

CABINET

**COUNCILLOR JULES CROSSLEY
POLICY, CLIMATE AND SUSTAINABILITY
PORTFOLIO HOLDER)**

14 January 2024

Key Decision? No

Report No. ACE2502

RISK MANAGEMENT POLICY AND PROCEDURES

SUMMARY AND RECOMMENDATIONS:

The Council's risk management policy and procedures set out the Council's approach to the assessment and management of corporate risk.

The current risk management policy and procedures were agreed in 2021 and have been used since this date and have been subject to minor updates. They have now received a more significant refresh in order to take account of internal audit recommendations and actions identified within the CIPFA report (CEX2406).

Cabinet is asked to approve the revised risk management policy as set out in Annex 1 of this report.

1. INTRODUCTION

- 1.1. The Council's risk management policy and procedures were agreed in 2021 and since this date the Council's risk register has been published on a quarterly basis alongside performance management information. During this time the policy and procedures have been reviewed and changes to processes and approaches have been made to incorporate five out of six recommendations from an internal audit conducted in 2022. This report seeks Cabinet approval for a revised risk management policy and procedures which incorporates the final of these recommendations which is for the Council to develop an overall strategic risk appetite.

2. DETAILS OF THE PROPOSAL

General

- 2.1. The updated risk management policy and procedures document at Annex 1 of this report includes a number of changes from the existing policy. The most notable of these is the process for developing a strategic level risk appetite policy (appendix 3 of the risk management policy and procedures).

2.2. A number of other changes are proposed and these include:

- Further development of the processes used to identify opportunities as well as threats when identifying risks (section 6.1 of the revised risk management policy and procedures)
- Amendments to give further clarity on what must be discussed, agreed and recorded when the risk register is reviewed (throughout the revised risk management policy and procedures)
- Alignment with the Council's agreed priorities (Appendix 2 of the revised risk management policy and procedures)
- Give further clarity on the arrangements for reporting when risks become issues (section 6.2 of the revised risk management policy and procedures)

Alternative Options

2.3. The alternative option would be to continue to operate with the existing risk management policy and procedures but this would not offer the opportunity to introduce process improvements and to address Member feedback received as part of the consultation and the recommendations made by internal audit, CIPFA and the Corporate Peer Challenge.

Consultation

2.4. The revised Risk Management Policy and Procedures has been subject to consultation with Members during November and December 2024. This has included an all Member training session on risk management procedures and a briefing on the proposed changes to the policy. The Council's Overview and Scrutiny Committee examined the Council's current risk management arrangements at their meeting in November 2024 and also received and update on the proposed changes.

2.5. Given that the Corporate Governance, Audit and Standards Committee (CGAS) hold the responsibility to monitor the effective development and operation of risk management in the Council, a draft of the revised policy and procedures was shared with them in December 2024 for comment. The comments received have been incorporated into the revised draft.

3. IMPLICATIONS (of proposed course of action)

Risks

3.1. There are no significant risks associated with the revised Risk Management Policy and Procedures. Greater risk implications would exist should the Council not have in place an updated risk management approach which reflects the recommendations from internal audit and the CIPFA report.

Legal Implications

- 3.2. The Accounts and Audit Regulations 2015 (as amended), provide at regulation 3 that a local authority must ensure that it has a sound system on internal control which includes effective arrangements for the management of risk. Regulation 4 provides that a local authority's financial control systems must include measures to ensure that risk is appropriately managed.
- 3.3. The updated Corporate Risk Management Policy will allow risk to be managed and mitigated consistently across the Council which contributes to the Council's legal obligations on risk management.

Financial Implications

- 3.4. Having a robust risk management strategy that the organisation operates by is an important measure of financial assurance and resilience. A strong risk management strategy and process gives assurance to the Council, the general public and auditors that the Council is managed appropriately.
- 3.5. Strong risk management enables good decision making and therefore value for money for council tax payers.

Resource Implications

- 3.6. The changes to the risk management policy and procedures will require training for risk owners and managers which will take place in 2025 and be delivered by the Corporate Risk Manager. The changes to the policy will also require staff and Member input into the development of the strategic risk appetite in early 2025. It is expected that this will all be delivered within existing Council resources.

