

Appendix 6 - The Arcade, Bognor Regis - Risk Assessment - March 2023

	Likelihood	Consequences	Overall Score	Mitigation measures	Financial implications for development appraisal
Failure to deliver project	1	3	3	ADC has appointed a client-side Project Manager with delivery experience to take forward a significant regeneration programme including the Arcade. ADC has appointed an experienced professional team led by a development manager who has delivered a significant number of high quality residential refurbishment and new build projects, including experience of heritage, MMC and environmental technology	N/A
Title	0	3	0	No risk has been identified with the Council's title	N/A
Delay contracting/starting enabling works	2	2	4	The intention is to contract (and start) the enabling works comfortably inside the March 2024 requirement. As the OPE BLRF grant applied for does not represent the full extent of the abnormal costs, it is possible to commission an enabling works package that excludes items requiring planning permission (e.g. demolition of the BID building), which can therefore be progressed alongside planning determination without any risk associated with that process. Surveys will be expedited through a procurement waiver, enabling the design team to quickly consider their outcome and finalise the employer's requirements for the enabling contract. An enabling works contractor will be selected through a framework agreement, speeding up their appointment.	N/A
Failure to secure planning consent	1	3	3	Informal dialogue has already taken place with ADC planners, local ward Councillors and a number of retailers, with the emerging design proposals responding to initial feedback. Pre-application dialogue will continue with the ADC planners and a stakeholder engagement strategy will be developed for pre (and post) planning.	N/A - though adequate time will need to be invested in liaison with ADC planners and local stakeholders
Delay securing planning consent	2	2	4	Adequate time is included in the programme for effective pre-planning and stakeholder engagement and for planning determination, mindful of the complexity of the project and limitations to ADC planner resources	N/A - assuming that value inflation equates to cost inflation. The programme is comfortably inside the OPE BLRF March 2027 start on site requirement so there is no risk of grant clawback being triggered

Failure to secure S106/CIL waiver	1	3	3	Informal dialogue has already taken place with ADC planners about the importance of securing a S106/CIL waiver. It should be relatively straightforward to demonstrate the scheme's poor viability on a developer delivered basis with no grant (see <i>Appraisal 2 - Development Appraisal</i>). Appropriate planning advice will be obtained, which is reflected in the fee allowance	N/A - additional grant would be sought and in the absence of that the Council would be forced to consider investing additional capital to secure delivery of the project
Specification (and hence cost) of works grows	2	2	4	Following dialogue with the ADC planners, a prudent approach to specifying has already been adopted (e.g. inclusion of heritage appropriate windows on the northern facade rather than UPVC to reflect the local listing)	Contingency of 2.5% of construction costs included in appraisal
Unsuccessful securing additional grant	2	1	2	Initial dialogue has already begun with potential funders (e.g. Shared Prosperity Fund, Heritage Lottery Fund etc) and bids will be worked up as soon as appropriate grants/bidding windows are identified. Appropriate heritage expertise will be drawn upon, which is factored into the planning/heritage consultant budget	N/A - additional grant would be sought and if this could not be identified in line with the Programme, other value engineering opportunities would be explored to secure delivery of the project
Requirement to undertake works within retail units	1	3	3	There are two possible areas of work that might require access to retail units. Firstly, the structure will need to be strengthened to take the weight of the additional rooftop apartments. Secondly, fire/acoustic insulation will be needed between the retail units and first floor apartments. Engineers have already been appointed to explore the best way to achieve each of these, initial site inspections have taken place within the vacant retail units and upper floors and a number of solutions identified. The results of detailed surveys, including a detailed ground investigation, will enable the engineers to finalise the proposed solutions. In case the proposed solution is to undertake works within the retail units, dialogue has already begun with retailers and lease details are already being checked to ensure works can be undertaken should they be necessary	The cost of the works themselves are included within the costplan. If required the period for which access would be needed for retail units is relatively limited. However, a prudent allowance is budgeted in the appraisal of £75k (representing an average of £5,000 per unit for the 15 occupied retail units) to compensate tenants for temporary interruption of trade. In practice this would be by way of a retail rent offset

Delay starting / completing main construction works (affecting land release)	2	2	4	The intention is to start the works significantly ahead of the March 2027 OPE land release requirement. A prudent pre-construction period is allowed mindful of the complexity of the project. The contractor for the refurbishment and new build works will be selected through a framework, speeding up their appointment. A prudent construction period has been identified mindful that this is a refurbishment project with heritage considerations, including appropriate contingency periods. There is the potential this this will be shortened as the scope for MMC is finalised and incorporated into the programme	N/A - assuming that value inflation equates to cost inflation. The programme is comfortably inside the OPE BLRF March 2027 start on site requirement so there is no risk of grant clawback being triggered. LADs will be required within the contract to meet any reasonable financial impact of delay (e.g. loss of income and any additional professional fees)
Contractor administration	1	2	2	Financial due diligence will take place prior to contract award	N/A - a bond or similar arrangement will be required to meet any associated costs
Delay in / failure to secure residential lettings	2	2	4	There is strong demand in Bognor Regis for new market rental properties. Local agent Cubitt & West has advised throughout the development of the designs to date to ensure that the layout and specification of the new homes meets the needs of future occupiers. The emerging proposals reflect their advice about developing a strong marketing presence (via Rightmove and through a microsite), introducing two showhomes (a 1 bedroom and 2 bedroom apartment) and releasing the apartments in waves (e.g. eastern and western wings) to maximise interest and value. The marketing will go live at least 3 months before practical completion, with the fit out of showhomes available from this time to assist in securing as many lettings as possible before the building opens	N/A - rental values have been pitched drawing on local agent advice and a 6 month letting period has been included in the cashflow
Delay in / failure to secure letting of new retail unit	1	1	1	Letting of the new retail unit would be added to the existing agency responsibility for the Arcade. The agent is regularly responding to a range of enquiries with particular strong interest in food and drink, which is the anticipated focus for this unit	N/A - the retail rent is relatively modest and would not cause the Council significant concern if it was vacant for a period of time. The Council always has a number of meanwhile uses which could occupy and animate the space during this period