

Risk Group	Risk Ref.	Risk Description	Impact			Likelihood	Total risk score	Mitigation actions	Impact			Likelihood	Total risk score
			Financial	Reputation	Total				Financial	Reputation	Total		
Financial	1	Continuing uncertainty over the UK's withdrawal from the European Union causes volatility The UK's withdrawal from the EU, results in the further downgrading of the UK Government as an international creditor, with resultant volatility in gilt yields, and pressure on Sterling, resulting in possible inflationary pressure and changes in interest rates.	2	2	4	4	16	Since the Referendum, the UK has been downgraded to AA. However, this has not to date had any adverse impact on gilt prices. The Treasury Management Centre of Expertise continue to monitor closely Gilts and receive regular updates from treasury advisers on short and medium term interest rate expectations. In addition, the levels of short term and long term exposure to interest rate fluctuations are monitored and reported to Audit & Governance Committee. The interest payable budget includes some allowance for future interest rate rises.	1	2	3	4	12
Financial	2	Interest Rate Risk The risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately.	3	2	5	3	15	As part of the current Treasury Management Strategy, short term borrowing is undertaken to reduce the levels of interest paid. The Treasury Management Centre of Expertise continually monitor interest rates available to ensure any borrowing is prudent, and at an affordable level. Investments levels remain low and this reduces the impact of interest rate changes. The interest payable budget includes some allowance for future interest rate rises.	2	1	3	3	9
Operational	3	HSBC System Failure The partial or complete failure of HSBC's online banking system preventing access or usage of online payment and bank account information.	1	3	4	2	8	In the event of an online systems failure, officers are able to request information or payments to be made through the Council's relationship manager and HSBC corporate team. This would result in the daily treasury processes taking more time than usual but all activities are possible using these alternative arrangements.	1	1	2	2	4
Operational	4	Financial failure of SCC's main bankers The collapse of the council's main bank, leading to loss of services and/or value of balances held.	3	4	7	1	7	The suitability of the council's banker (HSBC) in terms of its security and stability is assessed on a regular basis and investment balances are not held with the Council's main banker but in diversified deposits in line with the approved investment strategy.	2	3	5	1	5
Financial	5	Credit and counterparty risk The risk of failure by a counterparty to meet its contractual obligations to the organisation under an investment, borrowing, capital, project or partnership financing, particularly as a result of the counterparty's diminished creditworthiness, and the resulting detrimental effect on the organisation's capital or revenue resources.	3	4	7	2	14	The Council's current investment strategy restricts investments with a single counterparty and counterparty criteria has been set at a level to allow only the most financially secure banks, money market funds and Government backed local authorities within the lending list. Such lists are regularly monitored against updates and advice provided by our Treasury consultant.	3	4	7	1	7
Operational	6	Fraud, Error and Corruption The risk that an organisation fails to identify the circumstances in which it may be exposed to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings and fails to employ suitable systems and procedures and maintain effective contingency management arrangements to these ends.	5	5	10	2	20	The Treasury Management Centre of Expertise ensures strong internal controls, segregation of duties, unique security log-ins, documented procedures and limits on transaction levels are in place to reduce the risk of fraud and corruption. In addition, HSBC policies and procedures ensure unusual activity is questioned and required additional approval. Regular internal audit tests the quality of internal controls in place.	1	5	6	1	6
Operational	7	Legal and Regulatory Risk The risk that the organisation itself, or a third party with which it is dealing, fails to act in accordance with its legal powers or regulatory requirements, and that the organisation suffers losses accordingly.	2	4	6	2	12	The Treasury Management team receives and acts upon relevant updates from CIPFA and our treasury advisors.	2	4	6	1	6
Operational	8	Liquidity Risk The risk that cash will not be available when it is needed, that ineffective management of liquidity creates additional unbudgeted costs, and that the organisation's business/service objectives will be thereby compromised.	2	2	4	3	12	The Council has easy access to readily available funds at competitive interest rates from the PWLB. The Treasury Management Centre of Expertise monitor and update cash flow forecasts on a daily basis and regularly assess the accessibility of short term funds from the local authority market.	1	2	3	1	3

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