



## RUSHMOOR BOROUGH COUNCIL

### AUDIT AND GOVERNANCE COMMITTEE

*at the Council Offices, Farnborough on  
Wednesday, 26th November, 2025 at 7.00 pm*

**To:**

Cllr C.W. Card  
Cllr Sue Carter  
Cllr A.H. Crawford  
Cllr P.J. Cullum  
Cllr C.P. Grattan  
Cllr Sarah Spall  
Cllr P.G. Taylor  
Cllr Jacqui Vosper  
Cllr Ivan Whitmee  
Cllr Becky Williams

**Standing Deputies:**

Cllr Leola Card, Cllr Thomas Day, Cllr A.H. Gani, Cllr Rhian Jones, Cllr Halleh Koohestani, Cllr S.J. Masterson, Cllr T.W. Mitchell.

Enquiries regarding this agenda should be referred to the Committee Administrator,  
Lucy Bingham, Democratic Services, Tel. (01252 398128) or email  
[lucy.bingham@rushmoor.gov.uk](mailto:lucy.bingham@rushmoor.gov.uk).

# **A G E N D A**

**1. APPOINTMENT OF CHAIR –**

To appoint a Chair of the Audit and Governance Committee for the remainder of the 2025/26 Municipal Year.

**2. APPOINTMENT OF VICE-CHAIR –**

To appoint a Vice-Chair of the Audit and Governance Committee for the remainder of the 2025/26 Municipal Year.

**3. MINUTES – (Pages 1 - 4)**

To confirm the Minutes of the Meeting held on 24th September, 2025 (copy attached).

**4. EXTERNAL AUDIT - DRAFT PROGRESS UPDATE 2024/25 – (Pages 5 - 10)**

To receive the Executive Head of Finance's Audit Progress Report (copy attached), which provides a draft progress update from Ernst & Young (EY) on the 2024/25 external audit.

**5. INTERNAL AUDIT - AUDIT PROGRESS REPORT – (Pages 11 - 28)**

To consider Southern Internal Audit Partnership's (SIAP) Report No. SIAP25/05 (copy attached), which outlines an update on audit work completed to date, progress against the audit plan and tracking of the implementation of management actions.

**6. RISK MANAGEMENT PROCESS 2024/25 – (Pages 29 - 80)**

To consider the Executive Director's Report No. ED2510 (copy attached), which includes the annual report on the risk management arrangements and an update on the development of the corporate risk appetite.

**7. INTERNAL AUDIT REPORT - USE OF AGENCY STAFF –**

The Statutory Officers to provide a verbal update regarding the report.

**8. ANNUAL GOVERNANCE STATEMENT UPDATE – (Pages 81 - 84)**

To receive the Financial Governance Manager's Report No. FIN2518 (copy attached), which details progress towards the implementation of the actions in the Annual Governance Statement (AGS).

**9. TREASURY MANAGEMENT AND NON-TREASURY INVESTMENT OPERATIONS 2025/26 – (Pages 85 - 102)**

To receive the Executive Head of Finance's Report No. FIN2517 (copy attached), which outlines the main activities of the Treasury Management and Non-Treasury Investment Operations during 2025/26.

### **PUBLIC PARTICIPATION AT MEETINGS**

Members of the public may ask to speak at the meeting on any of the items on the agenda by writing to the Committee Administrator at the Council Offices, Farnborough by 5.00 pm two working days prior to the meeting.

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# CORPORATE GOVERNANCE, AUDIT AND GOVERNANCE COMMITTEE

Meeting held on Wednesday, 24th September, 2025 at the Council Offices,  
Farnborough at 7.00 pm.

## **Voting Members**

Cllr Bill O'Donovan (Chairman)  
Cllr Rhian Jones (Vice-Chair)

Cllr Gaynor Austin  
Cllr C.W. Card  
Cllr Sue Carter  
Cllr P.J. Cullum  
Cllr C.P. Grattan  
Cllr M.J. Roberts  
Cllr Sarah Spall  
Cllr P.G. Taylor  
Cllr Jacqui Vosper

## **Non-Voting Member**

Mr. Tom Davies – Independent Member (Audit)

## **18. MINUTES**

The minutes of the meeting held on 2nd July 2025 and 23rd July 2025 were agreed and signed as a correct record of the proceedings.

## **19. INTERNAL AUDIT - AUDIT UPDATE**

The Chairman welcomed Neil Pitman, Head of Southern Internal Audit Partnership (SIAP), the Council's internal auditors.

The Committee received SIAP's Report No. SIAP25/04, which set out the Internal Audit Progress Report, for the August 2025 accounts. The Report provided an overview of internal audit activity against assurance work completed in accordance with the approved audit plan and key updates pertinent to the discharge of the Committee's role, in relation to internal audit.

During discussion, questions were raised by Members regarding audit review sponsors, cyber security and outstanding audit actions. It was noted that there needed to be wider awareness around outstanding audit actions and there should be performance reporting to Cabinet by Service Managers. The Committee noted that the Chair wished to meet with the Leader of the Council to discuss outstanding audit actions.

**ACTION:**

<b>What</b>	<b>By Whom</b>	<b>When</b>
Provide a key for the sponsors in the audit review, for clarity.	Neil Pitman, Head of Partnership at SIAP	November 2025
The Chair of the Committee to meet with the Leader of the Council to discuss outstanding audit actions.	Cllr Bill O'Donovan, Chair of the Committee	Before the next meeting on 26th November

The Committee received SIAP's Report No. SIAP25/05, which outlined the proposed approach for the Southern Internal Audit Partnership's external quality assessment. The external quality assessment needed to be performed at least every five years by a qualified, independent assessor or assessment team.

The Committee received SIAP's Report No. SIAP25/06, which presented the Internal Audit Strategy 2025-28. The Committee noted that it was a plan of action designed to achieve objectives over the medium term. The strategy included a vision, strategic objectives, and supporting initiatives for the internal audit function to support the fulfilment of the internal audit mandate.

**RESOLVED:** That:

- (i) outstanding audit actions form part of Service Managers' performance reporting to Cabinet;
- (ii) the Internal Audit Progress Report be noted;
- (iii) the arrangements for the pending external assessment of the Southern Internal Audit Partnership against the Global Internal Audit Standards in the UK Public Sector, be noted; and
- (iv) the Internal Audit Strategy 2025-2028, be noted.

## 20. **CORPORATE POLICY AND GUIDANCE ON SURVEILLANCE AND THE USE OF THE REGULATION OF INVESTIGATORY POWERS ACT 2000**

The Committee considered the Corporate Manager – Legal Report No. LEG2503 which set out a review of the Council's corporate policy on the use of covert investigatory techniques, including surveillance, within and outside the scope of the Regulation of Investigatory Powers Act 2000 (RIPA).

The Committee was advised that much of the surveillance carried out by officers was overt, where officers would go about Council business openly. It was noted that all RIPA authorisations needed to be approved by the Magistrates Court before any surveillance could take place. The Committee was advised that no covert surveillance had been undertaken by the Council during 2024/25. The Council's Regulation of Investigatory Powers Act 2000 (RIPA) policy and procedure was up-to-date and complied with current guidance. In June 2023, the Investigatory Powers Commissioner's Office confirmed that it was content with the Council's policies and RIPA activities.

**RESOLVED:** That the Corporate Surveillance and RIPA Policy Report No. LEG2503, be noted.

**21. ANNUAL OMBUDSMAN COMPLAINT REVIEW LETTER 2025**

The Committee considered the Monitoring Officer's Report No. CS251908, which summarised the outcomes and findings of the Annual Review Letter 2024/25 from the Local Government and Social Care Ombudsman (LGSCO).

It was noted that the LGSCO had received two complaints in respect of Rushmoor Borough Council. Both complaints were closed on the Ombudsman's initial enquiry.

**RESOLVED:** That:

- (1) the Committee note the Annual Review Letter; and
- (2) the Council commends officers on the continued improvement in services demonstrated by the lack of LGSCO involvement.

**22. UPDATE ON APPOINTMENT OF INTERIM MANAGING DIRECTOR AND HEAD OF PAID SERVICE**

The Committee considered the Leader of the Council's Report No. DEM2507 which provided an update on the appointment of the Interim Managing Director and Head of Paid Service.

The Committee noted that, at its meeting on 10th April 2025, the Council approved the appointment of Ian Harrison as the Council's Interim Managing Director and Head of Paid Service for an initial period of six months with effect from 11th April 2025. At the same meeting, it was also agreed that the post of Corporate Manager – Legal Services be designated as the Council's Monitoring Officer for an initial period of six months from 11th April. The Committee were advised that as the initial period was ending, it was timely to review the position and agree the next steps.

Since April, there had been a significant demand on the Interim Managing Director to carry out work linked to Local Government Reorganisation (LGR), particularly following the departure of the Assistant Chief Executive. In view of this, it had not yet been possible to complete the work to review the organisation's management structure, which was required as part of the initial period of the interim appointment, to ensure organisational alignment to deliver objectives in the Delivery Plan and the future requirements of LGR. The Report proposed that the Interim Managing Director would conclude their work to review the management structure over the next few months, which would also provide the basis for Group Leaders to collectively consider the permanent arrangements for the appointment of a Head of Paid Service for the Council. It was recommended that an extension be made to the appointment of the Interim Managing Director post to conclude the work on the management structure and ensure cover for the elections in 2026.

During discussion, questions were raised regarding the £11,094 additional cost. The Committee noted that the additional cost was related to the role of Interim Managing Director and Head of Paid Service but not the Corporate Manager – Legal Services role.

- (i) **RESOLVED** that the Committee approve an extension to Ian Harrison's appointment as Interim Managing Director and Head of Paid Service until the Annual Council Meeting in May 2026, or until alternative arrangements are agreed by the Council arising from the conclusion of work on the management restructure, if that is sooner;
- (ii) **RECOMMENDED TO THE COUNCIL** that Ian Harrison, Interim Managing Director, continue to be designated as the Council's Head of Paid Service until the Annual Council Meeting in May 2026, or until alternative arrangements are agreed by the Council if that is sooner. The role to include the statutory responsibilities of Electoral Registration Officer and Returning Officer; and
- (iii) **RECOMMENDED TO THE COUNCIL** that the post of Corporate Manager – Legal Services continue to be designated as the Council's Monitoring Officer until otherwise designated by the Council.

The meeting closed at 7.50 pm.

CLLR BILL O'DONOVAN (CHAIRMAN)

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# Rushmoor Borough Council

Progress report

Year ended 31 March 2025

**17 November 2025**



The better the question. The better the answer. The better the world works.



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with confidence**



**Private and Confidential**

Audit and Governance Committee  
Rushmoor Borough Council  
Council Office, Farnborough Road  
Farnborough, Hants  
GU14 7 JU

17 November 2025

Dear Audit and Governance Committee Members

**Audit progress report**

Attached is the audit progress report for the upcoming meeting of the Audit and Governance Committee. This report aims to provide the Audit and Governance Committee of Rushmoor Borough Council (the Council) with a summary of progress on the 2024/25 Council audit, and any issues identified to date. This report is intended solely for the information and use of the Audit and Governance Committee and management, and is not intended to be, and should not be used, by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on 26 November 2025 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Simon Mathers

For and on behalf of Ernst & Young LLP

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# Progress Report

# 2024/25 audit progress update

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## Status of the audit

We have completed all planning procedures and commencing execution procedures at the beginning of November 2025.

There are no changes to our audit risks or other areas of focus.

Having updated and completed the planned procedures in these areas we identified a risk of significant weakness and actual significant weakness in the Council's VFM arrangements in respect of financial s. We will issue our VFM narrative commentary in our draft 2024/25 Auditor's Annual Report which we expect to issue on 30 November 2025.

## Scope update

In our audit planning report presented to the 22 May 2025 Corporate Governance, Audit and Standards meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We will carry out our audit in accordance with this plan.

## Control observations to date

Ahead of the year end audit visit, we have not identified any additional observations and improvement recommendations in relation to management's financial processes and controls but we note the following:

► During our walkthrough of the Financial Statement Close Process (FSCP), management was unable to demonstrate arrangements has been fully developed and implemented to adopt the requirements of IFRS 16 in the 2024/25 financial statements. The draft financial statements submitted for audit did not contain all the transitional adjustments and disclosures required for implementation of IFRS 16 and supporting working papers were not fully complete, As a result, some audit work in this area remains ongoing at the date of this report. Some amendments will also be required to both the primary statements of account and supporting disclosures

## Timeline

In Section 03 we include a timeline for the audit. All parties need to work together to ensure this timeline is adhered to.

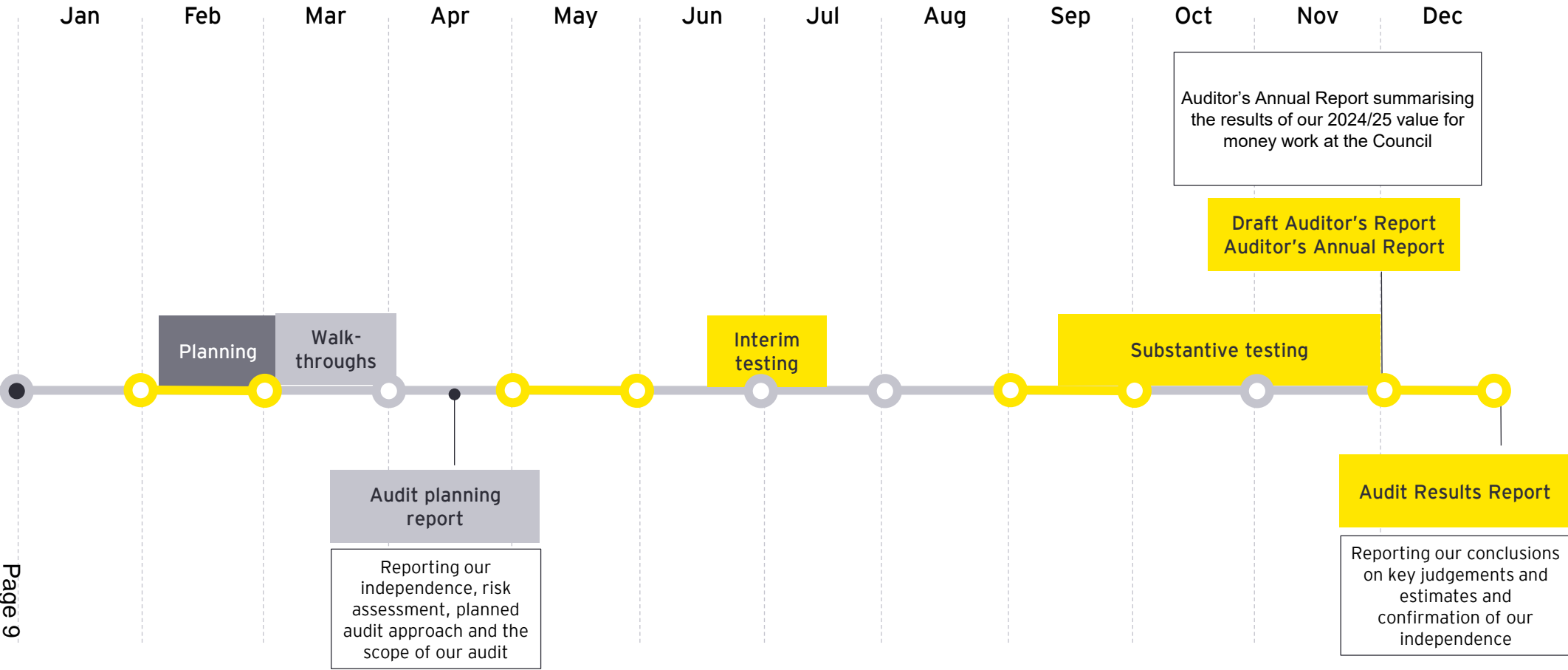
Commentary on value for money arrangements will be included in the 2024/25 Auditor's Annual Report. This will need to be issued in draft by 30 November 2025 to comply with the revised requirements of the 2024 NAO Code of Audit Practice. We intend to send this report electronically to the Chair and Section 151 Officer before the deadline. Any updates to the report following the completion of our audit will be presented at the next Audit and Governance Committee meeting, i.e. on 28 January 2026.

# Progress Report (cont'd)

## Timeline

The following timetable has been revised to indicate a new commencement date of September 2025, replacing the previously anticipated start in July 2025. It shows the key stages of the audit and the deliverables we have agreed to provide to you through the 2024/25 audit cycle.

From time to time matters may arise that require immediate communication with the Corporate Governance, Audit and Standards Committee Chair as appropriate.



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ED None

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**AUDIT AND GOVERNANCE  
COMMITTEE**

**Head of Partnership  
REPORT NO. SIAP 25/05**

**26<sup>th</sup> November 2025**

**INTERNAL AUDIT PROGRESS REPORT NOVEMBER 2025**

**SUMMARY:**

As required by the Global Internal Audit Standards in UK Public Sector this report presents the Internal Audit Progress Report November 2025.

- The Internal Audit Progress Report – November 2025 (Appendix A) provides the Audit and Governance Committee with an overview of internal audit activity against assurance work completed in accordance with the approved audit plan and to provide an overview of key updates pertinent to the discharge of the committee's role in relation to internal audit.

**RECOMMENDATION:**

Members are requested:

- to **note** the Internal Audit Progress Report – November 2025 (Appendix A).

**1 Introduction**

- 1.1 The mandate for internal audit in local government is specified within the Accounts and Audit [England] Regulations 2015, which states:

*'A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.'*

- 1.2 From 1 April 2025, the 'standards or guidance' in relation to internal audit are those laid down in the Global Internal Audit Standards (GIAS), Application Note: Global Internal Audit Standards in the UK Public Sector (Application Note) and the Code of Practice for the Governance of Internal Audit in UK Local Government. The collective requirements shall be referred to as the Global Internal Audit Standards in the UK Public Sector (the Standards).
- 1.3 The Southern Internal Audit Partnership have made all necessary adaptations to its processes, procedures and practices to ensure it is best placed to conform with these requirements with effect from 1 April 2025.

- 1.4 In accordance with proper internal audit practices (Global Internal Audit Standards in the UK Public Sector), the Chief Internal Auditor is required to provide a written status report to the Audit and Governance Committee, summarising:
- ongoing confirmation or otherwise regarding independence, and impairment [Standard 7.1]
  - a summary of significant issues and escalation of matter of importance [Standard 8.1]
  - overview and sufficiency of resourcing [Standards 8.2, 10.1, 10.2, and 10.3]
  - communicating of unresolved issues that fall outside of the Council's risk tolerance [Standard 11.5]
  - update on progress and any changes to the annual audit plan [Standard 9.4]
  - internal audit performance measures [Standard 12.2]
  - status of 'live' internal audit reports and status on the implementation of management actions [Standard 15.2]
- 1.5 Appendix A summarises the activities of internal audit for the period up to November 2025

## **2 Recommendation**

- 2.1 Members are requested to note the Internal Audit Progress Report – November 2025 (Appendix A)

**AUTHOR:** Neil Pitman, Head of Southern Internal Audit Partnership  
[Neil.pitman@hants.gov.uk](mailto:Neil.pitman@hants.gov.uk)

**HEAD OF SERVICE:** Peter Vickers, Executive Head of Financial Services and S151 Officer





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# **Southern Internal Audit Partnership**

Assurance through excellence  
and innovation

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## **Internal Audit Progress Report Rushmoor Borough Council**

**Prepared by: Neil Pitman, Head of Partnership**

**November 2025**

## 1. Internal Audit Mandate

The mandate for internal audit in local government is specified within the Accounts and Audit [England] Regulations 2015, which states:

*'5. (1) A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.*

*(2) Any officer or member of a relevant authority must, if required to do so for the purposes of the internal audit—*

*(a) make available such documents and records; and*

*(b) supply such information and explanations*

*as are considered necessary by those conducting the internal audit.'*

The role of internal audit is best summarised through its definition within the Standards, as an:

*'An independent, objective assurance and advisory service designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.'*

The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and operating effectively.

The Council's response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisation's objectives.

## 2. Internal Audit Standards

With effect from 1 April 2025, the 'Standards' against which internal audit within the public sector must conform are those laid down in the Global Internal Audit Standards, Application Note: Global Internal Audit Standards in the UK Public Sector and the Code of Practice for the Governance of Internal Audit in UK Local Government. The collective requirements are referred to as the Global Internal Audit Standards in the UK Public Sector.

### 3. Purpose of Report

In accordance with proper internal audit practices (Global Internal Audit Standards in the UK Public Sector), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to Senior Management and the Corporate Governance Audit & Standards Committee, summarising:

- The monitoring of 'live' internal audit reports
- an update on progress against the annual audit plan and any subsequent revisions
- acknowledgement of any actual or perceived impairments to internal audit independence
- internal audit performance, planning and resourcing issues
- results of audit assignments and insights.

Internal audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of controls in place focusing on those designed to mitigate risks to the achievement of management objectives of the service area under review. Assurance opinions are categorised as follows:

<b>Substantial</b>	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
<b>Reasonable</b>	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
<b>Limited</b>	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
<b>No</b>	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

#### 4. Resourcing

As Chief Internal Auditor I maintain responsibility for ensuring that there is a sufficient level of resource available, supported by an appropriate range of knowledge, skills, qualifications and experience to deliver the internal audit plan (2025/26) and in the fulfilment of the audit mandate and delivery of the internal audit strategy

- **Human Resource** - the Southern Internal Audit Partnership has access to an appropriate range of knowledge, skills, qualifications and experience required to deliver the internal audit strategy and risk-based audit plan.
- **Financial Resource** - the Head of Southern Internal Audit Partnership will manage the internal audit budget to enable the successful implementation of the internal audit mandate and achievement of the plan. The budget includes the resources necessary for the function's operation, including training and relevant technologies and tools.
- **Technological Resource** - the internal audit function has the technology to support the internal audit process and regularly evaluates technological resources in pursuit of opportunities to improve effectiveness and efficiency.

As previously reported, the Southern Internal Audit Partnership experienced a higher than average level of attrition earlier in the year resulting in vacancies at auditor, senior auditor and audit manager level.

Positively, all posts at auditor and senior auditor level have now been filled with additional resource also being added to our specialist IT and data analytic teams. The advert for internal audit manager is currently live with interviews scheduled for November.

It will inevitably take a period of time to fully onboard and induct new staff. The Southern internal Audit Partnership have enacted contingency arrangements for additional support through the appointment of short-term agency staff to manage this period of onboarding.

Whilst there will be no financial impact to Rushmoor Borough Council, there may be some minor slippage in delivery of quarter 2 / 3 reviews.

I remain confident as your chief internal auditor that the 2025/26 internal audit plan will be sufficiently delivered enabling me to provide a timely Annual Conclusion.

## 5. Independence

As your chief internal auditor, I retain no roles or responsibilities that have the potential to impair my independence, either in fact or appearance. Internal auditors engaged in the delivery of the 2025-26 internal audit plan have had no direct operational responsibility or authority over any of the activities reviewed. I can confirm there has been no interference encountered relating to the scope, performance, or communication of internal audit work during the year to date in the delivery of the internal audit plan or the fulfilment of the internal audit mandate.

## 6. Impairments

There have been no impairments to internal audit activity during the year. The internal audit function has remained free from all conditions that threaten our ability to carry out responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. The internal audit team have maintained an unbiased mental attitude allowing them to perform engagements objectively enabling them to believe in their work product, with no compromise to quality, and no subordination to their judgment on audit matters, either in fact or appearance.

## 7. Rolling Work Programme

The internal audit plan for 2025-26 was originally presented to Senior Management and approved by the Corporate Governance Audit & Standards Committee in April 2025. The audit plan remains fluid to provide a responsive service that reacts to the changing needs of the Council. Progress against the plan is detailed below.

Audit Review	Sponsor	Scoping Held	ToR Issued	Fieldwork Start	Draft Report	Final Report	Assurance Opinion	Comment
Disabled Facility Grants	EHO	01.05.24	03.06.24	17.06.24	11.10.24	13.06.25	Limited	2024/25
Capital Programme	EHF	22.07.24	03.09.24	18.09.24	23.04.25	04.09.25	Reasonable	2024/25
Effectiveness of Financial Rules	EHF	23.09.24	13.11.24	18.11.24	28.05.25	22.07.25	Limited	2024/25
NNDR Billing, Collection, Recovery	EHF	09.10.24	07.11.24	16.12.24	30.04.25	11.07.25	Reasonable	2024/25
FMS & Bank Reconciliations	EHF	07.11.24	16.01.25	04.03.25	27.05.25	21.07.25	Reasonable	2024/25
Sales Ledger	EHF	06.03.25	26.03.25	22.04.25	24.09.25	13.11.25	Reasonable	2024/25
Union Yard	EHF	27.01.25	07.07.25	28.07.25	02.10.25			
Pay360	CMIT	12.02.25	21.07.25	20.08.25	22.09.25	21.10.25	Limited	
Procurement	EHF	20.05.25	10.06.25	30.06.25	13.08.25	19.09.25	Reasonable	
Financial Recovery Plan	EHF	15.05.25	28.05.25	25.06.25	26.08.25			
LGA Peer Review – Action Plan	IMD	04.06.25	27.06.25	04.07.25	26.08.25			
Agency Staff	EHF	26.06.25	07.07.25	28.07.25	07.10.25			
Budget Management	EHF	28.07.25	08.10.25	12.09.25	14.11.25			
Risk Management	ED	08.10.25	13.10.25	05.11.25				
Cyber Security – Training & Awareness	CMIT	13.10.25	27.10.25					
Treasury Management	EHF	20.10.25	27.10.25					
Recruitment & Retention	CMP	14.10.25	24.10.25					
Temporary Accommodation	EHO	20.10.25	30.10.25					
Asset Management & Disposal	EHPG	06.10.25						Q4
Programme / Project Management	EHO	22.07.25						
Contract Management	ED							Q4
IT Contingency	CMIT							Q4
Contingency – Devolution & LGR	IMD							Q2-Q4

IMD	Interim Managing Director	CMD	Corporate Manager, Democracy
ED	Executive Director	CMIT	Corporate manager, IT
EHF	Executive Head of Finance	CMLSMO	Corporate Manager, Legal Services & Monitoring Officer
EHO	Executive Head of Operations	CMP	Corporate Manager, People
EHPG	Executive Head of Property & Growth		

## 8. Adjustment to the Internal Audit Plan 2025-26

Internal Audit focus continues to be proportionate and appropriately aligned. The plan remains fluid and subject to on-going review and amendment, in consultation with the relevant audit sponsors, Senior Management, and Corporate Governance Audit & Standards Committee, to ensure internal audit are able to react to new and emerging risks and the changing needs of the Council.

Such amendments to the 2025-26 internal audit plan are detailed below with explanations for the proposed amendments.

Additions	Audit Review	Reason for inclusion in the plan
	None	N/A
Withdrawals	Audit Review	Reason for removal from the plan
	None	N/A





## 9. Acceptance of Risk

Internal audit reporting protocols are in place to ensure that the scope of work and findings for all assignments are reported appropriately and that agreed management actions are approved by senior management.

