TEESWORKS

Date: Friday 21st July, 2023.

Venue: Teesside Airport Business Suite, Teesside International Airport, Darlington DL2 1NJ

Membership:

Mayor Ben Houchen (Tees Valley Mayor)
Cllr Alec Brown (Leader, Redcar & Cleveland Borough Council)
Graham Robb (Independent Member)
David Smith (Independent Member)
Jacob Young MP (Independent Member)
Neil Schneider (Independent Member)

Associate Membership:

Julie Gilhespie (Group Chief Executive TVCA, STDC)
Tom Smyth (BEIS)
John Samson (Leader, Redcar & Cleveland Borough Council)

AGENDA

1. **Apologies for Absence**

2. **Declarations of Interest**

   Attached

Annual General Meeting

3. **Governance & Appointments**
   Attached

Business Meeting

4. **Minutes**
   Minutes of the meeting held on 20th April, 2023 for confirmation

5. **Chair's Update**
   Verbal

6. **Group CEO Update**
   Attached

7. **Finance Update**
   Attached

8. **Freeport Update**
   Attached

9 **Risk Management Policy & Framework**
   Attached

10.   Energy JV Update

This item is confidential by virtue of paragraphs 3 of schedule 12A of the Local Government Act 1972

11   Update on SeAH Energisation

This item is confidential by virtue of paragraphs 3 of schedule 12A of the Local Government Act 1972

12.   Teesworks Update

This item is confidential by virtue of paragraphs 3 of schedule 12A of the Local Government Act 1972

132   Date and Time of Next Meeting

21st September, 2023

Members of the Public - Rights to Attend Meeting

With the exception of any item identified above as containing exempt or confidential information under the Local Government Act 1972 Section 100A(4), members of the public are entitled to attend this meeting and/or have access to the agenda papers.

Persons wishing to obtain any further information on this meeting or for details of access to the meeting for disabled people, please contact:
tvcagovernance@teesvalley-ca.gov.uk

South Tees Development Corporation Declaration of Interests Procedure

1. The purpose of this note is to provide advice and guidance to all members of the Development Corporation Board and Audit & Risk Committee on the procedure for declaring interests. The procedure is set out in full in the Development Corporation's Constitution under the "Code of Conduct for Members" (Appendix 3).

Personal Interests

2. The Code of Conduct sets out in full, the principles on the general conduct of members in their capacity at the Development Corporation. As a general principle, members should act impartially and should not use their position at the Development Corporation to further their personal or private interests.

3. There are two types of personal interests covered by the Constitution:

   a. "disclosable pecuniary interests". In general, a disclosable pecuniary interest will involve any financial interests, such as paid employment or membership of a body, interests in contracts, or ownership of land or shares. Members have a pecuniary interest in a matter where there is a reasonable likelihood or expectation that the business to be considered will affect your well-being or financial position, or the well-being or financial position of the following persons:
      i. a member of your family;
      ii. any person with whom you have a close association;
      iii. in relation to a) and b) above, their employer, any firm in which they are a partner, or a company of which they are a director;
      iv. any person or body in whom persons described in a) and b) above have a beneficial interest in a class of securities exceeding the nominal value of £25,000; or
      v. any body as described in paragraph 3 b) i) and ii) below.

   b. Any other personal interests. You have a personal interest in any business of the Development Corporation where it relates to or is likely to affect:
      i. any body of which you are a member (or in a position of general control or management) and to which you are appointed or nominated by the Development Corporation;
      ii. any body which:
         - exercises functions of a public nature;
         - is directed to charitable purposes;
         - one of whose principle purposes includes influencing public opinion or policy (including any political party or trade union) of which you are a member (or in a position of general control or management).

Declarations of interest relating to the Councils' commercial role

4. Financial relationships between the Development Corporation and individual councils do not in themselves create a conflict of interest for Council Leaders who are also Development Corporation Board members. Nor is it a conflict of interest if the Development Corporation supports activities within a council boundary. Nevertheless, there are specific circumstances where the Board may consider entering into direct contractual arrangements with a council, for example in relation to a particular commercial investment project, or in which that council is a co-funder. In these circumstances a non-pecuniary declaration of interest should be made by the Council Leader or their substitute.

Procedures for Declaring Interests

5. In line with the Code of Conduct, members are required to adhere to the following procedures for declaring interests:

Register of Interests

6. Each member is required to complete a register of interests form with their personal interests, within 28 days of their appointment to the Development Corporation. If no declaration is received from elected members within 28 days the matter may be referred to the Head of Paid Service of your local authority and Leader of the political group you represent on your council for action. If a Declaration is not submitted within an appropriate timescale you may be prevented from attending committee meetings. Details of any personal interests registered will be published on the Development Corporation's website, with the full register available at the Development Corporation's offices for public inspection. The form will be updated on an annual basis but it is the responsibility of each member to notify the Monitoring Officer of any changes to the register throughout the year. Notification of a change must be made to the Monitoring Officer within 28 days of becoming aware of that change.

Declaration of Interests at Meetings

7. The Development Corporation will include a standing item at the start of each statutory meeting for declaration of interests. Where members are aware that any of their personal interests are relevant to an item of business being considered at a meeting they are attending, they must declare that interest either during the standing item on the agenda, at the start of the consideration of the item of business, or when the interest becomes apparent, if later.

8. Where members consider that their interest could be considered by the public as so significant that it is likely to prejudice the members' judgement then they may not participate in any discussion and voting on the matter at the meeting, but may attend the meeting to make representations, answer questions or give evidence relating to the business, before it is discussed and voted upon.

9. If the interest is a disclosable pecuniary interest (as summarised in paragraph 3a) then the member must leave the meeting room during discussion and voting on the item of business, but may make representations, give evidence and answer questions before

leaving the meeting room. Failure to comply with the requirements in relation to disclosable pecuniary interests is a criminal offence.

<u>Sensitive Information</u>

10. Members can seek the advice of the monitoring officer if they consider that the disclosure of their personal interests contains sensitive information.

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GOVERNANCE AND APPOINTMENTS

SUMMARY

This report details a number of items for agreement and confirmation by the Board at its Annual General Meeting (AGM).

RECOMMENDATIONS

It is recommended that the Board: -

i. agrees the appointments as set out at **Appendix 1**

ii. agrees the members' allowances scheme for 2023-24 at **Appendix 2**

iii. note that the Acting Monitoring Officer will review the Constitution in time for the next STDC Board meeting.

DETAIL

1. There are a number of items of business that the Board is required to confirm at the AGM, and these are set out below.

Appointments

2. The Board is recommended to agree the membership of its statutory committees for the municipal year 2023-24. The appointments schedule at **Appendix 1** details nominations to the statutory committees.

3. In summary, the following statutory appointments are being made:

- **Mayor** – The Tees Valley Mayor is Chair for the STDC Board for the period of his appointment to office.
- **Board** – the Board is the decision making body for the STDC. The Board must include the Tees Valley Mayor and the Leader of Redcar and Cleveland Council (as the authority in which the site is located). Other Board members shall be

appointed following an open and transparent process in accordance with best practice in public appointments.

- **Group Audit and Governance Committee** – The Corporation has established a Group Audit & Governance Committee. The Mayor, with agreement of the Combined Authority, has appointed an independent Chair of the Group Audit and Governance Committee who is not also a member of the Corporation's Board. The Combined Authority's Audit and Governance Committee shall appoint one of its members to be a member of the Corporation's Group Audit and Governance Committee. The other members of the Group Audit and Governance Committee shall be appointed by the Board
- **STSC Board -** STSC Board is to assist the Board in delivering the key objectives of STDC. The primary responsibility of the STSC Board will be to lead on Health and Safety Issues for the Teesworks site. The Board must include a non-executive Chairperson, non-executive directors, Group Chief Executive, Group Director of Finance & Resources, such other executive directors whose appointment is made from time to time in accordance with the Articles of Association.

Members Allowances Scheme

4. Members' travel and subsistence allowances for the year 2023-2 are detailed in **Appendix 2.**

FINANCIAL IMPLICATIONS

5. Support for the governance of STDC is provided from within TVCA's core budget, as agreed by Cabinet through the annual budget process, and funded through resources devolved from central government.

LEGAL IMPLICATIONS

6. The report relates to the Constitution of the South Tees Development Corporation which sets out the appropriate statutory framework. The Constitution came into effect on 1st August 2017 and is legally binding.

RISK ASSESSMENT

7. This report is categorised as low to medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.

CONSULTATION & COMMUNICATION

8. Members of STDC Board and Committees have been appointed following an open and transparent process in accordance with best practice in public appointments.

EQUALITY & DIVERSITY

9. The subject of this report is not expected to have any impacts on groups of people with protected characteristics.

Name of Contact Officer: Sally Henry
Post Title: Governance Officer

Email Address: sally.henry@teesvalley-ca.gov.uk

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Members will be notified of any updated or amended appointments at the meeting or future Board meetings as appropriate.

APPOINTMENTS 2022/23

SOUTH TEES DEVELOPMENT CORPORATION BOARD

Chair / Tees Valley Mayor	Mayor Ben Houchen
Member (RCBC)	Cllr Alec Brown
Member	David Smith
Member	Graham Robb
Member	Jacob Young MP
Member	Neil Schneider
Associate Member	Julie Gilhespie
Associate Member	John Sampson
Associate Member	Tom Smyth

Substitute Member (RCBC)	Cllr Carrie Richardson

AUDIT AND GOVERNANCE COMMITTEE

Member (Chair)	TBC
Member	John Baker
Member	Allan Armstrong
Member	Mike Sharp
Member	Geoff Westmoreland
TVCA Audit & Governance Committee Representative	Councillor Curt Pugh

SOUTH TEES SITE COMPANY BOARD

Chair	Cllr Alec Brown
Member	John Baker
Member	Julie Gilhespie
Member	Gary Macdonald
Member	John McNicholas
Member	Derek Wetherill

STATUTORY OFFICERS

Statutory Officer	Julie Gilhespie	Group Chief Executive
Statutory Officer	Gary Macdonald	Group Finance & Resources Director
Statutory Officer	Emma Simson	Acting Monitoring Officer
Statutory Officer	Emma Simson	Data Protection Officer
Statutory Officer	Gary Macdonald	Senior Information Risk Officer (SIRO)

TVCA GROUP MEMBERS' ALLOWANCES SCHEME

1st APRIL 2022 TO 31st MARCH 2023

In accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003 (as amended) ("the Regulations"), the Tees Valley Combined Authority Group's scheme for the payment of Expenses, with effect from 1st April 2022 is as follows:

It is hereby agreed that members expenses shall only be payable for travel outside of the Tees Valley, this includes the independent members of the Audit and Governance Committee.

The Mayor and the Chair of the Local Enterprise Partnership may, however, claim expenses for travel within as well as outside the Tees Valley.

Travel and Subsistence Expenses

1. Mileage Expenses
   - Member's motorcycle 21.45p per mile
   - Member's Car 46.9p per mile (or round trip journeys in excess of 75 miles, all miles in excess of 75 will be paid at the lower mileage rate of 13.7p per mile.
   - Bicycle/Cycle 23p per mile
   - In addition 3p per mile can be claimed for each passenger carried (up to a maximum of 4) to whom a travelling allowance would otherwise be payable.

2. Subsistence Overnight Allowance
   - Subsistence Allowance overnight or for an annual conference of the Local Government Association (including or not including an annual meeting) or of such other association of bodies as may be approved. This allowance would normally cover the cost of accommodation.

