Accommodation Project

Update on Risks 0274 and 0298

1   The accommodation project primarily monitors risk by work stream. The key concerns identified by the Audit & Governance Committee at the last meeting surrounded the low scoring of financial risks to the project. Risk 0274 is a work stream risk and risk 0298 is a global project risk.

Risk 0274 – (Value of property capital receipts obtained are less than the values used in the projects budget) High 16

2   This is a property valuation risk and relates to the achievement of the selling price of the properties.

3   This is primarily a market risk and one over which we have no control especially over the extended timescales of the project and commercial property market volatility. The risk therefore has to be tolerated even though this has a financial impact on both the timing and amount of the capital receipt

4   Mitigating factors include developing planning schemes which maximise the value of the site and, if possible, awaiting for improved market conditions. In the past the project has revised the estimate of the valuations of certain sites to reflect the change in market values since the original estimates.

Risk 0298 – (Project Financial Risk) Low 8

5   This is a management control risk relating to the monitoring and control of the project budget. The risk is controlled through budgeting and monitoring controls including regular checkpoint reports and financial reporting to the Project Board (monthly).

6   Each work stream manager is responsible for controlling and authorising expenditure of their individual budgets. Any significant deviations in individual work stream budgets are reported via an exception report and revised forward plan approved by the Project Board. Where possible all deviations are managed within the overall project budget. The yearly budget is determined by the accommodation project director and approved by the Project Board at the beginning of each financial year with reference to the planned workload and the overall project budget.

7   Controls include the regular monthly monitoring of the budget via the FMS system, and the summary detail is included on the monthly project board report.