

Appendix 2: Summary of Key Risks.

Key Risk 1: Change in commercial market and/or financial markets affect finance, costs, pace of letting and/or rents. This may cause:

- Significantly increased cost of borrowing
- Increased cost of construction
- Delay in project programme
- Impact on the interested businesses
- Uncertainty about, or inability to achieve level of rents to maintain scheme viability Impact on the local economy
- Impact on the Council's Medium Term Financial Strategy

Key Risk 2: Outline planning application decision delayed or refused, designs are rejected and gateways not approved. This may cause:

- Delay in project programme, and impact on LEP grant
- Changes to the programme and scope of the project incur additional fees under the contract
- Additional Design Team's fees for amendments/reviews
- Impact on the interested businesses
- Impact on the Medium Term Financial Strategy

Key Risk 3: Public realm design stages are rejected and gateways not approved. This may cause:

- Risks to Council's reputation
- Delay in project programme
- Changes to the programme and scope of the project incur additional fees under the contract
- Impact on interested businesses
- Impact on the Medium Term Financial Strategy

Key Risk 4: Delays to agreement to delivery route/appointment of site purchaser/. This may cause:

- Financial exposure
- Impacts on programme
- Impacts on confirmation to LEP for securing £5m grant

Key Risk 5: Project does not result in development. This may cause:

- Requirement for capital costs to be repaid through revenue budget.
- Requirement to refund any LEP grant claimed, for example if a Carfax scheme is not built

Key Risk 6: Pressure on delivery timescale to ensure securing tenants for site, LEP Grant and retain public support. This may cause:

- Pressure put on project programme removes contingency from design, business case and delivery stages
- Work is commissioned at an agreed level of financial risk

Key Risk 7: Change in Project Scope. This may cause:

- Risks to Council's reputation.
- Impact on delivery of Council Strategy outcome
- Additional budget requirement

Key Risk 8: Right of Light potential Issues identified, but of a low likelihood. This may cause:

- Delay and additional cost – but this is assessed as a minimal risk in an urban context

Key Risk 9: Network Rail governance and HCC approval or delivery process: Public realm design work delayed or agreement for works cannot be reached in a timely manner on land controlled by 3rd parties (Network Rail, HCC), results in not being able to meet required LEP spending programme. This may cause:

- Bid for Local Enterprise Partnership (LEP) funding is partially unsuccessful or cannot be spent by the deadline
- Loss of potential £5m grant
- Loss of opportunity to enhance areas of public realm
- Carfax scheme not enhanced by public realm works

Key Risk 10: EM3 LEP Agreement conditions and spend dates not achieved. This may cause:

- Council would become liable. Cost to the council through having to pay back grant that has been claimed if key outcomes are not achieved (building of Carfax scheme)
- Loss of potential £5m bid or less spend within LEP timeframes
- Loss of opportunity to enhance areas of public realm
- Carfax scheme not fully enhanced by public realm works nor supported by LEP funding
- Potential viability issue for Carfax scheme through reduction in/loss of grant

Key Risk 11: Disposal of the site via a competitive process to secure a purchaser not being conducted under the PCR (i.e. by OJEU),

- Legal challenge
- Consequent delay (even if successful in defending a challenge)