3. Expenses may be paid for:
   • a meeting of some other body to which the Combined Authority makes appointments or nominations, or
   • a meeting which has both been authorised by the Combined Authority or a committee or sub-committee of the Combined Authority and one or more other authorities, a meeting of a local authority association of which the Combined Authority is a member.
   • any other duty approved by the Combined Authority in connection with discharging the duties of the Combined Authority or its committees or sub-committees.

   Within the context of this section of the Scheme "Member" includes a Substitute Member.

4. General
   - A person may, by notice in writing given to the Proper Officer of the Combined Authority, elect to forgo their entitlement or any part of his/her entitlement to Expenses.
   - The time limit from the date on which an entitlement to an allowance arises during which a claim for the allowance must be made by the person to whom they are payable is two months.
   - This will not however prevent the Combined Authority from making a payment where the allowance is not claimed within the period specified in the scheme should the circumstances justify doing so.

- Where a Member of the Combined Authority is also a member of another authority, that Member may not receive Expenses from more than one authority in respect of the same duties.
- Where a Member's employer pays or has paid the Member's Expenses, that Member may not also receive Expenses from the Combined Authority.
- Where payment of any allowance has already been made in respect of any period during which the Member concerned:- (i) ceases to be a Member of the Combined Authority; or (ii) is in any other way not entitled to receive the Expenses in respect of that period, the Combined Authority may require that such part of the allowance as relates to any such period be repaid to the Combined Authority.

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SOUTH TEES DEVELOPMENT CORPORATION (STDC) BOARD

These minutes are in draft form until approved at the next Board meeting and are therefore subject to amendments.

Date: 20th April 2023   Time: 11am

Location: Teesworks Skills Academy

Attendees:		Apologies:
Ben Houchen (Chair)	Tees Valley Mayor	Andy Preston
Cllr Mary Lanigan	Leader, RCBC	Julie Gilhespie
Graham Robb	Independent Member	John Sampson
Jacob Young MP	Independent Member	
Neil Schneider	Independent Member	
David Smith	Independent Member	
Tom Smyth	BEIS, Interim Government Representative	
Gary Macdonald	TVCA Group Director of Finance & Resources	
Emma Simson	TVCA, Acting Monitoring Officer	
Chris Harrison	JV Partner	
John McNicholas	Engineering & Programme Director, Teesworks	
Sally Henry (Secretariat)	TVCA Governance Officer	

No.	Agenda Item	Summary of Discussion	Actions Required	Responsibility
1.	**Welcome and apologies for absence**	The Chair welcomed everyone to the meeting. Apologies were given as noted above.		
2.	**Declarations of Interest**	There were no declarations of interest		
3.	**Minutes from previous meeting**	The Board reviewed the minutes of the meeting held on 16th March, 2023. David Smith noted that he attended the meeting of 16th March via Teams and whilst he is aware this does not count towards the quorum of the meeting he requested his attendance be noted on the minutes. Tom Smyth requested that the following amendment be made:- *Tom Smyth commented that this removes a big risk which was identified in the business case with Government and needed to be resolved. It now allows Government to proceed with a good evidence base.* It should be corrected to: *Tom Smyth commented that this removes a big risk which was identified in the business case with Government and needed to be resolved. It now allows Government to proceed with proposals around landfill tax with a good evidence base.* Gary Macdonald advised that Jon Rokk will attend the next Board meeting to provide a power update. **Resolved that once the requested amendments are made, the minutes of the 16th**	**Add to the minutes**	**TVCA Governance**

		March, 2023 are agreed.		
4.	**Chair's Update**	The Board were advised that all commercial documentation with NZT should be signed this week and remediation on site for the project will start as soon as that is done. Agreement with Circular Fuels is in place and the intention is that they will start on site Q4 this year. Significant progress is being made on the quay. It is hoped that it will be operational by October. The level of enquiries and proposals for commercial activity across the quay is already working towards being at capacity based on the available information to date, so we are looking at the process of extending it further. The Mayor set out the rigorous consultation process required to secure all necessary consents to expand the quay. It is expected to take at least 12 months before this can be advanced. A full programme for stage 2 of the quay is currently being developed and will be brought to the next STDC Board. **RESOLVED THAT:-** • **The Board noted the update.**	**Quay stage 2 programme to be brought to next board**	**JMc**
		Under the terms of paragraph 3 of schedule 12a of the Local Government Act, the Chair passed a motion to exclude press and public at this stage of the meeting so the Board could discuss matters of a Confidential nature. *The proposal was made by David Smith and seconded by Cllr Mary Lanigan*		
5.	**Retained Estates Requirements**	The Board were provided a report which provided an update on the proposed approach to managing the South Tees Development Corporation (STDC) and South		

		Tees Developments Limited (STDL) retained estate requirements at the Teesworks site. **Resolved that the Board:-** • Noted the report and approved the recommendations within it.		
	Date & Time of Next Meeting	22nd June 2023 @ 10am		

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GROUP CEO UPDATE

SUMMARY

The purpose of this report is to provide the Board with an activity update since the last meeting.

RECOMMENDATIONS

It is recommended that the STDC Board note the content of this report.

DETAIL

DECONTAMINATION PROJECT AND COMAH STATUS

1. The Board will remember that a key obligation imposed on STDC in the original Business Case when the South Tees Site Company (STSC) transitioned to local control, was to deliver the Decontamination Project. The contract was procured prior to 2020 when HMG were in control of STSC, and which was responsible for decontaminating the 27km of coke oven gas main. This was the most significant aspect of work that had to be done to free the site from its Top Tier COMAH status and is the largest single contract delivered by STDC.

2. I am delighted to be able to be able to inform the Board that this contract is now complete and that the COMAH substances arising from that contract have been safely disposed of.

3. There are still some COMAH substances from the demolition of the coke oven by-products plants that are in the process of being safely disposed of and this will take a few more weeks. The completion of this work will allow for a formal application to HSE to be submitted declassify the site and remove the COMAH status. We expect this application to be approved by the end of the year.

FREEPORT

4. Two new Freeports in Wales and in addition eight Investment Zones have been announced. The Investment Zones are expected to complement the Freeports.

5. Following the local elections, there is a new leader of RCBC, Cllr Alec Brown, who will be invited to join the Freeport Board and chair the Strategy & Accountability workstream.

6. Media attention has been focused on the region, with the Freeport being named in ongoing discussions regarding the ownership of Teesworks and the Joint Venture Partner. Following cross-party calls for an investigation - including from the Tees Valley Mayor - Government announced an official independent review would be launched into these arrangements, headed by Angie Ridgewell, Chief Executive of Lancashire County Council. The panel will review TVCA's oversight of STDC and Teesworks JV, including consideration of specific allegations made, and look at wider governance and financial Anything is possible 3 management. The review is now under way and TVCA and STDC are working with the panel to provide all relevant information.

UTILITIES

7. The joint venture procurement in respect of Teesworks power needs has not reached commercial agreement, but discussions with third parties are ongoing. Given the transition of all future development to the private sector going forward Teesworks Limited is exploring and developing commercial options for the ongoing future development of the private wire network on site.

8. In terms of specific utilities projects, the work to connect and accommodate SeAH's power requirements continues with a new South Bank 66 & 11kV substation required. The first two units were successfully delivered to site and installed on their foundation on 19th June 2023. The third and fourth units successfully completed their Factory Acceptance Tests on 16th June 2023 and are currently being readied for delivery to the UK. All orders for electrical elements are in place. Factory visit to GE Circuit Breaker manufacturing facility in France took place on 7th June with visit to GE Disconnector manufacturer planned for 5th July.

9. Discussions are ongoing with ENW to review all options for the programme delivery of SeAH's power-on date given some of the delays in the supply chain. Power-on date (11 December 2023) is not at risk due to mitigation, but the optimal solution is being reviewed prior to dialogue with SeAH.

10. SeAH has also formally requested an increase of capacity from 44MVa to 51MVa. This is achievable at no extra cost to STDC, with appropriate amendments to the delivery programme expected to accommodate this change request.

11. The workstream with National Grid (NG) to formally assess the viability of the High Voltage Network to accommodate generation (TV ERF, battery energy storage and wind generation) and to assess future site demand scenarios for Teesworks is ongoing, with Teesworks in continued dialogue with NG.

12. The SCADA system install is complete and system operational. Operator and user training is complete, with optimisation of the system ongoing to tailor to exact operational needs.

13. Strategy for the former Redcar site distribution has been refined to accommodate NZT remediation timescales, optimisation of existing assets and the ability to supply potential customers. Replacement of cabling to allow for clearance of NZT site is currently in procurement, with a tender return date of 7th July 2023 with the target of project completion by 31st May 2024. Development planning ongoing to understand any further requirements for additional future developments.

PROGRAMME DEVELOPMENT

14. Dorman Point

   - With a total of 70 acres of ground remediation works already completed, covering Phase 1A (TV ERF site) and Phase 2 of the Dorman Point site, work continues on the remediation of Phase 1B, a further 8 acres, opposite the Teesworks Skills Academy.

   - Phase 3 remediation will deliver a further 25 acres of land for development, with the proposed Circular Fuels facility occupying part of this. Completion of the Agreement for Lease for this project, expected later in the year, will trigger the commencement of Phase 3 remediation activities.

15. South Bank

   - Construction of South Bank Quay Phase 1 remains on schedule to complete by 05-Dec-23. Attention is now turning to the design and installation of onshore utilities infrastructure, ahead of the Quay becoming operational Q2 2024. Working is also about to commence on the design of the associated Workshop and Offices building at the Quay, with overall completion expected in June 2024.

   - Construction of the South Bank Link Road is progressing, with the first 600m-800m of road surfacing commencing late-June.

   - Regarding the new South Bank Watercourse, Phase 1 (adjacent to the SeAH site) is complete, with Phase 2 construction presently out to tender and due for commencement early August. Phase 3 (the final phase) will go to tender late July, for commencement in October.

16. Demolition Works Programme

- Of the ongoing demolition projects at the date of the last report, the BOS Plant and Redcar Coke Ovens By-Products projects are complete, and the Redcar Blast Furnace project only requires the completion of scrap metals processing operations. On Redcar Power Station, there is one, final, multiple blowdown scheduled for 29 Jun-23, which will see the gas holder, chimney, flare stack and de-aerator bay come down via explosive demolition, marking the end of demolition activities on this project.

- Work on the demolition of the TMO offices and neighbouring facilities is planned to commence in Q4 2023.

17. Net Zero Teesside

- Further to the signing of the Option Agreement with BP, ground remediation works commenced late April. We are in dialogue with BP regarding the potential for accelerating the delivery programme for these works, at BP's cost, to realise completion in April 2024, which would take 3 months off the schedule.

18. Teesworks Park and Ride Facility

- The park and ride project secured planning permission in March 2023.

- Advance earthworks continue in preparation of the site for construction of the facility.

- The project has been split into three phases: Phase 1 comprises the new signalised junction on the A1085 Trunk Road and 300m long access road into the site; Phase 2 a 400m long spine road through the site; and Phase 3 the construction of the car park and supporting operational facilities, such as the security and induction building.

- Design work is complete on Phase 1 and continues on Phases 2 and 3. We will go to tender very soon for a contractor to construct Phase 1, with the option to extend the contract scope to include Phase 2. Phase 3 will go to tender in September.

- Overall completion is planned for Q1 2025.