Equalities Impact Implications

- 3.7. The equality impact assessment screening tool guidance indicates no negative impact on the community.

4. CONCLUSIONS

- 4.1 The Council is required to have effective arrangements for the management of risk. The revised and updated Risk Management Policy and Procedures are regularly reviewed and updated and the document at Annex 1 incorporates the final recommendation from the internal audit conducted in 2022 and addresses the action set out in the CIPFA Review (CEX2406) and Corporate Peer Challenge (CEX2405) to review risk management processes.
- 4.2 The revisions and amendments also incorporate feedback following Member engagement in November and December 2024. Cabinet is asked to approve the Risk Management Policy and Procedures attached to this report as Annex 1.

LIST OF APPENDICES/ANNEXES:

Risk Management Policy and Procedures V2.10

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Rushmoor Borough Council
Corporate Risk Management Policy and Procedures
v2.10 10/12/24

1. Introduction and Overview

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

What is Risk?

Risk management in this context 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. In this context it is used to define a matter/incident/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.

There is however the potential for risk to present the opportunity for benefit as well as threats to success. Therefore, the goal will not always be to eliminate risk, as 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 service efficiency.

Why does the Council need to 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 the elected members and the public they serve that it is recognising and managing risk effectively.

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 Chief Executive.

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

Ultimately the responsibility to ensure that the Council's risk management process is effective lies with the Executive Leadership Team (ELT), the Chief Executive and elected members. The overall responsibility to manage this process is delegated to the Assistant Chief Executive (ACE) as the Senior Risk Officer, 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).

2. Scope & Purpose

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

The Council oversees the management of risk through the work of its Corporate Management Team (CMT). All significant risks will be periodically reviewed by CMT. The determination as to whether a risk is deemed 'significant' is set out in section six and

assisted through the use of 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. These will be split into individual Service Risk Registers (SRR) and a single central Corporate Risk Register (CRR). Corporate risks will also be further categorised as 'standing corporate', 'escalated service' or 'strategic' risks. All of these processes and terms are described in full later in this document.

These risk registers are not intended to be used as a means of managing **all** risk to the Council, or the management of its day-to-day business activities, but to summarise significant corporate 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 industry guidance, such as the Orange Book published by the UK Government.

3. Leadership and Management

The risk management process is overseen by the Assistant Chief Executive (ACE). 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 ACE 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 and understanding to deliver this function.

Risk owners, predominately HoS, will be ultimately 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 on the CMT (or ELT) agenda at least every 3 months to ensure that regular routine collective oversight is given to risk at a senior level. This will also assist in the consistency of approach and determining the Council's tolerance for risk, including the natural determination of what the Council's management team consider to be a 'significant' risk. The way in which the risk management process is highlighted to elected members is detailed later in this policy.

4. Training

The RM and any staff providing assistance will be provided appropriate information, instruction and training to ensure that they are able to effectively fulfil this role.

The RM will provide appropriate training, guidance and advice to all staff that routinely carry out risk management activities in line with this policy, such as HoS and Service Managers. All staff requiring training must be identified by HoS.

Training will take place at least every two years, upon 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 by the RM, as arranged by the People Team.

In addition, the RM will provide advice, support and guidance on the Council's risk management process to all levels upon request.

5. Meetings and Minutes

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.

The ACE, with the assistance of the RM, will ensure risk is on the CMT (or ELT) agenda at least every 3 months.

The RM will ensure that the Corporate Risk Register is updated prior to this meeting and that a copy is provided to the ACE for presentation at CMT (or ELT).

Minutes from this CMT (or ELT) meeting will be circulated and stored for future reference.

6. Methodology

6.1. Risk Identification

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

Business Planning Assessments – 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.

Business Planning – 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.

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 ACE/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.

Horizon Scanning

Service Mangers, HoS and ELT 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 ACE team will also routinely monitor Government publications and other sources of information in order to identify new and emerging risks as early as possible.

