

Canal Corridor North – Dukes Capital Scheme

Accountable body risks/ scheme risks Stage 1 – Development phase			
Risk	Description of Risk	Category	Comments/ Mitigation
Potential clawback of funds	<p>Potentially related to failure to meet funding conditions, including audit requirements</p> <p>A number of pieces of work will be undertaken by third parties</p> <p>Maximum risk at Stage 1 will be for development costs of a maximum of £500k (request to be confirmed)</p> <p>There could be a limited risk relating to individual elements of work</p> <p>There are no capital asset risks at Stage 1</p>	Financial Information Reputation	<p>The Council has considerable experience in managing the accountable body role and working within funding requirements, ensuring that activities are eligible and all audit requirements are met</p> <p>Adequate controls and agreements are required to ensure all works, including third party works, are properly accounted for and documentation is available</p> <p>Clear, agreed project management arrangements, including roles and responsibilities, are required</p> <p>Arts Council England works closely and constructively with partners to support the delivery of outcomes</p>
Public procurement and State Aids	Failure to meet public procurement or State Aid requirements	Regulatory Financial	<p>Specialist advice currently being taken to provide an informed position on procurement and State Aids relating to the wider CCN development</p> <p>Advice on procurement of any remaining elements of the Dukes capital scheme needs to be embedded into project management arrangements. The Council can access procurement advice, as required</p>

Annex B

Irrecoverable VAT	The Council may not be able to recover some or all VAT	Financial	<p>This could have a potentially significant impact on overall project budgets</p> <p>VAT regulations are complex and the way they may apply in the case of this project needs to be fully understood as a matter of priority, in order to calculate the financial impact on Stage 1 proposals</p>
Resource issues/ unanticipated work / costs for the Council	<p>Potentially due to stretched staff capacity, discovery of factors requiring additional investigation during Stage 1, unrealistic cost estimates and /or lack of clarity on project scope</p> <p>Could impact on other areas of work</p>	Operational Financial	Careful planning at pre Stage 1 and provision of required resources and expertise to support development of proposals, application at Stage 1 and potentially Stage 2 and project delivery
Impact on the Dukes current operation	The Dukes has limited capacity to develop and deliver proposals at the level that Arts Council England will expect, without an impact on day to day operations	Operational Financial	<p>Careful planning at pre Stage 1 and provision of required resources and expertise to support development of proposals, application at Stage 1 and potentially Stage 2 and project delivery</p> <p>Support from the Council as applicant and accountable body and key partners, British Land and Lancaster University will partially reduce this risk</p>
Failure to achieve Stage 1 funding and support from Arts Council England	<p>Would preclude investment of up £4.99m from Arts Council England in the scheme</p> <p>The impact of an unsuccessful bid will affect the Dukes' scheme and organisation, the quality and viability of the CCN development, as currently presented, and wider outcomes for the district</p>	Financial Strategic Operational	<p>Dukes scheme proposals may need further work to meet Arts Council expectations, to compete with other well developed, ambitious proposals and to take full advantage of the opportunity for transformational development</p> <p>The Council acting as applicant and accountable body will provide assurance to funders in term of delivery, financial management, partnership commitment to the project and achievement of outcomes</p>

	<p>Competition will be very strong with a number of well-developed proposals already lined up</p> <p>Potential lost opportunity to develop the current Dukes operation and the city's arts/ cultural offer, with implications for the Council relating to ongoing revenue support requirements</p>		<p>In the event of failure, other options to develop a viable scheme would need to be considered with partners</p>
Failure to deliver the Stage 1 project as required	<p>Potentially related to lack of clarity on project scope, deliverables and critical milestones or inadequate resources/ lack of appropriate skills</p> <p>The impact on the Dukes capital scheme and the wider Canal Corridor Scheme could be significant as Stage 2 capital funding of up to £4.99m will not be available</p> <p>Potential lost opportunity to develop the current Dukes operation and the city's arts/ cultural offer, with implications for the Council relating to ongoing revenue support requirements</p>	Strategic Operational Reputation	<p>Mitigation can be achieved by careful planning pre Stage 1, including identification of key pieces of work and agreement of critical milestones</p> <p>Identification of and provision for appropriate resources and skills is required, prior to Stage 1, to ensure budgets, capacity and appropriate expertise will be available</p> <p>There is a good understanding of the site, its constraints, heritage issues and statutory consent requirements</p> <p>The 18 month Stage 1 development phase is reasonable in terms of the works required</p> <p>In the event of failure, other options to develop a viable scheme would need to be considered with partners</p>
Inadequate business case for ongoing operation	<p>Creates a risk to the Stage 2 application and ongoing financial risk to the revenue operation and a wider risk to the quality and viability of CCN scheme as currently presented</p>	Financial Strategic Reputational	<p>A clear and compelling vision is a pre-requisite, building on the considerable strengths of the partnership and taking the opportunity to develop transformational proposals to take the operation into the future</p>

			<p>Detailed development and analysis of potential revenue income streams, market factors, governance, management and delivery capacity are required as part of Stage 1</p> <p>Provision needs to be made for sufficient resource and expertise at Stage 1 to ensure all appropriate long term operational models and market factors are identified and fully assessed</p>
Failure to achieve 2 nd stage funding	<p>Direct impact will be on the Dukes capital scheme and potentially the quality and viability of the CCN development if this scheme cannot be delivered</p> <p>The impact for the Council relates to some potential loss of economic benefits and opportunities to improve Place Offer</p> <p>Bidding for Arts Council capital grants is extremely competitive and a number of well-developed proposals, from elsewhere, are expected for this round</p> <p>Potential lost opportunity to develop the current Dukes operation and the city's arts/ cultural offer, with implications for the Council relating to ongoing revenue support requirements</p>	Financial Strategic	<p>Mitigation focuses on taking all possible steps to develop the quality, uniqueness and deliverability of the proposals</p> <p>Strength of the partnership is important but a clear and compelling overall vision and commitment by all partners is required</p> <p>Provision of resources and appropriate expertise is required to progress all elements of Stage 1 in order to ensure the quality and competitiveness of the Stage 2 proposal</p> <p>In the event of failure, other options to develop a viable scheme would need to be considered with partners</p>
Cash flow	Short term impact on the Council's budget	Financial	Efficient arrangements need to be in place to deal with claims and evidence requirements quickly