

LTH Development Project Risks v1.7 revised: 11.7.22 (updates in green) 20.9.22 (updates in red) 7.11.22 (updates in blue) 6.1.23 (updates in purple) 24.2.23 (updates in brown); 20/3/23 (updates in pink); 8/5/23 (updates in turquoise)

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1	6/4/22 11/7/22 20/9/22 6.1.23 24/2/23 20/3/23 8/5/23	External funding for the project (delivery phase) is not secured – major funding currently unsecured is NLHF and PWLB loan	Financial	2 3	5 5	10 15	<ul style="list-style-type: none"> - For the larger funders, specifically NLHF (being the major unsecured funder), failure to secure a grant would terminate the project in its current form, unless LTC was minded to increase its funding. Update: with LTC increasing its loan to up to £4m, to meet the increased capital costs, there is no capacity for them to offset the impact of no NLHF funding. Therefore without this the project cannot proceed. - There are no viable smaller schemes that would deliver the outcomes identified (nb Town Fund have stake in outcomes too) - PWLB loan is dependent on community support identified through consultation (ref ID 5), although a referendum would not be required, unless the precept had to be increased - PWLB has potential to be required at a time when other major capital projects require funding too (ref ID 7) - PWLB loan drawdown capped at £500k annually under the 'normal' process, so will need to apply for special consent. - Board to consider requesting contribution from SCC for Registrars' capital works 	<ul style="list-style-type: none"> - Lowestoft Town Council has agreed to underwrite a shortfall in grant funding, which will mitigate against a smaller funder declining to award. This is dependent on the PWLB funding, however. - Smaller scheme without Events Space investigated, but results in non viable operational business as well as significant drop in footfall. - PWLB has been investigated (Sep 22) by project manager. Clear that a larger loan over longer periods would be possible. No referendum required. Application relatively swift, 2 part (Secy of State for DLUCH for permission to borrow, then to PWLB itself). - PWLB loan rates currently over 4.3%, restricting amount that could be borrowed without impacting precept. - LTC agreed to support PWLB loan of up to £4m . LTC Admin in discussion with SALC and DLUCH, no obvious issues. - Advice from VAT specialists is SCC cannot contribute to capital works without impacting VAT recovery. Possible mitigation deleted. 	Project Board Project Manager <i>with</i> Finance Committee Rep on Board

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								- Both ESC and Historic England have indicated they would <u>consider</u> proposals for funding	
2	6/4/22 11/7/22 20/9/22 7/11/22 8/5/23	Capital project costs come back higher than budgeted	Financial	5 5	4 5	20 25	<ul style="list-style-type: none"> - Cost inflation in the construction industry has been higher than anticipated due to Covid —Costings were generous, so probability reduced - Elemental cost plan will be created by QS against the detailed RIBA3 designs & interpretation costs will be estimated by designers so there will be greater accuracy later in the development project - Ukraine war remains a risk factor - Any delays to the start of construction works will increase the risk of costs increasing - Cost plan returned at £1.8m over budget at RIBA1. Extensive VE exercise identified some savings, but overrun inevitable with 30% of increase down to inflation. - Design team fees also uplifted as a result of the increased capital project costs (in line with RIBA contract section 5). £25k agreed. Accounted for in next stage costs, but will affect current project. Does not directly increase overall spend, utilises 'headroom' from lower tender price than budgeted for. - Capital cost plan 3 for building now at >£6m before contingency & inflation allowances; 	<ul style="list-style-type: none"> - Option to revise designs/reduce specification and undertake value engineering. - Option to increase capital budget with funding support from Lowestoft Town Council. - Option to request higher funding from NLHF (intervention rate currently low) but would increase risk of rejection - QS to cost RIBA1 designs for early indication - Cost plan trimmed where possible. Other options for savings identified but most not taken YET. Further investigation required. Designs developing largely as is with the aim of getting PP/LB consent on full scheme, then potentially phasing/omitting. - Additional (higher) PWLB loan being considered. - Decision taken to reduce costs by £250k, by reusing pub building rather than new build. - PWLB loan increased to up to £4m; increased ask to NLHF; Historic England and ESC to be approached for support. 	Project Manager

