National Audit Office

REPORT

Risk management in government: improving capability and decision-making

Cross-government

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Key information

Why risk management matters



- The government operates in an uncertain, complex and interconnected environment.
- Delivering public services and securing value for money increasingly depend on how well the government understands, manages and responds to risk and uncertainty.
- Public bodies are expected to take well-managed risks to support innovation and improve public services.

Who is responsible



- Those responsible for delivering objectives and services manage risk day to day, specialist functions provide oversight and challenge, and internal audit provides independent assurance.
- The accounting officer provides leadership for risk management, supported by the Board and the Audit and Risk Assurance Committee.
- The *Orange Book* sets cross-government principles, while the Risk Centre of Excellence, based in HM Treasury, works to improve risk management across government.

What we did



We assessed how well government bodies manage risks through interviews, case studies, a survey of risk professionals, focus groups with them, a review of our previous work and expert insights.

What we found



The government has strengthened the foundations of its risk management through improved guidance and systems, but further progress is needed to translate these improvements into better decisions and outcomes.

Government bodies have improved the foundations of risk management, but progress remains uneven and some practices are not yet consistently used.

- The government has strengthened its guidance and training on how to manage risks, but there are gaps in how organisations evaluate options, use information and check whether risks are managed effectively.
- Risk teams within government bodies generally consider that they have the skills they need.
- Many organisations have moved from spreadsheets to dedicated risk management systems but are at different stages in realising their benefits.

What we found *continued*



Risk management is not consistently integrated into leadership, governance and decision-making across government.

- Senior leaders' engagement with risk management as a key element in effective decision-making remains inconsistent.
- Risk professionals are often involved too late, or do not have enough influence, to help shape major decisions.
- Risks are not always mitigated or escalated early enough, with a 'good news' culture persisting in some areas.

Government bodies are not yet responding consistently to emerging, persistent and cross-cutting risks.

- Government bodies often identify emerging and evolving risks, but do not consistently translate this insight into timely action.
- Government bodies are increasingly setting out their risk appetite (the amount of risk they are willing to seek or accept), but this does not always lead to effective action.
- Government bodies often lack the oversight, coordination and levers needed to effectively manage risks affecting more than one organisation.

What the government needs to improve



Our report makes recommendations for the centre of government and highlights approaches government bodies can take to make further progress in managing risks effectively, including:

- strengthening leadership and capability;
- embedding risk in decision-making; and
- managing risks across organisational boundaries.

Summary

1 Effective risk management helps the government achieve its objectives and secure value for money. In an increasingly uncertain and interconnected environment, it supports better decision-making, innovation, adaptability and public service resilience. Conversely, weaknesses in risk management can lead to poorer public service delivery, delays and avoidable costs. **Figure 1** provides examples of how risk management can affect costs and outcomes. Our good practice guide *Overcoming challenges to managing risks in government* sets out key components of effective risk management and why they matter.[1]

Figure 1

Examples of how risk management can affect costs and outcomes

Effective risk management supports innovation and public service resilience, whereas weaknesses can lead to substantial cost or disruption

Example	Event	Consequence
Securing COVID-19 vaccines 	During the COVID-19 pandemic, the government identified the risk that conventional approaches to securing vaccines would delay access, and the opportunity to accelerate delivery. Through the Vaccine Taskforce, the government managed uncertainty by investing in a diverse portfolio of vaccine candidates.	The government secured supply of several potential vaccines before clinical outcomes were known. This allowed it to deploy vaccines quickly once they were approved.
British Library cyberattack 	In October 2023, the British Library experienced a cyberattack. The Library had identified risks from increasing third-party access to IT systems and planned stronger security controls, but the attack occurred before they were implemented.	The attack disrupted the Library's research and digital services and affected its data and systems. The incident required substantial resources to restore services and strengthen cyber resilience over an extended period.

Source: National Audit Office analysis of its back catalogue and publicly available documents

1 National Audit Office, *Overcoming challenges to managing risks in government*, December 2023.

2 Risk management is particularly challenging in government because many of the most significant risks it faces are complex and interconnected. They require coordinated action, difficult trade-offs and effective decision-making under conditions of uncertainty. Risks can cascade and compound, increasing their impact and making them harder to manage. The range of risks the government faces includes:

- emergencies such as pandemics, extreme weather events and national security incidents;
- operational risks such as workforce pressures, cyber incidents and fraud;
- policy and delivery risks such as failing to complete projects or achieve intended outcomes; and
- long-term threats such as climate change.

