

Appendix 2: Key risks for current project stage

Description of Risk	Current Risk Score		Proximity	Financial Impact	Risk Control	Residual Risk Score	
	Likelihood	Impact				Likelihood	Impact
Bid for Local Enterprise Partnership (LEP) funding is unsuccessful	Unlikely	Major	2	££££	Mitigate - engage with EM3 LEP, complete LEP Business Case, supported by the project outline business case and ensure it is reviewed by the relevant officers before submission.	Highly unlikely	Moderate
Loss of £5million LEP grant if design work delayed or agreement for works cannot be reached in a timely manner on land controlled by 3 <sup>rd</sup> parties, results in not being able to meet required spending programme	Likely	Major	4	££££	Close liaison with M3 Enterprise LEP, and partner organisations who own 3 <sup>rd</sup> part land throughout the project to agree priorities for spend and mechanisms and programme for delivery.	Unlikely	Major
Some of the LEP funding may be lost if too much work on the public realm strategy is done in advance of bid being approved	Unlikely	Major	3	££-£££	Maintain communications with LEP and demonstrate in business case how works in advance will support the development of the public realm in line with the LEP requirements	Unlikely	Moderate

Description of Risk	Current Risk Score		Proximity	Financial Impact	Risk Control	Residual Risk Score	
	Likelihood	Impact				Likelihood	Impact
Need to retain Public Realm spending to within confines of red line and agree this with LEP, risk that LEP spending is allocated to 'out of scope' areas such as Upper High Street etc	Unlikely	Major	3	££-£££	Maintain communications with LEP and demonstrate in business case how works in advance will support the development of the public realm in line with the LEP requirements	Unlikely	Major
LEP application fee of £50k - this will need to be funded from OPEX budget and applied for separately as PHD or through cabinet - risk that this will not be approved - as if LEP bid is unsuccessful this fee is not redeemable.	Unlikely	Major	3	££-£££	Engage with finance early to flag this cost , will need to apply to portfolio holder or cabinet to have this cost funded from an additional revenue/opex budget	Unlikely	Major
Alignment of Public Realm works with Movement Strategy and LEP Funding deadline. There is a risk that the Movement Strategy concluding and delivering 2 way transport movement on Sussex Street will not conclude prior to PR development begins, meaning that we will need to cater for 2	Likely	Major		££-£££	Need to mitigate as much as possible by 1 - engaging with HCC on timeframe for introduction of 2 way traffic on Sussex Street and by 2 - designing 2 way bus movement on Station Hill as innovatively as possible to 'future proof' future amendments to a one way	Unlikely	Major

Description of Risk	Current Risk Score		Proximity	Financial Impact	Risk Control	Residual Risk Score	
	Likelihood	Impact				Likelihood	Impact
way bus movement on Station Hill only for that to be reversed once Sussex Street becomes two way					strategy in the future		
Network Rail and SWR engagement. Risk that Network Rail and SWR internal governance/sign-off structures may not happen within the 9 month timeframe that is needed for them to conclude prior to Planning	Likely	Major	3	££-£££	Following initial engagement - need regular meetings with NR and SWR to ensure that they are maintaining momentum and movement and aligning to our timeframes	Unlikely	Major
Local businesses seeking suitable office space lose interest due to 1. Council delay decision making 2. Change in commercial market	Likely	Major	4	£££ - ££££	Mitigate - 1. ensure political support is maintained as it is crucial that this project is moved forward in line with planned timescales to prevent delays 2. continued economic and political scanning 3. Market the site and pursue other tenants	Unlikely	Moderate

