Appendix 1



Cherwell District Council

**Risk Management Strategy and Guidance**

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**Date Produced: September 2025**
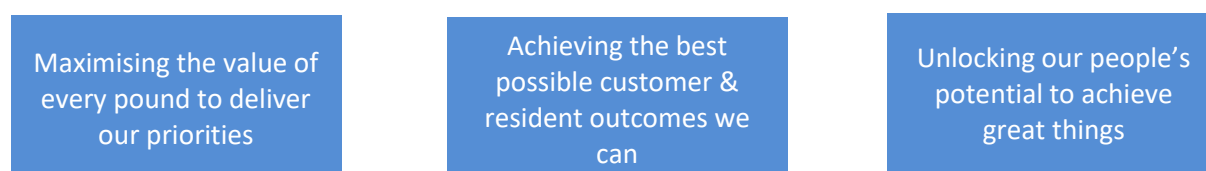**Date for Review: September 2026**

# 1. Introduction

Risk is a natural part of daily life, especially in a fast-changing world. Cherwell District Council highlights that effective risk management is key to achieving goals, improving services, ensuring value for money, and supporting better decision-making, planning, and resource use.

Cherwell District Council emphasises the importance of a supportive risk culture, encouraging openness and honest discussions about business challenges. This culture, involving all staff from leadership to employees, is key to effective risk management, and ultimately, to the delivering of the council's vision.

As set out in Cherwell District Council's Vision and Strategy 2025-30, the Council has defined four key external priorities:

| | |
|---|---|
| Economic prosperity | Community leadership |
| Environmental stewardship | Quality housing and place making |

Additionally, the strategy stablishes three organisational (internal) priorities:

| | | |
|---|---|---|
| Maximising the value of every pound to deliver our priorities | Achieving the best possible customer & resident outcomes we can | Unlocking our people's potential to achieve great things |

The Council views risk management as vital to achieving its goals, encouraging best practices and shared responsibility across all stakeholders. It supports informed decision-making, embraces innovation, and promotes a culture of risk awareness that balances opportunity with protection, especially for vulnerable groups.

This Strategy and its objectives are inherent to good governance practices, and they will be reviewed annually by the Risk Advisory Group and the Corporate Leadership Team, and presented to the Audit, Accounts and Risk Committee for feedback and approval.

# 2. Risk Management Strategy Aims and Objectives

Risk management is central to effective governance and service delivery at the Council. It ensures public services are delivered responsibly and public funds are safeguarded. In the face of growing

challenges, identifying, and managing risks is more critical than ever. Effective risk management supports organisational goals by ensuring compliance and accountability, enhancing decision-making and value for money, and making the most of potential opportunities whilst mitigating threats.

The Council is committed to effective risk management aiming to fulfil legal and policy obligations, improve services and meet stakeholder expectations, protect people, property, and resources; manage liabilities and maintain financial control, uphold its reputation and environmental quality, and learn from past experiences.

The Risk Management Strategy provides a framework to help Council Members and Officers fulfil these responsibilities, aiming to:

| | | |
|---|---|---|
| Establish a reliable basis for decision making and planning. | Enable a robust risk management framework across the organisation | Increase the likelihood of achieving outcomes |
| Encourage a risk aware approach to enable innovation | Create an environment of "no surprises" | Provide those charged with governance with appropriate assurances |

*'If you don't have effective risk management, you don't have effective management.'*

Chance or Choice: Guidance on Effective Risk Management and Internal Control in Local Government (SOLACE/ZM, 2000)

Key objectives of the Risk Management Strategy and Guidance:

- Embed risk and opportunity management into the culture of the organisation.
- Develop a balanced approach to managing the wide range of business risks facing the Council.
- Manage risk in accordance with legislation and best practice; and
- Establish a common understanding of the Council's expectations on risk management with partners, providers, and contractors.

## 3. Approach to Risk Management

### 3.1 Definitions

At Cherwell District Council, we recognise that risk is defined as "the effect of uncertainty on objectives," where an effect may represent either a positive opportunity or a negative threat to expected outcomes.

In this context, the Council defines risk as any potential event or development that, should it occur, could compromise the Council's ability to:

- Deliver its corporate priorities and strategic objectives.

- Maintain continuity and quality in service delivery.

- Meet its statutory obligations, including the duty to secure continuous improvement and uphold financial resilience.

Our approach to Risk Management is aligned with the principles set out in ISO 31000, which defines it as:

*"A coordinated set of activities and methods used to direct and control an organisation with regard to risk."*

Cherwell District Council is committed to embedding effective risk management across all levels of the organisation. This ensures that we are well-positioned to anticipate, assess, and respond to risks in a way that supports informed decision-making, protects public resources, and enhances our ability to serve our communities.

## 3.2 Risk Appetite

Risk appetite defines how much risk the Council is willing to accept to achieve its goals. A clear understanding of this helps guide decisions, shape risk culture, and support better performance by enabling informed, measured risk-taking. The approach towards and appetite for risk can be:

- Averse - Preference for safe business delivery options that have a low degree of inherent risk and only a potential for limited reward.
- Cautious - Preference for safe delivery options that have a medium degree of residual risk and may only have limited potential for reward.
- Aware - Willing to consider all potential delivery options and choose the one that is most likely to result in successful delivery while also providing a good level of reward.
- Hungry - Eager to be innovative and to choose options offering potentially higher business rewards, despite greater inherent risk.