Every effort will be made to resolve disagreements that may arise during the audit process. However, if, unresolved issues are considered by internal audit to fall outside of the Council's risk tolerance, these will be escalated to Senior Management and Corporate Governance Audit & Standards Committee as deemed necessary.

There are no such instances to report from our delivery of the 2025–26 internal audit plan to date.

## 10. Executive Summaries of reports published concluding a 'Limited' or 'No' assurance opinion

Title: Pay 360		
Audit Sponsor	Assurance opinion	Management Actions
Executive Head of Operations	 Limited	 7 High  6 Medium  2 Low
<p><b>Summary of key observations:</b></p> <p>The purpose of the audit was to provide assurance over the council's secure management of the pay360 application (payment collection and income management software solution), as well as to assess the council's compliance with PCI DSS requirements in relation to the application.</p> <p>Positively access to the Pay360 application is secured through username and password authentication, with two-factor authentication enforced once every 24 hours. Additional security measures include automatic account lockout after three failed login attempts. However, password expiry is enforced every 60 days, and the minimum length is set to 7 characters - both of which deviate from current NCSC best practices, potentially weakening overall password security.</p> <p>Testing conformed access reviews are conducted on an ad-hoc basis, with no formal schedule in place; the last review occurred over two years ago. Additionally new user access is provisioned by copying existing user permissions, approved by the Finance Manager without full visibility of the access scope being approved.</p> <p>Administrative access is managed through group and menu assignments, but some users job roles do not reflect the group assigned. Additionally, reliance on a single active administrator account also creates a key person dependency, risking operational delays.</p> <p>Remote access is managed via Citrix with geo-blocking applied only to Rushmoor-managed devices. However, login remains possible from non-approved locations and devices not managed by Rushmoor within a 24-hour two factor authorisation window, limiting the effectiveness of location-based access controls.</p> <p>Access changes for movers and leavers rely on manual communication, with no formal or documented procedure, increasing the risk of movers and leavers being left in place.</p> <p>User authentication activity is not proactively monitored with limited controls in place to detect suspicious login attempts.</p> <p>There is currently no defined ownership or monitoring of PCI DSS compliance, although it is acknowledged that work is currently underway by the council to establish compliance processes.</p>		



## 11. Analysis of 'Live Audit Reviews'

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Management Actions											
				Agreed			Pending			Complete			Overdue		
				L	M	H	L	M	H	L	M	H	L	M	H
IT Software Development	2022/23	CMIT	Reasonable	2	8	1	-	-	-	2	4	1	-	4	-
Information Governance	2022/23	CMLSMO	Reasonable	1	9	-	-	-	-	1	6	-	-	3	-
Crematorium	2022/23	EHO	Reasonable	-	9	1	-	-	-	-	8	1	-	1	-
H&S of Council Buildings	2023/24	EHPG	Substantial	1	7	-	-	-	-	-	7	-	1	-	-
Capital Programme – The Meads	2023/24	EHF	Reasonable	-	-	1	-	-	-	-	-	-	-	-	1
Homes for Ukraine	2023/24	EHO	Reasonable	1	9	2	-	-	-	-	4	2	1	5	-
Biodiversity BNG	2024/25	EHO	Reasonable	-	6	2	-	-	-	-	3	1	-	3	1
Elections	2024/25	CMD	Reasonable	5	-	-	5	-	-	-	-	-	-	-	-
Disabled Facility Grants	2024/25	EHO	Limited	1	10	8	1	8	-	-	2	1	-	-	7
Effectiveness of Financial Rules	2024/25	EHF	Limited	1	5	2	-	2	1	1	3	1	-	-	-
Pay 360	2024/25	EHO	Limited	2	6	7	2	6	7	-	-	-	-	-	-
Sales Ledger	2024/25	EHF	Reasonable	-	3	-	-	3	-	-	-	-	-	-	-
Procurement	2025/26	EHF	Reasonable	-	-	4	-	-	4	-	-	-	-	-	-
<b>Total</b>				<b>23</b>	<b>110</b>	<b>38</b>	<b>8</b>	<b>19</b>	<b>12</b>	<b>13</b>	<b>75</b>	<b>17</b>	<b>2</b>	<b>16</b>	<b>9</b>

## Overdue 'High Priority' Management Actions

Capital Programme – The Meads			
<b>Observation:</b>			
Changes to the financing of the Meads and the reason should be specifically communicated to Cabinet for transparency.			
<b>Risk:</b>			
Management Action	Original Due Date	Revised Due Date	Latest Service Update
To communicate as necessary to Cabinet	Ongoing.	<b>TBC</b>	No update received

Biodiversity BNG			
<b>Observation:</b>			
Once an application is submitted, the case officer uploads the validation documents into Mycelia, software designed to help Local Planning Authorities achieve better environmental outcomes. Mycelia reviews the document(s), alerts the case officer and Ecologist to any issues, and facilitates consultations to address missing information.			
A review of seven samples found that six had formal consultations between the Ecologist and the planning officer and one had not yet reached formal consultation. Additionally, consultee comments are available on Rushmoor Borough Council's website for each application; however, at the time of testing, only one application had an Ecology comment.			
<b>Risk:</b> If the consultee comments are not current and updated this could lead lack of transparency, potential non-compliance with biodiversity laws, and ineffective consultation processes.			
Management Action	Original Due Date	Revised Due Date	Latest Service Update
Review procedure for publication of consultee comments and formalise with officers.	30.09.25	<b>TBC</b>	The process for publishing consultee comments is being reviewed.

## Disabled Facilities Grants

### Observation:

Rushmoor Borough Council work closely with predominately one surveyor (BJC Designs) and they undertake tasks, such as completing a tender process for contractors as well as drawing plans for scheduled works. However, there is no evidence of a formal contract in place between RBC and BJC.

Testing found that BJC Designs Ltd had undertaken the works of nine grants out of the eleven sampled, totalling £32,474.86 within the period of 2023/24. The total sum of works for 2022/23 completed by BJC Design Ltd totalled £55,524.62. An analysis of the transparency data, on Rushmoor's internet site, confirms that in the four years from March 2020 – March 2024 the total spend of DFG with BJC Designs totalled £195,379.31 of which £60,940.84 relates to 2023/24.

The Council's Contract Standing Orders, state within Part B – Pre-contract procedures:

*'3.1.3 - the contract value means the estimated total value over the duration of the contract, including any extension options. It is not an annual value.*

*3.1.4 – where the duration of the contract is indeterminate, the contract value should be the estimated value of the contract over a period of four years.'*

Whilst there is no formal contract in place, applying the above requirements to expenditure with BJC Design Ltd would make the estimated contract value for the purposes of the CSO's circa £232,930.92 (actual spend £195,379.31) requiring the procurement to follow the EU procurement procedures specified in the Public Contracts Regulations (2015). No evidence waving the requirements or providing exemption from Rushmoor CSO's has been provided. However, consideration from Portsmouth City Council (PCC) under an SLA to provide procurement services held a view that: *"there is ambiguity here that the works themselves do not strictly constitute public works under the definition of the Public Contracts Regulations (2015)"*.

Another relevant aspect of the CSO's that apply regarding the use of BJC to engage contractors is:

*'2.2.16 - Ensure that any consultant managing a procurement process on behalf of the council, is provided with copies of these rules and they are adhered to.'*

We could not obtain any assurance to confirm that a copy of the council's Contract Procedure Rules had been provided to BJC Design or their subsequent compliance.

In response to the previous audit, advice was sought from Portsmouth City Council who have an SLA with Rushmoor to provide procurement support, advice was obtained in January 2022 and highlighted ambiguity and varying interpretations and views of the current process relating to use of contractors, the surveyor and application of contract standing orders. However, the advice did contain some tangible actions as follows:

“To address the ambiguity and in the interests of general principles concerning transparency, fairness, equality of opportunity, as well as best value obligations that apply to all financial transactions and duty of care considerations for grant recipients it would be advisable for RBC to establish an openly advertised sourcing arrangement for DFG works.”

It elaborated further and recommended a framework type arrangement for the surveying services. It is not clear from the work and discussions undertaken whether this was investigated. There is currently no framework for surveying services in place.

The PCC advice also highlighted a level of ambiguity within Rushmoor’s CSOs.

*‘3.7 – The rules do not cover grants which the Council may receive or make except where the grant is the form of payment for a contract for services where the Council specifies the output or outcomes to be delivered’*

The PCC Procurement Manager addresses 3.7 as follows: *“There is some ambiguity here as it may be argued that RBC are specifying to a degree by virtue of assisting in the identification and approval of funding for specified works although it should be noted that it is the grant recipient who ultimately comes forward to request funding and ultimately can decide on whether to proceed or not”*

It is not entirely clear there is a definitive position from the PCC information as to whether Rushmoor’s CSOs apply or not to DFG contractors and the surveyor.

**Risk:** Value for money not achieved.

Potential breach of Public Procurement Regulations leading to court declaring the contract ineffective, shorten the contract, and a fine. Lack of transparency leading to potential bidder(s) claiming damages for losses resulting from the breach.

Management Action	Original Due Date	Revised Due Date	Latest Service Update
Legal advice to be sought with regard to whether a contract is in place between the council and any surveyor carrying out work on behalf of a grant applicant.	30.09.25	TBC	No update received – officer attending Audit & Governance Committee
Written consultation to be made with other Hampshire authorities on the selection and use of private surveyors/architects to carry out work on behalf of a grant applicant.	30.09.25	TBC	No update received – officer attending Audit & Governance Committee
Verbal consultation to be made with local Hampshire authorities (Hart and Basingstoke and Deane) on the selection and use of private surveyors/architects who carry out work on behalf of a grant applicant.	30.09.25	TBC	No update received – officer attending Audit & Governance Committee

**Disabled Facilities Grants****Observation:**

As part of the advice from Portsmouth City Council, another action put forward was that a DPS type solution be investigated for the DFG contractors. There is no DPS solution in place for the contractors used by Rushmoor and BJC surveyors for the DFG work.

Section 5 of the Council's Contract Procedure Rules acknowledge and enable a process for the use of framework agreements. A multi supplier framework, that evaluates and approves contractors and surveyors based on capabilities, expertise and compliance is not currently in place.

The Private Sector Housing team have a list 27 different contractors that can be selected to undertake the work. Testing found that there is no process in place to periodically review contractor requirements, including public liability insurance, Health and Safety Legislation and Construction Design and Management Regulations 2015 compliance on a periodic basis.

A selection of four contractors requests to be considered for work were provided as part of the review. Documents such as emails, yearly financial summaries, employers' certificates and references were obtained. However, testing found that contractors details varied and there is no consistent approach to onboarding.

**Risk:**

Value for money is not obtained and challenge from other contractors regarding transparency and fairness to bid for works.

Management Action	Original Due Date	Revised Due Date	Latest Service Update
Legal advice to be sought with regard to whether a contract is in place between the council and any contractor carrying out work on behalf of a grant applicant.	30.09.25	TBC	No update received – officer attending Audit & Governance Committee
Written consultation to be made with other Hampshire authorities on the selection and use of contractors to carry out work on behalf of a grant applicant.	30.09.25	TBC	No update received – officer attending Audit & Governance Committee
Verbal consultation to be made with most local Hampshire authorities (Hart and Basingstoke and Deane) on the selection and use of private surveyors/architects who carry out work on behalf of a grant applicant.	30.09.25	TBC	No update received – officer attending Audit & Governance Committee

**Disabled Facilities Grants****Observation:**

The Rushmoor Borough Council Retention Guidelines state that the retention period for grants made through RBC, is six years after the last payment. It is also a requirement of the Data Protection Act 2018 to not keep data for longer than is necessary.

The Private Sector Housing Manager stated there is a known issue with retention adherence and support had been sought through the IT department, however, this remains a known issue that retention guidelines are currently unable to be maintained and complied with. Data from 2010 is currently still in circulation.

It was also stated that retention adherence has not been possible to maintain within the UNIFORM system site.

**Risk:**

Breach of GDPR regulations leading to action from the Information Commissioners Office (ICO).

Management Action	Original Due Date	Revised Due Date	Latest Service Update
This issue has been raised with the Senior IT Manager at Rushmoor. They are looking at a way forward and we will continue to chase a positive outcome to this risk. A response has been received from our IT team which confirms that we are currently working on a move across to IDOX Cloud for all Uniform applications throughout the Council. Once we go live there are retention capabilities available within the system. Meetings are taking place to discuss this transition which will enable us to address the problem.	30.09.25	<b>TBC</b>	No update received – officer attending Audit & Governance Committee

## Annexe 2

## Overdue 'Low &amp; Medium Priority' Management Actions

Audit Review	Report Date	Opinion	Priority		Due Date	Revised Due Date
			Low	Medium		
IT Software Development				1	-	31.12.25
				1	-	31.01.26
				1	-	31.01.26
				1	-	31.01.26
Information Governance	2022/23	Reasonable		1	Sep 2023	Dec 2025
				1	Sep 2023	Dec 2025
				1	Sep 2023	Dec 2026
Crematorium	2022/23	Reasonable		1	Dec 2022	TBC
H&S of Council Buildings	2023/24	Substantial	1		Feb 2024	Jan 2026
Homes for Ukraine	2023/24	Reasonable	1		28.02.25	TBC
				1	30.04.25	TBC
				1	30.04.25	TBC
				1	30.04.25	TBC
				1	30.03.25	TBC
				1	28.02.25	TBC
Biodiversity BNG	2024/25	Reasonable		1	30.05.25	TBC
				1	31.07.25	TBC
				1	31.10.25	TBC
Total			2	16		

## Annexe 3

## Southern Internal Audit Partnership - Performance Measures

Performance Measure	Regularity	Target	Actual 25/26	Status	Direction of Travel
<b>1. Percentage of the agreed audit plan completed (issue of draft / final report)</b>	Ongoing	90%	38%		n/a
<b>2. Audits delivered within agreed timescales (% year to date)</b>					
○ To issue of draft report	Ongoing	80%	33%		n/a
○ To issue of final report	Ongoing	80%	0%		n/a
<b>3. Conformance with the Global Internal Audit Standards in the UK Public Sector</b>	Annual	Conforms	Conforms*		
<b>4. Audits conducted optimising the effective use of data analytics (% year to date)</b>	Ongoing	60%	50%		n/a
<b>5. Stakeholder satisfaction (annual survey)</b>					
○ Audit Committee	Annual	90%	n/a	n/a	n/a
○ Senior Management		90%	n/a	n/a	n/a
○ Key Contacts		90%	n/a	n/a	n/a
<b>6. Internal audit effectively communicates with key stakeholders</b>					
○ Audit Committee	Annual	90%	n/a	n/a	n/a
○ Senior Management		90%	n/a	n/a	n/a
○ Key Contacts		90%	n/a	n/a	n/a
<b>7. Sufficiency of input to and discussion of the internal audit plan</b>					
○ Audit Committee	Annual	90%	n/a	n/a	n/a
○ Senior Management		90%	n/a	n/a	n/a
<b>8. Appropriate focus on key risks</b>					
○ Audit Committee	Annual	90%	n/a	n/a	n/a
○ Senior Management		90%	n/a	n/a	n/a
○ Key Contacts		90%	n/a	n/a	n/a

\* EQAs undertaken under the PSIAS remain valid for the successive five years (from the date of award). The SIAP are currently undertaking an EQA against the GIAS in the UK Public Sector during 2025.

\*\*Due to Rushmoor BC only joining SIAP in April 2025 Council specific results are not available.



AGC  
26 NOVEMBER 2025

KEY DECISION? NO

EXECUTIVE DIRECTOR  
REPORT NO. ED2510

**RISK MANAGEMENT PROCESS  
ANNUAL UPDATE 2025/26**

**SUMMARY AND RECOMMENDATIONS:**

This paper updates Members of the Audit and Governance Committee on the ongoing development and maintenance of the Council's risk management processes during 2025/26.

Attached to this report is the current Corporate Risk Management Policy, as presented to Cabinet for approval on 25<sup>th</sup> November 2025.

AGC Members are asked to note this report and comment on the adequacy of the Council's risk management arrangements, particularly in respect of the key updates made to the risk management policy as highlighted within the report.

**1. Background**

- 1.1 The role of the Audit and Governance Committee (CGAS) is to “*provide independent assurance of the adequacy of the risk management framework*”. Specifically in relation to risk management, the Constitution states that the AGC should “*monitor the effective development of risk management in the Council*”.
- 1.2 This report provides an update to AGC Members on the risk management activity that has taken place and is planned for the remainder of 2025/26 in line with arrangements set out in the Council's updated Risk Management Policy, which is attached as Appendix A.
- 1.3 As was reported in previous years, 2025 has continued to be a period of significant uncertainty across a broad range of economic, social and political matters. Circumstances such as high interest rates and slow growth in the economy continue to have an impact on the Council's financial position, operations and capital projects. The wider implications for the Council have meant a continued focus on mitigation plans adapting to meet the ongoing challenges presented. Alongside these challenges the commencement of work on LGR and CGR have meant that new risks have arisen.
- 1.4 It is important to recognise the role that the Council's risk management process has played in recognising the potential impacts of the risks the Council faces, and ensuring that the Senior Leadership Team and Cabinet Members are regularly updated. Risks continue to be routinely reviewed and discussed at both a service level and amongst senior management.

- 1.5** The risk management process will continue to play an important role in the Council meeting its key objectives as existing risks continue to develop during 2025/26 and beyond. For context, the most recent public version of the Corporate Risk Register, taken to Cabinet on 25<sup>th</sup> November 2025, is attached as appendix B.

## **2.0 Development of Risk Management**

- 2.1** The Council has continued its work to embed risk management within the organisation and streamline the processes in place. The MS Lists based system introduced in July 2022 continues to promote efficiency and allows for easy interrogation in a live format at any time by key personnel.
- 2.2** The Council's risk management policy and arrangements continue to be reviewed and developed in order to remain effective and to provide continual improvement.
- 2.3** Work to develop a strategic risk appetite/policy using the facilitation services of an external advisor was concluded during Q2 2025/26. This work took place with SLT, Committee Chairs and Cabinet Members. As a result, the wider risk management policy and arrangements have themselves been reviewed to reflect this and the changes in organisational structure.
- 2.4** The renewed policy was presented to Cabinet on 25<sup>th</sup> November 2026 for approval and is attached as appendix A. The major updates incorporated are:
- The inclusion of the risk appetite statement/policy – and procedures to ensure each risk is measured against the corporate appetite. The purpose is to ensure mitigation is appropriate and is applied in a consistent way across what is a diverse risk profile.
  - The introduction of and cross reference with an appropriate issue management system, for recognition and management of risks that become issues.
- 2.5** During Q3 work will take place to update the structure/template of the risk registers themselves to reflect the policy changes. An officer briefing programme will then follow this during Q4 to embed the new processes throughout the organisation.
- 2.6** An internal audit of the Council's risk management arrangements by SIAP commenced in October 2025 and is expected to conclude during Q3 2025/26.

## **3.0 Risk Management Reporting during 2025/26**

- 3.1** As set out in the risk management policy, reports on risk have been presented to the Council's Senior Leadership Team on a quarterly basis and presented to Cabinet, incorporated into the quarterly performance report. In addition, risk is discussed with greater frequency outside these meetings, with regular discussions and risk register reviews taking place across projects and programmes.

## **4.0 Recommendations**

- 4.1** CGAS is asked to note this report which summarises how risk has been managed across the Council in 2025/26.

### **BACKGROUND DOCUMENTS:**

Appendix A – Risk Management Policy

Appendix B – Corporate Risk Register v21.1

### **CONTACT DETAILS:**

#### **Report Author –**

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#### **Head of Service –**

Karen Edwards, Executive Director

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Rushmoor Borough Council - Corporate Risk Register v21.1 04/11/25 (PUBLIC)

Risk Title	Risk Owner	Risk Type	Risk Description & Potential Outcomes	Inherent Risk Score	Inherent Risk Rating	Inherent Risk Trend	Existing Controls / Mitigation	Residual Risk Score	Residual Risk Rating	Residual Risk Trend	Additional Mitigation Planned	Target Risk Score	Target Risk Rating	Traget Risk Trend
Strategic Risks (ST) - Total 10 (No change)														
Securing Infrastructure investment	Karen Edwards	ST	Inability to attract infrastructure investment through the public and private sector to support priorities and projects identified in the Council Business Plan. In particular, failure to secure investment in the area could lead to a decrease in Rushmoor's competitiveness and attractiveness and put at risk the stated aim for a thriving Rushmoor economy, vibrant town centres and strong communities who are proud of the area.	16	High	↔	Work with public and private sector infrastructure providers and funders. Utilising UK Shared Prosperity Fund to assist with public realm improvements in Farnborough town centre. Horizon scanning in relation to the levelling up agenda and its implications for Rushmoor. Horizon scanning by Policy Team for future funding opportunities.	12	High	↔	Explore Regeneration and Growth Partnership arrangement with Hampshire County Council. Engage effectively with other opportunities to access Government funding. Continue to secure support from local stakeholders for projects - including residents, HCC and MP. Engage with utility providers with a view to understanding lead in times for additional capacity. NB - progress likely to be effected by LGR.	6	Medium	↔
Financial sustainability of public sector partners	Ian Harrison	ST	The financial sustainability of a wide group of public sector partners is negatively impacted, resulting in reduced service provision by all. In this scenario, the range and quality of services available to residents could be impacted. This could have negative repercussions for health, education, community outcomes and economic outcomes identified in the Council Business Plan/Delivery Plan It is possible that the Council would be expected to meet some of this 'gap' in provision thus exposing the Council to potential financial and reputational risk.	12	High	↔	Close partnership working at a senior officer and political level with the Council's public sector partners. Members and Officers are well briefed on potential implications/risks arising from decisions taken by other public sector partners. Responses to relevant consultation documents (HCC budget consultations) and undertake further planning activity in light of proposals. Proposals for a future sustainable Local Government Model across Hampshire submitted on 26th September 2025.	8	High	↔	Continued horizon scanning/monitoring of the broader policy context. Further development of joint working with partner agencies in 2025/26. Consideration of financial sustainability and financial impacts resulting from Local Government Reorganisation. Statutory consultation on proposals submitted for LGR expected to commence by end Nov 25. Government decision on future LGR configuration expected Spring 26.	6	Medium	↔
Poor Educational Attainment	Karen Edwards	ST	Educational attainment continues to present challenges. This may have an impact on deprivation, unemployment etc. Impact on the area's local reputation. May impact on service demand.	9	High	↔	HCC responsible for Education, RBC supporting role. Priorities set out in the Rushmoor Together Plan and the Young People Plan - with a focus on aspirations. Joint work on supporting families with Hampshire Children's Services.	9	High	↔	Ongoing dialogue with headteachers. Engaging with young people relating to skills, development and opportunities, in line with the Rushmoor Together plan and the Young Peoples Plan - including a structured work experience programme.	4	Medium	↔
Changing external policy context	Karen Edwards	ST	Significant fast track change which can have significant impact on services, levels of available resources or the Council's financial position all of which could adversely impact on the Council's ability to deliver its priorities. Government White Paper bringing forward Devolution and Local Government Reorganisation. Hampshire included in the Priority Programme requiring Unitary Councils from April 2028 resulting in Rushmoor BC not continuing. Reputational risk if the Council is unable to sufficiently adapt to the changing environment.	12	High	↔	Service level risk assessments to consider impacts of potential policy changes on individual Council services. Policy, Strategy, and Transformation team to support SLT with 'horizon scanning' which will assist the Council in identifying and where possible responding to some changes. Ongoing analysis of policy and budget announcements. Council working with other Hampshire authorities to produce local government reorganisation proposals by September 2025 deadline.	8	High	↔	Continued engagement with Government officials and other partners. Retained capacity on PPAB work plan. Work on devolution and reorganisation to be prioritised in 2025/26 so impacts and next steps are clearly understood. Council has a reserve available in order to put in / pay for support and relevant pieces of work in line with deadlines laid down by the Government.	6	Medium	↔
Risk to the health outcomes of Rushmoor Residents due to proposed changes in local NHS healthcare arrangements.	Karen Edwards	ST	Risk to health outcomes of Rushmoor residents if proposed changes to ICB arrangements continue as planned. The quality of services overseen by HIOW ICB is in a number of cases lower than that provided through the Frimley system. In addition, accountable care body arrangements are not yet clear for functions not transferring to new ICBs, posing a local risk to ongoing local service delivery and transformation work necessary to enable the new hospital programme.	8	High	↔	Working with Frimley and HIOW ICBs to ensure safe transfer of services and obtain assurance on transformation and future service quality.	8	High	↔	Increase level of engagement with accountable care organisation arrangements, once established. This is likely to include FHFT and local PCNs.	2	Low	↔
Poor Health Outcomes within Borough (e.g. obesity, mental health etc)	Karen Edwards	ST	Rushmoor has areas where there are health inequalities and health deprivation. Areas of deprivation have poorer health outcomes and higher demands associated. Diabetes, highest smoking rate in Hampshire, high instance of obesity and inactive adults. Mental Health and wellbeing – lack of funding available at local level ICB restructure and loss of NHS Place team has reduced capacity and support at place level to deliver local intervention programmes. HCC savings will also services that provide support for health and well being of vulnerable residents.	12	High	↔	Rushmoor Together - Revised partner plan approved in July. Joint working with partners, particularly with the ICS, HCC and the PCNs with a range of initiatives and plans in place or being developed. Targeted school Projects to include increased physical activity and reducing obesity in targeted schools. Identified as a priority for the Council. Executive Director is a member of the ICS Board. Reintroduction of Health place meeting with key ICB colleagues focusing on deprived areas. Monthly meetings arranged with Public Health Team to review data Focused Projects incorporated within the service Plan include increasing physical activity, promotion of oral health projects and wider family support with food and fuel poverty.	6	Medium	↔	Review approach to resourcing (in conjunction with partners, in particular the ICS and HCC). Targeted projects in service plan to address inactivity and increase physical activity support. Working with Energise me and Public Health to identify additional resource opportunities Rushmoor Together Plan includes latest health data and reflects PCN's/health inequalities priorities Monthly public health/RBC meetings arranged - and HCC update meeting with RBC Exec Director and PH took place in June.	6	Medium	↔
Negative economic and social trends undermine Council Delivery Plan priorities for town centres including the development of Rushmoor's towns to meet the needs of businesses and residents	Tim Mills	ST	Economic and social changes have a significant negative impact on Farnborough and Aldershot town centres, and other district centres and therefore reduce the ability to meet Delivery Plan priorities. This could result in a significant number of empty retail units, a loss of facilities and amenities (e.g. high street banking) for residents and a possible increase in crime and anti-social behavior. A decline in the retail sector will also have an impact on business rates income for the Council. Store closures e.g. Wilko, and chains such as Cneworld in financial difficulty, demonstrate the potential further retrenchment of the retail and hospitality sector. The increase in Employers NI, reduction in Business Rate Relief coupled with the wider economic uncertainty could see businesses that have been holding on go to the wall causing increased vacancies in the town centre.	12	High	↔	Programmes of town centre regeneration in both Aldershot and Farnborough which give consideration to future economic and social trends. Dedicated resource within EPSH, working with retail sector and other partners to support town centre businesses. Activity in both town centres to maintain/increase footfall e.g. town centre events, environmental enhancements.	6	Medium	↓	Close engagement with and ongoing provision of business support to town centre businesses. Work with Community Safety Team to tackle increased or perceived increase in ASB/ crime in the town centres. Town centre events and additional markets/craft fayres planned. Union Yard completion provides opportunity for new lettings which can draw additional footfall and residential once let will also assist.	6	Medium	↔

