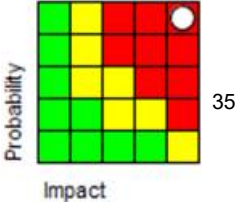
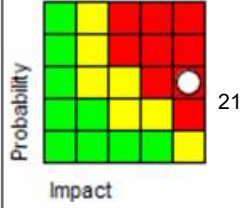
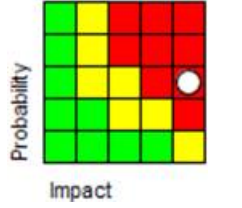



Appendix 4: Strategic Risk register progress at Quarter Four 2025/26

Code	Risk Description	Original Score	Current Score	Target Score	Managed By	
SR-01	<p>Failure to Maintain a balanced budget and MTFP</p> <p>Failure to set a legal and balanced annual budget and to maintain a sustainable Medium Term Financial Plan (MTFP)</p> <p>The Council is required to set a legally balanced revenue budget by 11 March in advance of each forthcoming financial year. Failure to achieve this objective will require the s151 Officer to issue a statutory s114 Notice to the Council.</p> <p>The Council has a Best Value duty to set and maintain a sustainable and balanced Medium Term Financial Plan including maintenance of its reserves position to demonstrate financial resilience to be able to respond to unforeseen and complex financial challenges presented by the wider economic environment.</p>				Director of Finance	
Current Mitigation		Future Mitigation	Responsible Officer		Director	Target Date
<ul style="list-style-type: none"> • Responsibility and Accountability for Financial Management reinforced by budget clinics. • Monthly budget monitoring, forecasting, and tracking of savings delivery by Directors with accountability to the CEX through LMT and development and delivery of financial recovery plans to control within approved budget • Monthly budget clinics chaired by Director of Finance for all Directorates (subject to review by Director of Finance) to enable development of insight, understanding and wider collaboration of colleagues in order to address significant financial risks. • Timely briefing of Mayor and Executive Members on significant financial challenges with agreement for action. 		<p>Failure of the Recover, Reset, Deliver Transformation Portfolio to identify further savings</p>	Chief Executive		Director of Finance; Chief Executive	31-Mar-2026


<ul style="list-style-type: none"> • Quarterly member led budget clinics chaired by the Executive Member for Finance to engage Executive Members. • Monthly monitoring of income budgets, council tax and business rates collection rates and debt levels. • Update MTFP regularly ahead of Council Planning and annual budget setting process. • Further development of budget management Power BI dashboard over Business World financial management system in order to improve accessibility of financial information for Directors, Heads of Service and Budget Manager. • Implementation and expansion of purchase to pay compliance dashboards for use by Directors, Heads of Service and Budget Managers to drive increase in compliant procurement in relation to retrospective ordering, on vs off contract spend and use of purchase cards. • Corporate and Strategic Capital boards to monitor capital expenditure and develop future capital plans. 					
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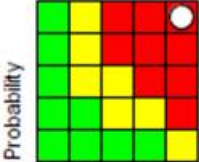
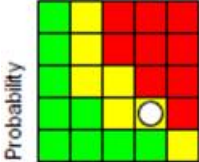
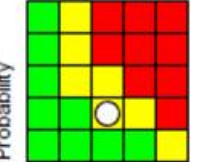


Code	Risk Description	Original Score	Current Score	Target Score	Managed By
SR-02	<p>Volatility in the demand, complexity and cost of children's social care.</p> <p>The risk that demand and cost of and children's social care continues to escalate on the scale experienced in 2024/25, is the single biggest risk to the Councils financial viability. More financially sustainable solutions for meeting social care needs of children need to be secured with urgency to ensure delivery within the approved budget for 2025/26.</p>				Director of Children's Care; Director of Children's Services; Chief Executive

