

Appendix 1 Investment Portfolio Risk Register

Risk	Risk Owner	Risk	Impact	Risk scoring before mitigation			Mitigation/ Current Control	Risk scoring with mitigation		
				Likelihood	Impact	Total		Likelihood	Impact	Total
1	Asset Management	Lack of Rental income if Tenants do not make payment	Loss of income, impacting the Council's income, revenue budget, financial position and service delivery.	4	3	12	Bluebox rent demand, external managing agents applying standard rent arrears procedures. D&B reports and alerts set to provide updates on any Tenant financial concerns. Regular communication with Tenants and intel from external property consultants	2	4	8
2	Asset Management	Non compliance with H&S Legislation (investment)	Serious injury / Loss of Life Fines Reputational damage	4	4	16	External managing agents employed to manage risk, they have a dedicated team dealing with H&S	2	3	6
3	Asset Management	Non compliance with H&S Legislation	Serious injury / Loss of Life Fines Reputational damage	4	4	16	Spelthorne Building Services team instruct contractors to carry necessary tasks out, supporting the H&S compliance	2	3	6
4	Asset Management	Volume of lease exporoes over the short term	Key lease expiries over the next 5 years could lead to loss of income if tenants do not renew most specifically the SW Corner lease at the BP site where it is envisaged, they do not renew.	3	4	12	Key sites will have planning reviews undertaken where applicable to identify alternative uses, where early discussions with tenants identify leases will not be renewed. Major lease expiry / break events are carefully monitored and early dialogue with occupiers is prioritised to mitigate against future voids.	2	3	6
5	Asset Management	Single use property type within a constrained geographic area	Risk of sector/geographical location decline is not spread.	3	4	12	Assets are close to major transport infrastructure, supporting current and future occupation via sustainable travel. Proactive Asset Management considers the demand and monitoring growth/changes within sector to allow early informed decisions to be made around assets future use/diversification to other uses.	2	3	6
6	Asset Management	Lack of Rental income growth in a buoyant market	Will not match or exceed budget income and maintainrental levels in line with market rates	4	3	12	Letting agents with knowledge and expertise in the local geographic area are used to secure new tenants on Market terms	2	2	4
7	Asset Management	Assets' capacity to ensure proactive management of the portfolio	Tenant and key consultant engagement reduces which impacts on the ability to be proactive resulting in reactive asset management and missing letting opportunities, less income and increased voids and resultant costs.	4	4	16	Ensure Sufficient resource with sector expertise to undertake detailed and thorough tenant engagement and external advisor liaison. Focus to remain on proactive asset management 'in the field', not allowing reporting and other non-critical activity to become the primary focus of the management remit.	2	2	4
8	Asset Management	Large lot sizes.	May limit liquidity in the event quick sales are needed.	3	3	9	Annual reviews of portfolio, lease expiries are profiled and considered against alternative uses and future uses of each site. Proactive consideration is given and implemented where appropriate to reconfiguration of lettable space. Disposal opportunities are also regularly reviewed and benchmarked against future uses options. Loan repayments are fixed for entire loan period.	2	2	4
9	Asset Management	Without continued Investment 'best in class' accomodation will not be maintained.	Reduction of interest from prospective tenants and increased voids and costs plus loss of income - poorer net income outturn	4	4	16	Anticipated expenditure for each asset is recorded in the business plans for the forthcoming 5-year period and this is used by Finance for the MTFP. Future expenditure can be managed through continued contributions to the portfolio sinking fund. Planned Preventative Maintenance programs are in place for the multi-let assets and will be reviewed to ensure that maintenance works are undertaken while buildings are fully let with expenditure paid for by tenants through the service charge.	2	2	4
10	Asset Management	Failure to maintain/improve Building sustainability	Sustainability of our buildings continues to be a key consideration to ensure we meet carbon neutrality targets and other emerging environmental regulations, both which will require additional expenditure.	3	3	9	Most of this work can be addressed via service charges and our buildings currently form well in terms of energy efficiency with 75% having an EPC rating of A or B. Other works will be programmed into capital works needed and landlord costs built into the MTFP.	2	2	4
11	Asset Management	Lease events are not planned for or progressed in a timely manner	Opportunities for growth in rental income may be missed and increased rent not achieved in a timely manner, statutory rights may be obtained, resulting in SBC losing control of decision making	3	3	9	Reports are run 12-18 months in advance of lease event dates to ensure work can be programmed and external advice sought where necessary	2	2	4
12	Asset Management	Weak Tenant financial strength	Tenant failure, tenant arrears and bad debt	4	3	12	Dun & Bradsheet & Experien credit reports are reviewed prior to enter into a new letting and bi-annually thereafter. Review of tenant's trading accounts and use of rent deposits and Tenant guarantees where tenant's have weak covenant strength	2	2	4
13	Asset Management	Significant expenditure on buildings that is not recoverable	Reduction in net income and contribution towards sinking fund and cost of council services	3	3	9	A suite of documents including the Asset Management Plan, Annual Investment Strategy and individual Asset Business plans set out proposed investment needed to ensure it is recoverable via the service charge or met from capital budgets	2	2	4
14	Asset Management	New lettings not achieving average market lease lengths	Impact on security of income and asset value	3	3	9	Letting agents are used to secure new tenants on Market terms	2	2	4

15	Asset Management	Not meeting new legislative EPC ratings	Unable to grant new leases Loss of income	4	3	12	Building Consultancy team instructed to carry out EPC's where needed and action any works required.	2	2	FALSE
16	Asset Management	Vacant properties	Loss of income. Exposure to void rates	4	3	12	Monitor lease events. Maintain close professional relationships with tenants. Appoint agents to actively promote and market to secure new tenant.	2	2	4

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