Chelmsford City Council Audit and Risk Committee

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Risk Management Report – March 2026

Report by:

Audit Services Manager

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Purpose

This report summarises the current position for the Council's Principal Risks.

Recommendations

Audit and Risk Committee are requested to note the contents of this report.

1. Background

1.1. It is the Council's policy to proactively identify, understand and manage the risks inherent in its services and associated with its plans and strategies, so as to encourage responsible, informed risk taking within its risk appetite and reduce exposure to a tolerable level using a justifiable level of resources.

1.2. An effective risk management framework should:

- provide risk information to support decision-making and resource allocation
- improve compliance with policies, procedures, laws and regulations and stakeholder expectations; and
- provide assurance to internal and external stakeholders that the Council is well-managed.

1.3. The risk management function assists the Council to identify, understand and manage its risks. The function reports twice a year to the Audit and Risk Committee to enable the Committee to monitor the effective development and operation of risk management in the Council.

2. Principal Risk Summary

2.1. The Principal Risk Register is central to the risk management framework, owned by Management Team and covers the Council's strategic risks which require regular oversight at senior level to ensure that, where necessary, action is taken to further mitigate risks outside the Council's indicative risk appetite.

2.2. Corporate Risk Management liaise with nominated Risk Owners, Service Managers and Directors to update each Principal Risk, and report bi-annually to Management Team and Audit and Risk Committee to facilitate their monitoring and oversight.

2.3. An update of the Principal Risk Register was undertaken during January 2026 to ensure it is up to date and reflects the current risk profile and risk appetite. The summary and heatmap is at Appendix A below.

2.4. The Risk Management process is a subjective management tool and is designed to assist the strategic direction, and operational running of the Council and ensure key issues are highlighted and resources allocated appropriately. It is essential to consider that:

- Some risks may be heavily influenced by external factors outside the Council's control
- Where inherent risk is increasing, additional work may have been undertaken to maintain the same current risk level.
- Risks are constantly changing.

3. Conclusion

3.1. The Principal Risk Summary is attached for Audit & Risk Committee to note.

List of appendices:

1. Principal Risk Summary

Background papers: None

Corporate Implications

Legal/Constitutional: The Council has a legal duty to ensure that it has a sound system of internal control, which includes effective arrangements for the management of risk (Regulation 3 (Part 2) of the Audit and Accounts Regulations 2015). The risk management framework encourages risk owners to consider the potential legal and regulatory consequences, should a risk event occur.

Financial: The risk management framework encourages risk owners to consider the potential financial consequences, should a risk event occur.

Potential impact on climate change and the environment/ Contribution toward achieving a net zero carbon position by 2030: Reputational consequences set out within the risk management framework encourage risk owners to consider environmental aspects of their activities.

Personnel: The corporate risk management framework is being implemented within existing staff budgets.

Risk Management: Effective risk management is an essential part of good governance, providing assurance to internal and external stakeholders that the Council is well-managed. This report is intended to enable the Committee to fulfil its role in overseeing the effective operation and development of risk management at the Council.

Equality and Diversity: Equalities implications of Council activities are considered at initiative level.

Health and Safety: The risk management framework encourages risk owners to consider the potential safety, health and wellbeing implications for staff and/or service users, should a risk event occur.

Digital: Risks relating to cyber security are considered within the risk management framework

