

DRAFT Brick by Brick Croydon Limited

Business Plan 2018/9

Contents:-

1. Foreword
2. Aims of Company
3. Market Analysis
4. Company Structure, Board and Resourcing
5. Land and financing
6. Development Programme

DRAFT

1. Foreword

- 1.1 Croydon is becoming a model for suburban and city living. With excellent links to Central London, the South London suburbs, the south coast, Gatwick Airport and beyond, the borough is currently undergoing major economic and civic renewal including major retail investment in the metropolitan centre, new commercial occupiers and the continued expansion of the cultural sector.
- 1.2 Allied to this, the Council's new Growth Zone initiative is beginning to provide significant new investment in infrastructure including road, rail, tram and public realm improvements, as well as employment and cultural facilities. This creates an unrivalled context for investment and growth.
- 1.3 It's unsurprising therefore that the borough's population is rising and is set to rise still further in the years ahead. One of the greatest challenges for Croydon, in common with many other London boroughs, is the provision of new homes to suit a variety of incomes. Aside from the quantum of homes needed, the affordability of homes for both purchase and for rent is a key issue and increasingly challenging for many Croydon households.
- 1.4 Clearly, the delivery capacity of the wider development sector will continue to be instrumental if these targets are to be met, and both LB Croydon's new Local Plan and the Mayors new London Plan enable the development of new multi-tenure homes on appropriate sites throughout the borough. However, it is clear that the Council also needs to take a direct role in delivery if the housing supply challenge is to be met.
- 1.5 The borough is a significant land owner in its own right, and there is huge potential for new homes to be delivered on land currently owned by the council. These sites include major regeneration sites which have been considered for development for some time, but there is also significant development capacity on smaller infill sites, in both public and private sector ownership, located throughout the borough.
- 1.6 Traditionally, local authorities have delivered housing on their own land via land disposal or joint venture agreements with private sector property developers, a process which often did not allow them to fully benefit from any uplift in land values and/or development returns. This experience has led Croydon, and many other forward thinking local authorities, to think differently and seek a much greater commercial role in development and house building by establishing a development company: Brick by Brick Croydon Limited (BxB).
- 1.7 The BxB structure has a number of characteristics that help it deliver the desired transformational change in the delivery of new homes and maximise the direct benefits to local communities in Croydon. For example:
 - BxB activity creates development profit, all of which is returned to the local authority (as sole shareholder) in the form of dividend, to be reinvested in the borough.
 - BxB creates much needed new homes of a variety of tenures and priority will be given to local residents through the sales and/or letting process for both private and affordable homes.
 - The BxB model of delivering a number of sites simultaneously allows for commercial efficiencies which have the effect of increasing the overall quantum of affordable

housing in the programme – for example, BXB are often delivering 50% affordable housing within their smaller residential sites programme, far greater than the amount usually achieved on such sites.

- Where community facilities exist on sites to be developed, these will be replaced with onsite or very nearby with new, purpose built facilities which address local need.

1.8 BXB has been actively trading for over a year now and is a key economic actor in the borough, crucial to providing the wide range of housing typologies and tenures which will be necessary to service growth in the borough. This Business Plan sets out the vital role Brick by Brick will play over the coming years in contributing to the borough's success.

DRAFT

2. **Aims of Company**

2.1 BXB is a private, independent development company, commercial in character, which focusses on providing housing led development for the benefit of the people of Croydon.

2.2 The key aims of BXB are reflected in the Memorandum and Articles of the company, and include:

- To deliver multi-tenure housing for sale and rent.
- To ensure a transparent and commercially efficient form of development which maximises the amount of affordable and intermediate housing delivered as planning gain.
- To deliver new commercial and/or retail development.
- To deliver new or replacement cultural, community, educational, health, public realm and other development as part of mixed use schemes.
- To maintain an exceptionally high quality of design and delivery to ensure development activity is a positive physical addition to the local environment.
- To dispose of existing property and/or acquire new property in accordance with the terms of the Business Plan.
- To maintain and/or manage property assets.
- To carry out all of the above activities on a commercial basis and in the best interests of the company with a view to maximising dividend to the shareholder.

3. Market Analysis

- 3.1 The dynamism of the land and property markets in London have been well documented over recent years. A wealth of information and publications continue to be produced providing detailed analysis of the housing market in the capital. However, given the significant uncertainties being driven by factors such as Brexit and changes to interest rates, commentators continue to report a mixed forecast for house prices in the medium term.
- 3.2 This section examines a number of key indicators and draws together evidence regarding the impact market changes have had on the ability of Croydon residents to access housing. This is an important area of analysis in terms of the overall viability of a development company like BXB, with implications for overall market demand, the current and future demand for affordable housing and the value of BXB housing product.
- 3.3 Evaluating the housing market requires an understanding of the real cost of buying or renting a property and the level of housing need. This analysis is undertaken at a detailed local level for every site that BXB assesses to ensure that schemes are financially viable. The company also aims to maintain a wider perspective on the Croydon market to help make a strategic assessment of need, opportunity and risk.

