

REPORT TO TEESSIDE FREEPORT GOVERNANCE BOARD**17th NOVEMBER 2022****REPORT OF THE GROUP RISK MANAGER****RISK MANAGEMENT****SUMMARY**

The purpose of this paper is to discuss the risk environment of Teesside Freepport in accordance with the Risk Management Framework.

Teesside Freepport currently has a medium risk profile which is considered tolerable. The average residual risk score is 6.4 with the average threshold being 9.

During the period, Freepport risk approach underwent an external audit and was recognised that the approach followed offered the highest level of assurance.

RECOMMENDATIONS

It is recommended that the content of this paper is noted and that the Freepport partners consider the risk summary, and that feedback is provided by the members of this Board.

DETAIL

1. The Board agreed to adopt the TVCA risk management process at the initial Board meeting in May 2021. This framework has successfully been deployed to deliver the first operational Freepport in the UK and will continue to manage risk during operations.
2. This report presents the position on Freepport risk in October 2022, and remains medium risk, which is within the tolerable limit as in **Appendix 1**.
3. Whilst risk continues to be managed the main risks outside of tolerance reflect security of supply, utility costs, government guidance and site entry. Threats that are influenced by external factors limiting TVCA's ability to reduce the probability/impact are reviewed at granular level to ensure appropriate risk responses are assigned.
4. Following ongoing discussions with both A&C workstream, security stakeholders and HMG's Freepport Sub Security Board, the risk register for Freepport has been segregated with Security & Illicit (S&I) threats held on a separate register. A summary of each register is provided in **Appendix 1**.
5. Freepport is managing 19 general risks and 23 S&I risks. A number of these potential risks have strong mitigations and only become prevalent as the Freepport custom zones are accredited.

INTERNAL AUDIT AND ASSURANCE

6. The recent internal audit on Freeport Programme completed by RSM was awarded a substantial assurance and provided an opinion that:
“The Cabinet can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.”

The auditors concluded:

“that the Authority has adequate and effective governance systems and processes in place, which are well understood by all relevant parties, to ensure that there is a clear level of oversight over delivery of the Freeport Programme aims and objectives in accordance with the Tees Valley Freeport Business Case. Our review did not highlight any areas of exception and therefore we have not raised any management actions”

The full and final audit report can be found in **Appendix 2**.

FINANCIAL IMPLICATIONS

7. There are no direct financial implications arising from this report.

LEGAL IMPLICATIONS

8. There are no specific legal implications arising from this report.

RISK ASSESSMENT

9. There are no specific risk implications arising from this report which have not already been highlighted in the detail section.

CONSULTATION & COMMUNICATION

10. Initial stakeholder engagement meetings have commenced both individually and through reference group meetings.

EQUALITY & DIVERSITY

11. No specific impacts on groups of people with protected characteristics have been identified

Name of Contact Officer: Natalie Robinson
Post Title: Group Risk Manager
Email Address: Natalie.Robinson@teesvalley-ca.gov.uk