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							major increases relate to UKPN connectivity, increased costs of M&E in general, esp air source heat pumps and MVHR systems, plus further inflation in construction market. Increase in funding only mitigation available, as costs cannot be reduced enough to meet budget.		
3	6/4/22 7/11/22	A shortage of key skills or staff	Organisational / Time	2 3	2 2	4 6	<ul style="list-style-type: none"> - Majority of team running development stage are external consultants, reporting through a project manager to the Board. - As team develops and grows, the risk of losing one member reduces (including the PM) as the tasks are established - Both PM and HPM are from same organisation, which is v small, so little likelihood of the company being able to replace them - Heritage engagement coordinator has long Covid and unable to deliver activities. Heritage Project Manager (HPM) can cover some absences, but additional support required. Cannot advertise tender/second choice from panel lives in Cornwall and can't travel regularly. 	<ul style="list-style-type: none"> - Where a key member of the team is lost, either the contracting organisation will be required to replace them or their role will be readvertised; the risk is that this causes delay/disconnect - HPM can substitute for PM in most aspects, with exception of NLHF grant reclaims, and invoice authorisation and processing; PM can substitute for HPM, and Heritage Engagement Coordinator, once on board, can also undertake some of this role. - HPM has substituted for engagement coordinator, and also brought in local worker to cover a couple of sessions. All billed at HEC hourly rates, and against HEC budget. 	Project Board
4	6/4/22 20/9/22 8/5/23	Lower level of engagement in pilot activities	Outcomes	1	3	3	<ul style="list-style-type: none"> - Risk will be mitigated by working with proven community partners who have existing, active relationships with the harder to reach target groups. 	<ul style="list-style-type: none"> - Review activity plan to identify where it can be amended to achieve greater engagement. 	Project Manager/ HPM

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		than anticipated					<ul style="list-style-type: none"> - Participants will be leading on activities and determining the final output - Evaluation consultant on board from outset, so early warning of lower engagement should be possible - Excellent response so far (252 participants within a six week period of launch) and widespread audience mix. 	<ul style="list-style-type: none"> - Review with partners/check their ongoing evaluation for issues - Will continue to seek partners to access diverse audiences - Majority of activities have exceeded expectations in numbers and level of engagement. One harder to reach group (local families) not successful; new approach with partner included in Activity Plan for delivery stage. 	
5	6/4/22 20/9/22 7/11/22	Consultation/ engagement – key stakeholders/ community not supportive	Outcomes	1 2	4 4	4 8	<ul style="list-style-type: none"> - Good communication has created widespread support. This will be continued in development stage (referring to previous consultations and consequential actions to demonstrate that public opinion is important). - Partnership agreements for pilot activities will help access community and reduce risk - Pilot activity plan in development stage aims to pull in community - Community support critical for PWLB process (ref ID1) - Increased risk that public support for the project wanes due to the pressures of the financial crisis (even without a rise in the precept). 	<ul style="list-style-type: none"> - Further consultation events required (opportunity around planning application and PWLB); opportunity during CMP stakeholder review. - Communications officer appointed to Council will also help support ongoing engagement with wider public. - Good stakeholder engagement around Conservation Management Plan and history of TH. - We need to deliver any loan servicing for PW loan at LESS than the current costs of Ham House and maintaining the Town Hall, so that the move delivers a real saving. 	Project Manager/ LTC

