



PORT OF LEITH  
HOUSING ASSOCIATION

# **NEW DEVELOPMENT PROJECT AND RISK ASSESSMENT POLICY**

**(revised 2019)**

## FULL REVIEW TRACKING

<b>Last full review date</b>	24 November 2016 (This is a new policy, however related procedures were last approved on 6 October 2011)
<b>Policy/document owner</b>	Director of Property and New Business
<b>Policy/document author(s)</b>	Wendy Farmer, Development Manager
<b>Approved level required</b>	Group Audit & Remuneration Committee
<b>Date last approved</b>	24 November 2016 (This is a new policy, however related procedures were last approved on 6 October 2011)
<b>Review cycle</b>	5 years
<b>Next review date</b>	December 2021
<b>Key stakeholders of this document</b>	Leadership Team Operational Management Team Document Owners Document Authors
<b>Methods for communicating policy content to key stakeholders</b>	Review by OMT prior to sign off Review by LT prior to sign off Communicate sign off and share document through appropriate Monthly Business Update communication on Connect (intranet)
<b>Identified training and methods of delivery</b>	Not applicable
<b>The policy has a direct link to the following PoLHA policies and procedures</b>	<ul style="list-style-type: none"> <li>• Development Policy</li> <li>• New Development Project and Risk Assessment Procedures</li> <li>• Development Project Management Framework</li> </ul>
<b>This policy complies with the requirements of these legal and/or regulatory documents</b>	N/A
<b>Equality Impact Assessment (EIA) status</b>	An Equality and Diversity Impact Assessment was carried out on this document by the Development Manager, records of which are available from the Corporate Administration Support Team.

## DOCUMENT REVISION TRACKING

Revisions are minor changes which are made between full reviews which might be needed because of new ideas or changes.

<b>Revision Date</b>	<b>Part of doc revised</b>	<b>Reason for revision</b>	<b>Approved by</b>
July 2019	References to Senior Management Team changed to Leadership Team and references to Board approval of policy changed to LT approval	Leadership Team name change and Scheme of Delegation.	DPNB
July 2019	Added 'where appropriate' to GARC approvals.	In line with Scheme of Delegation (GARC approval not always required).	DPNB
July 2019	Added section on role terminology to background/Introduction (1.2).	To make link to Project Management Methodology and avoid confusion.	DPNB
July 2019	Added reference to Project and Programme Client Group (PPCG)	In line with Project Management Methodology.	DPNB

## **1. BACKGROUND/INTRODUCTION**

- 1.1 The purpose of this document is to lay down the Association's New Development Project and Risk Assessment Policy which sets out the principles which the Association will adhere to when assessing the viability and risk of new development projects.
- 1.2 Note that the terminology used to describe the roles within this policy is based on the Association's line management structure rather than the project management framework (for example, the term 'Director of Property and New Business' is used instead of 'Programme Owner'). Please refer to the Development Project Management Framework for further explanation of these roles.

## **2. POLICY STATEMENT**

- 2.1 The Association will make an informed commitment to undertaking individual development projects, based on a robust and comprehensive mechanism for carrying out project viability and risk assessments of all new developments.
- 2.2 All new development projects will be brought to Leadership Team, acting as both Project and Programme Client Group (PPCG) and Risk Assessment Panel (RAP), for approval having been rigorously appraised by staff at key stages and at the appropriate levels of authority, using a standard set of project and risk assessment procedures. Leadership Team (acting as PPCG) will decide whether the project needs to be referred to the Group Audit & Remuneration Committee for approval. No contractual commitments will be made (with the exception of fees paid under delegated authority) prior to receiving the appropriate approval, as determined by Leadership Team/PPCG.

## **3. RESPONSIBILITIES UNDER THE POLICY**

- 3.1 Leadership Team will have responsibility for development matters as outlined in the Standing Orders, subject to the established Scheme of Delegation of Powers.
- 3.2 The Chief Executive and Director of Property and New Business will have day to day operational responsibility for the achievement of development policies, including the New Development Project and Risk Assessment Policy, supported as appropriate by other members of staff.
- 3.3 The Risk Assessment Panel (RAP), comprising members of Leadership Team (LT), will be responsible for approving individual new development project and risk assessments and for recommending referral of these to the Group Audit & Remuneration Committee where appropriate.
- 3.4 The Director of Property and New Business will be responsible for the preparation and periodic revision of the Association's development policies and procedures, including the New Development Project and Risk Assessment Policy and Procedures, and for compliance with the requirements of the funding authority.

3.5 The Director of Finance will be responsible for advising on the financial viability of all new development projects within the context of the whole Business Plan, based on a net present value (NPV) calculation using a 30 year discounted cash flow (DCF), and incorporating a number of cost assumptions agreed annually by the Board.

#### **4. POLICY FRAMEWORK**

##### **4.1 Aims and Objectives**

4.1.1. To pursue the overall aims and objectives incorporated within the Association's New Development Project and Risk Assessment policy statement as contained in Section 2 above.

4.1.2 To set out a robust and clearly defined, understood and accepted mechanism for undertaking the appraisal of proposed development projects.

4.1.3 To ensure that the financial viability of each individual project is considered within the context of annually approved financial assumptions within the Association's Business Plan and Asset Management Strategy, and that the mechanism for project and risk assessment fully complies with the Association's Treasury Management Strategy and Financial Regulations.

4.1.4 To ensure that all potential risk and benefits likely to arise from new development projects are fully considered when carrying out project and risk assessments and that measures have been, or will be, taken to identify, mitigate and manage any risk.

4.1.5 To ensure that all relevant officers across the Association are included within the project and risk assessment process, at the appropriate level of authority, prior to projects being brought for approval by Leadership Team (acting as PPCG and RAP), and that Leadership Team members (and Board Members, where appropriate) are provided with all relevant information to enable them to make a fully informed decision when approving new build developments.

4.1.6 To put in place a mechanism for advising Leadership Team (acting as PPCG) or Board (where appropriate) of any material changes to a project after it has received approval, and for carrying out post completion evaluations.

#### **5. POLICY AND PROCEDURE EFFECTIVENESS ASSESSMENT CRITERIA**

5.1 The key metric for evaluating the effectiveness of this policy will be the post completion project evaluation reporting mechanism, whereby all completed projects are evaluated on the basis of a number of indicators including quality, cost and programme compliance, resident satisfaction, and contractor and consultant performance, the results of which are reported back to Leadership Team (acting as PPCG) and to the Group Audit & Remuneration Committee where appropriate.

5.2 In addition, all new development projects are closely monitored by Property and New Business (PNB) Department staff, in terms of quality, cost and programme compliance, and are reported to Leadership Team (LT) through the PPCG on a monthly basis in the PNB progress report, project log and

management accounts.

- 5.3 In addition, progress on development projects is reported to PoLHA Board on a quarterly basis within the Property and New Business progress report and management accounts, and by exception where necessary.
- 5.4 Where projects contain properties for mid market rent these will be reported separately to the PDL Board within the PDL PNB Progress Report.
- 5.5 In the long term the success of a project will be determined by its performance against the PoLHA Home Standard.