

## EPH Project Board – Key Risks

Risk	Detail	Options	Impact
<p><b>Affordability</b></p> <p>There have been grave concerns raised by bidders regarding the <u>affordability</u> of this project.</p>	<p><b>Funding Gap</b></p> <p><b>Bidder 3</b> are at a stage where it is likely they will withdraw from the process. They have shared their financial model with us and the funding gap for them is 2.4 million (based on 100% TUPE) or 1.8 million (based on 75% TUPE).</p> <p>The financial model shown to us has exposed gaps in CYC's original estimates – eg the spec asks for dual registration however no nurses have been costed (circa 400k) and there seems to be no easy mitigation to the bridge the large gap.</p> <p>Their staffing model is based on 1:5 not 1:6 as they class 1:6 as unsafe care in a household model and refuse to change bid accordingly.</p> <p>Dementia Care Matters have also stated the safe standard of Dementia care is 1:5 and</p>	<ol style="list-style-type: none"> <li>1. Underwrite TUPE costs for any figure over 50% of staff transferring - this is a specific request from Bidder 3, without it they will pull out of the process</li> <li>2. Reduce specifications – all bidder request</li> <li>3. Find further funding for project</li> <li>4. Proceed with only Lowfield care home and community village and phase in Burnholme at a later date.</li> </ol>	<ol style="list-style-type: none"> <li>1. If 75% staff transfer, this would have a cost implication of 500k for CYC</li> <li>2. Financials averagely work out at for every £1million capital borrowed, it costs circa 47k in revenue. Specs would have to be drastically revised to make enough difference. Bidder 3 looking to reduce build cost by approx 4 million.</li> <li>3. Further pressures on ASC budget</li> <li>4. Decisions regarding which homes we would close/retain. What would it need to improve current retained homes to bring up to standard</li> </ol>

	<p>would advise against 1:6</p> <p><b>Bidder 1</b> have now asked for our Affordability model which shows how the project can be brought in for 5.4 million. This will now be difficult to show with the gaps now exposed. Bidder 2 is also asking for further financial information.</p>	<p>5. Insist on staffing levels of 1:6 not 1:5</p> <p>6. Give Bidders a "fudged" affordability model</p> <p>7. Come clean and show the revised financial model but ask for solutions with the funding gap</p>	<p>5. Potential issues ignoring external experts views should a serious incident occur as a result of insufficient staffing</p> <p>6. Bidders likely to know this is fudged and we will look incompetent</p> <p>7. Bidders may walk away</p>
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<p><b>Site Issues</b></p> <p>Our lack of clarity on a number of key site-related issues has impacted on bidders' confidence levels and willingness to commit expensive resource to working up detailed plans that may not proceed or have to change significantly.</p>	<p><b>Change of use applications</b></p> <p><b>St Aelred's</b> - still waiting on St Aelreds' agreement. Supporting statement needed from the school to ensure a quick and successful resolution. Even then, decision may take 3 months from application (now predicted for Feb 2014).</p>	<p>1. Delay project until SoS consent has been granted – possibly not until May 2014.</p> <p>2. Agree to underwrite Bidders' costs should consent not be granted or changing circumstances require significant re-working.</p>	<p>1. Up to 5 month delay to project.</p> <p>2. Potential cost of up to £400k per bidder.</p>

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	<p><b>Lowfield – Section 77</b> agreement will be submitted January 2014</p> <p><b>Lowfield – Sport England.</b> Mitigating offer to WWFC needs to be formalised.</p>	<p>3. Expect Bidders to accept risk</p>	<p>3. Bidders may walk away from process</p>
	<p><b>Burnholme access road</b></p> <p>Bidders are querying the suggested location of the access road. Not optimal for access to rest of site, and potentially problematic with Planning.</p>	<p>1. Tracey Carter to brief bidders on plans/timescales for the wider Burnholme project, and discuss key issues including the location of the access road.</p> <p>2. Bring the care home project and wider Burnholme project closer together to ensure synergies are maximised and a fully cohesive plan for the 'whole' site is developed and presented to Planners.</p>	<p>1. Would at least explore potential for greater synergies and (hopefully) reassure bidders.</p> <p>2. More cohesive solution for the whole site but at the cost of likely delay to the care home.</p>

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	<p><b>Master-plan for wider Burnholme project</b></p> <p>Related to access road issue. Bidders would like to understand in greater detail the plans for the wider Burnholme site to enable holistic site considerations to be factored into the design and programming of the care home.</p>	As above.	As above.
	<p><b>Site surveys</b></p> <p>Key site survey reports have either not been done, or have been done but are not warranted.</p>	<ol style="list-style-type: none"> <li>1. CYC to commission (or re-commission) site surveys <b>with</b> warranties (spreadsheet attached) and accept full cost</li> <li>2. Ask bidders to accept risk of unwarranted surveys</li> <li>3. Ask bidders to share cost of surveys</li> </ol>	<ol style="list-style-type: none"> <li>1. Delays bidders' ability to work up their solutions, so overall delay to project (will depend on turnaround time for key surveys) – cost circa 50k which is not in the budget will need to be found.</li> <li>2. Bidders may leave process</li> <li>3. Also could potentially delay project and will probably be unwillingness to pay for surveys already undertaken</li> </ol>

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			by CYC
<b>Timescales / Delays</b>	<b>Bidders seeking an extension to deadline for ISDS submissions</b> , due to: <ul style="list-style-type: none"> <li>Exacting timescales</li> <li>Exacting level of detail required within submissions</li> <li>CYC failing to deliver some expectations when promised (eg KPIs, payment schedule)</li> <li>Lack of clarity on a number of site issues which impact on bidders' ability and/or willingness to develop their designs with full confidence</li> </ul>	1. Delay deadline for ISDS by one month. Will enable us to provide bidders with more of the information they have requested – but probably not all (eg site survey results/change of land).  2. Do not give extension	1. Improved submissions by bidders based on more consistent assumptions (provided by CYC), making evaluation easier.  Incremental delays will change the build start date which, politically needs to be pre election.  2. Bidders may leave process/not be able to give sufficient detail for evaluation.
	<b>Bidders suggesting that the target dates for building completion are unlikely to be achieved</b> , due to: <ul style="list-style-type: none"> <li>Delays within procurement timeline (see risks above)</li> <li>High risk of delays at Burnholme due to demolitions required / building of access road /</li> </ul>	1. Request in writing bidders' estimated timelines for the build/completion of both sites, in order that we can work to (and manage comms around) realistic timescales for (a) achieving planning approval at both sites, and (b) the two care homes becoming operational.	1. Enables Board members to manage the message with Cabinet and devise a wider Comms strategy around the delays.

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	<p>potential for planning delays if the care home &amp; wider Burnholme site applications are not submitted together.</p> <ul style="list-style-type: none"> <li>• CYC's published timelines are already incredibly tight, based on best case rather than worst case scenarios.</li> </ul>	<p>2. Consider phasing and start Lowfields on current timetable and Burnholme as part of wider scheme.</p>	<p>2. May cause difficulties for closure of homes but could be written into contract that new provider takes over all homes and they manage the closure process</p>