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6	6/4/22 11/7/22 20/9/22 20/3/23 8/5/23	Development project overruns timetable	Time	2 3 1	3 3 3	6 9 3	<ul style="list-style-type: none"> - Project has started ~3 months later than anticipated - Submission of Stage 2 bid deadline 1 month earlier than planned, so currently have 9.5 months to deliver a 13.5 month project - Design element elapsed = 10.5 months - Activity element elapsed = 12 months - Any delay is likely to increase costs (a further quarter's inflation) - A significant delay will mean worsened deterioration of the building, and consequently higher risk of increased costs (ref ID 2) - Design stream dependent on constraints determined by LPA – meeting 15/7 will clarify - RIBA1 overrun due to budget issues and VE process. Likely slippage 6 weeks to deliver RIBA2. - No timetable impact from LPA meeting and clear statement of likely conditions/additional reports required, now commissioned (archaeology, transport statement) 	<ul style="list-style-type: none"> - Commission surveys required for design team immediately - Prioritise requirements definition for design team input - Review action plan for Activity pilot, and see what could be postponed to delivery phase - Prioritise activities with longest elapsed time & greatest impact on outcomes - Defer NLHF submission to May 2023 to ensure robust application. Decision now taken to do this. - Option to defer submission to August 23, but this would not only increase delivery stage costs, but we would need additional fee budget for development stage. - On target to submit planning/LB consent on 19/5, NLHF application 25/5. 	Project Board
7	8/4/22 7/11/22 8/5/23	Council faces competing capital funding demands	Financial	3 2	4 4	12 8	<ul style="list-style-type: none"> - Capital funding will be required for several major projects over next couple of years (eg Jubilee Bridge, LTH, Marina), so could limit LTC's ability to underwrite any cost overruns on the delivery phase 	<ul style="list-style-type: none"> - PWLB loan process needs careful planning to ensure it is in place early enough for project - Continue to engage with public to maintain support for project 	LTC

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							<ul style="list-style-type: none"> - If capital demands combine to force an increase in precept, could have a negative impact on perception of the project esp at a time when households are under considerable financial pressure - No opportunity to get 'ahead of the game' re competing funding demands, as PWLB loan can't be applied for until certain that Stage 2 is going ahead. 	<ul style="list-style-type: none"> - Agreed that first payment of any PWLB loan will be deferred until into the 24/25 financial year – this can be achieved by using Towns Fund to cover cash flow (subject to signing of grant agreement). - Agreement that PWLB loan will only be taken out if no direct impact on council tax has improved situation; loan in capital plan. 	
8	8/4/22 11/7/22 8/5/23	Organisational instability for LTC from new councillors	Organisational	4 5	1 1	4 5	<ul style="list-style-type: none"> - May 2023 elections mean that new councillors could be elected, and could change make up of Project Board and supporting councillors - Several councillors have key knowledge that would be lost - Potential delays to decision making as new Board members get up to speed - Small risk of diminished or even minority support for project across Council if wholesale changes arise (but risk of wholesale changes is not high) 	<ul style="list-style-type: none"> - Training/briefing to be factored in for May should council make up change - Avoid major decisions during May (in hand) - Now a May 2023 submission to NLHF is agreed (ie a slippage from February) all documentation must be completed by end April. - Project Board temporarily suspended over election period, LTC Clerk and officers still supporting; Board members will review documentation for bid until reinstated on Board. System working well. 	Project Manager
	21/4/22 20/9/22 7/11/22 6/1/23	Building is in worse condition than expected	Financial	3 4	3 3	9 12	<ul style="list-style-type: none"> - The last condition survey was in 2019, and the building has continued to have water ingress problems since (despite attempts to deal with these). 	<ul style="list-style-type: none"> - If identified further deterioration, could take decision to deal with issue now (eg water causing dry rot in certain areas) to prevent further spread before construction work 	Project Manager

