

Audit Committee 29 November 2018 – Appendix B

Station Approach – CAB3083 (SA) Appendix 4

Key Risks for Report

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:

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.

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.

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:

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

Impact Rating

The following table provides the definitions which should be used when determining whether a risk would have a Low, Moderate, Major or Significant impact

| | Low (1) | Moderate (2) | Major (3) | Significant (4) |
|----------------------------|------------------------------------|--|---|---|
| Financial | Less than £20K | £20k or over and less than £200K | £200K or over and less than £2m | £2m plus |
| Service Provision | No effect | Slightly Reduced | Service Suspended Short Term / reduced | Service Suspended Long Term Statutory duties not delivered |
| Health & Safety | Sticking Plaster / first aider | Broken bones/illness Lost time, accident or occupational ill health | Loss of Life/Major illness – Major injury incl broken limbs/hospital admittance. Major ill health | Major loss of life/Large scale major illness |
| Morale | | Some hostile relationship and minor non cooperation | Industrial action | Mass staff leaving/Unable to attract staff |
| Reputation | No media attention / minor letters | Adverse Local media Leader | Adverse National publicity | Remembered for years |
| Govt relations | One off single complaint | Poor Assessment(s) | Service taken over temporarily | Service taken over permanently |

Station Approach Key Risks for Report CAB3083(SA)

| Risk Number: 1 | | Risk Owner: Project Executive | | | | |
|---|---|--|--------------------|---------------------|----------------|------------------|
| Risk Title: Change in commercial market | | | | | | |
| Causes | Consequences | Current Controls | Current Risk Score | | Risk Proximity | Financial impact |
| | | | Likelihood | Impact | | |
| Change in commercial market (concern ahead to 2019) | Delay in project programme. Changes to the programme and scope of the project incur additional fees under the contract. Impact on the interested businesses. Impact on the local economy. Impact on the Medium Term Financial Strategy. | Mitigate 1. Maintain political support to move project forward and prevent delays. 2. Continued economic and political monitoring. | Likely | Major | 4 | £££ - ££££ |
| Further actions | | | Target date | Residual Risk Score | | |
| Market the site and pursue other tenants Market testing should also be undertaken to ensure continuing demand. | | | Q4 2018 | Likelihood | Impact | |
| | | | | Unlikely | Moderate | |

| Risk Number: 2 | | Risk Owner: Project Executive | | | | |
|---|---|---|--------------------|---------------------|----------------|------------------|
| Risk Title: Planning application decision delay | | | | | | |
| Causes | Consequences | Current Controls | Current Risk Score | | Risk Proximity | Financial impact |
| | | | Likelihood | Impact | | |
| Planning Permission is significantly delayed | Delay in project programme. Changes to the programme and scope of the project incur additional fees under the contract. Impact on the interested businesses. Impact on the local economy. Impact on the Medium Term Financial Strategy. | Mitigate 1. Engage with the nominated Case Officer early in the project process. 2. Ensure that the design principles are in accordance with the themes of Local Plan Part 2. 3. Seek pre application advice prior to submission of the Planning Application | Likely | Significant | 4 | £££ |
| Further actions | | | Target date | Residual Risk Score | | |
| Continue engagement with officers in other teams to identify areas of concern and/or opportunities to enhance a planning application. | | | Q2 2019 | Likelihood | Impact | |
| | | | | Unlikely | Major | |