Current Mitigation	Future Mitigation	Responsible Officer	Director	Target Date
<p>Children's input</p> <ul style="list-style-type: none"> • Weekly activity data through Chat reports/ data • Weekly financial monitoring with Finance Business Partner • Placement review has taken place to manage costs associated with young people. • MOU surrounding agency costs as a region was implemented in April 2025. • Recruitment and retention strategy reviewed to increase permanent staff within the local authority. • Spending controls in place as per scheme of delegation. • Monthly Member and Officer meetings. • Director Children's Care reviewing placements to ensure VFM. • Future proofing for savings for Children's Services to ensure effective financial planning. 			Director of Children's Care; Director of Children's Services; Director of Education and Partnerships	

Code	Risk Description	Original Score	Current Score	Target Score	Managed By
SR-03	<p>Volatility in the demand and cost of adult's social care</p> <p>The potential for underlying demand and cost pressures to arise in adult social care presents a significant risk to the Council's overall financial viability and measures must be put in place to manage within approved budget.</p>	<p>35</p>	<p>15</p>	<p>9</p>	Director of Adult Social Care and Health

Current Mitigation	Future Mitigation	Responsible Officer	Director	Target Date	
Local Government settlement Budget Management process Contract management processes Savings programme in place	Develop a demand model, which monitors performance across activity demand and unit costing, to understand 'current state.'	Director of Adult Social Care and Health; Dee Evans; Victoria Holmes		Director of Adult Social Care and Health; Adult Social Care and Public	31-Mar-2026

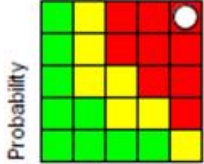
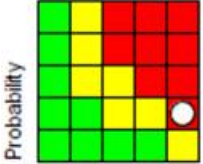
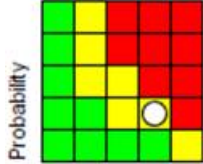

Demand model in place Monthly demand reported to DMT - activity not just finance	Develop a forecast model, which uses the 'current state' model, to predict activity demand and financials across Adults Social Care in the next 1/2/5 years.	Dee Evans; Victoria Holmes		Health Senior Managers ; Chief Executive	31-Mar-2026

Code	Risk Description		Original Score		Current Score		Target Score		Managed By
SR-04	Unlawful decision by the Council	If the Council took a decision that was unlawful then there is a risk of legal challenge or regulatory action that could damage its reputation and its financial position.		35		10		6	Director of Legal and Corporate Services
Current Mitigation			Future Mitigation		Responsible Officer		Director		Target Date
<ul style="list-style-type: none"> • Council constitution and supporting policy framework • Corporate policies and procedures • Compliance checks across key areas including HSE, Risk etc, covering the corporate governance framework • Standard report formats • Statutory officer posts to oversee governance • Annual Governance Statement assessment process • Internal and external audit processes • Refreshed whistleblowing policy • Report development process • Regular review of the Council Constitution. • Corporate training provided for all officers. • Scheme of sub delegation implemented. • Governance lawyer in post to support the Councils lawful decision making. 			deliver the Continuous Improvement Plan quarterly updates to Executive from October 2025.		Ann-Marie Johnstone				31-Oct-2026
			Deliver the Annual Governance Statement for 2024/25		Ann-Marie Johnstone				Director of Legal and Corporate Services; Chief Executive

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Code	Risk Description	Original Score	Current Score	Target Score	Managed By
SR-05	<p>Serious accident or death occurred as a result of failure to comply with Health and Safety legislation and regulations</p> <p>If a serious accident or death occurred as a result of failure to comply with Health and Safety legislation and regulations then this could result in financial and reputational damage and individual prosecutions of staff.</p>	<p>35</p>	<p>15</p>	<p>10</p>	Chief Executive
Current Mitigation		Future Mitigation	Responsible Officer		Target Date
<p>Comprehensive suite of Health and Safety policies and procedures. Mandatory and complimentary Health and Safety training for all Council staff. Dedicated HSE Advisor team Incident investigation system (My Compliance) to learn from incidents. HSE intranet page with important HSE information Audit schedule Service area audit schedule HSE steering group Fire Management System implemented across Council premises.</p>					<p>Director of Legal and Corporate Services; Director of Regeneration and Housing; Chief Executive</p>

