

**REPORT TO TEESSIDE FREEPORT GOVERNANCE BOARD****SEPTEMBER 2023****REPORT OF HEAD OF PERFORMANCE RISK AND ASSURANCE****RISK****SUMMARY**

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

Teesside Freeport currently has a medium risk profile which is considered tolerable. The average residual risk score is 8.5 with the average threshold being 10.

In order to better manage risk, the Security and Illicit Threats are managed separately, a summary has been provided.

**RECOMMENDATIONS**

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

**DETAIL**

1. The Board agreed to adopt the TVCA risk management process at the initial Board meeting in May 2021. This framework has successfully been deployed to deliver the first operational Freeport in the UK and will continue to manage risk during operations.
2. This report presents the position on Freeport risk in September 2023, and remains medium risk, which is within the tolerable limit as in **Appendix 1**.
3. Whilst risk continues to be managed the main risks outside of tolerance reflect Delivery of Freeport Programme, PCZ operation, Security of supply, Utility costs and Vessel scheduling and delivery to Quay side. Threats that are influenced by external factors limiting TVCA's ability to reduce the probability/impact are reviewed at granular level to ensure appropriate risk responses are assigned.
4. Following ongoing discussions with both A&C workstream, security stakeholders and HMG's Freeport Sub Security Board, the risk register for Freeport has been segregated with Security & Illicit (S&I) threats held on a separate register. A summary of each register is provided in **Appendix 1**.

5. Freeport is managing 16 general risks and 24 S&I risks. A number of these potential risks have strong mitigations and only become prevalent as the Freeport custom zones are accredited.
6. 1 threat has increased in score relating to Delivery of Freeport Programme, PCZ Operation (**Severe** risk profile) – An escalation risk report was complete and shared with relevant stakeholders to ensure effective risk responses were implemented. Recruitment for a Freeport Manager is currently underway to reduce the probability and impact of the threat to optimal levels.
7. 1 threat has reduced in score relating to PCZ Operation.

#### **FINANCIAL IMPLICATIONS**

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

#### **LEGAL IMPLICATIONS**

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

#### **RISK ASSESSMENT**

10. There are no specific risk implications arising from this report.

#### **CONSULTATION & COMMUNICATION**

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

#### **EQUALITY & DIVERSITY**

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

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