| Risk Number: 2 | | | Risk Owner: Project Executive | | | |
|---|---|---|--------------------------------------|----------------------------|----------------|------------------|
| Risk Title: Planning application decision delay | | | | | | |
| Causes | Consequences | Current Controls | Current Risk Score | | Risk Proximity | Financial impact |
| | | | Likelihood | Impact | | |
| Planning Permission is significantly delayed | Delay in project programme. Changes to the programme and scope of the project incur additional fees under the contract. Impact on the interested businesses. Impact on the local economy. Impact on the Medium Term Financial Strategy. | Mitigate 1. Engage with the nominated Case Officer early in the project process. 2. Ensure that the design principles are in accordance with the themes of Local Plan Part 2. 3. Seek pre application advice prior to submission of the Planning Application | Likely | Significant | 4 | £££ |
| Further actions | | | Target date | Residual Risk Score | | |
| Continue engagement with officers in other teams to identify areas of concern and/or opportunities to enhance a planning application. | | | Q2 2019 | Likelihood | Impact | |
| Unlikely | | | Major | | | |
| Risk Number: 3 | | | Risk Owner: Project Executive | | | |
| Risk Title: Planning application decision refusal | | | | | | |
| Causes | Consequences | Current Controls | Current Risk Score | | Risk Proximity | Financial impact |
| | | | Likelihood | Impact | | |
| Planning Permission is refused | Delay in project programme. Changes to the programme and scope of the project incur additional fees under the contract. Impact on the interested businesses. Impact on the local economy. Impact on the Medium Term Financial Strategy. | Mitigate 1. Engage with the nominated Case Officer early in the project process. 2. Ensure that the design principles are in accordance with the themes of Local Plan Part 2. 3. Seek pre application advice prior to submission of the Planning Application | Highly unlikely | Significant | 4 | £££ |
| Further actions | | | Target date | Residual Risk Score | | |
| Continue engagement with officers in other teams to identify areas of concern and/or opportunities to enhance a planning application. | | | Q2 2019 | Likelihood | Impact | |
| Highly unlikely | | | Major | | | |

| Risk Number: 4 | | | Risk Owner: Project Executive | | | |
|--|---|---|--------------------------------------|----------------------------|----------------|------------------|
| Risk Title: Designs and Gateway approvals | | | | | | |
| Causes | Consequences | Current Controls | Current Risk Score | | Risk Proximity | Financial impact |
| | | | Likelihood | Impact | | |
| Designs are rejected and gateways not approved | Delay in project programme. Changes to the programme and scope of the project incur additional fees under the contract. Design Team's fees become unrecoverable. Impact on the interested businesses. Impact on the Medium Term Financial Strategy. | Mitigate 1. 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. 2. Establish bi-monthly briefings for Cabinet (SA) Committee members and keep other members informed through informal Cabinet. Involve ward member representative in Advisory Panel. | Likely | Significant | 1 | ££ |
| Further actions | | | Target date | Residual Risk Score | | |
| Agree programme at start of each stage and sign-off amendments with Project Board and Committee members. | | | Q1 2019 | Likelihood | | Impact |
| | | | | Unlikely | | Major |

| Risk Number: 5 | | | Risk Owner: Project Executive | | | |
|--|--|---|--------------------------------------|----------------------------|----------------|------------------|
| Risk Title: Demonstrating LEP Business Case for funding bid | | | | | | |
| Causes | Consequences | Current Controls | Current Risk Score | | Risk Proximity | Financial impact |
| | | | Likelihood | Impact | | |
| LEP Business Case is not fully accepted | Bid for Local Enterprise Partnership (LEP) funding is unsuccessful. Loss of potential £5M bid. Loss of opportunity to regenerate areas of public realm. Carfax scheme not enhanced by public realm works nor supported by LEP funding. | Mitigate - 1. Complete LEP Business Case, supported by the project outline business case and ensure it is reviewed by the relevant officers before submission. | Unlikely | Major | 2 | ££££ |
| Further actions | | | Target date | Residual Risk Score | | |
| | | | | Likelihood | | Impact |
| | | | | | | |

| Ensure good engagement with EM3 LEP | | | | Q3 2018 | Highly unlikely | Moderate | |
|--|--|---|--------------------------------------|--------------------|----------------------------|------------------|-------|
| Risk Number: 6 | | | Risk Owner: Project Executive | | | | |
| Risk Title: Public realm design work delays and agreements | | | | | | | |
| Causes | Consequences | Current Controls | Current Risk Score | | Risk Proximity | Financial impact | |
| | | | Likelihood | Impact | | | |
| Public realm design work delayed or agreement for works cannot be reached in a timely manner on land controlled by 3rd parties, results in not being able to meet required LEP spending programme. | Bid for Local Enterprise Partnership (LEP) funding is unsuccessful or cannot be spent by the deadline. Loss of potential £5m bid Loss of opportunity to regenerate areas of public realm. Carfax scheme not enhanced by public realm works. | Mitigate - 1. Close liaison with M3 Enterprise LEP, and partner organisations who own 3rd part land throughout the project to agree priorities for spend and mechanisms and programme for delivery. | Likely | Major | 3 | ££££ | |
| Further actions | | | | Target date | Residual Risk Score | | |
| Continue close engagement with landowners for public realm works and identify any requirements for sign-off using their processes. | | | | Q3 2018 | Unlikely | | Major |
| Risk Number: 7 | | | Risk Owner: Project Executive | | | | |
| Risk Title: Design and public expectations | | | | | | | |
| Causes | Consequences | Current Controls | Current Risk Score | | Risk Proximity | Financial impact | |
| | | | Likelihood | Impact | | | |
| Design does not meet public expectation due to limitations of viability or delivery. | 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 | Mitigate - 1. Put Engagement and Communication Strategy in place, setting out how to engage interested parties in the design process; implement Communications Plan.2. Work 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. | Likely | Moderate | 2 | £-££ | |
| Further actions | | | | Target | Residual Risk Score | | |

