

## Bespoke / Custom Build (BCB) Mortgages - Risk Assessment

|           | Strategic Risk | Key Risk                                | Risk Rating | Likelihood | Impact   | Mitigating Controls   |
|-----------|----------------|---|-------------|------------|----------|---|
| <b>F1</b> | Financial      | Local authority affordability           | Medium      | Possible   | Moderate | Make adequate budget provision<br>All costs incurred will be recovered, including interest<br>Indemnity on mortgage support is unfunded<br>It is recommended that the indemnity premium received from lenders is set aside to fund future potential costs |
| <b>F2</b> | Financial      | Applicants affordability                | Low         | Unlikely   | Minor    | Lenders do not relax standard lending criteria, creditworthiness and affordability limits apply. Also stringent stress testing  |
| <b>R1</b> | Reputation     | Bad publicity re use of public funds    | Low         | Unlikely   | Moderate | Generate good PR via Council's press / media team   |
| <b>R2</b> | Reputation     | Repossession                            | Low         | Unlikely   | Moderate | Good communication with lenders<br>Consideration of further support which may prevent repossession  |
| <b>P1</b> | Political      | Lack of political support               | Low         | Unlikely   | Moderate | Ensure member support from the outset.<br>Use report template and guidance notes<br>On-going member updates of progress and performance   |
| <b>P2</b> | Political      | Change of political priorities          | Low         | Possible   | Minor    | The scheme can be closed to new applicants at any time, however, existing commitments remain in place   |
| <b>O1</b> | Operational    | Increased workload for Council officers | Low         | Unlikely   | Moderate | BCB is relatively easy to implement with established partners and national templates in place. It is not anticipated that implementation will generate substantial additional work  |
| <b>O2</b> | Operational    | Lack of in house expertise              | Low         | Possible   | Minor    | As part of sign-up to BCB, clients will have access to a range of experts in this field including developers, builders, solicitors, brokers, lenders etc.   |

|            | <b>Strategic Risk</b>   | <b>Key Risk</b>  | <b>Risk Rating</b> | <b>Likelihood</b> | <b>Impact</b> | <b>Mitigating Controls</b>   |
|------------|-------------------------|--|--------------------|-------------------|---------------|--|
| <b>F01</b> | Financial / Operational | Build delays and possibly non-completion                   | Low                | Possible          | Minor         | The local authority will retain overall control from start to finish and should take appropriate steps to ensure each property is completed in a timely manner |
| <b>F02</b> | Financial / Operational | Unexpected changes and customer not being able to complete | Medium             | Possible          | Moderate      | Local authority will build to completion and sell the property in the open market  |