3 The government's risk environment has become more complex and uncertain. Recent events, including the COVID-19 pandemic, geopolitical instability, economic disruption and climate impacts such as wildfires, have highlighted weaknesses in the government's ability to anticipate and respond to system-wide risks. At the same time, the government increasingly expects public bodies to take well-managed risks to support innovation and improve public services.

4 Risk management is a shared responsibility across all levels of government bodies, involving operational staff, risk professionals, senior leaders and assurance bodies. Paragraph 1.2 sets out their roles and responsibilities.

5 The government has made changes in recent years to strengthen and professionalise risk management. It has updated guidance, including substantial revisions to the *Orange Book* on risk management, strengthened the treatment of risk in wider government guidance and standards, established the Government Risk Profession and expanded risk training. The government's Risk Centre of Excellence (CoE) supports this profession through guidance, training and networks for risk professionals.

Scope of this report

6 This report assesses how well central government bodies manage risks to make better decisions and improve public service delivery. While it does not assess the overall value for money of government spending on risk management, it makes recommendations to improve practices across government. It covers:

- risk management capability and systems (Part One);
- risk management culture and leadership, and risk professionals' influence (Part Two); and
- how government bodies use risk management to inform decision-making in practice (Part Three).

7 This report focuses on central government departments and arm's-length bodies (ALBs). It does not assess risk management in the devolved administrations, local government, government-owned companies, or cross-government risk management arrangements such as the National Security Risk Assessment, which we have covered in previous work. While we considered the Risk CoE's role in setting expectations and supporting risk management, we did not evaluate its performance.

8 In this report, we define risk as the effect of uncertainty on the government's objectives. These effects may be negative (threats) or positive (opportunities).

Key findings

Risk management capability and systems

9 Government bodies are improving their risk management arrangements through better policies and information systems. The government has strengthened its central guidance in recent years and has a well-developed set of principles, requirements and guidance to help departments and ALBs manage risks. Risk professionals across government find these resources valuable, and would welcome more support to identify, assess and manage opportunities. Many organisations have transitioned from tracking risks manually to risk management information systems. These can improve oversight by highlighting overdue actions and giving senior leaders clearer information to scrutinise how risks are managed. Organisations are at different stages in realising their benefits (paragraphs 1.5, 1.6, 1.8 and 1.10, and Figure 4).

10 Progress in adopting good risk management practice remains uneven across government, with common gaps in the use of information and assuring that risks are being managed effectively. For example, government bodies do not typically consider the chances of different degrees of success and failure when assessing options. Government bodies are not yet making full use of performance information and early warning indicators to anticipate and monitor risks, limiting the quality of risk reporting and the speed of response. Many government bodies do not know, with confidence, whether risks are being managed effectively and efficiently across the organisation, as techniques such as assurance mapping are not always in place or fully developed (paragraphs 1.9 to 1.12).

11 Risk teams generally consider that they have the skills they need. Risk teams are often small relative to the size and complexity of the organisations they support. Of the 62 risk professionals in central government who responded to our survey question on skills, 84% said their team has adequate skills and expertise to support effective decision-making. Risk professionals told us that improving risk capability across their organisation is a higher priority than increasing resources or expertise within central risk teams. Risk teams have used tailored training, business partnering and 'risk champion' networks to strengthen risk awareness across their organisations. However, organisations do not consistently identify and plan for future risk resourcing needs, which may reduce their effectiveness over time (paragraphs 1.13 to 1.16).

Culture, leadership and influence

12 Senior leaders' engagement with risk management as a key element in effective decision-making is inconsistent, which can mean organisations are more exposed to risks, or miss opportunities to improve services. While we observed examples of good risk leadership, risk and governance professionals told us some leaders do not view risk management as enabling informed decision-making and give it limited priority in governance forums. Reasons include insufficient understanding of the value of risk management and of leaders' responsibilities for managing risks, a perception that risk management hinders delivery, and overly technical risk reporting that is not focused on decision-makers' needs. Audit and Risk Assurance Committees provide important oversight and challenge, but skills gaps among committee members in evolving areas such as cyber security, digital transformation, artificial intelligence and climate change can constrain their effectiveness (paragraphs 2.7 to 2.9, 2.17 and 2.18, and Figure 6).