<b>Risk of negative impact on Rushmoor's current service operations as a result of diverting resources to LGR preparations</b>	Ian Harrison	ST	Diversion of significant unplanned resources to the LGR programme could potentially lead to impacts on the delivery of the Council's priorities and business as usual activities.	12	High	↔	Full participation in LGR programme important to ensure delivery of best outcome for local residents. Budget was assigned to this for 2025/26 to cover additional costs and expenses. Programme delivery structure developed - for engagement of Officers and Members. Plans being developed to adjust resourcing/structure in order to meet the demands of the programme whilst maintaining the Council's current delivery plans. Regular comms with staff and members.	6	Medium	↔	Programme delivery structure kept under review as demands change through process	4	Medium	↔
<b>Deteriorating economic conditions</b>	Tim Mills	ST	Adverse changes to the economy could result in the loss of major employers within the borough and/or impacts on particular sectors of the economy. This could result in increasing levels of unemployment and higher levels of deprivation and inequality. Economic uncertainty is likely to depress economic growth. Impact of rising inflation on the cost of living and consumer confidence. Low business confidence impacting on investment decisions inc. business lettings. Changes of this nature have potential implications for the council in terms of increased demand for services and adverse financial impact. There is also a reputational risk if the council is not seen to be adequately responding to economic changes or supporting residents.	9	High	↔	Partnership working with other organisations on support for the economy and local businesses. Engagement with businesses and business networks. Maintaining an understanding of local economic conditions – tracking economic indicators at a local level. Ensuring that key issues/ events are escalated to SLT at the appropriate time. Close working with business rates team on hardship and growth incentive reliefs to retain businesses and secure investment.	6	Medium	↓	Inclusive 1-1 business advice and support SeedL - training hub Signpost business support via dedicated business support channels.	6	Medium	↔
<b>Demographic change</b>	Karen Edwards	ST	Changes in Rushmoor's demography could impact on services required or expected by residents as well as how they engage with the economy or society more generally. Any sudden shifts in demography may not be visible to the Council for a period of time which could result in services not being delivered effectively or efficiently and could impact on the Council's ability to deliver its aim of having strong communities who are proud of their area. A strong understanding of the area's demography will also be important as devolution and reorganisation proposals are developed.	6	Medium	↔	Community engagement work may identify some changes ahead of them being reported in data sets. Review and analyse publicly available datasets, alongside those held by the Council. Work with partners to understand trends that exist at a larger geography and potential implications (e.g. aging populations). Census information reviewed and shared widely across the Council and with partners so that trends and their implications are understood. Rushmoor Together Plan to cabinet for approval in July	4	Medium	↔	Additional community engagement work planned in 2025/26 which might help to identify any key trends. The Belong Network commissioned to deliver further engagement with a view to adopting a new approach to be delivered from November 25	2	Low	↔

**Standing Corporate Risks (SC) - Total 12 (-1) 1 Not suitable for Public Register/Removed, 3 Redacted**

<b>Threat of Cybercrime &amp; Data Loss</b>	Peter Vickers	SC	Redacted. Full remediation plan in place – details are not included in this register due to their sensitive nature.	16	High	↔	Redacted. Full remediation plan in place – details are not included in this register due to their sensitive nature.	12	High	↔	Redacted. Full remediation plan in place – details are not included in this register due to their sensitive nature.	12	High	↔
<b>Major Data Breach – non-technical (human and physical)</b>	Peter Vickers	SC	Redacted. Full remediation plan in place – details are not included in this register due to their sensitive nature.	12	High	↔	Redacted. Full remediation plan in place – details are not included in this register due to their sensitive nature.	8	High	↔	Redacted. Full remediation plan in place – details are not included in this register due to their sensitive nature.	6	Medium	↔
<b>Insufficient funding to proceed with projects</b>	Karen Edwards	SC	The Council cannot commit to fund the programme of projects, within the regeneration and property programme. Failure to deliver the schemes as a result of a lack of funding and team resources will not meet the overarching strategy objective as stated in the Council Business Plan to deliver additional income or capital and regenerate our town centres. The recent increases in interest rates makes affordability of funding more challenging. In addition, build costs remain high and there are little to no incentives in the buyer's market e.g. help to buy to generate interest in development.	16	High	↔	Secured some external grant funding to assist with bridging funding gaps. A Financial Recovery Plan (FRP) has been developed to ensure that the Council can be on a sustainable footing over the medium term. A target for capital receipts has been established to assist with reducing the level of external borrowing and associated revenue implications. There will need to be sufficient headroom created to allow for further borrowing in the absence of external grant funding.	12	High	↔	Seek additional grant funding to mitigate the risk to the Council. Obtain detailed expert advice and carry out due diligence on major projects and capital commitments. Consider joint ventures and other methods of delivery in order to share the risk/reward. Continue to review financial position in order to determine capacity to support regeneration and property projects. Review opportunities for receipts in the context of income received from these assets. Expedite actions to enable disposal of identified assets. Work with members to establish priorities for commitment of available funding against regeneration programme Consider the further prioritisation, slowing and reprofiling of the programme.	4	Medium	↔
<b>Lack of employee alignment, engagement and development will reduce organisational performance</b>	Belinda Tam	SC	A high performing organisation requires employees to be engaged, aligned and developed – significant risk of performance targets not being achieved if these areas are not developed. Increased risk of inability to recruit and retain. Due to the age profile there is a risk of losing knowledge and experience in coming years.	12	High	↔	Developmental activities: •Annual Development Reviews May-Aug, with learning needs feeding into the corporate Learning and Development plan, and individual service L&D needs/CPD identified •eLearning platform for compliance and self-developmental training, with reminders when training due •Bespoke leadership development & leadership development with partners, ongoing internal communications via Staff Live, Viva Engage, People Portal, email, team meetings, 121s •Regular and ongoing engagement activities e.g. around savings/transformation and other priority areas. Regular review of people engagement opportunities and attract, recruit and retention policies.	12	High	↔	Review development review process and leadership development in 2025. Increased people engagement initiatives and learning and development conversations and opportunities.	4	Medium	↔
<b>Financial Sustainability</b>	Peter Vickers	SC	Cost of borrowing does not track within the assumptions built into the MTFS. Resulting in additional unplanned financial pressure that will require additional mitigation to be identified.	12	High	↔	MTFS planning process identifies strategy to manage the impact of such an occurrence built into future spending plans. Updates to keep February 2024 approved MTFS have been reported to July Full Council with an update on the action plan to bring costs back to a sustainable level, including use of reserves. A mid-year review of MTFS was brought to Cabinet in November. Financial Recovery Plan has been put in place as per October 2024. MTFS has been updated as at February 2025 alongside budget. Savings of £1m for 2025/26 have been identified and due to be presented to Cabinet in July. CIPFA have provided an independent review and due diligence on the capacity for the Council to deliver the required actions. Key findings are the actions taken by the Council are sound and further governance adjustments have been recommended for adoption.	12	High	↔	Update to MTFS as agreed in February 2025 to be presented in September 2025. If additional mitigation strategy is required, permissions will be sought through committees as appropriate.	6	Medium	↔

Page 4	Civic Quarter, Farnborough - Major Project	Karen Edwards	SC	High levels of public and political interest in scheme. Lack of deliverable / viable masterplan proposal in current economic context. Publicly, politically and financially RBC's regeneration intervention is deemed a failure negatively impacting the Council.	12	High	↔	Regular Cabinet and Member reporting. Outline Planning application approved (subject to s106) in February 2023. OPE funding of £1.75m secured to assist with early enabling works - demolition/utilities diversions. No commitment to further expenditure at this stage. Exploring the potential to dispose of land interests to Homes England. Leisure Centre phase being progressed through detailed design utilising Levelling Up funding from MHCLG.	12	High	↔	Programme / scheme viability to be reviewed regularly. Seek further external grant funding to reduce RBC exposure - Homes England / One Public Estate Undertake a Strategic Delivery Review of the current masterplan to ensure the Council has a viable development proposal.	4	Medium	↔
	Union Yard, Aldershot - Major Project	Karen Edwards	SC	Redacted. Full remediation plan in place – details are not included in this register due to their sensitive nature.	12	High	↔	Redacted. Full remediation plan in place – details are not included in this register due to their sensitive nature.	9	High	↔	Redacted. Full remediation plan in place – details are not included in this register due to their sensitive nature.	4	Medium	↔
	Regeneration of town centres does not deliver economic, community and financial benefits - see major projects	Karen Edwards	SC	Attracting the right level of investment to the Borough remains challenging in the current economic environment. High levels of public and political interest in both town centre major projects. Reputation for delivery will be tested. High intensity of resource required across a range of Council teams, with many interdependent parts - leisure, civic, public realm, retail, hotel, highways etc Publicly, politically and financially RBC's regeneration interventions are deemed a failure negatively impacting the Council and the local economy.	9	High	↓	Regeneration strategy / approach currently under review, with existing projects being managed through ELT. Cabinet and Member reporting as required. Limited external grant funding secured for site de-risking in Farnborough. Wider Town Centre Strategy for Farnborough completed and adopted by Cabinet in Summer 2022.	9	High	↓	Options for Civic Quarter and Farnborough Town Centre Regeneration being explored, including working with Homes England and exploring potential partnerships with Housing Assc / local landowner / major funders or market disposal. Undertake a Strategic Delivery Review to ensure a deliverable / viable masterplan. Seek further external grant funding to reduce Council financial exposure - Homes England / One Public Estate etc. In Aldershot, the completion of Union Yard and disposal of housing units means the Council's role is now focused on enabling other significant developments with the responsibility for increasing footfall and vibrancy etc as BAU with town centre management and responsibility for letting vacant units with the Property Service.	6	Medium	↔
	Reduced Income from Property Portfolio	Tim Mills	SC	Significant loss of income from the Council's property portfolio arising from a variety of reasons including deteriorating economic conditions, downturn in the property market and changing consumer or business habits. Feed through of reduced retail rents at lease renewal	9	High	↔	Appointment of LSH Investment Management (LSHIM) to asset manage part of the portfolio and support current in-house skill, knowledge and capacity. Prudent budgeting on Meads and Property Budget and early securing of key rents allows room for level of deterioration	9	High	↔	28 point plan to ensure transparency, accuracy and put property management ahead of the curve to be funded through £200K reserves subject to 8/7/25 Cabinet Managing income through payment plans, where necessary. Increased emphasis by the service in managing debts. Working with tenants directly and with LSHIM to identify issues and actions and reporting to CPPAG. Utilisation of asset management system to enable more targeted action. Identifying additional resource to underpin this important source of income by working on options to re-occupy vacant properties and identifying funds for improving the properties for quicker lettings and reducing the rent-free periods. Evaluating opportunities to create additional income to support the Council's financial position and bring forward where possible. This includes repurposing existing assets and adopting an agreed commercial approach to new ground leases. Updating of Asset Management Forecast for MTSF period including ensuring all reviews etc. are undertaken pro-actively and increased focus on debt management. Option to look at reserve funding on income profile, i.e. forecast income and budget income are different. Using reasonable assumptions to achieve a realistic but prudent estimate. To be included in February 2025 Budget report. Increased monthly monitoring on Asset Portfolio between Property and Finance	6	Medium	↔
	Climate Change – Failure to deliver ambition for a carbon neutral Council by 2030.	Karen Edwards	SC	Risk of not delivering high profile organisational objective due to insufficient resources or lack of support because of other priorities	9	High	↔	Allocation of UKSPF resource to deliver climate related projects Projects incorporated within Service Business Plans as part of the Review of the Climate Change. Development of Rushmoor Climate Community Group to engage residents in climate and environmental issues. Group is very engaged and well attended. Next meeting in October. Climate Change Strategy and Action Plan refresh agreed March 2025. Climate change EIA in progress. Eco Festival planned for Sept 2025 Actions being reviewed in light of devolution plans and the Councils financial position. Climate Impact Assessments being developed for internal use. Climate Change officer funded until July 2026	6	Medium	↔	On going Discussions with the portfolio holder on ambitions and plans for delivery Reviewing opportunities for funding to support officer costs beyond 2026 Use of £20k UKSPF to support delivery of CC strategy and action plan agreed by Cabinet. Eco Festival delivered September 25 with over 100% more stallholders from 2024.	6	Medium	↔

<b>Governance and Decision Making – Not meeting statutory deadlines. Legal challenge to a high profile, or regeneration related, or high value decision made by the Cabinet, Committees or under delegated powers.</b>	Amanda Bancroft	SC	Risk of non-compliance with legal requirements. Financial loss from costs of defending, or costs of halting development works. Reputational risk. Risk of delay in delivering key organisational objectives.	9	High	↔	Governance Group meets weekly to consider more complex decision-making matters including Interests and Member engagement. Delegated decision making is monitored by the Governance Group. Strengthening of the governance arrangements with improvements to understanding, learning and development for Members on the CGAS committee - ongoing training programme refreshed annually. Members receive initial induction training by end of July in each civic year. Independent Person recruited as a member of CGAS, offering independent oversight, particularly from an audit perspective. Constitution kept under review in liaison with a subgroup of CGAS (the Constitution working group). Training on decision making provided to CMT/Service Managers. There is a guidance note for Executive Decision Making. Timetables and reminders for deadlines provided by meeting administrators. Senior Managers deliver Corporate Induction on Constitution for staff. Governance arrangements reviewed during CIPFA and Peer Review Q2 2024/25. Independent review of arrangements commissioned early Q3 2024/25 from the Centre for Governance & Scrutiny, final draft received, workshop held with members and now being formally considered with Constitution working group. Further member engagement planned during spring 2025 with changes adopted to be effective from civic year 2025/26.	6	Medium	↔	Continue to integrate risk management in corporate governance arrangements - continual improvement. Review of Risk Management Policy and arrangements took place during Q3 2024/25, including exploration of a Risk Appetite Policy. Work to create a risk appetite policy expected to conclude during Q2 2025/26. Ensure horizon scanning continues within sector. Noted continued relevance/importance in light of ongoing s114 activity in Local Government and White Paper on Devolution.	6	Medium	↔
<b>Escalated Service Risks (ES) - Total 6 (-1) 2 Redacted</b>														
<b>Major Planning Appeal (Airport)</b>	Tim Mills	ES	Redacted. Full remediation plan in place – details are not included in this register due to their sensitive nature.	12	High	↔	Redacted. Full remediation plan in place – details are not included in this register due to their sensitive nature.	9	High	↔	Redacted. Full remediation plan in place – details are not included in this register due to their sensitive nature.	9	High	↔
<b>UKSPF Programme - end of funding</b>	Karen Edwards	ES	The Spending Review 2025 announced that an investment in up to 350 deprived communities in the UK. This seems to be in place of the UKSPF. None of the top 350 areas of high deprivation are in the borough. This means it is likely the Council will receive no UKSPF grant next year. Community, Economic Development, Town Centre, Housing, and Pride in Place grants, events and activities may have to be significantly scaled back or stopped if alternative funding sources cannot be found.	16	High	↔	Funding allocations avoid long term commitments Temporary use to cover existing budgets Investment approach that prioritises 'seed' funding of initiatives that won't require long term financial support to continue.	8	High	↔	Policy team to monitor government announcements for further funding information. Services that currently use UKSPF grant to prepare transition/mitigation activity	6	Medium	↔
<b>Failure to reprovide temporary accommodation</b>	Tim Mills	ES	Failure to reprovide temporary accommodation leads to increased street homelessness with significant impact on Town Centres, much poorer outcomes for homeless people, increased costs for the Council through use of Bed and Breakfast and reputational damage due to impacts on individuals and towns. The economic climate causes increased demand and potential losses of landlords. North Lane Lodge has now been re provided and the council now needs to prioritise the re provision of Clayton Court by the end of 2025. In addition to the lease ending, the building is of poor quality. We also now have the challenge of other boroughs securing good quality temp in the borough therefore reputational risk of RBC not providing to meet its own demand in good quality accommodation.	12	High	↔	Temporary Accommodation project seeking to identify, purchase and repurpose accommodation to replace Clayton Court by end 2025	9	High	↔	Review of previous options and potential ways forward with Cabinet Oct 24 had agreement on approach and potential opportunities. April 25 Cabinet Report sets out way forward together with extension to Clayton removes some risk. Engagement with HCC on Grosvenor Rd to understand ongoing costs to them from closure and potential to retain or find alternative solution are critical and this closure now presents greatest risk to RBC. Identification of potential way forward has reduced risk but remains until agreement secured	4	Medium	↔
<b>Resettlement schemes and asylum seeker accommodation in the borough</b>	Karen Edwards	ES	Resettlement of refugees and accommodation of asylum seekers in the borough may result in reduced levels of community cohesion and increased service demand including housing and other local public services. Homes for Ukraine Thank you payments to host families is ending. This may lead to local hosts not being able to continue support which will mean an increase in people being made homeless. These people may be destitute and have complex needs. The associated funding position is complex, uncertain, and may not meet demand. The associated funding position is complex, uncertain, and may not meet demand. Changes can happen swiftly and may cause short term pressure on resources.	12	High	↔	All Member briefing on 3rd Sept with Police to discuss issues and Council processes. Cohesion and integration officer in post from Sept. Continued work with Belong to develop community engagement events across the borough. Community conversations being planned for November - focusing on community meetings about how to improve local places.	12	High	↔	Reactive and proactive communications with public and local residents. Community Engagement/Rushmoor Voices pages on the website established provide more information and increased transparency on schemes the Council is involved in. Belong report and recommendations also added to the website. Belong commissioned to deliver further work for 6-9 months until early 2026. Community events being developed with Belong to facilitate. RBC need to consider options to support H4U families who are no longer supported by Host families. This may include providing support to Ukraine families moving to private rented accommodation. Options being developed. Thank you Event to thank hosts being planned for December 2025	4	Medium	↔
<b>Inaccurate reporting of financial position</b>	Peter Vickers	ES	Financial reports to Cabinet provide inaccurate financial information leading to poor decision making. Budget holders unaware of budget and spend position Decisions are made on incorrect assumptions. Decisions are taken on an ad-hoc basis without understanding or consideration of wider financial position.	8	High	↔	Budget management process is now completed monthly by services supported by service accountants. A new budget management finance system module has been implemented to support the process. Training and support provided to all budget managers. Financial forecast is reviewed by Head of Finance prior to publication. Business Partnering training provided to finance team to develop skills and awareness.	6	Medium	↔	Finance team capacity and skills are currently under review. Prioritisation of financial management focus based upon risk assessment and materiality of numbers i.e. focus on high value aspects and most likely to go off track. Clarity and transparency of reporting being improved. Integrity of forecasts being reviewed ensuring correlation to assumptions in the budget, history of variances and experience in the current external environment. Further service manager training to ensure skills or organisation support financial management.	4	Medium	↔
<b>Rushmoor Development Partnership</b>	Karen Edwards	ES	Redacted. Full remediation plan in place – details are not included in this register due to their sensitive nature.	9	High	↔	Redacted. Full remediation plan in place – details are not included in this register due to their sensitive nature.	6	Medium	↔	Redacted. Full remediation plan in place – details are not included in this register due to their sensitive nature.	1	Low	↔

# **Rushmoor Borough Council Corporate Risk Management Policy and Procedures v3.0 25/11/25**

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## **Section 1: Introduction and Overview**

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### **1.1 Overview**

This document describes the Council's policy and procedures for the assessment and management of corporate risk.

Section 2 sets out the policy and management approach. Section 3 sets out the operational procedures used to manage risk.

### **1.2 What is Risk**

There are many definitions of risk and risk management. In the context of this document it considers the effect of uncertainty on the delivery of the Council's objectives. Risk can be further defined as the combination of the probability of an adverse event occurring and its potential consequences. It is used to define a matter/incident/potential issue that may prevent the Council from meeting its core objectives or that may result in the critical failure of all or part of the Council or its functions.

Risk can also present as an opportunity for benefit as well as threat to success. The objective of risk management will not always be to eliminate risk. For example the Council may seek out risk in order to receive benefit e.g. investment in the development of a digital application in order to seek future service efficiency.

### **1.3 Why does the Council need to formally manage risk**

The Council's employees manage risk every day without describing it as 'risk management'. Employees consider what might go wrong and take steps to reduce the likelihood or impact if it does. However, the Council cannot rely entirely on informal processes. As a public body, the Council must provide assurance to elected members and the public that it is recognising and managing risk effectively.

### **1.4 Responsibilities for managing risk within the Council**

Everyone at the Council is responsible to some degree in the management of risk in their day-to-day activities, from front line staff to Service Managers, Heads of Service (HoS), Directors and the Head of the Paid Service.

Significant risks must be formally identified, assessed and appropriately managed in order to mitigate their likelihood and/or their adverse impacts. This could be on the continued operation of the Council, compliance with legal obligations or achieving strategic objectives.

The responsibility to ensure that the Council's risk management process is effective lies with the Head of Paid Service, Senior Leadership and elected members. The responsibility to manage this process is delegated to the Senior Risk Officer (SRO) (Currently the Executive Director), with day-to-day management provided by the Service Manager for Risk, Performance and Procurement (referred to as the risk manager in this document – RM).

## **Section 2: Policy and Management Approach**

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### **2.1 Summary of Approach**

Senior employees with overall managerial responsibility for the majority of risks, are referred to in this process as 'risk owners' (Predominantly members of the Senior Leadership Team - SLT). They act a single point of contact responsible for taking the lead in ensuring that risks and any mitigations are managed appropriately, including compliance with this policy.

The Council oversees the management of risk collaboratively through the work of SLT and all significant risks are periodically reviewed by them. The determination as to whether a risk is deemed 'significant' is set out later in this policy using a common risk management procedure, to ensure consistency in approach.

The Council will record and assess its work to manage risk through the use of risk registers, held centrally in digital format. These are split into individual Service Risk Registers (SRR) with a single central Corporate Risk Register (CRR) that highlights the most significant risks. Corporate risks are categorised as 'strategic (ST)', 'standing corporate (SC)' or 'escalated service (ES)'.

These risk registers are not intended to be used as a means of recording and managing **all** risk to the Council, or the management of its day-to-day business activities, but to summarise and record the mitigations in place for its significant risks to ensure that they are being effectively managed.

Given its nature, the risk management process will provide a regular periodic snapshot of the current level of risk to the Council in each case and any additional mitigation planned for those risks.

The Council will ensure that its arrangements follow the general principles of good practice as laid out by risk industry guidance, such as the Orange Book published by the UK Government.

The risk management process is cyclical, running on an annual cycle linked to the business planning process and preparation of the Annual Governance Statement (AGS).

### **2.2 Leadership and Management**

The risk management process is overseen by the Senior Risk Officer (SRO). The day-to-day management and maintenance of the risk management system is the responsibility of the RM. To ensure that the RM role itself does not become a single point of failure, the SRO and the RM will ensure that the process can be temporarily administered by other Officers in the RM's absence, with an appropriate level of training, understanding and security access to deliver this function.

Risk owners are responsible for the management of risks and the maintenance of associated processes such as Service Risk Registers. Service Managers may however be delegated the role of 'risk manager', with the responsibility of managing risks and updating registers.

Risk will be considered by SLT every quarter to ensure collective oversight is given to risk at a senior level on a regular basis. The purpose of this collective oversight is to;

- Ensure consistency of approach
- Review risk levels and ensure all significant risks are included in the appropriate register
- Ensure the risk levels are in line with the Council's overall risk appetite
- Assist the identification of interdependencies between risks
- Maintain momentum on progress in relation to risk mitigation and resolution of issues arising from risks being realised

## **2.3 Training & Guidance**

The RM and risk officers will be appropriately experienced and provided with information, instruction/training and guidance to ensure that they are able to effectively fulfil their roles.

Appropriate training, guidance and advice will be provided to all staff that routinely carry out risk management activities in line with this policy, including HoS and Service Managers. All staff requiring training will be identified to the RM by the relevant HoS/Member of SLT.

Training will be undertaken approximately every two years, and on any significant change to the policy or risk register template(s)/methodology, or upon the identification of any significant concerns in competence.

An overview of risk management is provided to all new starters to the Council during their induction.

In addition, the RM will provide advice, support and guidance on the Council's risk management process to any employees and contractors on request.

## **2.4 Documentation**

The Council's risk registers are held centrally in digital format. Currently MS lists located on Sharepoint.

HoS will be responsible for ensuring that their Service Risk Register is updated at least monthly and that risk is a standing agenda item on their service meetings. New risks should be added to the appropriate risk register as soon as they are identified.

## **2.5 Governance**

### **2.5.1 Senior Leadership Team (SLT)**

The Senior Risk Officer (SRO) will ensure risk is reported to SLT at least every 3 months using the CRR to ensure SLT remain aware of the key risks to the Council and the measures being put in place. The risk owners may be required to present their risk entries to SLT for wider discussion.

Minutes and actions arising from the quarterly SLT consideration will be circulated and stored for future reference.

### **2.5.2 Elected Members**

It is the responsibility of Elected members to maintain oversight on the management processes in place at the Council and to ensure that the risk treatment plan for each risk in the CRR is effective.

Risk Management is a function of the Council's Audit and Governance Committee (AGC) and will also be reported to the Executive members via Cabinet as follows.

- Cabinet – quarterly through the quarterly performance report
- AGC – annually, to provide independent assurance of the adequacy of the risk management framework, arrangements and the associated control environment

## Section 3 Operational Procedures

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### 3.1 Risk Identification

Risks will be identified by a number of methods, for example (but not limited to):

#### 3.1.1 Strategic and Corporate Level

Strategic analysis tools can be used to identify and analyse the current status and position of an organisation and the environment in which it operates. Tools such as this are used to provide a context for the organisation's role in relation to the external environment and the impact of external issues.

As the Corporate Risk Register and Service Risk registers are updated quarterly and identify the most important risks to the Council they will be used strategically in the overall corporate planning process for the Council. To facilitate this the Council's Performance Management and Policy teams will have full access to all Service Risk Registers and the Corporate Risk Register.

#### 3.1.2 Service Level

Heads of Service will identify any significant risks to their service during the business planning process, including ongoing matters and new and emerging threats foreseen for the year ahead.

#### 3.1.3 Audit

Risk identification and analysis work takes place routinely within the Councils' Internal Audit team. Any new/emerging or increased risks will be brought to the attention of the appropriate risk owner and the SRO/RM. Where appropriate, these risks/updates must be included in the Service risk register by the risk owner.

Audit will routinely share reports that highlight or assess the management of risk in the Organisation in order that any gaps or inaccuracies are identified and resolved – in conjunction with the risk owner.

The Council's Audit team will have full access to all Service risk registers and the Corporate risk register.

