

The Charter Regeneration Project

Risk and Opportunities Assessment:

Ref.	Risk Type	Description of Risk	Likelihood	Impact	Risk Score	Mitigation	Lead Party
1	Political	Members are not supportive of the project Project delayed due to failure to obtain approval through council decision-making process	Low	Critical	8 (Medium Risk)	<p>A proposal will only be presented to members once it has been fully considered and all due diligence has been undertaken and if supported by officers.</p> <p>External consultants with the relevant expertise have been appointed to undertake due diligence and advise the Council.</p> <p>Reports to be taken through Members at the most appropriate time to ensure they have all information to enable a fully informed decision.</p>	GBC
2	Economic	General economic conditions (Brexit, recession, boom)	High	Serious	12 (High Risk)	<p>Establish initial and ongoing modelling, supported by prudent assumptions and complemented by treasury management and external advice.</p> <p>Ultimately there is little that the company / shareholder can do to control this risk.</p>	Rosherville Limited

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3	Economic	Saturation of the local market in terms of nearby residential developments coming available at the same time.	Medium	Significant	6 (Medium Risk)	Consultants will undertake an independent appraisal of the market and other developments in the area. Ultimately, there is little that the company/Reef Estates can do to control this risk particularly if other schemes come forward after contracts have been signed on this project.	Reef Estates
4	Legislative	Uncertainties surrounding Brexit impacting on the project, including potential delays resulting from changes to legislation.	High	Significant	8 (Medium Risk)	Seek advice from the external consultants on the impact, in general terms, of Brexit on the residential sector. Potential for legislative changes may impact on changes to contracts etc. however once the contracts have been signed Rosherville / the Council are tied in to the project.	Rosherville Limited This risk will continue to be monitored throughout the project due to its fluidity at this stage.
5	Legislative	Changes to the rules/ regulations affecting the way in which local authorities are able to borrow monies to fund projects.	Low	Significant	4 (Low Risk)	External consultants have been, and will continue to monitor guidance from the government to ensure the council does not fall foul of any government regulations.	GBC
6	Legislative	Project is delayed due to a change in government regulations etc.	Medium	Significant	9 (Medium Risk)	Inclusion of a protective clause within the legal documents, seeking external advice.	Rosherville Limited

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7	Legislative	Potential for legislative changes around the Private Sector Rental market	Medium	Significant	9 (Medium Risk)	<p>Ensure regular monitoring of updates from Central Government (horizon-scanning).</p> <p>Appointment of external consultants will assist as a number of them are policy advisors to the government and can advise the Council accordingly.</p> <p>Ultimately could sell individual flats or let them at affordable rents.</p>	GBC
8	Customer	The mix and/or design of accommodation and parking proposed for the site does not meet need, resulting in a lack of demand.	Low	Significant	4 (Low Risk)	<p>The developers have undertaken needs analysis and have submitted the planning application based on this knowledge. In respect of parking the pricing mechanism adopted can be used to manage demand. Equally the lockdown has demonstrated that many people can work successfully from home which in time may reduce demand for parking in town centre.</p>	Reef Estates
OPERATIONAL RISKS							
9	Professional	Change in Key Staff: Gravesham Borough Council – staff change or are brought into the project with insufficient skills/ knowledge which may lead to errors (employed by the company through SLAs)	Medium	Significant	6 (Medium Risk)	<p>Project group involved to ensure skills can be shared. External project support is in place to mitigate this risk which will need to continue once the contract is signed.</p>	GBC

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10	Professional	Change in Key Staff: Reef Estates	Medium	Significant	6 (Medium Risk)	Whilst GBC do not have any 'control' over this risk, it is to be noted as potential staff changes could impact on the project delivery.	Reef Estates.
11	Professional	Insufficient resources to ensure the successful progression of the project. This may be related to resources both within the council and with chosen developers or their contractors.	Low	Significant	4 (Low Risk)	Project group involved to ensure skills can be shared. External project support is in place to mitigate this risk. From a developer perspective, GBC cannot ultimately 'control' this risk. Assurances will be sought from Reef Estates that they have the resources to enable the project to be completed albeit it will be difficult to substantiate this. It is in Reef's interests to ensure that the contractors they appoint have sufficient resources as they are responsible for any cost over-runs.	GBC Reef Estates
12	Professional	Lack of skills/experience to run work with developers in establishing the residential, parking and public realm aspects of the project.	Low	Significant	4 (Low Risk)	External expertise has been sought in terms of property, financial and legal advice to ensure a sound understanding of the project in its entirety.	Rosherville Limited Reef Estates