13 Risk professionals' ability to add value to major decisions is often constrained by late involvement. Risk professionals often lack influence as they are brought in too late to shape options. In our survey, 58% of respondents said risk professionals are typically brought in either too late to shape decisions, mainly to provide assurance and sign-off, or not at all. We found limited evidence of major decisions or organisational direction changing because of input from risk professionals. In hierarchical organisations, the often low seniority of those leading risk teams can also restrict their access to senior decision-making forums. The number of Chief Risk Officers in central government departments more than doubled, to 11, between 2016 and June 2026. Risk professionals offered mixed views on whether this role helps increase the influence of risk teams (paragraphs 2.11 to 2.13 and Figure 7).

14 There has been improvement across government in encouraging a culture of raising concerns, though this remains uneven. We reported in 2025 that the Bank of England's Real-Time Gross Settlement digital transformation programme fostered a transparent 'no surprises' culture that encouraged staff to raise concerns, which was an important enabler of delivery. In our survey of risk professionals, 71% of respondents said their organisation had a healthy culture that enables risks to be discussed openly and honestly. The Civil Service People Survey shows that civil servants' confidence in speaking up when they identify a serious policy or delivery risk increased from a median score of 66% in 2017 to 75% in 2021 and has remained broadly stable since. Variation between organisations has reduced since 2017 but substantial differences remain (paragraph 2.5 and Figure 5).

15 Key risks are not always mitigated or escalated promptly, with a 'good news' culture persisting in some areas. The government expects that staff at all grades, as well as ministers, play a role in managing risks, and the Risk CoE has developed training and learning resources to improve risk awareness among non-risk professionals. However, in our survey, only 58% of respondents said people in their organisations view identifying risk as everyone's role. Risk professionals told us the effectiveness of those in charge of risks is variable. Several government bodies have significant backlogs of outstanding mitigating actions, indicating that risks are not always addressed promptly. We heard that risk management is sometimes treated as a compliance exercise and that delivery pressures can cause risk management activity to be deprioritised. A 'good news' culture can also discourage open discussion and escalation (paragraphs 2.15 and 2.16).

Using risk management to inform decision-making in practice

16 While government bodies identify emerging and evolving risks, they are often slow to respond. Many organisations use horizon scanning and scenario planning to anticipate issues, and some focus on the long-term trends that might affect their ability to deliver services. For example, the Ministry of Justice has assessed the civil emergency risks most likely to materialise over the next six months and analysed global long-term trends that may affect it over the next five to fifteen years. However, timely action across government in response to emerging and evolving risks is inconsistent and often lacking (paragraphs 3.3 and 3.4).

17 Government bodies are increasingly articulating their risk appetite (the amount of risk they are willing to seek or accept), but they are not yet consistently using it to inform decisions on funding and resourcing. A clear risk appetite gives staff confidence to test new approaches and improve services, whereas uncertainty about what risks are acceptable can inhibit innovation. For example, the Department for Work & Pensions told us a higher risk appetite for innovation during the COVID-19 pandemic helped accelerate the development of new approaches to improving compliance of child maintenance payments. These approaches helped prevent an estimated 715 cases a month from falling into arrears. However, risk appetite is still often not used to shape investment and resourcing decisions, with only 47% of respondents to our survey saying their organisation uses risk appetite to inform decisions. In June 2026, most central government departments reported that the majority of their principal risks were outside their stated risk appetite or tolerance, often for multiple years. This may indicate that their risk appetite does not accurately reflect the level of risk they are prepared to accept, or that actions to bring risks within appetite are ineffective or constrained. For example, legacy technology and specialist staff shortages may constrain departments' ability to bring cyber security risks within appetite. Officials told us funding constraints and concerns about accepting greater exposure to serious harm can make it difficult to align persistent risks with their stated appetite (paragraphs 3.5 and 3.7).