The Council's risks appetite is determined by individual circumstances. In general terms, the Council's approach to providing services is to be innovative and to seek continuous improvement within a framework of compliance, delivering value for money and strong corporate governance.

Is vital to ensure that risk-taking across the Council is aligned with strategic objectives, governance standards, and service delivery expectations, while enabling innovation and safeguarding resources.

Our aim is to have robust risk management at all levels across the organisation to encourage a less risk averse and more risk cautious/risk aware approach. This should enable innovation and opportunities to be taken within the Directorates whilst managing and addressing the barriers to success. However, the attitude towards risk will differ across the Directorates, from risk averse to risk aware.

### 3.2.1 Cherwell's Risk Appetite

Cherwell District Council adopts a balanced and context-sensitive risk appetite, generally positioned between risk-aware and risk-cautious. This reflects the Council's commitment to:

- Innovation and continuous improvement, particularly in areas like digital transformation and service delivery.

- Strong governance and compliance, especially in high-risk domains such as safeguarding, legal obligations, and financial stewardship.

- Value for money, ensuring public resources are used effectively and responsibly.

- Protecting reputation and public trust, while remaining open to scrutiny and transparent decision-making.

The Council is open to taking measured risks where the potential benefits align with strategic priorities and where robust controls and mitigation strategies are in place. However, it maintains a low appetite for risk in areas that could compromise legal compliance, safety, or the wellbeing of vulnerable groups.

This overarching appetite supports a culture of informed decision-making, shared accountability, and proactive risk management across all levels of the organisation.

### 3.2.3 Risk Appetite practice

As part of embedding risk appetite into decision-making, services will clearly state the risk score of the proposed option and any viable alternatives within the risk implications section of reports, where appropriate. This ensures transparency and enables a balanced assessment of both the risks associated with taking action and the potential consequences of inaction. It is essential that the policy is actively applied in practice, particularly in contexts where risk aversion may inadvertently hinder strategic outcomes, such as the delivery of financial savings or innovation.

See Appendix 2 for Risk appetite process, matrix and risk and opportunity assessment to include risk appetite in decision papers.

## 3.3 Types of risk

Every organisation will face different types of risk – Operational (internal), Strategic, and those arising from major projects, and the approach to managing them will differ.

| Type of risk | Description | Examples |
|---|---|---|
| Strategic | This concerns the aims and priorities and aligns to the Council's Vision and Strategy, identifying the principal risks to the achievement of those within a set timeframe. focuses on big external events/perils and then considers how to make the organisation more resilient to such events. | These can be immediate impact risks to the organisation's ability to continue operating, e.g. loss of customer data; or slow-burning risks that grow and eventually prevent delivery of objectives, e.g. staff turnover or leadership capability. |
| Operational | These are risks over which the organisation has some control, for example risks that can be managed through internal controls and, where necessary, additional mitigating actions. This often involves traditional risk management, such as risk registers, controls, and assurance. | Fraud, health & safety, legal & regulatory, information security, data protection, safeguarding, contracts, people capability & capacity. |
| Major programmes & projects | Major projects form such a critical part of the plans for many councils and should have their own risk management arrangements in place aligned to the Programme/Project Governance arrangements. Significant projects and/or risks should be escalated as required. | These risks will be specific to the major project in question, and could involve shifting requirements, budget overspend, slippage in delivery timeframes, failure to deliver. |

Our approach to risk management is proportionate to the type of risk, decision being made or the impact of changes to service delivery/ strategies. Our risk management arrangements enable us to manage uncertainty in a systematic way at all levels of the council's business.

All key decisions presented to Executive must clearly show the key risks and opportunities associated with the decision/recommendations, the potential impact and how these will be managed. This helps

promote informed decision making, particularly in an environment of uncertainty and change.

## 3.4 Risk Scoring

To ensure consistency and transparency in risk evaluation across Cherwell District Council, a standard methodology must be applied when calculating risk. Risks are assessed using a weighted matrix that multiplies two key criteria: **Likelihood** and **Impact** (as detailed in Appendix 1). While scoring helps prioritise risks, the critical next step is to define how each risk will be managed. Risk scores and associated controls should be clearly documented in operational and strategic risk registers to provide a reliable overview and support informed decision-making.

| Colour | Score | Action | Risk Control |
|---|---|---|---|
| **Blue** | Very Low | Acceptable risk: No further action or additional controls are required; Risk at this level should be monitored and reassessed at appropriate intervals. | Tolerate/Accept or Treat and Control. |
| **Green** | Low | Acceptable risk: No further action or additional controls are required; Risk at this level should be monitored and reassessed at appropriate intervals. | Tolerate/Accept or Treat and Control. |
| **Yellow** | Moderate | A risk at this level may be acceptable; If not acceptable, existing controls should be monitored or adjusted; No further action or additional controls are required. | Tolerate/Accept or Treat and Control |
| **Amber** | High | Not normally acceptable Formal action plan required - as failure to complete these actions has a significant impact/consequence on the net scores. | Treat, Tolerate or Transfer. |
| **Red** | Very High | Unacceptable. Formal action plan required - as failure to complete these actions has a significant impact/consequence on the net scores. | All options can and should be considered. |

## 3.5 Risk Management. Controls vs Mitigating actions.

Each identified risk must have appropriate controls and mitigating actions, which are proactive steps the council is taking to reduce the likelihood or impact of potential risks. Controls are preventative measures aimed at reducing the likelihood of a risk occurring, while mitigation focuses on reducing the impact of a risk if it does occur. Essentially, controls try to stop risks from happening, and mitigation tries to lessen the damage when risks do happen. All risks Amber / Red will have an associated action plan which will be monitored alongside the risk register.