Macro Trends in the UK Housing Market

- 3.4 The headline growth in UK house prices for 2017 is reported at between 2.6% and 2.7% according to figures released by Nationwide¹ and Halifax² respectively in January. This represents the slowest increase since 2012, and indicates a sharper decrease in growth than that shown by official ONS data (available to October 2017).
- 3.5 The regional analysis provided by Nationwide showed London to be the weakest performing region for the first time since 2004, with a price decrease of 0.5% recorded for 2017. The affordability gap in London as well as sluggish performance at the top end of the market are considered to be the key drivers for this overall slowdown. In addition, regional convergence is occurring partly as a consequence of the speed of recovery since 2008, with London having seen the fastest revival to make current prices 55% higher than the 2007 peak (still the largest increase nationally by some distance).
- 3.6 PWC³ reported that the impact of Brexit on house prices in the UK had been slow to materialise, although growth did begin to stall in the second half of 2016. The impact of political and economic uncertainty was more pronounced in terms of the volume of transactions. The volume of residential sales were 7.1% higher year-on-year in November 2017 (according to HMRC data⁴) which suggests that this initial dip has recovered back to previous levels. However, surveyor indicators published by Savills suggest that demand may be slowing once more going into 2018.

¹ Nationwide, *Nationwide House Price Index* (www.nationwide.co.uk/hpi), December 2017

² Halifax, *Halifax House Price Index* (administered by Markit), 08 January 2018

³ PWC, *UK Economic Outlook*, July 2017

⁴ HMRC, *UK Property Transaction Statistics*, 21 December 2017

3.7 The outlook for UK house prices varies somewhat according to different reports. The Nationwide analysis expects the UK House Price Index (HPI) to slow to 1% in 2018, but expects it to recover to 3-4% over the longer-term to maintain parity with the expected increase in earnings (with shortages in supply also continuing to be a factor). Other economic analyses show the following the following projections:

Organisation	2017	2018	2019	2020	2021
PWC ⁵	3.7%	3.9%	3.9%	4.1%	4.1%
Savills ⁶	4.0%	1.0%	2.5%	5.0%	2.5%

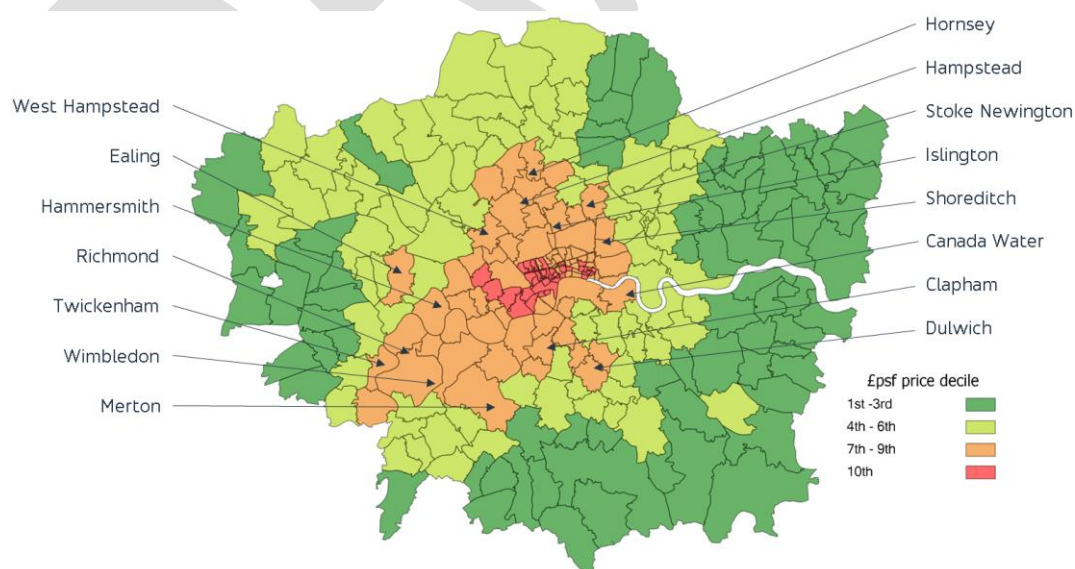
Most analysts agree that London and the south-east are likely to under-perform relative to the rest of the country over the next 2 years.

3.8 The other important macro-economic indicator for BXB to consider is the Construction Price Index given the significant impact that this has on the cost of development activity. This data is released quarterly by ONS with the most recent update available at Q3 in 2017 (see below). This data covers a wide range of construction activity, but the important measure is the one for new housing activity which shows that inflation on construction costs is currently out-pacing the HPI nationally.

	All Work	New Work	New Housing
Q3 Construction Price Index ⁷	2.0%	2.2%	3.7%

The Croydon Market

3.9 Whilst the outlook for house prices in the capital as a whole looks relatively weak, the complexity of the London market means that there are large variations across the city. Hometrack⁸ splits the London market into ten separate price bands (10 being the highest) which are distributed across post codes according to the diagram below.



