

Title of report: Update on Risk Management Activity

Meeting: Audit and Governance Committee

Meeting date: Tuesday 9 June 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 31 December 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. Updates to the Corporate Risk Register at Quarter 2 2025/26 were approved by Cabinet in November 2025. At Quarter 3, no additional risks have been identified for inclusion in the Corporate Risk Register.
6. The scores of each of the 9 corporate risks have been reviewed by the relevant Risk Owner, supported by discussion and oversight by CLT. Changes to risk scores of Corporate Risks are summarised below.
7. **R3:** Lack of local special educational needs and disabilities (SEND) placement provision to meet current and future levels of demand. The risk score has been updated to 12 at Quarter 3: Likelihood: 3 (Possible), Impact 4 (Major) from a previous score of 16 at Quarter 2: Likelihood: 4 (Probable), Impact 4 (Major).
8. The reduction in score reflects changes to control measures and mitigation actions: the additional investment to address demand in the 2026/27 Capital Programme and measures proposed by Government in respect of Dedicated Schools Grant (DSG) deficits and wider reforms.
9. 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.
10. 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.
11. A review of the risk management arrangements has been undertaken, as part of the annual review of the effectiveness of the council's governance arrangements, and this is documented in the draft Annual Governance Statement 2025/26.
12. The Annual Governance Statement (AGS) is prepared in accordance with the CIPFA/SoLACE Delivering Good Governance in Local Government Framework 2016 and 2025 Addendum. The council aims to achieve good standards of governance by adhering to its seven core principles of good governance.
13. Under Core Principle F: Managing risks and performance through robust internal control and strong public financial management, the annual review considers the effectiveness of governance arrangements in place during 2025/26 and areas where it is recognised that

governance arrangements could be further strengthened in 2026/27. The draft AGS notes that activity to embed and develop risk management by risk owners at all levels within the risk management framework, including elected members, will continue in 2026/27.

Community impact

14. 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

15. 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.
16. 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

17. 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.
18. 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

19. There are no specific resource implications from the report itself.

Legal implications

20. The Audit & Governance Committee is responsible for reviewing the adequacy of the council's governance arrangements, including the risk management framework and internal controls.
21. 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

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

Consultees

23. None.

Appendices

Appendix A Corporate Risk Register Quarter 3 2025/26

Background papers

None.