

REPORT TITLE: WINCHESTER SPORT AND LEISURE PARK

RISK REPORT

17 JULY 2017

REPORT OF PORTFOLIO HOLDER: HEALTH AND WELLBEING

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WARD(S): ALL

PURPOSE

To identify the high level project risks and associated mitigation measures for the project.

RECOMMENDATIONS:

1. That Cabinet notes the content of the risk register.

IMPLICATIONS:

1.1 Implications, except for Risk Management are set out in the update report.

1.2 RISK MANAGEMENT

1.3 The project risk register is maintained by the project manager and updated regularly by the Project Board and is set out in Appendix 1.

2 SUPPORTING INFORMATION:

High Level Risks

2.1 The purpose of this report containing the risk register is to inform Cabinet of the high level project risks and associated mitigation measures. The list of risks may grow in number for a time as the project advances, and then diminish as stages are completed and the outcome determined.

Business Case

2.2 Most of the main risks relate in one way or another to achieving sign off of a satisfactory business case to proceed with the new facility. They are greater in number and more complex than similar projects because of the requirement to ensure that there is sufficient income from the facility to ensure that it is viable before construction can commence.

2.3 Any variance or additions to the facility mix or any decision which is likely to impact on capital cost will be assessed as part the business case. Delay in confirming these details and any subsequent changes will almost certainly delay the project delivery date and increase associated project management costs.

2.4 The role of funding partners is also crucial to the project delivery and the Business Case. Agreeing the terms and conditions of their funding and a governance model for the facility with which all parties are in agreement is therefore a high priority and a key risk. The possibility of grant aid from Sport England is also being explored and again this will require certain terms and conditions to be met and this is actively being discussed as the design work progresses.

2.5 The community engagement process which has now commenced and will be continuing over the coming months through the design and planning stages is extremely important to obtain input and value to the design from residents and other key stakeholders. The impact of a new sport and leisure centre on the Council's finances, the sporting future of Winchester District and the Highcliffe community cannot be overstated and this justifies the significant use of resources now allocated to the project.

Environmental

- 2.6 Environmental considerations are explicit to several of the risks highlighted in the attached risk register. The technical surveys at Bar End and research work are being undertaken and will continue to inform the design and mitigation measures that will be required for the development. Most importantly, the ground at Bar End must be suitable for the construction of a substantial new building large enough to contain the facilities that the Sport and Leisure Centre is to offer.

Transport and Accessibility

- 2.7 There are risks around achieving technical approvals to alterations to Bar End Road and impacts on the motorway and its slip roads to achieve a suitable and safe access for cars, pedestrians and cyclists and this will need to be taken into account in relation to potential future uses of the Council's old depot site adjacent to the Garrison Ground. The engagement work undertaken during June has helped to identify potential access improvement opportunities.

OTHER OPTIONS CONSIDERED AND REJECTED

- 2.8 Not applicable to this report

BACKGROUND DOCUMENTS:-

None

Previous Committee Reports:-

CABINET (LEISURE CENTRE) COMMITTEE - 12 June 2017

CAB2910 – 20 March 2017 Bar End Sport and Leisure Park Project Update

PHD710. September 16 Leisure Centre Replacement Project Management Consultancy Support

CAB2820 – 5 July 2016 Leisure Centre Replacement Project

CAB2798 – 29 March 2016 - Leisure Centre Replacement Project

CAB2708 – 9 September 2015, Options for River Park Leisure Centre

Other Background Documents:-

None

APPENDICES: Appendix 1 Risk Register

Risk Register Key

Likelihood Rating

It is unlikely that in many cases the probability of a risk occurring can be calculated in a statistically robust fashion as we do not have the data to do so. However, as an indicator, the likelihood is defined by the following probability of a risk occurring.

Likelihood	Probability
Highly Unlikely	1% to 25% chance in 5 years
Unlikely	26% to 50% chance in 5 years
Likely	51% to 75% chance in 5 years
Highly Likely	76% to 100% chance in 5 years

Risk Proximity

The score for risk proximity supports the Council in focusing on certain risks that may occur soon and ignore risks that will not occur in the near future. This enables risk management to be more efficient. A number of between 1 and 4, where 1 means the risk is about to occur within the next 3 months and 4 means the risk is not likely to occur within the next year is provided.