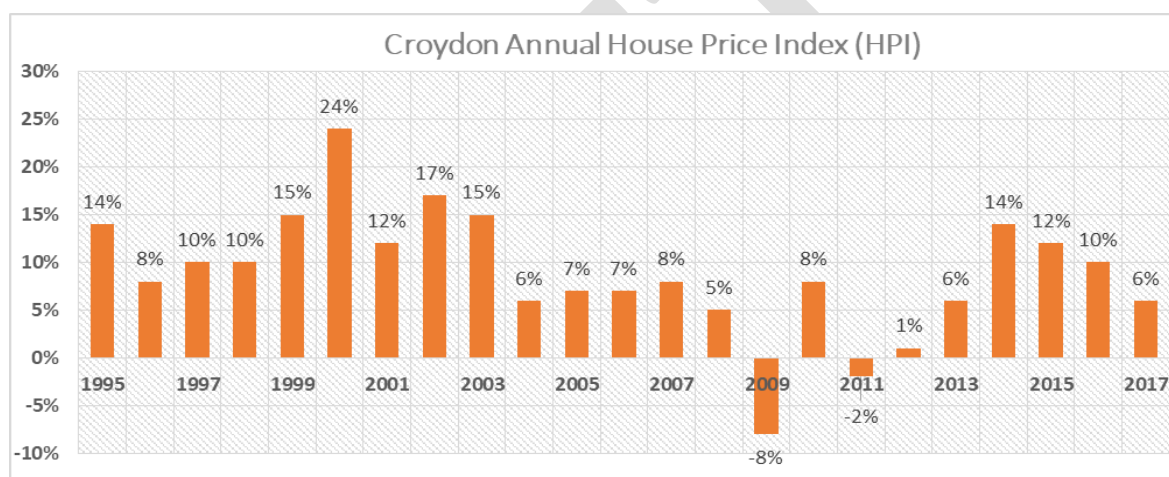
⁵ PWC, *UK Economic Outlook*, July 2017

⁶ Savills, *UK Housing Market Update*, December 2017

⁷ Office for National Statistics (ONS), *Construction Output Price Indices (OPIs) Quarter 3 2018*, 14 November 2017

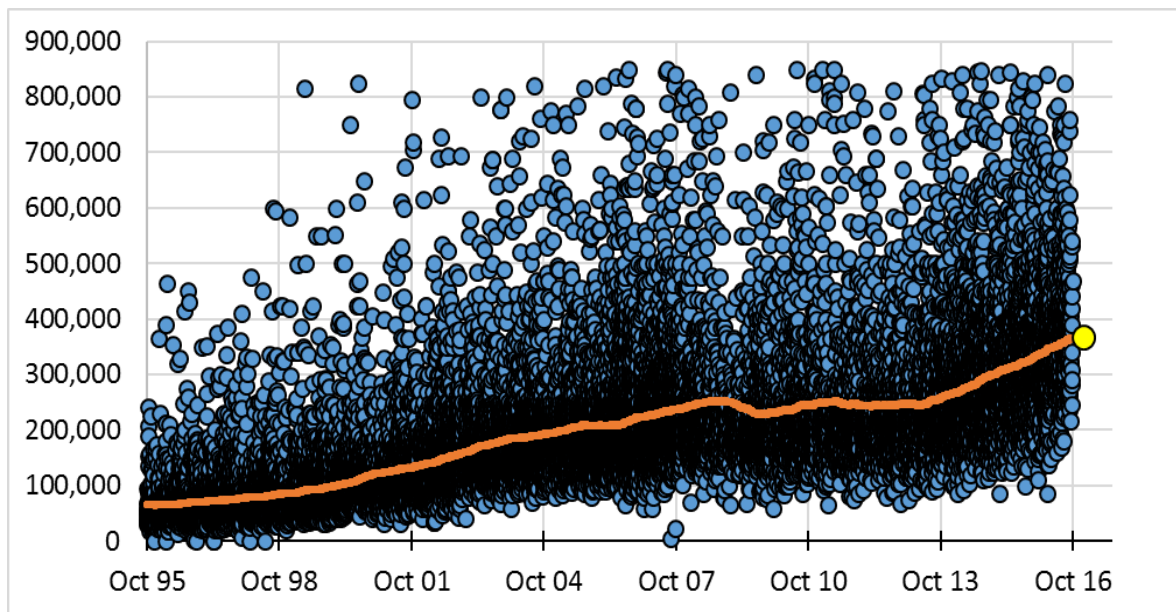
⁸ Hometrack, *The London Housing Cycle - where next?* (www.hometrack.com/uk/insight/market-analysis), 21/04/17

- 3.10 This allows house price analysis to be conducted separately for each range. Current forecasts indicate that the top three deciles will see price decreases, with less volatility expected towards the middle of the market where prices are expected to remain flat.
- 3.11 Meanwhile, the outlook for outer London boroughs (in the 1-3 range) continues to look positive, and the trend since 2014 for these areas to out-perform their inner London neighbours (which was partly sparked by stamp duty changes) is expected to continue. PWC report that on average outer London house prices have increased 9% faster than inner boroughs over this period.
- 3.12 This is positive news for Croydon which has already been one of London's best performers in terms of house price growth over the last five years (estimated to be 68% according to CBRE Residential⁹). Increases in 2017 were slower than in previous years but still outperformed London (and the national average) at 6%. The table below shows BXB's own analysis of house price inflation in Croydon over the last two decades.



