

REPORT TITLE: WINCHESTER SPORT AND LEISURE PARK RISK REPORT

12 JUNE 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 to provide a new leisure centre for Winchester.

RECOMMENDATIONS:

1. That Cabinet notes the content of the risk register and agrees any additional actions to be taken or risks to be added to the register.
2. That an updated risk register be reported at each meeting of this Cabinet Committee and that any risk escalation or new risks arising in the intervening period be raised with the Portfolio Holder for Health and Wellbeing.

IMPLICATIONS:

1 COUNCIL STRATEGY OUTCOME

- 1.1 The provision of a major public leisure facility in Winchester has already been identified as a priority in the interests of public health and happiness. Provision of an indoor sport and leisure facility helps to deliver this by providing accessible sport and recreation.

2 FINANCIAL IMPLICATIONS

- 2.1 There are no financial implications directly arising from this report as the budget for the immediate stages for the project was approved in July 2016 and the project management costs are currently within the agreed budget.
- 2.2 Financial aspects of the project are considered in detail a separate report elsewhere on this agenda.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 These are highlighted in the risk register attached to this report.
- 3.2 The procurement of the design team has previously been considered and approved in PHD Notice 710. Ongoing external legal advice on the procurement of the design team through a fully compliant open EU process is being provided by Blake Morgan LLP.
- 3.3 Other legal matters such as the impact on the King George V playing fields have reduced following Cabinet's decision in March to move the preferred location for the Leisure Centre to the Garrison Ground.

4 WORKFORCE IMPLICATIONS

- 4.1 None at this stage.

5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 The existing River Park Leisure Centre needs to be maintained in good order until such time as a new leisure centre can be delivered and opened. Any delays to the timetable for the delivery of a new centre may lead to increased maintenance costs. The Council's Estates team is actively monitoring the Centre and undertaking any required works in the intervening period.

6 CONSULTATION AND COMMUNICATION

- 6.1 The Bar End Forum has met formally on two occasions to engage with key residents groups, stakeholders and local members with an interest in the Bar End area. The Forum has been very useful in engaging with local views and providing important input at an early stage in the process. This Cabinet Committee will play an important role in making the formal decisions required

around the provision of a new Sport and Leisure facility at Bar End and will also give an opportunity for members of the Forum to continue to be involved.

- 6.2 The engagement programme drawn up by the design team is key to ensuring that the right people and groups are involved in the process and in seeking to mitigate relevant risks highlighted on the risk register.

7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 Environmental considerations are explicit to several of the risks highlighted in the attached risk register.
- 7.2 The technical work being undertaken at Bar End will 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 (see separate report elsewhere on this agenda providing an overall update on the project). Ecological scoping and surveys have been undertaken which highlighted some issues which need further investigation and associated mitigation but so far these are not beyond those which are to be expected for a major project.
- 7.3 Early discussions have taken place with the South Downs National Park Authority in relation to views from the National Park, which will be an important design consideration.
- 7.4 A heat mapping and energy masterplanning study of the Bar End area is nearing completion, following the Council's successful bid for a Government grant to carry out a preliminary study into the feasibility of using the sport and leisure centre as an energy hub. The results will be used to inform the next stages of design and planning including financial considerations of such proposals. Opportunities for further Government funding to support such additional work are being explored and may ultimately determine whether these can be incorporated into the Leisure Centre project.
- 7.5 The project requirement is to deliver a BREEAM Excellent sport and leisure centre. The BREEAM standard of assessment for sustainability will be utilised throughout the design process for the sport and leisure centre. The intention is to use the assessment method to test the design and to relate this to cost implications as it progresses. Energy efficiency and achieving a low carbon building are considered to be a key consideration for the project.
- 7.6 The energy hub and BREEAM aspirations do offer an opportunity to enhance the project whilst on the other hand do pose a risk in terms of potentially increasing the capital costs of the project which could impact on its deliverability. These will have to be weighed up against the potential of Government support and the whole life costs and payback period of such additions.

- 7.7 Traffic and transport considerations and associated accessibility improvements will be considered both in relation to the engagement work and ongoing technical work. This will be undertaken alongside the Winchester Transport Study and Strategy development work being lead by the County Council. 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.

8 EQUALITY IMPACT ASSESSMENT

- 8.1 Screening has not been undertaken at this stage but this will be undertaken as part of the more detailed design and engagement work which is about to begin.

9 RISK MANAGEMENT

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

11 SUPPORTING INFORMATION:

- 11.1 Other reports elsewhere on this agenda provide:
- An overall update on the project including the facility mix, and appointment of the design team
 - Financial matters
 - Project plan, timetable and key milestones
- 11.2 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.
- 11.3 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.
- 11.4 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.

- 11.5 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 facility with which all parties are in agreement is therefore a high priority and 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.
- 11.6 The community engagement process which will be undertaken by the design team over the coming months and on an ongoing basis 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 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.

OTHER OPTIONS CONSIDERED AND REJECTED

11.7 Not applicable to this report

BACKGROUND DOCUMENTS:-

None

Previous Committee Reports:-

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

PFHD Notice 710. 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 Number	Appendix 1: Risk Register										Risk Owner: Corporate Director	
	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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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 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 unviable	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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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 uncertainty.	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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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 unforeseeable change	The project is very sensitive to interest	Monitor economic prospects.	Unlikely	Moderate-Major	2	££	Maintain economic	On going	Unlikely	Moderate -

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