18 Government bodies often lack the oversight, coordination and levers needed to manage risks that cut across organisational boundaries. They often have a limited understanding of how risks interact and how issues in one area can affect others. Departments' oversight of ALB risks is inconsistent. This limits their ability to challenge ALBs, support them before issues escalate, and understand how risks across organisations may compound and affect outcomes for which the department is accountable. For example, some ALBs told us they had limited contact with their sponsoring department's risk team, reducing both sides' ability to develop a shared view of risks. Limited oversight of project, programme, delivery partner and supplier risks also hinders government bodies' ability to anticipate and respond to disruptions. Many significant risks facing departments require cross-government collaboration, but those responsible for managing them often lack the authority, levers or incentives to do this in an integrated way. Addressing these challenges will become increasingly important as central government transfers more responsibilities to mayors and local government (paragraphs 3.8 to 3.12).

19 Government bodies are taking steps to learn, improve and innovate in how they manage risks, but could do more to make these efforts more systematic and increase their impact. We found examples of organisations reviewing incidents and near misses to learn from experience and improve practice. The Risk CoE provides tools and guidance to help organisations improve how they manage risks, and risk teams are beginning to use artificial intelligence to improve efficiency and support decision-making. However, opportunities remain to make improvement efforts more systematic and targeted. Government bodies do not routinely have robust, documented risk management improvement plans, making it harder to target improvement, monitor progress and embed learning. There is also no government-wide assessment of risk management effectiveness to provide a consistent basis for identifying leading practice and areas for improvement across government (paragraphs 3.13 to 3.18).

Conclusion on value for money

20 Managing risks effectively is critical to achieving the government's objectives and securing value for money in an uncertain and highly interdependent environment. It helps the government become more resilient to increasingly complex threats and it supports well-managed risk-taking to innovate and improve services. Many government bodies have strengthened their risk management arrangements in recent years, supported by the work of the Risk CoE.

21 However, most progress has been in improving the tools, frameworks and processes used to manage risks. While these are important foundations, they are not sufficient on their own. Effective risk management requires supportive leadership and an organisational culture that encourages informed risk-taking and open discussion of concerns, and it needs to be embedded in how government bodies set priorities, make decisions and allocate resources. Although we have found examples of good practice across government, progress is uneven, with significant variation in the extent to which organisations use risk management to inform decisions, manage risks that cut across organisational boundaries, and respond effectively to emerging threats and opportunities.

What government bodies can do to overcome challenges to managing risks

22 Ensuring that the government manages risks effectively and consistently to secure value for money and improve public services will require sustained effort across organisations, underpinned by effective support from the centre of government. Our good practice guide *Overcoming challenges to managing risks in government* sets out 10 approaches that government bodies can take. Our work for this report has reinforced their continued relevance to the persistent challenges government bodies face. **Figure 2** on pages 14 and 15 presents these approaches and complements our new recommendations for the centre of government. The government has issued a wide range of guidance, tools, training and learning resources to help organisations put these approaches into practice.

Recommendations for the centre of government

23 To improve the government's ability to manage risks effectively in practice, HM Treasury should ensure that the Risk CoE has the levers and capacity to:

a work with the Project Delivery Function to improve how government bodies assess risks in option design and appraisal, including by more consistently estimating the likelihood of different degrees of success and failure;

b increase its engagement with other government functions and professions to help ensure that commercial, digital, financial, grant management, operational, policy and workforce decisions are informed by risk; and

c regularly review and challenge departments' and large ALBs' plans for improving risk management, including future resourcing and skills, and support their development and implementation.

24 To strengthen leadership for risk management across government, the Risk CoE should engage with the Cabinet Office, given its role in civil service leadership, capability and talent development, to:

d ensure that senior civil service capability and performance frameworks reflect the leadership behaviours needed to support effective risk management;

e set clear, role-specific expectations for risk training for new non-executive directors, senior civil servants, permanent secretaries, and equivalent roles in ALBs, building on the Risk CoE's existing training offer;

f set clear expectations for how cross-government learning and development initiatives will prepare current and future leaders to manage risks effectively; and

g design and deliver the training and development activities needed to meet these expectations.

25 As the government develops arrangements to support further devolution, the Ministry of Housing, Communities & Local Government and HM Treasury should work with the Cabinet Office to:

h set out a clear approach to identifying, escalating and responding to risks that cut across organisational, geographical and policy boundaries, including giving the centre of government visibility of risks whose combined effects could be significant.

