

REPORT TITLE: Risk Management Update

Meeting:	Corporate Governance & Audit Committee
Date:	28th November 2025
Cabinet Member (if applicable)	Cllr Turner
Key Decision Eligible for Call In	No
Purpose of Report <ul style="list-style-type: none"> • The role of Corporate Governance and Audit Committee is to satisfy itself over the adequacy of the risk management framework • This report provides information on the Council’s strategy for Risk Management and its governance arrangements to deliver in line with the approved strategy • For Corporate Governance and Audit Committee to consider the content of the report, and to advise if they have any comment on the work completed, and focus of work plans 	
Recommendations <ul style="list-style-type: none"> • It is recommended that the Corporate Governance and Audit Committee receive, note and discuss any areas of interest or concern • Provide feedback on the draft Risk Appetite Statement, for consideration by Cabinet with whom responsibility for approval rests. 	
Reasons for Recommendations <ul style="list-style-type: none"> • To ensure that the council’s approach to risk management, and the Risk Management Framework, support informed, risk based decision making while remaining proportionate and aligned with organisational objective and key deliverables 	
Resource Implications: <ul style="list-style-type: none"> • None 	
Date signed off by <u>Executive Director</u> & name	Rachel Spencer-Henshall 9 October 2025

Is it also signed off by the Service Director for Finance?	Kevin Mulvaney 9 October 2025
Is it also signed off by the Service Director for Legal Governance and Commissioning (Monitoring Officer)?	Samantha Lawton 9 October 2025

Electoral wards affected: None

Ward councillors consulted: None directly

Public or private: Public

Has GDPR been considered? No personal data is presented within the report

1. Executive Summary

This report provides an update on the council's delivery of its risk management strategy. It offers information about the core risks that the council faces and an assessment of their severity as well as outlining the operational processes that are in place to identify, manage and escalate risks throughout the council. The report reinforces the position that risk management is not about avoiding all risk but is an ongoing activity which can only be as effective as the information and intelligence that contributes to the process. The report also identifies areas of focus for the next year.

2. Information Required to take a decision

The continual development and promotion of risk management is integral to strong performance, financial sustainability, ongoing compliance and delivery of plan outcomes for Kirklees. Strong risk management with a clear understanding and governance of strategic and operational risks will ensure that Kirklees Council remains well placed to demonstrate that objective and informed decisions are being taken. The Executive Leadership Team (ELT) is responsible for risk management, supported by the agreed Risk Management Framework. The purpose of this report is to provide an overview of the highest level risks identified within the corporate risk register, as well as provide an overview of the processes and work that has been implemented to drive improvements in risk management since the previous report in February 2025.

2.1 Reporting & Governance arrangements

Reporting and governance arrangements for risk management are well established and provide multiple opportunities for engagement and challenge throughout the organisation.

Service Risk Registers continue to form the basis of the risk management process. There is a standard Service Risk Register template that is being rolled out across the council, as at the end of Q2 88% of services have adopted the new template with the remaining 7 services on track to migrate by the end of Q4 2025-26. This ensures that all required information is considered, and the consistency allows direct comparison between risks on different risk registers. All risks are scored using the Risk Assessment Matrix (5x5 grid) with guidance on selecting the appropriate score for both 'impact' and 'likelihood'. The new templates drive a necessary shift from 'risk commentary' to a more assurance and action focussed response.

Presentation of the Corporate Risk Register (CRR) is embedded into reporting cycles across the organisation. The CRR forms part of the quarterly Performance and Risk reports to the Executive Leadership Team and continues to Executive Board and Cabinet with appropriate scrutiny through Overview & Scrutiny Management Committee on a quarterly basis.

Additionally, from Q1 2025-26, risk metrics have been included as part of the quarterly Check & Challenge process. This embeds risk as a key element of an integrated scorecard approach alongside service performance indicators, financial performance and people metrics.

2.2 Corporate Risk Profile

Q2 2024-25

Impact	5			1	2	
	4		1	7	6	
	3		1	3	2	
	2			1		
	1					
		1	2	3	4	5
		Likelihood				

Q2 2025-26

Impact	5			1		
	4		4	2	7	
	3		2	3	4	
	2					
	1					
		1	2	3	4	5
		Likelihood				

The risk profile of the council, in terms of distribution of corporate risks, is broadly static, however it is important to note that there have been reductions in the risk score of some key risks. Notably two finance risks, addressing both in year budget performance and medium-term financial sustainability, have both reduced from a high 'red' score of 20.