- 3.13 CBRE's *London Living 2017* analysis of the market in Croydon projects a further 19% increase to house prices in Croydon over the next 5 years. It also predicts population growth of 10% over the next decade (equating to 38,650 new residents) which would suggest a continuing uplift in demand for housing.
- 3.14 This is broadly consistent with the detailed analysis that was undertaken by BXB to create a House Price Index trend for the borough based on transacted values within Croydon over the last 20 years (see below).

⁹ CBRE, *London Living 2017 – A borough by borough review*, 08 November 2017



The trend line (orange line in the graph above) for house price movement indicates a 4.5% HPI and this trend appears both stable and consistent. Therefore, despite much larger growth over the last five years, BXB has adopted this as its conservative assumption for HPI in Croydon over the next 5 years to 2021. This is supported by the fact that the company's estimate of 6% for 2017 was accurate.

Year	2017 (actual)	2018	2019	2020	2021
Croydon HPI Forecast	6%	4.5%	4.5%	4.5%	4.5%

- 3.15 With the Construction Price Index running at 3.7% for housing as at September 2017 (see 3.8 above), and a forecast HPI of 4.5% for Croydon, BXB development activity remains fully commercially viable. Given the convergence of key indicators throughout the course of 2017, the market will continue to be monitored closely by BXB for any further narrowing in order to ensure that the forward facing commercial strategy remains fully relevant.

4. Company Structure, Board and Resourcing

- 4.1 BXB is a private company limited by shares, with a single shareholder (the London Borough of Croydon). The Company is governed by the Companies Act 2006, with the Articles of Association being adopted by Special Resolution on 4 October 2016.
- 4.2 This structure is flexible and enables a variety of approaches to deliver the aims of the company, for example:
- The ability to set up joint ventures with partner to meet the Company's aims
 - The ability of the Company, whether on its own or in a joint venture, to source funding for development
 - The ability to hold specific asset classes and generate a return to the shareholder
 - The ability to reclaim VAT on VATable services where these are provided
- 4.3 Strategic decision making for the company is undertaken by the Board of Directors (the Board). The Board consists of one Executive Director (Managing Director) and three non-Executive Directors. The Managing Director and one of the non-executive Directors are nominated by the Council. The Managing Director also acts as Chief Executive of the company.
- 4.4 The Directors are responsible for the management of the Company's business, for which purpose they may, with the exception of the matters requiring Shareholder consent and expressly reserved pursuant to Article 6 (Shareholder Reserved Matters), exercise all the powers of the Company. The Directors have a legal duty to promote the success of the company and to exercise independent judgement. This applies even if this is in conflict with other interests.
- 4.5 The Board meets approximately every six weeks in order that the Board and executive team can work closely to ensure that the aims of the Company are being met. The role of the Board includes (but is not limited to):
- testing the commercial analysis of the various development sites as set out in the financial appraisals
 - subject to satisfactory financial appraisals, acquiring the development sites in a way that maximises value (either unilaterally or in collaboration with development partners)
 - securing funding to deliver development activity
 - subject to funding, procuring and delivering development activity as efficiently as possible
 - ensuring effective engagement with the shareholder and any other stakeholder(s) as the Board deems appropriate
 - identifying further development and commercial opportunities in keeping with the aims of the company.
- 4.6 The current Board members are:
- Director 1 (Managing Director) – Colm Lacey (LB Croydon Director of Development)
 - Director 2 – Lisa Taylor (LB Croydon Director of Finance, Investment and Risk)
 - Director 3 – Jayne McGivern

- Director 4 – Jeremy Titchen

4.7 Information as to the operation and performance of the company is provided on an ongoing basis by the Board to the shareholder. This takes the form of:

- Detailed monthly highlight reports on all projects
- Annual Business Plan, presented to Scrutiny and Cabinet committees
- Annual Report
- Regular updates to cross-party members as requested

4.8 Nominated shareholder representatives also attend Board meetings in an observer capacity and are responsible for updating the council on BXB related issues via the relevant governance structures.

Resourcing structure

4.9 There are five main areas within the executive structure of the company. The company purchases services to fulfil these functions from various sources, including services purchased directly from Croydon Council at market rates.