Figure 2

Approaches to overcoming challenges to managing risks in government

Our 2023 good practice guide identified 10 approaches that the government can take to overcome risk management challenges

Approach	Why is this a priority?	What actions can organisations take?
 **1. Establish strong leadership and risk culture**	A tone from the top that establishes the importance of risk management and promotes a positive risk culture will have greater success in driving the right behaviours and actions throughout the organisation	• Set the right tone at and from the top of the organisation • Strengthen leadership, accountability, and assurance arrangements for risk management • Reduce the risk of optimism bias through independent challenge • Promote a culture of psychological safety to have open dialogue around risk
 **2. Build capability and expertise**	Developing risk management expertise and credibility will strengthen the organisation's ability to make risk-informed decisions which achieve strategic objectives and deliver value-for-money outcomes	• Assess the skills and capabilities needed and address gaps • Deliver interventions to raise risk awareness and capability across the organisation • Upskill and develop risk practitioners to strengthen risk management credibility • Engage risk experts and specialists where appropriate
 **3. Define and embed risk appetite and tolerance**	Expressions of risk appetite and risk tolerance which are understood across the entire organisation will set parameters for individuals to operate and enable risk-taking which supports the achievement of strategic objectives	• Clearly articulate the levels of risk the organisation is willing to accept and tolerate • Base risk appetite and tolerance on good information • Communicate risk appetite across the organisation so it can be understood and put into action • Flex risk appetite to reflect changing dynamics in the environment and management's preferences
 **4. Take a forward-looking view**	Anticipating future risks will enable organisations to be better prepared and more responsive to changes and shocks	• Continually scan the horizon for emerging and future risks and opportunities • Build in diversity to risk identification by including expert viewpoints • Use foresight tools and futures thinking to understand uncertainty and inform risk identification • Be imaginative in planning for severe but plausible scenarios
 **5. Make risk-informed decisions**	Decisions which are informed by robust risk management will take threats and opportunities into account so the organisation can better achieve its objectives	• Align risks with the organisation's strategy, goals and objectives • Design risk management into the governance architecture • Be deliberate about risks and opportunities in decision-making • Engage risk expertise early in the decision-making process

Figure 2 *continued*
Approaches to overcoming challenges to managing risks in government

Approach	Why is this a priority?	What actions can organisations take?
 **6. Adopt a whole-system approach**	A holistic approach to risk management enables interdependent and interconnected risks to be identified and managed in a robust and integrated manner	• Identify risks in the organisation and third-party ecosystem • Map interdependencies and connections for cross-cutting risks • Assess the range of impacts and consequences of risks • Take a joined-up approach to managing risks and break down silos
 **7. Assess risk impact**	Thorough assessment and evaluation will enable the impact of risks to be consistently understood and help prioritise the different risks the organisation is managing	• Use the right tools and expertise to assess and evaluate risks • Leverage good-quality data to support the risk assessment effort • Deploy qualitative and quantitative methods to assess impact • Identify and assess the aggregate impact of risks across the organisation
 **8. Take action to address risks**	An organisation where individuals understand their responsibilities for managing risks – and how risk appetite and tolerance can be applied in practice – will be better equipped to take effective action as risks develop	• Have clear ownership and accountability for risks • Develop appropriate responses in line with the organisation's risk appetite and tolerance • Have clear criteria for escalating risks that fall outside appetite or tolerance • Gain assurance over the effectiveness of risk management processes
 **9. Monitor and report on the risks that matter**	Continuous risk monitoring and effective risk reporting will help focus attention on the risks that should matter most to the organisation	• Set meaningful performance metrics and indicators to monitor risks • Apply tools which enable real-time and dynamic monitoring of risks • Promote timely and accurate reporting of significant risks to key decision-makers • Ensure risk registers are robust and "living documents" that reflect significant risks
 **10. Drive continuous improvement**	Learning lessons from others and assessing risk maturity will allow the organisation to continually develop and improve its approach to risk management	• Assess the current level of maturity to identify gaps and areas for development • Identify and share good practice across the organisation • Learn and share lessons from beyond the organisation • Validate, benchmark and seek assurance over risk management arrangements

Source: National Audit Office, *Overcoming challenges to managing risks in government*, December 2023