

Audit Committee – 27 June 2025

Cabinet – 6 August 2025

Council – 15 September 2025

Principal Risk Register Review

Purpose	For Decision
Classification	Public
Executive Summary	<p>This report updates the Audit Committee on the position of the Council's Principal Risk Register. The main updates are as follows:</p> <ul style="list-style-type: none">• All service risk registers have been reviewed to inform any proposed changes to the Principal Risk Register.• All principal risks have been reviewed following the last update in January 2025.• Two risks are proposed for removal due to no longer being a key risk to the Council's operation:<ul style="list-style-type: none">➤ Hampshire County Council – Political Environment➤ Major Projects – Hardley Depot• One additional risk has been proposed that has arisen or become apparent in the previous 6 months:<ul style="list-style-type: none">➤ People – Recruitment and retention of staff considering Local Government reorganisation.
Recommendations	<p>1. It is recommended that Audit Committee:</p> <p>a. Provide commentary on the Principal Risk Register updates prior to presenting them to the Cabinet.</p> <p>2. It is recommended that Cabinet:</p>

	a. Consider the Principal Risk Register updates and recommend adoption by Council.
Reasons for recommendation(s)	To meet the requirements of the Council’s Risk Management Policy and to ensure that the Council complies with the corporate governance requirements relating to risk management.
Ward(s)	All
Portfolio Holder(s)	Councillor Jill Cleary – Leader / All
Strategic Director(s)	Alan Bethune – Strategic Director Corporate Resources and Transformation (Section 151 Officer) and Paul Whittles – Assistant Director - Finance
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Background

1. Risk management aims to identify the risks that may impact on the Council achieving its objectives. Its purpose is to evaluate, design and implement effective measures to reduce both the likelihood and potential impact of these risks occurring.
2. The Council has a statutory responsibility to have in place arrangements for managing risks under the Accounts and Audit Regulations, which require a sound system of internal control, facilitates the effective exercise of the Council’s functions and includes arrangements for the management of risk. As such it features strongly in the Council’s Local Code of Practice for Corporate Governance and is one of the primary assurance strands in the Annual Governance Statement, which places significant reliance on a robust risk management framework.
3. The Council’s Risk Management Policy was approved by Audit Committee in January 2025. It provides a structured framework to ensure risks and opportunities are reviewed across all Services, Portfolios and Corporately, in a consistent way.

4. The Council's Principal Risk Register is an important element of this framework and is reviewed and updated every 6 months.
5. Prior to the previous update in January 2025, the Principal Risk Register was reshaped to focus on the most significant risks encountered by the Council. The risks are strategic and will assist further in the Council achieving the priorities set out in the Corporate Plan.

Principal Risk Review

6. All Service Risk Registers have been reviewed and updated by the Service Managers. Where possible, Principal Risks have been aligned to a Service Risk to ensure consistency going forward.
7. All Principal Risks have been reviewed and the relevant Service Managers have been consulted on proposed changes.
8. The amended Principal Risk Register can be found at Appendix 1, with a further copy at Appendix 2 with tracked changes to show the amendments made since January 2025.

Proposed changes to the Principal Risk Register

9. It is proposed to remove the Principal Risk "Operations - Hampshire County Council – Political Environment" due to the elections originally scheduled for May 2025, being delayed until May 2026 but remain alert to this for future inclusion as required.
10. The service has proposed to amend the rating of the Principal Risk "Financial – Fraud" from High to Medium. The Council's Anti-Fraud and Corruption Strategy has recently been reviewed and approved by Audit Committee. Historically, instances of fraud have been relatively low when compared to the amount of money paid out by the Council.
11. The project manager has proposed to remove the Principal Risk "Major Projects – Hardley Depot". The construction of the new depot has been completed and the depot is now open and operationally available, therefore, this is no longer deemed a Principal Risk. Any outstanding low risks will be managed at a Service level. The project is subject to ongoing monitoring by the Waste Programme Board.
12. The service has proposed to amend the rating of the Principal Risk "Major Projects – Planning and regulatory system upgrade" from Medium to High. The project to replace this system is now on hold as agreed at the latest Transformation Board meeting. However, agreement has been reached with the current software provider to maintain the current software for the next 18 months.

13. The service has proposed to amend the rating of the Principal Risk "People – Working Practices" from High to Medium. This risk primarily related to the change in employee terms and conditions for Waste Operatives. All Waste Operatives have now moved across to the new terms and conditions, so this is no longer deemed a Principal Risk.
14. The service has proposed to add the Principal Risk "People - Recruitment and retention of staff". This risk relates to uncertainty amongst staff, brought about by Local Government Reorganisation and Devolution.
15. Other proposed changes to text in the Principal Risk Register are for clarification, to provide further detail, or to communicate updated information following liaison with the relevant Service Manager or Assistant Director.

Corporate plan priorities

16. The recommendations aim to improve the effective execution of all corporate plan priorities by presenting risk mitigation strategies that tackle the overarching vulnerabilities faced by the Council.

Options appraisal

17. An options appraisal is not applicable for this report.

Consultation undertaken

18. Consultation has been undertaken with Senior/Service Managers with responsibility for a Service Risk Register, particularly in areas where changes have been proposed.

Financial and resource implications

19. There are none arising directly from this report, although strong risk management and a solid understanding of risk helps to support robust financial management.

Legal implications

20. If the legal principal risks are not managed this does bring risk to the council.

Risk assessment

21. The risk management implications are set out within the content of this report.

Environmental / Climate and nature implications

22. If the climate principal risks are not managed this does bring risk to the council.

Equalities implications

23. There are no direct equality implications from this report.

Crime and disorder implications

24. There are no direct crime and disorder implications from this report.

Data protection / Information governance / ICT implications

25. There are no direct data protection / information governance / ICT implications from this report.

Appendices:

Appendix 1 – Principal Risk Register
Appendix 2 – Principal Risk Register (tracked changes)

Background Papers:

Principal Risk and Risk Management Policy Update to the Audit Committee on 24th January 2025
[Link to Report](#)
[Link to Principal Risk Register](#)
[Link to Risk Management Policy](#)