Description of Risk	Current Risk Score		Proximity	Financial Impact	Risk Control	Residual Risk Score	
	Likelihood	Impact				Likelihood	Impact
Planning Permission is refused	Highly Unlikely	Significant	4	£££	Mitigate - engage with the nominated Case Officer early in the project process. Ensure that the design principles are in accordance with the themes of Local Plan Part 2. Seek pre application advice prior to submission of the Planning Application	Highly unlikely	Major
Lack of political support Designs are rejected resulting in significant delay to development for businesses wishing to expand within Winchester or relocate here (with a corresponding impact on the local economy, and impacting on the Medium Term Financial Strategy).	Likely	Significant	2	££	Mitigate - work with Design Team during formulation of designs to ensure these reflect the themes and principles of the Brief so Cabinet Members can be comfortable to proceed with recommended design. Establish bi-monthly briefings for Ward members and rapport with relevant portfolio holders; ward Member involvement in Advisory Panel.	Unlikely	Major
Lack of resources	Unlikely	Major	1	££	Mitigate – Review project governance to ensure the appropriate expertise is brought together at the appropriate time to support the project. In regard to internal resource - at an appropriate point and where able to do so - notify those teams	Highly unlikely	Major

Description of Risk	Current Risk Score		Proximity	Financial Impact	Risk Control	Residual Risk Score	
	Likelihood	Impact				Likelihood	Impact
					within the Council who will be required to provide support to the project in advance (assign work packages).		
Local residents and members of the public feel disengaged in the project or object to aspects of the scheme, leading to dissatisfaction with the development and potential campaigns against the development which may delay matters and cause additional costs to be incurred	Likely	Moderate	2	£-££	Mitigate - Engagement and Communication Strategy in place, setting out how to engage interested parties in the design process; implement Communications Plan. Mitigate the extent of adverse publicity by working closely with the Communications team at WCC to ensure awareness of the most recent updates, any concerns for issues that arise which may cause people to raise concerns and engage with stakeholders regularly to ensure they are kept well informed about the project.	Unlikely	Moderate
Transport Assessment undertaken demonstrates work on public realm required to support development is prohibitively expensive / unacceptable	Unlikely	Moderate	3	££££	Mitigate - continue work with Hampshire County Council to explore potential schemes that could be delivered in conjunction with both authorities to improve the public realm in this area and involve other agencies and landowners including Network	Highly unlikely	Moderate

Description of Risk	Current Risk Score		Proximity	Financial Impact	Risk Control	Residual Risk Score	
	Likelihood	Impact				Likelihood	Impact
					Rail/South Western Railway, the Business Improvement District.		
Existing utilities and their infrastructure cannot support proposed development	Unlikely	Moderate	4	££-£££	Mitigate - contact all existing utility companies early in the project process to establish the capacity and establish any potential issues	Highly unlikely	Moderate
Project business case does not achieve commercial and / or financial viability	Unlikely	Significant	2	££££	Mitigate a. Ensure there is a proper discussion to establish the most appropriate business mix to deliver the expected outcomes and that this is backed up with a solid evidence base. b. Liaise with the Finance Team to ensure the financial models reflect the expected outcomes and they include the latest information that is available. c. Establish processes to promote financial due diligence, whereby any officer or councillor involved in the project receives regular updates on the input assumptions for the financial modelling and is encouraged to robustly challenge these and any subsequent outputs from the financial model as the project	Unlikely	Moderate

Description of Risk	Current Risk Score		Proximity	Financial Impact	Risk Control	Residual Risk Score	
	Likelihood	Impact				Likelihood	Impact
					progresses.		
Changes in markets(Office, Housing, Parking, Retail) mean that the scheme does not achieve a financial return	Unlikely	Major	4	££££	Mitigate - continue to review costs and values before deciding to proceed. Carry out continual economic and political scanning	Unlikely	Moderate
Costs of construction rise meaning development does not achieve the financial return required (Inflation, Managing Specifications, Currency Fluctuations, Materials Cost, Labour Costs)	Unlikely	Moderate	4	£££ - ££££	Mitigate - continue to review costs and values before deciding to proceed. Instruct a full financial and cost report prior to submitting any planning application. Ensure an element of contingency is built into the construction budget.	Unlikely	Low
Changes occur in the financial markets which result in significantly increased cost of borrowing. (This will have a greater impact depending on the degree to which the Council decide to develop the site/s themselves).	Likely	Major	4	£££	Accept the financial market risk but mitigate where possible as follows: a. Regular scanning of the financial markets is already undertaken by the Finance Team as part of their treasury management responsibilities, to facilitate early identification of any potential financing implications, and finance officers will be aware of the current options available to keep borrowing costs to a minimum. b. Ensure an element of	Likely	Moderate