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13	Professional	A post Covid 19 recession results in Reef Estates being wound up leading to a delay to the build programme and additional costs	Low	Significant	4 (Low Risk)	Finance will undertake financial checks on Reef on a regular basis and work with them to ensure prompt payments of any monies owing, but ultimately the company / shareholder cannot control this risk.	Rosherville Limited Reef Estates
14	Professional	Timescales for project delivery are not realistic	Medium	Significant	6 (Medium Risk)	Appointment of external consultants will assist in monitoring key elements of the project to assist with progress albeit ultimately there is little that the company / shareholder can do to control this risk.	Rosherville Limited Reef Estates
15	Professional	Project delayed due to time take to appoint contractor.	Low	Significant	4 (Low Risk)	Local authority procurement rules will not apply as the works are being commissioned through two private company entities. Therefore the risk of procurement delays is minimal.	Rosherville Limited Reef Estates
16	Financial	Funding for the scheme is not forthcoming	Low	Critical	8 (Medium Risk)	Undertake due diligence, whilst seeking external advisers. Early engagement with funding providers to identify any problems at an early stage.	GBC Rosherville Limited
17	Financial	Income from apartments is lower than anticipated either due to lower rents / growth or higher voids / outgoings than expected.	Medium	Serious	8 (Medium Risk)	Due diligence and viability assessments are ongoing in respect of assumptions being used but ultimately this will not become clear until after the development is complete.	GBC Rosherville Limited

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18	Financial	Actual inflation differs from modelling assumptions. This could result in under/ overspends against model.	Medium	Significant	6 (Medium Risk)	The company has limited ability to mitigate this. This is something that will be monitored on an ongoing basis and addressed should the need arise.	Rosherville Limited
19	Financial	Project has to be re-designed or elements removed due to tender prices being higher than expected particularly as development being delivered on a fixed price..	Low	Moderate	4 (Low Risk)	Reef Estates have confirmed that discussions have already taken place with contractors in respect of costs . A consultant will be appointed on behalf of the company to ensure the specification agreed is being adhered to but equally to ensure that the company becomes aware at an early stage of any potential issues.	Rosherville Limited Reef Estates

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20	Financial	<p>Costs increase for example:</p> <ol style="list-style-type: none"> 1) due to measurement omissions or estimates being based on inadequate / inaccurate information 2) unrealistic construction programme or elements of the project have to be redesigned whilst on site 3) price increases e.g. due to inflation or issues with labour / building materials post Brexit / Covid 19. 4) Delays due to further lockdowns. 	Medium	Significant	6 (Medium Risk)	The company will appoint an external advisor to monitor progress of the build so it becomes aware at an early stage of any issues. As this is being delivered by Reef under a fixed price contract this is not a risk to Rosherville Limited unless Reef is unable to meet the contract terms or cease trading.	Reef Estates

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21	Financial/ Contractual	The contractors used in the development enter administration meaning work on site ceases/is delayed and potentially, incurs additional cost.	Medium	Serious	9 (Medium Risk)	Due diligence will be undertaken on the main contractor to be used in order to, as much as possible, confirm their financial stability although ultimately there is little that the company / shareholder can do to control this risk. This is not a risk to the company / shareholder unless Reef cease trading given they are delivering the scheme under a fixed price contract.	Reef Estates.
22	Contractual	Project delayed due to poor management/ lack of competency of sub-contractors.	Medium	Significant	6 (Medium Risk)	Reef Estates will be responsible for managing the relationships with the main and sub-contractors. This is only an issue for the company if Reef is having difficulty or is unable to meet their contractual requirements. A consultant will be appointed on behalf of the Company to monitor progress so that the Company becomes aware at an early stage of any potential issues.	Reef Estates Rosherville Limited
23	Contractual	Poor quality of works leads to increased maintenance costs during term e.g. poorer materials used in construction in order to keep within budget.	Medium	Serious	9 (Medium Risk)	QS will play a part in reviewing the overall project. Clauses will also be included in the agreements and specifications to ensure quality of products. Planning Services will play a role in ensuring the quality of the external elements of the project.	Reef Estates Rosherville Limited

