

## Appendix E - Outline Risk Assessment

The table below summarises the projects risk register and outlines the key project risks considered relevant for this report. The risk assessment will be continually updated as the project progresses and enters the next stages of the development process.

TYPE	DESCRIPTION	MITIGATION
Finance	Correct tax and finance treatment for this complicated scheme may increase costs or not be properly taken into account.	Expert tax and financial advice being sought from consultant to assess and minimise any financial impact.
Finance	The proposed delivery structure model and the generation of income is sensitive to market conditions as well as the JV partnership with KCC and subsequent design solutions.	The Project team will consist of legal, property, cost/viability and master planning consultants who will assist with the procurement of the Strategic Development Partner to ensure the delivery structure is aligned with Council and KCC aims and objectives.
Finance	Council assets within the development site proposals generate revenue. The expected budgeted income for 2024/25 is £4.983m. These are from car parking fees and rents from leasehold tenants. The Council will need to protect itself against loss of revenue that would have a detrimental impact on its revenue budgets.	The financial model will take into account the current revenue income that the existing Council assets generate per annum. Income generating returns will be maximised wherever possible and the financial model will seek to ensure no loss of existing revenue income levels.
Finance	This is a large-scale project that could potentially place a strain on the Council's revenue and capital budgets. The Council needs to ensure that it has significant headroom and that the project does not impact with key services.	This project will need to be viewed holistically with other capital projects. Potential borrowing impact will be considered across the entire development programme and will be reviewed regularly by the Finance Team and reported to at CPB, Capital Projects Review Meeting, SMT and Cabinet. Details of the financial structure and funding mechanisms required will be evaluated throughout the project's

		development and will be accordingly reported on to SMT and Cabinet.
Procurement	Lack of response to procurement for Strategic Development Partner and Project Team Consultants.	Officers have already undertaken soft market testing of which has demonstrated a great appetite and interest for the project within the market. Appropriate frameworks will be considered and used where appropriate.
<b>TYPE</b>	<b>DESCRIPTION</b>	<b>MITIGATION</b>
Procurement	Procurement is now time sensitive and could be made more difficult and challenging due to new Public Procurement legislation which kicks in in October 2024.	Will evaluate whether procurement can commence ahead of schedule and prior to new legislation which is implemented in October 2024. The new legislation is ambiguous which exposes us to potential challenge given there is no detail and precedent with implementing the new legislation. Officers will undertake available training on the new legislation to help mitigate against potential risks and raise awareness early of any issues or procedures to undertake.
Planning	Planning consent not obtained.	Pre-planning discussions will take place with the planning and highways authority and advice incorporated in the scheme.
Developer	SDC acting as landowner and developer is exposed to more risk than in previous capital projects.	Ensure adequate resourcing, programming, contingencies and robust project management in place. Project Team will ensure procurement of suitable, well qualified Strategic Development Partner. Under LLP and Development Agreement, risk will be transferred to the Developer.

TYPE	DESCRIPTION	MITIGATION
Developer	KCC no longer wishes to be part of this Joint Venture and development and does not consent to its land being developed	Memorandum of Understanding to be put in place between both parties to set out the Principals, Aims and Objectives of collaboratively working together on this project. The Council can still pursue redevelopment of the site omitting the KCC owned Library.
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 and latest government guidance. Contingency and inflation allowance provided.
Public opposition	Residents and key stakeholders oppose the scheme.	Early community engagement is to take place with the local community and key stakeholders to seek early feedback as to what is important to them. This will allow the Council to flush out issues and incorporate/amend the initial scheme concept idea where appropriate. Consultation feedback incorporated into the tender pack/briefing documents for the procurement of the Strategic Development Partner. Continued public consultation via the design and planning process.

TYPE	DESCRIPTION	MITIGATION
Legal	Title review notes encumbrances resulting in greater difficulty in delivering the scheme.	Initial title review undertaken and no key issues noted. However, a more thorough title review is being undertaken by external legal consultants. Should encumbrances be identified the council will seek to apply the most appropriate legal remedies for the issue identified. The Council will also seek to appropriate the land for planning purposes.
Corporate Governance	Disputes between the various SPV LLP partners could arise resulting in delays.	Legal documents outlining the memorandum and articles of association will be prepared prior to procuring a development partner. This will ensure potential bidders are aware of the proposed structure and mechanisms within it to promote good governance.
Project Governance	This is a large scale project that will be resource intensive and requires strong leadership.	The recommended approach will allow the Council to augment its resources with private sector skills, resources and acumen. The proposed joint venture structure will require the SDP to provide a key project lead that will be responsible for the project's strategic and operational management. The SDP will therefore be responsible for the project's management and ensuring it is appropriately resourced and focussed on delivery.

		<p>The Council will therefore ensure that the special purpose vehicle (i.e. JV LPP) will have an appropriately composed Board.</p> <p>The Council has established its internal governance and project management arrangements to facilitate internal reporting and provide advice to the joint venture and to review proposals and outputs. A senior Project Sponsor within the Council has been appointed.</p>
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