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## Audit & Governance Committee

6 December 2010

Report of the Director of City Strategy

### Community Stadium

#### Summary

1. The purpose of this paper is to present to Audit & Governance Committee (A&G) the Risk Register for the Community Stadium Project as requested by A&G 29 September 2010.

#### Background

2. In July 2010 the Executive identified Monks Cross South as the preferred site for the community stadium and approved the business case which supported the outline proposals. The report demonstrated that the community stadium development was deliverable only with the support of a major commercial development. The business case set out an option for a cost effective and commercially sustainable facility that met the project's agreed community objectives.
3. Executive agreed that:
  - The preferred site for the project should be Monks Cross South.
  - The replacement athletics facilities should be developed at the Heslington East Campus as part of the York Sports Village, subject to agreement of terms with York University.
  - A procurement plan should be developed and reported back to the Executive.
4. In July 2010 Full Council allocated the use of the LABGI funds to provide £198K to take the project to the pre-procurement stage.
5. The Vangarde site has been identified as the site which could deliver the commercial development that would 'enable' the community stadium project. The site is directly adjacent to Huntington Stadium and the Monks Cross Park and Ride site (both in CYC ownership). Discussions have been initiated and are ongoing with the owner and prospective developer of the Vangarde site (Oakgate), regarding a potential retail scheme which would include a new stadium with associated community and commercial uses.
6. The scheme is to be progressed by the developers. They intend to submit a planning application for a single comprehensive

redevelopment of the site that will include the community stadium. This scheme is likely to be a departure from established planning policy, however will offer considerable economic, community and sporting benefits that will mitigate any planning harm. The extent and terms of these benefits will be controlled by a S106 agreement which is yet to be negotiated. Once the Heads of Terms have been agreed, the scheme will be passed to the Local Planning Authority for consideration and then formal determination.

7. Discussions have been initiated with the University regarding the provision of the replacement athletics facility. The University's initial formal response includes draft Heads of Terms which is now being considered and discussed further.
8. A schedule of potential community benefits that are suitable and deliverable for the preferred site is also being developed. Detailed discussions have been initiated with relevant stakeholders regarding the scheme. The final range of components that make up the 'community package' will be dependent on many factors; particularly the amount of S106 funding, the specifics of the planning case, and the needs / demands of the relevant community stakeholders.

### **Project approach to risk**

9. The Community Stadium Project is managed within a project management framework adopting the key principles of the well-established PRINCE 2 project management methodology.
10. The main features of the methodology include a modular planning approach. The project is divided into manageable and controllable work streams, the responsibility and ownership of each is attributed to a named officer.
11. There is a clearly defined organisational structure. This was recently revised and agreed at Executive on 19 October 2010 and Scrutiny Management Committee (calling-in) confirmed the decision of the Executive on 8 November 2010. Approval has been given to establish a Community Stadium Advisory Group with a political balance of 2:2:1 and that partner organisations be invited to attend. The Group will report key findings to the Executive, who will continue to be responsible for decision making. The purpose of the Group is to enable the business of the project to be considered more regularly. Meeting agendas and minutes will be published online, putting the Community Stadium's business in the public domain, securing clear and transparent audit trails.
12. Risks are reported on, captured and updated at the fortnightly held Community Stadium Project Officer Meeting. They are also fed and integrated into the Project Plan Matrix in conjunction with identified required actions and updates for action owners.

13. A half day risk workshop was held in early November and facilitated by the council's Risk Management Officer. This ensured that all key risks had been adequately and accurately identified and recorded as well as assigning specific council officer ownership. It is anticipated that another risk management workshop will be held as the project moves to the next stage.
14. The project risk register is maintained on Magique, the council's corporate risk reporting system. This provides full reporting and traceability of the projects risks.

### **Key Project Risks**

15. The key risks identified at this stage of project the relate to major processes needed to successfully deliver the community stadium development in conjunction with the enabling development. These risks are summarised below:
  - **Financial**
    - Commercial scheme does not progress.
    - Potential capital funding gap.
    - Stadium revenue funding.
    - Costs of running the project can not be sustained.
    - Impact VAT may have on capital / revenue model and council's VAT Partial Exemption Limit.
    - Ability to meet FSIF's grant funding requirements.
  - **Property**
    - Scope for potential community and commercial uses within the stadium in relation to the title.
    - Specifics of the current lease arrangements for Huntington Stadium and Waterworld.
  - **Planning**
    - The scheme is led by a commercial developer, thus the council do not have direct control over its delivery.
    - Making the planning policy case for the major development.
    - Potential for call-in and legal challenge of planning decision.
    - Legality of the enabling case.
    - Impact scheduled ancient monument may have on the scheme
  - **Procurement**
    - Challenge to the selected final bidder/procurement process.
    - Potentially having to re-start procurement process.
    - Potential increased timescales.

16. The main controls to mitigate these risks are as follows:
- Specialist Planning and Legal Advice
  - Planning Strategy
  - Retail and Transport Impact Assessments
  - Open Book Appraisal for valuation process
  - Procurement Strategy
  - Cost and Funding Models
  - Robust project management protocols
17. The risks and controls are explored in more detail in the project risk register which is attached as Annex A.

### Recommendation

18. Audit and Governance committee members note the approach to risk management and the specific risks and mitigation measures in respect to this project.

### Contact Details

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Report Approved  Date

**Specialist Implications Officer(s)** Not applicable

**Wards Affected** Not applicable

All

**For further information please contact the author of the report**

### Annexes

Annex B (1) Community Stadium Risk Register