

RISK REGISTER

The Risk	Pre Mitigation			Response / Mitigation	Post Mitigation		
	Probability	Impact	Score		Probability	Impact	Score
Negotiation of the Heads of Terms for the Agreement for Lease and the Lease become protracted.	3	4	12	Heads of Terms have been agreed between the two parties and approved by Kirklees Cabinet in January 2022. The updated HoT include a larger part of 18/20 Corporation St/17 Foundry St was agreed by Cabinet on 21st December 2022. A draft Agreement to Lease and Lease has been drawn up and agreed between the Council and the Arcade Group.	1	4	4
Arcade Group unable to meet preconditions for signing Agreement for Lease. 1. Inadequate business plan	1	4	4	There are two preconditions of signing the Agreement to lease; firstly the Council needs to be content that a satisfactory Business Plan has been produced. A detailed Business plan has been produced (Jan 2023) which gives confidence that the Council will be able to satisfy itself that there is a robust plan in place to sustainably operate the Arcade for the duration of the lease. The second precondition is that the Arcade Group establish themselves as a appropriate Legal Entity, which they have now done.	1	4	4
Arcade Group unable to meet preconditions for signing the Lease. 2. Less than 50% occupancy	3	4	12	An initial 'call' in 2021 for parties interested in taking space in the Arcade to come forward generated 40 + interests which given the context was very encouraging. Three of those are for the larger end units. £30,000 from the community share issue is earmarked in the Arcade Group business plan to support a marketing campaign to generate interest	2	4	8
Arcade Group unable to meet preconditions for signing the Lease 3. insufficient capital raised	3	4	12	The AGD have set themselves a target of £150,000 for the share issue. As a condition of lease, the Council has agreed to match the first £25,000 for £ if a minimum of £100,000 is raised. Grounds for confidence in raising the £150,000 and measures to be adopted if the target is missed are explained in the business plan.	2	4	8
Delay in start of construction project due to National Lottery Heritage Fund not granting 'permission to start' as a result of tender sums being above budget	4	3	12	The approved £5.7m construction budget is sufficient to refurbish and open the Arcade. However, delays may occur if there is a need for a cost reduction exercise, or, worst case, re-tendering. If permission to start is not granted by June '24, shareholders will be consulted and given the right to withdraw their investment if they see the delay as unacceptable	4	2	8
Delay in building programme	3	3	9	Head lease will not be signed until refurbishment is complete; so to with sub leases to tenants. . Financial impact of a delayed opening is ameliorated by the head lease being largely based on turnover rent and the fact that the Arcade Group will not take up the lease until it has 50% occupancy, so will not be left with paying the service charges while having no tenants.	1	3	3
Problems with the building post construction (snags, defects etc.), particular if that causes closure of some or all of the Arcade.	2	3	6	Tender process is robust to obtain competent main and sub-contractors. Supervision of the works. Appropriate warranties obtained from the contractor and passed on to the Arcade Group. Post-construction building inspections agreed as part of the lease to monitor level of deterioration and maintenance.	1	3	3
Lack of occupancy in the units, which could delay the opening of the Arcade.	3	4	12	Early marketing, promotion and campaigning to develop interest leading up to the Arcade opening. Enterprise activity in the meanwhile space. Small business rate relief, which should apply to many prospective tenants will be highlighted in the marketing.	2	3	6
Lack of market demand due to changes in the economy resulting in empty units once buzz of initial opening period has dissipated. Reduction in income and customers, impacting on commercial success as well as placemaking.	3	5	15	Market research gives confidence there will be continued demand for low cost small retail units aimed at start ups. There is built-in flexibility to enable change of unit size/configuration to accommodate variety of uses as demand changes. An active social media presence will be needed to keep Arcade awareness high. For our plan to work and the Arcade to become a visitor attraction, it needs to open almost full (above 75%). Management will be focused on this objective and use rent free periods / turnover rents / pop ups as appropriate.	2	4	8
Continued fall in town centre footfall	3	4	12	The Arcade can only do so much on its own to turn around the town. The Group will work with the Council's Market management team to develop joint marketing campaigns and events. We will also target tenants that 1) have an ecommerce presence and are not wholly reliant on footfall 2) are 'niche' and capable of developing a following beyond Dewsbury 3) are offering products and services that cannot simply be bought on line	2	4	8