| | | | |
|--|-------------|-------------------|---------------|
| | date | Likelihood | Impact |
| Use Advisory Panel through design stages to provide further updates on progress of project and use feedback. | Q4 2018 | Unlikely | Low |

| Risk Number: 8 | | Risk Owner: Project Executive | | | | |
|---|--|---|--------------------|---------------------|----------------|------------------|
| Risk Title: Stakeholder approvals | | | | | | |
| Causes | Consequences | Current Controls | Current Risk Score | | Risk Proximity | Financial impact |
| | | | Likelihood | Impact | | |
| Stakeholder approvals for scheme may not be forthcoming as sought by programme. | Public realm improvements cannot be delivered as per programme. Carfax scheme not enhanced by public realm works nor supported by LEP funding. | Mitigate - 1. 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. 2. Involve other agencies, landowners including Network Rail/SW Railway, the BID. | Unlikely | Moderate | 3 | ££££ |
| Further actions | | | Target date | Residual Risk Score | | |
| Further liaison with LEP regarding how funding can be used to support the Carfax development. | | | Q4 2018 | Highly unlikely | | Moderate |
| | | | Likelihood | Impact | | |

| Risk Number: 9 | | Risk Owner: Project Executive | | | | |
|--|---|--|--------------------|-------------|----------------|------------------|
| Risk Title: Changes in markets, costs, and taxation treatment on financial return | | | | | | |
| Causes | Consequences | Current Controls | Current Risk Score | | Risk Proximity | Financial impact |
| | | | Likelihood | Impact | | |
| Changes in markets, cost of construction and/or borrowing or other financial/taxation elements mean that the scheme does not achieve a financial return. | Full project business case does not achieve commercial and / or financial viability | Mitigate 1. 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. 2. Liaise with the Finance Team to ensure the financial models and assumptions reflect the expected | Unlikely | Significant | 3 | ££££ |

| | | | | | | |
|--|--|---|----------------------------|--|---------------|--|
| | | <p>outcomes and they include the latest information that is available.</p> <p>3. Continue to review costs and values before deciding to proceed.</p> <p>4. Carry out continual economic and political monitoring.</p> <p>5. Ensure an element of contingency is built into the construction budget.</p> | | | | |
| Further actions | | Target date | Residual Risk Score | | | |
| | | | Likelihood | | Impact | |
| <p>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 progresses.</p> <p>Instruct a full financial and cost report prior to submitting any planning application.</p> | | Q4 2018 | Unlikely | | Moderate | |

| Risk Number: 10 | | Risk Owner: Project Executive | | | | |
|--|--|---|----------------------------|---------------|-----------------------|-------------------------|
| Risk Title: Highway Authority agreement | | | | | | |
| Causes | Consequences | Current Controls | Current Risk Score | | Risk Proximity | Financial impact |
| | | | Likelihood | Impact | | |
| Design not acceptable to Highways Authority, or approvals not forthcoming on account of Movement Strategy timetable, or other reasons. | Delay in project programme. Changes to the programme and scope of the project incur additional fees under the contract. Impact on the interested businesses. Impact on the local economy/Impact on the Medium Term Financial Strategy. | Mitigate 1. Continually engage with HCC as the designs are developed. 2. An Engagement and Communication Strategy sets out proposals to engage interested parties in the design process. HCC will be a key stakeholder for this. | Unlikely | Significant | 1 | ££ |
| Further actions | | Target date | Residual Risk Score | | | |
| | | | Likelihood | | Impact | |
| None at this time | | n/a | Highly Unlikely | | Major | |