19. Key Risks to Delivery

- As noted, STDC is working on several significant projects all of which carry delivery risks. These are actively in mitigation through the comprehensive project management and related project controls processes being implemented by our appointed consultants, with robust project plans in place, regular project progress reviews being held, and intervention actions being taken, where necessary, to address potential impacts to cost and schedule, and ensure delivery to programme.

EQUALITY & DIVERSITY

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

Name of Contact Officer: Julie Gilhespie
Post Title: Group Chief Executive Officer
Email Address: Julie.gilhespie@teesvalley-ca.gov.uk

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AGENDA ITEM 7

REPORT TO THE STDC BOARD

21st July 2023

REPORT OF DIRECTOR OF FINANCE AND RESOURCES

FINANCE UPDATE

SUMMARY

The purpose of this paper is to update the Board on financial performance for 2022/23 against budget and the forecast position for 2023/24 and 2024/25.

RECOMMENDATIONS

It is recommended that the Board notes the content of this report.

FINANCIAL PERFORMANCE STDC GROUP 2022/2023

1. The financial information below for STDC, STDL and STSC covers:

    - Actual financial performance for the 12 months to 31 March 2023; and
    - Forecast financial position for financial years 2023/24 and 2024/25.

ACTUAL FINANCIAL PERFORMANCE: GROUP

2. The table below shows the actual financial performance for the 12 months to 31 March 2023.

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Table 1

	Budget 2022/23 £'000	Actual 2022/23 £'000	Variance £'000
Overheads	10,089	10,652	-563
Operating costs	**10,089**	**10,652**	**-563**
Demolition	79,378	83,486	-4,108
Site Preparation and Infrastructure	41,799	34,737	7,062
Enabling Studies and other	3,143	1,949	1,194
South Bank Quay	58,842	65,654	-6,812
Project Expenditure	**183,162**	**185,826**	**-2,664**
Land acquisition costs	**200**	**200**	**0**
Keepsafe	14,062	17,126	-3,064
Ex SSI costs	**14,062**	**17,126**	**-3,064**
Net Expenditure	**207,513**	**213,804**	**-6,291**
Funded by: -			
BEIS RDEL	16,084	16,840	-756
BEIS CDEL	4,979	4,979	0
MHCLG CDEL	-	-	0
BEIS WIND	-	-	0
Quay Borrowing	73,741	64,272	9,469
Other	112,709	127,713	-15,004
Total	**207,513**	**213,804**	**-6,291**

3. The financial performance for 2022/23 shows a delivered spend of £213.8m compared to a budget of £207.5m. The variance of £6.3m is as a result of accelerated spend on the Quay and an overspend on South Tees Site Company. Delivery continues to be accelerated and significantly ahead of original plan.

4. **Project expenditure**

    The Project expenditure shows accelerated demolition and infrastructure activity to reflect current priorities. This has led to expenditure of £185.8m was incurred in 2022/23.

    Prioritisation of tax site locations on Teesworks West and East and the development of SeAH site and South Bank Quay continue at pace to meet incoming tenant requirements.

5. The main areas of spend in Q3 were:

    - **South Bank Quay** – South Bank Quay – Total spend for 2022/23 was £65.7m was in 2022/23. Progress has been made on the South Bank Quay, with the Quay wall now complete.

    - **Site preparation and infrastructure –** Total spend for the 2022/23 year was £34.7m. Expenditure has occurred during the year on the Eston road, the watercourse and SeAH utilities during the year. In Q4 expenditure was incurred on Dorman Point phase 1B.

    - **Demolition –** Expenditure in 2022/23 has reached £83.5m, with site-wide progress being achieved. Demolition of the South Bank Coke Ovens, Redcar Coke Ovens Battery, Redcar Sinter Plant and BOS Plant are complete. During Q4 the decontamination and demolition work on the Redcar Coke Ovens By-Products plant completed.

    - **Land acquisition costs** – land acquisition costs have predominantly completed following the Compulsory Purchase Order (CPO) vesting process. This has delivered within the previous forecast level.

    - **Overheads** – overheads have increased due to novation of contracts from STSC to STDL. Elements of this expenditure will form part of the Teesworks Estate Management Company service charge. A budget has been included as a separate agenda item.

6. **Financial commitments pipeline** – Since the previous meeting we can report successful procurement of building design services and gas supply works.

7. **Site company expenditure** – Expenditure for electricity is in line with forecast. The market continues to be volatile, and we are continuously working with our provider to forecast the future costs. The variance to forecast is as a result of additional keep-safe team support works required on the coke ovens. We are pleased to report to the board that Altrad concluded their decontamination works on the 21st June 2023.

FINANCIAL FORECAST BUDGET TO ACTUAL

8. The table above below outlines the spend on the project to date and our reforecast for the overall spend over the life of the project. As the development has progressed, the scope of works has been updated to include emerging priorities that enhance the site for future tenants and have been deemed as financially beneficial to progress during the current development programme.

Table 2

	2021/22 Actual	2022/23 Actual	2023/24 Forecast	2024/25 Forecast	Total	Budget	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	
Overheads	4,289	10,652	937	0	15,878	15,878	0
Operating costs	**4,289**	**10,652**	**937**	**0**	**15,878**	**15,878**	**0**
Demolition	40,952	83,486	17,352	0	141,790	141,790	0
Site Preparation and Infrastruct	58,725	34,737	52,065	6,310	151,837	151,837	0
Enabling Studies and other	7,903	1,949	2,734	0	12,586	12,586	0
South Bank Quay	23,283	65,654	22,855	1,000	112,792	112,792	0
Project Expenditure	**130,863**	**185,826**	**95,006**	**7,310**	**419,005**	**419,005**	**0**
Land acquisition costs	**1,300**	**200**	**0**	**0**	**1,500**	**1,500**	**0**
Keepsafe	28,264	17,126	1,762	0	47,152	44,088	-3,064
Ex SSI costs	**28,264**	**17,126**	**1,762**	**0**	**47,152**	**44,088**	**-3,064**
Net Expenditure	**164,716**	**213,804**	**97,705**	**7,310**	**483,535**	**480,471**	**-3,064**
Funded by: -							
BEIS RDEL	34,244	16,840	0	0	51,084	51,084	0
BEIS CDEL	11,675	4,979	0	0	16,654	16,654	0
MHCLG CDEL	36,762	0	0	0	36,762	36,762	0
BEIS WIND	20,000	0	0	0	20,000	20,000	0
Quay Borrowing	32,959	64,272	9,469	0	106,700	106,700	0
Other	29,076	127,713	88,236	7,310	252,335	249,271	-3,064
Total	**164,716**	**213,804**	**97,705**	**7,310**	**483,535**	**480,471**	**-3,064**

9. The forecast has been updated to reflect the overspend on South Tees Site Company, that occurred due to additional keep safe support that was required on the Coke Ovens.

10. The forecast expenditure is fully funded through a mixture of grant funding, borrowing and income.

FINANCIAL IMPLICATIONS

11. Financial implications are discussed in the body of this report.

TEESWORKS

LEGAL IMPLICATIONS

12. There are no legal implications associated with the recommendations of this report.

RISK ASSESSMENT

13. This is an update report and as such is categorised as low to medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.

EQUALITY AND DIVERSITY

14. There are no impacts of equality and diversity related to this report.

Name of Contact Officer: Gary Macdonald
Post Title: Group Director of Finance and Resources
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FREEPORT REPORT

SUMMARY

Two new Freeports in Wales and in addition eight Investment Zones have been announced. The Investment Zones are expected to complement the Freeports.

Following the local elections, there is a new leader of RCBC, Cllr Alec Brown, who will be invited to join the Freeport Board and chair the Strategy & Accountability workstream.

Media attention has been focussed on the region, with the Freeport being named in ongoing discussions regarding the ownership of Teesworks. The TVCA Mayor has called for the NAO to conduct a full review. An independent panel has now been established by Government, which is currently carrying out this review.

RECOMMENDATIONS

It is recommended that the Board note the content of the report.

DETAIL

Freeport Update

1. The UK Freeport movement continues to gather momentum with the announcement of two Welsh Freeports at Milford Haven & Port Talbot and Anglesey, bringing together 12 locations to support regeneration, trade and innovation.

2. The proposed land mass with tax incentives of over 7,000 hectares enables the UK to offer world class scale to international businesses to support the growth of regional clusters of excellence. Further information on the Welsh Freeports can be found at https://www.celticfreeport.wales/ and https://angleseyfreeport.co.uk/.

3. In the Budget during March, the Chancellor announced the Tees Valley as 1 of 8 locations invited to work on an IZ through TVCA. Whilst the full IZ prospectus can be viewed at Investment_Zone_Policy_Prospectus.pdf (publishing.service.gov.uk), the following items are of interest to Freeports:

    a. In general terms IZs should further complement the strengths of the region and be centred on five priority sectors to focus on – Digital and Tech; Green Industries; Life Sciences; Advanced Manufacturing; and Creative Industries.

Global trade. Global scale.

b. "They will require a holistic approach and must be rooted in partnership between central government, local government, research institutions and the private sector, in order to realise the potential of our cities and regions".

c. The interaction of Investment Zones and Freeports should be complementary, and the relationship is covered between section 5.18 and 5.24 of the report. This reinforces the complementary relationship between Freeports / IZs, Governance discussions, potential harmonisation of the tax reliefs and brand

Governance & People

4. Following the results of the Local Authority council elections, Mary Lanigan will step down from the Freeport Board and as Chair of the Strategy and Accountability for Public Finance workstream. In accordance with the TOR, these positions will fall to the new Leader of RCBC, Cllr Alec Brown, however, at the time of writing, acceptance has not been confirmed.

5. Following the results of the Middlesbrough Mayoral election, Andy Preston will step down from the Innovation & Skills workstream. The position will be offered to Mayor Chris Cooke, in accordance with the TOR.

6. The current Freeport Director has stepped down following the completion of his engagement to establish the first Freeport in the UK and conclude the MOU process with HMG. A transitional plan has been developed to manage Teesside Freeport.

FINANCIAL IMPLICATIONS

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

LEGAL IMPLICATIONS

8. There are no direct legal implications of this report.

RISK ASSESSMENT

9. This is an update report and as such is categorised as low to medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.

CONSULTATION & COMMUNICATION

10. There are no immediate requirements here. Communication is provided directly by the Freeport.

EQUALITY & DIVERSITY

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

Global trade. Global scale.

TEES VALLEY BUSINESS BOARD

12. The TVBB has representation within the Freeport Governance Structure.

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TEESWORKS

AGENDA ITEM 9

REPORT TO THE STDC BOARD

21st JULY 2023

REPORT OF GROUP DIRECTOR OF FINANCE AND RESOURCES

RISK MANAGEMENT POLICY AND FRAMEWORK

SUMMARY

On an annual basis, the Risk Management Policy, Framework and supporting documents are reviewed, to ensure that these are still in line with best practice and fit for the purpose of the organisation.

A full review of the Group Risk Management Policy and Framework has been completed, using ISO standards, HM Orange Book guidance and industry best practice.

Supporting documents have also been updated following the implementation of automated risk platforms, which reduce the threat of human error and resource required when analysing and reporting risk information.

This Policy and Framework have been agreed by both TVCA Audit and Governance Committee and STDC Audit and Governance Committee.

RECOMMENDATIONS

It is recommended that the STDC Board:

 i. Approves the revised version of the Group Risk Management Policy and Framework.

DETAIL

1. Very few changes have been made to the Risk Management Policy. The Principles and Methodologies used to identify, assess and plan risk have remained the same.

2. The Risk Management Framework has been simplified for the end user, breaking down tools and techniques into process guides which can be used during business as usual tasks.