New and Emerging Risks

It is clear that new/emerging risks will be identified via a number of routes. It is important to recognise that they 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 their work. Once identified, these risks must be appropriately incorporated into the Council's risk management processes.

Capturing & Tracking Risks/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 ACE team.

In general terms, opportunities will be recorded and tracked on the Council's Policy & Funding tracker, administered by the ACE 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 ACE team 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 ACE 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.

6.2. Risk Assessment Method

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.

If a risk (a potential future adverse event) becomes an issue (where the adverse event occurs despite the mitigation put in place), the risk management process will continue to be used to manage that 'risk'. It will however be recorded as such by the risk owner within the

register, with the date that it became an issue being recorded. It will also be appropriately highlighted within the corporate risk register and accompanying reports when processed by the RM for reporting.

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 assessment of the risk for each register entry will take place three times, 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 / Risk Appetite

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 '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. Strategic risk appetite is further discussed in the next section of this policy.

6.3. Strategic Risk Appetite & Corporate Objectives

Strategic Risk Appetite

It is important to ensure that the strategic appetite for risk is considered and agreed by Cabinet and CMT, and that it is consistently applied by all risk owners/managers.

The formal definition of 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 are protecting services that are not open to risk. For that reason, strategic appetite is considered at a high level against each of the Council’s priority areas/Corporate Objectives.

The strategic risk appetite policy will be recorded as appendix 3 in this policy. It will be reviewed at least every two years, or whenever the strategic priorities of the Council are updated.

The strategic risk appetite policy will deliver two things (see Appendix 2):

- A general policy statement on risk (where broader attitude towards risk can be described)
- A statement/position on the openness to risk mapped against each strategic priority area of the Council.

Every risk within the Corporate Risk Register will be required to indicate whether the strategic risk appetite policy (parts 1 and 2) has been reviewed against it, and to include narrative that summarises what impact is foreseen and what considerations have been made as a result.

By considering risk appetite both strategically (section 6.3) and line by line (section 6.2), it can be effectively managed and controlled by CMT and elected members.

This 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 CMT/ELT 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 CMT/ELT – 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.

6.4. Matrix & RAG (Red,/Amber/Green) Risk Rating

The risk matrix to be used for the assessment of all risks is as follows:

Severity of Outcome (S)	4					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

	Likelihood of Occurrence (L)	Severity of Outcome (S)
1	Very unlikely Very unlikely to occur, (no history or near misses etc). Less than 5% probability.	Minor Risk to specific role. Legal action unlikely. No significant illness or injury. Negative customer complaint. Financial impact negligible.
2	Unlikely 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	Moderate Risk to normal continuation of service. Legal action possible but defendable. Short term absence/minor injury. Negative customer complaints widespread. Financial impact manageable within existing Service budget.
3	Likely 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	Significant Partial loss of service. Legal action likely. Extensive injuries or sickness. Negative local publicity. Significant fine. Financial impact manageable within existing Corporate budget - but not Service.
4	Very likely 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	Major Total loss of service. Legal action likely & difficult to defend. Death or life threatening. Negative National publicity. Imprisonment. Financial impact not manageable within existing funds.

6.5. 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.

6.6. Risk Types & Records

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.

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.

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.

The ACE and/or members of ELT will sit on the Property, Major Works and Regeneration Programme Board to ensure that any significant risks that should be highlighted in the CRR for wider circulation are identified. The ACE will ensure that the most appropriate risk owner is identified and that the risk is included in the CRR.

In addition, where the Council is a significant stakeholder in other organisations or projects, 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.

Corporate Risks

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

These can be further split down as being 'Escalated Service risks', 'Standing Corporate risks' or 'Strategic Risks'.

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. 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 CMT 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.

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 CMT and the risk register entry on behalf of the Council.

Strategic (ST) Risks

Strategic risks will be recorded and maintained by the ACE or RM in consultation with the most relevant member(s) of CMT/ELT. These 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 CMT.