Other: None

Consultees: Management Team reviewed the Principal Risk update in February 2026

Relevant Policies and Strategies: None

Principal Risk Register

Ref	Risk Title	Our Plan Theme	Director	Current Risk Rating	Risk Score	Direction of travel	Potential Risk Event
PRR031	Local Government Reorganisation	All Themes	Nick Eveleigh	Very High	24	↔	Disruption to governance, service delivery, and financial stability during the transition to a new local government structure may lead to reduced service quality, staff uncertainty and increased costs.
PRR023	Succession Planning (Loss of Key Personnel)	All Themes	Nick Eveleigh	Very High	20	↔	Loss of key staff may result in a significant loss of knowledge and experience which could seriously impact on service delivery.
PRR036	A12 Improvements	A fairer and more inclusive place	Paul Brookes	Very High	20	↔	Failure to secure future infrastructure funding for A12 J19 may lead to key strategic sites in the Local Plan not being deliverable, which may stall housing and economic growth as well as increasing congestion.
PRR034	Loss or damage to the crematorium	A greener and safer place	Keith Nicholson	Very High	18	↑	The Council may be unable to meet its obligations as the burial and cremation authority for the area.
PRR006	Homelessness	All Themes	Paul Brookes	Very High	18	↔	Inability to meet our statutory obligations to the homeless and provide suitable temporary accommodation may lead to legal breaches, financial penalties, reputational damage, and increased pressure on staff and services.
PRR001	Cyber Security	All Themes	Louise Goodwin	Very High	16	↔	Malicious attack(s) may result in significant disruption to critical services, including the Council's statutory emergency response, and may lead to data breaches, regulatory penalties and financial losses.
PRR012	Chelmer Waterside	A fairer and more inclusive place	Keith Nicholson	Very High	16	↔	Failure to deliver the Chelmer Waterside development as planned may result in financial and reputational loss, missed housing and funding opportunities, and impacted relationships with key partners.
PRR014	Health & Safety	A greener and safer place	Keith Nicholson	Very High	16	↔	A serious health and safety incident may result in injury or death, trigger costly regulatory investigations, damage the Council's reputation, and negatively impact staff morale and service delivery.
PRR016	Information Governance	All Themes	Louise Goodwin	Very High	16	↔	A serious data breach and/or other significant instance of non-compliance with data legislation may result in costly regulatory investigations leading to significant fines, and damage to the Council's reputation.
PRR005	Fraud	All Themes	Nick Eveleigh	High	15	↔	Fraudulent activity may lead to significant financial loss, misallocation of limited resources, and reputational damage due to perceived inaction or poor oversight, as well as hindering the Council's obligations under the Economic Crime and Corporate Transparency Act (ECCTA) 2023 'Failure to Prevent Fraud' offence.

Ref	Risk Title	Our Plan Theme	Director	Current Risk Rating	Risk Score	Direction of travel	Potential Risk Event
PRR004	Emergency Planning	A greener and safer place	Keith Nicholson	High	12	↔	Ineffective emergency planning response(s) may lead to avoidable harm, extended disruption, reputational damage, and increased financial costs due to reactive management, as well as hindering the Council's statutory emergency response obligations under the Civil Contingencies Act.
PRR015	Safeguarding	A greener and safer place	Nick Eveleigh	High	12	↔	Failure in safeguarding responsibilities may result in serious harm to individuals, loss of public trust, and negative impacts on staff morale and the Council's reputation.
PRR032	Budget & Financial Position	All Themes	Nick Eveleigh	High	12	⬇	The Council's financial position may become unsustainable due to ongoing budgetary pressures, reduced income streams, and increasing service demands, potentially impacting the delivery of statutory and discretionary services.
PRR033	Commercial Strategy	A greener and safer place	Keith Nicholson	High	12	⬇	Investment decisions driven by commercial strategy may expose the organisation to significant financial and reputational risks due to inadequate due diligence, excessive borrowing, poor diversification, weak governance, regulatory missteps, or external economic shocks.
PRR025	Climate & Ecological Emergency Strategy	A greener and safer place	Keith Nicholson	Medium	9	⬇	The Council's strategy to respond to, manage and monitor the Climate and Ecological Emergency (called at Full Council in July 2019) may not be clear, and/or include sufficient level of detail in an overall delivery/action plan which may impact on achievement of the required outcomes and its overall success.
PRR037	Building Control	A greener and safer place	Paul Brookes	Medium	9	⬇	Failure to meet statutory duties may result in legal action, regulatory intervention, or complaints to the Ombudsman, exposing the authority to reputational and operational risks.
PRR003	Business Continuity	All Themes	Keith Nicholson	Medium	9	↔	Ineffective business continuity response(s) may lead to prolonged disruption to core services, impacting residents, damaging the Council's reputation, and hindering its statutory emergency response obligations under the Civil Contingencies Act.

