

SPLC RISK REGISTERS

RISK REGISTER – updated February 22

Area Of Risk (Reference / Date)	Threats / Opportunities	Mitigation / Controls In Place / Actions Undertaken	Potential Further Action / Action Planned / When By Date
<p>SPLC1 Fail to gain Cabinet and/or Council approval</p> <p>Note: Cabinet and Council approval for the 'base scheme' secured Jan22.</p> <p>Outstanding Cabinet decision on: Tag Active Low carbon heat sources</p>	<ul style="list-style-type: none"> • Project fails to proceed • Reputational damage with partners and community. • Existing financial and maintenance liabilities remain unaddressed • Replacement project for Towns fund to be considered • Costs and work to date largely lost. 	<ul style="list-style-type: none"> • Mitigation. • Prepare robust business case to inform decision making at every stage. • Good Officer/Cabinet communication to fully understand risks and implications. • Allow appropriate time to undertake wider member consultation. • Obtain external professional advice to inform decision making. <p>Actions</p> <ul style="list-style-type: none"> • Business case reviewed by F&G (Cost Consultants), GT3 Architects and revenue forecasts reviewed by Strategic Leisure Ltd and compared to Sport England benchmarking data. • Frequent Portfolio Holder and Informal Cabinet updates • Wider consultation with members through Conservative Group 	<p>Arrange visits to see Tag Active for Cabinet members.</p> <p>Review low carbon options early in the design process.</p>

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					Consult/inform Audit Committee prior to full Council decision.				
SPLC1	June 21	Inherent Risk Score (Likelihood x Impact)	3x4	12	Residual Risk Score (Likelihood x Impact)	1x4	4	Risk Owner / Lead Officer	SAMT / Political Leadership
SPLC2 Fail to get approval for prospective match funding.		<ul style="list-style-type: none"> • Business case and ongoing subsidy increased through potential additional borrowing, putting project at risk. • Released the project from commitments to deliver outputs and outcomes. • Released the project from proscribed design elements, especially applicable to Sport England. 			<ul style="list-style-type: none"> • Mitigation • Timely decision making. • Good communication and relationship with funders to ‘take them along’ with us. • Awareness of strategic changes or closure of funding streams • Actions • Frequent ‘catch up’ discussions to keep them updated on progress and open communication channels with funders • SOPG submitted to Sport England outlining the case for investment. • Correspondence sent to FA and Football Foundation outlining NEDDC’s commitment to the match funding 			Following Cabinet decision: <ul style="list-style-type: none"> • EOI submission for Sport England developed (RIBA stage 3) • Business case for investment being developed for Towns Fund (March22) • Continue to work with funders on the Core Group overseeing delivery of the project. 	
SPLC2	June 21	Inherent Risk Score (Likelihood x Impact)	4x4	16	Residual Risk Score (Likelihood x Impact)	3x4	12	Risk Owner / Lead Officer	HOS

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SPLC3 Fail to get approval for prospective tenants.		<ul style="list-style-type: none"> • Business case and ongoing subsidy impacted through loss of rent however, construction costs potentially reduced. • Each tenant that doesn't co-locate reduces the 'Community hub' and moves closer to replacement leisure centre which isn't attractive to funders • Reduced overall capital cost due to the space requirement being reduced. • Reputational damage with funders and community. 			<ul style="list-style-type: none"> • Mitigation • Timely decision making. • Good communication and engagement with tenants to 'take them along' with us. <p>• Actions</p> <ul style="list-style-type: none"> • Frequent 'catch up' discussions to keep them updated on progress and open communication channels with funders • Rent proposals submitted to prospective tenants to allow them to fully consider costs and space requirement in advance of design. 			<p>Once a design has been agreed, issue HOTS in order to obtain a firm commitment.</p> <p>Work commenced on an 'agreement to lease' and lease for Sharley Park.</p> <p>District Valuer commissioned to determine 'market rent' for CRH clinic.</p>	
SPLC3	June 21	Inherent Risk Score (Likelihood x Impact)	3x4	12	Residual Risk Score (Likelihood x Impact)	2x4	8	Risk Owner / Lead Officer	HOS
SPLC4 VAT implications of partial exemption		<ul style="list-style-type: none"> • Inability to reclaim VAT due to exceeding partial exemption calculation • 20% (Approx £4m) increase in the cost of the project directly impacting on affordability and subsidy 			<ul style="list-style-type: none"> • Mitigation • Seek professional advice to obtain a definitive position and seek advice on mitigation • Reduce the scope of the project to reduce the build cost however, this must be balanced with income generation potential. <p>Action</p>			<p>Creation of a new co. to mitigate the VAT risk and deal with VAT through a lease.</p> <p>Further legal and VAT advice to be sought.</p> <p>Supporting Chelmsford in their case against HMRC. Outcome anticipated June 22.</p>	