### 3.5.1 Risk Management Controls:

- Preventive Controls: These aim to stop risks from happening in the first place. Examples include implementing security protocols, establishing strong passwords, and conducting regular training.
- Detective Controls: These controls are designed to identify risks that have already occurred, allowing for a timely response. Examples include monitoring systems for unusual activity, conducting audits, and implementing alert systems.
- Corrective Controls: These are put in place to address risks that have already occurred. Examples include developing disaster recovery plans, implementing incident response procedures, and establishing backup systems.
- Directive Controls: These controls provide direction and guidance to ensure that actions are taken in a specific way to prevent or reduce risks.

### 3.5.2 Mitigating Actions:

- Risk Avoidance: This involves eliminating a risk by avoiding the activities or situations that create it. For example, an organization might decide not to enter a new market due to the high level of risk involved.
- Risk Reduction: This strategy focuses on reducing the likelihood or impact of a risk. Examples include implementing safety procedures, investing in better technology, or diversifying business operations.
- Risk Transfer: This involves transferring the risk to a third party, such as through insurance or outsourcing certain operations. For example, a company might transfer the risk of financial loss from a cyberattack to an insurance provider.
- Risk Acceptance: This approach involves acknowledging the risk and accepting the potential consequences. This is often done when the cost of mitigation is higher than the potential loss, or when the potential reward outweighs the risk.

## 3.6 Risk Strategy Practice

The Risk Strategy should be used:
- At all levels of decision-making: From strategic planning to operational delivery, the strategy provides a framework for identifying, assessing, managing, and reporting risks.
- During the development of Executive papers: All key decisions must include a risk and opportunity assessment aligned with the Council's defined risk appetite.
- In project and programme governance: Major projects must have their own risk management arrangements aligned with this strategy.
- In regular reviews: Strategic risks are reviewed quarterly by committees and bimonthly by the Corporate Leadership Team (CLT); operational/project risks are reviewed monthly at service level.
- To guide escalation: Risks that become unmanageable or could impact service delivery must be escalated to CLT and included in the Strategic Risk Register.
- As part of performance management and team discussions: Risk awareness is to be embedded in team meetings and performance reviews.

## 4.  Roles and Responsibilities

The Council recognises that it is the responsibility of all members and officers to have due regard for risk in performing their duties, and that they should not be afraid of identifying a risk or feel that identifying a risk is a failure or that we should try to eliminate risk unduly. To ensure risk management is effectively implemented, all Cherwell District Council Members and officers should understand the Council's risk management approach and embed risk management as part of their day-to-day activities. At Cherwell District Council, specific responsibilities with regards to risk are:

| Who | Responsibilities |
|---|---|
| Leader and Members | Set the direction against political imperatives and articulate a high-level appetite for the risks to those imperatives. Has the ultimate accountability for the risk and related control environment.<br>To endorse Council's Risk Management Strategy, through the Audit & Governance Committee, the Council Leader and Members also have a responsibility to:<br>• Oversee the effective management of risk by officers.<br>• Monitor the Council's risk management strategy and performance. Review regular reports from the Risk Management function on key issues affecting the Council.<br>• Review and approve the Risk Strategy annual review. |
| Audit Accounts & Risk Committee | Is responsible for overseeing the effectiveness of the council's risk management arrangements and has overall governance of the risk management process. Their role is to:<br>• Approve the framework for risk management.<br>• Approve strategic risks and monitor progress.<br>• Monitor adequacy of management arrangements and directly raise queries with risk owners.<br>• Gain assurance of objectives being met.<br>• Delegation to sub-committee (RMG) |
| Corporate Leadership Team | Should set an appropriate tone from the top, for example by articulating risk appetite, championing, and driving the effective management of risk and ensuring the risk function is supported in conducting its role. Overall accountable for Strategic Risks, monitoring by-monthly and reviewing escalation. |
| Corporate Directors & Assistant Directors | Demonstrate visible commitment to risk management by:<br>• Leading through actions - embracing risk-based decision making aligned with strategic objectives.<br>• Having a clear understanding of the risks to the business<br>• Ensuring assurance on the status of key risks and controls sought and followed through on a strategic and directorate level.<br>• Embedding of the policy and framework for managing risk |
| Risk Advisory Group | • Function as risk 'champions,' ensuring that risk management is given an appropriate profile and sufficient focus.<br>• Play a central role in the identification and monitoring of corporate risk.<br>• Receive updates on key risks & actions and assurances on effectiveness of risk management.<br>• Consider "very severe" and "serious" risks identified by projects, functional risk groups and department groups.<br>• Escalate new and emerging risks that may have a corporate impact to the Risk Manager and participate in ad hoc meetings of the Group to discuss such risks |
| Managers | Should actively identify and manage risks as part of their everyday business, escalating them promptly as and when necessary.<br>• Identify, manage & monitor risks within their service area/team.<br>• Report and escalate risks in accordance with strategy.<br>• Monitor compliance and report exceptions to relevant Professional Lead |
| Performance & Insight Team | Are responsible for the facilitation and co-ordination of risk management activity in their specialist area across the council. Supports and facilitates the Council's management and oversight of risk. For example, by building the organisation's risk capability and defining the organisation's risk management practices and framework. |
| Internal Audit | Should provide independent and objective assurance on the effectiveness of the organisation's risk management arrangements and share good practice through comparative assessment |
| All members and officers | Manage risk effectively in their role and report risks as appropriate in accordance with procedures. Comply with polies and procedures and escalate exceptions appropriately. |