- **Chief Executive:** ultimately responsible for the corporate strategy and operation of the company including strategic, commercial and creative direction, organisational culture, financial management, business development and the delivery of all schemes. The Chief Executive also has a role on the Board as Managing Director.
- **Development Management:** including a Head of Development and several Development Managers whose role is to provide a holistic clienting function for all development activity and to oversee the progress of all phases of development. This team commissions the architectural and technical services required to deliver development schemes.
- **Design Management:** including a Head of Design and several architects whose role it is to conduct feasibility on likely sites, specify design activity and provide design review, expertise and guidance through the development process. This team is also responsible for the day-to-day operation of Common Ground Architecture, BXB's in-house trading architectural practice.
- **Operations:** including a Head of Operations and support staff who are responsible for strategic finance, budgetary management, treasury, legal, sales and asset management.
- **Communications:** including a Head of Communications and team who are responsible for strategic communications, stakeholder engagement and consultation, marketing, public relations and media.

5. Land and Financing

- 5.1 The Company is designed to be wholly financially self-sufficient, with all costs relating to the operation of the business covered by the proceeds of development. Initial analysis work on potential sites takes the form of a desktop capacity study by the internal design and development teams, followed by more detailed site due diligence (title, planning, geotech, utilities, title etc) as necessary. This work informs a financial appraisal and the Board then decides, subject to viability and conformity with the business plan, whether to approve further more formal design and development work through the RIBA stages.
- 5.2 One of the key aims of the company is to bring forward land with the potential for development and a number of suitable sites have been identified in Croydon, the vast majority of which are in Council ownership. Sites which are suitable for development are purchased by the Company at market rates, often via an option agreement which is subject to a number of conditions including planning related clauses and overage arrangements which allows the council as landowner to fully capture any unexpected land value uplift.
- 5.3 The company also purchases land from the private sector, both strategically and speculatively, where there is a business case for doing so. Such purchases are reported to the Board for approval along with a financial appraisal which details the financial reasoning for the acquisition.
- 5.4 The full cost for each development site (including land, financing, construction and all associated fees) is appraised against revenue generating potential with the aid of specialist consultants. Each appraisal also includes an amount to cover corporate overheads and management costs (e.g. finance, company admin etc.). It is expected that over time, these central costs will be met on an ongoing basis by corporate reserves rather than debt.
- 5.5 Revenue for each scheme takes the form of sales values from private, affordable rented and shared ownership units, and rental value from any retained residential units and non-residential uses. Sales and rental values are calculated with reference to achieved sales values for similar units and an analysis of market trends in that location. In general, the margin hurdle for BXB developments is approximately 15% profit on cost for private schemes.
- 5.6 Initially, the Council provides the sole source of development finance. Repayment of any debt by BXB provides an additional revenue stream to the council as it has the ability to borrow at very competitive rates to service this lending.
- 5.7 All borrowing by BXB is site specific and subject to an individual loan agreement. The borrowing is secured against land and includes numerous pre-conditions on drawdown as well as ongoing performance measurements. These terms are reflected in the cost inputs to each site appraisal.
- 5.8 All of this information feeds into the company's financial planning process which allows it to make detailed projections as to the levels of planned expenditure and likely revenue from sales. The gap between the two, which will largely be driven by timing (given the intention to generate returns on all sites), provides an estimate of the company's financing

requirement which will need to be met in order for it to commence activity. Each element of the overall financial projection is summarised in detail below.

- 5.9 These estimates are monitored and reviewed regularly as part of a robust financial management cycle in order to provide a periodic review of actual spending on a site-by-site basis against the granular elements of the detailed financial appraisals. A change process is initiated in the event that appraisals need to be adjusted as estimates crystallize, and all key variations and exceptions are reported upwards (including a periodic Board report). All of this information is also integrated into detailed cash flow projections to give the company sufficient Treasury control.

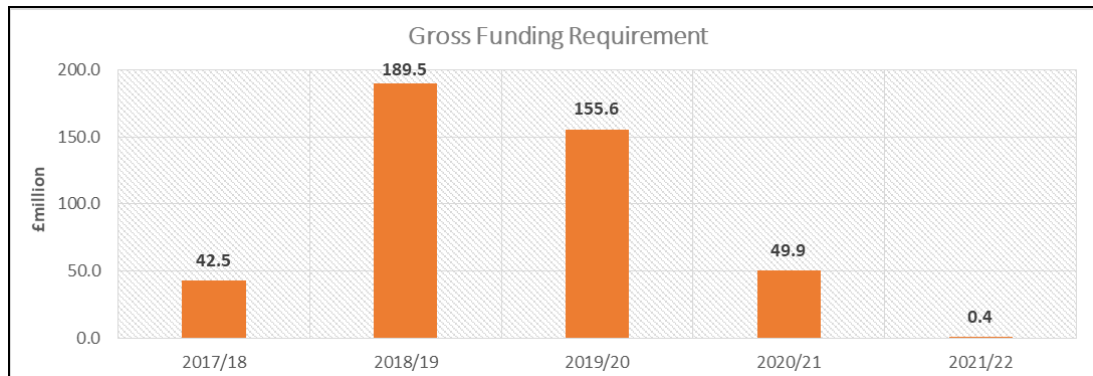
Projected Development Costs

- 5.10 BXB split its first 26 development sites from the ‘Smaller Sites Programme’ into three tranches for the purposes of planning submission. Planning permission has now been granted on all these sites and they will be progressing to construction in two phases: Phase 1 (10 sites) commencing on site at the end of 2017; Phase 2 (16 sites) commencing from February 2018.
- 5.11 Work is also progressing on site on the ‘Cultural Quarter’ scheme in central Croydon, a large, complex development site which includes the c£30m refurbishment of the Fairfield Halls building, a large new art gallery and substantial public realm works alongside residential and commercial development.
- 5.12 Substantial pre-planning activity is also underway on 3 larger sites, as well as a further 10 smaller residential sites, all of which were submitted to planning in December 2017. The full delivery of this programme of activity is currently estimated to result in gross development expenditure of £440m (based on the current financial appraisals across all sites). The total programme of activity is broken down as follows:

