

Appendix 2: Risk Register

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Title	Risk description	Opp/ threat	Cause	Consequence	Date Raised	Owner	Gross		Current		Residual		Comments	Controls				
							I	P	I	P	I	P		Control description	Due date	Status	Progress %	Action Owner
Tenant rent arrears	The tenants do not comply with the terms of the agreements regarding rent payment and go in to arrears	Threat	Deterioration in tenants' business resulting in the tenants being unable to pay the rent even after the agreements reached	Council will have to consider and implement the most appropriate rent recovery options	N/A	Corporate Property	4	4	3	3	3	3	It is possible further negotiations will be necessary regarding the rent if market conditions deteriorate. The Council will need to consider the ongoing viability of the business	Work closely with Incomes Team and take prompt action for non payment including taking appropriate recovery action if necessary to obtain payment	Ongoing	Ongoing	100%	Chris Wood
Agreement does not complete	Where a lease re-structure has been agreed, the tenant decides not to complete.	Threat	Deterioration in tenant's business resulting in the tenant seeking more favourable terms	Council will have to either re-negotiate the agreement offering more favourable terms or implement the most appropriate rent recovery option	N/A	Corporate Property	3	3	3	2	3	2	Depending on the particular circumstances the Council may assess agreeing more favourable terms to be an appropriate course of action or seek to take more robust recovery action	Where forfeiture proceedings have been issued, reinstate proceedings and ask for a possession order; similarly reinstate debt recovery proceedings where instigated.	Ongoing	Ongoing	100%	Chris Wood
Administration / Liquidation	The tenant goes in to administration or liquidation with rent arrears and the lease is disclaimed by the administrator / liquidator and no payment is received in respect of a proof of debt claim	Threat	Market conditions detrimentally impact tenants' business	The Council will have to write off any arrears and then market the property to find a new tenant. There will likely be a significant void period before the property becomes income producing.	N/A	Corporate Property	4	3	3	3	3	3	Negotiations with the Administrator could result in a lease re-structure if there is a purchaser for the tenant business. The Council in all instances will submit a proof of debt claim but it is unlikely to see a substantial return	The Council cannot control this risk other than assess whether proving additional support to a local covenant tenant will help avoid administration / liquidation. Such additional assistance would be considered on a case by case basis. For larger corporate tenants the Council will monitor the financial press to understand as soon as possible if a tenant is in difficulty and thereby take any mitigating action as early as possible. This might involve use of recovery agents to recover arrears; and working closely with the lettings team to ensure all options and a marketing strategy for a property are considered as early as possible if we anticipate tenant failure and a void.	Ongoing	Ongoing	100%	Chris Wood

Assignment / Subletting	Assignment or sub-letting to a weaker covenant	Threat	The existing tenants will have alienation rights in their leases which permit assignment or sub letting with Landlord consent	The proposed assignee or sub-tenant may be a weak covenant and as such may not be able to pay the rent	N/A	Corporate Property	3	3	2	2	2	2	The Council can avoid this by assessing the covenant strength of the proposed assignee and ensuring a rent deposit or guarantor is provided or if appropriate by refusing consent	Ensure the alienation provisions within the lease are fully considered and that the proposed tenant covenant strength is fully assessed and where appropriate and permitted require an authorised guarantee agreement and a guarantor and / or a rent deposit.	Ongoing	Ongoing	100%	Chris Wood
Tenant breach of lease covenants	The tenant breaches lease covenants such as the repairs covenant or use covenant following completion of the agreement.	Threat	Potentially due to adverse market conditions and deterioration of tenant's business.	The Council would, potentially, have to take legal action for the breach and may incur costs in respect of dilapidations and also legal costs	N/A	Corporate Property	4	4	3	3	3	3	With any commercial tenancy there is always a risk of a tenant breaching the lease covenants so this risk a normal risk of a commercial letting that can be mitigated by the landlord through its day to day management of the property.	Carry out regular inspections and where necessary put the tenant on notice in respect of any repairs and take further action if necessary including legal action and potentially serving a schedule of dilapidations.	Ongoing	Ongoing	100%	Chris Wood
Disclosure of agreements	Agreements disclosed to other Council tenants encouraging other tenants to seek similar rent assistance	Threat	Negotiations with tenants are private but the Council cannot stop tenants from discussing the agreements and new leases overs 7 years will be available to view from the land registry	Other tenants may approach the Council for similar rent assistance.	N/A	Corporate Property	4	4	2	3	2	3	Where a new lease is being agreed it is not possible to prevent the terms of that lease becoming known if over 7 years in length. Two of the new leases agreed are for terms of 10 years. Once historic rent arrears have been written off the Council cannot prevent a tenant making other tenants aware.	Negotiations have been and remain private and confidential and the tenant is aware if made public the Council is unlikely to offer similar rent assistance in the future. The rent assistance offered reflects the particular circumstances of the tenant and the subject property so any request from other tenants would be evaluated on a similar basis with the Council acting commercially and having assessed all options for the property. If a financially sound corporate tenant sought similar rent assistance it would be entirely appropriate for the Council to refuse and if a local covenant sought rent assistance the Council would not be obliged to offer rent assistance.	Ongoing	Ongoing	100%	Chris Wood