

## Appendix A

Risk	Mitigation
1. Failure to set up trading arrangement in strict compliance with legislation	Internal and External legal and financial advice on governance arrangements
2. Failure to follow the statutory guidance on the trading power	Internal and External legal and financial advice on governance arrangements
3. Failure to trade through a company.	Functions have been identified as trading the operation of the hotel will undertaken through the proposed company structure
4. Possibility of trading ultra vires	Internal and External legal and financial advice on the arrangements and identification of specific enabling powers for the purposes.
5. Possibility of challenge to state aid – full cost recovery.	To avoid the risk of providing unlawful state aid the Council is prohibited from subsidising trading activities on a continuing basis. The Council must therefore recover the costs of supplying any accommodation, goods, services, staff, or other things to the trading company.
6. Possibility of conflict of interest for members/officers acting as Directors, Board Members or staff of the company	Members and officers will be governed by the Councils' Codes of Conduct, specific guidance will be given to any officer or member taking up appointment as a director
7. Failure to include suitable “break clauses” in contracts, where appropriate.	Internal and External legal and financial advice on the arrangements, which will include the possibility of a sale of the business.
8. Failure to manage reputational impact of the company on the council.	Robust contract and governance arrangements with the selected operator.
9. Failure to arrange adequate insurance cover for the Company's liabilities and assets	Ensure insurance team and brokers are consulted on the set up and operation of the company including. Regularly review insurance cover.
10. Consequences of proposed investment decisions – impact on Prudential borrowing.	The council to have regard to CIPFA's Prudential Code for Capital Finance with regard to borrowing decisions.
11. Failure to comply with taxation laws – corporation tax and VAT.	Internal and external advice to be sought on tax and tax planning.
12. Consideration of potential TUPE implications	Initially this is not a concern but will be reviewed regularly
13. Risks relating to Council's reputation and public perception of its efficiency and effectiveness in the event of trading company'	Robust contract and governance arrangements with the selected operator based on a prudent business case.
14. Failure of company to be competitive	The development of a robust and prudent business case and specialist external advice. A sufficient transfer of risk to the private sector operator.
15. Consequences of adverse financial performance and impact on the Council	Robust contract and governance arrangements i.e. contract monitoring, budget monitoring, contract administration procedures