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					<ul style="list-style-type: none"> VAT consultancy Commissioned and report received. Options report has been considered by Cabinet Further exploratory work underway regarding a special purpose vehicle 				
SPLC4	June 21	Inherent Risk Score (Likelihood x Impact)	4x4	16	Residual Risk Score (Likelihood x Impact)	3x4	12	Risk Owner / Lead Officer	S151 & HOS
SPLC5 Covid 19 (other risks the wider leisure industry)		<ul style="list-style-type: none"> Business cases are based upon 'pre-covid' leisure operation recovery. Construction delayed and inflationary increases impact on forecasts Supply chain disruption impact on cost certainty and suppliers 'pricing in' risk. 			<ul style="list-style-type: none"> Mitigation Good marketing plan operational measures to recover business/memberships prior to re-development. Close monitoring of leading leisure bodies reports, commentary and forecasts (UK Active, Sport England, etc.) Action Marketing Plan developed to best address the recovery of business to pre-covid levels. New membership launched to be more competitive in the market. 			<p>Continue implementation of Marketing Plan and monitor progress and industry trends.</p> <p>The trends in the leisure centres on both memberships and income is encouraging.</p> <p>Memberships and income February 22 indicate a return to pre-covid levels.</p>	

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SPLC5	June 21	Inherent Risk Score (Likelihood x Impact)	4x4	16	Residual Risk Score (Likelihood x Impact)	3x4	12	Risk Owner / Lead Officer	HOS
SPLC 6 OJEU scale procurement and associated challenges		<ul style="list-style-type: none"> • Long lead times to undertake OJEU compliant procurement • Abortive costs significant should costs returned be 'unaffordable' • Risk of challenge for suppliers if the process isn't followed strictly • Consultative approach to procurement in an OJEU process requires extensive professional fees for legal support, etc. 			<ul style="list-style-type: none"> • Mitigation • Seek procurement advice early in the process • Undertake a 'Procure Strategy' to determine the best route to market considering both compliance and value for money. • Utilise where possible and existing (Appropriate) framework which is already OJUE compliant. <ul style="list-style-type: none"> • Action • Procurement Strategy Complete • Preferred route to market identified (OJEU compliant) • Framework due diligence complete • Access Agreement in place for the UK Leisure Framework. 			No further action required other than maintaining appropriate records.	
SPLC 6	June 21	Inherent Risk Score (Likelihood x Impact)	4x4	16	Residual Risk Score (Likelihood x Impact)	1x4	4	Risk Owner / Lead Officer	S151 & HOS

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<p>SPLC 7 Forecast project costs used for decision making are exceeded when procurement has taken place</p>	<ul style="list-style-type: none"> • Project is unaffordable • Reputational damage with partners and funders • Existing financial and maintenance liabilities remain unaddressed • Replacement project for Towns fund to be considered • Costs and work to date largely lost. • 2021 construction market is significantly impacted by various supply chain issues and uncertain. 	<ul style="list-style-type: none"> • Mitigation • Business cases at all stages based upon up to date professional advice. • Appropriate use of contingencies, inflation and provisional sums. • Undertake appropriate surveys (Mining, archaeology, etc) early in the decision making process to 'de-risk' or understand major risks which could impact on design and cost. • Early engagement with contractors (Soft market testing) within procurement rules. • Action • Business case reviewed by F&G (Cost Consultants), GT3 Architects and revenue forecasts reviewed by Strategic Leisure Ltd and compared to Sport England benchmarking data. • A programme of survey work has been scoped, awaiting contracts • Framework identified which allows early engagement with contractors to better inform cost certainty. • Commissioned works to RIBA 2 and early contractor engagement to get a better understanding of the cost. 	<p>Continue to review and update business case at each stage of decision making.</p>

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SPLC 7	June 21	Inherent Risk Score (Likelihood x Impact)	4x4	16	Residual Risk Score (Likelihood x Impact)	2x4	8	Risk Owner / Lead Officer	HOS
SPLC 8 • Planning Risk - Fail to gain approval for the development as designed.		<ul style="list-style-type: none"> • Project becomes unviable or undeliverable • Reputational damage with partners and funders • Existing financial and maintenance liabilities remain unaddressed • Replacement project for Towns fund to be considered • Costs and work to date largely lost 			<ul style="list-style-type: none"> • Mitigation • Early engagement with Planning colleagues to informally consult on the design. • Pre-application advice required including statutory consultees to inform the design and costs. • Action • Early involvement of Head of Service – Planning and Urban Designer through the steering group 			<p>Submit documents to seek pre-application advice, once the design has progressed accordingly.</p> <p>Early engagement with planning team commenced Jan22. Graham Cooper is the palling officer.</p>	
SPLC 8	June 21	Inherent Risk Score (Likelihood x Impact)	4x4	16	Residual Risk Score (Likelihood x Impact)	2x4	8	Risk Owner / Lead Officer	HOS
SPLC9 Organisational capacity to deliver the project		<ul style="list-style-type: none"> • Not enough resource or expertise available to effectively manage the project. • Fail to deliver forecast project outcomes • Risk to programme and cost • Competing demands from other large leisure projects. 			<ul style="list-style-type: none"> • Mitigation • Prioritise internal resource accordingly • Use consultancy to add capacity and the relevant expertise. • Action • Procurement route identified offers operational leisure expertise in 			<p>Review of staffing structure to create more capacity.</p> <p>Senior Management Team reviewed and Assistant Director – Leisure created with changes to structures below to support the role.</p>	