Corporate Risk Register (CRR)

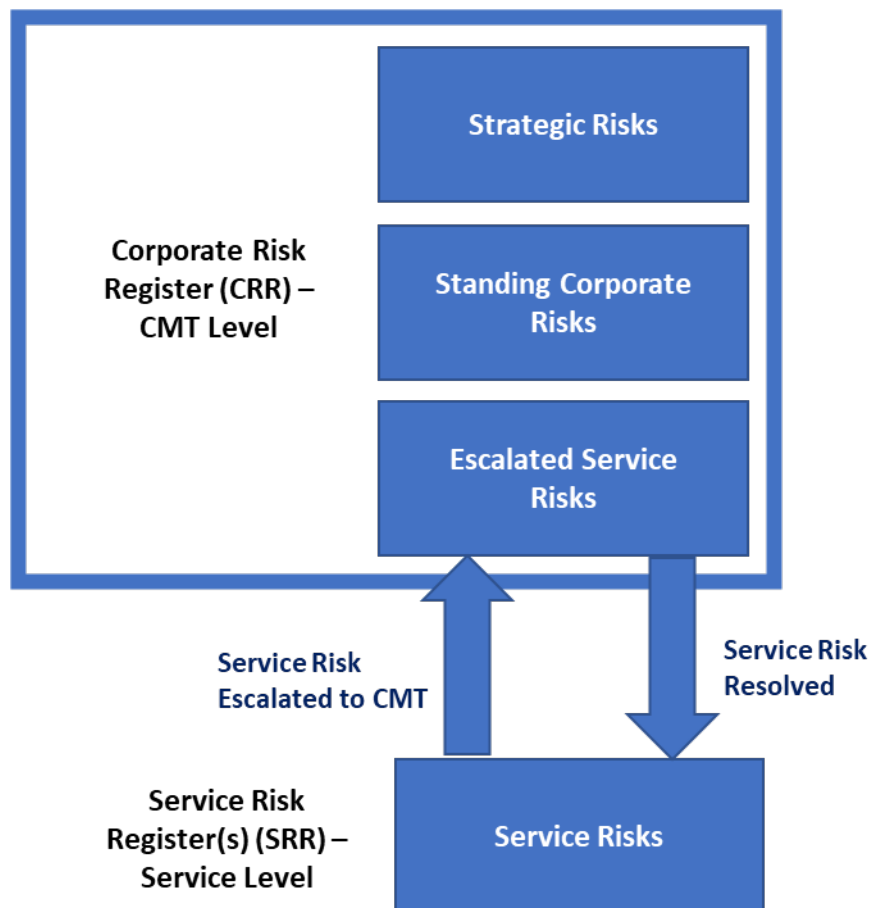
This register contains the key risks to the Council that are considered to be current issues of corporate significance. This will be made up of all of the Council's ST, ES and SC risks identified.

With the assistance of HoS, the CRR will be updated by the RM every 3 months in order that it can be presented to CMT by the ACE 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.

Diagram: Rushmoor Borough Council Risk Management Process



7. Governance and Targets

CMT/ELT

The ACE will report risk to CMT/ELT at least every 3 months using the CRR to ensure HoS, Directors and the Chief Executive 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 CMT/ELT for wider discussion.

CGAS & Cabinet

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.

The ACE will report risk to elected members via two routes; to CGAS on a twice annual basis, where the role of the Committee is to provide independent assurance of the adequacy of the risk management framework, arrangements and the associated control environment, and to Cabinet via the Quarterly Performance Report, where the CRR and the status of all the risks contained within it will be reviewed. CGAS will also be provided a copy of the published risk register at least quarterly to allow them to have an oversight of the risk management environment and receive an independent assurance opinion on the risk management environment from Internal Audit as part of the audit opinion.

The risk management process is cyclical, running on an annual cycle to complement the existing processes in place, particular those that also identify risk and effect resources – e.g. the business planning process. It is key that these processes work together to produce the greatest benefit for the Council.

Reporting of the CRR may be required more regularly on some occasions, see the table in Appendix 1 at the end of this policy for the full schedule, illustrating the approximate annual cycle of work and the key times for each part of the risk management process. Meeting dates may vary dependent upon other factors, such as elections etc.

