



# Title of report: Update on Risk Management Activity

**Meeting: Audit and Governance Committee**

**Meeting date: Tuesday 27 January 2026**

**Report by: Director of Finance**

## **Classification**

Open

## **Decision type**

This is not an executive decision

## **Wards affected**

All Wards

## **Purpose**

To provide assurance of the adequacy of the council's risk management framework and internal controls in 2025/26.

## **Recommendation(s)**

**That:**

- a) **The committee notes the activity to embed the revised risk management strategy and strengthen risk management activity across the council at Corporate, Directorate and Service levels; and**
- b) **The committee considers the frequency for future risk management activity updates.**

## **Alternative options**

1. The Audit & Governance Committee is responsible for reviewing the adequacy of the council's governance arrangements, including the risk management framework and internal controls. The Committee may choose not to review the council's risk management arrangements. This is not recommended as risk management is an integral part of the council's governance arrangements.

## Key considerations

2. The revised Risk Management Strategy 2025/26 and Risk Appetite Statement were approved by Cabinet in June 2025. The Strategy sets out the approach and principles of risk management, outlining the council's risk appetite, to inform the management of risks by Members and Officers across the council.
3. The Corporate Leadership Team (CLT) have undertaken a review of the Corporate Risk Register (included at Appendix A) at 30 September 2025 to update risk scores, consider the adequacy of control measures and mitigating actions and identify new threats and opportunities to the delivery of the objectives and priorities of the Council Plan 2024-28.
4. In addition to this quarterly update, CLT and Cabinet continue to monitor risks throughout the year to ensure appropriate and proportionate controls are in place as part of the risk management framework and internal control framework.
5. The revised Corporate Risk Register approved by Cabinet in June 2025 included 8 corporate risks. At Quarter 1, an additional risk was identified and added to the risk register. Corporate Risk ref. R9 recognises the risk of financial failure of a major supplier to the council, resulting in disruption to the delivery of statutory services or major projects.
6. The revised Corporate Risk Register approved by Cabinet in June 2025 included 9 corporate risks. At Quarter 2, no additional risks have been identified for inclusion in the Corporate Risk Register.
7. The scores of each of the risks have been reviewed by the relevant Risk Owner, supported by discussion and oversight by CLT. Changes to risk scores of Corporate Risks at Quarter 2 are summarised below.
8. **R4:** Failure to deliver capital and major projects within identified resources and planned timeframes resulting in significant overspend and reduced project outcomes. The risk score has been updated to 12 at Quarter 2: Likelihood: 3 (Possible), Impact 4 (Major) from a previous score of 9 at Quarter 1: Likelihood: 3 (Possible), Impact 3 (Moderate). This recognises the impact of risks to project budgets.
9. **R5:** Failure to deliver a sustainable financial strategy that supports delivery of the Council Plan priorities. (Including delivery of savings, commercial income, capital receipts and ensuring resources are available to deliver statutory obligations and fund organisational development and transformation). The risk score has been updated to 12 at Quarter 2: Likelihood: 3 (Possible), Impact 4 (Major) from a previous score of 9 at Quarter 1: Likelihood: 3 (Possible), Impact 3 (Moderate). This recognises the impact of risks to the council's financial sustainability as a result of the Fair Funding Review and increasing demand and cost pressures.
10. In addition to the review of the Corporate Risk Register, CLT members are engaged in activity to review and monitor Directorate, Service and Project level risk registers and embed the revised Strategy across the council.
11. The council's 2025/26 Internal Audit Plan has been reviewed to ensure it is aligned to the refreshed Risk Strategy and risks identified in the Corporate Risk Register. The development of a comprehensive risk-based plan ensures that internal audit activities are focused on the highest-impact risks to the council's objectives. The revised Plan was approved by Audit & Governance Committee in September 2025.
12. Further activity currently underway and planned to be completed in 2025/26 includes:
  - i. Risk management training.
  - ii. Update of the council's Risk Management Intranet page.

- iii. Development of Risk Management dashboard reporting.

### **Community impact**

- 13. Effective risk management is essential to the delivery of the priorities set out in the Council Plan. Specially, the Council plan commits the council to 'develop a Corporate Risk Strategy to improve the process for managing corporate and directorate risks'.

### **Environmental impact**

- 14. Herefordshire Council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.
- 15. Whilst this is a report for information and will have minimal environmental impacts, consideration has been made to minimise waste and resource use in line with the council's Environmental Policy.

### **Equality duty**

- 16. The Public Sector Equality Duty requires the Council to consider how it can positively contribute to the advancement of equality and good relations, and demonstrate that it is paying 'due regard' in our decision making in the design of policies and in the delivery of services.
- 17. The mandatory equality impact screening checklist has been completed for this activity and it has been found to have no impact for equality. It is recognised that each identified individual corporate risk may have its own individual impacts on equalities or assessed as a risk due to its effect on equality. These are monitored as part of the ongoing individual service or project delivery. Effective risk management arrangements will ensure the council complies with its equality duties.

### **Resource implications**

- 18. There are no specific resource implications from the report itself.

### **Legal implications**

- 19. The Audit & Governance Committee is responsible for reviewing the adequacy of the council's governance arrangements, including the risk management framework and internal controls.
- 20. It is not a function of the Committee to examine specific risks however its functions include monitoring of the development and operation of risk management processes and receiving assurance from internal and external sources of the effectiveness of arrangements.

### **Risk management**

- 21. This is a report to review the Corporate Risk Register and risk management arrangements in 2025/26.

### **Consultees**

- 22. None.

## **Appendices**

Appendix A Corporate Risk Register Quarter 2 2025/26

## **Background papers**

None.