#### 3.1.4 Horizon Scanning

Service Managers, HoS and SLT should routinely be horizon scanning to identify future risks.

In addition, the RM will ensure that industry publications and other sources of best practice guidance are periodically reviewed, to identify any new and emerging risks that may affect the Council.

Such publications/sources of information will include:

- Allianz Risk Barometer: Top Business Risks (annual)
- Hampshire County Council: Community Risk Register
- Cabinet Office: National Risk Register of Civil Emergencies
- World Economic Forum: The Global Risks Report (annual)
- Government and public body publications
- Third party journals and publications
- ALARM risk association membership – conferences and publications.

The Council's Policy Team will routinely monitor Government publications and other sources of information in order to identify new and emerging risks as early as possible.

### **3.1.5 New and Emerging Risks**

New and emerging risks will be identified via a number of routes. It is important to recognise not all risks can be predicted and some may be identified during the day-to-day operation of Services, where new (and sometimes unexpected) risks can arise/become apparent during the course of the Council's work or arise in the community or as a result of unexpected events (e.g. recent riots). Once identified, risks must be documented and mitigated where possible, shared and incorporated into the Council's risk management processes.

In order to both highlight and seek awareness of new and emerging risks, the RM will also be a standing member of the Corporate Governance Group.

### **3.1.6 Capturing Opportunities Identified**

During the process of risk identification and horizon scanning, opportunities may also be identified, such as those to apply for funding or grants. Opportunities and threats can also arise when there are local/national policy changes and associated consultations. These are also tracked by the wider Policy team.

In general terms, opportunities will be recorded and tracked on the Council's Policy & Funding tracker, administered by the Policy team. Threats will predominately be recorded through the risk register process described in this policy. It is recognised that there may be some crossover in this process, where for instance there are risks to the Council associated with pursuing an opportunity. Any duplication will be minimised by the Policy team and RM to ensure end users are clear as to what is required of them and that they are not unnecessarily burdened.

Once an opportunity has been identified by the Policy team and added to the tracker, the appropriate Service(s) will be notified. The decision then as to whether to take any action lies with the Service(s), including keeping the tracker up to date.

## **3.2 Strategic Risk Appetite**

The Council has developed a corporate risk appetite at a strategic level. Its purpose is to ensure that the priorities of the Council and appetite towards risk taking is agreed at a Senior level across officers and elected members and appropriately considered when making decisions and throughout the risk management process. Those responsible for strategic direction/policy setting at The Council will be responsible for deciding the risk appetite, including SLT, Cabinet and AGC.

Defining a Corporate risk appetite at a strategic level, whilst ensuring it remains applicable to all activities of the Council, can be complex. Whilst some Services are actively engaging in higher risk activities for reward or the delivery of innovation, others main role is to undertake services where risk needs to be minimised.

The development and revision of the risk appetite is carried out using a collaborative approach (such as a workshop), including members of SLT, Cabinet and other key Elected Members (e.g. the Chairs of AGC and PPAB). The strategic risk appetite is included as an Appendix to this policy. It will be reviewed at least every two years, or whenever the strategic priorities of the Council are updated.

The Council will need to take measured risks to achieve the priority objectives included in the Council Delivery Plan. There will likely be opportunities for the Council to be innovative or work differently and any identified risks will need to be considered against the anticipated cost and efficiency benefits. However, accepting a higher level of risk in one area of business does not mean the Council has a 'high' appetite for risk overall.

To set the appetite towards risk at a more granular level, and to allow each risk to be considered in its own right, risk appetite will be considered over a number of themes or areas. These will evolve over time and those used in the development of the 2025 risk appetite are recorded in Appendix 1, Part 1.

There will be some common themes in the Council's acceptance of risk. These will vary over time, but it is implicit in the role of SLT and risk owners to recognise and apply them. An example is the Council's financial position. If the Council is in a position where savings must be made – the appetite for any risk where there will be significant costs outside of agreed budgets may be very low. It is expected that this form of cross-cutting broader attitude towards risk will be captured within a single risk appetite policy statement, Appendix 1, Part 2.

The council's risk appetite should be considered in conjunction with the risk section of all committee reports when decisions are made. At a line-by-line risk level, application of the strategic risk appetite will be demonstrated and recorded where appropriate by:

- Services discussing the effect of the strategic risk appetite and line by line target risk with their Portfolio holders for every corporate risk register entry, when first added and when there is a significant change in risk score.
- Discussing the risk appetite (risk gap) for each new risk added to the CRR, at SLT during each risk cycle, to reach a consensus amongst Officers in order to make a recommendation to Cabinet and for these decisions to be recorded in the minutes.
- For existing risks, using any significant increase in the risk gap (the gap between residual and target risk scores) as an indicator of a significant change – discussing and reviewing the position on the risk appetite for that risk at SLT – and again to reach a consensus amongst Officers in order to make a recommendation to Cabinet.
- To recommend to Cabinet during each risk cycle, via the Cabinet report – that they discuss the risk appetite for those risks highlighted above and reach a consensus on the risk appetite for each line item.

### **3.3 Risk Assessment Methodology**

#### **3.3.1 Rating & Categorisation**

Each risk managed by this process will be assessed and given a risk category based upon the probability of the risk arising and the impact on the Council if it does arise. The same method of rating/scoring will be used throughout.

A traffic light indicator / RAG rating is used to show the risk category. A Corporate risk matrix, maintained and updated by the RM, is provided to assess the probability and impact of risks. This is provided later within this document.

The process for assessment of the risk for each register entry is as follows:

- **Inherent Risk**

This assessment takes place at the very beginning of the process, it does not take into account any mitigation currently in place or planned in the future. The purpose is to initially assess the significance of the risk to the Council. This risk score is not expected to routinely change unless the risk itself fundamentally changes.

If at this stage risks are assessed as being low and therefore not of significance from a Corporate perspective, Services may still wish to record and monitor them within their Service registers, but it is very unlikely to be appropriate for inclusion in the Corporate Risk Register.

- **Residual Risk**

This assessment takes place once the current mitigation(s) have been identified and recorded. It is an assessment of the current risk to the Council when taking into account any action already taken. It does not take into account the expected effect of any future mitigations planned.

This risk score is likely to change regularly as future mitigation(s) are completed/established and the effects can be assessed.

- **Target Risk**

This assessment of risk is based upon the position that the Council aspires to achieve against each risk. It effectively determines the goal that the Council has for the risk – and so also determines whether the mitigations in place and planned are adequate.

The application of a target risk score is one method by which the Council assesses its risk appetite for each specific risk entry, whereby a decision must be taken as to whether the current level of risk is acceptable.

The Council's strategic risk appetite policy must be considered when setting the target risk to ensure that it is consistent with the strategic approach.

The 'risk gap' between the residual and the target risk are a clear measure of the Council's success or otherwise in the management of its risks to an acceptable level.

Given the breadth of duties and roles that the Council holds, it is foreseeable that some target risks will be higher than others – and that in some cases the target risk will not and will never be low.

Although Council's have historically been seen as being predominantly risk averse given their responsibility for the appropriate spending of public funds, some risks may be accepted with appropriate controls in place.



#### 4. Risk Matrix & RAG (Red/Amber/Green) Rating

The matrix to be used for the assessment of all risks is as follows. The rating consistency guidance accompanying it will have regard to the corporate risk appetite policy and wherever possible use examples sourced from the themes.

<b>Severity of Outcome (S)</b>	<b>4</b>					<b>High Risk</b>		Strongly consider further mitigation, tolerating risk is unlikely to be acceptable
	<b>3</b>							Tolerable if risk/exposure is acceptable at senior level
	<b>2</b>							Additional action may not be necessary to manage risk
	<b>1</b>							
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>			
<b>Likelihood of Occurrence (L)</b>								

#### Rating Consistency Guidance

	<b>Likelihood of Occurrence (L)</b>	<b>Severity of Outcome (S)</b>
<b>1</b>	<b>Very unlikely</b> Very unlikely to occur, (no history or near misses etc). Less than 5% probability.	<b>Minor</b> Risk to specific role. Legal action unlikely. No significant illness or injury. Negative customer complaint possible. Financial impact negligible. No significant risk to matters highlighted in risk appetite statement.
<b>2</b>	<b>Unlikely</b> Unlikely but may occur (may have happened, but not within past 5 years). Is not expected to happen in next 5 years, less than 25% probability	<b>Moderate</b> May be a risk to normal continuation of service. Legal action possible but defensible. Short term absence/minor injury. Negative customer complaints widespread. Financial impact manageable within existing Service budget. Possibility of impact against matter(s) in risk appetite statement but may be mitigated.
<b>3</b>	<b>Likely</b> Likely to occur (or already happened in the past 2 to 5 years). Is expected to happen in the next 2 to 5 years, 25 - 50% probability	<b>Significant</b> Partial loss of service. Legal action likely and may not be fully confident in defense. Extensive injuries or sickness. Negative local publicity. Significant fine. Financial impact manageable within existing Corporate budget - but not Service. One or more matter within risk appetite statement likely to be significantly impacted.
<b>4</b>	<b>Very likely</b> Very likely to occur (or has already happened in the past year), may occur frequently. Is expected to happen in the next year, more than 50% probability	<b>Major</b> Total loss of a service. Legal action likely & difficult to defend. Death or life threatening. Negative regional or National publicity. Imprisonment. Financial impact not manageable within existing funds. Risk appetite statement will not be adhered to.

## 5. Risk Control / Mitigation Methods

There are various options for controlling risk, often referred to as the four Ts:

- **Tolerate (retain/accept the risk)** – if the Council cannot reduce a risk (or if doing so is out of proportion to the risk) it can tolerate the risk, i.e. do nothing further to reduce the risk. This option must be taken by informed decision only. It is clear that this option will be more likely in the event of taking risk in order to seek benefit/opportunity.
- **Treat (mitigate the risk)** – if the Council can reduce the risk by identifying mitigating actions and implementing them, it should do so. For many of the risks on the corporate risk register this is the action the Council is most likely to take.
- **Transfer (share the risk)** – risks can be transferred to or shared with other organisations, in whole or in part, for example by use of insurance, shared services with other Authorities or by contracting out an area of work. There will almost always be limitations in this method, it is unlikely to be 100% effective. It is also likely that some risk will be retained, for example to reputation.
- **Terminate (eliminate the risk – stop the work/activity)** – this applies to risks the Council cannot mitigate other than by not doing work in that specific area. For example, if a particular project is very high risk and these risks cannot be mitigated to an acceptable level, particularly with regard to the Corporate risk appetite, the Council may decide to terminate it entirely.

## 6. Risk Types & Records

### 6.1 Service Risks

In order to ensure that key risks are identified, assessed, managed appropriately and recorded consistently a risk register will be updated and maintained by every service. These are known as Service Risk Registers (SRR) and will record all significant Service risks.

All SRRs must be reviewed and updated at least monthly by the risk owner or their delegated Service Managers/Risk Managers.

The RM will provide each Service with an appropriate template for carrying out and recording their risk assessments. This will include an appropriate method of version control and the ability to archive risks that are no longer current.

### 6.2 Service Risk Registers (SRR)

These will contain all significant risks to a service that are key to the organisation in terms of the potential severity of the outcome. It is not the intention to use the SRRs as a means of managing day-to-day work of a service.

It is the responsibility of each HoS to maintain its own SRR and review/update it whenever there is a significant change in circumstances, or at least monthly in their Service meetings.

The SRRs will include a method by which HoS can identify risks to be included in the Corporate Risk Register (CRR) as Strategic, Standing Corporate or Escalated Service risks. These will be identified by virtue of the potential risks to the Council as a whole, or their Council-wide crosscutting nature. They are further described below.

HoS will be expected to have regular update meetings with their respective Portfolio holders, using their risk registers to keep the Portfolio holder aware of the current status of the risks within their service. This update must take place at least quarterly.

Those risks identified as being officially sensitive in nature will be marked to ensure that they can be easily redacted/removed from any publicly available copy of the register.

Services must use the risk register format/template provided by the RM.

### **6.3 Capital Project Risks & Other Significant Interests**

Capital projects, such as large-scale regeneration projects, will be treated in a similar manner to Services. Each Project team will hold and maintain a project risk register and manage the day-to-day risks within their teams. The Project Sponsor will be responsible for ensuring that risk register is reviewed on a regular basis.

SLT receive regular project highlight reports for all significant projects including key project risks

Where the Council is a significant stakeholder in other organisations such as Rushmoor Housing Limited, the Senior Officer of the Council involved in those arrangements will ensure that the risk management processes in place align with this policy, protect the interests of the Council, and that significant risks are appropriately escalated to the CRR.

### **6.4 Corporate Risks**

These are risks that have greater significance for the Council as a whole.

These can be further categorised as being 'Escalated Service risks (ES)', 'Standing Corporate risks (SC)' or 'Strategic Risks (SR)'.

**6.5 Escalated Service (ES) risks** are likely to be those that by virtue of the severity of the potential outcome and/or inadequate controls may be considered a single point of failure for the Council, rather than a threat to a single Service alone. It could also include those risks that are newly identified and have little or no mitigation or controls in place, that require wider consideration and support.

These risks will tend to be operational in nature and arise, be resolved/adequately mitigated and then removed from the CRR.

There are a number of tests that can be applied in order to determine whether a Service risk should be escalated but given their nature and to ensure consistency of approach, it may be appropriate to discuss these risks with the RM before escalating them. The application of a high-risk rating is not a reason in its own right to escalate a risk. It would also be inappropriate to escalate a risk in order to simply raise awareness with other Services, Senior Management or Elected Members. Other methods of reporting/communication should be considered if this is the main aim of the risk owner.

The Service should consider whether oversight/discussion is required at SLT or if the risk can be wholly managed within the Service itself. If no Corporate oversight/intervention, etc., is required, it is not expected that they will be escalated.

**6.6 Standing Corporate (SC) risks** may also be considered a single point of failure for the Council, and in most cases, although the Corporate response may be managed by a single Service, they will be cross cutting and longer term in nature. SC risks will tend to remain on the CRR for longer periods of time, if not indefinitely. Examples of these may be the Council's financial position or compliance with data-protection legislation, both of which have a wide impact and involvement from across the Council but are generally overseen or managed by one service.

SC risks, impacting more than one Service, will normally be managed by a single Service with the expertise required, but, if not, they will be assigned to one single risk owner as the lead. This is for practical purposes to avoid duplication and ensure that they are managed overall by a single Officer. Although the day-to-day management of the risk itself may not fall entirely upon that risk owner, they will be responsible for collating and updating SLT and the risk register entry on behalf of the Council.

### **6.7 Strategic (ST) Risks**

Strategic risks will tend to be long term in nature and are more likely to be outside the direct control of the Council, for example the local economy, employment or obesity levels.

As they are longer term in nature, the ST risks will be updated at least every 3 months in order that they can be presented to SLT.

### **6.8 Corporate Risk Register (CRR)**

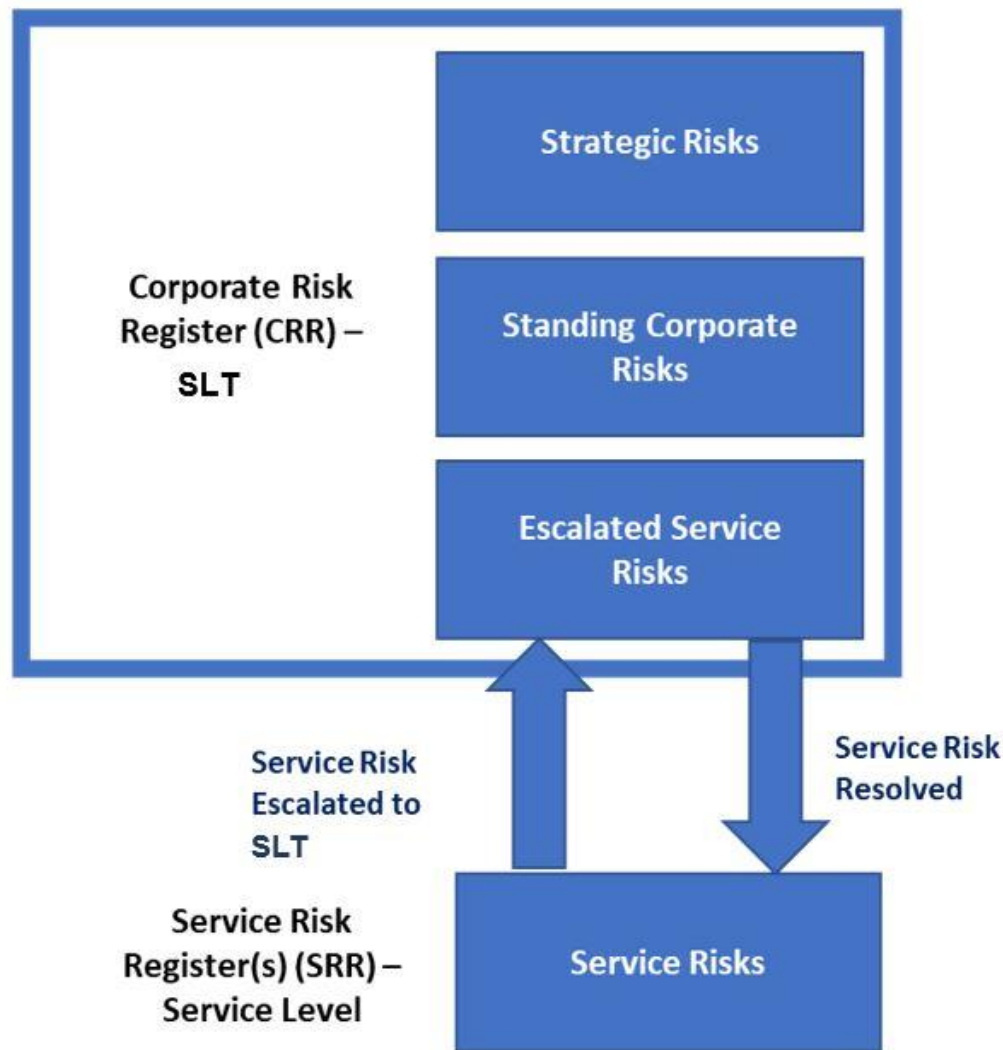
This register contains the key risks to the Council that are considered to be current issues of corporate significance. This will be made up of all of the current Council's ST, SC and ES risks identified.

With the assistance of HoS, the CRR will be updated by the RM every 3 months in order that it can be presented to SLT by the SRO for review and discussion.

Those risks identified as being officially sensitive/not suitable for the public register will be marked to ensure that they can be easily redacted or removed from any publicly available copy of the register. This will be the responsibility of the risk owner during the assessment process.

An appropriate method of version control will be kept by the RM to ensure that the most up to date register is in use but that older versions of the register remain accessible.

## 7. Diagram: Rushmoor Borough Council Risk Management Process



## 8. Issue Identification and Management

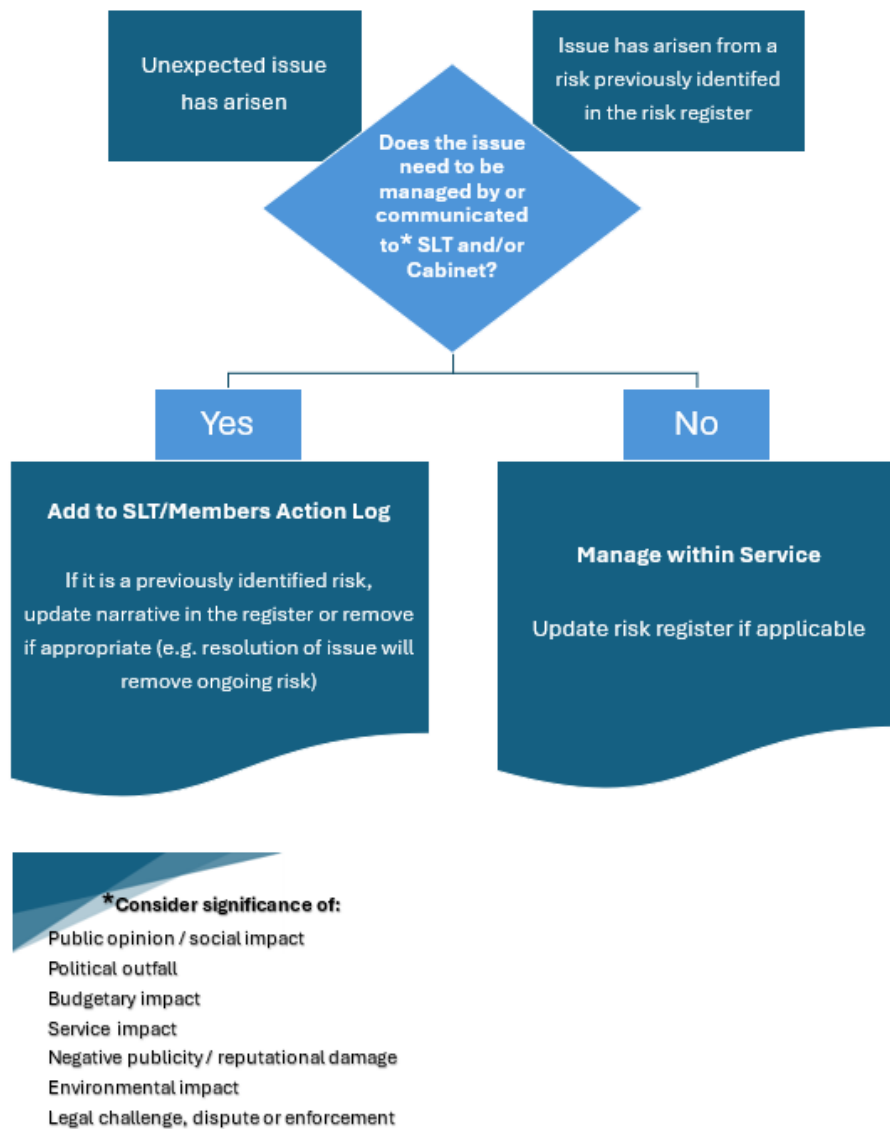
An issue in the context of this policy, is a problem or a negative event that has already occurred, is certain to occur, or is a risk that has or has a high probability of materialising.

Inevitably there will be occasion when despite all the mitigation put in place, a risk previously identified will develop into an issue. It is also possible that an issue will arise that had not been previously identified as a risk.

In any case, issues of Corporate significance must be identified, brought to the attention of senior management and/or SLT and managed appropriately, with records kept centrally of the action taken to resolve them or mitigate the impacts.

All issues requiring Senior Corporate oversight will feed into the Corporate Action, Issue & Decision (AID) Tracker for onward management. This issue log will be held and managed by the Corporate Policy Team. The risk register (if applicable) must then be updated as appropriate – following the guidelines below.

## Diagram: Issue Management Process



## Appendix 1: Strategic Risk Appetite – Risk Appetite by Theme

Risk appetite level & definition					
	Averse	Minimal	Cautious	Open	Eager
<b>Governance</b> <i>The way that Rushmoor is managed at the highest level, and the systems for managing/overseeing this.</i>	Averse - Avoid actions with associated risk. No decisions are taken outside of processes and oversight / monitoring arrangements.	Minimal - Willing to consider low risk actions which support delivery of priorities and objectives. Processes, and oversight / monitoring arrangements enable limited risk taking.	Cautious - Willing to consider actions where benefits outweigh risks. Processes, and oversight / monitoring arrangements enable cautious risk taking.	Open - Receptive to taking difficult decisions when benefits outweigh risks. Processes, and oversight / monitoring arrangements enable considered risk taking.	Eager - Ready to take difficult decisions when benefits outweigh risks. Processes, and oversight / monitoring arrangements support informed risk taking.
<b>Strategy</b> <i>The approach and plans agreed for achieving the Council's priorities.</i>	Averse - Guiding principles or rules in place that limit risk in organisational actions and the pursuit of priorities.	Minimal - Guiding principles or rules in place that minimise risk in organisational actions and the pursuit of priorities.	Cautious - Guiding principles or rules in place that allow considered risk taking in organisational actions and the pursuit of priorities.	Open - Guiding principles or rules in place that are receptive to considered risk taking in organisational actions and the pursuit of priorities.	Eager - Guiding principles or rules in place that welcome considered risk taking in organisational actions and the pursuit of priorities.
<b>Operational Service Delivery</b> <i>How we provide services to our customers and residents.</i>	Averse - Defensive approach to operational delivery - aim to maintain/protect, rather than create or innovate.	Minimal – Change and innovations largely avoided unless essential. Decision making authority held by senior management	Cautious - Tendency to stick to the status quo, innovations generally avoided change minimised unless necessary. Decision making authority generally held by senior management.	Open – Change and Innovation supported, with clear demonstration of benefit / improvement in management control. Responsibility for non-critical decisions may be devolved.	Eager - Innovation pursued – desire to 'break the mould' and challenge current working practices. High levels of devolved authority.
<b>Legal</b> <i>Our general compliance, legal and statutory duties (including matters such as health &amp; safety).</i>	Averse - Play safe and avoid decisions or actions which could be challenged, even unsuccessfully.	Minimal - Want to be very sure we would win any challenge to decisions or actions we take.	Cautious - Want to be reasonably sure we would win any challenge to decisions or actions we take.	Open - Challenge will be problematic; we are likely to win, and the gain will outweigh the adverse impact	Eager - Chances of losing challenges are high but exceptional benefits could be realised.

<b>Property</b> <i>The management of and investment in the Council's land and property assets (including commercial properties, operational and community assets and facilities).</i>	Averse - Obligation to comply with strict policies for purchase, investment, rental, disposal, construction, and refurbishment that ensures producing good value for money or return.	Minimal - Recommendation to follow strict policies for purchase, investment, rental, disposal, construction, and refurbishment that ensures producing good value for money or return.	Cautious - Requirement to adopt a range of agreed solutions for purchase, investment, rental, disposal, construction, and refurbishment that is likely to produce good value for money or return.	Open - Consider benefits of agreed solutions for purchase, investment, rental, disposal, construction, and refurbishment that would contribute to meeting wider organisational or place objectives.	Eager - Application of higher risk solutions for purchase, investment, rental, disposal, construction, and refurbishment that may contribute to meeting wider organisational or place objectives.
<b>Financial</b> <i>Our overall financial position and its management (budgets, income, investments and savings).</i>	Averse - Avoidance of any adverse financial impact	Minimal – Will only take risk essential to existing service delivery - with consideration of the MTFS Reserve & Capital Receipts Strategies and ability to maintain a balanced budget.  Likely decision level within ELT delegation, up to adverse £20k ongoing or one-off NET revenue impact.	Cautious - Seek delivery of Corporate Plan – with consideration of the MTFS Reserve & Capital Receipts Strategies and ability to maintain a balanced budget.  Likely decision level within Cabinet delegation, up to adverse £100k ongoing or one-off NET revenue impact.	Open - Seek delivery of Corporate Plan – without consideration of a balanced MTFS and contra to existing Reserve & Capital Receipts Strategies.  Likely decision level with Full Council delegation, over adverse £100k ongoing or one-off NET revenue impact.	Eager - Open to risk without reference to financial capacity.  Likely decision level with Full Council delegation, over adverse £100k ongoing or one-off NET revenue impact
<b>People</b> <i>How we treat our staff (autonomy in decision making, investment in training etc).</i>	Averse - Priority to maintain close management control & oversight. Limited devolved authority. Limited flexibility in relation to working practices.	Minimal - Decision making authority held by senior management. Development investment generally in standard practices.	Cautious - Seek safe and standard people policy. Decision making authority generally held by senior management	Open - Prepared to invest in our people to create innovative mix of skills environment. Responsibility for noncritical decisions may be devolved.	Eager - Innovation pursued – desire to 'break the mould' and challenge current working practices. High levels of devolved authority.



