

## Appendix B - Outline Risk Assessment

The table below summarises the projects risk register and outlines the key project risks considered relevant for this report.

TYPE	DESCRIPTION	MITIGATION
Finance	GBF grant does not receive final approval.	Early engagement with SELEP and Independent Technical Advisor taking place to ensure full business case meets the required standard. Experienced external consultant appointed to prepare detailed business case.
Finance	Capital receipts from the sale of the residential units are not achieved.	Residential units are appropriately designed and to be finished for the target market. Intention is to also commence marketing of units as soon as possible to receive achieve off-plan sales. This will allow us to gauge and track market interest. In unlikely event that sales are not achieved, Council will consider issuing AST (place on market for rent) through an appropriate vehicle and delay capital receipts.
Finance	Change in interest rates resulting in a higher cost of capital	Interest rates are at an all-time low and market swap rates suggest that favourable terms can still be locked in.
Developer	SDC acting as developer is exposed to more risk than in previous capital projects where it has transferred risk by procurement via frameworks and developers.	Ensure adequate resourcing, programming, contingencies and robust project management in place.
Economic/Health	Impact of Covid-19 pandemic, (tender pricing, risk pricing, programme fixing, contractual amendments, availability of labour, availability of materials, onerous sub-contractor conditions), causes additional cost and/or delay to the programme.	Include Covid19 question in PQQ. Provide detailed tender information to assist on risk assessment and mitigation. Close monitoring of Covid-19 as the situation develops.
Construction	Capital costs exceed budget due to factors including: construction market tender disinterest, tender risk cover pricing, tender period over Christmas, covid-19 costs.	Given the accelerated procurement programme, a single stage design and build procurement route offers the best balance between cost certainty, programme certainty and quality. Works tendered on RIBA stage 4 information gives tenderers confidence the design is thorough and coordinated. Realistic client contingencies in place for

		<p>unforeseen.  Robust change control process in place.  Contract includes administration by Employers Agent.</p>
Construction	Delays in scheme approval lead to increased costs due to construction inflation.	<p>Robust information submitted to allow SDC Committees/Cabinet/Council to make timely decisions.  Project Contract sum based on programme.</p>
Construction	Problems during ground works (contamination/obstructions/soil type) exceed allowances based on RIBA stage 3 surveys, cause delay and extra costs.	<p>Detailed ground investigation survey undertaken prior to RIBA Stage 4 to inform foundation and drainage design and provide more detailed tender information.  Realistic contractor and client contingencies in place for unforeseens.  Contractor allowed £10k for asbestos removal in addition to contingency sum.</p>
Operational	An operator cannot be procured.	<p>An open tender will be held prior to the scheme achieving practical completion. Soft market testing has revealed interest in the provision of business hub services. However, if this interest does not materialise, the Council will consider using the existing business support network in Kent, and failing this, the Council may consider operating this directly through its Economic Development Team.</p>
Operational	Take-up of the business hub falls below expectation.	<p>Market research undertaken and the impacts associated with Covid-19 suggest that the business case for a business hub is robust. The service will also be on flexible terms and virtual services will also be provided. Meeting space at the venue will also be hired out to supplement income.</p>