Code	Risk Description	Original Score	Current Score	Target Score	Managed By
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SR-08	Failure to ensure an approach to cyber security that meets good practice standards as set out by the National Cyber Security Centre and other bodies	If the Council fails to ensure a sound approach to cyber security (technology, processes and awareness), then this could result in a cyber-attack which disrupts service delivery, increases risks to service users and incurs significant financial costs to respond to and recover from an attack.	 Probability Impact 35	 Probability Impact 14	 Probability Impact 10	Director of Legal and Corporate Services; Nigel Eden; John O'Leary; Lynsey Zipfell
Current Mitigation		Future Mitigation	Responsible Officer		Director	Target Date
<ul style="list-style-type: none"> • Annual Information and Communications Technology (ICT) health checks are conducted, including both internal and external penetration testing. • Compliance is maintained with Public Services Network (PSN) and Payment Card Industry (PCI) standards. • Internal vulnerability scanning is performed whenever new systems are introduced. • Strong defensive systems are in place, including network firewalls, web content filtering, and endpoint protection solutions. • A rigorous sixty-day cycle is followed for applying software patches and performing system maintenance. • Security testing is completed and continuously repeated to ensure ongoing protection. • Recommendations from health checks are reviewed and implemented as appropriate. • The organisation is an active member of the North East Warning, Advice and Reporting Point (WARP) and the Cyber Security Information Sharing Partnership (CiSP). • Protective Domain Name System (DNS) services are utilised to prevent access to malicious websites. 		Commission an external ICT security GAP analysis	Nigel Eden		 Director of Legal and Corporate Services; Chief Executive	17-Apr-2026

<ul style="list-style-type: none"> • A robust data backup strategy is in place, including offline tape backups to support full recovery in the event of data loss. • A Cyber Incident Response (CIR) partner is contracted to provide expert support in the event of a security breach. • Infrastructure inspections are carried out every quarter to minimise the risk of disruption to service delivery. • Comprehensive overview to benchmark our current security position. • Purchase of Cloudflare to enhance the security of the local authority against Distributed Denial of Service (DDOS) attacks. 				
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Code	Risk Description	Original Score	Current Score	Target Score	Managed By
SR-09	<p>Corporate Governance arrangement not fit for purpose</p> <p>If the Council's Corporate Governance arrangements are not fit for purpose, and timely and effective corrective action is not taken, this may lead to adverse findings by the Council's external auditors, including the issue of a Public Interest Report. This could result in significant reputational damage and/or formal government intervention, including the direction of Council spending and the removal or limitation of powers from officers and Members.</p>	<p>15</p>	<p>9</p>	<p>9</p>	Director of Legal and Corporate Services; Ann-Marie Johnstone
Current Mitigation		Future Mitigation	Responsible Officer	Director	Target Date
External reports commissioned on Corporate governance and findings reflected within a Corporate Governance Improvement Plan		Put in place a strategic Partnerships Strategy.	Chief Executive		30-Jun-2026

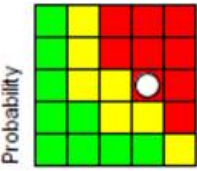
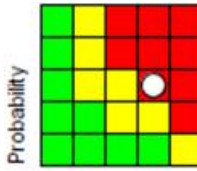
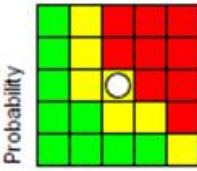