Principal Risk Register Heat Map – March 2026
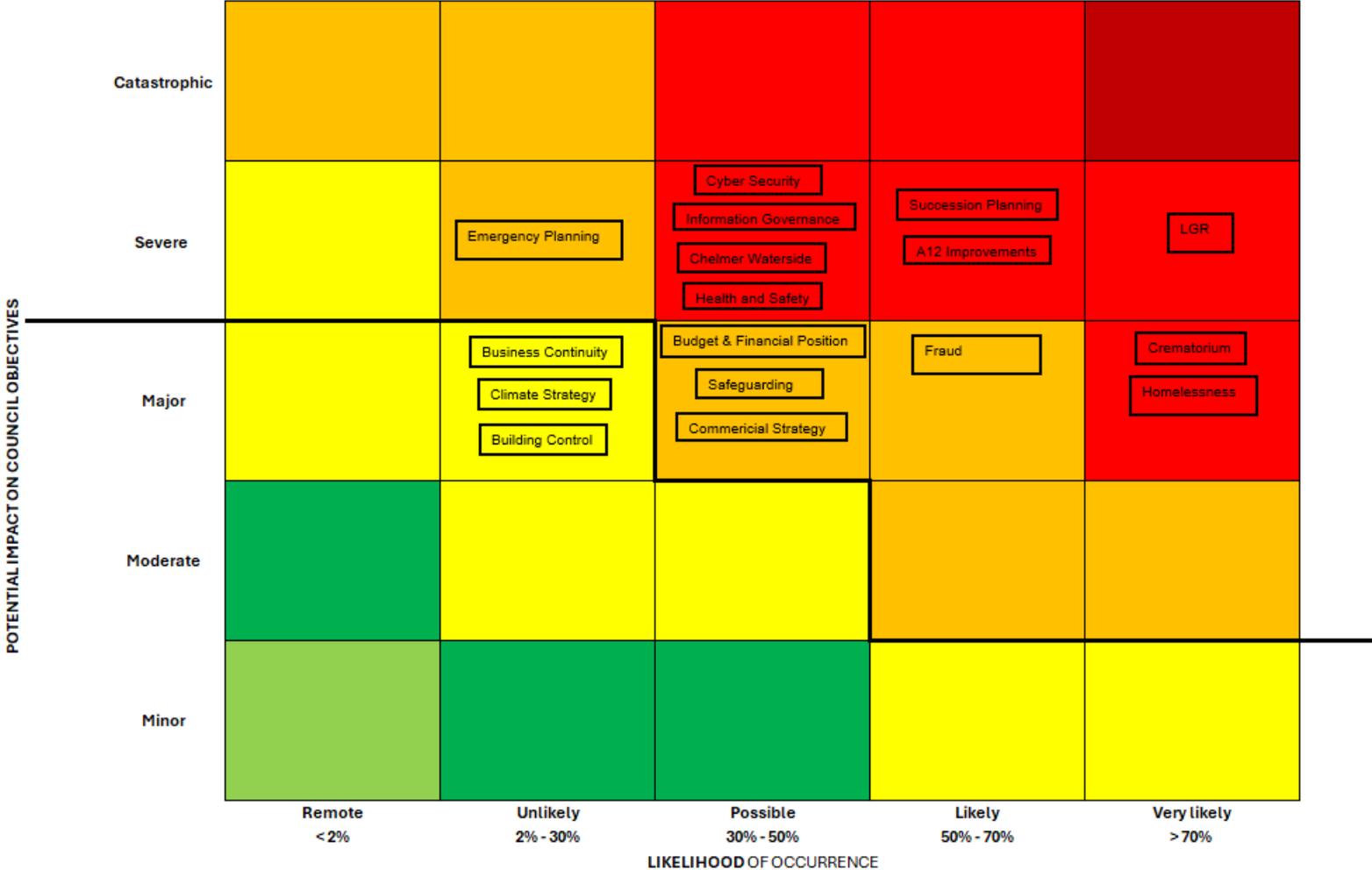
Risk Score	Risk Level	Treatment Action Priority
26 to 30	Extreme Risk	Extremely Critical – Urgent action required
16 to 25	Very High Risk	Critical – Immediate action required
10 to 15	High Risk	Concerned – Action required (first priority)
5 to 9	Medium Risk	Cautious – Action required (second priority)
1 to 4	Low Risk	Comfortable – monitor and review