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24	Contractual	Refurbishments required during term (non-recoverable) need to be undertaken more frequently or are more expensive than anticipated	Medium	Serious	9 (Medium Risk)	Ensure an adequate sinking fund is set up to cover these costs.	GBC Rosherville Limited
25	Environment	Environmental issues or archaeological findings cause additional costs and delays.	Low	Significant	4 (Low Risk)	Pre-start on site surveys are intended to identify any issues but there is always a risk that an issue is only identified when build work starts or is worse than thought. Ultimately there is little that the company / shareholder can do to control this risk.	Reef Estates
26	Environment	Risk of the operation creating additional noise or dust pollution for the area particularly in the build phase	Low	Significant	4 (Low Risk)	This has been taken into account in the planning application that has been submitted. It is feasible that local residents and business will complain to the Council but these complaints will be dealt with in the normal way.	Reef Estates
27	Environment	Scheme delayed due to exceptionally adverse weather	Low	Significant	4 (Low Risk)	This is a very difficult risk to mitigate against as the weather is unpredictable.	Reef Estates
28	Environment	Traffic management issues during construction phase particularly given the constraints of the site.	High	Significant	8 (Medium Risk)	Liaison will take place between developers, Kent Highways, local businesses and local residents to try and reduce the impact of the traffic management issues which may arise.	Reef Estates

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29	Legal	Project delayed and costs increased due to legal challenges.	Medium	Serious	9 (Medium Risk)	Good project planning and appointment of external consultants to ensure due diligence undertaken. Good communication of the project at the appropriate time.	Rosherville Limited
30	Legal	Scheme delayed due to lack of safety controls/accident on site	Low	Critical	8 (Medium Risk)	As is standard practice a Health and Safety adviser will be appointed to ensure safety controls are in place and are being complied with and accidents are recorded and dealt with in an appropriate manner.	Reef Estates Rosherville Limited
31	Reputational	Damage to council and company reputation due to poor construction/overruns etc.	Low	Critical	8 (Medium Risk)	To be managed through the communication process but the provision of good quality homes to rent should be perceived as positive for the Borough.	Rosherville Limited GBC
32	Reputational	Negative impact on local business and residents during the build phase due to the loss of parking	High	Significant	8 (Medium Risk)	Research has indicated that there is sufficient parking available in the town centre albeit not as convenient for this part of town. The Council has a small site close to the Market which it is planning to make available for loading and unloading for the Market albeit there is little that can be done to directly mitigate the loss of two car parks during the build given the constraints of the site.	Reef Estates Rosherville Limited GBC

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33	Reputational	Potential for negative impact from Civic Action Groups.	Medium	Significant	6 (Medium Risk)	Early engagement with known groups by Reef. Consultation events held prior to planning application being submitted. Timing of specific communications will be critical. The Council's Communications Team are fully engage in the project.	Reef Estates Rosherville Limited GBC

Ref.	Description of Opportunity	Actions Required	Lead Party
Analysis of Opportunities			
1	Opportunity for staff to develop skills in other areas due to scale of development	Ensuring a large project group to enable staff to be involved in all elements of the project. Involving various skilled officers to enable learning from others (including external organisations)	Chief Executive of GBC
2	Potential for scheme to generate income for the council.	On-going dialogue with developer and Rosherville Limited. Seek external advice on income opportunities complemented by initial negotiation on terms.	Chief Executive of GBC
3	Actual inflation differs from modelling assumptions. This could result in under/overspends against model.	In order to absorb adverse fluctuations in inflation, a 'cap and collar' approach will be introduced for rental increases. This approach will involve analysing historical trends.	Chief Executive of GBC