strategic purpose as a not for profit housing provider and reputation wise. It is essential that we build the right homes, to the right standard, with the right amenities, in the right place, at the right rent for the rent customers. The Development Risk Analysis Benchmarks are designed to assist the Executive and the Board members in decision making to ensure that SHAL meets its strategic mission, delivers value for money and is compliant with regulations, contracts and statutory obligations.

5. Consultation

- 5.1 The Development Risk Analysis Benchmarks has been drawn up with the Development Committee.

6. Equality and Diversity

- 6.1 SHAL celebrates diversity and promotes that equality for all is a basic human right. grounds of age, disability, gender reassignment, sexual orientation,

marriage and civil partnership, pregnancy and maternity, race, religion and belief and gender.

- 6.2 In the delivery of new homes SHAL aims to meet the needs of those households who are on low income and have been in housing need or homeless and for whom the housing market does not present a viable option.

7. Value for Money

- 7.1 SHAL is committed to delivering new homes which offer value for money. This policy aims to deliver value for money in the following ways:

- 7.1.1 By ensuring that risks around SHAL’s investment capital, borrowing, financial capacity and treasury management are identified, assessed, articulated and controlled.
- 7.1.2 By working effectively with partners delivering development management, consortium working, housing enabling, grant, programme delivery etc to ensure that resources are maximised and efficiently employed
- 7.1.3 By reducing costs associated with development through efficient procurement and contracting arrangements
- 7.1.4 By the effective use of financial appraisal to ensure that new homes are delivered as economically as possible
- 7.1.5 By ensuring that the finished homes are fully integrated within their communities and offer what is needed to diverse households who are in housing need, homeless or on a low income which cannot purchase the type of home they need
- 7.1.6 By ensuring that the long term management and maintenance of the homes is properly addressed in a way which ensures that they are economic to manage and maintain for SHAL and economic to live in for our tenants

8. Owner

8.1 Finance Director

9. Versions and Revisions

9.1 This policy will be reviewed every 2 year(s).

9.2 Revisions

New version	Date	Revision details
1.0	January 2023	