## 5. Risk Reporting and Escalation

Strategic risks, compiled and presented as the Strategic Risks Register, will be reported to committees (Audit, Accounts and Risk, and Executive) quarterly, and reviewed thoroughly by the Corporate Leadership Team at least bimonthly, however this is a live document as such it will be reviewed and amended whenever deemed necessary. The Strategic Risks Register will include all Strategic risks facing the council, their description, potential impact, controls, mitigating actions and current score. All risks will be clearly defined together with the controls that currently exist to manage them; risk ratings will be reviewed and where relevant commentary to identify progress against planned action or any emerging issues.

The review should focus on four key factors:
- Whether the risk is still relevant
- Whether there are any changes to the inherent/residual risk scores
- Whether new controls or actions are required
- To what extent are there any gaps in the assurance of identified controls?

Where control weaknesses are identified, these should be noted so that action can be taken to remedy such weaknesses. Action to address these weaknesses should be included within the report (in the case of Strategic risks).

Operational and programme/project risks will be monitored and reviewed monthly at service level by the relevant Assistant Director and their management team and will be escalated to the correspondent Corporate Director when reporting "Medium high" and "High."

The corporate template should be used for the recording of all risk, regardless of level as to provide the organisation with the specific information it requires to manage and monitor its risks, and to facilitate escalation of Operational or Project risks if necessary. When a risk score is deemed as potentially at risk to become unmanageable at service level or could possibly have an impact on the councils' service delivery it should be escalated brought to the attention of the Corporate Leadership Team, correspondent Portfolio Holder and escalated to the Strategic Risks Register.

## 6. Culture, Awareness and Training

To ensure risk management is effectively implemented, all Cherwell District Council Members and officers should have a level of understanding of the Council's risk management approach and regard risk management as part of their responsibilities. Managing risk should be firmly embedded in everyone is thinking, behaviours and actions.

Having developed a robust approach and established clear roles and responsibilities and reporting lines, it is important to provide Members and officers with the knowledge and skills necessary to enable them to manage risk effectively. As part of this risk awareness and effective management culture, a Risk Advisory Group has been established to ensure consistent risk practices across all services. A training plan, including a range of training methods, is being developed to meet the needs of the organisation and include e-learning, risk workshops, and formal risk management training.

## Appendix 1 - Risk Methodology

Please note in a weighted risk matrix, different combinations of likelihood and impact can produce the same numerical score (e.g., 3×4 or 4×3 = 12). However, the RAG rating is not determined by the score alone—it also considers the context, domain, and nature of the risk. For example, a safeguarding risk with moderate likelihood but high impact may be rated Amber, while a technical issue with high likelihood but moderate impact might be Yellow, even though both score 12. This variation ensures that risks are assessed not just quantitatively but also qualitatively, allowing for more accurate prioritisation and proportionate responses based on strategic relevance and potential consequences.

## Risk Scoring

| | | IMPACT | | | | |
|---|---|---|---|---|---|---|
| | | Negligible | Minor | Moderate | Significant | Severe |
| **LIKELIHOOD** | Very Likely | 5 | 10 | 15 | 20 | 25 |
| | Likely | 4 | 8 | 12 | 16 | 20 |
| | Possible | 3 | 6 | 9 | 12 | 15 |
| | Unlikely | 2 | 4 | 6 | 8 | 10 |
| | Very Unlikely | 1 | 2 | 3 | 4 | 5 |

| Risk Score management | |
|---|---|
| **Very Low** | Acceptable risk: No further action or additional controls are required. Risk at this level should be monitored and reassessed at appropriate intervals. |
| **Low** | Acceptable risk: No further action or additional controls are required. Risk at this level should be monitored and reassessed at appropriate intervals. |
| **Moderate** | A risk at this level may be acceptable; If not acceptable, existing controls should be monitored or adjusted. No further action or additional controls are required. |
| **Medium High** | Not normally acceptable; Efforts should be made to reduce the risk, provided this is not disproportionate. Determine the need for improved control measures. |
| **High** | Unacceptable; Immediate action must be taken to manage the risk. A number of control measures may be required. |