Activity	Planned Expenditure (£m)
Land and Construction Costs	372.65
Fees & Contingency	51.20
Planning Costs	11.58
Capitalised Interest	11.43
Sales Costs	8.02
Working Capital	4.85
Grant	(19.65)
TOTAL	440.08

- 5.13 This development activity will be delivered over the next five years. Figure 1 shows the overall expenditure profile for the company over this period based on the projections included in each site appraisal.

Figure 1 – Gross expenditure profile



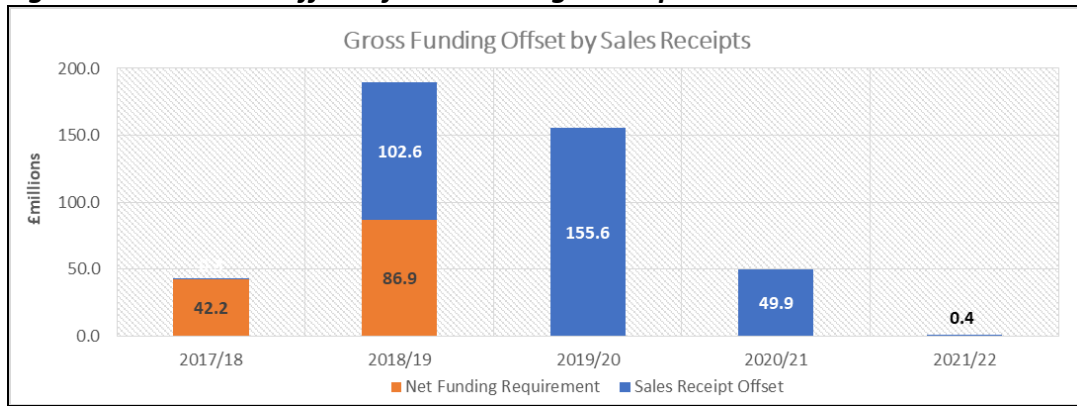
Projected Revenues

- 5.14 Each of the sites included in the programme of development has been appraised by comparing the projected cost of development against the income generating potential that the scheme will generate. Only projects that can demonstrate a sufficient level of return are taken forward.
- 5.15 The company is projecting revenue streams to be achieved from the sale of private and shared ownership units, as well as the production of affordable rent properties to Croydon Affordable Homes. Ongoing rental income will be generated from shared ownership units and rents on non-residential units, as well as ground rent on private flats. Anticipated revenues have been calculated based on market expectations and trends in each site location.
- 5.16 The current portfolio of projects is projected to deliver total receipts of £465m. This would result in a profit of £25m on the total investment detailed above. It should be noted that the expenditure projection above includes the c£30m cost of the Fairfield Halls refurbishment. A summary of projected sales is shown below.

Type of Sale	Est. Revenue (£m)
Private	316.49
Shared Ownership	92.56
Affordable Rent	47.25
Commercial	4.41
Other	4.39
TOTAL	465.09

- 5.17 BXB revenues start to generate from early 2018 when income from the affordable rent units included in the ten schemes in the first phase of construction is forecast to be drawn down. Sales will ramp up significantly from October 2018 as some of the early sites near completion and pre-sales start to conclude. Revenue from sales will be used to offset development expenditure and reduce borrowing in order to minimise the levels of debt interest accrued (as demonstrated in Figure 2).

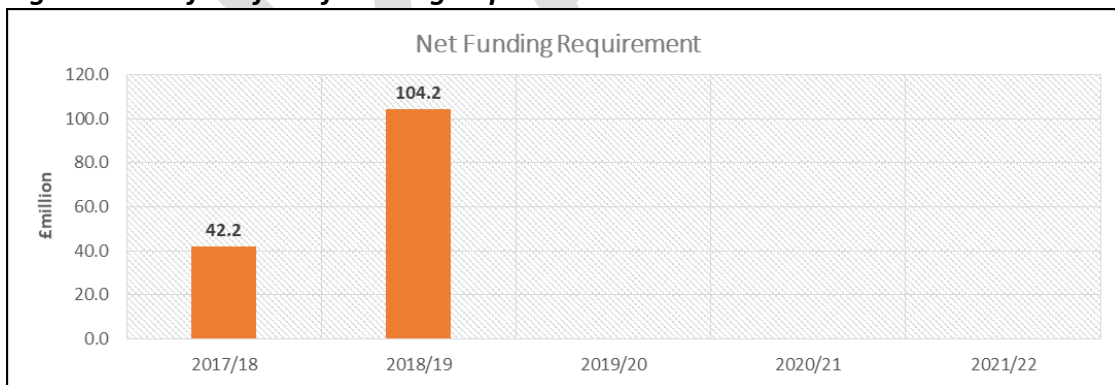
Figure 2 – Estimated offset of revenue to gross expenditure



