

## Cabinet – 6 August 2025

### Principal Risk Register Review

Purpose	For Decision
Classification	Public
Executive Summary	<p>This report updates the Cabinet on the position of the Council's Principal Risk Register. The main updates are as follows:</p> <ul style="list-style-type: none"><li>• All Service Risk registers have been reviewed to inform any proposed changes to the Principal Risk Register.</li><li>• All principal risks have been reviewed, with the latest risk ratings shown in Appendix 1.</li><li>• Two risks have been removed due to no longer being a key risk to the Council's operation:<ul style="list-style-type: none"><li>➤ Hampshire County Council – Political Environment</li><li>➤ Major Projects – Hardley Depot</li></ul></li><li>• One additional risk has been included that has arisen or become apparent in the previous 6 months:<ul style="list-style-type: none"><li>➤ People – Recruitment and retention of staff considering Local Government reorganisation.</li></ul></li></ul>
<b>Recommendations</b>	<p><b>It is recommended that Cabinet:</b></p> <p><b>1. Consider the Principal Risk Register updates and recommend adoption by Council.</b></p>
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
Officer Contact	Josie West Strategic Procurement Manager 02380 285741 Josie.West@nfdc.gov.uk

## 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 Council in April 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. Service Risk Registers that support the Principal Risk Register are updated quarterly as a minimum.
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 Senior/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 Senior/Service Managers have been consulted on proposed changes.
8. The amended Principal Risk Register can be found at Appendix 1.

### **Proposed changes to the Principal Risk Register**

9. The Principal Risk "Operations - Hampshire County Council – Political Environment" has been removed due to the elections originally scheduled for May 2025, being delayed until May 2026 but we remain alert to this for future inclusion as required.
10. The Service Manager has amended 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 Principal Risk "Major Projects – Hardley Depot" has been removed, as 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 rating of the Principal Risk "Major Projects – Planning and regulatory system upgrade" has been amended 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 rating of the Principal Risk "People – Working Practices" has been amended from High to Medium. This risk was rated High due 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 the risk has reduced in this area.
14. The Principal Risk "People - Recruitment and retention of staff" has been added. This risk relates to uncertainty amongst staff, brought about by Local Government Reorganisation and Devolution.
15. Other minor amendments to 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.

### **Comments from Audit Committee**

16. The Chairman considered that it would be clearer if the unmitigated (inherent) and mitigated (residual) risk scores were both provided, to show the effect of the mitigation. This feedback has been incorporated, and the Principal Risk Register has been amended to show both risk scores. It also shows how each risk score has been calculated using a probability score multiplied by an impact score.
17. Officers have considered a suggestion to increase the risk score of PR2, Emergency Planning, from Medium to High, given the number of recent incidents involving water supply disruptions on the Waterside. However, officers consider this to be a corporate-wide risk, where all risks on the National Risk Register are reviewed (including severe weather, flooding, wildfires, cyber-attacks and many others) along with the role of the Council in responding and recovering from each of these incidents. Whilst water disruption has significantly affected parts of our communities, the responsibility for providing an adequate water supply lies with the water company (Southern Water in the case of the Waterside area); and the Council as a member of the Local Resilience Forum continues to support communities in preparing and responding to water outages whilst Southern Water progresses plans to improve the infrastructure.
18. On PR14, Waste Strategy Implementation and member engagement, officers undertook to confirm that members had the necessary information to support the roll out. Officers have been assured by the Waste & Transport Service Manager that members have been provided with a Communications Tool Kit as well as several briefing sessions and updates. Further guidance can be provided upon request.

### **Corporate plan priorities**

19. 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**

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

### **Consultation undertaken**

21. 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**

22. 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**

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

### **Risk assessment**

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

### **Environmental / Climate and nature implications**

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

### **Equalities implications**

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

### **Crime and disorder implications**

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

### **Data protection / Information governance / ICT implications**

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

#### **Appendices:**

Appendix 1 – Principal Risk Register

#### **Background Papers:**

Principal Risk and Risk Management Policy Update to the Audit Committee on 24<sup>th</sup> January 2025

[Link to Risk Management Policy](#)