## Risk Rating – Likelihood

| Likelihood | Likelihood descriptors |
|---|---|
| Very unlikely - 1 | EITHER has happened rarely / Never before. OR less than 5% chance of occurring on or prior to proximity date. |
| Unlikely - 2 | EITHER only likely to happen once every 5 or more years. OR 5-20% chance of occurring on or prior to proximity date. |
| Possible - 3 | EITHER only likely to happen at some point within next 2-5 years. OR 20-45% chance of occurring on or prior to proximity date. OR circumstances occasionally encountered once a year. |
| Likely - 4 | EITHER likely to happen at some point within the next 2 years. OR 45-70% chance of occurring on or prior to proximity date. OR circumstances encountered few times a year. |
| Very likely - 5 | EITHER likely to happen at some point within the next 12 months. OR 70-90% chance of occurring on or prior to proximity date. OR Circumstances encountered several times a year. |

## Risk Rating – Impact

| Level | Service Delivery / Performance | Political / Reputation | Health and Safety | Technology / Data Protection | Financial |
|---|---|---|---|---|---|
| Negligible | Minimal service disruption in non- critical area of service for brief period (hours). | Contained within service area. Complaint from individual / small group / single supplier. No press interest. Minor delay in member objectives | Minimal injury or discomfort to an individual. Failure to report notifiable incident to the HSE. | Isolated individual personal detail compromised / revealed. | Costing < £10k |
| | Commercial Plan Outcomes/ Objectives delayed by less than 1 month. | Complaint from an individual to a member or internal complaint from a member. Minor change to political landscape. | | Minimal technological failure / security breech with minimal impact on day-to-day service delivery | |
| Minor | Minor effect to an important service area for a short period (days). | Adverse local publicity / local public opinion aware. Lowered perception/standing with local suppliers. | Injury causing loss of working time to an individual. HSE Investigation leads to improvement notice served or threat of prosecution. | Some individual personal details compromised / revealed. | Costing = < £50k |
| | Commercial Plan Outcomes/ Project / Objective fails to deliver on 1 important aspect. Delayed by up to 3 months. | Complaint or petition from a local group / delay to member objectives. Moderate change to political landscape. | | Minor technological failure / security breech to the organisation's ICT assets impacting on the day-to-day delivery of services. | |

| Level | Service Delivery / Performance | Political / Reputation | Health and Safety | Technology / Data Protection | Financial |
|-------|-------------------------------|------------------------|-------------------|------------------------------|-----------|
| **Moderate** | Moderate service disruption of an important service area for a period of up to a week. | Adverse national media interest and/or adverse publicity in professional/municipal press. | Serious injury sustained by one or more individuals. Prohibition Notice served by the HSE that closes a key facility. | Many individual personal details compromised/ revealed | Costing = < £250k |
| | | Adverse local publicity of a major and persistent nature. Lowered perception/standing with national suppliers / professional / local government community. | | | |
| | Commercial Plan Outcomes/ Major Project / Objective fails to deliver several key benefits. | Moderate criticism from local government community. | | Large technological failure / security breech with a significant impact on the organisation's ICT assets essential for the day-to-day operation of critical services. | |
| | Delayed by 3 - 6 months. | Significant delay in member objectives. Significant change in political landscape. | | | |
| **Significant** | Significant service disruption, across several important areas of service for protracted period. | Adverse and persistent national media coverage. Adverse central government response, threat of removal of delegated powers. | Serious permanent disablement of individual or several people. | All personal details compromised/ revealed. | Costing = < £1m |
| | | Public Enquiry. Officer(s) and/or Member(s) forced to resign. | Prosecution under Corporate Manslaughter Act. | | |
| | | Council block-listed by suppliers. | | | |
| | Commercial Plan Outcomes/ Complete failure of business-critical project / objective. Delayed by over 6 months. | Significant and persistent criticism from central government. Major delay in member objectives. Major change in political landscape. | | Significant technological failure / security breech with a detrimental impact on the organisation's ICT assets essential for the day-to-day operation of critical services. | |
| **Severe** | Complete service failure across all critical areas of service for protracted period. | Adverse and persistent international media coverage. Adverse central government response, threat of removal of delegated powers. Public Enquiry. Officer(s) and/or Member(s) forced to resign. Council block-listed by suppliers. | Death of an individual or several people. Prosecution under Corporate Manslaughter Act. | All personal details compromised/ revealed and exposed to groups undertaking fraudulent activity. | Costing = £1m & over |

## Appendix 2 - Risk Appetite Process and Matrix

### Risk Appetite Definition Process

### 1. Define Strategic Context and Alignment
- Review the Council's Vision and Strategy 2025–2030 and current corporate priorities.
- Identify key areas where risk appetite needs to be clarified (e.g., financial investments, compliance, innovation, reputation)

### 2. Use of the Risk Appetite Matrix
- Apply the Risk Appetite Matrix below to assess acceptable levels of risk across key domains:
    - Financial/VFM
    - Compliance/Regulatory
    - Innovation/Quality/Outcomes
    - Reputation
- Each domain is rated from 0 (Avoid), 1 (Minimal), 2 (Cautious), 3 (Open), 4 (Seek) to 5 (Mature).

This helps define whether the Council is risk averse, cautious, aware, or hungry in each area.