3. Risk Appetite has been reviewed with all leads in those areas, to ensure relevancy given the constantly evolving site position.

4. The ways in which we record and monitor risk are becoming more mature with the introduction of automated risk platforms, which can be used to analyse and report on risk.

5. Process Guides have been introduced to ensure staff have the information available to self-serve.

6. Training has begun with TVCA staff to roll out the automated platform, with training scheduled for STDC staff once the platform is full rolled out.

FINANCIAL IMPLICATIONS

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

LEGAL IMPLICATIONS

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

RISK ASSESSMENT

9. Given that this is a review only of the Risk Management Policy and framework and not an introduction of, the nature of this report is minimal risk. There have been no fundamental changes to the ways in which Risk is managed.

CONSULTATION & COMMUNICATION

10. Both TVCA and STDC Audit and Governance Committees have given their approval of these reports and recommend that the STDC Board also approve the Risk Management Policy and Framework.

EQUALITY & DIVERSITY

11. There are no impacts of equality and diversity related to this report.

Name of Contact Officer: Gary Macdonald
Post Title: Group Director of Finance and Resources
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Risk Management Policy

Purpose

The purpose of Risk Management is the creation and protection of value. It improves performance, encourages innovation, and supports the achievement of our objectives. The purpose of this risk policy is to ensure that Risk Management is an integral, visible, and consistent part of routine management activity across the corporation.

Commitment

Managing risk and opportunity is critical to the successful delivery of The Group regeneration programme. Teesworks is accountable to transform the area into an international scale, world class industrial business park; but it must do so with incomplete knowledge of future events, in a complex environment and within known funding and timing constraints.

The TVCA group is committed to implementing an enterprise-wide Risk Management culture, adopting ISO 31000 best practice in the identification, evaluation and effective management of threats and opportunities. Risk Management is an essential part of good operational and project management and is a central responsibility of all those working within the Corporation.

We are an enterprise that:

- Makes Risk Management a part of strategic and tactical decision making ensuring identified risks that could significantly affect enterprise operations, projects and programmes, resources are deployed proportional to these risks.
- Maintains an attitude for risk appetite and tolerance, communicates this Risk Framework across the enterprise, and makes decisions about operations and projects consistent with this policy.
- Provides clearly defined and documented accountabilities for Risk Management, with risks managed at the lowest level at which the manager has the authority, responsibility, and resources to take effective action.
- Establishes and maintains Group-wide procedures, practices, and processes to ensure compliance with applicable standards and contractual provisions.
- Includes measurement and reporting of risks within the organisation's performance indicators so that decision-making at all levels is informed by an assessment of risk.
- Regularly reviews and updates risks facing the business and how they are escalated.
- Ensures risks are managed in an integrated way across all levels of the organisation.
- Requires the involvement of all managers to ensure that all staff understand their responsibilities in relation to risk management.
- Ensures effective assurance arrangements are in place to monitor the effectiveness of the Risk Management framework on a routine basis.
- Reviews and updates our Risk Management processes to recognised good practices, guidelines and standards and incorporates lessons learnt from inside and outside of the business.

TEESWORKS

Applicability

This policy applies to all aspects of the TVCA Group and its programmes. Implementation within the organisation through the Assurance Framework while implementation by suppliers and industry partners is achieved through contracts and agreements developed by the TVCA Group in accordance with the Management Policies.

The Chief Executive Officer has the ultimate responsibility and accountability for ensuring that risk is managed across the TVCA Group supported by the team of Directors.

The Chief Executive Officer and the Audit and Governance Committees provide governance leadership, agree the strategic direction, Risk Appetite, and promote the culture 'tone from the top', all to ensure the best outcome.

This policy is to be reviewed at least annually to ensure its continuing relevance to our appetite and tolerance of risk and meeting our objectives.

The Framework will be agreed every year by the Audit and Governance Committees.

Approved XX/XX/XX

TEESWORKS

ITEM 14 CONFIDENTIAL
This item is not for publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972

Risk Management Framework
Ref: TVCA-RMF-001

www.teesworks.co.uk

TEESWORKS

Risk Management Framework Ref: TVCA-RMF-001

Version Control				
Issue No	**Version**	**Date**	**Responsible**	**Approved for issue**
1	Draft	16-Jul-18		
2	Draft	8-Feb-19		
3	Draft	15-Feb-19		
3.2	Draft	25-Feb-19		
3.3	RMF approved subject to Board approval of Policy	6-Mar-19		
3.4	Draft	12-Mar-19		
3.5	Approved	29-Mar-19		
3.6	Updated to reflect TVCA group applicability	27/10/20	Group RM	
3.7	Further updates to formatting and templates	08/01/21	Group RM	
4.0	Approval of document	24/02/21	Group RM	STDC ARC
4.1	Rebrand to TVCA template Removal of STDC and replacement with TVCA Group	04/05/21	Group RM	
4.2	Annual review of Framework	31/05/22	Group RM	

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TEESWORKS

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This policy is to be reviewed at least annually to ensure its continuing relevance to our appetite and tolerance of risk and meeting our objectives.

The Framework will be agreed every year by the Audit and Governance Committees.

Approved XX/XX/XX

Introduction

It is incumbent on The TVCA Group to understand the internal and external risks that may impact the delivery of its organisational goals and have processes in place to identify, mitigate, manage, and monitor those risks to ensure the best outcome for The Group, staff, and the community.

The ISO standard on Risk Management describes **risk** as "*the effect of uncertainty on objectives"*. Risk is the probability of an internal or external situation (an incident) with the potential to impact upon TVCA regeneration programme; preventing The Group from successfully achieving its objectives, delivering its services, or capitalising on its opportunities. Risks are an everyday occurrence that could potentially positively or negatively impact on The Group's ability to meet its obligations to stakeholders and the community. The Group recognises that while some risks cannot be fully eliminated, they can be identified, controlled, and managed to an acceptable level.

Risk management is defined as *"the coordinated activities to direct and control an organisation with regard to risk".*

The Group's Risk Management ('Framework') is aligned to the ISO Standard and shall be applied to all activities. The framework will be agreed every year by the Audit & Governance Committee (A&GC). This framework document should be read in conjunction with The Group's Risk Management Policy. The following are not included in the scope of this Framework: the projects initiated by investors and developers.

Risk needs to be considered and addressed by everyone, including the Governing Board, Executive Staff, Senior Management, Employees, Partners, and related stakeholders. The Group is committed to promoting an organisational culture where risk management is embedded in all activities and business processes.

The Group undertakes proactive risk management because:

- It provides a rigorous decision-making and planning process to understand the strategic, project and operational risks facing The Group in order to make informed decisions and meet organisational and strategic goals.
- It equips the organisation to take advantage of opportunities as they arise.
- The Group and its subsidiaries will have service agreements and contractual obligations with government and nongovernment agencies and organisations.
- It equips managers with tools to anticipate changes and threats that face The Group and to allocate appropriate resources.
- It provides assurance to committee members, management, and stakeholders that critical risks are managed appropriately.

The scope of this Risk Management framework is enterprise-wide to provide the architecture for a common platform for all risk management activities undertaken by The Group; from individual function, process, or project-based assessments to whole-of-organisation assessments, with the aim of enabling comparative analysis and prioritisation of those assessments either individually or cumulatively. The framework is directly linked to the achievement of objectives of The Group and delivery of the programme of investment projects.

Risk Management Objectives

The primary objective of the framework is to support the achievement of The Group's strategic objectives and to safeguard the resources, people, finance, property, knowledge, and reputation through:

- Provision of a structured and consistent approach to Risk Management.
- Assist decision makers to make good management decisions within an environment of tolerable strategic and enterprise risk limits, including identifying and leveraging opportunities.
- A Risk Appetite statement which is used to challenge and inform strategic decisions.
- A culture where staff understand and assume responsibility for managing the risks for which they are responsible and the controls to mitigate those risks.
- Provision of relevant, timely information across clear reporting structures.
- Independent assurance and audit activities to provide feedback to management that quality processes and controls are in place and are effective.

For the framework to be effective it must be integrated into The Group's strategic and business planning cycles.

Roles and Responsibilities

Risk Management within the Group is an integral element of good business practice. The assessment process is integrated with the strategic planning and business planning processes.

It is therefore the responsibility of everyone within the Organisation to manage risk - the accountability for managing any specific risk sits with the person most appropriate to manage that risk. This is reflected in position descriptions (with varying degrees of responsibility at the various levels) and the performance management process.

Notwithstanding our "whole of organisation" approach to risk management responsibility, our Risk Management Framework has specific elements which require defined alignment of roles and responsibilities. The responsibilities for each of the roles identified are as follows:

STDC Board/Cabinet

- Responsible for setting moral standards, the tone and influence of the culture of Risk Management across the business.
- Approve the Risk Management Policy and note the Risk Management Framework.
- Approve the Organisations Risk Appetite Statement and Risk Tolerance measures.
- Appoint the Audit and Governance Committee.
- Be satisfied that the Strategic/Corporate risks are identified, managed and controlled properly.

TEESWORKS

Group Chief Executive Officer

- The CEO, supported by the Executive Team is accountable to ensure appropriate risk management within The Group.
- Endorse the Risk Management Policy for approval by The Group, approve the Risk Management Framework and monitor implementation.
- Provide executive leadership in the management of strategic, programme and project risk and generally champion risk management within The Group.
- Report expeditiously to Audit and Governance Committee on any fraud and corruption incidents or material risk mitigation failures and actions taken.

Audit and Governance Committee

The A&GC assists the Executive board in fulfilling its responsibilities by providing oversight and input in the identification and evaluation of significant risks inherent in the business and mitigation planning with respect to such risks.

- Ensure that the STDC Board has an adequate framework and policy system in place

- Oversee the Risk Management Policy and review the mechanisms in place to comply with the framework.
- Monitor the systems and process via The Group's risk profile and consider the risk profile when developing and implementing the Internal Audit and Compliance Programme.
- Consider the adequacy of actions taken to ensure that the risks have been dealt with in a timely manner to mitigate exposures to The Group.
- Identify and refer specific projects or investigations deemed necessary to assess risk management through the Chief Executive Officer, The Internal Auditor and The Group.
- Oversee any subsequent investigation, including the investigation of any suspected cases of fraud.
- Ensure the integrity of financial reporting and is responsible for making recommendations on the appointment of the external auditor and their scope.

Internal Audit

- Act as the 3rd line of defence providing independent assurance.
- Consider strategic and operational risks in the development and implementation of the Internal Audit and Compliance Plan recommending improvements.
- Periodically audit The Group's Risk Management practices and provide recommendations on improvement to Management and the Audit and Governance Committee.

Group Finance and Resources Director

- Provide assurance in the development, implementation and review of the Risk Management Policy, Risk Management Framework, and general risk management practice across The Group.

- Quality assure financial risk management reporting in co-ordination with the Group Risk Manager.
- Ensure the Financial function has the appropriate culture, capability, processes, and systems to deliver on this policy and the Risk Management Framework.

Group Risk Manager

- Assurance checks if the programme complies with the established processes, performance standards and ensures right capability is in place.
- Develop, maintain and quality assure enterprise risk registers and monitor implementation of controls and agreed treatment actions.
- Prepare various risk management reports in accordance with this framework and the Risk Management policy.
- Provide risk management training, advice and support and conduct risk assessments as agreed.
- Liaise with the Internal Auditor and provide Risk support to the Audit and Governance Committee.
- Lead the refinement, implementation, and review of the Risk Management Policy, Risk Management Framework, and supporting processes and systems.
- Measure enterprise risk management maturity and report on the implementation of actions to achieve target maturity.