| | | | | | | |
|---|--|--------------------------------------|--|--|--|--|
| Risk Number: 11 | | Risk Owner: Project Executive | | | | |
| Risk Title: Expectations of spending on public realm | | | | | | |

| Causes | Consequences | Current Controls | Current Risk Score | | Risk Proximity | Financial impact |
|---|--|---|--------------------|----------------------------|----------------|------------------|
| | | | Likelihood | Impact | | |
| Expectations of spending on public realm exceed practical requirements for LEP bid, and amount of funding available. | Public concern is raised regarding the public realm proposals. | Mitigate Retain Public Realm spending to within confines of red line and agree this with LEP 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 | 3 | ££-£££ |
| Further actions | | | Target date | Residual Risk Score | | |
| | | | | Likelihood | Impact | |
| Encourage alternative delivery mechanisms for projects in the public realm strategy that are out of scope for the LEP bid spending. | | | Q3 2018 | Unlikely | Major | |

| Risk Number: 12 | | | Risk Owner: Project Executive | | | |
|--|---|---|--------------------------------------|----------------------------|----------------|------------------|
| Risk Title: Project delivery | | | | | | |
| Causes | Consequences | Current Controls | Current Risk Score | | Risk Proximity | Financial impact |
| | | | Likelihood | Impact | | |
| Project does not result in development | Council then become liable for repayment of borrowed capitalised costs in full. | Accept - Project does not result in development and so capitalised design costs must be charged as a one-off expense to revenue. If these costs have been financed by borrowing the Council must repay the borrowing and finance the costs from revenue reserves. | Unlikely | Significant | 3 | ££££ |
| Further actions | | | Target date | Residual Risk Score | | |
| | | | | Likelihood | Impact | |
| None identified at this stage | | | n/a | unlikely | Major | |

| Risk Number: 13 | | | Risk Owner: Project Executive | | | |
|---|--------------|------------------|--------------------------------------|--------|----------------|------------------|
| Risk Title: Programme risks in relation to governance, finance, resourcing and contingency | | | | | | |
| Causes | Consequences | Current Controls | Current Risk Score | | Risk Proximity | Financial impact |
| | | | Likelihood | Impact | | |

| | | | | | | |
|---|---|--|--------------------|----------------------------|---------------|----|
| Pressure on delivery timescale to ensure securing tenants for site and retain public support. | Pressure put on project programme removes contingency from design, business case and delivery stages. Programme may require elements of overlapping RIBA stages. Work is commissioned at an agreed level of financial risk. | Mitigate Use risk register to monitor and manage risks to avoid them becoming issues. Manage all parties' expectations for delivery timescales. Identify issues with relevant parties when they occur, and flag impacts on programme. Seek advice on any governance process changes. | Likely | Major | 2 | ££ |
| Further actions | | | Target date | Residual Risk Score | | |
| None identified at this stage | | | n/a | Likelihood | Impact | |
| | | | | Likely | Moderate | |

| Risk Number: 14 | | | Risk Owner: Project Executive | | | |
|---|---|--|--------------------------------------|----------------------------|----------------|------------------|
| Risk Title: Delivery decisions | | | | | | |
| Causes | Consequences | Current Controls | Current Risk Score | | Risk Proximity | Financial impact |
| | | | Likelihood | Impact | | |
| Decision on delivery | Council takes development route which increases the risks to the Council and requires increased insurance limits and indemnities. | Mitigation - Advice from the Council's internal and external risk advisors has been obtained to set the current insurance limits. The Council has cover for public liability and employer's liability and can decide to increase this if after a risk re-assessment this is required. | Unlikely | Major | 3 | ££ |
| Further actions | | | Target date | Residual Risk Score | | |
| Whilst unlikely, if a review of the risk assessment identified a need to increase insurance limits, the Council has the option of requesting contractors to increase insurance cover. | | | Q 4 2020 | Likelihood | Impact | |
| | | | | Unlikely | Low | |