

LTH Development Project Risks v2.3 revised 24.4.24 (updates in orange); revised 11.3.24 (updates in blue); revised: 13.2.24 (updates in pink). revised: 11.1.24 (updates in green). Relevant Stage 1 (Development Project) risks/comments are retained in black.

ID	Date Raised/ Updated	Risk	Category	1-5 Prob	1-5 Impact	Score P x I	Discussion on cause, impact and mitigations	Response(s)	Owner
	5/1/24	PWLB loan rates restrict the amount that can be borrowed	Financial	4	4	16	<ul style="list-style-type: none"> - Loan interest rates are much higher than when funding plan was built. Commitment to electorate is that the loan will not trigger a rise in the precept, therefore there is a limit re how much can be borrowed, based on the affordability of the annual servicing cost. - The loan will be drawn down in tranches as needed (to reduce repayment costs early in the project when the council has to service the loan without benefitting from the savings that will arise from vacating Hamilton House. This means that there is greater uncertainty for the later drawdowns (interest rates could go up or down). - Current instability in the Middle East, the Ukraine war, and the fallout globally from Covid, are all contributing to higher interest rates. - Interest rates are fixed for the duration of the loan, ie 50 years, regardless of future economic changes. 	<ul style="list-style-type: none"> - The PWLB loan includes £900k of contingency over and above the current cost plan (which already includes 10% contingency on capital costs). Therefore, there is some headroom, potentially. - The nightmare scenario is that the project costs use the £900k AND interest rates are higher than currently modelled. - If this were the case, Council could resolve to use the income from the caravan park (£90kpa) to service the loan, but this could only be temporary, as that income is required to build up reserves. - An alternative is to cut project spend at the latter stages of the project, although scope will be quite limited (eg fitout). - Affordability assessment for the loan was based on interest rates at 5.9%, so we are only at risk above this level. 	Project Steering Committee & Full Council
6	5/1/24	Delivery project overruns timetable	Time/ Financial	4	4	16	<ul style="list-style-type: none"> - PTS not likely to be secured until end March (dependent on PWLB loan agreement). - Unknown is build time, this will not consolidate until tenders returned. - Degradation surveys and strip outs should have reduced some of the preliminary work and also 	<ul style="list-style-type: none"> - Decision taken to start RIBA4 and other delivery work, 'at risk'. Main driver for this is knowledge that delays to start of main construction works will result in higher costs, due to inflation (estimated at c. £80k per quarter). 	Project Steering Committee

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							<ul style="list-style-type: none"> reduce risk of 'surprises' during construction that lead to delays. - Enabling contract not feasible given the timescales, so demolitions will be in main contract. - Given project goes beyond 3Q 2025, likely to see increased professional fees, covering additional period - Quantify fees so we understand what the impact would be. 	<ul style="list-style-type: none"> - Fees agreed with design team up to end 2025 (biggest single fee area). - 	
	11/3/24	Limited number of tenders for main contract	Financial/ Quality/Time	3	5	15	<ul style="list-style-type: none"> - Market is seeing lower level of engagement from major contractors, fewer bids coming in against tender. Tendering is major effort for firms, and they are becoming fussier about what they bid for. - Given size of contract, we require firm with turnover c. £6m+ per annum, but it is still a relatively small contract. This could restrict tenders from contractors at both bottom <i>and</i> top of market. - Could potentially receive insufficient tenders to offer viable option, may need to retender (time lost, costs increase). - Could receive sufficient tenders but quality limited/may not be able to award. 	<ul style="list-style-type: none"> - PM participated in a Meet the Buyer event organised by East Suffolk Council – open event for which 85 people registered. - Proposed to hold an open day at Town Hall for contractors to see building in advance of tender and get a better understanding of what the project entails – again, open to all (but need to ensure well advertised). Open day at Town Hall well attended, with qualified experienced contractors giving every indication of interest. - Time for tender extended to six weeks, with the option to offer a further two weeks. - Key to get tender out by end May to avoid hitting holiday period (currently scheduled 17/5). 	Project Manager