<b>Technology</b> <i>The equipment (physical and digital) we use.</i>	Averse - General avoidance of systems / technology developments. Defensive approach to transformational activity - aim to maintain/protect, rather than create or innovate.	Minimal - Only essential systems / technology developments to protect current operations. Innovations avoided unless essential.	Cautious - Consideration given to adoption of established / mature systems and technology improvements. Tendency to stick to the status quo, innovations generally avoided unless necessary.	Open - Systems / technology developments considered to enable improved delivery. Innovation supported, with demonstration of commensurate improvements.	Eager - New technologies viewed as a key enabler of operational delivery. Innovation pursued – desire to 'break the mould' and challenge current working practices.
<b>Data &amp; Info Management</b> <i>How we hold, share, process and store our information and data (physically and digitally).</i>	Averse - Lock down data & information. Access tightly controlled, high levels of monitoring.	Minimal - Minimise level of risk due to potential damage from disclosure.	Cautious - Accept need for operational effectiveness with risk mitigated through careful management limiting distribution.	Open - Accept need for operational effectiveness in distribution and information sharing.	Eager - Level of controls minimised with data and information openly shared
<b>Council Reputation</b> <i>How we are viewed by others (partners, key stakeholders, the public etc).</i>	Averse - Zero appetite for any decisions with high chance of repercussion for organisations' reputation.	Minimal - Appetite for risk taking limited to those events where there is no chance of any significant repercussion for the organisation	Cautious - Appetite for risk taking limited to those events where there is little chance of any significant repercussion for the organisation.	Open - Appetite to take decisions with potential to expose organisation to additional scrutiny, but only where appropriate steps are taken to minimise exposure.	Eager - Appetite to take decisions which are likely to bring additional Governmental / organisational scrutiny only where potential benefits outweigh risks.
<b>Environment</b> <i>The surroundings or conditions in which a person, animal, or plant lives or operates</i>	Averse – Zero appetite for any decisions/activity with high chance of repercussion for the environment. The Council's net zero and sustainability targets take full priority.	Minimal – Appetite for risk taking limited to decisions/activity where there is no chance of any significant repercussion for the environment. The Council's net zero and sustainability targets are considered a priority area in the decision.	Cautious – Appetite for risk taking limited to decisions/activity where there is little chance of any significant repercussion for the environment. The Council's net zero and sustainability targets are considered a priority.	Open – Open to the possible risks to the environment but only where appropriate steps are taken to minimise harm. The Council's net zero and sustainability targets are considered as a priority but balanced with other priorities.	Eager – Prepared to make decisions that will harm the environment but only when the positives will outweigh the environmental negatives. The Council's net zero and sustainability targets are considered but not prioritised.

## Appendix 2: Strategic Risk Appetite – Risk Appetite Policy Statement

This statement supports members and officers in decision making by setting out where Cabinet is comfortable accepting different levels of risk and where risk is unacceptable. The council's current overall risk appetite is defined below (see table below for definitions and statement).

Risk Appetite	Definitions and Summary Statement
Averse	'Prepared to accept only the very lowest levels of risk, with the preference being for ultra-safe delivery options, while recognising that these will have little or no potential for reward/return.'
Minimal	'Willing to accept some low risks, while maintaining an overall preference for safe delivery options despite the probability of these having mostly restricted potential for reward/return.'
<b>Cautious</b>	<p><b>'Tending always towards exposure to only modest levels of risk in order to achieve acceptable outcomes.'</b></p> <div data-bbox="443 714 1458 1883"> <p>The council's current overall risk appetite in the context of its Delivery Plan and the current economic climate, is defined as cautious, with an openness to risk in some areas where they directly support the pursuit of the Council's priorities and the impacts have been properly explored and understood.</p> <p>The key risks to the Council have been identified as those that would impact successful delivery of its overall strategy, through the Delivery Plan and the Council's financial stability.</p> <p>The Council will seek to deliver its priorities within agreed timescales – but only with due consideration of the MTFS and the Council's ability to maintain a balanced budget.</p> <p>To enable the work to support the Delivery plan in a timely and efficient manner, the Council is more open to risk with regards to governance, operational service delivery, people and autonomy in decision making. The Council is willing to invest resources into innovation, developing skills and devolving non-critical decisions, where it is considered that the expected benefits to the council's operations and delivery will outweigh the negative impacts of the identified risks.</p> <p>Although the Council seeks to use new technology, given the associated risks both reputationally and financially there is a clear preference for the use of established / mature systems and technology and our appetite here is cautious.</p> <p>In terms of property investment and management the Council will take a cautious approach and will generally only support decisions where good value for money or good certainty of a positive return is achieved.</p> <p>A cautious approach will also be taken to protecting the Council's reputation, where the appetite for risk taking is limited to those events where the chance of any significant repercussions has been minimised. This is also the case for the environment, where the appetite for risk taking is limited to decisions/activity where there is little chance of any significant repercussion for the environment. The Council's net zero and sustainability targets are considered a priority.</p> <p>For general matters of compliance, whether that be legal or data management, the Council takes a minimal to cautious approach, seeking a good level of compliance and wanting to be confident of its ability to defend itself against challenge.</p> </div>
Open	'Prepared to consider all delivery options and select those with the highest probability of productive outcomes, even when there are elevated levels of associated risk.'
Eager	'Eager to seek original/creative/pioneering delivery options and to accept the associated substantial risk levels in order to secure successful outcomes and meaningful reward/return.'

**RISK MANAGEMENT PROCESS  
ANNUAL UPDATE 2025/26**

**SUMMARY AND RECOMMENDATIONS:**

This paper updates Members of the Audit and Governance Committee on the ongoing development and maintenance of the Council's risk management processes during 2025/26.

Attached to this report is the current Corporate Risk Management Policy, as presented to Cabinet for approval on 25<sup>th</sup> November 2025.

AGC Members are asked to note this report and comment on the adequacy of the Council's risk management arrangements, particularly in respect of the key updates made to the risk management policy as highlighted within the report.

**1. Background**

- 1.1 The role of the Audit and Governance Committee (CGAS) is to *"provide independent assurance of the adequacy of the risk management framework"*. Specifically in relation to risk management, the Constitution states that the AGC should *"monitor the effective development of risk management in the Council"*.
- 1.2 This report provides an update to AGC Members on the risk management activity that has taken place and is planned for the remainder of 2025/26 in line with arrangements set out in the Council's updated Risk Management Policy, which is attached as Appendix A.
- 1.3 As was reported in previous years, 2025 has continued to be a period of significant uncertainty across a broad range of economic, social and political matters. Circumstances such as high interest rates and slow growth in the economy continue to have an impact on the Council's financial position, operations and capital projects. The wider implications for the Council have meant a continued focus on mitigation plans adapting to meet the ongoing challenges presented. Alongside these challenges the commencement of work on LGR and CGR have meant that new risks have arisen.
- 1.4 It is important to recognise the role that the Council's risk management process has played in recognising the potential impacts of the risks the Council faces, and ensuring that the Senior Leadership Team and Cabinet Members are regularly updated. Risks continue to be routinely reviewed and discussed at both a service level and amongst senior management.

- 1.5** The risk management process will continue to play an important role in the Council meeting its key objectives as existing risks continue to develop during 2025/26 and beyond. For context, the most recent public version of the Corporate Risk Register, taken to Cabinet on 25<sup>th</sup> November 2025, is attached as appendix B.

## **2.0 Development of Risk Management**

- 2.1** The Council has continued its work to embed risk management within the organisation and streamline the processes in place. The MS Lists based system introduced in July 2022 continues to promote efficiency and allows for easy interrogation in a live format at any time by key personnel.
- 2.2** The Council's risk management policy and arrangements continue to be reviewed and developed in order to remain effective and to provide continual improvement.
- 2.3** Work to develop a strategic risk appetite/policy using the facilitation services of an external advisor was concluded during Q2 2025/26. This work took place with SLT, Committee Chairs and Cabinet Members. As a result, the wider risk management policy and arrangements have themselves been reviewed to reflect this and the changes in organisational structure.
- 2.4** The renewed policy was presented to Cabinet on 25<sup>th</sup> November 2026 for approval and is attached as appendix A. The major updates incorporated are:
- The inclusion of the risk appetite statement/policy – and procedures to ensure each risk is measured against the corporate appetite. The purpose is to ensure mitigation is appropriate and is applied in a consistent way across what is a diverse risk profile.
  - The introduction of and cross reference with an appropriate issue management system, for recognition and management of risks that become issues.
- 2.5** During Q3 work will take place to update the structure/template of the risk registers themselves to reflect the policy changes. An officer briefing programme will then follow this during Q4 to embed the new processes throughout the organisation.
- 2.6** An internal audit of the Council's risk management arrangements by SIAP commenced in October 2025 and is expected to conclude during Q3 2025/26.

## **3.0 Risk Management Reporting during 2025/26**

- 3.1** As set out in the risk management policy, reports on risk have been presented to the Council's Senior Leadership Team on a quarterly basis and presented to Cabinet, incorporated into the quarterly performance report. In addition, risk is discussed with greater frequency outside these meetings, with regular discussions and risk register reviews taking place across projects and programmes.

## **4.0 Recommendations**

- 4.1** CGAS is asked to note this report which summarises how risk has been managed across the Council in 2025/26.

### **BACKGROUND DOCUMENTS:**

Appendix A – Risk Management Policy

Appendix B – Corporate Risk Register v21.1

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**Rushmoor Borough Council - Corporate Risk Register v21.1 04/11/25 (PUBLIC)**

Risk Title	Risk Owner	Risk Type	Risk Description & Potential Outcomes	Inherent Risk Score	Inherent Risk Rating	Inherent Risk Trend	Existing Controls / Mitigation	Residual Risk Score	Residual Risk Rating	Residual Risk Trend	Additional Mitigation Planned	Target Risk Score	Target Risk Rating	Traget Risk Trend
<b>Strategic Risks (ST) - Total 10 (No change)</b>														
Securing infrastructure investment	Karen Edwards	ST	Inability to attract infrastructure investment through the public and private sector to support priorities and projects identified in the Council Business Plan. In particular, failure to secure investment in the area could lead to a decrease in Rushmoor's competitiveness and attractiveness and put at risk the stated aim for a thriving Rushmoor economy, vibrant town centres and strong communities who are proud of the area.	16	High	↔	Work with public and private sector infrastructure providers and funders. Utilising UK Shared Prosperity Fund to assist with public realm improvements in Farnborough town centre. Horizon scanning in relation to the levelling up agenda and its implications for Rushmoor. Horizon scanning by Policy Team for future funding opportunities.	12	High	↔	Explore Regeneration and Growth Partnership arrangement with Hampshire County Council. Engage effectively with other opportunities to access Government funding. Continue to secure support from local stakeholders for projects - including residents, HCC and MP. Engage with utility providers with a view to understanding lead in times for additional capacity. NB - progress likely to be effected by LGR.	6	Medium	↔
Financial sustainability of public sector partners	Ian Harrison	ST	The financial sustainability of a wide group of public sector partners is negatively impacted, resulting in reduced service provision by all. In this scenario, the range and quality of services available to residents could be impacted. This could have negative repercussions for health, education, community outcomes and economic outcomes identified in the Council Business Plan/Delivery Plan It is possible that the Council would be expected to meet some of this 'gap' in provision thus exposing the Council to potential financial and reputational risk.	12	High	↔	Close partnership working at a senior officer and political level with the Council's public sector partners. Members and Officers are well briefed on potential implications/risks arising from decisions taken by other public sector partners. Responses to relevant consultation documents (HCC budget consultations) and undertake further planning activity in light of proposals. Proposals for a future sustainable Local Government Model across Hampshire submitted on 26th September 2025.	8	High	↔	Continued horizon scanning/monitoring of the broader policy context. Further development of joint working with partner agencies in 2025/26. Consideration of financial sustainability and financial impacts resulting from Local Government Reorganisation. Statutory consultation on proposals submitted for LGR expected to commence by end Nov 25. Government decision on future LGR configuration expected Spring 26.	6	Medium	↔
Poor Educational Attainment	Karen Edwards	ST	Educational attainment continues to present challenges. This may have an impact on deprivation, unemployment etc. Impact on the area's local reputation. May impact on service demand.	9	High	↔	HCC responsible for Education, RBC supporting role. Priorities set out in the Rushmoor Together Plan and the Young People Plan - with a focus on aspirations. Joint work on supporting families with Hampshire Children's Services.	9	High	↔	Ongoing dialogue with headteachers. Engaging with young people relating to skills, development and opportunities, in line with the Rushmoor Together plan and the Young Peoples Plan - including a structured work experience programme.	4	Medium	↔
Changing external policy context	Karen Edwards	ST	Significant fast track change which can have significant impact on services, levels of available resources or the Council's financial position all of which could adversely impact on the Council's ability to deliver its priorities. Government White Paper bringing forward Devolution and Local Government Reorganisation. Hampshire included in the Priority Programme requiring Unitary Councils from April 2028 resulting in Rushmoor BC not continuing. Reputational risk if the Council is unable to sufficiently adapt to the changing environment.	12	High	↔	Service level risk assessments to consider impacts of potential policy changes on individual Council services. Policy, Strategy, and Transformation team to support SLT with 'horizon scanning' which will assist the Council in identifying and where possible responding to some changes. Ongoing analysis of policy and budget announcements. Council working with other Hampshire authorities to produce local government reorganisation proposals by September 2025 deadline.	8	High	↔	Continued engagement with Government officials and other partners. Retained capacity on PPAB work plan. Work on devolution and reorganisation to be prioritised in 2025/26 so impacts and next steps are clearly understood. Council has a reserve available in order to put in / pay for support and relevant pieces of work in line with deadlines laid down by the Government.	6	Medium	↔
Risk to the health outcomes of Rushmoor Residents due to proposed changes in local NHS healthcare arrangements.	Karen Edwards	ST	Risk to health outcomes of Rushmoor residents if proposed changes to ICB arrangements continue as planned. The quality of services overseen by HIOW ICB is in a number of cases lower than that provided through the Frimley system. In addition, accountable care body arrangements are not yet clear for functions not transferring to new ICBs, posing a local risk to ongoing local service delivery and transformation work necessary to enable the new hospital programme.	8	High	↔	Working with Frimley and HIOW ICBs to ensure safe transfer of services and obtain assurance on transformation and future service quality.	8	High	↔	Increase level of engagement with accountable care organisation arrangements, once established. This is likely to include FHFT and local PCNs.	2	Low	↔
Poor Health Outcomes within Borough (e.g. obesity, mental health etc)	Karen Edwards	ST	Rushmoor has areas where there are health inequalities and health deprivation. Areas of deprivation have poorer health outcomes and higher demands associated. Diabetes, highest smoking rate in Hampshire, high instance of obesity and inactive adults. Mental Health and wellbeing – lack of funding available at local level ICB restructure and loss of NHS Place team has reduced capacity and support at place level to deliver local intervention programmes. HCC savings will also services that provide support for health and well being of vulnerable residents.	12	High	↔	Rushmoor Together - Revised partner plan approved in July. Joint working with partners, particularly with the ICS, HCC and the PCNs with a range of initiatives and plans in place or being developed. Targeted school Projects to include increased physical activity and reducing obesity in targeted schools. Identified as a priority for the Council. Executive Director is a member of the ICS Board. Reintroduction of Health place meeting with key ICB colleagues focusing on deprived areas. Monthly meetings arranged with Public Health Team to review data Focused Projects incorporated within the service Plan include increasing physical activity, promotion of oral health projects and wider family support with food and fuel poverty.	6	Medium	↔	Review approach to resourcing (in conjunction with partners, in particular the ICS and HCC). Targeted projects in service plan to address inactivity and increase physical activity support. Working with Energise me and Public Health to identify additional resource opportunities Rushmoor Together Plan includes latest health data and reflects PCN's/health inequalities priorities Monthly public health/RBC meetings arranged - and HCC update meeting with RBC Exec Director and PH took place in June.	6	Medium	↔
Negative economic and social trends undermine Council Delivery Plan priorities for town centres including the development of Rushmoor's towns to meet the needs of businesses and residents	Tim Mills	ST	Economic and social changes have a significant negative impact on Farnborough and Aldershot town centres, and other district centres and therefore reduce the ability to meet Delivery Plan priorities. This could result in a significant number of empty retail units, a loss of facilities and amenities (e.g. high street banking) for residents and a possible increase in crime and anti-social behavior. A decline in the retail sector will also have an impact on business rates income for the Council. Store closures e.g. Wilko, and chains such as Cneworld in financial difficulty, demonstrate the potential further retrenchment of the retail and hospitality sector. The increase in Employers NI, reduction in Business Rate Relief coupled with the wider economic uncertainty could see businesses that have been holding on go to the wall causing increased vacancies in the town centre.	12	High	↔	Programmes of town centre regeneration in both Aldershot and Farnborough which give consideration to future economic and social trends. Dedicated resource within EPSH, working with retail sector and other partners to support town centre businesses. Activity in both town centres to maintain/increase footfall e.g. town centre events, environmental enhancements.	6	Medium	↓	Close engagement with and ongoing provision of business support to town centre businesses. Work with Community Safety Team to tackle increased or perceived increase in ASB/ crime in the town centres. Town centre events and additional markets/craft fayres planned. Union Yard completion provides opportunity for new lettings which can draw additional footfall and residential once let will also assist.	6	Medium	↔

<b>Risk of negative impact on Rushmoor's current service operations as a result of diverting resources to LGR preparations</b>	Ian Harrison	ST	Diversion of significant unplanned resources to the LGR programme could potentially lead to impacts on the delivery of the Council's priorities and business as usual activities.	12	High	↔	Full participation in LGR programme important to ensure delivery of best outcome for local residents. Budget was assigned to this for 2025/26 to cover additional costs and expenses. Programme delivery structure developed - for engagement of Officers and Members. Plans being developed to adjust resourcing/structure in order to meet the demands of the programme whilst maintaining the Council's current delivery plans. Regular comms with staff and members.	6	Medium	↔	Programme delivery structure kept under review as demands change through process	4	Medium	↔
<b>Deteriorating economic conditions</b>	Tim Mills	ST	Adverse changes to the economy could result in the loss of major employers within the borough and/or impacts on particular sectors of the economy. This could result in increasing levels of unemployment and higher levels of deprivation and inequality. Economic uncertainty is likely to depress economic growth. Impact of rising inflation on the cost of living and consumer confidence. Low business confidence impacting on investment decisions inc. business lettings. Changes of this nature have potential implications for the council in terms of increased demand for services and adverse financial impact. There is also a reputational risk if the council is not seen to be adequately responding to economic changes or supporting residents.	9	High	↔	Partnership working with other organisations on support for the economy and local businesses. Engagement with businesses and business networks. Maintaining an understanding of local economic conditions – tracking economic indicators at a local level. Ensuring that key issues/ events are escalated to SLT at the appropriate time. Close working with business rates team on hardship and growth incentive reliefs to retain businesses and secure investment.	6	Medium	↓	Inclusive 1-1 business advice and support SeedL - training hub Signpost business support via dedicated business support channels.	6	Medium	↔
<b>Demographic change</b>	Karen Edwards	ST	Changes in Rushmoor's demography could impact on services required or expected by residents as well as how they engage with the economy or society more generally. Any sudden shifts in demography may not be visible to the Council for a period of time which could result in services not being delivered effectively or efficiently and could impact on the Council's ability to deliver its aim of having strong communities who are proud of their area. A strong understanding of the area's demography will also be important as devolution and reorganisation proposals are developed.	6	Medium	↔	Community engagement work may identify some changes ahead of them being reported in data sets. Review and analyse publicly available datasets, alongside those held by the Council. Work with partners to understand trends that exist at a larger geography and potential implications (e.g. aging populations). Census information reviewed and shared widely across the Council and with partners so that trends and their implications are understood. Rushmoor Together Plan to cabinet for approval in July	4	Medium	↔	Additional community engagement work planned in 2025/26 which might help to identify any key trends. The Belong Network commissioned to deliver further engagement with a view to adopting a new approach to be delivered from November 25	2	Low	↔

**Standing Corporate Risks (SC) - Total 12 (-1) 1 Not suitable for Public Register/Removed, 3 Redacted**

<b>Threat of Cybercrime &amp; Data Loss</b>	Peter Vickers	SC	Redacted. Full remediation plan in place – details are not included in this register due to their sensitive nature.	16	High	↔	Redacted. Full remediation plan in place – details are not included in this register due to their sensitive nature.	12	High	↔	Redacted. Full remediation plan in place – details are not included in this register due to their sensitive nature.	12	High	↔
<b>Major Data Breach – non-technical (human and physical)</b>	Peter Vickers	SC	Redacted. Full remediation plan in place – details are not included in this register due to their sensitive nature.	12	High	↔	Redacted. Full remediation plan in place – details are not included in this register due to their sensitive nature.	8	High	↔	Redacted. Full remediation plan in place – details are not included in this register due to their sensitive nature.	6	Medium	↔
<b>Insufficient funding to proceed with projects</b>	Karen Edwards	SC	The Council cannot commit to fund the programme of projects, within the regeneration and property programme. Failure to deliver the schemes as a result of a lack of funding and team resources will not meet the overarching strategy objective as stated in the Council Business Plan to deliver additional income or capital and regenerate our town centres. The recent increases in interest rates makes affordability of funding more challenging. In addition, build costs remain high and there are little to no incentives in the buyer's market e.g. help to buy to generate interest in development.	16	High	↔	Secured some external grant funding to assist with bridging funding gaps. A Financial Recovery Plan (FRP) has been developed to ensure that the Council can be on a sustainable footing over the medium term. A target for capital receipts has been established to assist with reducing the level of external borrowing and associated revenue implications. There will need to be sufficient headroom created to allow for further borrowing in the absence of external grant funding.	12	High	↔	Seek additional grant funding to mitigate the risk to the Council. Obtain detailed expert advice and carry out due diligence on major projects and capital commitments. Consider joint ventures and other methods of delivery in order to share the risk/reward. Continue to review financial position in order to determine capacity to support regeneration and property projects. Review opportunities for receipts in the context of income received from these assets. Expedite actions to enable disposal of identified assets. Work with members to establish priorities for commitment of available funding against regeneration programme Consider the further prioritisation, slowing and reprofiling of the programme.	4	Medium	↔
<b>Lack of employee alignment, engagement and development will reduce organisational performance</b>	Belinda Tam	SC	A high performing organisation requires employees to be engaged, aligned and developed – significant risk of performance targets not being achieved if these areas are not developed. Increased risk of inability to recruit and retain. Due to the age profile there is a risk of losing knowledge and experience in coming years.	12	High	↔	Developmental activities: •Annual Development Reviews May-Aug, with learning needs feeding into the corporate Learning and Development plan, and individual service L&D needs/CPD identified •eLearning platform for compliance and self-developmental training, with reminders when training due •Bespoke leadership development & leadership development with partners, ongoing internal communications via Staff Live, Viva Engage, People Portal, email, team meetings, 121s •Regular and ongoing engagement activities e.g. around savings/transformation and other priority areas. Regular review of people engagement opportunities and attract, recruit and retention policies.	12	High	↔	Review development review process and leadership development in 2025. Increased people engagement initiatives and learning and development conversations and opportunities.	4	Medium	↔
<b>Financial Sustainability</b>	Peter Vickers	SC	Cost of borrowing does not track within the assumptions built into the MTFS. Resulting in additional unplanned financial pressure that will require additional mitigation to be identified.	12	High	↔	MTFS planning process identifies strategy to manage the impact of such an occurrence built into future spending plans. Updates to keep February 2024 approved MTFS have been reported to July Full Council with an update on the action plan to bring costs back to a sustainable level, including use of reserves. A mid-year review of MTFS was brought to Cabinet in November. Financial Recovery Plan has been put in place as per October 2024. MTFS has been updated as at February 2025 alongside budget. Savings of £1m for 2025/26 have been identified and due to be presented to Cabinet in July. CIPFA have provided an independent review and due diligence on the capacity for the Council to deliver the required actions. Key findings are the actions taken by the Council are sound and further governance adjustments have been recommended for adoption.	12	High	↔	Update to MTFS as agreed in February 2025 to be presented in September 2025. If additional mitigation strategy is required, permissions will be sought through committees as appropriate.	6	Medium	↔