Two risks have been removed, both within Adult Social Care and linked to the introduction of the Care Quality Commission's new inspection regime. Whilst the outcome of the inspection is not known, having experienced the inspection we are now familiar with the methodology used, and the required submissions and inputs. In preparation for the inspection significant progress was made in developing and embedding operational dashboards and identification and resolution of data quality issues.

One new risk has been introduced, Economic Growth & Resilience, which expresses the risks associated with the councils broad portfolio of revenue and capital projects. The risk outlines the potential financial, service delivery and reputational impacts of projects that are significantly delayed, overspent or fail to deliver against the original scope.

Reference	Risk Description	Risk Rating Q2 24-25	Risk Rating Q2 25-26
FIN01	Budget monitoring & management	20	12
	Risk of in year budget overspend caused by failure to effectively manage revenue income and expenditure budgets, including delivery of agreed saving targets, which result in a negative outturn position impacting on following year budgets		
FIN02	Medium Term Financial Sustainability	20	16
	Risk of medium-long term financial instability caused by failure to adhere to robust financial planning processes and procedures, or taking the appropriate action, leading to requirement to implement changes in service provision, possible government intervention and consequential reputational damage		
FIN03	Capital plan management	15	15

	Risk that the agreed capital plan is unaffordable based on the ongoing revenue resources available to the council with implications for reserves levels and delivery of wider services and statutory responsibilities		
PS01	Organisational resourcing	16	12
	Risk that the council cannot meet its strategic objectives due to a failure to establish and plan for the future employee resourcing needs of the organisation and inability to adapt and respond to shifts in the labour market leading to possible disruption to service delivery and increased staff costs		
PS02	Industrial and disruptive action	9	9
	Risk that service delivery is impacted by prolonged industrial and disruptive action, triggered by service changes, budget reductions/pressures, asset rationalisation, changes to ways of working and any compulsory redundancies		
SI01	Data Integrity	12	12
	Risk of poor/uninformed decision making, failure to maximise income or inability to comply with statutory requirements caused by data integrity issues leading to reputational damage, ineffective resource allocation and/or a reduction in Council funding		
SI02	Relationships with key partners	6	6
	Risk of poor outcomes for Kirklees in terms of priority setting and funding allocations caused by failure to develop and maintain effective relationships with key regional and local partners and organisations, impacting on our ability to meet statutory and local requirements		
SI03	Cyber Security	16	16
	The risk of a data breach and / or impaired system functionality caused by a malicious cyber-attack leading to inability to deliver council services, costs to recover / compensate and associated reputational damage		
LGC01	Corporate governance	9	9
	Failure to ensure that effective processes, frameworks and relevant training are in place and adhered to in order to facilitate compliant and legally sound decision making, avoiding subsequent challenge and reputational damage		
LGC02	Information governance	12	12
	Failure to process (obtain, hold, record, use, share) information in line with the UK General Data Protection Regulations, Data Protection Act, Freedom of Information legislation and other relevant legislation leading to regulatory censure, fines, and associated reputational damage		
LGC03	Procurement	12	8
	Risk that the council enters into contracts with suppliers / commissioned service providers that do not secure the intended outcomes, due to inadequate or non-adherence to processes and procedures resulting in increased costs, reduced benefits and possible statutory breaches and reputational damage		
LGC04	Contract management	16	16
	Risk that suppliers do not provide goods / services in line with contractual agreements and / or a failure to identify, control and manage risks arising through supplier / contractor activity due to lack of robust oversight and quality assurance arrangements		
HP01	Emergency planning & business continuity	12	8
	The risk that the Council's incident management / emergency planning is insufficient to manage a serious incident or series of related incidents leading to short term or prolonged impacts on the Kirklees community and Council employees and operations		
HP02	Health & safety	8	8
	Failure to provide appropriate framework, guidance and monitoring of corporate H&S statutory requirements results in a preventable H&S incident involving colleagues and / or members of the public with possible financial, legal and reputational impacts		
AH01	Adults safeguarding	12	8
	Failure to adequately safeguard vulnerable adults from harm, abuse and neglect because of increased complexity, referral volumes and a lack of service capacity to respond to the assessed need		
AH02	Adults social care assurance framework	9	REMOVED
AH03	Data Insight for operational delivery of ASC	12	REMOVED
	[Any residual risk transferred to SI01]		