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					addition to leisure construction expertise. <ul style="list-style-type: none"> Identified design team with the inclusion of the Employers Agent/Project Management role to manage the D&B construction project on behalf of NEDDC. 			Timescales on other projects enable delivery capacity. Keep under review.	
SPLC9	June 21	Inherent Risk Score (Likelihood x Impact)	3x4	12	Residual Risk Score (Likelihood x Impact)	2x4	8	Risk Owner / Lead Officer	SAMT/Leadership
SPLC10 Failure to achieve operational business case forecast once complete.		<ul style="list-style-type: none"> Forecast subsidy higher than forecast directly impacting on general fund. 			<ul style="list-style-type: none"> Mitigation Operational forecasts based upon 'worst case'. Use of professional advice to verify forecasts Utilise Sport England benchmark data to assist forecasting Effective planning and marketing of the new facility to maximise memberships/usage from launch. Latent demand study undertaken to ensure sufficient market to support the development. 			Continue to review operational business case throughout the decision making processes and beyond.	
SPLC10	June 21	Inherent Risk Score (Likelihood x Impact)	3x3	9	Residual Risk Score (Likelihood x Impact)	2x3	6	Risk Owner / Lead Officer	HOS

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SPLC11 Land assembly, ownership and covenants		<ul style="list-style-type: none"> Ownership issue occurs which can prevent the development, create ransoms or open the Council up to challenge. 			<ul style="list-style-type: none"> Mitigation Undertake a title review (Legal) to confirm the site boundary and any constraints on title. Action Title Report complete and nothing identified that would prevent the proposed development. Title report requested by the project manager to inform the construction contract. 			Title check will be requested by the contractor to inform the construction contract.	
SPLC11	June 21	Inherent Risk Score (Likelihood x Impact)	4x4	16	Residual Risk Score (Likelihood x Impact)	1 x 4	4	Risk Owner / Lead Officer	HOS

Impact

- 5 • Catastrophic** • Risks that can have a catastrophic impact on the operation of the Council or service, for example;
 - Death
 - Unable to function without Government or other agency intervention
 - Inability to fulfil obligations
 - Adverse national publicity – highly damaging, loss of public confidence
- 4 • Severe** • Risks which can have a severe impact on the operation of the Council or service, for example;
 - Extensive injury, major permanent harm
 - Significant impact on service objectives
 - Short to medium term impairment to service capability
 - Major adverse local publicity
- 3 • Moderate** • Risks which have a noticeable impact and degree of disruption on the services provision / impinge on the budget, for example;
 - Medical treatment required, semi-permanent harm up to 1 year
 - Short term disruption to service capability
 - Significant financial loss
 - Some adverse publicity, needs careful public relations
- 2 • Minor** • Risks where the impact and any associated losses will be minor, for example;
 - First Aid treatment, non-permanent harm up to 1 month
 - Minor impact on service objectives
 - Financial loss that can be accommodated at service level
 - Some public embarrassment, no damage to reputation
- 1 • Negligible** • Risks where the impact and any associated losses will be small, for example;
 - No obvious harm or injury
 - Negligible impact on service capability
 - Minimal financial loss
 - Unlikely to cause any adverse publicity, internal only

Risk Matrix

IMPACT	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5
		1	2	3	4	5
LIKELIHOOD						

Likelihood

- 5 • **Common** • Is expected to occur in most circumstances
 - Perhaps annually or more frequent
- 4 • **Likely** • Will probably occur in most circumstances
 - Not persistent, perhaps once in 3 years
- 3 • **Foreseeable** • Could occur in certain circumstances
 - Perhaps once in 10 years
- 2 • **Occasional** • May occur in exceptional circumstances
 - Not expected to happen, perhaps every 25 years
- 1 • **Freak event** • Is never likely to happen or no knowledge of this happening before
 - Very unlikely, perhaps once in 50 years, internal only