Description of Risk	Current Risk Score		Proximity	Financial Impact	Risk Control	Residual Risk Score	
	Likelihood	Impact				Likelihood	Impact
					contingency is built into the construction budget. c. There is a decision gateway in the business case process where the full business case is considered by CMT and Councillors prior to any financing commitment being made.		
Design Team is appointed and fees incurred but development process is halted by the Council. Design Team's fees become unrecoverable	Unlikely	Moderate	2	££-£££	Mitigate - establish bi-monthly briefings for Ward members and rapport with relevant portfolio holders; ward Member involvement in Advisory Board.	Highly Unlikely	Moderate
Lack of interest from retailers in signing up for leases so required financial return for the Council is not met	Highly Unlikely	Low	4	££	Mitigate - undertake market testing to ensure demand and do so regularly to ensure demand continues. Regularly engage with those retailers who have expressed an interest.	Highly unlikely	Low
Design not acceptable to Highways Authority	Unlikely	Significant	2	££	Mitigate - continually engage with HCC as the designs are developed. Implement Communication Strategy which sets out proposals to engage interested parties in the design process.	Highly Unlikely	Major
Change in Council priorities for projects	Unlikely	Major	1	£££	Mitigate - continual engagement with members demonstrating the importance of the project to	Highly unlikely	Major



Description of Risk	Current Risk Score		Proximity	Financial Impact	Risk Control	Residual Risk Score	
	Likelihood	Impact				Likelihood	Impact
					ensure support.		
Changes to the programme and scope of the project incur further additional fees under the contract	Likely	Moderate	1	££	Agree programme at start of stage with Cabinet (Station Approach) Committee	Unlikely	Moderate
Design halted and Carfax site sold before planning permission secured results in reduced return on investment.	Unlikely	Major	2	£££-££££	Recommend to Members that site is taken to planning permission supported by outline business case.	Highly Unlikely	Major
A rival company may challenge the proposed contract with HCC DES	Unlikely	Major	1	£££	Advice received confirms there are mitigations in this regard. Options include issuing a press release early to begin the 30 day challenge period on the contract, or publish a VEAT notice or a contract award notice in the Official Journal followed by a standstill of 10 days before entering into the contract, setting out clearly the reasons which led the authority to consider it legitimate to award the contract without prior publication. Advice confirms risk is small and limited due to contract value.	Highly unlikely	Major
The contract could fall outside of Reg 12(7) if with HCC DES places private operators at an advantage over their	Unlikely	Moderate	1	££	This requirement, as advised by Counsel, will be managed through the contract with HCC DES and monitored to ensure no	Highly unlikely	Moderate

Description of Risk	Current Risk Score		Proximity	Financial Impact	Risk Control	Residual Risk Score	
	Likelihood	Impact				Likelihood	Impact
competitors by sub-contracting.					sub-contracting is undertaken. HCC DES has already confirmed this is not their intention.		

## Key

### **Likelihood**

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 Unlikely = 76% to 100% chance in 5 years

### **Risk Proximity**

1 = occurring within 3 months

2 = occurring within 6 months

3 = occurring within 1 year

4 = unlikely to occur within 1 year

### **Financial Impact**

£ = £1 - £20,000

££ = £20,001 - £200,000

£££ = £200,001 - £2,000,000

££££ = £2,000,001 plus