

<b>Risk Identifier</b>	CR-16
<b>Risk Title</b>	Commercial Income

**Risk Description**

The Council has a large commercial property portfolio. Failure to maximise its income and collect all its service charges would cause its income to become lower than borrowing, leading to deficits.

**Risk Owner**

Nicola Wittman


**Directorate Responsible**

Digital Innovation and Commercialisation

Original Risk		
Likelihood	Impact	Score
4	4	16

Residual Risk		
Likelihood	Impact	Score
2	4	8

**Risk direction**

Decreasing 

**Cabinet Member**

Councillor Hargreaves

Key Dates	
Date Registered	1st July 2024
Last update	4th October 2024

**Background**

The council has almost 100% tenancy with exceptional covenants and has made use of specialist lawyers to arrange deals and experienced property advisors (Cushman and Wakefield) (and chosen a well-recognised firm (CBRE) to manage its property portfolio. The council provides MRP on its investments since 2022 and interest rates are expected to reduce over the coming year allowing the council to de-risk further.

**Service Area Affected**

Commercial Property Investment

**Triggers**

A major tenant gets into financial difficulties.  
An economic downturn causes many minor tenants to leave or not be replaced or council needs to manage arrears.

**Risk Type**

Threat

**Risk Response Category**

Reduce

Risk Response	Risk Response Actionee	RAG Status	Progress Update	Next Scheduled Update
Council has large risk commercial property risk reserve of over £5m.	Adrian Webb	Green		Sep-24
Council receives regular updates from CBRE.	Adrian Webb	Green		Sep-24
Council has opened up for bids for its 50% share of the Chesterfield Retail Park as the time seems opportune. This would reduce the size of the portfolio.	Adrian Webb	Amber	Information will become available as sale process continues. Much of it is highly confidential	Sep-24
The Council has a commercial strategy that assesses and regularly reviews them on a buy/invest/sell basis.	Adrian Webb	Green		Sep-24


Key for RAG status of risk response	
R	Control is not in place or working or progress has slipped
A	Control is not working efficiently and some challenges remain
G	Control is working or predominantly in hand or completed