

Appendix 4G - Schedule of Risk Considerations

10.0 Risk management considerations

- 10.1 Project risk management will be applied throughout the life of the scheme and this will include ongoing risk assessment, analysis, evaluation and monitoring. As part of this all key risks and their impacts and opportunities will be considered and appropriate controls will be implemented to reduce any unacceptable level of risk.
- 10.2 To support the decision making process the following risk schedule has been prepared and these risks will be further analysed, risk assessed and managed throughout the delivery of the project.

| Risks | Impact | Opportunity |
|--|--|--|
| Political | | |
| Change of political administration / policy. | Potential changes to the planned scheme. | Scheme will be delivered prior to the next local election. |
| Financial | | |
| Delays to the delivery of the scheme impacts on other funding commitments. | Clawback of externally funded elements are not delivered on time. | Robust project management to ensure coordination and delivery of the key components of the scheme. |
| Inability to repay borrowing for the scheme. | <p>Required income levels not achieved in order to repay prudential borrowing.</p> <p>Financial viability of the asset reliant on external factors including pricing, demand, occupancy levels and interest rates.</p> | <p>Sensitivity analysis applied to the financial model which demonstrates sufficient headroom in the financial projections to cover under-occupancy.</p> <p>Operators' business plan supports the expected trading figures for the hotel.</p> <p>Income generated will contribute to funding further regeneration in the area.</p> |
| Economic | | |
| Deprivation and unemployment. | Negative impact on the local economy and hotel occupancy. | Use of the local supply chain throughout construction wherever possible to support the local economy. |

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| | | <p>Business tourism will extend the traditional holiday season.</p> <p>External factors such as the EU exit and economic downturn may encourage more people to stay in the UK when planning holidays.</p> <p>Creation of 48 full time equivalent jobs at the hotel and restaurant.</p> <p>New train operator, Grand Central, will be running 5 services a day to London, increasing accessibility to Blackpool.</p> |
| Social | | |
| No benefit to the local community. | The impact of social value is not measured and commitments not achieved. | <p>Social value integrated into the arrangements with the development partner and their consultants through partnerships with local colleges.</p> <p>Shared apprentice schemes with Calico and Build Up for young people and those on long term Job Seekers Allowance creating local job and training opportunities.</p> <p>Social engagement programme in place to get people interested in working in the trades.</p> |
| Legal / Contractual | | |
| Development partner does not deliver the scheme. | The forward funding contract needs extending to reflect the revised sum or the scheme will not proceed. | Robust contractual arrangements with a clear specification between the development partner and contractors to ensure appropriate risk transfer and contingency. |

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| <p>Inability to get a suitable Brand standard and or operator for the hotel.</p> | <p>Limited demand to operate the asset.</p> | <p>Franchise agreements for the hotel brand and restaurant are already completed and signed.</p> <p>Operator's agreement has been drafted and is ready to sign once final approval for the scheme has been obtained.</p> |
| <p>Physical</p> | | |
| <p>Site not yet vacant.</p> | <p>Due to access restrictions, the risks and costs associated with remedial works and contaminated land are not fully determined.</p> | <p>Contractual arrangements with the contractors to incentivise them to manage effectively ground contamination on site.</p> <p>Estimates for remedial works have been calculated based on reasonable assumptions.</p> |
| <p>Death or injury.</p> | <p>Trauma for friends, families and co-workers of those hurt.</p> <p>Civil or criminal proceedings.</p> | <p>Robust health and safety arrangements implemented by the contractors including the requirement for a Construction Skills Certification Scheme Card, site inductions, links with the HSE and site risk assessments.</p> <p>Due diligence integrated into the procurement process to ensure adequate health and safety arrangements for contractors.</p> <p>Risks mitigation taken place to ensure the successful co-location of a hotel and tram terminal.</p> <p>Strict standards applied to the materials used to ensure fire safety.</p> |

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| Environmental | | |
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| Climate emergency. | Hotel operations are not generally eco-friendly. | <p>The fully integrated transport interchange, incorporating an underpass, will encourage the use of public transport.</p> <p>Adequate utilities provision has been factored into the designs for the site.</p> <p>Environmental Management Plan incorporated into planning application.</p> <p>Franchise have a Green Engage System which encourages their assets to be sustainable and manage their impact on the environment.</p> |
| Competitive | | |
| Unable to compete with other accommodation offers. | Under occupancy and impact on income. | <p>Branded hotel and restaurant with marketing undertaken by the franchise including a good internet presence.</p> <p>Studies undertaken by independent experts have identified the need for capacity for hotels of this standard.</p> <p>Operator's business plan in place supporting the financial model for the scheme.</p> <p>Prominent location of hotel given co-location with the train station and transport interchange.</p> <p>Benchmarking undertaken with similar local provision demonstrates demand for this type of accommodation offer.</p> |

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| Customers | | |
|--|---|--|
| Under occupancy of the hotel. | Income targets are not met. | <p>Brand loyalty encouraging new visitors to Blackpool.</p> <p>Increased business tourism through creating over-night capacity for conference centre delegates.</p> <p>Market shaping and improving quality standards giving customers more choice.</p> <p>Contracting an operator who understands how to manage the market and customer base.</p> |
| Staff | | |
| Loss of key personnel involved in project delivery. | Lack of detailed knowledge to deliver the scheme. | Robust business continuity arrangements for the Council and development partner including robust record keeping. |
| Inability to recruit staff to deliver the scheme and then service the hotel. | Recruitment and retention issues. | <p>Arrangements in place with the college in order to develop skills and ensure an adequate cohort of staff are available.</p> <p>Shared apprentice schemes in place for construction workers.</p> <p>Experienced hospitality staff are likely to be attracted to employment given the hotel brand, rates of pay and training opportunities.</p> |