



Risk and Opportunity Management Strategy

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About this document: Risk and Opportunity Management Strategy – May 2025

Responsible officer: Director of Governance & Development

Approved by Audit and Governance Committee on 27 May 2025 due for review in May 2027.
To be retained for six months after policy review or replacement.

1. Strategy Statement

Our aim is to run a council that's proactive and responsive to the needs of our residents and businesses in a fast-changing environment and to build for the future while respecting our heritage.

As a local authority operating within a dynamic environment, Cotswold District Council faces ongoing challenges and needs to continuously review its strategic approach to ensure viability for the future. As a result, we look at alternative ways of empowering our communities and alternative approaches to working with partners. Whilst these changes create opportunities, they may also create significant risk and uncertainty.

This strategy is focused on setting out the principles, tools, techniques, advice and support required for effective risk and opportunity management, from strategic to operational activities. The key is to ensure that the management of the risk is not a process that is dealt with in isolation but instead it should be embedded in every piece of work the Council does. Risk is unavoidable and the Council seeks to proactively manage it through the use of risk registers.

Objectives of the Strategy

The purpose of this strategy is to outline the overall approach to risk and opportunity management at Cotswold District Council. It is acknowledged that some risks will always exist and will never be eliminated but through effective mitigation can be managed to an agreed level at which risk can be tolerated.

The objectives of the risk and opportunity management strategy are to:

- Raise awareness of the principles and benefits of effective risk and opportunity management with all those responsible for the delivery of Council services.
- Embed risk and opportunity management as a key part of strategic, operational, financial, contract and project management.
- Embed risk and opportunity management into the culture of the Council.
- Establish a systematic approach to the identification, assessment, management and review of risk and opportunity.
- Identify and allocate roles and responsibilities for managing risk and opportunity.
- Make it easy to clearly identify the key strategic and operational risks and opportunities.
- Assess the likelihood of risks and opportunities occurring and their impact on the Council's objectives.
- Ensure risks and opportunities are fully considered when identifying and responding to changing social, environmental and legislative requirements.

These objectives will be achieved by:

- Establishing a clear risk and opportunity management process that is effectively communicated to all officers and members.
- Providing risk and opportunity management training to officers and members.
- Clearly defining roles and responsibilities for risk and opportunity management.
- Maintaining and reviewing registers of strategic, operational, contract and project risks and opportunities and assigning ownership for each task.
- Identifying risk and opportunities in relation to working in partnerships/contracts.

The 'Risk and Opportunity Management Strategy' will be reviewed periodically to take account of changing legislation, government initiatives, corporate priorities and experience gained within the Council.

2. Introduction

What is Risk and Opportunity Management?

Risk and Opportunity Management is the process used to identify, evaluate and manage the whole range of business risks and opportunities facing an organisation.

A **risk** can be defined as the potential of something happening which may have a negative impact on the Council's ability to deliver services, projects and achieve its objectives. Conversely, an **opportunity** will enhance the Council's ability to achieve and effectively deliver, however, there are often risks inherent in pursuing opportunities. By being alert to this and putting in place mechanisms to manage both the risks and opportunities effectively, the Council will be in a better position to continue to deliver services, remain viable, continue to innovate and use resources more efficiently.

ALARM (the Association of Local Authority Risk Managers) defines Risk Management as follows:

"Risk Management is the culture, processes and structures that are dedicated towards effective management of potential opportunities and threats to the organisation and its objectives".

Risk management is not necessarily about being 'risk averse', it is about being 'risk aware'.

Risk is ever present and some element of risk taking is inevitable if the Council is to achieve its priorities and objectives. Effective risk management is about making the most of opportunities and about achieving defined objectives once those decisions are made. By being risk aware the Council is in a better position to avoid threats and take advantage of opportunities.

Risk Appetite

A fundamental part of the Council's risk and opportunity framework is its appetite for risk. Risk appetite can be defined as 'the level of risk the Council is prepared to accept in pursuit of its corporate objectives'.

Risk appetites can be categorised as follows:

Averse	Cautious	Creative and Aware	Eager
<ul style="list-style-type: none">• Safe Business delivery options with low risks limited reward• Reluctant to take action given uncertainty	<ul style="list-style-type: none">• Safe delivery of options that have a medium degree of risk and potential for reward• Tight corporate control over change	<ul style="list-style-type: none">• Willing to consider all potential options that are most likely to result in success• Well evaluated risk taking• Learns from experience	<ul style="list-style-type: none">• Eager to be creative and innovative• Higher rewards despite inherent risk• Willing to accept significant loss• Actions when results are unknown

Risk appetite can help inform decisions about the nature and extent of risk mitigation activity required or which initiatives should be pursued. **The Council's risk appetite level is Cautious,** although this can change on a risk-to-risk basis. It is willing to consider all potential options but with well evaluated risks and learning from experiences.

Benefits of Risk and Opportunity Management

Successful Risk and Opportunity Management is about ensuring that the Council has the right controls in place to provide sufficient mitigation from risks, without missing the opportunities for development. Embedding Risk and Opportunity Management across the organisation can bring a number of benefits:

- Improved strategic, operational and financial management.
- Better decision making.
- Improved service delivery.
- Better outcomes for customers.
- Effective use of resources.
- Taking advantage of key opportunities.
- Effective mitigation of key risks.
- Encourages a culture of innovation.

