

ENTERPRISE ZONE PROGRAMME

Risk Register

REVIEWED: 12 December 2023

RISK RATING

Very High	Very High	Very High	Very High	Very High	Very High
High	High	High	High	High	High
Medium	Medium	Medium	Medium	Medium	Medium
Low	Low	Low	Low	Low	Low
Very Low	Very Low	Very Low	Very Low	Very Low	Very Low

Very High	Very High	Very High	Very High	Very High	Very High
High	High	High	High	High	High
Medium	Medium	Medium	Medium	Medium	Medium
Low	Low	Low	Low	Low	Low
Very Low	Very Low	Very Low	Very Low	Very Low	Very Low

5	Risk event potentially in the next month
4	Risk event potentially in the next quarter
3	Risk event potentially in the next 6 months
2	Risk event potentially in the next 12 months
1	Risk event is over 12 months away

Risk ID	Priority	Detailed Description	Impact	Probability	Score	Owner	Risk Response and Mitigation Measure	Residual Risk			Action by
								Impact	Probability	Score	
Risks associated with the delivery of the Enterprise Zone Programme											
01	2	Underachieving on potential business rates income.	3	3	High	BCC	<p><b>Threat Response: Reduce</b></p> <p>Collaboration with BCC Planning officers and business rates team to enable effective monitoring of development on EZ sites and their hereditaments to ensure the forecasts for business rates income are accurate and up to date.</p> <p>The team will continue to review the financial model to consider the level of contingencies required to cover the shortfall and identify where activity/ spend can be shifted.</p> <p>High level risks associated with the management of EZ resources have been identified, and modelled out through sensitivity testing including: 10% of business rates income is ring fenced on an annual basis for uncertainties with the release of contingency held under review on an annual basis; 10% of gross business rates income is ring fenced to account for circumstances such as bad debts, appeals, rate relief and future rate rises; 5% of gross business rates income is ring fenced to mitigate a potential loss of Business Rates income, during Valuation Office Rate Reviews, is incorporated into the EZ model.</p> <p>The introduction of 12 month lead-in times for the receipt of business rates from completed developments.</p> <p>The Programme team resourced a report on the impact of COVID-19 on the office market which summarised new scenarios which were based on the EZ financial model to reflect the COVID-19 impact. This resulted in only minor changes to the EZ Model and overall it was a positive report.</p>	3	2	Med	Finance / EZ Team
02	2	Business Rates relief and appeals exceed the provision provided for, impacting on the total collectable rate.	3	2	Med	BCC	<p><b>Threat Response: Reduce</b></p> <p>Managed through Financial Reporting System and contingency allowance. The new Financial Principles have been reviewed and revised with contingencies increased, resulting in a robust prudent position.</p>	3	1	Med	Finance / EZ Team
03	2	Insufficient Capital Headroom in the EZ Financial Model to deliver EGP projects	3	3	Med	BCC	<p><b>Threat Response: Avoid</b></p> <p>Continued monitoring of the EZ Investment Plan.</p> <p>On-going monitoring of EZ financial model and reporting against the forecasts. Reported quarterly to EZ Programme Board and EZ Partnership Board.</p> <p>Regular meetings with finance to discuss forecasting and impact of major projects.</p> <p>Management of Enterprise Zone Model activity.</p>	3	2	Med	Finance / EZ Team
04	1	Underachieving on Economic Growth	2	2	Med	BCC	<p><b>Threat Response: Avoid</b></p> <p>Continued monitoring of the EZ Investment Plan.</p> <p>Collaboration with BCC Planning officers and business rates team to enable effective monitoring of development on EZ sites and their hereditaments to ensure the forecasts for business rates income are accurate and up to date.</p> <p>Regular meetings with finance to discuss impact of actual business rates outturn and affordability of projects.</p> <p>Management of Enterprise Zone Model activity.</p>	2	2	Med	Finance / EZ Team
05	1	Underachieving on Programme Lifetime Targets	2	2	Med	BCC	<p><b>Threat Response: Avoid</b></p> <p>Continued monitoring of projects.</p> <p>Monitoring of businesses in receipt of EZ business rates relief.</p> <p>Capture of activity on EZ sites.</p> <p>Management of Enterprise Zone Model activity.</p>	2	2	Med	Finance / EZ Team
06	3	Lack of Resources	3	3	High	BCC	<p><b>Threat Response: Avoid</b></p> <p>Multidisciplinary team established to cover all relevant aspects of the programme.</p> <p>Exploration of consultancy frameworks to support Programme Team with external professional expertise such as independent technical evaluations, subsidy control assessments and major projects.</p> <p>BCC Client Role budgets to be identified within Project costs.</p> <p>Programme Team TUPE roles to be recruited to.</p> <p>On-going dialogue with BCC Legal and Procurement to discuss future resource support.</p> <p>EZ Programme management to maintain oversight and ensure there is no single point of failure.</p>	3	3	High	Finance / EZ Team