### 3. Directorate-Level Input
- Each Directorate assesses its own risk appetite based on service type and operational context. For example:
    - Safeguarding and legal compliance → Risk Averse
    - Digital transformation or service innovation → Risk Aware or Hungry

### 4. Consolidation and Review
- The Risk Advisory Group consolidates inputs and identifies inconsistencies or gaps.
- The Corporate Leadership Team (CLT) reviews and aligns appetite levels with strategic priorities and governance standards.

### 5. Approval and Communication
- The proposed appetite levels are presented to BPM, and the Audit, Accounts and Risk Committee for formal approval.
- Once approved, they will be:
    - Disseminated to all decision-makers.
    - Used to guide risk scoring and escalation decisions.

### 6. Annual Review
- Risk appetite is reviewed annually (March/April) to reflect changes in:
    - Strategic priorities
    - External environment
    - Organisational capacity
    - Lessons learned from past risks.

### 7. Integration into Decision-Making
- All decisions must include a risk and opportunity assessment aligned with the defined appetite.

- Misaligned risks must be mitigated, transferred, or escalated.

## 8. Frequency of review

| Activity | Frequency | Responsible |
|---|---|---|
| Annual Review of Risk Appetite | March/April each year | CLT & Audit Committee |
| Quarterly Strategic Risk Register Review | Every 3 months | CLT & Committees |
| Monthly Monitoring of Operational/Project Risks | Monthly | Assistant Directors & Managers |
| Ad-hoc Review | As needed (e.g., major changes in strategy or external environment) | Risk Advisory Group & CLT |

## 9. Risk and Opportunity Assessment

### 1. Risk Appetite Alignment

This proposal has been assessed against the Council's defined risk appetite across key domains:

| Domain | Risk Appetite Level | Alignment with Proposal |
|---|---|---|
| Financial / Value for Money | Cautious / Aware | The proposal involves moderate investment with clear cost controls and expected efficiencies. |
| Compliance / Regulatory | Averse | Fully compliant with statutory obligations; no deviation from legal or regulatory standards. |
| Innovation / Outcomes | Aware / Hungry | Encourages service innovation with managed risk and measurable benefits. |
| Reputation | Cautious | Minimal reputational risk: communications plan in place to manage public perception. |

### 2. Risk Summary
- **Key Risks Identified:** [Briefly list top 2–3 risks]
- **Mitigation Measures:** [Summarise key controls or actions]
- **Residual Risk Rating:** [e.g., Moderate (Yellow) – Acceptable with monitoring]

**3. Commentary on Appetite Fit:** This option is [aligned / partially aligned / misaligned] with the Council's risk appetite. Where misalignment exists (e.g., higher financial exposure or reputational risk), mitigation strategies have been proposed, and escalation to CLT will occur if thresholds are exceeded.

## Risk Appetite Matrix

| Risk levels →<br><br>Key elements ↓ | 0 Avoid<br>Avoidance of risk and uncertainty is a Key Organisational objective | 1 Minimal (ALARP - (as little as reasonably possible)<br>Preference for ultra-safe delivery options that have a low degree of inherent risk and only for limited reward potential | 2 Cautious<br>Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward. | 3 Open<br>Willing to consider all potential delivery options and choose while also providing an acceptable level of reward (and VfM) | 4 Seek<br>Eager to be innovative and to choose options offering potentially higher business rewards (despite greater inherent risk). | 5 Mature<br>Confident in setting high levels of risk appetite because controls, forward scanning and responsiveness systems are robust |
|---|---|---|---|---|---|---|
| Financial/VFM | Avoidance of financial loss is a key objective. We are only willing to accept the low-cost option as VfM is the primary concern. | Only prepared to accept the possibility of very limited financial loss if essential. VfM is the primary concern. | Prepared to accept possibility of some limited financial loss. VfM still the primary concern but willing to consider other benefits or constraints. Resources generally restricted to existing commitments. | Prepared to invest for return and minimise the possibility of financial loss by managing the risks to a tolerable level. Value and benefits considered (not just cheapest price). Resources allocated to capitalise on opportunities. | Investing for the best possible return and accept the possibility of financial loss (with controls may in place). Resources allocated without firm guarantee of return – 'Investment capital' type approach. | Consistently focused on the best possible return for stakeholders. Resources allocated in 'social capital' with confidence that process is a return. |
| Compliance/ regulatory | Play safe; avoid anything which could be challenged, even unsuccessfully. | Want to be very sure we would win any challenge. Similar situations elsewhere have not breached compliances. | Limited tolerance for sticking our neck out. Want to be reasonably sure we would win any challenge. | Challenge would be problematic, but we are likely to win it, and the gain will. outweigh the adverse | Chances of losing any challenge are real and consequences would be significant. A win would be a great success. | Consistently pushing back on regulatory burden. Front foot approach informs better regulation. |
| Innovation/ Quality/ Outcomes | Defensive approach to objectives – aims to maintain or protect, rather than to create or innovate. Priority for tight management controls and oversight with limited devolved decision taking authority. General avoidance of systems/ technology developments. | Innovations always avoided unless essential or commonplace elsewhere. Decision making authority held by senior management. Only essential systems / technology developments to protect current operations. | Tendency to stick to the status quo, innovations in practice avoided unless necessary. Decision making authority generally held by senior management. Systems / Technology developments limited to improvements to protection of current operations. | Innovation supported, with demonstration of commensurate improvements in management control. Systems / technology developments used routinely to enable operational delivery Responsibility for non-critical decisions may be devolved. | Innovation pursued – desire to 'break the mould' and challenge current working practices. New technologies viewed as a key enabler of operational delivery. High levels of devolved authority – management by trust rather than tight control. | Innovation the priority – consistently 'breaking the mould' and challenging current working practices. Investment in new technologies as catalyst for operational delivery. Devolved authority – management by trust rather than tight control is standard practice. |
| Reputation | No tolerance for any decisions that could lead to scrutiny of, or indeed attention to, the organisation. External interest in the organisation viewed with concern. | Tolerance for risk taking limited to those events where there is no chance of any significant repercussion for the organisation. Senior management distance themselves from chance of exposure to attention. | Tolerance for risk taking limited to those events where there is little chance of any significant repercussion for the organisation should there be a failure. Mitigations in place for any undue interest. | Appetite to take decisions with potential to expose the organisation to additional scrutiny/interest. Prospective management of organisation's reputation. | Willingness to take decisions that are likely to bring scrutiny of the organisation but where potential benefits outweigh the risks. New ideas seen as potentially enhancing reputation of organisation. | Track record and investment in communications has built confidence by public, press. and politicians that organisation will take the difficult decisions for the right reasons with benefits outweighing the risks. |
| RISK APPETITE | Averse | | Cautious | Aware | Hungry | |