Project Managers

- Ensure that this framework is applied to the projects under their overview.
- Where the project is considered to materially influence the achievement of The Group's Corporate Objectives, ensure that the project risk register is facilitated by The Group Risk Manager.
- Ensure coordination of activities such as risk register, assessments and reporting are completed.
- Liaise with The Group Risk Manager.
- Identify gaps in areas such as training awareness.
- Assist with communications and training.

Business Function Managers

- Ownership of risk management within their Function or as delegated by the GCEO in accordance with the Risk Management policy and Framework.
- Championing risk management within their Function and appropriate risk management practice by staff, volunteers, contractors, and service providers.
- Ensures coordination of activities such as risk register, assessments and reporting are completed.
- Liaises with Group Risk Manager
- Identifies gaps in areas such as training awareness.

TEESWORKS

- Assists with communications and training.

Risk Owners

- Responsibility that risk remains within defined tolerances.
- Triggers out-of-cycle review of the risks if material change occurs (e.g., restructuring, new IT systems or process change).
- Ensure personal compliance with risk management policies and procedures in performance of duties/activities.
- Ensure controls mitigating risks are designed and operating effectively to reduce the risk exposure to a level which is acceptable to The Group.
- Responsible for annual attestation of risks with Control Owner.

Control Owner

- In charge of ensuring that controls (which may be outside responsibility of risk owners e.g., IT controls) are identified, documented and effective.
- Understands the importance of the effective operation of the control and potential impact of failure on all areas that rely upon the control activity.
- Provide appropriate communication when their controls fail or do not operate as expected.

Staff, Contractors and Service Providers

- Applying risk management practices in their area of work and ensuring that management are aware of risks associated with The Group's operations.
- Recommending or providing suitable plans to manage risks; obtaining appropriate approval prior to action (where required) reporting on risk management practices.
- Awareness of The Group's culture and ethos to report any perceived risks or failures in existing measures to senior management.

Organisational Risk Culture

The Group will actively consider risks during strategic and tactical decision-making processes as will all levels of management and will determine the level of residual risk/appetite they are willing to accept. This will be done on at least an annual basis. The Group will take a risk-based approach to managing internal and external projects, operational and strategic risks: i.e. risks will be managed and monitored according to severity.

Management will conduct at least an annual review of their function or project risks (facilitated by the Risk Manager) with monthly monitoring of priority and high risks. Management will also conduct out-of-cycle reviews of operational, project or strategic risks if material changes occur, if there is a breakdown of controls or if new risks emerge.

The Group will invest the appropriate time and resources into training and awareness for all staff in line with responsibility and involvement. This includes but is not exclusive to managers and nominated risk and control owners and staff with specified risk and emergency management roles.

Guidelines for a Culture of Risk Management

The Group has finite resources, time, and budget to manage all aspects of its activities. It is therefore vital that The Group apportion resources into the areas of most need, or that will have the greatest impact. The Group will therefore take a risk-based approach to managing operational risks as follows:

- Risks are initially identified and assessed on an inherent basis - the risk that an activity would pose if *no controls* or other mitigating factors were in place. Determining the likelihood and impact of the risk occurring allows TVCA to understand which risks are of greater concern and must therefore be mitigated accordingly.
- The Residual Risk - the risk that remains after the implementation of controls can then be determined by assessing the effectiveness of controls in place to mitigate the likelihood and impact of the risk occurring.
- All risks will be captured in an organisational Risk Register and reported regularly through the various Management and Committee structures

Risk Management Structure

To understand the risks faced by The Group and the resulting implications, risks will be identified and assessed at a hierarchy of three levels:

- **Strategic**: Those Corporate risks that, if realised, could have a significant detrimental/beneficial effect on The Groups Corporation key business processes and activities.
- **Programme & Enterprise:** Those business risks that, if realised, could have a significant detrimental/beneficial effect on the key objectives and activities of The Group's programme.
- **Project:** Those business risks that, if realised, could have a significant detrimental/beneficial effect on the outcome of a project.

Illustration of hierarchy of risk groups indicating levels outlined below with discrete   registers and ownership. Escalation, parent/child connectivity, quantification and tracking protocols

Strategic – Board level-owned risks, including external facing/extreme

Delivery Programme and Function/Site risk separately logged

Project Risk registers

Contract – risks transferred for others' management

Strategic

Programme / Enterprise

Project

Contract
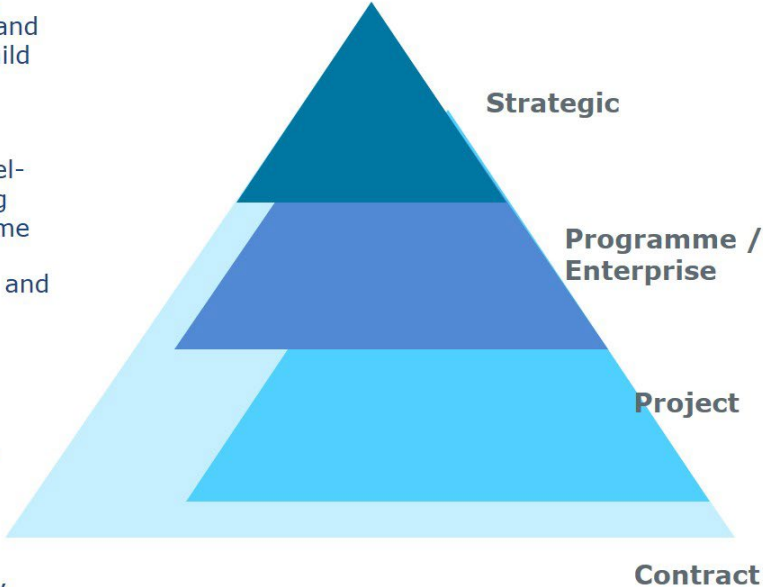
Risk Management Principles

All levels of the TVCA shall commit to incorporating the following principles from the ISO Standard.
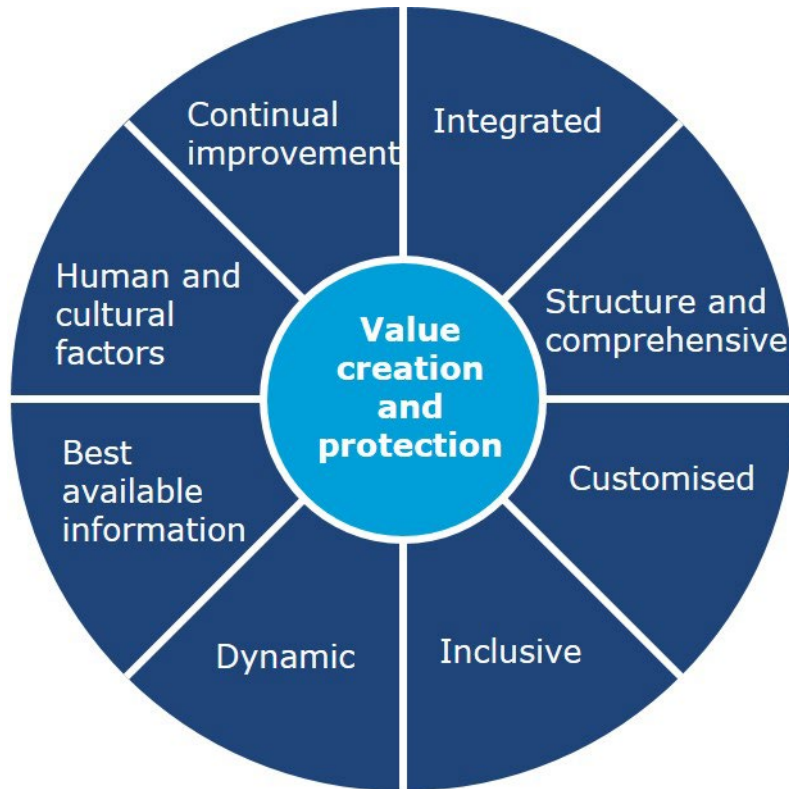
ISO 31000 Risk Management Principles

Principle	
Integrated	Risk management is an integral part of all organisational activities.
Structured and comprehensive	A structured and comprehensive approach to risk management contributes to consistent and comparable results.
Customized	The risk management framework and process are customized and proportionate to the organisation's external and internal context related to its objectives.
Inclusive	Appropriate and timely involvement of stakeholders enables their knowledge, views, and perceptions to be considered. This results in improved awareness and informed risk management.
Dynamic	Risks can emerge, change, or disappear as an organisation's external and internal context changes. Risk management anticipates, detects, acknowledges, and responds to those changes and events in an appropriate and timely manner.
Best available information	The inputs to risk management are based on historical and current information, as well as on future expectations. Risk management explicitly takes into account any limitations and uncertainties associated with such information and expectations. Information should be timely, clear, and available to relevant stakeholders.
Human and cultural factors	Human behaviour and culture significantly influence all aspects of risk management at each level and stage.

Continual improvement	Risk management is continually improved through learning and experience.

Three Lines of Defence Model

The Three Lines of Defence model provides a simple and effective way to enhance communications on risk management and control by clarifying essential roles and duties.
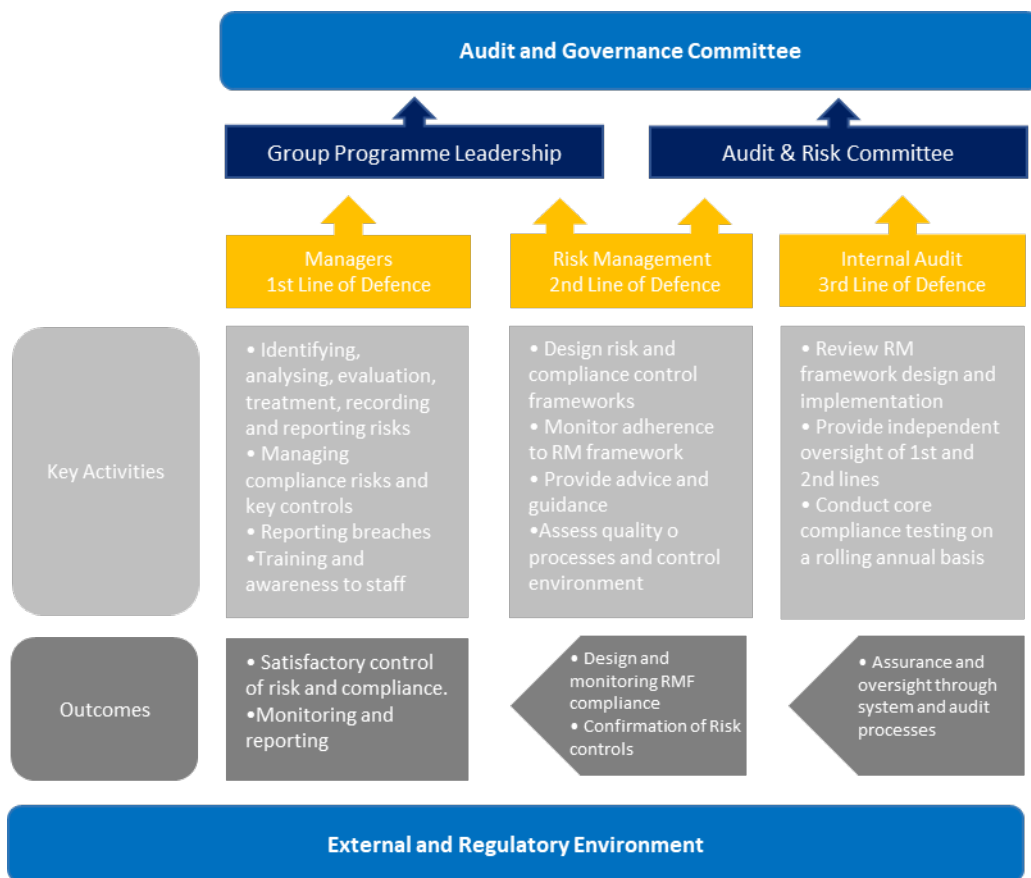
1st Line of Defence – Project and Function Managers

Each function or project has primary responsibility for the ownership and day-today management of its own risks and is also responsible for implementing corrective actions to address process deficiencies. Each function & project naturally serves as the 1st line of defence as controls are designed into systems and processes under their guidance, as they bear the consequences of loss through economic risk capital allocation. There should be adequate managerial and supervisory controls in place to ensure compliance and to highlight control breakdown, inadequate processes, and unexpected events.

