AUDIT AND GOVERNANCE COMMITTEE

Report subject	**Risk Management Policy**
Meeting date	26 February 2026
Status	Public Report
Executive summary	This report introduces the council's new Risk Management Policy. The purpose of the review of the existing policy was to refresh and strengthen the council's framework for the identification, measurement, management, monitoring and reporting on risk. Whilst the policy principles have not been subject to significant change, in order to reflect the aspiration to continue to develop the risk management discipline, the new policy includes the plan to implement Enterprise Risk Management. The new policy sets out how risks will be reported including future reporting to this Committee. The new policy is included at Appendix 1.
Recommendations	**It is RECOMMENDED that:** **Members of the Audit and Governance Committee:** 1. Note and support the new policy as included as Appendix 1 - BCP Risk Management Policy as part of the continuing development of risk management at the council. 2. Support the proposed approach to adjust and refine the policy over the next 12 months with regular updates to this Committee on changes and further developments. 3. Note the reporting of risk to the Committee proposed in paragraphs 15 and 16.
Reason for recommendations	To provide assurance that risks are being managed effectively and continue the development of the council's arrangements for risk management and enhance its governance framework.

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Wards	Council-wide
Classification	For Update and Information

Background

1. Risk can be broadly defined as the possibility that an action, issue or activity (including inaction) will lead to a loss or an undesirable outcome. It follows that risk management is about the identification, assessment and prioritisation of risks followed by co-ordinated control of the probability and impact of that risk.

2. In accordance with the Financial Regulations and the Risk Management Policy, the Audit and Governance Committee are specifically responsible for ensuring appropriate and effective risk management processes. In practice, this means that the committee members must assure themselves that the council's risk management framework is appropriate and operating effectively.

3. In line with the decision-making framework in place for BCP Council it was agreed that effective from day one BCP Council would, as an interim measure, adopt the legacy Bournemouth risk management framework. The scoring matrix in this framework was adjusted to reflect the increased remit of the new authority.

4. This Risk Management Policy has remained in force but as part of the continuing development of risk management at the council, a review and update of this policy has been undertaken.

Risk Management Policy Development

5. Members will recall from the previous updates that the Risk Management Policy has been under review with earlier drafts being provided to the Committee.

6. The purpose of the review was to refresh and strengthen the council's framework for the identification, measurement, management, monitoring and reporting on risk. Over the past two months progress has been made in developing the policy attached at Appendix 1.

7. The policy draws upon best practice as set out in standards such as the Orange Book, ISO 31000, CIPFA and ALARM (Association of Local Authority Risk Managers).

8. Whilst the policy principles have not been subject to significant change, in order to reflect the aspiration to continue to develop, the new policy includes the plan to implement Enterprise Risk Management. This is a top-down, structured approach that seeks to integrate risk management into all levels of the council. It aims to

provide a holistic view of risks and builds on the alignment to the council's Strategy and objectives.

9. As part of this development, the policy introduces a new risk level of Enterprise Risks. These sit at the top of the risk framework and all lower level risk will be aligned to one or more of the Enterprise Risks. The diagram below shows how the various levels of risk are structured at the council.

10. The Corporate Management Board (CMB) has initially identified 11 Enterprise level risks. Each of these risks will be owned by a member of CMB who will be responsible for the on-going management of the risk. This will include oversight of the lower level risks aligned to the Enterprise risk.

11. In relation to risk appetite and risk tolerance, the new policy provides a position but is not prescriptive. Consideration will be given over the next 12 months of the need to agree a risk appetite statement for each of the Enterprise Risks to support risk measurement and in turn decision making.

12. As this is a new approach it will take some time to fully implement and it is recognised that the policy, the Enterprise risks, the risk appetite and other areas may need adjustment or refinement over the next 12 months. CMB will approve any adjustments and these will be brought to the attention of this Committee as part of the usual regular risk reporting process.

13. Members will be aware a Risk App has been in development to assist in the capture of risk registers in one place, to provide risk reports and to support risk monitoring. Significant progress has been made in entering all Director level risk registers onto the system and moving to development phase 2 – Reporting and Dashboard functionality. This software will need some re-design to align with the new policy and to support the new Enterprise Risk approach.

14. The Risk and Insurance Team will continue to be integral to the implementation of this new arrangement and the progress in terms of adoption will be influenced by the resources available.

Risk Reporting

15. The new policy sets out how risks will be reported. It is intended that Enterprise level 0 and Corporate level 1 risks will be reported in summary to Audit and Governance Committee quarterly. Annually by rotation each Enterprise Level Risk owner/lead will provide a detailed verbal update to the Audit and Governance Committee on the Enterprise level risk. Key Assurance Risk Registers and Director Level risk information will inform Enterprise and Corporate level risk updates and be reported routinely to the Corporate Management Board.

16. In view of the timing of this report and the risk review cycle, the report prepared for March 2026 will be on the existing basis.

Recommendations

17. Note and support the new policy as included as Appendix 1 - BCP Risk Management Policy as part of the continuing development of risk management at the council.

18. Support the proposed approach to adjust and refine the policy over the next 12 months with regular updates to this Committee on changes and further developments.

19. Note the reporting of risk to the Committee proposed in paragraphs 15 and 19.

Summary of financial implications

20. Financial implications relevant to risks are detailed within the relevant risk registers.

Summary of legal implications

21. There are no direct legal implications from this report.

Summary of human resources implications

22. There are no direct human resources implications from this report.

Summary of sustainability impact

23. There are no direct sustainability implications from this report.

Summary of public health implications

24. There are no direct Public Health implications from this report.

Summary of equality implications

25. There are no direct equality implications from this report.

Summary of risk assessment

26. The risk management implications are set out within the content of this report.

Background papers

Risk Management – Corporate Risk Register Update Report to the Audit and Governance Committee on 16 January 2026

Appendices

Appendix 1 – Risk Management Policy