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							<ul style="list-style-type: none"> - Need to 'warm up' market and provide as much advance notice as possible so estimators can be booked in. - Essential to provide a tender pack that has maximum clarity to avoid losing bidders due to perceived uncertainties etc. - Must allow sufficient time for tenders. 	- 17/5 looking a tight date, given stage of documentation at end April.	
	5/1/24	Capital project costs come back higher than budgeted	Financial	3	5	15	<ul style="list-style-type: none"> - Cost inflation in the construction industry continues. - Any delays to the start of construction works will increase the risk of costs increasing - Cost plan at RIBA3 resulted in an overall £9.2m project, so option to increase funding was taken. Raised request to NLHF was successful, plus the decision made to apply for a £4m PWLB loan (ie £900K greater than required to fund the current project costs). - ESC support also sought for the project. - Contingency of c. 10% already in project, so £900K extra funds almost doubles this. - Inflation in construction market continues to be relatively high. 	<ul style="list-style-type: none"> - PWLB loan increased to up to £4m; increased ask to NLHF. - ESC made capital grant of £900K. - Next opportunity for cost reduction will be at tender stage, once a contractor is selected, VE options then. - Design team very aware of issue with cost management a key element of all design team work. Also undertaking more surveys to identify any specific costs relating to degradation that can be designed out of the building (eg most ground floors to be solid is in plan, meaning no costs to deal with rotten joists). 	Project Manager
	5/1/24 13/2/24 11/3/24	UKPN substation is delayed	Financial/ organisational	3	5	15	<ul style="list-style-type: none"> - A UKPN substation is required for the Town Hall. The fees have been agreed in principle. Work is required to design the enclosure for the substation to mitigate the impact on the Town Hall and the street scene. 	<ul style="list-style-type: none"> - Continued discussions with ESC reps on Project Steering Committee to ensure ESC Assets team is fully aware of all issues and need for rapid decisions. Now taken. 	Project Manager and ESC reps on PSC

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	24/4/24						<ul style="list-style-type: none"> - Planning/LB consent may be required because of its location. TBD. - ESC, who own the land, have agreed to provide the necessary space. This now needs agreement with UKPN re access rights etc (legal teams either side). - A decision is required re the specific location of the substation so that designs can be done, and detailed costs agreed with UKPN/order placed. - There is a risk that ESC does not have the same urgency as the project to get this resolved. UKPN work slowly, and until the planning/design/legalities are completed, the work will not be scheduled. - There is a risk that the Town Hall could be ready to open but does not have the adequate power supply to do so... 	<ul style="list-style-type: none"> - Query issued to ESC planning re whether there is a need for consents (site is not listed and outside conservation area). ESC wish a planning app to be submitted in order to maintain transparency and give local people a say. - Decision on location now taken, but meeting re planning requirements/landscaping etc not due till 26/2. This will delay the design work and costing. - To minimise delays, steering committee could decide to place order £162k excl VAT, and this would start the legal work. At risk would be UKPN design fees and legal fees, which would be payable even if the project did not progress. The cost of this is approx.. £3.2k excl VAT. - Committee agreed at Feb meeting to order substation; Full Council ratified. Awaiting discussion with RFO re timing of this (cashflow). - UKPN order placed, and legal work beginning. Headlease to be granted for 125yrs to LTC from ESC, then LTC can sublease for 99 years to UKPN. This is viewed as best to take ESC legal out of the loop. 	