Financing Arrangements

- 5.18 Initially, the Council will be the sole provider of development finance. Repayment of interest on this debt (and return on equity investment) by BXB will therefore generate an additional revenue stream for the Council given its ability to borrow at competitive rates to service this lending.
- 5.19 Given the expected offset of development expenditure against revenue as BXB starts to commence sales activity (see Figure 2), a total net financing requirement of £149m is currently projected for BXB. This reflects the peak funding requirement that will be hit during September 2018 (see Figure 4 also), after which sales receipts are expected to offset all expenditure and also allow debt to be run down (if required). This will be profiled over the next five years according to Figure 3 below.

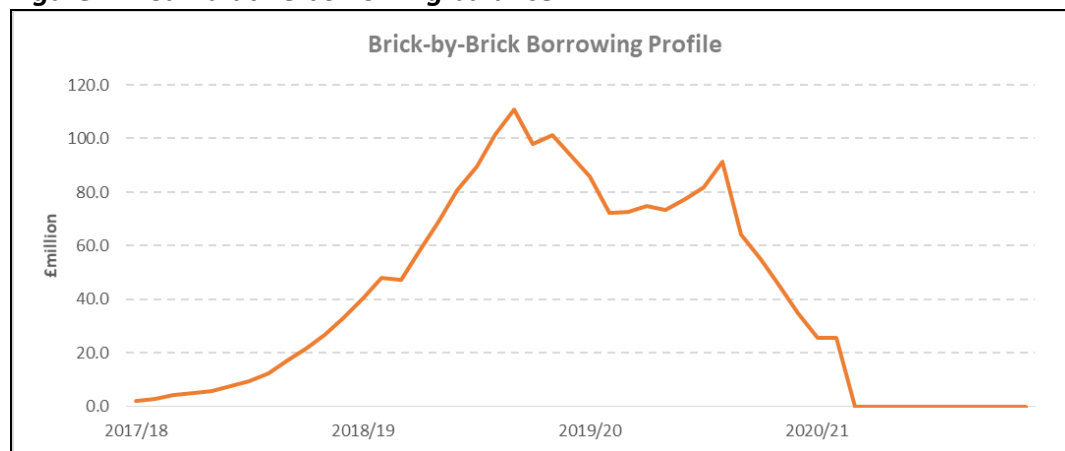
Figure 3 – Profile of net financing requirements



- 5.20 All borrowing is defined by comprehensive loan agreements for each site which ensure that financing is secured against land and is subject to stringent pre-conditions. A regular financing schedule is shared with the Council to give it sufficient notice to arrange and funds will be drawn down on a periodic basis according to these programme projections. From a BXB perspective, the profile of borrowing is optimised to provide maximum cash flow security while also minimising interest costs.
- 5.21 BXB has agreed with the Council that financing will be arranged on a 75:25 split between borrowing and equity. On this basis, BXB is projecting to borrow a total of £111m at an agreed rate. The repayment of principle will be reviewed annually, and will be largely dependent on how the company's development activity is expanding, as well as its access

to other forms of financing. The current profile of accumulated debt shown in Figure 4, and demonstrates an assumption that BXB will repay all borrowing by March 2020 (accruing interest of c£11m over this period).

Figure 4 – Cumulative borrowing balance



Operating Costs

- 5.22 The current financial projections includes an allowance in each appraisal for working capital which is intended to cover all BXB operating costs. This includes legal support, and all services purchased from the council which includes design and development management services as well as accommodation, ICT, HR support and other corporate functions.
- 5.23 A working capital provision of £4.85m is included within the current financial modelling which covers the entire existing site portfolio. The current projection for staff and services in 2017 indicates that this working capital provision will be sufficient over the five year period of development activity that is currently planned. As further projects and sites come on line, the working capital assumption will continue to be built in to ensure that operational expenditure remains commensurate to the size of the development programme being delivered by BXB.
- 5.24 In addition, there are many potential BXB sites which are at an earlier stage of design development (i.e. pre-RIBA Stage 2) and not currently included in the cashflow projections. As design work progresses on these sites these sites will be reported to the BXB Board using the standard appraisal processes and, subject to the suitability of the land for development, viability and the availability of funding, incorporated into the delivery programme.
- 5.25 It should be noted that in the future, where funding is not available from the Council, or where it better enables the delivery of schemes, BXB has the ability to seek finance from alternative sources. These could include partner finance, institutional funds, financial/bond markets and the wider banking sector. These sources of funding are particularly likely to be necessary to enable delivery some of the larger BXB schemes.