CF01	Children's Safeguarding	6	6
	Risk of children and young people being at risk of significant harm due to increased complexity, referral volumes and a lack of service capacity to respond to the assessed need		
CF02	EH&CPs, SEND compliance & financial impact	16	16
	Risk that the EHCP operating model does not meet client or council needs, due to increases in demand, complexity of clients needs and a lack of existing local provision, resulting in missed statutory deadlines, regulatory scrutiny, reputational impact and financial consequences		
CAS01	Community cohesion, wellbeing & resilience	12	12
	Risk of public disorder due to failure to monitor and mitigate rising community tensions, matters of violent extremism and related safer, stronger community factors, including criminal exploitation and national / international incidents		
DEV01	Corporate Assets	12	9
	Failure to effectively manage the liabilities arising from the council ownership and management of corporate assets, including building safety and financial liabilities, caused by failure to implement the corporate property strategy and insufficient control environment		
DEV02	Homelessness and Temporary Accommodation	16	16
	Insufficient availability of suitable accommodation options for temporary or permanent accommodation due to rising demand, reducing affordability and increasing complexity of priority need households, resulting in budget & legal challenge, poor customer outcomes and possible community cohesion issues		
DEV03	Economic Growth & Resilience	NEW	12
	Failure to deliver economic growth and resilience through regeneration and infrastructure developments due to ineffective targeting of projects, funding availability and delays / overspends in delivery leading to a decline in prosperity, less affluent communities and consequential reputational damage		
HN01	Housing safety & quality	16	16
	Risk that residential housing stock does not meet building safety regulations and / or the decent homes consumer standard resulting in service user dissatisfaction, complaints, regulatory scrutiny and reputational damage		
ECC01	Climate change	12	16
	Failure to mitigate and adapt to a more volatile climate, caused by insufficient resource, inadequate funding and a lack of prioritisation, leading to prolonged impacts on the natural environment, residents, communities, businesses and delivery of Council services		

2.3 Risk Assurance reviews

An annual programme of rolling Risk Assurance Reviews has been introduced which will complete a 'deep dive' review into each risk on the CRR within a 12 month period. All red rated risks were reviewed in Q1 2025-26, with identified changes included within the Q1 report and a summary of changes presented to ELT. The review of Amber risks is currently underway.

The reviews take place with the Head of Risk, Senior Risk Officer, the Risk Owner, Risk Leads who complete the quarterly updating of the submissions and, where relevant, the Transformation Programme / Project Managers who are delivering pieces of change activity.

The review provides challenge and scrutiny to assess:

- Is the risk articulated accurately (with clear risk / cause / consequence)
- Is it appropriate that it remains as a risk escalated to the Corporate Risk Register?
- Is the risk scored correctly? (both current and target score)
- What needs to happen for the risk to reduce to its target score?

- Are the controls described working effectively to either monitor or control the risk? Is there evidence to provide assurance?
- Is the pace of delivery of actions adequate? Are there additional or different actions that should be referenced?

2.4 Risk management support

Risk management support continues to be provided to specific projects, with earlier engagement to ensure risks are identified and understood at the soonest opportunity.

Examples include:

- Dewsbury Riverside development
- Waste management contract renewal
- PFI contract expiry
- Asset disposals
- Complex procurement activity

In addition, we have identified the need to further develop at a detailed level the councils risk exposure to fraudulent activity, with a view to using a risk management approach to controlling this effectively. This is a linked activity with the councils Internal Audit and Fraud team.

2.5 Risk Management Framework (RMF)

The council's RMF provides the structure and process that we use to identify, assess, monitor and report on risks. Kirklees Council RMF consists of the following documents:

- Risk Management Policy
- Risk Management Strategy & Guidance
- Risk Assessment Matrix
- Corporate Risk Register template
- Service Risk Register template

There is one proposed change to the RMF, which is the introduction a new Principal Risk type; 'Safety & Security', with the full list of principal risks listed below:

Safety & Security

Risks related to health & safety, accident prevention and physical security across staff, contractors, residents, communities and businesses. This includes (but is not limited to) hazards / risks associated with buildings, vehicles, plant and equipment. Activities concerning public safety and emergency response all sit within this risk type.

Environmental	Legal, Regulatory & Compliance	Reputational
Financial	Operational & Service Delivery	Safeguarding
Information & Data	People & Culture	Safety & Security
Innovation & Change	Physical Assets	Third Party

A review of the Risk Assessment Matrix and supporting guidance will be completed during the next 12 months.

2.6 Risk Appetite

Work continues towards the provision of a Risk Appetite Statement for Kirklees Council, which will provide a high-level strategic steer as to the amount of risk that the organisation is willing to take in the pursuit of its objectives. The risk appetite provides guidance, and not rules, for consideration when assessing the nature and extent of risks associated with specific recommendations or courses of action. It is anticipated that there may be decisions that are proposed and / or agreed outside of the agreed risk appetite, in these cases it is important that we recognise and record that a deliberate and informed choice has been made to operate outside of the organisation's risk appetite.