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								- Planning has agreed no application is required, and can be done under PD. UKPN, ESC and planners have all agreed enclosure design however.	
	5/1/24 24/4/24	Lack of cooperation/ coordination between LTC admin & project team	Time/Quality	3 1	5 5	15 5	<ul style="list-style-type: none"> - LTC Admin represent the Council as client throughout the project, specifying requirements, agreeing priorities etc. - The team have little experience of major projects and have a full schedule of their normal work to undertake, meaning that project work could of necessity take lower priority. - Meanwhile, Admin team must ensure that all procedures are followed correctly, and that decisions taken are done lawfully. This has potential to create conflict and/or delay. - Establishing mechanisms to ensure parties work harmoniously and ensuring all have the time to do so, is key. 	<ul style="list-style-type: none"> - Close cooperation with the project manager is essential. A regular meeting has been established (informal) between PM, deputy clerk and admin manager, to review issues, progress etc. - As project progresses, consider seconding a team member to the project (part time), ensuring their normal role is covered by others. Formalising this might assist the admin team in planning their work and would ensure that LTC's needs are fully incorporated into the building's design and operation. - Terms of Reference for the steering committee have been approved, and the admin team support meetings (agendas, minutes and recording) ensuring they run correctly. - If issues are not resolved and either party has a concern, this must be raised with the steering committee. 	Project Manager, Deputy Clerk & Steering Committee

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								<ul style="list-style-type: none"> - Regular informal update meetings held between Acting Town Clerk, Admin/Events Manager and PM, which are proving very useful. - Excellent team working and cooperation. 	
	11/3/24 24/4/24	Challenge is made against main contract tender decision	Financial/Time	2 1	5 5	10 5	<ul style="list-style-type: none"> - With a large contract such as ours, risk is increased re a legal challenge being made against the tender evaluation. - This could arise from the tender pack being misleading, or evaluation criteria being insufficiently clear. - However, it is most likely to arise from an unsuccessful bidder viewing that the evaluation of their bid was unfair (eg the panel was not experienced to evaluate aspects of their tender, or the process was run inappropriately). - Key issues for our process will be how we score the technical aspects of the bid, and how we manage the evaluation panel process. - We will also need to be very careful about the Reg 84 final tender report and how we feedback to all tenderers. 	<ul style="list-style-type: none"> - Advice is required on procurement in general, and on the specific aspects of the main contract tender for the Town Hall. - We will need to amend our evaluation panel to have expert input on certain elements of the tender. - A moderator will be required for the panel itself, with some guidance provided to evaluators in advance. All need to keep detailed notes of evidence. - We should consider recording the panel. - Council has agreed to appoint a very experienced public procurement consultant, who is now working closely with design team, QS and PM to move the tender forward. - Only design team and CDM will evaluate contracts, now agreed by steering committee. SC members will attend the moderation meeting, to be chaired by procurement consultant, and will officially 	Project Manager/ Town Clerk.

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								appoint, based on recommendations/moderated scores.	
	8/5/23 5/1/24 11/3/24	External funding for the project (delivery phase) is not secured – major funding currently unsecured is PWLB loan	Financial	2	5	10	<ul style="list-style-type: none"> - PWLB application approved end February. Risk now eliminated. - There are no viable smaller schemes that would deliver the outcomes identified - PWLB decision is not expected until Feb 24. - Without PWLB loan making up remainder of the project funding, the project cannot go ahead. The risk of not getting it is fairly low, unless DLUHC decide that affordability is questionable. 	<ul style="list-style-type: none"> - PWLB loan rates restricting amount that could be borrowed without impacting precept. - LTC agreed to support PWLB loan of up to £4m, dependent on affordability at the time (see separate risk). - Application being processed by DLUHC currently. Questions raised have been responded to. No further actions required at this stage. 	Project Steering Committee with PM
	13/3/23 8/5/23 5/1/24 24/4/24	UXOs onsite/risk of UXOs	Financial, Operational	2 2 5	5 4 2	10 8 10	<ul style="list-style-type: none"> - During site investigations, the preliminary risk assessment came back as 'medium'. Therefore, UXO Detailed Risk Assessment commissioned to understand risk in more detail and specify mitigations. - UXO mitigation will be required for all ground works during delivery stage. - Should UXOs be found, there will be delays to the project whilst they are dealt with. This will incur costs, both directly, to remove the UXO and indirectly with contractor overheads extending beyond the contracted period, potentially. 	<ul style="list-style-type: none"> - Additional cost added to prof fees to cover onsite support during groundworks in delivery stage. - The risk of UXOs remains, but we have the strategy in place to identify them. - Risk of UXOs and need for mitigation will be included in tender. - Decision formalised to omit onsite archaeology activity project. 	Project Manager