6. Development Programme

- 6.1 BXB has progressed a large number of sites in 2017/18, most notably the first three batches of the Smaller Sites Programme, 10 of which started on site in 2017, with the remainder scheduled to start in February 2018. These sites are:

Phase	Scheme	Total Units	Affordable Units	% Affordable	Estimated SOS	Estimated PC
1	Auckland Rise	57	19	33%	Dec 17	Dec 18
1	Cheriton	27	27	100%	Dec 17	Mar 19
1	Homefield House	24	0	0%	Dec 17	Mar 19
1	Kingsdown	34	6	18%	Jan 18	Jun 19
1	Malton	9	5	56%	Jan 18	Mar 19
1	Marston Way	12	0	0%	Dec 17	Dec 18
1	Northbrook	11	0	0%	Dec 17	Dec 18
1	Ravensdale	31	0	0%	Dec 17	Dec 18
1	Regina	19	19	100%	Dec 17	Jul 19
1	Tollers Lane	40	18	45%	Dec 17	Apr 19
2	Academy Gardens	9	0	0%	Jun 18	Apr 19
2	Chertsey Crescent	7	7	100%	Jun 18	Jun 19
2	Coldharbour	8	8	100%	Feb 18	Dec 18
2	Drovers	9	9	100%	Jun 18	May 19
2	Drummond Rd	28	0	0%	Jun 18	May 19
2	Eagle Hill	8	0	0%	Jun 18	Jun 19
2	Heathfield Gardens	20	0	0%	Jun 18	May 19
2	Hermitage Gardens	9	0	0%	Jun 18	Mar 19
2	King Henrys Drive	7	7	100%	Jul 18	Jul 19
2	Longheath	53	53	100%	Mar 18	Jun 19
2	Oxford Road	9	0	0%	Jun 18	Jun 19
2	Station Road	14	0	0%	Feb 18	Jun 19
2	Thornloe	10	0	0%	Feb 18	Dec 18
2	Tollgate	42	15	36%	Feb 18	Jun 19
2	Uvedale Crescent	6	6	100%	Jun 18	Jun 19
2	Warbank Crescent	36	36	100%	Jun 18	Jun 19
Totals		539	235	44%		

- 6.2 Work has also progressed on site on Phase 1 of the 'Cultural Quarter' scheme in central Croydon. This has included substantial progress on the c£30m refurbishment of the Fairfield Halls building and associated public realm works. Detailed design work has also progressed on the 218 unit residential component of Phase 1 which is due to start on site in summer 2018.

- 6.3 Substantial progress has also been made on 14 other sites, all of which were submitted to planning in December 2017. These sites are:

Scheme	Total Units	Affordable Units	% Affordable	Estimated SOS	Estimated PC
Avenue Road	12	6	50%	Jul 18	Jul 19
Belgrave and Grosvenor	102	51	50%	Sep 18	Sep 20

Coombe Road	9	0	0%	Jul 18	Jul 19
Coulsdon Community Centre and CALAT	33	16	48%	Jul 18	Oct 19
Queens Road (Ashby Walk)	9	0	0%	Jul 18	Jul 19
Queens Road (Tirrell Rd)	9	9	100%	Jul 18	Jul 19
Queens Road (Windmill Rd)	6	6	100%	Jul 18	Jul 19
Shrublands Estate Phase 1	26	26	100%	Jul 18	Jul 19
Sanderstead Road CP	14	0	0%	Jul 18	Oct 19
Wandle Road CP	128	51	40%	Aug 18	Sep 20
Warminster Road	6	0	0%	Jul 18	Oct 19
Lion Green Road	157	79	50%	Aug 18	Aug 20
Totals	511	244	48%		

- 6.4 BXB also has a substantial pipeline of sites which are at an earlier stage of delivery (i.e. pre RIBA Stage 2). Design and viability work is underway on many of these sites and as they progress through the BXB design and viability gateway process, these are reported to the BXB Board for approval. Subject to such approval, it is likely that these sites will progress to planning application from summer 2018.
- 6.5 In aggregate, this is a complex development programme with a significant level of inherent risk. The company operates a risk management strategy that addresses both corporate risk (through its governance processes) and project risk (through the appraisal of sites and design/development management approach).
- 6.6 At scheme level, a detailed risk register is in place for each site and risks are managed on a day-to-day basis within the Project Teams. A detailed project dashboard is also provided for discussion at each Board meeting which:
- a) identifies each risk the possible consequences thereof;
 - b) assesses the risk and ranks in terms of its estimated impact and immediacy; and
 - c) controls the risk by detailing the appropriate mitigation, assigning owners and defining a monitoring approach.
- 6.7 Risks are considered and discussed in detail by the Board to ensure that the commercial strategy of the company is up to date and commensurate with emerging macro-economic changes or specific project issues. For example, local and regional construction costs and land values are constantly evaluated to ensure that viability is maintained throughout the lifetime of the project, and to provide sufficient notice for an alternative commercial strategy should one be required. Any such change would then be reflected in the Business Plan for the forthcoming period.

DRAFT