Risk Proximity Score	Time scale
1	Occurring within the next 3 months
2	Occurring within the next 6 months
3	Occurring within the next 1 year
4	Unlikely to occur within 1 year

Financial Impact

The financial impact to the Council is an important consideration, however this should be viewed alongside the likelihood of the risk occurring and not assumed to be inevitable.

Financial Impact Score	Time scale
£	£1 – £20,000
££	£20,0001 - £200,000
£££	£200,001 - £2,000,000
££££	£2,000,001 plus

The scoring of the financial impact relates to the cost to the Council if that risk were to occur, however it should not relate to the cost of managing or mitigating the risk.

The financial impact is scored as highly likely it would be prudent for the Council to ensure that it has set aside an adequate financial provision.

The financial impact is scored as follows:

Risk Number	Appendix 1: Risk Register									Risk Owner: Project Executive	
	Project : Sport and Leisure Centre										
	What might go wrong?	What will happen?	Existing Controls and Measures	Current Risk Score		Risk Proximity	Financial impact	Further Actions Planned	Target Date	Residual Risk Score	
			Likelihood	Impact					Likelihood	Impact	
1	<p>Outline Business Case at gateway does not confirm that project is viable. Also risk for Updated Business Case gateway</p> <p>(“Viable” = that the annualised cost of the project to the Council, based on the preferred facility mix, is sufficiently close to the income expected to be generated from a management contract, that the project can be considered a sustainable investment).</p>	Project is halted for review of underlying assumptions. Revisions are tested and agreed. Project recommences on revised facility mix and timetable.	<p>Ensure Cabinet is fully aware of likely cost/income equation of facility mix and facility management options. Do not permit ‘project creep’ to add non-essential additional cost elements.</p> <p>Provide sufficient detail to consultancy team to permit accurate projections of cost and income.</p> <p>Continue to assess all aspects of project through business case modelling.</p> <p>Manage public expectations of project content and cost</p> <p>Highlight danger of optimism bias.</p>	Likely	Significant	2	££	Cabinet Committee will make key decisions in line with project plan. Decisions requiring approval of full Council under the Constitution will be referred accordingly. Regular reporting on progress will be made.	Oct 2017	Unlikely	Moderate

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2	External grants and partner funding does not materialise or offers withdrawn because Council cannot meet funders' requirements	Project could be rendered non-viable by increasing Council proportion of cost. Review project as in R1.	Continue negotiations with partner organisations and external funders. Maintain contacts at senior level to create alignment of expectations.	Unlikely	Significant	2	££	Translation of negotiated arrangement into formal and structured documentation.	July 2017	Unlikely	Low
3	Project and governance structure means that Council unable to recover VAT incurred on construction costs	The project cost would increase significantly and possibly become non-viable or show major overspend if HMRC refuses claims.	Obtain best available VAT advice at appropriate stages. before decision making. Reflect VAT advice in negotiations with funding partners.	Unlikely	Significant	1	££	Advice reflected in decisions taken.	Sept 2017	Unlikely	Major
4	Local residents and members of the public dissatisfied with the outcome of Urban Design Framework process	Council asked to delay project pending resolution of issues of concern. Cost increase and delivery risk.	Design team to undertake Urban Design Framework and wider engagement / district wide consultation. Wide/effective publicity of engagement events.	Unlikely	Moderate	1	££	Further engagement	June 2017	Unlikely	Low