- Identifying and controlling risks at an early stage means that major projects and opportunities are more likely to succeed.

Risk / Opportunity Definitions and Categories

Risk / Opportunity can be defined as “an uncertain event that, should it occur, will have an impact on the Council’s objectives, service delivery and/or reputation”. It is the combination of the probability of an event occurring (likelihood) and its effect, should it occur (impact).

Risks and opportunities are divided into five categories:

- **Strategic** - that could impact the successful achievement of the Council's long-term core objectives, priorities, reputation and outcomes. Unable to be managed at service level.
- **Operational** - that could have a significant financial, reputational and service delivery impact on the Council.
- **Partnership** - that could impact the successful achievement of the partnership's objectives.
- **Contract** - that could impact the successful achievement of the contract's outcomes/objectives in terms of delivery. These can be strategic and/or operational.
- **Project** - that could impact the successful achievement of the project in terms of service delivery, benefits realisation and engagement with key stakeholders. These can be strategic and/or operational.

3. The Risk and Opportunity Management Process

The Council has in place a five-stage process for managing risks and opportunities:



This shows how managing risks and opportunities needs to be a continuous process in order to be successful. The process must be regularly repeated to identify new risks and opportunities but also those risks and opportunities already identified must be reviewed

regularly to ensure they are being effectively managed. This is outlined in more detail in the Guide to Managing Risks and Opportunities.

4. Roles and Responsibilities

An approach that involves all appropriate members and officers is required to ensure that risk and opportunity management is fully integrated and embedded into the culture of the Council. All officers and members may have a role to play in identifying and assessing risk, however, there are certain roles within the Council that directly contribute to ensuring effective risk and opportunity management. These roles and responsibilities are outlined in detail in the diagram at Annex A. There are broadly two types of roles:

- Risk and Opportunity Management as part of business-as-usual activities.
- Quality Assurance of Risk and Opportunity Management.

Risk and Opportunity Management

- Members need to consider risks and opportunities when making key decisions and promote the management of risks and opportunities.
- Managers need to consider risks and opportunities when making decisions and ensure that risks and opportunities are managed effectively and consistently throughout the organisation.
- Risk and opportunity management includes:
 - Identifies and assesses new and emerging risks and opportunities.
 - Assigns accountability for each risk -> risk owner.
 - Assigns responsibility for taking action to mitigate risks or capitalise on opportunities -> responsible officer.
 - Monitors risks and opportunities via risk registers.
 - Regularly reviews and assesses risks & opportunities and the mitigation / action being taken.
 - Prioritises action.
 - Escalates risks as appropriate.
 - Engages stakeholders in discussions about risks and opportunities.
- All staff need to consider risk and opportunity as part of their everyday work, raising them with their line manager when necessary.

The Chief Finance Officer has an overarching role in assessing risk to ensure financial stability, as part of their (statutory) responsibility to ensure risks are identified, quantified and mitigated. They need to understand the risk appetite, and the overall financial risk to ensure that the risk appetite does not lead to taking more risk than there is money to mitigate.

Quality Assurance of Risk and Opportunity Management

- The Audit & Governance Committee approves the Risk and Opportunity Management Strategy, reviews risk management reports and makes recommendations
- The Director of Governance & Development is accountable for ensuring that risk management processes are in place and that there is effective quality assurance.
- Internal audit (SWAP) provides quality assurance through auditing risk and opportunity management.
- The Counter Fraud and Enforcement Unit provides quality assurance with respect to managing the risk of internal & external fraud.

5. Embedding Risk and Opportunity Management

For risk and opportunity management to be effective and a meaningful management tool, it needs to be an integral part of key management processes and day-to-day working. Monitoring of associated actions should be considered as part of a number of the Council's significant business processes:

- Corporate Decision Making – addressing significant risks and opportunities.
- Business Planning – updating service plans to reflect operational risks and current priorities.
- Project Management – considering risks and opportunities linked to delivering the project outcomes before and throughout the project. This includes risks that have an effect on service delivery, benefits realisation and key stakeholders.
- Partnership working – establishing procedures to record and monitor risk and opportunities that may impact the Council or its partnership aims.
- Commissioning - identifying and keeping under review risks associated with all stages of the commissioning cycle.
- Contract Management – identifying and keeping under review risks associated with all stages of contract management.
- Insurance – managing insurable risks and self-insurance arrangements.

Culture

Developing an effective risk and opportunity management culture is a critical part of the risk and opportunity management process and takes time. In building this culture it is important that:

- Lessons from activities that lead to loss or reputational damage or positive outcomes through improvements to services are shared and acted on.
- There is a clear analysis of the risks and a robust justification for decisions, enabling officers and members to be more creative and innovative in progressing opportunities that benefit the Council and the District.

- Discussion on risk and opportunity in any context is conducted in an open and honest manner.

6. Key Success Factors

The following are crucial to the successful embedding of risk management:

- The implementation of this strategy must be endorsed by the Corporate Leadership Team and positively supported by all officers.
- Risk management needs to be part of the annual business planning process.
- Risks and opportunities should be incorporated within items for discussion as part of:
 - Strategy review.
 - Budget approval meetings.
 - Performance reviews.
 - Project planning and review meetings.
- There should be a regular update of the risk register by the managers who are accountable and responsible for their mitigation.
- Training will be provided to all staff, appropriate to their level of responsibility.

Annex A - Roles and Responsibilities