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	20/3/23 8/5/23						<ul style="list-style-type: none"> - Costs to repair the building could be higher, although QS has already made significant allowances in cost plans - Condition of building has worsened, although not currently beyond expectations. Council has undertaken specific maintenance and also opened windows and doors to increase air circulation as instructed by Architects. - Degradation arrest works contract out for quotes March/Apr 23, expected appointment due imminently. - Probable approach for delivery stage will be very early enabling works contract which will strip out remaining unnecessary elements and allow full understanding of condition. 	<ul style="list-style-type: none"> - starts (in building areas that are to be retained) - Condition survey to be commissioned in next month or so, so problem will be better understood - Agreement from August Board, and NLHF, to undertake strip out during development phase to better understand what lies behind. This will be followed by updated condition survey. - Agreement at September Board that a targeted strip out, with specific targeted condition survey, is cheaper approach but will reveal same clarity. - Agreed at LTC Finance & Gov Cttee to support £10k maintenance work to arrest degradation (and further funding potentially if necessary, subject to Full Council agreement). 	
10	10/5/22	Data protection/ confidentiality risk with small businesses or independent consultants.	Financial/ Reputational	1	4	4	<ul style="list-style-type: none"> - Data protection/ confidentiality are key issues, and are covered in the Council's standard T&Cs. These however are not suitable for independent consultants/ small businesses and are not issued. - Breaches would have reputational damage for the council. 	<ul style="list-style-type: none"> - Specific wording about the importance of data protection and confidentiality to be added to appointment letters, with the emphasis that a breach would result in likely termination of the contract. 	Town Clerk

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							- Fines could be significant, and potentially not reclaimable from individuals.		
11	24/6/22 20/9/22 7/11/22 1/23 20/3/23	Council & Registrars space requirements exceed that previously anticipated	Financial/ Outcomes	3 1	4 4	12 4	<ul style="list-style-type: none"> - Council and Registrars have v specific and extensive space requirements to be met - Impact, if this exceeds that originally proposed, is that other uses of the building may be excluded/reduced eg workspace, messy space, room availability - Current design proposal is to combine messy space with events space, which is unlikely to work/reduce opportunities for engagement or income generation. Messy space now allocated separately in RIBA1 designs. - Small risk that Council's growth exceeds existing space, but mitigated by desk sharing etc. - Decision to take café in house has increased staffing; Facility Mgmt office on 1st floor of Mariner Street side will provide hot desk capability for TH Mgmt team and Café manager. 	<ul style="list-style-type: none"> - Board discussion 21/7 - Further meeting sought with Registrars to understand their requirements more clearly – sizes of rooms look rather large for proposed occupancy. - Further meeting held with Registrars and potential solution identified using 1st floor. - Registrars now fit on 1st floor. - Council fit on 2nd floor of Compass Street building. - Potential to repurpose one meeting room in the longer term, if staff growth continues and space becomes an issue. White space in bookings of other meeting rooms would mitigate loss of space to some extent. 	Project Manager/ Design Team
12	24/6/22 20/9/22	Council/ Registrars needs are at odds with open venue welcoming	Outcomes	3	3	9	<ul style="list-style-type: none"> - Council & Registrars require security, formal reception desk at entrance, clear signposting to council services etc. This is at odds with the need for the building to be informal, open, welcoming and attractive to visitors/local people to access. 	<ul style="list-style-type: none"> - Board discussion 21/7 - RIBA1 designs resolve issue with reception area 'light touch' plus separate entrance for council/registrars when needed. 	

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		harder to reach groups							
13	20/9/22 7/11/22 6/1/23 24/2/23	Costs of consultants overrun budget	Financial	3 4 2	3 3 3	9 12 6	<ul style="list-style-type: none"> - Costs for the design team are linked to the capital project cost, so any overall increase in the construction budget >10% will result in request to increase fees, in both phases. - Delays to project, eg not submitting in May 2023, plus other work not scheduled, will increase fees for other consultants too. - Costs in capital project include 18% for design team whereas HAT Projects - Potential fee uplift in current stage of around £30k for design team. - Project manager's time running low due to increased time on procurement and value engineering. As at end October, 33% remaining to cover until end May 2023. 	<ul style="list-style-type: none"> - Board discussion October. Agreed to support increased fees for design team in development stage, offset by savings through targeted strip out and matching condition survey(s) as required. - Monitoring project management, heritage pm costs to look at when these are likely to run out. A couple of quieter months would offset the overruns during June – September. - Provision of £10k currently ringfenced in development stage budget for fee overruns from consultants (not design team) but this will be at risk if other elements currently not procured exceed budget estimates. - Design team fees increased by £25k to reflect increased capital cost at Stage 1 cost plan. Project manager's fees will run out mid-Jan 23; proposal for increased fees to cover outstanding tasks plus 3 month extension submitted to Board. Fee increases within budget. - Project manager's fees increased to extend out to end June. 	Project Manager