07	1	Development fails to materialise in accordance with projections which are vulnerable to wider fluctuations in the economy.	3	3	High	BCC	<p><b>Threat Response: Avoid</b></p> <p>Investment Plan has categorised the business rates growth and a more rigorous management approach has been implemented to align investment decisions with revenue projections.</p> <p>Investment programme financial profile reflects security of revenue income. 15% safety margin also applied to annual EZ income.</p>	2	2	Med	Finance / EZ Team
08	1	Short term Treasury rates increase beyond those forecast by Treasury	3	3	High	BCC	<p><b>Threat Response: Avoid</b></p> <p>The City Council applies its treasury management rules to prudential borrowing including the latest projections for future years. On the basis of market knowledge from the money markets, these are adjusted as necessary to provide for the most realistic borrowing rates.</p>	3	1	Med	Finance / EZ Team
09	2	Interest from businesses in the EZ does not materialise.	3	2	Med	BCC	<p><b>Threat Response: Avoid</b></p> <p>1. Implementation of marketing/promotions in line with resources identified in Investment Plan.</p> <p>2. BCC commissioned commercial property agency to scenario test the commercial market and potential impacts on business rates.</p>	3	2	Med	Finance / EZ Team
10	1	Impact of BRI rating revaluation in 2024 reduces income given the broader economy and property market	3	2	Med	BCC	<p><b>Threat Response: Avoid</b></p> <p>5% of gross business rates income allocated within the model to mitigate against reduction in business rates received per rates revaluation review.</p>	3	2	Med	Finance / EZ Team
11	3	Key EZ project costs increase due to unforeseen rises in cost or delays	3	3	High	BCC	<p><b>Threat Response: Reduce</b></p> <p>Robust assessment of business cases will ensure cost estimates are accurate.</p> <p>Budgets managed for wider programme to ensure projects are affordable within available resources.</p>	3	2	Med	Finance / EZ Team
12	3	Projects are approved that are not compliant with the new subsidy control rules.	3	3	High	BCC	<p><b>Threat Response: Avoid</b></p> <p>1. Required information gathered as part of the business case process to assess subsidy eligibility/ compliance.</p> <p>2. External legal resources providing professional expertise to complete subsidy assessments.</p> <p>3. Internal knowledge and experience being gained in the subsidy assessment process and reporting.</p>	3	2	Med	Finance / EZ Team
13	3	Delay in high profile public facing projects	3	3	High	BCC	<p><b>Threat Response: Reduce</b></p> <p>High Profile projects are identified and close monitoring is in place.</p> <p>High profile projects to be individually reported to EZ Programme Board and EZ Partnership Board.</p> <p>Monitor impact of delays on loss of business rates income versus the savings to prudential borrowing over a shorter period of time.</p> <p>Comms Team engagement to support effective management of comms/PR.</p>	3	3	High	Finance / EZ Team
14	5	Delay in completion of HS2	3	3	High	BCC	<p><b>Threat Response: Reduce</b></p> <p>Regular high level liaison between HS2 and BCC.</p> <p>Monitoring and reporting on key projects dependent on HS2, such as Curzon Station Public Realm and Train Stop.</p>	3	3	High	Finance / EZ Team
15	4	Incorrect Reporting of EZ Financials	2	3	Med	BCC	<p><b>Threat Response: Avoid</b></p> <p>EZ Financial model has been revised to mitigate any avoidable errors and is controlled by the Accountable Body Finance Manager.</p> <p>EZ Model is reviewed regularly and reported to the BCC Capital Board, EZ Programme Board and EZ Partnership Board on at least a quarterly basis.</p> <p>EZ Financials to be reconciled once current BCC Cracks issues resolved.</p>	2	2	Med	Finance / EZ Team
16	5	Delay in decisions and approvals due to S114 (3) Notice	3	3	High	BCC	<p><b>Threat Response: Manage</b></p> <p>Work with Deputy S114 Officer to clarify governance and decision making for the EZ Programme within or outside of the S114 (3) spend controls.</p>	3	3	High	Finance / EZ Team
17	3	Inability to bring forward new projects approved for the Project Pipeline	3	2	Med	BCC	<p><b>Threat Response: Accept</b></p> <p>Increase transparency and scrutiny of the EZ model. Demonstrate value of non-business rates income generated projects.</p>	3	2	Med	Finance / EZ Team
18	4	Political implications around the inability to fund the Regional Investment Fund as per the current financial profile.	2	3	Med	BCC	<p><b>Threat Response: Reduce</b></p> <p>Work with Deputy S114 Officer to review the EZ Financial Model and Profile.</p>	2	2	Med	Finance / EZ Team
19	4	Inability to fund Investment Plan due to insufficient headroom in capital after payment to BCC General Fund	2	3	Med	BCC	<p><b>Threat Response: Reduce</b></p> <p>Work with Deputy S114 Officer to review the EZ Financial Model and Profile.</p>	2	2	Med	Finance / EZ Team