



CORPORATE GOVERNANCE COMMITTEE – 27 MARCH 2026

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

RISK MANAGEMENT UPDATE

Purpose of the Report

1. One of the roles of the Corporate Governance Committee (the Committee) is to ensure that the Council has effective risk management arrangements in place. This report assists the Committee in fulfilling that role by providing a regular overview of key risk areas and the measures being taken to address them. This is to enable the Committee to review or challenge progress as necessary, as well as highlight risks that may need to be given further consideration. This report covers:
 - The Corporate Risk Register (CRR) – updates on risks
 - Emerging risks
 - Iran war
 - Local Government Reorganisation (update)
 - Internal audit of the Council's risk management processes

Corporate Risk Register (CRR)

2. Within the County Council's Constitution (revised November 2025), the Terms of Reference at Section 2: Governance and Risk places a responsibility on the Committee 'To review and monitor the effective development and operation of risk management in the Council including the Council's risk management framework'.
3. The Council maintains Departmental Risk Registers and a Corporate Risk Register (CRR). These registers contain the most significant risks which the Council is managing, and which are 'owned' by Directors and Assistant Directors.
4. The CRR is designed to capture strategic risk that applies either corporately or to specific departments, which by its nature usually has a longer time span. The CRR is a working document and therefore assurance can be provided that, through timetabled review, high/red risks will be added to the CRR as necessary. Equally, as further mitigation actions come to fruition and current controls are embedded, the risk scores will be reassessed, and this will result in some risks being removed from the CRR and managed within the relevant departmental risk register.
5. Updates to the current risks on the CRR (last presented in full to the Committee on 24 November 2025), are shown in **Appendix A**. Corporate risks reflect the

Council's Strategic Plan (2022-26), which was approved by the County Council on 18 May 2022 and refreshed for 2024-26.

Risks which have been removed in the last two years, and a brief reminder of the risk scoring process are at the end of the appendix.

Movements since the CRR was last presented in full are detailed below: -

Risks added

Children & Family Services

6. **1.15 - If there is insufficient DfE capital funding, then the Council could fail to meet its place planning requirements including SEND**

Rationale: The Council depends on DfE capital funding to provide sufficient school places, including for SEND pupils. If funding is inadequate, the Council may be unable to create or adapt places to meet statutory sufficiency duties, leading to unmet demand, pressure on existing provision, increased costs, greater use of out-of-area placements, and potential non-compliance.

Note: there is brief mention of the issue of capital funding with schools within the Economic Growth risk (1.12) but nowhere near as detailed as the C&FS description

7. **1.16 - If maintained Primary Schools submit significant licensed deficit budgets over time creating a financial burden for the Council; then individual schools may fail.**

Rationale: The Council must oversee the financial sustainability of maintained schools. Ongoing or significant licensed deficits in Primary Schools increase the Council's financial exposure. If these deficits grow or become unmanageable, schools may become financially unsustainable, leading to potential closure, disruption to pupils, and additional intervention costs for the Council.

Risk re-defined

Environment & Transport (E&T) & Children & Family Services (C&FS)

8. **4.5 - From:** If Special Educational Needs Assessments are delayed and Education Health and Care Plans are not issued on time with appropriate school placements for children identified, Transport Operations could fail to provide a timely statutory service.

4.5 - To: If demand for bespoke placements for children and young people with EHCPs continues to rise, then the current E&T Transport Policy could become unsustainable and will need to be revised in order to avoid significant risks to finance, policy, operation, and public perception.

Rationale: Considerable progress has been made in reducing C&FS backlogs and the emphasis on the risk has changed. Further details are contained in Appendix A.

Presentation

9. A presentation will be provided on the emerging risk of the significant increase in demand for reactive highway maintenance repair work to address the highest ever levels of road defects E&T has seen over a winter season. This is having significant implications on service levels, ongoing condition of the highway network and budgets.

Emerging risks

Iran war

10. E&T is seeing risks and issues emerging from the Iran conflict in increasing cost of fuel which will significantly impact highways, transport and waste operations putting strain on budgets as well as indications that certain products will not only be more expensive but may become difficult to procure, for example oil based bitumen is a key component of our surface dressing programme carried out March to September. If E&T cannot deliver its programme of works, the road network condition will further deteriorate.
11. Should the increases in oil and gas prices be sustained there are wider risks and issues emerging to the Council around: -
 - a. Oil and gas both in terms of soaring prices and availability which could affect: -
 - i. Community hardship leading to increased demand for welfare and social care support and impacts on financial assessments.
 - ii. Cost of service provision, particularly social care and capital projects, with requests for support to cover rising cost of living.
 - iii. Mileage reimbursement costs for when staff use their cars for essential visits, including visiting children placed out of county and facilitating contact for children in care with birth family members.

The Council will receive some Government support through the Crisis Resilience Fund from April to support low-income households with the increase in the cost of heating oil.

- b. Although there has been no request for humanitarian assistance this cannot be ruled out the longer the war goes on, for example, if there are British nationals that will require evacuation and assistance.

Local Government Reorganisation (update)

12. The Council submitted its proposal on the specified date (28 November 2025) to bring together Leicestershire and Rutland under a single council. The proposal avoids the need to split up boundaries and services and aims to empower communities, reinvest money into frontline services and preserve heritage.
13. Before any Local Government Reorganisation (LGR) can be implemented, by law the Government must first consult. On 5 February 2026 the Government launched a statutory consultation asking residents, businesses, public sector organisations and other bodies for their views on each of the three different LGR proposals put forward for Leicester, Leicestershire and Rutland. The County Council has used organic social media posts and information on its website to signpost people to the Government's dedicated consultation web page for Leicestershire, Leicester and Rutland and is encouraging the public to respond to the consultation which closes on 26 March.
14. In addition to the statutory consultation invite, MHCLG also engaged in conversations with officers to understand key points in the proposal and any views on the other submissions
15. The Council is engaging with colleagues from the City, Rutland and district councils to establish the governance and working group structures to commence implementation activity. This will utilise existing arrangements where possible. To support implementation a Leicestershire LGR Lead will be appointed to work across all impacted councils to co-ordinate activity.

Internal audit of risk management process

16. A recent internal audit of the Council's risk management processes was undertaken by an agency member of staff who had previous experiences of auditing risk management arrangements in Welsh councils. Being an agency staff, with no long term commitment to the Council the auditor was considered sufficiently independent and objective to form a rounded conclusion.
17. The audit returned substantial assurance with an overall conclusion that the Council's risk management framework is broadly effective, with 14 medium-priority actions required to improve consistency, governance clarity, and operational maturity.
18. The proposed actions will be reviewed with the Assistant Director (Finance, Strategic Property & Commissioning) and any material changes will be reported to a future meeting of the Committee.

Recommendations

It is recommended that the Committee:

- a. Approves the status of the corporate and strategic risks facing the County Council.

- b. Makes recommendations on any areas which might benefit from further examination.
- c. Notes the emerging risks on the Iran war and the update on Local Government Reorganisation
- d. Notes the outcome of the internal audit of the Council's risk management processes

Resources Implications

None.

Equality and Human Rights Implications

None.

Circulation under the Local Issues Alert Procedure

None.

Background Papers

Reports of the Director of Corporate Resources – 'Risk Management Update' – Corporate Governance Committee, 20 May, 16 September and 6 December 2024, 24 January, 31 March, 23 June, 19 September and 24 November 2025 and 23 January 2026.

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Appendices

Appendix A - Corporate Risk Register Update (February/March 2026)

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