<p>Improvement Board in place Detailed improvement plan in place that has delivered a range of changes to corporate governance processes Annual Governance Statement process and supporting action plan. Draft AGSs in place for both 2024/25 and 2025/26 Regular reports to Audit Committee on aspects of corporate governance to provide assurance</p>	Community Engagement strategy and approach to be developed	Marion Walker		Director of Legal and Corporate Services; Chief Executive	30-Jul-2026
	Ensure the Company is fully liquidated during 2025/26.	Justin Weston			09-Dec-2025
	Review of the Internal Audit function	Director of Finance			30-Apr-2026
	Continue to implement a scheme of sub-delegations where appropriate to further improve governance around officer delegated decisions.	Director of Legal and Corporate Services			31-Jan-2026
	A robust officer scheme of delegations and sub-delegations is required to ensure effective, appropriate and timely taking of decisions that can be taken by officers. (20/21 action). This will be addressed following the review of the constitution in 2024.	Director of Legal and Corporate Services			31-Jan-2026
	Continually review the Community Engagement policy to ensure it aligns with the wider needs of the organisation that will emerge from the Transformation Programme.	Marion Walker			28-Feb-2026
	A clear Asset Acquisition Policy reflecting these requirements is integrated into the Corporate Landlord Model framework that will be considered by Executive.	David Velemir			17-Mar-2026
	Refresh the Performance Management Policy and the supporting Performance Management Framework to embed a 'golden thread' of Performance Management from	Director of Legal and Corporate Services			30-Apr-2026

	the Council Plan down to departmental level.			
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Code	Risk Description		Original Score	Current Score	Target Score	Managed By
SR-12	Failure to deliver quality practice within children's safeguarding services	If the Council fails to deliver quality practice within children's safeguarding services then this may result in further government intervention, serious harm to individuals and loss of financial control.				Director of Children's Care; Director of Children's Services
Current Mitigation		Future Mitigation	Responsible Officer		Director	Target Date
<ul style="list-style-type: none"> • Implemented Children's services improvement plan • Monthly performance monitoring boards in place • Review to be undertaken of Children's Care • Monthly audit activity and reports undertaken to consider the quality of practice. • Implementation of children's improvement board. • Commitment to SHiFT, to improve quality and management of practice. • Ongoing monitoring via OFSTED with a focused visit due the fiscal year. • OFSTED future inspections to continue. • Internal audit to review working practices. 					Director of Children's Care; Director of Children's Services; Chief Executive	

Code	Risk Description	Original Score	Current Score	Target Score	Managed By
SR-14	<p>Failure to ensure effective governance of the Middlesbrough Development Corporation</p> <p>If the Middlesbrough Development Corporation fails to reflect the relevant findings from the review of Teesworks governance in its structures, then there is a risk that it could fail to ensure value for money or good governance in its decision making, which will have an adverse impact on the economic vitality of the Town Centre.</p>	 <p>35</p>	 <p>9</p>	 <p>10</p>	Director of Regeneration and Housing
Current Mitigation		Future Mitigation	Responsible Officer	Director	Target Date
<ul style="list-style-type: none"> • Teesworks report and commitment from TVCA to reflect findings in the governance arrangements of the MDC • Council representatives on the MDC Board - Mayor • Monthly meetings arranged with the CEX MDC (Bev Bearn) with Director Regeneration. • Collaboration of Regenerations Director via LMT, TVCA and MDC setting out Council's priorities and concerns. • Effective communication between key stakeholders. • Direct risks which could impact on the local authority will be escalated to LMT 				Director of Regeneration and Housing; Chief Executive	

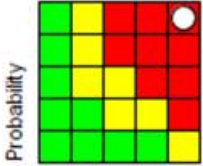
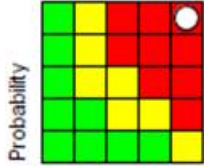
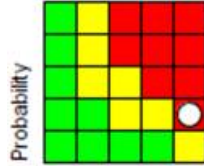

<ul style="list-style-type: none"> • MBC have secured £600k to be spent in response to community tensions as a further control. • BELONG employed to support delivery of the community cohesion strategy. 					
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Code	Risk Description	Original Score	Current Score	Target Score	Managed By
SR-16	<p>Removal of the statutory override preventing the Designated School Grant (DSG) deficit from being met from general fund resources.</p> <p>If the statutory override issued by central government expires as planned on 31 March 2026, without providing a national solution to the current shortfall in funding compared to demand and cost of high needs provision, this will mean that the High Needs Funding Deficit will be required to be met from the Council's general fund resources. Based upon the current projection of the DSG high needs deficit compared to the level of revenue reserves, this will result in the Council's reserves being exhausted and the Council's s151 Officer potentially being required to issue a s114 Notice. This is likely to be the case for the majority of local authorities nationally.</p>	 <p>15</p>	 <p>15</p>	 <p>9</p>	Director of Education and Partnerships; Emma Cowley
Current Mitigation		Future Mitigation	Responsible Officer		Target Date
p. Lobbying Government to resolve the funding issue and provide a long term solution to the DSG deficit issue		Lobbying Government to resolve the funding issue and provide a long	Director of Finance		31-Mar-2026