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Likelihood				Impact	Likelihood					Impact	
5	Pricing and usage strategy necessary to create viable project is not in line with stakeholder expectations i.e. hire charges for club use, membership levels etc.	Business Case may need to be reviewed if Council wishes to alter pricing and usage strategy.	Maintain dialogue with main users. Soft market test assumptions with potential operators. Ensure Cabinet agrees pricing and usage strategy.	Likely	Moderate	2	£	Dialogue with likely user groups Soft market testing to determine external views		Unlikely	Low
6	Stakeholders dissatisfied with proposed facilities seek more consultation even after decisions are made.	Council delays decision making. Cost increase arising from either agreement to stakeholder views or time delay could jeopardise project.	Engage effectively through all stages of the design and planning process. Remain firm on delivery to time and budget.	Unlikely	Moderate	2	££	Continue consultation and engagement process	N/A	Likely	Low
7	Insufficient staff capacity available at relevant stages of the project.	If these resources are not available there could be a delay in the progress of the project	Stride Treglown and LA architects appointed to undertake engagement and design work. Mace appointed as project managers and cost consultants.	Unlikely	Major	1	££	Monthly meetings established between the Project Office and relevant	Ongoing	Unlikely	Moderate

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			Civil and structural and Building services engineering consultancies appointed. Other specialisms being appointed. Allocate sufficient staff resources by prioritising within project programme. Use other external assistance where staff resources are an issue.					teams			
8	Unexpected costs arise for keeping existing River Park Leisure Centre open	Rising financial costs to keep RPLC open and running may require difficult decisions between additional capital expenditure and facility availability	Monitor condition of existing facility carefully. Allow some contingency in broader Council budget planning if possible. Identify/approve/monitor maintenance costs.	Unlikely	Moderate-Major	3	££	Keep building condition under review. Will remain a risk until RPLC closes	N/A	Unlikely	Moderate

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Likelihood				Impact	Likelihood					Impact		
		depending on scale. Expenditure on RPLC depletes reserves										
9	Legal challenges to any aspect of process/decision making (e.g. procurement of consultants, decision to proceed, etc.).	If legal challenges are successful the project may have to be halted (depending on the decision challenged and what other options might be available). If unsuccessful - a delay in the development and additional costs to the project which may render it	Ensure any legal challenges can be defended by obtaining expert advice and evidence to guide and inform processes. Raise awareness of implications of delay.	Unlikely	Significant	3	££	Continue to obtain expert advice on processes and decision-making.	N/A	Unlikely	Major	

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			Likelihood	Impact					Likelihood	Impact	
		unviable.									
10	Planning permission is refused	Project will require revisions with cost implications. Could require reconsideration of project content.	Appoint external planning consultant. Continue to engage intensively with planning representatives and consultative bodies inc SDNP. Engage with the nominated Case Officer early in the project process. Ensure that the design principles are in accordance with the Local Plan policy.	Unlikely	Significant	3	££		April 2018	Unlikely	Low
11	Tenders for construction and/or management contractor inadequate or significantly adrift of projections rendering project non-viable	Requirement for review of facility mix and/or operating parameters. Decision as to what adjustments are feasible. Delay and	Appointment of experienced cost consultants and architects. Careful choice of tender process and form of contract.	Likely	Major	3	££	Continue careful project design with avoidance of optimism bias.	Prior to tender	Unlikely	Major

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		uncertainty.									
12	A final decision on specification or facility mix is delayed	Project delayed until decisions made.	Regular updates to Cabinet.	Unlikely	Moderate-Major	2	££	Cabinet meetings	Oct 2017	Unlikely	Low
13	Highway requirements on Bar End Road cannot be agreed	Could lead to additional land requirements and costs.	A transport assessment has been commissioned to understand the transport implications, including land requirements and likely costs. Early Section 278 discussions with HCC.	Unlikely	Moderate	1	££	Technical work with Highway Authority	June 2017	Unlikely	Moderate
14	Adverse results from technical studies	Could affect delivery if results have significant cost implications. Could affect ability to deliver certain aspirations.	Review the scope of these studies and update as required in conjunction with appointed design team. Timely information and response from design team.	Likely	Moderate	1	££	Review and update studies as required	June 2017	Unlikely	Low
15	Significant and	The project is very	Monitor economic	Unlikely	Moderate-	2	££	Maintain	On	Unlikely	Moderate

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	unforeseeable change in external financial/macro economic position	sensitive to interest rates, construction cost drivers and to over economic sentiment until contracts are let. Adverse movement in these numbers or contractor interest could affect viability.	prospects. Include substantial contingency in forecasts Secure financial certainty where possible.		Major			economic scanning	going		- Major