Poor performance of Arcade Manager	3	4	12	Final management arrangements will be determined when available capital is known after the community share issue. To ensure a strong start, the intention is to appoint an Arcade Manager 3 or 4 months prior to the opening of the Arcade. They will be paid £43,700 (inclusive of on-costs) to attract high quality, experienced candidates and will work full time. This is a greater resource than the other 15 Arcades we have examined. Management needs will be reviewed after a year with a view to reducing costs. There will always be the option to revert to a managing agent should the Manager role not work	2	4	8
Poor performance of Letting or Management Agent	3	3	9	New agents will be sourced in the event of poor performance. Both letting and management functions will be paid on a percentage of gross rent to incentivise working. 3 local agents offer management services (2 have already shown interest in managing the Arcade). In reserve will be Leeds based retail specialists	2	3	6
Poor financial control	2	4	8	Board will receive management accounts bi-monthly, funders and Kirklees Council quarterly. Manager and Bookkeeper will be charged with alerting Board to variances on budget. Board contains at least 3 people with financial analysis skills and will be trying to recruit someone with accountancy skills	1	4	4
Bad Debts (loans to ADG)	1	3	3	It is in the Arcade Group Rules that they cannot take on interest bearing debt. Shareholder investment will only be repaid if the company can afford it.	1	3	3
Bad Debts (tenants)	3	2	6	Payments will all be by standing order. Bookkeeper will notify Arcade Manager of any non payments. Sub leases will contain procedures for timely eviction in the event of non payment	2	2	4
General Governance issues e.g. changes in Membership of Arcade Board	3	3	9	The Board has performance criteria and members will be removed if they don't fulfill them (e.g. minimum attendance). The Group is in permanent recruitment mode looking for enthusiasts that can bring the appropriate skills and can represent the range of community interests and backgrounds. Identification of a future Chair will start as soon as the project begins to allow a long transition period from Chris Hill	2	3	6
Governance failure	3	3	9	The Board is made of experienced entrepreneurs with track records of guiding successful businesses. The reporting systems in place for funders and Kirklees Council (part of the lease conditions) will ensure that there is early warning of any governance failure and the backstop is that the Council will take over the management of the Arcade in the event that the Group forfeit the lease due to default due to any reasons e.g. financial failure.	2	3	6
Tenant dissatisfaction leading to high turnover	2	3	6	Management will be accessible - on site or nearby. Tenants will have a clear handbook containing all expectations and maintenance management will be assiduous in line with our lease conditions and funders expectations. A community of tenants will be built around co-operating in an events programme. If problems cannot be solved with management, there will be the ability for tenants to appeal to the Board	1	3	3
Failure to continue to involve the community in the Arcade as a heritage asset	2	3	6	Engagement work completed in the Delivery Stage will be taken forward into the operation of the Arcade. Interpretation boards, art work and QR codes produced by Kirklees College will invite shoppers to find out more. An oral history book - hard copy, abbreviated and electronic will be given to tenants and made available generally. Images and stories will cover the public areas. The refurbishment story will be photographed by volunteers and displayed. The Group will participate in the annual Heritage Open Day and offer regular tours to community and student groups.	1	3	3
Not involving all sections of the community as shoppers, tenants, visitors and Board Members	3	4	12	To be successful financially as well as in community terms, all sections of the community need to feel ownership of the Arcade. That particularly applies to the Asian community (c.34% of the population). The Board will make sure that its own membership, its shareholders and the tenant mix roughly reflects the make up of the town. Membership and tenant mix is under its direct control. The share issue is shariah compliant and will be marketed to and through our community partners. Success in this sphere will be monitored closely and will be a key performance indicator	2	4	8
The trap of increasing management costs against falling rent levels	3	4	12	The economic situation at the end of '24 is uncertain. Inflation should have fallen but it is unlikely that the drop in retail rent values will be reversed. Through its marketing, the Arcade needs to develop a presence that can command the full market rents it is asking while keeping tight control of service charge costs.	2	4	8
Failure to protect heritage asset due to lack of consideration of whole life costs in relation to scheme elements.	2	3	6	Design based on whole-life costing with early identification and incorporation into maintenance plans and scheme costs. Business Plan and associated Maintenance and Management plan take this into account	1	2	2