2nd Line of Defence: Programme and Group Risk Manager

The Group Risk Manager provides oversight to ensure that the framework is embedded, operational and to monitor the 1st line controls so that risks are effectively managed. It is a risk management function that facilitates and monitors the implementation of effective risk management practices by management and assists risk owners in defining the target risk exposure and reporting adequate risk-related information throughout the organisation. The Risk Manager has a degree of independence from the first line of defence.

3rd Line of Defence: Internal Audit

Internal audit (IA) is outsourced and provides reporting to the Audit & Governance Committee to provide independent assurance on the effectiveness of governance, risk management, and internal controls, including the manner in which the 1st and 2nd lines achieve risk management and control objectives. IA provides The Group and Senior Management with comprehensive assurance based on the highest level of independence and objectivity.

Risk Escalation

Risk should be managed by the party best placed to manage the risk and at the most appropriate level in the organisation. Risks may need to be escalated up the management chain – either within or between the levels of hierarchy (i.e., Strategic, Programme and Enterprise, Project, or Contractor).

The accountable Managers, with the assistance of the Risk Manager, are to identify any risks which are to be considered for escalation in their regular reporting cycle. These will then be reviewed with line management at risk review meetings, as specified within the programme controls governance structure, to review and approve the escalation of the risk. This cycle of review is repeated up the organisation structure.

When selecting risks to escalate, these factors should be considered:
- Is any single risk so significant that it should be escalated to the next level?
- Are there any common causes of risk that should be escalated?
- Do any of the identified risks have consequential effects to the wider programme which are significant enough for that risk to be escalated to the next level?
- Do any risks require responses which can only be implemented by the next level of management?

Note that escalating risk does not transfer the ownership of risk but allows the manager at the higher level to understand the risks within their responsibility.

Risk Appetite

Risk appetite is the amount of risk exposure, or potential adverse impact from an event, that the A&GC is willing to accept in pursuit of its objectives.

Risk Appetite Statement

The Group will maintain a current risk appetite statement.

This statement communicates with sufficient precision that the organisation has a proactive approach on its appetite for risk across all of it objectives.

Once the risk appetite threshold has been breached, risk management controls and actions are required to bring the exposure level back within the accepted range by considering:

- Emerging risks
- Risks that might be outside The Group's control (i.e., political change)
- Where best to allocate scarce resources
- Where the Group might want to take on additional risk to pursue a strategic objective or expectation of above average returns

Risk appetite should be set for each individual strategic risk and tolerance levels agreed, using relevant performance indicators which are monitored through the monthly enterprise reports.

TVCA's risk appetite will inform the annual risk process, controls and assurance activities and is generally defined as follows:

Risk Rating	Minimum treatment required	Description
Severe risk	Reject and avoid or mitigate	Immediate action required in consultation with A&GC to either avoid the risk entirely or to reduce the risk to a low, medium, or high rating.
High risk	Accept and mitigate	These risks need to be mitigated with actions as required and managers need to be assigned these risks.
Medium risk	Accept	Manage by specific monitoring or response procedures.
Low risk	Accept	Manage by routine procedures.

Risk Tolerance

Whilst risk appetite is about the pursuit of risk, tolerance is about what the organisation is allowed to deal with. Risk tolerance differs from risk appetite in that it is:

- Derived from risk appetite.
- Looks at risk at a granular level (e.g., on specific risk, at a transactional level);
- Measured in the form of limits (financial risks) and thresholds (non-financial risks)

- Assists in day to day/operational decision making.

Risk tolerance therefore relates to risk appetite but differs in one fundamental way in that it represents the application of risk appetite to specific objectives. Whilst risk appetite is broad, risk tolerance is tactical and operational and must be expressed in such a way that it can be:

- Mapped into the same metrics as the organisation uses to measure success.
- Implemented by staff throughout the Organisation.

As risk tolerance is defined within the context of objectives and risk appetite, it should be communicated using the metrics in place to measure performance. Risk tolerances guide project and functional areas as they implement the risk appetite within their sphere of activity.

Risk tolerances communicate a degree of flexibility whilst risk appetite sets a limit beyond which additional risk should not be taken. Some tolerances are easy to express in qualitative terms, e.g., an organisation may have a low-risk appetite for non-compliance with laws and regulations and may communicate a similarly low tolerance for violations. Tolerance may also be stated in quantitative terms, e.g., by setting % targets.

Risk Management Process

The risk management process is the "how to" element of the Framework and is defined in the ISO Standard as "the systematic application of management policies, procedures and practices to the task of communicating, establishing the context, identifying, analysing, evaluating, treating, monitoring and reviewing risk." [4]

Communication and consultation
- Help establish the context, tools & templates
- Bring different areas of expertise together
- Secure endorsement
- Develop communications plan

Scope, Context and Criteria
- Understand the internal & external environment
- Establish the context of the Risk Management process
- Define the Risk Criteria

Risk Assessment

Risks Identification
- Find, recognise, describe sources of risk, areas of impact; events, their causes & potential consequences
- List risks on the Risk Register

Risk Analysis
- Comprehend the nature, characteristics & level of the risks.
- Analyse existing control environment
- Consider likelihood, magnitude, time & sensitivity

Risk Evaluation
- Compare analysis to risk criteria
- Consider treatment options & impact
- Consider 4Ts: Treat, Tolerate, Transfer, Terminate

Risk Treatment
- Select, formulate plan & implement option to address risk
- Assess effectiveness of treatment
- Consider if remaining risk is acceptable

Monitoring & Review
- Performance measures and metrics
- Continuous improvement, incorporate lessons learned.
- Review internal & external environments
- Identification of emerging risks

Recording and reporting
- Communicate activities, outcomes & information for decision-making
- Assist interaction with stakeholders

The Group Risk Management Framework[1]

Risk Management Scope

The level of detail that will be entered into during the risk management process must be considered prior to commencement and should be commensurate with the extent and nature of the inherent level of risk. The extent and scope of the risk management process will depend on the goals and objectives of The Group's activity that is to be addressed, as well as the budget that has been allocated to that activity.

Consideration must also be given to the roles and responsibilities for driving and undertaking the risk management process.

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[1] BS ISO 31000:2018 Chapter 6

Risk Assessment

Risk assessment is the overall process of risk identification, risk analysis and risk evaluation. The Group will conduct risk assessment systematically, iteratively, and collaboratively, drawing on the knowledge and views of involved stakeholders.

Risk identification

The purpose is to identify all risks; what, when, why and how incidents might impact on the achievement of objectives. A Risk can be raised by anyone associated with the enterprise, programme, or project. Comprehensive identification using a well-structured systematic process is critical, as a risk not identified will be excluded from further analysis, so identification should include all risks, whether or not they are under the control of The Group. A comprehensive risk identification process is delivered through consideration of the potential influence of each of the elements on the internal and external operating environment on The Group's objectives.

A systematic process includes working through each goal, objective, or planned implementation action, identifying the things that may inhibit, detract from, or prevent the achievement of the goal or enhance the opportunity to meet the objective. The Group will use a range of tools and approaches to determine potential risks, including:

- Team based brainstorming with experienced and knowledgeable staff.
- Structured techniques (such as SWOT analysis, process mapping, flow charting, systems analysis, or operational modelling)
- Annual strategic, TVCA planning, budget, and risk identification workshops.
- Examination and analysis of past reports and incidents.
- Regular compliance reviews (internally and externally).
- Internal review by the Audit and Risk Committee.
- Reviews by external service providers.

A risk event relates to the failure of people, processes, and systems or from external factors (e.g., fire, flood, assault, or damage). In other words, something has gone or may go wrong: a control failed to operate as expected, was not performed, was circumvented or perhaps there was no control in place. Incidents can have multiple and varied impacts

Capturing incidents, investigating them, and understanding their root causes are critical as these provide us with important and timely information on the operation and effectiveness of our controls, threats to our business operation and the extent and nature of The Group risks.

The organisational strategic risks are developed annually by the Senior Leadership Team in conjunction with the Audit and Governance Committee. The Enterprise operating risks are identified in conjunction with Function Managers on an annual basis as a minimum, at meetings with the Risk Manager which run parallel with The Group's annual business planning cycle.

Recording identified risks occurs through the development of a description of the risk and entry into the appropriate risk register. The risk description should contain a statement of the risk and include those factors which could cause or contribute to the occurrence of the risk event. A risk, by definition,

is a potential for something to happen and not the actual occurrence of an event, consequently the language used to describe risks should express this element of possibility.

Risk analysis

Analysis involves developing an understanding of the risk, the likelihood of the risk occurring and the full range of potential impact/consequences. Identification of likelihood and impact is not scientific: it is a qualitative exercise based on perception and history.

The initial analysis provides the inherent likelihood, the inherent impact, and the inherent risk rating. At this stage, the analysis assumes that all controls have failed or there were no effective controls in place. Whilst this is unlikely, this allows The Group to understand which risks have the greatest potential for disrupting the business operation and therefore require strong and effective controls with appropriate and ongoing oversight.

Risk registers

Risk registers provide a mechanism for documenting, managing, monitoring, reviewing, updating, and reporting risk information. Risk register design, use and related processes are developed and maintained by the Risk Manager. The Group has adopted a master risk register template, each project and function are to use the template.

Inherent likelihood

The inherent likelihood of a risk occurring is defined as the probability and frequency of its occurrence. It may be easier to ask: 'How likely is it that the risk event will occur?'

The table below is a commonly used format with five levels of Likelihood from Rare (an event that occurs only in exceptional circumstances) to Almost Certain (occurring frequently within a year). Each criterion is assigned a number from 1 to 5.

Inherent impact

This is defined as the potential impact or consequence of a risk occurring and is generally expressed as a financial loss, non-financial loss (e.g., damage to reputation, client impact, regulatory impact) or occasionally a gain. Asking 'what would be the impact/consequence of risk XYZ occurring?' may elicit a better response.

Accurately determining the possible multiple impacts is to be achieved by utilising the Impact table, which is divided into nine categories and five levels of impact.

A risk may fit into a single category or fall across multiple types and similarly the level of impact may fit into more than one row. It is up to management (with assistance from the Group Risk Manager) to determine the type with the highest consequence for inclusion into the risk register.

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The impact table should be reviewed at least every year with business subject matter experts as part of the framework review to ensure that categories and descriptions are relevant and reflective of TVCA's internal and external environments.

Risk Evaluation

The purpose of risk evaluation is to support decisions. Risk evaluation involves comparing the results of the risk analysis with the established risk criteria to determine where additional action is required.