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14	15/12/22 8/5/23	ESC adjacent land is not used for car park	Operational, Financial	2 5	4 1	8 5	<ul style="list-style-type: none"> - The adjacent land owned by ESC is proposed to be developed as a car park, but we understand this is not currently in plan/budgeted for. - Lack of a car park would reduce the ability to attract larger bookings, and could have a significant impact on local residents. - The adjacent land owned by ESC could potentially provide some blue badge parking and is a potential solution for risk 15 re electricity sub station 	<ul style="list-style-type: none"> - Transport statement developed for planning indicates more than adequate parking in multiple adjacent sites, and therefore no impact on/from the development. - Blue badge parking to be sited on Compass Street (subject to TRO etc) which is within required distance of entrance to building, unlike land behind. - Land behind highly unlikely to become car park because of underutilised capacity in surrounding car parks. 	Project Manager
15	6/1/23 24/2/23 20/3/23 8/5/23	UKPN insists on an electricity substation onsite, requiring 5m x 5m compound at a cost of £120k	Financial	4 2 1	4 5 4	16 10 4	<ul style="list-style-type: none"> - UKPN has indicated it requires a 5m x 5m compound onsite for an electricity substation - To accommodate this, the garden and events space would be impacted, with both being reduced in scale, and a significant visual intrusion being introduced. - A smaller events space would result in decreased income (from smaller events and from fewer events because of capacity limitations). - The visual intrusion of a substation could affect wedding bookings (a key source of income) and also detract from the setting, impacting general use. 	<ul style="list-style-type: none"> - UKPN has been asked to reconsider. No info that this was required for proposed Burger King on adjacent site. - UKPN may be able to link us to more distant substation (nearest is full, hence original determination of new substation required). This will still cost a lot, but not the £120k. - Deputy Clerk has written to Chief Exec at ESC as a contingency and had positive discussions, so highly likely land could be used. . - Cost plan RIBA3 rev 2 contains £165k provision for substation. 	Design Team

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							<ul style="list-style-type: none"> - There is no room to accommodate onsite. Clerk to write to ESC Chief Exec to ask for space on their land. - UKPN are assessing use of more distant substation to connect TH, removing need for substation. To be confirmed w/c 20/3. - UKPN has quoted £134k to connect to more distant substation, however, fears that this cost may increase due to complexities (eg crossing dual carriageway) so cost of substation on adjoining land to be included in Cost Plan to cover worst case. 		
16	13/3/23 8/5/23	UXOs onsite/risk of UXOs	Financial, Operational	2 2	5 4	10 8	<ul style="list-style-type: none"> - During site investigations, the preliminary risk assessment came back as 'medium'. Archaeology work cannot progress with this unresolved. - UXO Detailed Risk Assessment commissioned to understand risk in more detail and specify mitigations. - 	<ul style="list-style-type: none"> - Detailed UXO risk assessment quotes are being sought. - Archaeology delayed until resolved. - UXO Detailed RA shows risk of some WWII UXO on site, so mitigation requires onsite presence of UXO expert during excavation works. - Mitigation support commissioned and archaeology due to start 29/5. - Additional cost added to prof fees to cover onsite support during groundworks in delivery stage. 	Project Manager

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17	13/3/23 8/5/23	Volunteers become harder to recruit affecting delivery project	Operational AFFECTS DELIVERY STAGE	2	3	6	<ul style="list-style-type: none"> - Raised as discussion point by members of Heritage Focus Group. - No immediate risk/need for volunteers. - Volunteer effort to be reduced in delivery plan, more work from consultants and staff to compensate for this. If volunteers are available, ample opportunities for them to be involved, just not reliance to enable delivery of activities. 	<ul style="list-style-type: none"> - May need to rework Activity Plan to rely less heavily on volunteers/identify new ways to recruit. - Add to Delivery Stage Risks (PM) 	Heritage PM