Appendix 1: Approximate Risk Management Cycle (subject to meeting date changes)

	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Business Planning	New Business Plans and budgets in place for financial year.					Business Planning process for following year begins.			Key risks identified in Corporate Business Planning process provided to HoS.		Budget approval provided for following year Business Plans.	
Internal Audit		Audit Opinion presented to CMT + CGAS. Risks to the organisation considered.	Audit work for the next quarter set. New and emerging risks considered.			Audit work for the next quarter set. New and emerging risks considered.			Audit work for the next quarter set. New and emerging risks considered.		Annual audit plan set.	Audit work for the next quarter set. New and emerging risks considered.
CMT	CRR presented to CMT by ACE			CRR presented to CMT by ACE			CRR presented to CMT by ACE			CRR presented to CMT by ACE		
Cabinet		CRR reported via Quarterly Performance Report			CRR reported via Quarterly Performance Report			CRR reported via Quarterly Performance Report				CRR reported via Quarterly Performance Report
CGAS			CRR Cabinet report provided			CRR Cabinet report provided			CRR Cabinet report provided	Annual Framework Report to CGAS		CRR Cabinet report provided

Appendix 2: Corporate Objectives

The Council's Delivery Plan Priorities for 2024/25 are:

- Skills, Economy and Business
- Homes for All: Quality Living, Affordable Housing
- Community and Wellbeing: Active Lives, Healthier and Stronger Communities
- Pride in Place: Clean Safe and Vibrant Neighbourhoods
- Vision for the future and financial sustainability

Appendix 3: Strategic Risk Appetite

The Council's Strategic Risk Appetite (v1.0 12/11/24)

The purpose of creating a corporate risk appetite at a strategic level is to ensure that the priorities of the Council and its appetite towards risk taking is agreed at a Senior level and appropriately considered throughout the risk management process. Those responsible for strategic direction/policy setting at The Council will be responsible for deciding the risk appetite, including ELT, Cabinet and CGAS.

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 CMT 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 statement, part 1 of the appetite policy.

The council's risk appetite should be considered in conjunction with the risk section of all committee reports when decisions are made.

The Council will also need to take fair, measured and targeted levels of risk to achieve the priority objectives included in its Council 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. To set the appetite towards risk a statement against each priority will be recorded, this will form part 2 of the appetite policy.

When developing the risk appetite statements in both parts, the Council will consider the parameters around thirteen key areas of risk as per the Orange Book guidance, illustrated in the following table.

Risk appetite level & definition					
	Averse	Minimal	Cautious	Open	Eager
Strategy	Guiding principles or rules in place that limit risk in organisational actions and the pursuit of priorities. Organisational strategy is refreshed at 5+ year intervals	Guiding principles or rules in place that minimise risk in organisational actions and the pursuit of priorities. Organisational strategy is refreshed at 4-5 year intervals	Guiding principles or rules in place that allow considered risk taking in organisational actions and the pursuit of priorities. Organisational strategy is refreshed at 3-4 year intervals	Guiding principles or rules in place that are receptive to considered risk taking in organisational actions and the pursuit of priorities. Organisational strategy is refreshed at 2-3 year intervals	Guiding principles or rules in place that welcome considered risk taking in organisational actions and the pursuit of priorities. Organisational strategy is refreshed at 1-2 year intervals
Governance	Avoid actions with associated risk. No decisions are taken outside of processes and oversight / monitoring arrangements. Organisational controls minimise risk of fraud, with significant levels of resource focused on detection and prevention.	Willing to consider low risk actions which support delivery of priorities and objectives. Processes, and oversight / monitoring arrangements enable limited risk taking. Organisational controls maximise fraud prevention, detection and deterrence through robust controls and sanctions.	Willing to consider actions where benefits outweigh risks. Processes, and oversight / monitoring arrangements enable cautious risk taking. Controls enable fraud prevention, detection and deterrence by maintaining appropriate controls and sanctions.	Receptive to taking difficult decisions when benefits outweigh risks. Processes, and oversight / monitoring arrangements enable considered risk taking. Levels of fraud controls are varied to reflect scale of risks with costs.	Ready to take difficult decisions when benefits outweigh risks. Processes, and oversight / monitoring arrangements support informed risk taking. Levels of fraud controls are varied to reflect scale of risk with costs.