This can lead to a decision to:

- Escalate as you lack the authority to take the necessary actions.

- Maintain existing controls and do nothing further – Tolerate, (ignore opportunity).

- Consider risk treatment control and action options – Treat.

- Undertake further analysis to better understand the risk.

- Reconsider objectives – *potentially* terminate.

- Change owner of the risk – Transfer.

- Try to realize the opportunity – Enhance.

- Ensure that the opportunity is realised – Exploit.

- Involve others in order to realise the opportunity – Share.

Decisions should take account of the wider context and the actual and perceived consequences to external and internal stakeholders.
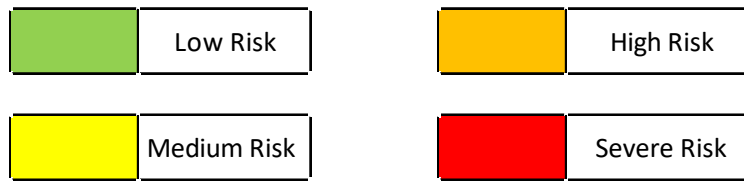
Inherent risk rating

For each of the risks listed from the risk identification process, the likelihood of the risk occurring, and its impacts are to be plotted using the criteria matrices (see below) by multiplying the numbers associated to each criteria of likelihood and impact. For example, the risk of a fraud occurring in the payroll process, *in the absence of effective controls*, could be assessed as follows:

The likelihood is considered as 'Likely' (= 4) with the Impact assessed as 'Major' (= 4).
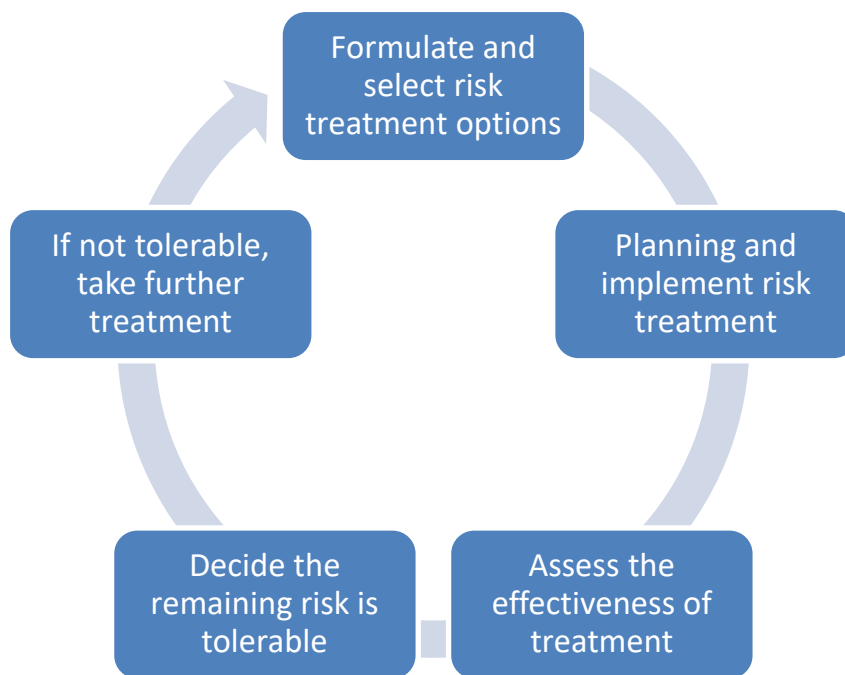
The resulting level of risk will be shown as the intersection of the two dimensions on the Risk likelihood Matrix. This provides the Inherent Risk Rating of 16 = High.

 The risk matrix is broken into four shaded areas reflecting the increasing level of risk.

	Low Risk			High Risk
🟩	Low Risk		🟧	High Risk
🟨	Medium Risk		🟥	Severe Risk

Risk Treatment

Risk mitigation/treatment involves identifying the most appropriate responses to reducing the inherent risk level to a status acceptable within the TVCA's risk tolerance. Both controls and treatments are designed to mitigate the risk by reducing the likelihood of negative risks occurring and/or reducing the impact of risks should they occur.

```
        Formulate and
        select risk
        treatment options

If not tolerable,              Planning and
take further                   implement risk
treatment                      treatment

    Decide the                 Assess the
    remaining risk is          effectiveness of
    tolerable                  treatment
```

Risk treatment cycle

Treat the risk. There are a number of treatment options available, and more than one can be applied to any risk. Typical treatment options include the establishment and operation of controls designed to mitigate, discourage, identify and/or limit the impact and likelihood of a risk from occurring. Most risks will have multiple different controls in place, some intended to prevent a risk occurrence, and some will detect an occurrence whilst others are designed to respond to an occurrence. Controls are not always performed by the risk owner. For example, project or functions will have a key reliance on technology to manage controls to ensure systems are available and operating as required.

Directive Controls are those designed to establish desired outcomes.

- Setting TVCA policies, project, or functional policy/procedures
- Setting spending limits
- Setting IT configuration standards

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- Laws and regulations
- Training seminars
- Job descriptions
- Meetings

Preventive Controls are designed to discourage errors or irregularities from occurring. They are proactive controls that help to ensure project or functional objectives are met.

- Training on applicable policies, project, or function policy/procedures
- Review and approval for purchase requisitions to ensure they are appropriate before purchase.
- IT access authorisations to ensure access is appropriate.
- The use of passwords to stop unauthorised access to systems/applications.
- Segregation of duties (authorisation, record keeping & custody of the related assets should not be performed by the one same individual)
- Physical control over assets
- Locking office door to discourage theft.
- Shredding documents with confidential information

Detective Controls are designed to find errors or irregularities after they have occurred.

- Cash counts; bank reconciliation
- Review of payroll reports
- Compare transactions on reports to source documents.
- Monitor actual expenditures against budget.
- Review logs for evidence of mischief
- Exception reports which list incorrect or invalid entries or transactions
- Reviews and comparisons
- Physical counts of inventories.

Corrective Controls are intended to limit the extent of any damage caused by an incident e.g. by recovering the organisation to normal working status as efficiently as possible.

- Submit corrective journal entries after discovering an error.
- Complete changes to IT access lists if individual's role changes
- Anti-virus
- System upgrades
- Additional training
- Changes to procedures.

Transfer the risk. Risk transfer may be achieved by taking out insurance to facilitate financial recovery against the realisation of a risk**:**

- Compensating a third party to own the risk because the other party is more able to effectively manage the risk.
- Risk may be wholly transferred, or partly transferred (that is, shared).
- It is important to remember that it is almost impossible to transfer risk completely. In almost all risk sharing arrangement, a degree of the original risk remains and there is inevitably financial or other consideration for the sharing of the risk. In addition, a new risk is inherited; one dependent on a third party to manage the original risk.

Terminate the risk. Some risks may only return to acceptable levels if the activity is terminated. Seek to eliminate the event leading to the risk while staying within the current programme baseline.

Tolerate the risk. Seeks to reduce (or eliminate) the impact, probability, or both, of the risk to some acceptable level. A risk may be accepted because:

- The probability or consequences of the risk is low or minor.
- The cost of treating the risk outweighs any potential benefit.
- The risk falls within the agency's established risk appetite and/or tolerance levels.
- TVCA has limited/no control over the risk. E.g., natural disasters, international financial market impacts, terrorism, and pandemic illnesses. To manage such risks, TVCA should have a business continuity plan in place to provide effective prevention and recovery.

Exploit the opportunity. Take actions to make the opportunity certain or to maximise the effect to improve the programme's ability to meet its objectives.

- Multiple activities are created and tracked in the programme as funded exploitation steps with start/finish dates.

Share the opportunity. Seeks to develop teaming or partnerships that will increase the opportunity's probability.

- Allocate ownership to another stakeholder to maximise the benefit for the stakeholder or to improve the performance of the programme or function.
- Collaborate with suppliers, teammates, or customers on the opportunity to increase the probability and/or benefit.

Enhance the opportunity. Seek to enhance the event or modify the exposure leading to the opportunity while staying within the current programme baseline to increase the probability of an outcome to the benefit of the programme's objectives.

- Early life cycle decision change requirements, to adjust design, acquisition method.
- A possible enhancement identified in the function or during the project that does not require additional task funding.

Ignore the opportunity. The effort (funding, schedule, labour) required for the investment outweighs the return or benefit effect of the opportunity.

- Place on a watch list to monitor.
- The benefit is not greater than the cost at this time given programme funding and resources.

When determining the most appropriate treatment, The Group should consider:

- How will the treatment modify the level of risk or opportunity?
- How do costs balance out against benefits?
- How compatible is the treatment with the overall business objectives?
- Does it comply with legislation?
- Does it introduce new or secondary risks or opportunities?

Often more than one response may be necessary to address an identified risk. In those cases, a combination of responses (controls / mitigations) should be taken into consideration.

Current control environment

To understand the extent to which the likelihood and/or impact of a risk occurring is mitigated, the full suite of controls in place must be documented and assessed for effectiveness of design and operation. The assessment should only assess controls that are currently in operation, not those that are planned.

Where controls are operated by a third party (e.g., Supplier, Technology), discussions with the control owner should take place to ensure there is an appropriate assessment of the control that takes into consideration the views of the control owner and the risk owner.

Control Rating

The table below should be provided to assist in the assessment of the controls in use. The control rating is the subjective view of the risk owner and the control owner(s) and is reflective of the effectiveness of all the controls i.e., controls are not rated individually.

Control Rating	Description
Excellent	Controls are well designed, documented and address the root cause. Controls are effective and reliable at all times Nothing more to be done except review and monitor the existing controls Likely to be automated and regularly performed
Good	Most controls are designed correctly and in place, documented and effective Some work needs to be done to improve operating effectiveness Management has some doubts about operational effectiveness or reliability
Fair	Design of the controls may be largely correct in that they treat most of the causes of the risk, they are currently not effective, or Some controls are not correctly designed - they do not operate effectively May be manually performed and/or infrequent
Poor	Significant control gaps exist. Controls do not treat root causes, do not operate effectively, or are not documented

|	
Unknown (red box)	Manual and infrequently performed
(blue box)	Controls and status are unknown

Residual risk

When the controls have been assessed and rated, the residual risk (the amount of risk left over after inherent risks have been reduced by controls) rating is determined.

For each of the risks listed from the risk identification process, the residual likelihood of occurrence and potential impacts is plotted by multiplying the numbers associated to each criteria of likelihood and impact. For example, the risk of a fraud occurring in the payroll process, *taking into consideration the effectiveness of controls in place (considered 'Good')*, could now be reassessed as follows:

The likelihood is rare (= 1) with the impact assessed as now moderate (= 3).

The resulting residual risk (1 x 3 = 3) will be shown as the intersection of the two dimensions on the matrix (see below). This provides the residual risk level of 3 = Low. It is likely that no further actions would be required to further mitigate this risk.

The matrix is broken into four shaded areas reflecting the increasing level of risk.

(green)	Low Risk	(orange)	High Risk
(yellow)	Medium Risk	(red)	Severe Risk
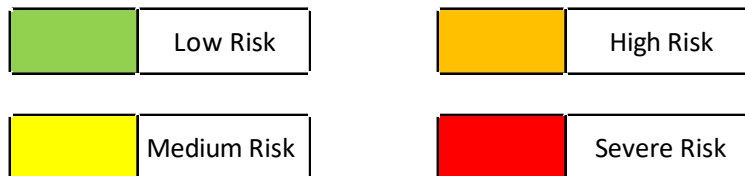
Alternatively, if controls in place to mitigate a fraud occurring in the payroll process are determined to be 'Poor', the inherent risk could be reassessed as follows:

The likelihood is possible (= 3) with the impact assessed as still major (= 4).