**Appendix 3 - Risk Strategy Implementation Action Plan**

**1. Governance and Oversight**
**Objective:** Establish strong leadership and oversight mechanisms.
**Action 1.1:** Present the Risk Strategy to the Audit, Accounts and Risk Committee for formal approval.
**Action 1.2:** Corporate Leadership Team (CLT) will set the tone from the top by articulating risk appetite and championing risk management, establishing the organisation's Risk Appetite.
**Action 1.3:** Schedule quarterly reviews of the Strategic Risk Register by CLT and relevant committees.

**2. Embedding Risk Culture**
**Objective:** Foster a risk-aware culture across all levels.
**Action 2.1**: Launch a communication campaign to introduce the changes.
**Action 2.2:** Integrate risk discussions into team meetings and performance reviews.
**Action 2.3:** Encourage directorates to adopt a "risk aware" approach, balancing innovation with protection.

**3. Training and Capacity Building**
**Objective:** Equip staff with the knowledge and skills to manage risk.
**Action 3.1:** Develop and roll out e-learning modules on risk management.
**Action 3.2:** Organise risk workshops and formal training sessions for Members and Officers.
**Action 3.3:** Provide targeted training for Risk Advisory Group members and managers.

**4. Risk Identification and Assessment**
**Objective:** Standardise risk identification and scoring.
**Action 4.1:** Implement the risk scoring methodology (Appendix 1) across all services.
**Action 4.2:** Ensure all risks are assessed using the Likelihood × Impact matrix.
**Action 4.3:** Use the corporate risk template for consistent documentation.

**5. Risk Appetite and Decision-Making**
**Objective:** Align decisions with defined risk appetite.
**Action 5.1:** Disseminate the Risk Appetite Matrix (Appendix 2) to all decision-makers.
**Action 5.2:** Require risk and opportunity assessments in all Executive decision papers.
**Action 5.3:** Review and adjust risk appetite annually based on strategic priorities.

**6. Controls and Mitigation**
**Objective:** Implement effective controls and mitigation strategies.
**Action 6.1:** Ensure all Amber and Red risks have formal action plans.
**Action 6.2:** Distinguish between preventive, detective, corrective, and directive controls.
**Action 6.3:** Monitor mitigating actions monthly and escalate where necessary.

**7. Reporting and Escalation**
**Objective:** Maintain robust reporting and escalation processes.
**Action 7.1:** Update Strategic Risk Register quarterly and review bimonthly by CLT.
**Action 7.2:** Monitor operational and project risks monthly at service level, with all registers being held centrally to allow corporate oversight.
**Action 7.3:** Escalate risks that may impact service delivery or become unmanageable.

**8. Monitoring and Continuous Improvement**
**Objective:** Ensure ongoing effectiveness and improvement.
**Action 8.1:** Conduct annual reviews of the Organisation's Risk Appetite and Strategy, presenting findings on the last one to the Audit Committee.
**Action 8.2:** Use internal audit findings to refine risk practices.
**Action 8.3:** Benchmark against ISO 31000 and other best practices.