Operations	Defensive approach to operational delivery - aim to maintain/protect, rather than create or innovate. Priority for close management controls and oversight with limited devolved authority.	Innovations largely avoided unless essential. Decision making authority held by senior management.	Tendency to stick to the status quo, innovations generally avoided unless necessary. Decision making authority generally held by senior management. Management through leading indicators.	Innovation supported, with clear demonstration of benefit / improvement in management control. Responsibility for non-critical decisions may be devolved.	Innovation pursued – desire to ‘break the mould’ and challenge current working practices. High levels of devolved authority – management by trust / lagging indicators rather than close control.
Legal	Play safe and avoid anything which could be challenged, even unsuccessfully.	Want to be very sure we would win any challenge.	Want to be reasonably sure we would win any challenge.	Challenge will be problematic; we are likely to win, and the gain will outweigh the adverse impact.	Chances of losing are high but exceptional benefits could be realised.
Property	Obligation to comply with strict policies for purchase, rental, disposal, construction, and refurbishment that ensures producing good value for money.	Recommendation to follow strict policies for purchase, rental, disposal, construction, and refurbishment that ensures producing good value for money.	Requirement to adopt agreed solutions for purchase, rental, disposal, construction, and refurbishment that ensures producing good value for money.	Consider benefits of agreed solutions for purchase, rental, disposal, construction, and refurbishment that meeting organisational requirements.	Application of dynamic solutions for purchase, rental, disposal, construction, and refurbishment that ensures meeting organisational requirements.
Financial	Avoidance of any financial impact or loss, is a key objective.	Only prepared to accept the possibility of very limited financial impact if essential to delivery.	Seek safe delivery options with little residual financial loss only if it could yield upside opportunities.	Prepared to invest for benefit and to minimise the possibility of financial loss by managing the risks to tolerable levels.	Prepared to invest for best possible benefit and accept possibility of financial loss (controls must be in place).
Commercial	Zero appetite for untested commercial agreements. Priority for close management controls and oversight	Appetite for risk taking limited to low scale procurement activity. Decision making	Tendency to stick to the status quo, innovations generally avoided unless necessary. Decision making authority	Innovation supported, with demonstration of benefit / improvement in service delivery. Responsibility for non-	Innovation pursued – desire to ‘break the mould’ and challenge current working practices. High levels of

	with limited devolved authority.	authority held by senior management.	generally held by senior management. Management through leading indicators.	critical decisions may be devolved.	devolved authority – management by trust / lagging indicators rather than close control.
People	Priority to maintain close management control & oversight. Limited devolved authority. Limited flexibility in relation to working practices. Development investment in standard practices only	Decision making authority held by senior management. Development investment generally in standard practices.	Seek safe and standard people policy. Decision making authority generally held by senior management.	Prepared to invest in our people to create innovative mix of skills environment. Responsibility for noncritical decisions may be devolved.	Innovation pursued – desire to ‘break the mould’ and challenge current working practices. High levels of devolved authority – management by trust rather than close control.
Technology	General avoidance of systems / technology developments.	Only essential systems / technology developments to protect current operations.	Consideration given to adoption of established / mature systems and technology improvements. Agile principles are considered.	Systems / technology developments considered to enable improved delivery. Agile principles may be followed.	New technologies viewed as a key enabler of operational delivery. Agile principles are embraced.
Data & Info Management	Lock down data & information. Access tightly controlled, high levels of monitoring.	Minimise level of risk due to potential damage from disclosure.	Accept need for operational effectiveness with risk mitigated through careful management limiting distribution.	Accept need for operational effectiveness in distribution and information sharing.	Level of controls minimised with data and information openly shared.
Security	No tolerance for security risks causing loss or damage to HMG property, assets, information or people. Stringent measures in place, including:	Risk of loss or damage to HMG property, assets, information or people minimised through stringent security measures, including:	Limited security risks accepted to support business need, with appropriate checks and balances in place: • Adherence to FCDO travel restrictions	Considered security risk accepted to support business need, with appropriate checks and balances in place: • New starters may commence employment	Organisational willing to accept security risk to support business need, with appropriate checks and balances in place: • New starters may commence employment