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	5/1/24 13/2/24 24/4/24	Registrars don't move into building	Financial/ Outcomes	2	5	10	<ul style="list-style-type: none"> - Registrars are anchor tenants, providing both regular footfall and income to the business. - Failure of Registrars to move in would mean that income would be lost, and the bespoke design of the rooms on the first floor would be wasted. Footfall would be significantly reduced, and weddings held in the building would be lower than projected (both resulting in reduced secondary income). 	<ul style="list-style-type: none"> - Head of Terms to be agreed early with Registrars (deputy clerk actioning); General heads of terms now drafted, only element outstanding is rent to be paid. - If Registrars did not move in, priority would be to find an alternative tenant with similar impact, or secondly review the coworking offer and consider extending it into the vacant spaces (or move the Council in). - HoT now provided to Registrars along with rental and service charge proposals. Query from Registrars on make up of service charge 	Project Steering Committee/ Deputy Clerk
	5/1/24 13/1/24	Project governance structure delays decision making and results in programme delays and contractual issues	Financial/ Time	2	5	10	<ul style="list-style-type: none"> - Lowestoft Town Council has ultimate responsibility for the programme and all decisions. The new steering committee structure is more formal than the previous project board, and there is normally a lead time before meetings (7 days) when all agendas/papers etc must be circulated. Meetings are held in public, and voting members must attend in person. The project manager and clerk may advise, but have no vote. This has the potential to restrict open discussion and dynamic decision making, with the knock on effect of delays and increase costs (particularly during construction). 	<ul style="list-style-type: none"> - Meetings can be organised as extraordinary meetings (with members in person as previously and held in public except where there are commercial issues). This will help to some extent. - To counter the loss of quality/dynamism, because of the constraints of items having to be on the agenda and meetings being held in public, working groups could tackle specific issues. - Detailed planning is required to anticipate issues as much as possible, and to ensure that the appropriate delegation has been 	Project steering committee

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							<ul style="list-style-type: none"> - Escalation to Full Council is required where a power has not been delegated to the steering committee or project manager. - If delays to decision making impact on the main contractor's ability to deliver the project on time, significant contractual issues/claims could arise. 	<ul style="list-style-type: none"> - secured in advance from Full Council to avoid any delay. - Temporary sub committees could reduce the delay between recommendation and action. Full Council delegated power to Steering Committee to set up sub-committees to progress actions within the committee's remit. This means a decision can be taken by a constituted sub-comm if needed. 	
	20/3/23 8/5/23 5/1/24 24/4/24	Building is in worse condition than expected	Financial	3 4 3 4	3 3 2 2	9 12 6 8	<ul style="list-style-type: none"> - 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. - Delays in appointing contractor for degradation works and need for second stage of works, meant insufficient time to undertake enabling works (which would have been unaffordable in cashflow terms for Council in any case, and also at risk, given timing prior to NLHF decision). 	<ul style="list-style-type: none"> - Further surveys have been done (eg brick testing, condition survey on clock etc) to clarify works required. - Ceilings on first floor that were suffering dry rot have now been stripped back. - A range of additional structural interventions has been introduced to deal with condition issues (eg brickwork below Council Chamber). This will increase costs, but these have not yet been calculated. 	Project Manager