The resulting residual risk (3 x 4 = 12) would be High. In these circumstances, the residual risk would be outside of appetite and would require actions to address the controls gaps or weaknesses to further mitigate the likelihood or impact of the risk occurring.

Target Risk

Each risk will be allocated a target risk score which every endeavour must be made to attain. This gives confidence that the threat/opportunity is being managed at the optimal level.

Action plans

Where control weaknesses are identified and the decision is taken that further mitigation is required (i.e., the residual exposure is not accepted), an action plan must be established.

For project-based risk assessments, the risk treatment action plan provides the project manager with a tool to continuously monitor project improvement through the implementation of the plan. Issues and delivered risks identified through the course of the project must be assessed and included in the project risk register, having gone through the full risk assessment process outlined above. This will ensure the continuing relevance of the risk assessment.

All actions must be:

- **Owned**: who is responsible for ensuring the action is addressed
- **Specific**: the exact activities that will be undertaken
- **Timely**: must be completed within appropriate time frames, commensurate with the significance of the gap/weakness
- **Achievable**: the action/activities must be realistic to ensure appropriate mitigation
- **Measurable**: it must be possible to quantify the action or have a means of assessing progress
- **Justified**: can demonstrate a further reduction in the residual likelihood and/or impact
- **Governed**: tracked, managed, and reported.

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Monitor and review.

The risk assessment process provides a snap shot of The Group risks, controls and action plans at a given point of time as shown in the risk register. An individual risk lifecycle is shown below.

Aggregated programme risk reporting is to be conducted at a 2-monthly interval with project and business functions reporting through the Risk Manager. Monthly reviews of risk occur at the function and project-to-programme level.

The residual risk impact and likelihoods and control effectiveness ratings are to be reflected on a one-page impact matrix with supporting opinion and insight on risks, controls, and actions – the risk profile.

The context in which TVCA operates is fluid, therefore the threats on our objectives continually change. So, assumptions must be reviewed and the response strategies which have been made are to be assessed to ensure they remain adequate. As a result, the risk management process is iterative and should be the subject of a structured monitoring and review process.

Risk Closure, Issue realisation

Risk could be closed in three cases:

- When the period in which a risk event can occur has passed;
- When the scope of a project is amended, and a risk becomes irrelevant (avoided);
- When a risk is addressed well and reduced to acceptable level.

Closed risks become part of a project's legacy information. Otherwise, a risk should stay active.

When a risk is realised it is an **Issue**. Issues require a response with an action plan using the organisation's project management tools. The contingency plan for an issue may be included within the risk register. The contingency plan outlines what to do if the risk is in close proximity and likelihood is increasing or the current controls are not working. Issues are to be owned, actioned, and reported.

Continuous review of risks

Risk and the effectiveness of control measures to manage risk need to be monitored on an ongoing basis to ensure changing circumstances, such as the political environment and the TVCA's strategic objectives and risk appetite do not alter the risk evaluation profiles and adequacy assessments. New risks or deficiencies in existing mitigation strategies may be identified via a number of sources:

- Changes in the strategic objectives
- Regular review of the identified risks and mitigation strategies
- The annual internal audit programme
- Ongoing monitoring by various Committees
- New legislation
- New accounting standards, guidelines, or information from any regulator
- IT outages
- Complaints
- Regulatory / Compliance breaches
- Incidents
- External Audit
- Projects or Change Initiatives

Internal audit will provide particular attention to those controls, mitigation activities or other responses identified through the risk assessment as having significant priority. In addition, the risk assessment process, including the framework, will be monitored, evaluated, and reviewed by the Internal Auditor.

Risks are to be monitored and reviewed by the responsible manager/officer on an ongoing basis and reported to committees on at least a two-monthly interval. The effectiveness of risk responses will be continuously monitored by the responsible manager/officer and reviewed six monthly.

Any material change to the master plan will trigger a review of the risk management framework, most particularly the risk appetite and the risk management process.

Communication and consultation

Communication and consultation with internal and external stakeholders are important elements at each step of the risk management process. Effective communication is essential to ensure that those responsible for implementing risk management and those with a vested interest understand the basis on which risk management decisions are made and why particular actions are required.

Output from the strategic risk assessment and business unit risk assessments are to be used as input to the business planning process. That input will include risk response plans. Internal audit will use the information from the business planning risk assessments, in particular the risk response plans, to assist with development of the internal audit plan.

Risk Framework Performance Monitoring

Risk management performance indicators include:

- Report to Audit & Governance Committee on status High & Severe rated risks, overall distribution and direction of identified risks, % Audit Actions completed on time.

- Reports to Senior Leadership team on status high & severe rated risks, overall distribution, and direction of identified risks, % of high & severe risk control actions on track, risk management maturity improvement targets met.

Risk Training

To ensure the successful implementation of risk management throughout the organisation, it is planned that appropriate training in risk management will be provided to staff and managers. Training should encompass the risk management process, application of risk management tools, assistance with identification and analysis of TVCA's risk exposures, risk profiling and reporting.

In addition, the organisation's Risk Management Team will coordinate with People and HR Function/Business Function Managers and all projects to work towards ensuring:

- Induction training will include Risk Management, Fraud awareness and Employee Code of Conduct.
- Employees receive regular Risk Management awareness update training.
- Any updates and changes to the Risk Management Policy, framework related policies, procedures.
- Codes of Conduct, ethics etc. are circulated to all employees via the Intranet or email where deemed necessary.

Appendix 1. Risk Glossary

TVCA has adopted the following Risk Management definitions from the ISO 31000:2018

Terminology	Explanation
Risk	The effect of uncertainty on objective described as the combination of likelihood and impact, including perceived importance.
Risk Appetite	The level of risk that the A&GC is prepared to accept, tolerate, or be exposed to at any point in time.
Risk Assessment	The overall process of risk analysis and risk evaluation.
Risk Analysis	A systematic use of available information to determine what events may occur, the likelihood of occurrence and the magnitude of their consequences.
Likelihood	The possibility of an event happening (probability).
Impact	The outcome of an event expressed either in financial terms or qualitatively, being a loss, injury, disadvantage, or gain (impact).
Inherent Risk	The risk that an activity would pose if no controls or other mitigating factors were in place (the gross risk or risk before controls)
Control	Controls or mitigating actions in place to prevent, detect, minimise the impact of an identified risk.
Residual Risk	The risk level remaining after taking account the effectiveness of current controls or mitigating actions in place.
Target risk	The risk level which is required to ensure the best possible outcome of the organisation is attained.
Risk Treatment / Action Plan	The additional controls / mitigation action required to ensure that the risk appetite level is achieved.
Risk Profile	The residual risk impact and likelihoods and control effectiveness ratings can be reflected on a one-page Heat Map with supporting opinion and insight on risks, controls, and actions – the Risk Profile.
ALARP	As low as is reasonably practicable. That the degree of risk in a particular activity or environment can be balanced against the time, trouble, cost, and physical difficulty of taking measures to avoid the risk.

Appendix 2. Risk Lifecycle
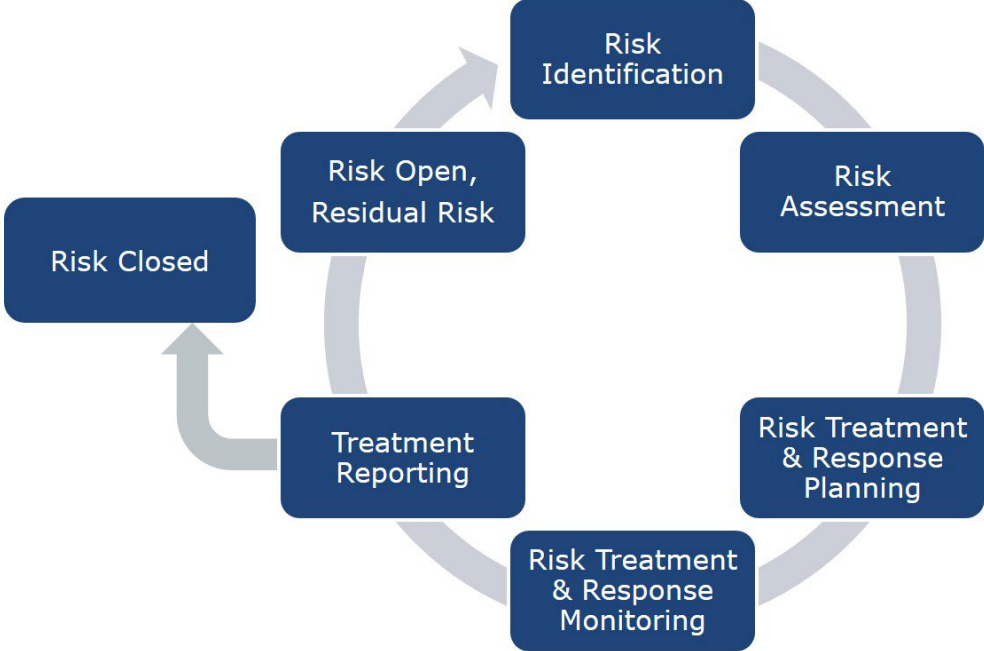
Appendix 3. Opportunity Lifecycle

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Appendix 4. Risk Appetite Statement

The HM Orange Book and ISO principles have been considered to ensure these align with standard risk management processes and frameworks. These risk types have also been allocated an approach in how we classify and prioritise responses to manage and mitigate risk; Minimalist, Cautious, Open.

Risk Type	Description	Approach
Strategy	Pursuing a strategy which is poorly defined and/or not aligned to objectives.	Minimalist
Financial	Poor management of finances, assets, and liabilities.	Cautious
Security	Failing to prevent unauthorised/inappropriate access (including cyber).	Minimalist
Governance	Unclear authorities, accountabilities, and oversight.	Cautious
Commercial	Weak management of commercial partnerships, supply chains and contracts.	Cautious
Project/Programme	Project/Programmes are not aligned with priorities, or fail to deliver on cost, quality, time.	Cautious
Operations	Inadequate internal processes.	Minimalist
People	Poor leadership & engagement, culture, behaviours.	Cautious
Reputation	Ethical violations, poor sustainability, repeated failures, or poor quality.	Cautious
Legal	Defective transactions, claims, failure to meet legal/regulatory requirements.	Minimalist
Technology	technology not delivering the expected services.	Minimalist
SHE	Deficiencies/poor management leading to non-compliance or harm.	Minimalist
Information	Failing to produce and exploit data/information to its full potential.	Cautious

TEESWORKS

Appendix 5.   Risk Approach

Risk Approach	Description	Tolerance
Open	Flexible to reasonable risk taking, fully willing to accept uncertain outcomes. Where options exist, will choose the option with highest benefit, and accept possibility of failure. Willing to trade-off this objective against the achievement of other objectives.	Thirteen - Eighteen
Cautious	Accept uncertainty when it can be actively monitored and measured. Limited willingness to accept uncertain outcomes. Where options exist, will accept limited if favourable risk-reward outcome. Prefer to avoid trading off this objective for the achievement of others.	Six - Twelve
Minimalist	Close to zero tolerance for risk, unwilling to accept uncertain outcomes. Where options exist, will select thew lowest risk option. Unwilling to trade-off this objective for others.	One to Five