## Timelines and Responsibilities

| Action Area | Action | Timeline | Responsible Person(s) |
|---|---|---|---|
| Governance and Oversight | Present Risk Strategy for Committee review, feedback, and approval | Nov- 2025 | Audit, Accounts & Risk Committee; Risk Advisory Group |
| Governance and Oversight | Schedule quarterly Strategic Risk Register reviews | Ongoing | Corporate Leadership Team (CLT) |
| Governance and Oversight | Ensure CLT champions risk management, by-monthly risk monitoring. | Ongoing | Chief Executive; CLT |
| Embedding Risk Culture | Establish the organisation's Risk Appetite | Nov-2025 | Corporate Leadership Team (CLT) |
| Embedding Risk Culture | Launch internal communication campaign | Q4 2025 | Performance & Insight Team/Comms |
| Embedding Risk Culture | Integrate risk into team meetings/performance reviews | From Nov-2025 | Assistant Directors/ Performance & Insight Team |
| Embedding Risk Culture | Encourage directorates to adopt risk-aware approach | Ongoing | Corporate Directors |
| Training and Capacity Building | Develop and launch Risk Advisory Group | Nov-25 | Performance & Insight Team |
| Training and Capacity Building | Organise risk workshops and formal training | Q4 2025 | Performance & Insight Team/ Risk Advisory Group |
| Training and Capacity Building | Provide targeted training for managers, champions and members | Q4 2025 Q1 2026 | Risk Advisory Group, Performance & Insight Team |
| Risk Identification and Assessment | Implement standard scoring methodology | Q4-2025 | Performance & Insight Team; Managers |
| Risk Identification and Assessment | Train teams on Likelihood × Impact new matrix | Q4 2025 | Performance & Insight Team |
| Risk Identification and Assessment | Use corporate risk template across services | Q4 2025 | All Managers |
| Risk Appetite and Decision-Making | Disseminate Risk Appetite Matrix | October 2025 | Performance & Insight Team |
| Risk Appetite and Decision-Making | Require risk assessments in Executive papers | Nov- 2025 | Corporate Directors; Report Authors |
| Risk Appetite and Decision-Making | Annual review of risk appetite | Mar-Apr 2026 | CLT; Audit Committee |
| Controls and Mitigation | Ensure Amber/Red risks have action plans | Immediate & ongoing | Managers; Assistant Directors |
| Controls and Mitigation | Distinguish and apply control types | Q4 2025 | Risk Advisory Group |
| Controls and Mitigation | Monitor mitigating actions monthly | Starting Q4 2025 | Assistant Directors; Risk Advisory Group |
| Reporting and Escalation | Update Strategic Risk Register quarterly | Ongoing | Performance & Insight Team |
| Reporting and Escalation | Monitor operational/project risks monthly | Starting Q4 2025 | Assistant Directors |
| Reporting and Escalation | Escalate risks to CLT and Portfolio Holders | As needed | Managers; Corporate Directors |
| Monitoring and Continuous Improvement | Conduct annual strategy review | April 2026 | Risk Advisory Group; CLT |
| Monitoring and Continuous Improvement | Use internal audit findings to refine practices | Ongoing | Internal Audit |
| Monitoring and Continuous Improvement | Benchmark against ISO 31000 | Q2 2026 | Performance & Insight Team |

**Appendix 4 – Risk Advisory Group – Terms of Reference**

**1. Purpose**
The Risk Advisory Group (RAG) provides strategic oversight, coordination, and leadership in embedding effective risk management across Cherwell District Council. It acts as a champion for risk awareness and supports the development of a consistent, proactive, and informed approach to managing risk and opportunity throughout the organisation. It is important to note that while CLT and Assistant Directors are accountable for risk, and they will monitor closely the Strategic Risk Register, the operational tasks and monitoring are delegated to service risk champions within the Risk Advisory Group, ensuring ownership at the appropriate level while maintaining strategic oversight.

**2. Objectives**
- Promote a strong and supportive risk culture across the Council.
- Ensure alignment of risk management practices with the Council's strategic objectives and risk appetite.
- Provide oversight of the identification, assessment, and mitigation of corporate and cross-cutting risks.
- Support the integration of risk management into decision-making, performance management, and service delivery.
- Facilitate the annual review and refinement of the Council's Risk Strategy and Risk Appetite Framework.
- Ensure consistency in the application of the Council's risk methodology and scoring system.

**3. Responsibilities**
- Act as risk champions across the organisation.
- Lead on the identification and monitoring of corporate risks.
- Receive updates on key risks, controls, and mitigation actions.
- Provide assurance on the effectiveness of risk management arrangements.
- Escalate "very severe" and "serious" risks to the Corporate Leadership Team (CLT) and Risk Manager.
- Participate in ad hoc meetings to address emerging or escalated risks.
- Consolidate Directorate-level risk appetite inputs and align them with strategic priorities.
- Support the development and delivery of risk training and awareness initiatives.
- Contribute to the annual review of the Risk Strategy and Appetite Matrix.

**4. Membership**
The Risk Advisory Group will include representatives from:
- Performance & Insight Team (Chair or Secretariat)
- Service Risk Champions
- Internal Audit (as appropriate)
- Other officers with specialist knowledge (e.g., Legal, Finance, ICT, Health & Safety) as required.
- Membership will be reviewed annually to ensure appropriate representation and expertise.

**5. Governance and Reporting**
The Group reports to the Corporate Leadership Team (CLT) and supports the Audit, Accounts and Risk Committee. It contributes to the quarterly review of the Strategic Risk Register and supports the implementation of the Risk Strategy Implementation Action Plan (Appendix 3 of the Strategy). It ensures that risk appetite levels and risk assessments are reflected in Executive decision papers.

**6. Meeting Frequency**
The Group will meet bi-monthly as a minimum. Additional meetings may be convened to address urgent

or emerging risks.

**7. Review**

These Terms of Reference will be reviewed annually in line with the review of the Risk Strategy and Risk Appetite Framework.