

APPENDIX 2: RISK REGISTER FOR KEY RISKS**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.

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:

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

Risk Number: 15		Risk Owner: Project Executive				
Risk Title: Change in commercial market including post Brexit						
Causes	Consequences	Current Controls	Current Risk Score		Risk Proximity	Financial impact
			Likelihood	Impact		
<p>Change in commercial market</p> <p>Potential occupiers do not sign up for pre-lets of all of office space prior to practical completion of the development.</p>	<p>Required financial return for the Council is not met</p> <p>Delay in project programme.</p> <p>Changes to the programme and scope of the project incur additional fees under the contract.</p> <p>Impact on the interested businesses.</p> <p>Impact on the local economy.</p> <p>Impact on the Medium Term Financial Strategy.</p> <p>- Office and Retail</p>	<p>Mitigate</p> <p>1. Maintain political support to move project forward and prevent delays.</p> <p>2. Continued economic and political monitoring.</p> <p>3. Mitigate - there is significant interest from prospective occupiers and the Council will seek to formalise their interest via non binding agreements. Market testing should also be undertaken to ensure continuing demand and the site will be actively marketed. An outline planning application route is also being used to stimulate further market interest.</p> <p>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.</p>	Likely	Major	2	£££ - ££££
Further actions		Target date	Residual Risk Score			
			Likelihood	Impact		
<p>Market the site and pursue other occupiers</p> <p>Market testing should also be undertaken to ensure continuing demand.</p>		Q4 2018	Unlikely	Moderate		

Risk Number: 18		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. Request delegated authority where appropriate and possible.	Likely	Significant	1	££
Further actions		Target date	Residual Risk Score			
			Likelihood	Impact		
Agree programme at start of each stage and sign-off amendments with Project Board and Committee members.		Q1 2019	Unlikely	Major		

Risk Number: 23		Risk Owner: Project Executive				
Risk Title: Changes in markets, costs (including finance and construction costs), and taxation treatment on financial return including post Brexit						
Causes	Consequences	Current Controls	Current Risk Score		Risk Proximity	Financial impact
			Likelihood	Impact		
Changes in markets, cost of construction and/or borrowing	Full project business case does not achieve commercial and / or financial viability. Affects finance, costs, and/or rents	Mitigate 1. Ensure there is a proper discussion to establish the most appropriate business mix to	Likely	Significant	2	££££

<p>(Gilt rate) or other financial/taxation elements mean that the scheme does not achieve a financial return. Changes may occur in rental income, funding rates increases or lease indexation.</p>	<p>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).</p>	<p>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 outcomes and they include the latest information that is available. 3. Continue to review costs and values before deciding to proceed. 4. Carry out continual economic and political monitoring. 5. Ensure an element of contingency is built into the construction budget.</p>				
Further actions		Target date	Residual Risk Score			
<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. Instruct a full financial and cost report prior to submitting any planning application. 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 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.</p>		<p>Q4 2018</p>	Likelihood	Impact		
			<p>Unlikely</p>	<p>Moderate</p>		

Risk Number: 26			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.	Likely	Major	2	£££
Further actions		Target date	Residual Risk Score			
None identified at this stage		n/a	Likelihood	Impact		
			likely	Major		

Risk Number: 27			Risk Owner: Project Executive			
Risk Title: Programme risks in relation to governance, resourcing and contingency						
Causes	Consequences	Current Controls	Current Risk Score		Risk Proximity	Financial impact
			Likelihood	Impact		
Pressure on delivery timescale to ensure securing occupiers 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: 52		Risk Owner: Project Executive				
Risk Title: Construction cost may require fee adjustment.						
Causes	Consequences	Current Controls	Current Risk Score		Risk Proximity	Financial impact
			Likelihood	Impact		
Design Team fees are set by the construction costs. Through the design process, fee estimates are made; these may need to be adjusted up or down when the final construction cost is set.	May need to pay additional fee to design team before construction.	Cost assessments are iterative throughout the design process and are monitored; there are strong drivers to keep costs down to ensure viability of the development.	Likely	Major	3	£££
Further actions		Target date	Residual Risk Score			
			Likelihood	Impact		
Review contingency in valuation to cover design team fees increases.		Q1 2019	Likely	Moderate		

Risk Number: 61		Risk Owner: Project Executive				
Risk Title: Network Rail governance process						
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 (Network Rail), 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 land owners (Network Rail) throughout the project to agree priorities for spend and mechanisms and programme for delivery.	Likely	Major	3	££££
Further actions		Target date	Residual Risk Score			
			Likelihood	Impact		
Continue close engagement with landowners for public realm works and identify any requirements for sign-off using their processes.		Q3 2018	Unlikely	Major		