The draft Risk Appetite Statement (Appendix 2) has been developed through consultation with senior officers and members. Comment on the structure and content of the document is welcome, noting the agreed governance route for approval.

2.7 Training, organisational learning & culture

We have continued to work collaboratively across the organisation ensuring risk management is embedded within other governance and assurance processes. Examples of this include:

- Working with Governance team to ensure Decision making templates and supporting guidance are designed so that risks associated with recommendations are identified and understood
- Provided feedback on the documentation and training materials being developed as part of Contract Management Framework and Guidance to ensure responsibility for risk management throughout contract term is clear
- Monthly engagement with the Corporate Business Continuity team to understand current resilience issues, and where improvements to risk management practices can prevent reoccurrence

All risk management documentation and supporting guidance, is now hosted on the intranet, alongside documents relating to fraud management, audit, insurance and corporate complaints.

An 'Introduction to Risk Management' training module has been developed that is available for all staff on the MyLearning training suite. Work continues with Learning & Development to consider how risk management is covered within the learning pathways for Leaders & Managers, including at induction and progression stages.

Additionally, bespoke risk management workshops continue to be delivered to Directorates / Services on a request basis.

Earlier this year the West Yorkshire Local Authorities Risk Managers group was established, with representatives from the five local authorities and latterly WYCA representation as well. The group meets informally to:

- Act as a forum to exchange views on risk management issues, share good practice and cascade information from external sources
- Undertake horizon scanning, discuss and consider potential new risks facing local government
- Consider new risk management initiatives proposed

- Work collaboratively (where required) on specific risk related issues, projects, and initiatives with the goal of sharing collective expertise, practice, and resources to strengthen approaches to risk assessment/management.

The group has undertaken benchmarking activity, reviewing risks that are classed as 'corporate' or 'strategic' and reported publicly by each local authority. The group is also starting to consider opportunities where closer working could deliver benefits across the region.

Kirklees is not unusual in utilising an internally developed risk management solution, however there is appetite across the region to actively look at opportunities to drive improvements in risk management effectiveness and efficiency utilising software solutions. The group has recognised the potential commercial and future strategic benefits of adopting the same risk management system across the region and there is appetite to discuss this further.

2.8 Further actions

During the remainder of 2025/26 and 2026/27 the intentions are to:

- Maintain robustness of both Service and Corporate level quarterly risk reporting processes
- Utilise various communication channels to promote awareness amongst middle level managers of the importance of risk management, and their role within it
- Embed risk appetite into the organisation's governance and reporting processes
- Continued focus on assessing the robustness of stated controls, to ensure mitigations are operating effectively (this process to be delivered in conjunction with Internal Audit)
- Develop assurance reporting at Principal Risk level, working with risk owners to identify Key Risk Indicators

3. **Implications for the Council**

3.1 **Council Plan**

Successful delivery of the Council Plan, within budget and timescales, requires a clear understanding of risk. This includes (but is not limited to):

- Execution (implementation) or delivery risk
- Financial risk if implementation of required cost saving initiatives are delayed / stopped
- Reputational risk associated with certain decisions

Robust management of identified risks, including the implementation of required mitigants / actions is managed through various Council processes (depending on the nature of the actions, e.g. Cabinet, officer decision)

3.2 **Financial Implications**

Robust risk management contributes to the successful achievement of budget delivery and the medium-term financial plan. Additionally, effective risk management can support resource allocation to prioritise areas of highest risk, so preventing negative financial consequences such as enforcement fines or contract overspends.

3.3 **Legal Implications**

No direct implications. Legal, Regulatory & Compliance risk is identified as a risk category.

3.4 Climate Change and Air Quality

No direct impact although risks impact on the entire organisation, and affect this category

3.5 Risk, Integrated Impact Assessment (IIA) or Human Resources

No direct impact although risks impact on the entire organisation, and affect this category

4. Consultation

NA

5. Engagement

NA

6. Options

6.1 Options considered

For the Corporate Governance and Audit Committee to note and discuss any areas of interest or concern

6.2 Reasons for recommended option

The option and recommendation are relating to an Annual Report only. Therefore, there are no decisions required

7. Next steps and timelines

Undertake actions as noted in section 2 above, and report back on progress in 2025/26

8. Contact officer

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Martin Dearnley, Head of Risk

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9. Background Papers and History of Decisions

Previous annual reports presented to the Corporate Governance and Audit Committee have been received, noted and discussed:

10. Appendices

Appendix 1

Corporate Risk Report Q2 2025-26

Appendix 2

Draft Risk Appetite Statement

11. Service Director responsible

Samantha Lawton, Service Director - Legal, Governance & Commissioning