Page 30	Civic Quarter, Farnborough - Major Project	Karen Edwards	SC	High levels of public and political interest in scheme. Lack of deliverable / viable masterplan proposal in current economic context. Publicly, politically and financially RBC's regeneration intervention is deemed a failure negatively impacting the Council.	12	High	↔	Regular Cabinet and Member reporting. Outline Planning application approved (subject to s106) in February 2023. OPE funding of £1.75m secured to assist with early enabling works - demolition/utilities diversions. No commitment to further expenditure at this stage. Exploring the potential to dispose of land interests to Homes England. Leisure Centre phase being progressed through detailed design utilising Levelling Up funding from MHCLG.	12	High	↔	Programme / scheme viability to be reviewed regularly. Seek further external grant funding to reduce RBC exposure - Homes England / One Public Estate Undertake a Strategic Delivery Review of the current masterplan to ensure the Council has a viable development proposal.	4	Medium	↔
	Union Yard, Aldershot - Major Project	Karen Edwards	SC	Redacted. Full remediation plan in place – details are not included in this register due to their sensitive nature.	12	High	↔	Redacted. Full remediation plan in place – details are not included in this register due to their sensitive nature.	9	High	↔	Redacted. Full remediation plan in place – details are not included in this register due to their sensitive nature.	4	Medium	↔
	Regeneration of town centres does not deliver economic, community and financial benefits - see major projects	Karen Edwards	SC	Attracting the right level of investment to the Borough remains challenging in the current economic environment. High levels of public and political interest in both town centre major projects. Reputation for delivery will be tested. High intensity of resource required across a range of Council teams, with many interdependent parts - leisure, civic, public realm, retail, hotel, highways etc Publicly, politically and financially RBC's regeneration interventions are deemed a failure negatively impacting the Council and the local economy.	9	High	↓	Regeneration strategy / approach currently under review, with existing projects being managed through ELT. Cabinet and Member reporting as required. Limited external grant funding secured for site de-risking in Farnborough. Wider Town Centre Strategy for Farnborough completed and adopted by Cabinet in Summer 2022.	9	High	↓	Options for Civic Quarter and Farnborough Town Centre Regeneration being explored, including working with Homes England and exploring potential partnerships with Housing Assc / local landowner / major funders or market disposal. Undertake a Strategic Delivery Review to ensure a deliverable / viable masterplan. Seek further external grant funding to reduce Council financial exposure - Homes England / One Public Estate etc. In Aldershot, the completion of Union Yard and disposal of housing units means the Council's role is now focused on enabling other significant developments with the responsibility for increasing footfall and vibrancy etc as BAU with town centre management and responsibility for letting vacant units with the Property Service.	6	Medium	↔
	Reduced Income from Property Portfolio	Tim Mills	SC	Significant loss of income from the Council's property portfolio arising from a variety of reasons including deteriorating economic conditions, downturn in the property market and changing consumer or business habits. Feed through of reduced retail rents at lease renewal	9	High	↔	Appointment of LSH Investment Management (LSHIM) to asset manage part of the portfolio and support current in-house skill, knowledge and capacity. Prudent budgeting on Meads and Property Budget and early securing of key rents allows room for level of deterioration	9	High	↔	28 point plan to ensure transparency, accuracy and put property management ahead of the curve to be funded through £200K reserves subject to 8/7/25 Cabinet Managing income through payment plans, where necessary. Increased emphasis by the service in managing debts. Working with tenants directly and with LSHIM to identify issues and actions and reporting to CPPAG. Utilisation of asset management system to enable more targeted action. Identifying additional resource to underpin this important source of income by working on options to re-occupy vacant properties and identifying funds for improving the properties for quicker lettings and reducing the rent-free periods. Evaluating opportunities to create additional income to support the Council's financial position and bring forward where possible. This includes repurposing existing assets and adopting an agreed commercial approach to new ground leases. Updating of Asset Management Forecast for MTSF period including ensuring all reviews etc. are undertaken pro-actively and increased focus on debt management. Option to look at reserve funding on income profile, i.e. forecast income and budget income are different. Using reasonable assumptions to achieve a realistic but prudent estimate. To be included in February 2025 Budget report. Increased monthly monitoring on Asset Portfolio between Property and Finance	6	Medium	↔
	Climate Change – Failure to deliver ambition for a carbon neutral Council by 2030.	Karen Edwards	SC	Risk of not delivering high profile organisational objective due to insufficient resources or lack of support because of other priorities	9	High	↔	Allocation of UKSPF resource to deliver climate related projects Projects incorporated within Service Business Plans as part of the Review of the Climate Change. Development of Rushmoor Climate Community Group to engage residents in climate and environmental issues. Group is very engaged and well attended. Next meeting in October. Climate Change Strategy and Action Plan refresh agreed March 2025. Climate change EIA in progress. Eco Festival planned for Sept 2025 Actions being reviewed in light of devolution plans and the Councils financial position. Climate Impact Assessments being developed for internal use. Climate Change officer funded until July 2026	6	Medium	↔	On going Discussions with the portfolio holder on ambitions and plans for delivery Reviewing opportunities for funding to support officer costs beyond 2026 Use of £20k UKSPF to support delivery of CC strategy and action plan agreed by Cabinet. Eco Festival delivered September 25 with over 100% more stallholders from 2024.	6	Medium	↔



<b>Governance and Decision Making – Not meeting statutory deadlines. Legal challenge to a high profile, or regeneration related, or high value decision made by the Cabinet, Committees or under delegated powers.</b>	Amanda Bancroft	SC	Risk of non-compliance with legal requirements. Financial loss from costs of defending, or costs of halting development works. Reputational risk. Risk of delay in delivering key organisational objectives.	9	High	↔	Governance Group meets weekly to consider more complex decision-making matters including Interests and Member engagement. Delegated decision making is monitored by the Governance Group. Strengthening of the governance arrangements with improvements to understanding, learning and development for Members on the CGAS committee - ongoing training programme refreshed annually. Members receive initial induction training by end of July in each civic year. Independent Person recruited as a member of CGAS, offering independent oversight, particularly from an audit perspective. Constitution kept under review in liaison with a subgroup of CGAS (the Constitution working group). Training on decision making provided to CMT/Service Managers. There is a guidance note for Executive Decision Making. Timetables and reminders for deadlines provided by meeting administrators. Senior Managers deliver Corporate Induction on Constitution for staff. Governance arrangements reviewed during CIPFA and Peer Review Q2 2024/25. Independent review of arrangements commissioned early Q3 2024/25 from the Centre for Governance & Scrutiny, final draft received, workshop held with members and now being formally considered with Constitution working group. Further member engagement planned during spring 2025 with changes adopted to be effective from civic year 2025/26.	6	Medium	↔	Continue to integrate risk management in corporate governance arrangements - continual improvement. Review of Risk Management Policy and arrangements took place during Q3 2024/25, including exploration of a Risk Appetite Policy. Work to create a risk appetite policy expected to conclude during Q2 2025/26. Ensure horizon scanning continues within sector. Noted continued relevance/importance in light of ongoing s114 activity in Local Government and White Paper on Devolution.	6	Medium	↔
<b>Escalated Service Risks (ES) - Total 6 (-1) 2 Redacted</b>														
<b>Major Planning Appeal (Airport)</b>	Tim Mills	ES	Redacted. Full remediation plan in place – details are not included in this register due to their sensitive nature.	12	High	↔	Redacted. Full remediation plan in place – details are not included in this register due to their sensitive nature.	9	High	↔	Redacted. Full remediation plan in place – details are not included in this register due to their sensitive nature.	9	High	↔
<b>UKSPF Programme - end of funding</b>	Karen Edwards	ES	The Spending Review 2025 announced that an investment in up to 350 deprived communities in the UK. This seems to be in place of the UKSPF. None of the top 350 areas of high deprivation are in the borough. This means it is likely the Council will receive no UKSPF grant next year. Community, Economic Development, Town Centre, Housing, and Pride in Place grants, events and activities may have to be significantly scaled back or stopped if alternative funding sources cannot be found.	16	High	↔	Funding allocations avoid long term commitments Temporary use to cover existing budgets Investment approach that prioritises 'seed' funding of initiatives that won't require long term financial support to continue.	8	High	↔	Policy team to monitor government announcements for further funding information. Services that currently use UKSPF grant to prepare transition/mitigation activity	6	Medium	↔
<b>Failure to reprovide temporary accommodation</b>	Tim Mills	ES	Failure to reprovide temporary accommodation leads to increased street homelessness with significant impact on Town Centres, much poorer outcomes for homeless people, increased costs for the Council through use of Bed and Breakfast and reputational damage due to impacts on individuals and towns. The economic climate causes increased demand and potential losses of landlords. North Lane Lodge has now been re provided and the council now needs to prioritise the re provision of Clayton Court by the end of 2025. In addition to the lease ending, the building is of poor quality. We also now have the challenge of other boroughs securing good quality temp in the borough therefore reputational risk of RBC not providing to meet its own demand in good quality accommodation.	12	High	↔	Temporary Accommodation project seeking to identify, purchase and repurpose accommodation to replace Clayton Court by end 2025	9	High	↔	Review of previous options and potential ways forward with Cabinet Oct 24 had agreement on approach and potential opportunities. April 25 Cabinet Report sets out way forward together with extension to Clayton removes some risk. Engagement with HCC on Grosvenor Rd to understand ongoing costs to them from closure and potential to retain or find alternative solution are critical and this closure now presents greatest risk to RBC. Identification of potential way forward has reduced risk but remains until agreement secured	4	Medium	↔
<b>Resettlement schemes and asylum seeker accommodation in the borough</b>	Karen Edwards	ES	Resettlement of refugees and accommodation of asylum seekers in the borough may result in reduced levels of community cohesion and increased service demand including housing and other local public services. Homes for Ukraine Thank you payments to host families is ending. This may lead to local hosts not being able to continue support which will mean an increase in people being made homeless. These people may be destitute and have complex needs. The associated funding position is complex, uncertain, and may not meet demand. The associated funding position is complex, uncertain, and may not meet demand. Changes can happen swiftly and may cause short term pressure on resources.	12	High	↔	All Member briefing on 3rd Sept with Police to discuss issues and Council processes. Cohesion and integration officer in post from Sept. Continued work with Belong to develop community engagement events across the borough. Community conversations being planned for November - focusing on community meetings about how to improve local places.	12	High	↔	Reactive and proactive communications with public and local residents. Community Engagement/Rushmoor Voices pages on the website established provide more information and increased transparency on schemes the Council is involved in. Belong report and recommendations also added to the website. Belong commissioned to deliver further work for 6-9 months until early 2026. Community events being developed with Belong to facilitate. RBC need to consider options to support H4U families who are no longer supported by Host families. This may include providing support to Ukraine families moving to private rented accommodation. Options being developed. Thank you Event to thank hosts being planned for December 2025	4	Medium	↔
<b>Inaccurate reporting of financial position</b>	Peter Vickers	ES	Financial reports to Cabinet provide inaccurate financial information leading to poor decision making. Budget holders unaware of budget and spend position Decisions are made on incorrect assumptions. Decisions are taken on an ad-hoc basis without understanding or consideration of wider financial position.	8	High	↔	Budget management process is now completed monthly by services supported by service accountants. A new budget management finance system module has been implemented to support the process. Training and support provided to all budget managers. Financial forecast is reviewed by Head of Finance prior to publication. Business Partnering training provided to finance team to develop skills and awareness.	6	Medium	↔	Finance team capacity and skills are currently under review. Prioritisation of financial management focus based upon risk assessment and materiality of numbers i.e. focus on high value aspects and most likely to go off track. Clarity and transparency of reporting being improved. Integrity of forecasts being reviewed ensuring correlation to assumptions in the budget, history of variances and experience in the current external environment. Further service manager training to ensure skills or organisation support financial management.	4	Medium	↔
<b>Rushmoor Development Partnership</b>	Karen Edwards	ES	Redacted. Full remediation plan in place – details are not included in this register due to their sensitive nature.	9	High	↔	Redacted. Full remediation plan in place – details are not included in this register due to their sensitive nature.	6	Medium	↔	Redacted. Full remediation plan in place – details are not included in this register due to their sensitive nature.	1	Low	↔

# **Rushmoor Borough Council**

## **Corporate Risk Management Policy and Procedures**

### **v3.0 25/11/25**

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## **Section 1: Introduction and Overview**

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### **1.1 Overview**

This document describes the Council's policy and procedures for the assessment and management of corporate risk.

Section 2 sets out the policy and management approach. Section 3 sets out the operational procedures used to manage risk.

### **1.2 What is Risk**

There are many definitions of risk and risk management. In the context of this document it considers the effect of uncertainty on the delivery of the Council's objectives. Risk can be further defined as the combination of the probability of an adverse event occurring and its potential consequences. It is used to define a matter/incident/potential issue that may prevent the Council from meeting its core objectives or that may result in the critical failure of all or part of the Council or its functions.

Risk can also present as an opportunity for benefit as well as threat to success. The objective of risk management will not always be to eliminate risk. For example the Council may seek out risk in order to receive benefit e.g. investment in the development of a digital application in order to seek future service efficiency.

### **1.3 Why does the Council need to formally manage risk**

The Council's employees manage risk every day without describing it as 'risk management'. Employees consider what might go wrong and take steps to reduce the likelihood or impact if it does. However, the Council cannot rely entirely on informal processes. As a public body, the Council must provide assurance to elected members and the public that it is recognising and managing risk effectively.

### **1.4 Responsibilities for managing risk within the Council**

Everyone at the Council is responsible to some degree in the management of risk in their day-to-day activities, from front line staff to Service Managers, Heads of Service (HoS), Directors and the Head of the Paid Service.

Significant risks must be formally identified, assessed and appropriately managed in order to mitigate their likelihood and/or their adverse impacts. This could be on the continued operation of the Council, compliance with legal obligations or achieving strategic objectives.

The responsibility to ensure that the Council's risk management process is effective lies with the Head of Paid Service, Senior Leadership and elected members. The responsibility to manage this process is delegated to the Senior Risk Officer (SRO) (Currently the Executive Director), with day-to-day management provided by the Service Manager for Risk, Performance and Procurement (referred to as the risk manager in this document – RM).

## **Section 2: Policy and Management Approach**

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### **2.1 Summary of Approach**

Senior employees with overall managerial responsibility for the majority of risks, are referred to in this process as 'risk owners' (Predominantly members of the Senior Leadership Team - SLT). They act a single point of contact responsible for taking the lead in ensuring that risks and any mitigations are managed appropriately, including compliance with this policy.

The Council oversees the management of risk collaboratively through the work of SLT and all significant risks are periodically reviewed by them. The determination as to whether a risk is deemed 'significant' is set out later in this policy using a common risk management procedure, to ensure consistency in approach.

The Council will record and assess its work to manage risk through the use of risk registers, held centrally in digital format. These are split into individual Service Risk Registers (SRR) with a single central Corporate Risk Register (CRR) that highlights the most significant risks. Corporate risks are categorised as 'strategic (ST)', 'standing corporate (SC)' or 'escalated service (ES)'.

These risk registers are not intended to be used as a means of recording and managing **all** risk to the Council, or the management of its day-to-day business activities, but to summarise and record the mitigations in place for its significant risks to ensure that they are being effectively managed.

Given its nature, the risk management process will provide a regular periodic snapshot of the current level of risk to the Council in each case and any additional mitigation planned for those risks.

The Council will ensure that its arrangements follow the general principles of good practice as laid out by risk industry guidance, such as the Orange Book published by the UK Government.

The risk management process is cyclical, running on an annual cycle linked to the business planning process and preparation of the Annual Governance Statement (AGS).

### **2.2 Leadership and Management**

The risk management process is overseen by the Senior Risk Officer (SRO). The day-to-day management and maintenance of the risk management system is the responsibility of the RM. To ensure that the RM role itself does not become a single point of failure, the SRO and the RM will ensure that the process can be temporarily administered by other Officers in the RM's absence, with an appropriate level of training, understanding and security access to deliver this function.

Risk owners are responsible for the management of risks and the maintenance of associated processes such as Service Risk Registers. Service Managers may however be delegated the role of 'risk manager', with the responsibility of managing risks and updating registers.

Risk will be considered by SLT every quarter to ensure collective oversight is given to risk at a senior level on a regular basis. The purpose of this collective oversight is to;

- Ensure consistency of approach
- Review risk levels and ensure all significant risks are included in the appropriate register
- Ensure the risk levels are in line with the Council's overall risk appetite
- Assist the identification of interdependencies between risks
- Maintain momentum on progress in relation to risk mitigation and resolution of issues arising from risks being realised

## **2.3 Training & Guidance**

The RM and risk officers will be appropriately experienced and provided with information, instruction/training and guidance to ensure that they are able to effectively fulfil their roles.

Appropriate training, guidance and advice will be provided to all staff that routinely carry out risk management activities in line with this policy, including HoS and Service Managers. All staff requiring training will be identified to the RM by the relevant HoS/Member of SLT.

Training will be undertaken approximately every two years, and on any significant change to the policy or risk register template(s)/methodology, or upon the identification of any significant concerns in competence.

An overview of risk management is provided to all new starters to the Council during their induction.

In addition, the RM will provide advice, support and guidance on the Council's risk management process to any employees and contractors on request.

## **2.4 Documentation**

The Council's risk registers are held centrally in digital format. Currently MS lists located on Sharepoint.

HoS will be responsible for ensuring that their Service Risk Register is updated at least monthly and that risk is a standing agenda item on their service meetings. New risks should be added to the appropriate risk register as soon as they are identified.

## **2.5 Governance**

### **2.5.1 Senior Leadership Team (SLT)**

The Senior Risk Officer (SRO) will ensure risk is reported to SLT at least every 3 months using the CRR to ensure SLT remain aware of the key risks to the Council and the measures being put in place. The risk owners may be required to present their risk entries to SLT for wider discussion.

Minutes and actions arising from the quarterly SLT consideration will be circulated and stored for future reference.

### **2.5.2 Elected Members**

It is the responsibility of Elected members to maintain oversight on the management processes in place at the Council and to ensure that the risk treatment plan for each risk in the CRR is effective.

Risk Management is a function of the Council's Audit and Governance Committee (AGC) and will also be reported to the Executive members via Cabinet as follows.

- Cabinet – quarterly through the quarterly performance report
- AGC – annually, to provide independent assurance of the adequacy of the risk management framework, arrangements and the associated control environment

## **Section 3 Operational Procedures**

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### **3.1 Risk Identification**

Risks will be identified by a number of methods, for example (but not limited to):

#### **3.1.1 Strategic and Corporate Level**

Strategic analysis tools can be used to identify and analyse the current status and position of an organisation and the environment in which it operates. Tools such as this are used to provide a context for the organisation's role in relation to the external environment and the impact of external issues.

As the Corporate Risk Register and Service Risk registers are updated quarterly and identify the most important risks to the Council they will be used strategically in the overall corporate planning process for the Council. To facilitate this the Council's Performance Management and Policy teams will have full access to all Service Risk Registers and the Corporate Risk Register.

#### **3.1.2 Service Level**

Heads of Service will identify any significant risks to their service during the business planning process, including ongoing matters and new and emerging threats foreseen for the year ahead.

#### **3.1.3 Audit**

Risk identification and analysis work takes place routinely within the Councils' Internal Audit team. Any new/emerging or increased risks will be brought to the attention of the appropriate risk owner and the SRO/RM. Where appropriate, these risks/updates must be included in the Service risk register by the risk owner.

Audit will routinely share reports that highlight or assess the management of risk in the Organisation in order that any gaps or inaccuracies are identified and resolved – in conjunction with the risk owner.

The Council's Audit team will have full access to all Service risk registers and the Corporate risk register.

#### **3.1.4 Horizon Scanning**

Service Managers, HoS and SLT should routinely be horizon scanning to identify future risks.

In addition, the RM will ensure that industry publications and other sources of best practice guidance are periodically reviewed, to identify any new and emerging risks that may affect the Council.

Such publications/sources of information will include:

- Allianz Risk Barometer: Top Business Risks (annual)
- Hampshire County Council: Community Risk Register
- Cabinet Office: National Risk Register of Civil Emergencies
- World Economic Forum: The Global Risks Report (annual)
- Government and public body publications
- Third party journals and publications
- ALARM risk association membership – conferences and publications.

The Council's Policy Team will routinely monitor Government publications and other sources of information in order to identify new and emerging risks as early as possible.

### **3.1.5 New and Emerging Risks**

New and emerging risks will be identified via a number of routes. It is important to recognise not all risks can be predicted and some may be identified during the day-to-day operation of Services, where new (and sometimes unexpected) risks can arise/become apparent during the course of the Council's work or arise in the community or as a result of unexpected events (e.g. recent riots). Once identified, risks must be documented and mitigated where possible, shared and incorporated into the Council's risk management processes.

In order to both highlight and seek awareness of new and emerging risks, the RM will also be a standing member of the Corporate Governance Group.

### **3.1.6 Capturing Opportunities Identified**

During the process of risk identification and horizon scanning, opportunities may also be identified, such as those to apply for funding or grants. Opportunities and threats can also arise when there are local/national policy changes and associated consultations. These are also tracked by the wider Policy team.

In general terms, opportunities will be recorded and tracked on the Council's Policy & Funding tracker, administered by the Policy team. Threats will predominately be recorded through the risk register process described in this policy. It is recognised that there may be some crossover in this process, where for instance there are risks to the Council associated with pursuing an opportunity. Any duplication will be minimised by the Policy team and RM to ensure end users are clear as to what is required of them and that they are not unnecessarily burdened.

Once an opportunity has been identified by the Policy team and added to the tracker, the appropriate Service(s) will be notified. The decision then as to whether to take any action lies with the Service(s), including keeping the tracker up to date.

## **3.2 Strategic Risk Appetite**

The Council has developed a corporate risk appetite at a strategic level. Its purpose is to ensure that the priorities of the Council and appetite towards risk taking is agreed at a Senior level across officers and elected members and appropriately considered when making decisions and throughout the risk management process. Those responsible for strategic direction/policy setting at The Council will be responsible for deciding the risk appetite, including SLT, Cabinet and AGC.

Defining a Corporate risk appetite at a strategic level, whilst ensuring it remains applicable to all activities of the Council, can be complex. Whilst some Services are actively engaging in higher risk activities for reward or the delivery of innovation, others main role is to undertake services where risk needs to be minimised.

The development and revision of the risk appetite is carried out using a collaborative approach (such as a workshop), including members of SLT, Cabinet and other key Elected Members (e.g. the Chairs of AGC and PPAB). The strategic risk appetite is included as an Appendix to this policy. It will be reviewed at least every two years, or whenever the strategic priorities of the Council are updated.



The Council will need to take measured risks to achieve the priority objectives included in the Council Delivery Plan. There will likely be opportunities for the Council to be innovative or work differently and any identified risks will need to be considered against the anticipated cost and efficiency benefits. However, accepting a higher level of risk in one area of business does not mean the Council has a 'high' appetite for risk overall.

To set the appetite towards risk at a more granular level, and to allow each risk to be considered in its own right, risk appetite will be considered over a number of themes or areas. These will evolve over time and those used in the development of the 2025 risk appetite are recorded in Appendix 1, Part 1.

There will be some common themes in the Council's acceptance of risk. These will vary over time, but it is implicit in the role of SLT and risk owners to recognise and apply them. An example is the Council's financial position. If the Council is in a position where savings must be made – the appetite for any risk where there will be significant costs outside of agreed budgets may be very low. It is expected that this form of cross-cutting broader attitude towards risk will be captured within a single risk appetite policy statement, Appendix 1, Part 2.

The council's risk appetite should be considered in conjunction with the risk section of all committee reports when decisions are made. At a line-by-line risk level, application of the strategic risk appetite will be demonstrated and recorded where appropriate by:

- Services discussing the effect of the strategic risk appetite and line by line target risk with their Portfolio holders for every corporate risk register entry, when first added and when there is a significant change in risk score.
- Discussing the risk appetite (risk gap) for each new risk added to the CRR, at SLT during each risk cycle, to reach a consensus amongst Officers in order to make a recommendation to Cabinet and for these decisions to be recorded in the minutes.
- For existing risks, using any significant increase in the risk gap (the gap between residual and target risk scores) as an indicator of a significant change – discussing and reviewing the position on the risk appetite for that risk at SLT – and again to reach a consensus amongst Officers in order to make a recommendation to Cabinet.
- To recommend to Cabinet during each risk cycle, via the Cabinet report – that they discuss the risk appetite for those risks highlighted above and reach a consensus on the risk appetite for each line item.

### **3.3 Risk Assessment Methodology**

#### **3.3.1 Rating & Categorisation**

Each risk managed by this process will be assessed and given a risk category based upon the probability of the risk arising and the impact on the Council if it does arise. The same method of rating/scoring will be used throughout.

A traffic light indicator / RAG rating is used to show the risk category. A Corporate risk matrix, maintained and updated by the RM, is provided to assess the probability and impact of risks. This is provided later within this document.

The process for assessment of the risk for each register entry is as follows:

- **Inherent Risk**

This assessment takes place at the very beginning of the process, it does not take into account any mitigation currently in place or planned in the future. The purpose is to initially assess the significance of the risk to the Council. This risk score is not expected to routinely change unless the risk itself fundamentally changes.

If at this stage risks are assessed as being low and therefore not of significance from a Corporate perspective, Services may still wish to record and monitor them within their Service registers, but it is very unlikely to be appropriate for inclusion in the Corporate Risk Register.

- **Residual Risk**

This assessment takes place once the current mitigation(s) have been identified and recorded. It is an assessment of the current risk to the Council when taking into account any action already taken. It does not take into account the expected effect of any future mitigations planned.

This risk score is likely to change regularly as future mitigation(s) are completed/established and the effects can be assessed.

- **Target Risk**

This assessment of risk is based upon the position that the Council aspires to achieve against each risk. It effectively determines the goal that the Council has for the risk – and so also determines whether the mitigations in place and planned are adequate.

The application of a target risk score is one method by which the Council assesses its risk appetite for each specific risk entry, whereby a decision must be taken as to whether the current level of risk is acceptable.

The Council's strategic risk appetite policy must be considered when setting the target risk to ensure that it is consistent with the strategic approach.

The 'risk gap' between the residual and the target risk are a clear measure of the Council's success or otherwise in the management of its risks to an acceptable level.

Given the breadth of duties and roles that the Council holds, it is foreseeable that some target risks will be higher than others – and that in some cases the target risk will not and will never be low.

Although Council's have historically been seen as being predominantly risk averse given their responsibility for the appropriate spending of public funds, some risks may be accepted with appropriate controls in place.

#### 4. Risk Matrix & RAG (Red/Amber/Green) Rating

The matrix to be used for the assessment of all risks is as follows. The rating consistency guidance accompanying it will have regard to the corporate risk appetite policy and wherever possible use examples sourced from the themes.

Severity of Outcome (S)	4					Likelihood of Occurrence (L)	High Risk		Strongly consider further mitigation, tolerating risk is unlikely to be acceptable
	3						Med. Risk		Tolerable if risk/exposure is acceptable at senior level
	2						Low Risk		Additional action may not be necessary to manage risk
	1								
		1	2	3	4				
	Likelihood of Occurrence (L)								

#### Rating Consistency Guidance

	<b>Likelihood of Occurrence (L)</b>	<b>Severity of Outcome (S)</b>
<b>1</b>	<b>Very unlikely</b> Very unlikely to occur, (no history or near misses etc). Less than 5% probability.	<b>Minor</b> Risk to specific role. Legal action unlikely. No significant illness or injury. Negative customer complaint possible. Financial impact negligible. No significant risk to matters highlighted in risk appetite statement.
<b>2</b>	<b>Unlikely</b> Unlikely but may occur (may have happened, but not within past 5 years). Is not expected to happen in next 5 years, less than 25% probability	<b>Moderate</b> May be a risk to normal continuation of service. Legal action possible but defensible. Short term absence/minor injury. Negative customer complaints widespread. Financial impact manageable within existing Service budget. Possibility of impact against matter(s) in risk appetite statement but may be mitigated.
<b>3</b>	<b>Likely</b> Likely to occur (or already happened in the past 2 to 5 years). Is expected to happen in the next 2 to 5 years, 25 - 50% probability	<b>Significant</b> Partial loss of service. Legal action likely and may not be fully confident in defense. Extensive injuries or sickness. Negative local publicity. Significant fine. Financial impact manageable within existing Corporate budget - but not Service. One or more matter within risk appetite statement likely to be significantly impacted.
<b>4</b>	<b>Very likely</b> Very likely to occur (or has already happened in the past year), may occur frequently. Is expected to happen in the next year, more than 50% probability	<b>Major</b> Total loss of a service. Legal action likely & difficult to defend. Death or life threatening. Negative regional or National publicity. Imprisonment. Financial impact not manageable within existing funds. Risk appetite statement will not be adhered to.