	<ul style="list-style-type: none"> • Adherence to FCDO travel restrictions • Staff vetting maintained at highest appropriate level. • Controls limiting staff and visitor access to information, assets and estate. • Access to staff personal devices restricted in official sites 	<ul style="list-style-type: none"> • Adherence to FCDO travel restrictions • All staff vetted levels defined by role requirements. • Controls limiting staff and visitor access to information, assets and estate. • Staff personal devices permitted but may not be used for official tasks. 	<ul style="list-style-type: none"> • Vetting levels may flex within teams, as required • Controls managing staff and limiting visitor access to information, assets and estate. • Staff personal devices may be used for limited official tasks with appropriate permissions. 	<p>at risk, following partial completion of vetting processes</p> <ul style="list-style-type: none"> • Permission may be sought for travel within FCDO restricted areas. • Controls limiting visitor access to information, assets and estate. • Staff personal devices may be used for official tasks with appropriate permissions. 	<p>at risk, following partial completion of vetting processes</p> <ul style="list-style-type: none"> • Travel permitted within FCDO restricted areas. • Controls limiting visitor access to information, assets and estate. • Staff personal devices permitted for official tasks
Project/Programme	Defensive approach to transformational activity - aim to maintain/protect, rather than create or innovate. Priority for close management controls and oversight with limited devolved authority. Benefits led plans fully aligned with strategic priorities, functional standards.	Innovations avoided unless essential. Decision making authority held by senior management. Benefits led plans aligned with strategic priorities, functional standards.	Tendency to stick to the status quo, innovations generally avoided unless necessary. Decision making authority generally held by senior management. Plans aligned with strategic priorities, functional standards.	Innovation supported, with demonstration of commensurate improvements in management control. Responsibility for noncritical decisions may be devolved. Plans aligned with functional standards and organisational governance.	Innovation pursued – desire to ‘break the mould’ and challenge current working practices. High levels of devolved authority – management by trust rather than close control. Plans aligned with organisational governance.
Reputational	Zero appetite for any decisions with high chance of repercussion for organisations’ reputation.	Appetite for risk taking limited to those events where there is no chance of any significant repercussion for the organisation.	Appetite for risk taking limited to those events where there is little chance of any significant repercussion for the organisation.	Appetite to take decisions with potential to expose organisation to additional scrutiny, but only where appropriate steps are taken to minimise exposure.	Appetite to take decisions which are likely to bring additional Governmental / organisational scrutiny only where potential benefits outweigh risks.

Part 1 – 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 which levels of risk are unacceptable.

The council's current overall risk appetite is defined below as **TBC** (see table below for definitions and statement).

Risk Appetite	Definitions and Summary Statement (TBC, EXAMPLE ONLY)
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.
Cautious	<p>Tending always towards exposure to only modest levels of risk in order to achieve acceptable outcomes.</p> <div data-bbox="534 965 1422 1189" style="border: 1px solid black; padding: 5px;"> <p>Statement e.g. This means the council remains open to innovative ways of working and to pursue options that offer potentially substantial rewards, despite also having greater level of risks. However, the council's preference is for safe delivery options which have a lower degree of risk, especially for those services required by statute.</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.

Part 2 – Risk Appetite by Priority Area

Risk appetite is not a single, fixed concept and there will be a range of appetites for different risks which may vary over time. The council's risk appetite by corporate priority, as a set of guiding principles, are set out below:

Council Plan Priority	Risk Appetite & Summary Statement	
Skills, Economy, and Business	Cautious	e.g. We invest when there is a good likelihood of return and opportunities to grow, choosing innovative options in order to deliver a significant contribution.
Homes for All: Quality Living, Affordable Housing	Cautious	TBC
Community and Wellbeing: Active Lives, Healthier and Stronger Communities	Cautious	TBC
Pride in Place: Clean Safe and Vibrant Neighbourhoods	Cautious	TBC
Vision for the future and financial sustainability	Cautious	TBC