

Risk Group	Risk Ref.	Risk Description	Impact			Likelihood	Total risk score	Mitigation actions
			Financial	Reputation	Total			
Financial	1	Credit and Counterparty Risk Failure by a counterparty to meet its contractual obligations to the Council under an investment, borrowing, capital, project or partnership financing, particularly as a result of the counterparty's diminished creditworthiness, resulting in a detrimental effect on the Council's capital or revenue resources.	1	3	4	1	4	As part of the Treasury Management Strategy, counterparty criteria has been set at a level to allow only the most financially secure banks and other counterparties within the lending list, which is maintained and updated as and when changes occur to the ratings.
Financial	2	Exchange Rate Risk Failure to adequately protect the Council against fluctuations in foreign exchange rates creating an unexpected or unbudgeted burden on the Council's finances.	1	1	2	1	2	As part of the Treasury Management Strategy, all treasury activity is restricted to banks with offices in the UK, and in Sterling amounts only. This restriction is factored into the lending list.
Operational	3	Fraud Error and Corruption Failure to adequately protect the Council against the risk of loss through fraud, error, corruption or other eventualities in treasury management dealings, or failure to employ suitable systems and procedures and maintain effective contingency management arrangements.	4	4	8	1	8	Ongoing internal audit advice will ensure that the Council identifies the circumstances which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, the Council will employ and maintain suitable systems and procedures, and will maintain effective contingency management arrangements. Adherence will be made to the CIPFA Code of Practice. Advice will be taken from CIPFA and the TM advisors.
Financial	4	Interest Rate Risk (Investments) Failure to adequately protect the Council against the risk that fluctuations in the levels of interest rates, creating an unexpected or unbudgeted burden on the Council's finances.	2	1	3	2	6	As part of the Treasury Strategy, all investments will be kept with counterparties with a high rating, on a short term basis of one year or less maximum, minimising any interest rate risks. These risks will be assessed on a daily basis.
Financial	5	Interest Rate Risk (Borrowing) Failure to adequately protect the Council against the risk that fluctuations in the levels of interest rates (gilt yield) create an unexpected or unbudgeted burden on the Council's finances.	4	1	5	3	15	As part of the Treasury Management Strategy, the TM function will continually monitor ongoing and likely future interest rates available to ensure any borrowing is prudent, and at an affordable level.
Operational	6	Legal and Regulatory Risk Failure to adequately protect the Council against the risk that financial losses occur, should the Council itself, or a third party with which it is dealing, fails to act in accordance with its legal powers or regulatory requirements.	1	4	5	1	5	The Treasury Management function will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. Relevant updates from CIPFA and from the treasury advisors will be scrutinised.
Operational	7	Liquidity Risk Failure to adequately protect the Council against ineffective management of liquidity, creating additional unbudgeted costs, compromising the Council's business/service objectives.	1	1	2	1	2	As part of the Treasury Management Strategy, a minimum cash balance of £15m will be maintained. In the event of unforeseen circumstances leading to a negative balance, borrowing is available on a short term basis from both the money market and from other local authorities.
Financial	8	Market Risk Failure to adequately protect the Council against adverse market fluctuations which will affect the value of the principal sums (typically UK gilts and corporate bond pooled funds) in which a Council invests.	1	1	2	2	4	The Treasury function will seek to ensure that its adopted treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums in which it invests. It will accordingly seek to protect itself from the effects of such fluctuations by adhering to maximum approved levels where a degree of volatility is possible.
Financial	9	Refinancing Risk Failure to adequately protect the Council against the risk that maturing borrowings cannot be refinanced on the original terms that reflect the budgetary provisions made by the Council for that refinancing, leading to a budget overspend, or cash deficit.	1	1	2	1	2	As part of the Treasury Management Strategy, levels of borrowing that are due for refinancing and flagged and well anticipated in the cashflow forecasts. The PWLB is available as a lender of last resort should other refinancing not be available in the market.
Operational	10	Financial Failure of SCC's Main Bankers The collapse of the council's main bankers, leading to a total shutdown of banking services, leading to an inability to pay invoices or bank income, and a possible loss of balances held.	4	4	8	1	8	The UK Government has implied by its part nationalisation of both Lloyds TSB and RBS that it will not allow a major UK financial institution to fail. The council will ensure its banking services will remain with a highly rated UK financial institution.
Operational	11	Theft of Intellectual Property and Confidential Information Failure to adequately protect the Council against unauthorised access to offices or computer systems, leading to theft of private data, causing reputational and financial damage.	2	4	6	1	6	Clear desk policy. Ensure all sensitive data is locked away. Challenge any unknown visitors.

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