## 5. Risk Control / Mitigation Methods

There are various options for controlling risk, often referred to as the four Ts:

- **Tolerate (retain/accept the risk)** – if the Council cannot reduce a risk (or if doing so is out of proportion to the risk) it can tolerate the risk, i.e. do nothing further to reduce the risk. This option must be taken by informed decision only. It is clear that this option will be more likely in the event of taking risk in order to seek benefit/opportunity.
- **Treat (mitigate the risk)** – if the Council can reduce the risk by identifying mitigating actions and implementing them, it should do so. For many of the risks on the corporate risk register this is the action the Council is most likely to take.
- **Transfer (share the risk)** – risks can be transferred to or shared with other organisations, in whole or in part, for example by use of insurance, shared services with other Authorities or by contracting out an area of work. There will almost always be limitations in this method, it is unlikely to be 100% effective. It is also likely that some risk will be retained, for example to reputation.
- **Terminate (eliminate the risk – stop the work/activity)** – this applies to risks the Council cannot mitigate other than by not doing work in that specific area. For example, if a particular project is very high risk and these risks cannot be mitigated to an acceptable level, particularly with regard to the Corporate risk appetite, the Council may decide to terminate it entirely.

## 6. Risk Types & Records

### 6.1 Service Risks

In order to ensure that key risks are identified, assessed, managed appropriately and recorded consistently a risk register will be updated and maintained by every service. These are known as Service Risk Registers (SRR) and will record all significant Service risks.

All SRRs must be reviewed and updated at least monthly by the risk owner or their delegated Service Managers/Risk Managers.

The RM will provide each Service with an appropriate template for carrying out and recording their risk assessments. This will include an appropriate method of version control and the ability to archive risks that are no longer current.

### 6.2 Service Risk Registers (SRR)

These will contain all significant risks to a service that are key to the organisation in terms of the potential severity of the outcome. It is not the intention to use the SRRs as a means of managing day-to-day work of a service.

It is the responsibility of each HoS to maintain its own SRR and review/update it whenever there is a significant change in circumstances, or at least monthly in their Service meetings.

The SRRs will include a method by which HoS can identify risks to be included in the Corporate Risk Register (CRR) as Strategic, Standing Corporate or Escalated Service risks. These will be identified by virtue of the potential risks to the Council as a whole, or their Council-wide crosscutting nature. They are further described below.

HoS will be expected to have regular update meetings with their respective Portfolio holders, using their risk registers to keep the Portfolio holder aware of the current status of the risks within their service. This update must take place at least quarterly.

Those risks identified as being officially sensitive in nature will be marked to ensure that they can be easily redacted/removed from any publicly available copy of the register.

Services must use the risk register format/template provided by the RM.

### **6.3 Capital Project Risks & Other Significant Interests**

Capital projects, such as large-scale regeneration projects, will be treated in a similar manner to Services. Each Project team will hold and maintain a project risk register and manage the day-to-day risks within their teams. The Project Sponsor will be responsible for ensuring that risk register is reviewed on a regular basis.

SLT receive regular project highlight reports for all significant projects including key project risks

Where the Council is a significant stakeholder in other organisations such as Rushmoor Housing Limited, the Senior Officer of the Council involved in those arrangements will ensure that the risk management processes in place align with this policy, protect the interests of the Council, and that significant risks are appropriately escalated to the CRR.

### **6.4 Corporate Risks**

These are risks that have greater significance for the Council as a whole.

These can be further categorised as being 'Escalated Service risks (ES)', 'Standing Corporate risks (SC)' or 'Strategic Risks (SR)'.

**6.5 Escalated Service (ES) risks** are likely to be those that by virtue of the severity of the potential outcome and/or inadequate controls may be considered a single point of failure for the Council, rather than a threat to a single Service alone. It could also include those risks that are newly identified and have little or no mitigation or controls in place, that require wider consideration and support.

These risks will tend to be operational in nature and arise, be resolved/adequately mitigated and then removed from the CRR.

There are a number of tests that can be applied in order to determine whether a Service risk should be escalated but given their nature and to ensure consistency of approach, it may be appropriate to discuss these risks with the RM before escalating them. The application of a high-risk rating is not a reason in its own right to escalate a risk. It would also be inappropriate to escalate a risk in order to simply raise awareness with other Services, Senior Management or Elected Members. Other methods of reporting/communication should be considered if this is the main aim of the risk owner.

The Service should consider whether oversight/discussion is required at SLT or if the risk can be wholly managed within the Service itself. If no Corporate oversight/intervention, etc., is required, it is not expected that they will be escalated.

**6.6 Standing Corporate (SC) risks** may also be considered a single point of failure for the Council, and in most cases, although the Corporate response may be managed by a single Service, they will be cross cutting and longer term in nature. SC risks will tend to remain on the CRR for longer periods of time, if not indefinitely. Examples of these may be the Council's financial position or compliance with data-protection legislation, both of which have a wide impact and involvement from across the Council but are generally overseen or managed by one service.

SC risks, impacting more than one Service, will normally be managed by a single Service with the expertise required, but, if not, they will be assigned to one single risk owner as the lead. This is for practical purposes to avoid duplication and ensure that they are managed overall by a single Officer. Although the day-to-day management of the risk itself may not fall entirely upon that risk owner, they will be responsible for collating and updating SLT and the risk register entry on behalf of the Council.

### **6.7 Strategic (ST) Risks**

Strategic risks will tend to be long term in nature and are more likely to be outside the direct control of the Council, for example the local economy, employment or obesity levels.

As they are longer term in nature, the ST risks will be updated at least every 3 months in order that they can be presented to SLT.

### **6.8 Corporate Risk Register (CRR)**

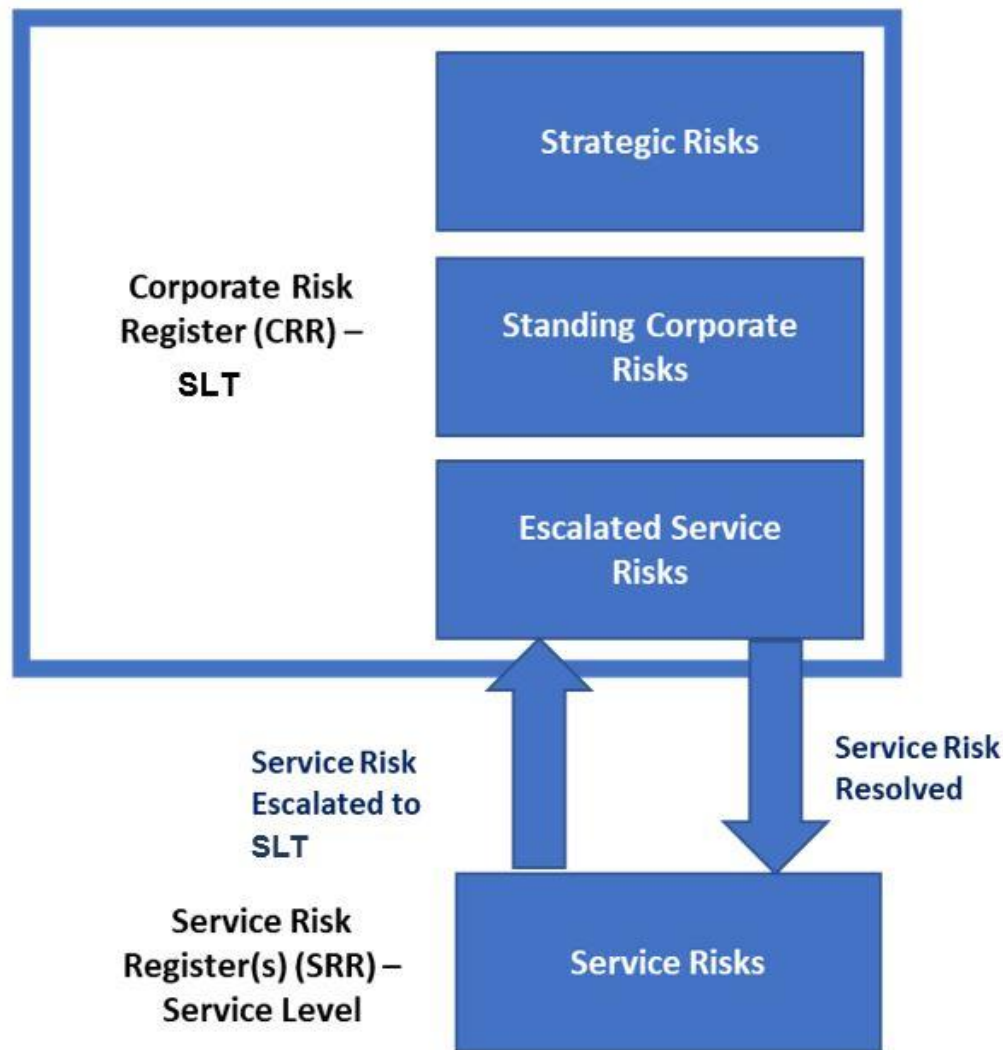
This register contains the key risks to the Council that are considered to be current issues of corporate significance. This will be made up of all of the current Council's ST, SC and ES risks identified.

With the assistance of HoS, the CRR will be updated by the RM every 3 months in order that it can be presented to SLT by the SRO for review and discussion.

Those risks identified as being officially sensitive/not suitable for the public register will be marked to ensure that they can be easily redacted or removed from any publicly available copy of the register. This will be the responsibility of the risk owner during the assessment process.

An appropriate method of version control will be kept by the RM to ensure that the most up to date register is in use but that older versions of the register remain accessible.

## 7. Diagram: Rushmoor Borough Council Risk Management Process



## 8. Issue Identification and Management

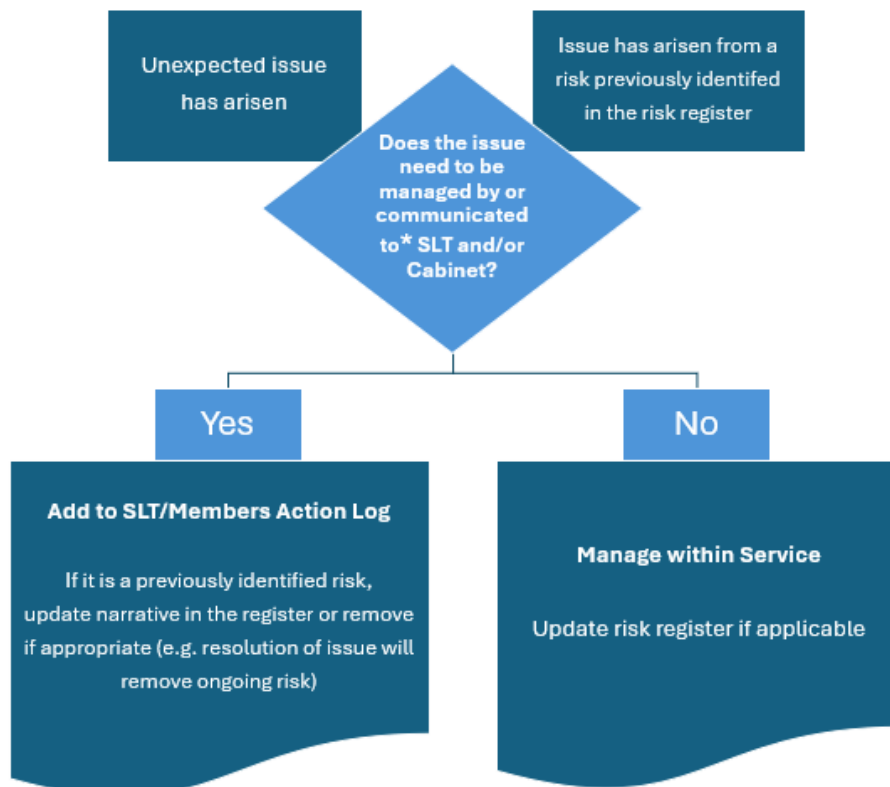
An issue in the context of this policy, is a problem or a negative event that has already occurred, is certain to occur, or is a risk that has or has a high probability of materialising.

Inevitably there will be occasion when despite all the mitigation put in place, a risk previously identified will develop into an issue. It is also possible that an issue will arise that had not been previously identified as a risk.

In any case, issues of Corporate significance must be identified, brought to the attention of senior management and/or SLT and managed appropriately, with records kept centrally of the action taken to resolve them or mitigate the impacts.

All issues requiring Senior Corporate oversight will feed into the Corporate Action, Issue & Decision (AID) Tracker for onward management. This issue log will be held and managed by the Corporate Policy Team. The risk register (if applicable) must then be updated as appropriate – following the guidelines below.

## Diagram: Issue Management Process



### \*Consider significance of:

- Public opinion / social impact
- Political outfall
- Budgetary impact
- Service impact
- Negative publicity/ reputational damage
- Environmental impact
- Legal challenge, dispute or enforcement



## Appendix 1: Strategic Risk Appetite – Risk Appetite by Theme

Risk appetite level & definition					
	Averse	Minimal	Cautious	Open	Eager
<b>Governance</b> <i>The way that Rushmoor is managed at the highest level, and the systems for managing/overseeing this.</i>	Averse - Avoid actions with associated risk. No decisions are taken outside of processes and oversight / monitoring arrangements.	Minimal - Willing to consider low risk actions which support delivery of priorities and objectives. Processes, and oversight / monitoring arrangements enable limited risk taking.	Cautious - Willing to consider actions where benefits outweigh risks. Processes, and oversight / monitoring arrangements enable cautious risk taking.	Open - Receptive to taking difficult decisions when benefits outweigh risks. Processes, and oversight / monitoring arrangements enable considered risk taking.	Eager - Ready to take difficult decisions when benefits outweigh risks. Processes, and oversight / monitoring arrangements support informed risk taking.
<b>Strategy</b> <i>The approach and plans agreed for achieving the Council's priorities.</i>	Averse - Guiding principles or rules in place that limit risk in organisational actions and the pursuit of priorities.	Minimal - Guiding principles or rules in place that minimise risk in organisational actions and the pursuit of priorities.	Cautious - Guiding principles or rules in place that allow considered risk taking in organisational actions and the pursuit of priorities.	Open - Guiding principles or rules in place that are receptive to considered risk taking in organisational actions and the pursuit of priorities.	Eager - Guiding principles or rules in place that welcome considered risk taking in organisational actions and the pursuit of priorities.
<b>Operational Service Delivery</b> <i>How we provide services to our customers and residents.</i>	Averse - Defensive approach to operational delivery - aim to maintain/protect, rather than create or innovate.	Minimal – Change and innovations largely avoided unless essential. Decision making authority held by senior management	Cautious - Tendency to stick to the status quo, innovations generally avoided change minimised unless necessary. Decision making authority generally held by senior management.	Open – Change and Innovation supported, with clear demonstration of benefit / improvement in management control. Responsibility for non-critical decisions may be devolved.	Eager - Innovation pursued – desire to 'break the mould' and challenge current working practices. High levels of devolved authority.
<b>Legal</b> <i>Our general compliance, legal and statutory duties (including matters such as health &amp; safety).</i>	Averse - Play safe and avoid decisions or actions which could be challenged, even unsuccessfully.	Minimal - Want to be very sure we would win any challenge to decisions or actions we take.	Cautious - Want to be reasonably sure we would win any challenge to decisions or actions we take.	Open - Challenge will be problematic; we are likely to win, and the gain will outweigh the adverse impact	Eager - Chances of losing challenges are high but exceptional benefits could be realised.

<b>Property</b> <i>The management of and investment in the Council's land and property assets (including commercial properties, operational and community assets and facilities).</i>	Averse - Obligation to comply with strict policies for purchase, investment, rental, disposal, construction, and refurbishment that ensures producing good value for money or return.	Minimal - Recommendation to follow strict policies for purchase, investment, rental, disposal, construction, and refurbishment that ensures producing good value for money or return.	Cautious - Requirement to adopt a range of agreed solutions for purchase, investment, rental, disposal, construction, and refurbishment that is likely to produce good value for money or return.	Open - Consider benefits of agreed solutions for purchase, investment, rental, disposal, construction, and refurbishment that would contribute to meeting wider organisational or place objectives.	Eager - Application of higher risk solutions for purchase, investment, rental, disposal, construction, and refurbishment that may contribute to meeting wider organisational or place objectives.
<b>Financial</b> <i>Our overall financial position and its management (budgets, income, investments and savings).</i>	Averse - Avoidance of any adverse financial impact	Minimal – Will only take risk essential to existing service delivery - with consideration of the MTFS Reserve & Capital Receipts Strategies and ability to maintain a balanced budget.  Likely decision level within ELT delegation, up to adverse £20k ongoing or one-off NET revenue impact.	Cautious - Seek delivery of Corporate Plan – with consideration of the MTFS Reserve & Capital Receipts Strategies and ability to maintain a balanced budget.  Likely decision level within Cabinet delegation, up to adverse £100k ongoing or one-off NET revenue impact.	Open - Seek delivery of Corporate Plan – without consideration of a balanced MTFS and contra to existing Reserve & Capital Receipts Strategies.  Likely decision level with Full Council delegation, over adverse £100k ongoing or one-off NET revenue impact.	Eager - Open to risk without reference to financial capacity.  Likely decision level with Full Council delegation, over adverse £100k ongoing or one-off NET revenue impact
<b>People</b> <i>How we treat our staff (autonomy in decision making, investment in training etc).</i>	Averse - Priority to maintain close management control & oversight. Limited devolved authority. Limited flexibility in relation to working practices.	Minimal - Decision making authority held by senior management. Development investment generally in standard practices.	Cautious - Seek safe and standard people policy. Decision making authority generally held by senior management	Open - Prepared to invest in our people to create innovative mix of skills environment. Responsibility for noncritical decisions may be devolved.	Eager - Innovation pursued – desire to 'break the mould' and challenge current working practices. High levels of devolved authority.

<b>Technology</b> <i>The equipment (physical and digital) we use.</i>	Averse - General avoidance of systems / technology developments. Defensive approach to transformational activity - aim to maintain/protect, rather than create or innovate.	Minimal - Only essential systems / technology developments to protect current operations. Innovations avoided unless essential.	Cautious - Consideration given to adoption of established / mature systems and technology improvements. Tendency to stick to the status quo, innovations generally avoided unless necessary.	Open - Systems / technology developments considered to enable improved delivery. Innovation supported, with demonstration of commensurate improvements.	Eager - New technologies viewed as a key enabler of operational delivery. Innovation pursued – desire to 'break the mould' and challenge current working practices.
<b>Data &amp; Info Management</b> <i>How we hold, share, process and store our information and data (physically and digitally).</i>	Averse - Lock down data & information. Access tightly controlled, high levels of monitoring.	Minimal - Minimise level of risk due to potential damage from disclosure.	Cautious - Accept need for operational effectiveness with risk mitigated through careful management limiting distribution.	Open - Accept need for operational effectiveness in distribution and information sharing.	Eager - Level of controls minimised with data and information openly shared
<b>Council Reputation</b> <i>How we are viewed by others (partners, key stakeholders, the public etc).</i>	Averse - Zero appetite for any decisions with high chance of repercussion for organisations' reputation.	Minimal - Appetite for risk taking limited to those events where there is no chance of any significant repercussion for the organisation	Cautious - Appetite for risk taking limited to those events where there is little chance of any significant repercussion for the organisation.	Open - Appetite to take decisions with potential to expose organisation to additional scrutiny, but only where appropriate steps are taken to minimise exposure.	Eager - Appetite to take decisions which are likely to bring additional Governmental / organisational scrutiny only where potential benefits outweigh risks.
<b>Environment</b> <i>The surroundings or conditions in which a person, animal, or plant lives or operates</i>	Averse – Zero appetite for any decisions/activity with high chance of repercussion for the environment. The Council's net zero and sustainability targets take full priority.	Minimal – Appetite for risk taking limited to decisions/activity where there is no chance of any significant repercussion for the environment. The Council's net zero and sustainability targets are considered a priority area in the decision.	Cautious – Appetite for risk taking limited to decisions/activity where there is little chance of any significant repercussion for the environment. The Council's net zero and sustainability targets are considered a priority.	Open – Open to the possible risks to the environment but only where appropriate steps are taken to minimise harm. The Council's net zero and sustainability targets are considered as a priority but balanced with other priorities.	Eager – Prepared to make decisions that will harm the environment but only when the positives will outweigh the environmental negatives. The Council's net zero and sustainability targets are considered but not prioritised.

## Appendix 2: Strategic Risk Appetite – Risk Appetite Policy Statement

This statement supports members and officers in decision making by setting out where Cabinet is comfortable accepting different levels of risk and where risk is unacceptable. The council's current overall risk appetite is defined below (see table below for definitions and statement).

Risk Appetite	Definitions and Summary Statement
Averse	'Prepared to accept only the very lowest levels of risk, with the preference being for ultra-safe delivery options, while recognising that these will have little or no potential for reward/return.'
Minimal	'Willing to accept some low risks, while maintaining an overall preference for safe delivery options despite the probability of these having mostly restricted potential for reward/return.'
<b>Cautious</b>	<p><b>'Tending always towards exposure to only modest levels of risk in order to achieve acceptable outcomes.'</b></p> <div data-bbox="443 719 1458 1883"> <p>The council's current overall risk appetite in the context of its Delivery Plan and the current economic climate, is defined as cautious, with an openness to risk in some areas where they directly support the pursuit of the Council's priorities and the impacts have been properly explored and understood.</p> <p>The key risks to the Council have been identified as those that would impact successful delivery of its overall strategy, through the Delivery Plan and the Council's financial stability.</p> <p>The Council will seek to deliver its priorities within agreed timescales – but only with due consideration of the MTFS and the Council's ability to maintain a balanced budget.</p> <p>To enable the work to support the Delivery plan in a timely and efficient manner, the Council is more open to risk with regards to governance, operational service delivery, people and autonomy in decision making. The Council is willing to invest resources into innovation, developing skills and devolving non-critical decisions, where it is considered that the expected benefits to the council's operations and delivery will outweigh the negative impacts of the identified risks.</p> <p>Although the Council seeks to use new technology, given the associated risks both reputationally and financially there is a clear preference for the use of established / mature systems and technology and our appetite here is cautious.</p> <p>In terms of property investment and management the Council will take a cautious approach and will generally only support decisions where good value for money or good certainty of a positive return is achieved.</p> <p>A cautious approach will also be taken to protecting the Council's reputation, where the appetite for risk taking is limited to those events where the chance of any significant repercussions has been minimised. This is also the case for the environment, where the appetite for risk taking is limited to decisions/activity where there is little chance of any significant repercussion for the environment. The Council's net zero and sustainability targets are considered a priority.</p> <p>For general matters of compliance, whether that be legal or data management, the Council takes a minimal to cautious approach, seeking a good level of compliance and wanting to be confident of its ability to defend itself against challenge.</p> </div>
Open	'Prepared to consider all delivery options and select those with the highest probability of productive outcomes, even when there are elevated levels of associated risk.'
Eager	'Eager to seek original/creative/pioneering delivery options and to accept the associated substantial risk levels in order to secure successful outcomes and meaningful reward/return.'

**AUDIT AND GOVERNANCE COMMITTEE****REPORT NO. FIN2518  
26<sup>th</sup> NOVEMBER 2025****ANNUAL GOVERNANCE STATEMENT - UPDATE****SUMMARY:**

This report describes the work carried out towards the implementation of the actions defined within the Annual Governance Statement, which was presented to this Committee in May 2025.

**RECOMMENDATION:**

Members are requested to:

- i. Note the progress towards the implementation of the actions detailed within the Council's Annual Governance Statement.

**1 Introduction**

- 1.1 The Council is required by the Accounts and Audit Regulations 2015 to prepare and publish an Annual Governance Statement (AGS). Reporting publicly on the extent to which we comply with our own Local Code of Corporate Governance including how we have monitored the effectiveness of our arrangements in the year and on any planned changes to our governance arrangements in the coming year. The AGS was reported to this Committee on 22<sup>nd</sup> May 2025.
- 1.2 The review of the effectiveness of the Council's governance framework in 2024/25 identified areas for improvement to be actioned during 2025/26, which included the carried forward actions from the 2023/24 AGS. The progress against these actions is detailed within this report.

**2 Progress towards actions within the Annual Governance Statement (AGS)**

- 2.1 Members considered the AGS report (AUD25/04) which included actions to be implemented during 2025/26, in response to governance improvements identified in the AGS 2024/25.
- 2.2 The table below details the progress to date of items carried forward:

Page 2 **Actions outstanding from 2023/24 and carried forward for 2024/25**

Action from 23/24 AGS	Original target date	Last update from May 2025	Revised target date	Update November 2025	Revised target date	Direction of travel
Following the changes in political control in May there are likely to be shifts in priorities which may require existing governance arrangements to be reviewed. This will be taken forward by the ELT supported by the governance group. Existing arrangements will have new appointments and training and briefing will be required for new appointees to be able to undertake governance roles effectively.	September 2024	As a result of the Corporate Peer Challenge and the CIPFA report the Council has commissioned a review of some elements of its committee and governance arrangements. This report will be considered once completed. The report will be considered in January 2025 with any changes agreed being brought in from May 2025.	January 2025	This report was considered and changes have been implemented.	N/A	Completed
The governance actions which transpire from the CIPFA review will be actioned accordingly.	TBC when actions from the report agreed	A Financial Resilience Plan has been agreed which incorporate actions from the CIPFA review and the peer challenge. Work towards the plan is regularly reviewed by ELT.	Ongoing	Work towards the financial resilience plan is continuing by the Senior Management Team.	Ongoing	Progressing ↑
A self-assessment against the CIPFA Financial Management Code will be carried out.  The actions resulting from the self-assessment will be carried out to ensure compliance with the code.	September 2024  September 2025	The self-assessment against the CIPFA Financial Management Code has been carried out and further action is required to fully implement the requirements so that the Council is fully compliant with the code.	September 2025	Actions towards compliance with the code is ongoing with elements forming part of the Financial Resilience Plan.	March 2026	Progressing ↑

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**HEAD OF SERVICE:** Peter Vickers, Executive Head of Finance & S151 Officer

**References:**

- *Annual Governance Statement 2024/25 – reported to CGAS Committee 22<sup>nd</sup> May 2025*

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**TREASURY MANAGEMENT AND NON-TREASURY INVESTMENT OPERATIONS**  
**2025/26 – Quarter 2**

**SUMMARY:**

This report sets out the activities of the Treasury Management and non-Treasury Investment Operations for quarter 2 in the financial year 2025/26, and reports on compliance with Prudential Indicators.

**RECOMMENDATIONS:**

Members are requested to:

- (i) Make any recommendations, as appropriate, to the Cabinet on the contents of this report in relation to the treasury management and non-treasury investment operations carried out.

**1. INTRODUCTION**

- 1.1 This report sets out the Treasury Management and Non-Treasury Investment operation performance for Quarter 2 2025/26. This report is a statutory requirement under the CIPFA Code of Practice on Treasury Management.
- 1.1 Full Council approved the Annual Treasury Management Strategy and Non-Treasury Investment Strategy for the financial year 2025/26 in February 2025. The Council's treasury management activity is underpinned by CIPFA's Code of Practice on Treasury Management 2021 ("the Code") and is fully incorporated into the Council's adopted strategy.