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	5/1/24 13/2/24	Fire detection above the Council Chamber	Operational	1	5	5	<ul style="list-style-type: none"> - There is no straightforward mechanism to install fire detection in the void above the Council Chamber - The void has no installed equipment. The void only covers the Council Chamber and there is no link to the remainder of the building. - There is no access to the void, other than from the outside of the building using a large cherry picker/similar located in Mariner Street. - Aspirating systems have been considered, but these require regular maintenance and the attic must be cleaned out periodically to remove dust (which triggers false alarms). - Recommendation from the design team is that there is no detection in this location, but the client needs to accept this risk. 	<ul style="list-style-type: none"> - To be discussed at project steering committee. - Council steering committee agreed to exempt this area. - Steering committee agreed at January meeting to accept that smoke detection in the void was not viable/operationally supportable and noted this as a risk. 	
	7/11/22 5/1/24	A shortage of key skills or staff	Organisational / Time	3 2	2 2	6 4	<ul style="list-style-type: none"> - Teams now building up significantly, eg architects have 6 individuals working on project so risk is significantly reduced from previously. - Only remaining risk at this stage is project manager, but again, there is much greater distribution of knowledge than previously, so the risk is lowered. Heritage Project Manager understands how to process grant reclaims and manage finances, which is the key aspect that no other individual currently involved with project has experience of. 	<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 - 	Project Steering Committee

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							- LTC Admin team more closely involved, specifying requirements etc, so greater knowledge within the client team than previously.		
	13/3/23 8/5/23 5/1/24	Volunteers become harder to recruit	Operational	2 2	3 2	6 4	- Raised as discussion point by members of Heritage Focus Group. - Volunteer effort has been reduced in delivery stage plan along with increased Heritage Manager time (position made full time)	- If further difficulties, may need to use professionals to deliver (contingency costs in activity plan) and/or amend activities to reduce need for volunteers.	Heritage PM & Heritage Manager
	5/1/24	Lower level of engagement in activities than anticipated	Outcomes	1	4	4	- Evaluation of previous stage provided useful insight into reasons why certain groups' participation was lower than anticipated. - Overall, previous phase was very successful re engagement. - As vast majority of activities are free to access, highly unlikely that the current economic climate will have much bearing.	- Will continue to seek partners to access diverse audiences - Full time Heritage Manager (staff) to be appointed. This was originally part time, increased to full time reflecting the challenges of organising and delivering activities. This should give more time to engage, and/or build up with partners.	Project Manager/ HPM
	20/9/22 7/11/22 5/1/24	Consultation/ engagement – key stakeholders/ community not supportive	Outcomes	1 2 1	4 4 3	4 8 3	- Good communication has created widespread support. This will be continued (referring to previous consultations and consequential actions to demonstrate that public opinion is important). - Activities very successful in engaging people/gaining support on wider base.	- Consultations, including for PWLB loan, resulted in very positive feedback and at least 76% of electorate supporting the project and the loan. - Ongoing communication required, greater transparency on progress.	Project Manager/ LTC

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							<ul style="list-style-type: none"> - Community support critical for PWLB process (ref ID1) - Support for the project could wane if it takes too long to deliver (looks like Jan 26 v 'summer 25' message to public earlier in project). Likely to be temporary only (ie once open, support should revive). 	<ul style="list-style-type: none"> - Plans in place to create signage at TH site detailing project progress. - Social media increased, will need to be maintained throughout project (without engaging in detailed debate with disenfranchised individuals). 	
	5/1/24	Project steering committee does not endorse recommendation(s) of tender evaluation panel	Financial/ Time	1	4	4	<ul style="list-style-type: none"> - As steering committee members would not have read the detailed bids, the circumstances under which it might arise are difficult to envisage. - However, if the steering committee were minded not to accept the panel's decision, it is hard to see how the issue would be resolved. 	<ul style="list-style-type: none"> - Full Council could empower to the steering committee to establish tender evaluations as sub-committees as/when required, with the authority to appoint at the end of the evaluation process, rather than to recommend to steering committee. - Safeguards would have to be built into the ToRs to ensure they were quorate, and that Councillors are not outnumbered by other voting members of the panel. 	Steering committee