Option 1 – Disposal

Advantages	Disadvantages
Generates low risk early capital receipts	Control over development passes to the developer – delivery?
Limits exposure to development and sales risks associated with private sale elements	Council does not participate in development profit
No complex legal structures required	Council are de-risking elements of the scheme – difficult to ensure they receive commensurate reward
Overage is a potential tool that could be used to try and secure a portion of development uplift – but difficult	Attractive to private sector? – Patient capital / Partnership approach may be more attractive - no up front land purchase?
Majority of risk is borne by the private sector	

Option 2 – Joint Venture Enabling Partner

Advantages	Disadvantages
Potentially generates additional receipts. Same level of land receipt plus return on equity (coupon / land value uplift)	Time consuming / potentially expensive procurement process to develop partnership structure etc. (OJEU)
Risk transfer on enabling works to the JV with the private sector partner whilst retaining an element of control within an SPV	Council are not guaranteed a level of receipt
Potential to accrue enhanced returns to Council through enabling sites	Council's land is at risk – secured by the bank
Attractive to private sector? – Patient capital / Partnership approach may be more attractive - no up front land purchase?	Larger cashflow requirement up front as land / receipts are delayed
Financial risk is shared – access equity from the private sector. Thus enabling costs of infrastructure / enabling to be shared	While Council has a seat at the table there is a need for Independent governance within the vehicle – Resourcing / governance
Access to commercial / development skills that Council do not have to enable sites	Dependent on strong partnership with your partner
	Council does not participate in development profit, thus limiting returns

Options 3 & 4 – Joint Venture Partner – Investment & Development

Advantages	Disadvantages
Potentially generates additional receipts. Same level of land receipt plus return on equity (coupon & development profit)	Time consuming / potentially expensive procurement process to develop partnership structure etc.
Significant risk transfer to the private sector partner whilst retaining an element of control within an SPV	Council are not guaranteed a level of receipt to meet its Capital requirements
Enables innovative housing tenure structures / adaptability	Council's land is at risk – secured by the bank
Potential to accrue significant returns to Council over the long term – including long term revenue streams	Larger cashflow requirement up front as land / receipts are delayed
Attractive to private sector? – Patient capital / Partnership approach may be more attractive - no up front land purchase?	While Council has a seat at the table there is a need for Independent governance within the vehicle – Resourcing / governance
Financial risk is shared – access equity from the private sector. Thus enabling costs of infrastructure / enabling to be shared	Dependent on strong partnership with your partner
Access to commercial / development skills that Council do not have	Dependent on finding an appropriate development partner for the spectrum of sites on offer.
Enables a pipeline of development sites with a single partner through one procurement process	

Option 5 – Hybrid Approach – Preferred Option

Advantages	Disadvantages
Enables Council to self develop the simpler sites and share risk on more complex developments	As sole funder Council has 100% of the financial exposure on the project on self development sites
Enables Council to realise all financial benefits on simpler sites and share reward on more complex sites.	As project and programme manager Council is responsible for managing all risk on self development sites.
Using a 100% owned SPV enables ringfencing of risks, including H&S, Political and sales	Acting outside traditional LA remit – requires correct mix of skills and resources to do so.
Potentially utilising fixed price contracts and specialist development managers can help mitigate risk on self develop sites	Complex legal structuring to mitigate liability – use of subsidiary company structure
All JV Devt advantages also apply for JV sites	A commercial approach is required to drive out the profit required to cross subsidise other schemes. Commercial impact of social objectives must be understood and budgeted.
	All JV Devt disadvantages also apply for JV sites.

Option 6 – Self Development

Advantages	Disadvantages
Council has complete control over all aspects of development – quality / build / design / tenure	As sole funder Council has 100% of the financial exposure on the project
All financial benefits accrue to the Council. Increases in sales values / cost savings etc. to fund other priorities.	As project and programme manager Council is responsible for managing all risk, including financial – construction, funding. Management, sales and rental, and non financial, political, reputational, health and safety
Decisions to trade off between profit and social benefits at the behest of the Council.	Acting outside traditional LA remit – requires correct mix of skills and resources to do so. This is potentially a significant cost to the Council.
Council own and operate all affordable stock and control other stock. Council can mitigate sales risk by utilising stock for short term tenancies / temp. accom.	Council retains responsibility for the sale of units, not just marketing and final sale but also broader saleability of the scheme as a whole - design / lay out / quality.
Potentially utilising fixed price contracts and specialist development managers can help mitigate risk – challenging?	Complex legal structuring to mitigate liability – use of subsidiary company structures
Using a 100% owned SPV enables ringfencing of risks, including H&S, Political and sales	A commercial approach is required to drive out the profit required to cross subsidise other schemes. Commercial impact of social objectives must be understood and budgeted.

Option 7 – Do Nothing

Advantages	Disadvantages
The Council retains full control of its property portfolio in its existing state.	The Council doesn't have the resource to develop income from its portfolio.
	The Council doesn't generate revenue income in line with Corporate Plan requirements.