**2. PURPOSE**

- 2.1 This report sets out compliance with the strategy and performance against Prudential Indicators to the end of September 2025/26 within appendices (1-4):

**Appendix 1**

- The **Treasury Management operations** which sets out how the Council's treasury service operated during the period to September 2025;
- The **Treasury Management Borrowing** which sets out the Council's borrowing during the period to September 2025, and;
- The **Treasury Management Investments** which sets out the Council's Treasury Management investment operations for the period to September 2025.

## **Appendix 2**

- the **Prudential indicators** performance is compared to the indicators set out in the Annual Capital Strategy for the year 2025/26.

## **Appendix 3**

- The list of borrowing counterparties as at end of September 2025.

## **Appendix 4**

- Market commentary regarding from the Council's treasury management advisors Arlingclose

## **3 BACKGROUND**

- 3.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) have issued guidance on the aims and requirements of a Capital Strategy focusing on a whole organisation approach to prudent, sustainable, and resilient local government investment.
- 3.2 CIPFA have also issued two professional Codes of Practice to which the Council is required to "have regard to". These Codes provide frameworks that are designed to support local strategic planning, local asset management planning and proper option appraisal:
- The Prudential Code – developed to support local authorities in taking decisions around their capital investment programmes. The objectives of the Prudential Code are to ensure, within a clear reporting framework, that a local authority's capital expenditure plans and investment plans are affordable and proportionate; that all external borrowing and other long-term liabilities are within prudent and sustainable levels; that the risks associated with investments for commercial purposes are proportionate to their financial capacity; and that treasury management decisions are taken in accordance with good professional practice.
  - The Treasury Management Code - Treasury Management is defined as 'The management of the organisation's borrowing, investments, and cash flows, including its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks'.
- 3.3 The primary purpose of the treasury management operation is to ensure that cash flow is adequately planned, with cash being available when it is needed to deliver the Council's services. The secondary function of the treasury management operation is the funding of the Council's capital programme and manage cashflow requirements over a longer-term period.
- 3.4 Non-treasury investment operations should ensure that all investments made primarily for service reasons. Then, second to this, the function of investment management is to generate returns.
- 3.5 This quarterly report provides an additional update and includes the requirement in the 2021 Code of quarterly reporting of the treasury management prudential indicators.

## **4 CONCLUSIONS ON THE TREASURY MANAGEMENT AND NON-TREASURY INVESTMENT OPERATIONS DURING Q2 2025/26**

- 4.1 All treasury activity was conducted within the approved Treasury Management Practices (TMP's).
- 4.2 Borrowing has now started to move towards longer term rather than short term, to provide more interest rate stability on borrowing in line with the MTFS rate of 4.78%.

## **5 KEY RISKS**

- 5.1 The Council has borrowed substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Authority's treasury management strategy.
- 5.2 The key risks to the Councils delivery of successful treasury and non-treasury investment options include:
- Inflation levels  
Inflation rates are now reducing after a prolonged period of increased levels.
  - Bank of England Base rate  
Base rate has reduced to 4%. Expectations are that this will reduce further, however a slow reduction is anticipated.
  - Delivery of Capital Programme  
Will impact borrowing requirements and timing will impact rates achievable for both borrowing and investments during the years

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## Treasury Management Report Q2 2025/26

### Introduction

The Council adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code). This quarterly report includes the requirement in the 2021 Code of quarterly reporting of the treasury management provides an update of the treasury management prudential indicators. The non-treasury prudential indicators are included in Appendix 2.

The Council's treasury management strategy for 2025/26 was approved at a meeting on 27<sup>th</sup> February 2025. The Authority has borrowed substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council's treasury management strategy.

### Local Context

On 31<sup>st</sup> March 2025, the Council had net borrowing of £127m arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR) summarised in Table 1 below.

Table 1: Balance Sheet Summary

	31.3.25 Actual £m	31.3.26 Forecast £m
General Fund CFR	174.3	146.9
Less: Other debt liabilities*	0.3	0.6
<b>Borrowing CFR</b>	<b>173.9</b>	<b>147.5</b>
External borrowing**	166.0	144.0

\* leases, PFI liabilities and transferred debt that form part of the Authority's total debt

\*\* shows only loans to which the Authority is committed and excludes optional refinancing

The treasury management position at 30<sup>th</sup> September and the change over the six months is shown in Table 2 below.

Table 2: Treasury Management Summary

	31.3.25 Balance £m	Movement £m	30.9.25 Balance £m	30.9.25 Rate %
Long-term borrowing				
- PWLB	2.0	5.0	7.0	4.64
- Other	62.0	40.0	102.0	4.81
Short-term borrowing	102.0	(72.0)	30.0	4.51
<b>Total borrowing</b>	<b>166.0</b>	<b>(27.0)</b>	<b>139.0</b>	
Long-term investments	16.0	(3.0)	13.0	5.57
Short-term investments	5.0	(5.0)	-	-
Cash and cash equivalents	18.0	(0.1)	17.9	4.25
<b>Total investments</b>	<b>39.0</b>	<b>(8.1)</b>	<b>30.9</b>	
<b>Net borrowing</b>	<b>127.0</b>	<b>(18.9)</b>	<b>108.1</b>	

### **Borrowing Strategy and Activity**

As outlined in the treasury strategy, the Authority's chief objective when borrowing has been to strike an appropriate risk balance between securing lower interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority's long-term plans change being a secondary objective. The Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.

After substantial rises in interest rates since 2021 central banks have now begun to reduce their policy rates, albeit slowly. Gilt yields however have increased over the Q2 period amid concerns about inflation, the UK government's fiscal position and general economic uncertainty.

The PWLB certainty rate for 10-year maturity loans was 5.38% at the beginning of the period and 5.53% at the end. The lowest available 10-year maturity certainty rate was 5.17% and the highest was 5.62%. Rates for 20-year maturity loans ranged from 5.71% to 6.30% during the period, and 50-year maturity loans from 5.46% to 6.14%. The cost of short-term borrowing from other local authorities has been similar to Base Rate during the period at 4.0% to 4.5%.

CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement and so may lead to new borrowing, unless directly and primarily related to the functions of the Authority. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield unless these loans are for refinancing purposes. The Authority has no new plans to borrow to invest primarily for financial return.

The Authority currently holds £148m in commercial investments primarily for financial return that were purchased prior to the change in the CIPFA Prudential Code. Before undertaking further additional borrowing the Authority will review the options for exiting these investments.

#### **Loans Portfolio**

At 30<sup>th</sup> September the Authority held £139m of loans, (a decrease of £27m from the position as of 31<sup>st</sup> March 2025), as part of its strategy for funding previous and current years' capital programmes. Outstanding loans on 30<sup>th</sup> September are summarised in Table 3A below.

**Table 3A: Borrowing Position**

	<b>31.3.25 Balance £m</b>	<b>Net Movement £m</b>	<b>30.9.25 Balance £m</b>	<b>30.9.25 Weighted Average Rate %</b>
Public Works Loan Board	62.0	30.0	102.0	4.81
Local authorities (long-term)	2.0	5.0	7.0	4.64
Local authorities (short-term)	102.0	(72.0)	30.0	4.51
<b>Total borrowing</b>	<b>166.0</b>	<b>(37.0)</b>	<b>139.0</b>	

The average rate on the Authority's short-term loans at 30<sup>th</sup> September 2025 on £30m was 4.51%, this compares with 4.92% on £47m loans 3 months ago.

**Table 3B: Long-dated Loans borrowed**

	<b>Amount £m</b>	<b>Rate %</b>	<b>Period (Years)</b>
PWLB Maturity Loan	102.0	4.81	2-4
Horsham District Council	2.0	5.10	2
South Yorkshire Mayoral Combined Authority	5.0	4.45	3
<b>Total borrowing</b>	<b>109.0</b>		

The Council's new borrowing decisions to replace existing borrowing as current loans mature are determined by a cashflow projection.

#### **Forward starting loans**

To enable certainty of cost to be achieved without suffering a cost of carry in the intervening period, the Authority arranged £5m of forward starting loans with fixed interest rates of 4.50% for the delivery of cash in 6 weeks' time, details of which are below.

**Table 3C: Forward starting loans**

	<b>Amount £m</b>	<b>Rate %</b>	<b>Loan Period (Years)</b>	<b>Forward Period (Months)</b>
Torbay Borough Council	5.0	4.50	4	1.5
<b>Total borrowing</b>	<b>5.0</b>			

There remains a strong argument for diversifying funding sources, particularly if rates can be achieved on alternatives which are below PWLB. The Authority will evaluate and pursue these lower cost solutions and opportunities with its advisor Arlingclose.

#### **Treasury Investment Activity**

The CIPFA Treasury Management Code defines treasury management investments as those investments which arise from the Council's cash flows or treasury risk management activity that ultimately represents balances that need to be invested until the cash is required for use in the course of business.

The Council holds some invested funds, representing income received in advance of expenditure plus balances and reserves held. The investment position is shown in table 4 below.

**Table 4: Treasury Investment Position**

	<b>31.3.25 Balance £m</b>	<b>Net Movement £m</b>	<b>30.9.25 Balance £m</b>	<b>30.9.25 Income Return %</b>
Banks & building societies	0.3	(0.2)	0.1	4.11
Local authorities and other govt entities	5.0	(0.5)	-	-
Money Market Funds	17.7	0.2	17.9	4.27
Other Pooled Funds				
- <i>Strategic bond funds</i>	6.0	0	6.0	4.93
- <i>Equity income funds</i>	5.0	0	5.0	9.89
- <i>Property funds</i>	3.0	(3.0)	-	-
- <i>Multi asset income funds</i>	2.0	0	2.0	6.59
<b>Total investments</b>	<b>39.0</b>	<b>(8.0)</b>	<b>31.0</b>	

Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

As demonstrated by the liability benchmark in this report, the Council expects to be a long-term borrower and new treasury investments are therefore primarily made to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different asset classes and boost investment income.

The progression of risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking in Table 5 below.

**Table 5: Investment Benchmarking - Treasury investments managed in-house**

	<b>Credit Score</b>	<b>Credit Rating</b>	<b>Bail-in Exposure</b>	<b>Weighted Average Maturity (days)</b>	<b>Rate of Return %</b>
31.03.2025	5.14	A+	78%	7	5.65
30.09.2025	4.72	A+	100%	1	6.00
<b>Similar LAs</b>	<b>4.53</b>	<b>A+</b>	<b>64%</b>	<b>53</b>	<b>4.62</b>
<b>All LAs</b>	<b>4.54</b>	<b>A+</b>	<b>62%</b>	<b>11</b>	<b>4.47</b>

#### **Externally Managed Pooled Funds**

£13m of the Council's investments is invested in externally managed strategic pooled funds where short-term security and liquidity are lesser considerations, and the objectives instead are regular revenue income and long-term price stability.

Most asset classes achieved positive performance over the first half of the 2025/26 financial year, although conditions remained volatile and heavily influenced by political and macroeconomic developments.



The Authority has budgeted £540k income from these investments in 2025/26. Income received up to 30<sup>th</sup> September was £455k.

Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's medium- to long-term investment objectives are regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years; but with the confidence that over a three- to five-year period total returns will exceed cash interest rates.

### **Statutory override**

Further to consultations in April 2023 and December 2024 MHCLG wrote to finance directors in England in February 2025 regarding the statutory override on accounting for gains and losses in pooled investment funds. On the assumption that when published regulations follow this policy announcement, the statutory override will be extended up until the 1<sup>st</sup> April 2029 for investments already in place before 1<sup>st</sup> April 2024. The override will not apply to any new investments taken out on or after 1<sup>st</sup> April 2024. The Authority had set up a reserve of £1m to mitigate the impact of the statutory override not being extended. Given current budgetary pressures and the extension of the override the authority decided to release £1m from this reserve.

### **Non-Treasury Investments**

The definition of investments in the Treasury Management Code now covers all the financial assets of the Council as well as other non-financial assets which the Council holds primarily for financial return. Investments that do not meet the definition of treasury management investments (i.e. management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and or for commercial purposes (made primarily for financial return).

Investment Guidance issued by the Ministry of Housing, Communities and Local Government (MHCLG) and Welsh Government also includes within the definition of investments all such assets held partially or wholly for financial return.

The Authority also held £155.9m of such investments in:

- directly owned property £148m
- loans to local businesses and landlords £6.5m
- Subsidiaries £1.4m

A full list of the Council's non-treasury investments is available.

### **Treasury Performance**

The Council measures the financial performance of its treasury management activities both in terms of its impact on the revenue budget and its relationship to benchmark interest rates.

### **Compliance**

The Section 151 Officer reports that all treasury management activities undertaken during the half year complied fully with the principles in the Treasury Management Code and the Authority's approved Treasury Management Strategy. Compliance with specific investment limits is demonstrated in table 7 below.

Table 7: Investment Limits

	<b>30.9.25 Actual</b>	<b>2025/26 Limit</b>	<b>Complied?</b>
Any group of pooled funds under the same management	0	15m	Yes
Negotiable instruments held in a broker's nominee account	0	15m	Yes
Limit per non-UK country	0	6m	Yes

Compliance with the Authorised Limit and Operational Boundary for external debt is demonstrated in table 8 below.

Table 8: Debt and the Authorised Limit and Operational Boundary

	<b>30.9.25 Actual</b>	<b>2025/26 Operational Boundary</b>	<b>2025/26 Authorised Limit</b>	<b>Complied?</b>
Borrowing	139.0	150.0	180.0	Yes
PFI and Finance Leases	<b>0.6</b>	<b>1.8</b>	<b>2.0</b>	Yes
<b>Total debt</b>	<b>139.6</b>	<b>151.8</b>	<b>182.0</b>	Yes

Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure.

### Treasury Management Prudential Indicators

As required by the 2021 CIPFA Treasury Management Code, the Authority monitors and measures the following treasury management prudential indicators.

#### **1. Liability Benchmark**

This indicator compares the Council's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future and so shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level of £21m. This incorporates £16m invested in strategic pooled funds, that cannot be sold at short notice, and an additional £5m liquidity buffer to manage short-term cashflow requirements. Whilst the £5m liquidity buffer has been maintained the pooled funds element has been reduced to £13m, due to the sale of some funds to mitigate the losses of a fund which was closing. The original £21m was set as the pooled funds were long term investments but had little impact on the liquidity for cashflow purposes hence the minimum level of cash held has not been increased. The updated minimum level of £18m will be reflected in the Treasury Management Strategy for 26/27.

	31.3.25 Actual	31.3.26 Forecast	31.3.27 Forecast	31.3.28 Forecast
Loans CFR	173.6	147.5	133.4	131.4
Less: Balance sheet resources	45.4	42.8	41.5	42.0
<b>Net loans requirement</b>	<b>128.1</b>	<b>104.7</b>	<b>91.9</b>	<b>89.4</b>
Plus: Liquidity allowance	21.0	18.0	18.0	18.0
<b>Liability benchmark</b>	<b>149.1</b>	<b>122.7</b>	<b>109.9</b>	<b>107.4</b>
<b>Existing borrowing*</b>	<b>166.0</b>	<b>144.0</b>	<b>70.0</b>	<b>60.0</b>

\* shows only loans to which the Authority is committed and excludes optional refinancing

Following on from the medium-term forecast above, the long-term liability benchmark assumes capital expenditure funded by borrowing, minimum revenue provision on new capital expenditure based on a variable year asset life and income, expenditure and reserves all increasing by inflation. This is shown in the chart below together with the maturity profile of the Council's existing borrowing.

#### Rushmoor BC

	Actual	Forecasts	£m								
Position at 31 March	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Loans CFR	173.6	147.5	133.4	131.4	124.7	122.8	121.0	119.1	117.3	115.5	113.6
External borrowing	-166.0	-144.0	-70.0	-60.0	-20.0	0.0	0.0	0.0	0.0	0.0	0.0
Internal (over) borrowing	7.6	3.5	63.4	71.4	104.7	122.8	121.0	119.1	117.3	115.5	113.6
Balance sheet resources	-45.4	-42.8	-41.5	-42.0	-42.2	-43.2	-44.2	-45.2	-46.2	-47.3	-48.3
Investments (new borrowing)	37.9	39.3	-21.9	-29.4	-62.5	-79.7	-76.8	-74.0	-71.1	-68.2	-65.3
Treasury investments	37.9	39.3	18.0	18.0	18.0	18.5	18.9	19.4	19.9	20.4	20.9
New borrowing	0.0	0.0	39.9	47.4	80.5	98.1	95.8	93.4	91.0	88.6	86.1
Net loans requirement	128.1	104.7	91.9	89.4	82.5	79.7	76.8	74.0	71.1	68.2	65.3
Liquidity allowance	21.0	18.0	18.0	18.0	18.0	18.5	18.9	19.4	19.9	20.4	20.9
Liability benchmark	149.1	122.7	109.9	107.4	100.5	98.1	95.8	93.4	91.0	88.6	86.1

Whilst borrowing may be above the liability benchmark, strategies involving borrowing which is significantly above the liability benchmark carry higher risk.

## 2. Maturity Structure of Borrowing

This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

	Upper Limit (%)	Lower Limit (%)	30.9.25 Actual (%)	Complied?
Under 12 months	100	0	14	Yes
12 months and within 24 months	100	0	60	Yes
24 months and within 5 years	100	0	25	Yes
5 years and within 10 years	100	0	0	Yes
10 years and above	100	0	0	Yes

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

### 3. Long-term Treasury Management Investments

The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term treasury management limits are:

	2024/25	2025/26	2026/27
Limit on principal invested beyond year end	£30m	£30m	£20m
Actual principal invested beyond year end	£13m	£13m	£13m
Complied?	Yes	Yes	Yes

Long-term investments with no fixed maturity date include strategic pooled funds, real estate investment trusts and directly held equity but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.

#### Additional indicators

##### Security

The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating and credit score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

	2025/26 Target	30.9.25 Actual	Complied?
Portfolio average credit rating	A+	A+	Yes
Portfolio average credit score	5	4.72	Yes

##### Liquidity

The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

	30.9.25 Actual	2025/26 Target	Complied?
Total cash available within 3 months	17.9	5	Yes

For context, the changes in interest rates during the half year were:

	<u>01/04/25</u>	<u>30/09/25</u>
Bank Rate	4.50%	4.00%
1-year PWLB certainty rate, maturity loans	4.82%	4.58%
5-year PWLB certainty rate, maturity loans	4.94%	4.95%
10-year PWLB certainty rate, maturity loans	5.38%	5.53%
20-year PWLB certainty rate, maturity loans	5.88%	6.14%
50-year PWLB certainty rate, maturity loans	5.63%	5.98%

The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at new market rates.

## Prudential Indicators Q2 - 2025/26

The Council measures and manages its capital expenditure, and borrowing with references to the following indicators.

It is now a requirement of the CIPFA Prudential Code that these are reported on a quarterly basis.

### Capital Expenditure

The Council has undertaken and is planning capital expenditure as summarised below:

	2024/25 actual	2025/26 Budget	2026/27 Forecast	2027/28 Forecast
Capital expenditure	14.6	14	2.2	2

The main General Fund capital projects to date have included Union Yard, and Aldershot Crematorium.

### Capital Financing Requirement

The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt.

	31.3.2025 actual	31.3.2026 forecast	31.3.2027 forecast
CFR	174.2	148.5	134.0

### Gross Debt and the Capital Financing Requirement

Statutory guidance is that debt should remain below the capital financing requirement, except in the short term. The Authority has complied and expects to continue to comply with this requirement in the medium term as is shown below.

	31.3.2025 actual	31.3.2026 forecast	31.3.2027 forecast	Debt at 30.9.2025
Debt (incl. PFI & leases)	166.6	164.5	157.9	139.0
Capital Financing Requirement	174.2	148.5	134.0	

### Debt and the Authorised Limit and Operational Boundary

The Council is legally obliged to set an affordable borrowing limit (also termed the Authorised Limit for external debt) each year. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit.

	Debt at 30.6.25	2025/26 Authorised Limit	2025/26 Operational Boundary	Complied?
Borrowing	139.0	180.0	150.0	Yes
Leases	0.6	2.0	1.8	Yes
<b>Total debt</b>	<b>139.6</b>	<b>182.0</b>	<b>151.8</b>	Yes

Since the operational boundary is a management tool for in-year monitoring it is not significant if the boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure.

**Net Income from Commercial and Service Investments to Net Revenue Stream**

The Council's income from commercial and service investments as a proportion of its net revenue stream has been and is expected to be as indicated below.

	2024/25 actual	2025/26 forecast	2026/27 forecast
Total net income from service and commercial investments	7.9	7.9	8.0
Proportion of net revenue stream	56.99%	56.54%	57.96%

**Proportion of Financing Costs to Net Revenue Stream**

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue.

The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

	2024/25 actual	2025/26 forecast	2026/27 forecast
Financing costs (£m)	7.0	6.9	6.5
Proportion of net revenue stream	50.59%	49.15%	46.85%

**Treasury Management Indicators**

These indicators (Liability Benchmark, Maturity Structure of Borrowing, Long-Term Treasury Management Investments) are within the Treasury Management Report Q2 2025/26 at Appendix 1.

## LIST OF DEBT COUNTERPARTIES AS AT 30 SEPTEMBER 2025

	Amount
PWLB	5,000,000
PWLB	5,000,000
South Yorkshire Mayoral Combined	5,000,000
PWLB	10,000,000
South Yorkshire Mayoral CA Police Fund	10,000,000
Furness Building Society	5,000,000
Lancashire Combined Fire Authority	5,000,000
PWLB	20,000,000
PWLB	12,000,000
PWLB	20,000,000
PWLB	10,000,000
PWLB	15,000,000
PWLB	5,000,000
Bolton Metropolitan Borough Council	5,000,000
Thames Valley PCC	5,000,000
Horsham District Council	2,000,000
	<hr/>
	<b>139,000,000</b>





External Context

**Economic background:** The first quarter was dominated by the fallout from the US trade tariffs and their impact on equity and bond markets. The second quarter, still rife with uncertainty, saw equity markets making gains and a divergence in US and UK government bond yields, which had been moving relatively closely together.

From late June, amid a UK backdrop of economic uncertainty, concerns around the government's fiscal position and speculation around the autumn Budget, yields on medium and longer term gilts pushed higher, including the 30-year which hit its highest level for almost 30 years.

UK headline annual consumer price inflation (CPI) increased over the period, rising from 2.6% in March to 3.8% in August, still well above the Bank of England's 2% target. Core inflation also rose, from 3.4% to 3.6% over the same period, albeit the August reading was down from 3.8% the previous month. Services inflation also fell from July to August, to 4.7% from 5.0%.

The UK economy expanded by 0.7% in the first quarter of the calendar year and by 0.3% in the second quarter. In the final version of the Q2 2025 GDP report, annual growth was revised upwards to 1.4% y/y. However, monthly figures showed zero growth in July, in line with expectations, indicating a sluggish start to Q3.

Labour market data continued to soften throughout the period, with the unemployment rate rising and earnings growth easing, but probably not to an extent that would make the more hawkish MPC members comfortable with further rate cuts. In addition, the employment rate rose while the economic inactivity rate and number of vacancies fell.

The BoE's Monetary Policy Committee (MPC) cut Bank Rate from 4.5% to 4.25% in May and to 4.0% in August after an unprecedented second round of voting. The final 5-4 vote was for a 25bps cut, with the minority wanting no change. In September, seven MPC members voted to hold rates while two preferred a 25bps cut. The Committee's views still differ on whether the upside risks from inflation expectations and wage setting outweigh downside risks from weaker demand and growth.

The August BoE Monetary Policy Report highlighted that after peaking in Q3 2025, inflation is projected to fall back to target by mid-2027, helped by increasing spare capacity in the economy and the ongoing effects from past tighter policy rates. GDP is expected to remain weak in the near-term while over the medium term outlook will be influenced by domestic and global developments.

Arlingclose, the authority's treasury adviser, maintained its central view that Bank Rate would be cut further as the BoE focused on weak GDP growth more than higher inflation. One more cut is currently expected during 2025/26, taking Bank Rate to 3.75%. The risks to the forecast are balanced in the near-term but weighted to the downside further out as weak consumer sentiment and business confidence and investment continue to constrain growth. There is also considerable uncertainty around the autumn Budget and the impact this will have on the outlook.

Against a backdrop of uncertain US trade policy and pressure from President Trump, the US Federal Reserve held interest rates steady for most of the period, before cutting the Fed Funds Rate to 4.00%-4.25% in September. Fed policymakers also published their new economic projections at the same time. These pointed to a 0.50% lower Fed Funds Rate by the end of 2025 and 0.25% lower in 2026, alongside GDP growth of 1.6% in 2025, inflation of 3%, and an unemployment rate of 4.5%.

The European Central Bank cut rates in June, reducing its main refinancing rate from 2.25% to 2.0%, before keeping it on hold through to the end of the period. New ECB projections predicted inflation averaging 2.1% in 2025, before falling below target in 2026, alongside improving GDP growth, for which the risks are deemed more balanced and the disinflationary process over.

### **Financial markets**

After the sharp declines seen early in the period, sentiment in financial markets improved, but risky assets have generally remained volatile. Early in the period bond yields fell, but ongoing uncertainty, particularly in the UK, has seen medium and longer yields rise with bond investors requiring an increasingly higher return against the perceived elevated risk of UK plc. Since the sell-off in April, equity markets have gained back the previous declines, with investors continuing to remain bullish in the face of ongoing uncertainty.

Over the period, the 10-year UK benchmark gilt yield started at 4.65% and ended at 4.70%. However, these six months saw significant volatility with the 10-year yield hitting a low of 4.45% and a high of 4.82%. It was a broadly similar picture for the 20-year gilt which started at 5.18% and ended at 5.39% with a low and high of 5.10% and 5.55% respectively. The Sterling Overnight Rate (SONIA) averaged 4.19% over the six months to 30<sup>th</sup> September.

### **Credit review**

Arlingclose maintained its recommended maximum unsecured duration limit on the majority of the banks on its counterparty list at 6 months. The other banks remain on 100 days.

Early in the period, Fitch upgraded NatWest Group and related entities to AA- from A+ and placed Clydesdale Bank's long-term A- rating on Rating Watch Positive. While Moody's downgraded the long term rating on the United States sovereign to Aa1 in May and also affirmed OP Corporate's rating at Aa3.

Then in the second quarter, Fitch upgraded Clydesdale Bank and also HSBC, downgraded Lancashire CC and Close Brothers while Moody's upgraded Transport for London, Allied Irish Banks, Bank of Ireland and Toronto-Dominion Bank.

After spiking in early April following the US trade tariff announcements, UK credit default swap prices have since generally trended downwards and ended the period at levels broadly in line with those in the first quarter of the calendar year and throughout most of 2024.

European banks' CDS prices has followed a fairly similar pattern to the UK, as have Singaporean and Australian lenders while Canadian bank CDS prices remain modestly elevated compared to earlier in 2025 and in 2024.

Overall, at the end of the period CDS prices for all banks on Arlingclose's counterparty list remained within limits deemed satisfactory for maintaining credit advice at current durations.

Financial market volatility is expected to remain a feature, at least in the near term and, credit default swap levels will be monitored for signs of ongoing credit stress. As ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remain under constant review.