<ul style="list-style-type: none"> Delivering DBV (Delivering Better Value) action plan. Liaising with DofE regularly Working with schools and settings to continuously review the funding models. 	term solution to the DSG deficit issue			Director of Children's Services; Director of Education and Partnerships	
	Ongoing monitoring of the HNF budget	Director of Education and Partnerships			31-Mar-2026
	Work with schools and settings to reduce the number of children and young people who are excluded.	Director of Education and Partnerships			31-Mar-2026
	Promote greater inclusion within mainstream settings.	Director of Education and Partnerships			31-Mar-2026
	Reduce the number of children and young people in out of area provision.	Director of Education and Partnerships			31-Mar-2026

Code	Risk Description	Original Score	Current Score	Target Score	Managed By
SR-17	Funding for key external projects led by TVCA or MDC If there is a funding gap for key projects led by the Tees Valley Combined Authority (TVCA) and its Mayoral Development Corporation (MDC) that results in a risk of delays, disruption, or failure to deliver on key regeneration sites in the town centre. This could negatively affect economic growth, community development, and investor confidence in the region.				Director of Regeneration and Housing
Current Mitigation		Future Mitigation	Responsible Officer	Director	Target Date
<ul style="list-style-type: none"> Tees Valley Investment Strategy. Monthly meeting with CEX of MDC to discuss project developments. 		Working with TVCA/MDC to develop a realistic delivery plan against essential projects.	Richard Horniman		Director of Regeneration and Housing; Directors
					30-Apr-2026

<ul style="list-style-type: none"> - Collaboration of Regenerations Director via LMT, TVCA and MDC setting out Council's priorities and concerns. - Effective communication between key stakeholders. - Direct risks which could impact on the local authority will be escalated to LMT. - Mayor Middlesbrough Council is a board member of the TVCA and MDC with the CEX present as observer. - Scrutiny committee for the TVCA of which Middlesbrough Council have Councillor representation. 					
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Code	Risk Description		Original Score		Current Score		Target Score		Managed By
SR-18	Ineffective governance of the Tees Valley Combined Authority (TVCA)	The governance arrangements of the Combined Authority (CA) are not fit for purpose, creating barriers to effective collaboration with the Council and adversely impacting the Council's ability to achieve its ambitions for the town. This misalignment could hinder regional development, compromise strategic initiatives, impact financially on the Council and damage stakeholder confidence.		35		35		14	Chief Executive
Current Mitigation		Future Mitigation	Responsible Officer		Director		Target Date		
<ul style="list-style-type: none"> • LGA improvement panel with independent oversight and planned publication of improvement panel reports to increase public scrutiny and transparency 		Review the reports of the improvement panel as they are published to identify actions that Middlesbrough Council can take to support the TVCA to improve governance and relationships	Chief Executive				Directors; Chief Executive		31-Oct-2026

<ul style="list-style-type: none"> • Improvement plan (TVCA). • Best Value Inspection Notice issued April 25 resulting in increased government oversight. • Key officer relationships between Monitoring Officers and Directors of Finance • Interim appointments for the Director of Finance and Monitoring Officer roles • Reset discussions undertaken with the new Chief Executive 	<p>Regular provision of advice to Middlesbrough Council representatives who sit on various TVCA bodies to ensure they are able to deliver their roles in full and with regard to good governance</p>	<p>Director of Legal and Corporate Services</p>			<p>10-Oct-2026</p>
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