Impact Scoring Criteria

Score	Level	Financial	Operations	People	Reputation	Legal and regulatory	Major Projects	Equivalent Internal Audit Priorities
5	Catastrophic	Financial loss (>£20 million*)	Permanent cessation of core activities	Multiple fatalities	Future viability of the organisation threatened	External control of the Council assumed	Repeated failure of high-profile projects. All discretionary funding withdrawn	
4	Severe	Financial loss (>£1 million*)	Extended disruption of core activities in excess of normal recovery timescales, with adverse impact on the wider community	Life-threatening or multiple serious injuries (to staff or service users) or prolonged workplace stress. Severe impact on morale/service performance. Mass strike actions etc.	Critical impact on the reputation or brand of the organisation. Intense political and media scrutiny i.e. national front-page headlines, TV	Possible criminal, or high-profile civil action against the Council, Members or officers. Statutory intervention triggered with impact across the whole Council. Critical breach in laws and regulations that could result in severe fines or consequences	Politically unacceptable increase on project budget/cost for high-profile project. Elected Members are required to intervene	Critical Priority (Emerging Findings Note)
3	Major	Major financial loss. Service budgets exceeded (£200k to £1 million*)	Disruption to core activities. Some services compromised. Management Team action required to overcome medium-term difficulties	Serious injuries or stressful experience (for staff member or service user) requiring medical attention/ many workdays lost. Major impact on morale/performance	Major impact on the reputation or brand of the organisation. Unfavourable media coverage. Noticeable impact on public opinion	Major breach in laws and regulations resulting in major fines and consequences. Scrutiny required by external agencies	Key targets missed. Major increase on project budget/ cost. Major reduction to project scope or quality	High Priority recommendations (Limited to No Assurance)
2	Moderate	Moderate financial loss. Handled within the team (£50k to £200k*)	Significant short-term disruption of non-core activities. Standing Orders occasionally not complied with, or services do not fully meet needs. Service Manager action will be required	Injuries (to staff member or service user) or stress levels requiring some medical treatment, potentially some workdays lost. Some impact on morale/performance	Moderate impact on the reputation or brand of the organisation. Limited unfavourable media coverage	Moderate breach in laws and regulations resulting in fines and consequences. Scrutiny required by internal committees or internal audit to prevent escalation	Delays may impact project scope or quality (or overall project must be re-scheduled). Small increase on project budget/cost. Handled within the project team	Medium Priority recommendations (Moderate to Limited Assurance)
1	Minor	Minor financial loss (< £50k*)	Minor errors in systems/operations or processes requiring Service Manager or Team Leader action. Little or no impact on service users	Minor injuries or stress with no workdays lost or minimal medical treatment. No impact on staff morale	Minor impact on the reputation of the organisation	Minor breach in laws and regulations with limited consequences	Minor delay without impact on overall schedule. Minimal effect on project budget/cost or quality	Low Priority recommendations (Substantial to Moderate Assurance)