

Cheshire Peaks and Plains Housing Trust

Risk Appetite Statement 2026

What is risk appetite?

Risk appetite is defined by the Institute of Risk Management as ‘the amount and type of risk that an organisation is willing to take in order to meet their strategic objectives. Organisations will have different risk appetites depending on their sector, culture and objectives. A range of appetites exist for different risks and these may change over time.’

Why is a risk appetite statement important?

Organisations cannot achieve their objectives without taking risks. By considering and defining our risk appetite, Peaks and Plains can arrive at an appropriate balance of the risk we are prepared to take. Our risk appetite statement provides guidance on the level of risk permitted and encourages consistency of approach across the organisation.

The Board is responsible for setting the direction of risk management, by determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives. The Risk Appetite Statement aids decision making by articulating the level of risk that the Board is willing to take in given areas. It can provide clarity to Board and staff in selecting which projects to undertake.

Risk appetite is not static, and the Board may vary the amount of risk it is prepared to take dependent on time and circumstances (e.g. we may be prepared to accept a higher degree of risk if something is time-bound, or if there is a clear exit strategy). It is also true to say that we may have to tolerate risks that fall outside of our appetite if they are beyond our control.

To communicate to the organisation the amount of risk that is acceptable or unacceptable, the Board will consider and refresh its risk appetite on an annual basis, or more frequently as necessary.

Peaks and Plains’ Risk Appetite Statement is articulated through a combination of qualitative statements, limits and thresholds which vary depending on the type of activity being considered. These statements give guidance on the limits of risk that the Board considers it appropriate to accept. The scores are derived from the following risk matrix, the risk score definitions are detailed in Appendix A of this report:

Likelihood	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5
Net Risk Exposure	1	2	3	4	5	
	Impact					

Key:

- Averse
- Minimal
- Cautious
- Open
- Hungry

Peaks and Plains Risk Appetite – descriptors and definitions

Risk Descriptors						
	Risk Drivers	Averse	Minimal	Cautious	Open	Hungry
1	Merger				✓	
2	Diversification / Investment (non-core)				✓	
3	Development				✓	
4	Financial Viability			✓		
5	Asset investment and disinvestment			✓		
6	Reputation / Customer/stakeholders				✓	
7	Governance and Control (including Data)		✓			
8	Health & Safety and Asset Compliance		✓			
9	Value for Money				✓	
10	Environmental			✓		
11	Innovation				✓	

Peaks and Plains Risk Appetite – narrative

The Board accepts that the Trust cannot achieve its objectives or purpose without taking some risks. The Board recognises its duty to safeguard the assets of the Trust and believes that financial strength is the key to the delivery of other objectives.

Risk Driver	Appetite (Averse, Minimal, Cautious, Open, Hungry)	What this means to P&P
Merger	Open – Looking for merger options and if appropriate adopt an option that is most likely to succeed with good rewards and is in line with our Mergers Protocol.	<=12
Diversification /Investment (Non-core)	Open - Willing to consider all options if it delivers good rewards.	<=12
Development	Open - Willing to consider all development options and adopt the ones most likely to result in success.	<=12
Financial Viability	Cautious - Prepared to undertake options which may deliver a moderate loss, 0.51% (£165,214) - 1% (£323,948) of rental income.	<=9
Asset Investment / Disinvestment	Cautious - Willingness to consider some asset investment options adopting those most likely to succeed, even if fail to meet agreed ROI.	<=9
Reputation / Customer / Stakeholder	Open - Prepared to face some major adverse publicity as long as rationale outweighs the potential impact to customers or the business.	<=12

Risk Driver	Appetite (Averse, Minimal, Cautious, Open, Hungry)	What this means to P&P
Governance and control (including Data)	Minimal - undertaking "safe" options that have low degrees of inherent risk around our governance rating	<=5
Health & Safety and Asset compliance	Minimal - Undertaking "safe" options that have low degrees of inherent risk around H&S and asset compliance. The risk is unlikely but theoretically possible.	<=5
VFM	Open - Willing to consider all options adopting those most likely to deliver success and reasonable VFM savings.	<=12
Environmental	Cautious - Will adopt proven options where it can be evidenced there is some positive impact on the environment.	<=9
Innovation	Open - Actively seeking out and considering new initiatives, encouraging experimenting new approaches even if they come with uncertainties or risks	<=12

For key strategic risks, controls will be put in place to reduce the likelihood and the impact of each risk occurring, taking into account the costs and benefits of controlling, transferring or reducing those risks. Risks will be scored on a scale of 1 to 5 for both likelihood and impact, both before and after controls and the results multiplied together to arrive at a risk score. Risks with a remaining score above the Board's tolerance level will require actions to be identified and implemented to reduce risk to below this level.

In using this statement to approve decisions, the Board will seek information and assurance to make a proper judgement and consider the cumulative effect of the number of 'live' strategic risks the Trust will be exposed to at the same time. The assessment of decisions against the risk appetite will be noted on Board papers.

The Trust's risks appetite reflects the current position of the Trust. The appetite will be reviewed on an annual basis.

Appendix A: Risk Score Definitions

Likelihood					
	1- Remote	2- Possible	3 - Probable	4 – Highly likely	5 – Almost Certain
Occurrence	Very unlikely in the next 5 years but is still theoretically possible	Less than a 50% chance of this risk crystallising in the next 5 years but the circumstances in which it could are possible	Between 50% and 75% chance that this risk could occur in the next 5 years	More likely that this risk will crystallise than not with an above 75% chance that it will occur in the next 5 years	Little doubt or uncertainty that this risk will occur within the next 5 years
Impact Score					
	1 - Insignificant	2 - Minor	3 - Moderate	4 - Major	5 - Catastrophic
Business Impact	Has no impact on the strategic objectives of the Trust	Would result in some low level operational objectives either not being achieved or being delayed.	Would result in some operational objectives not being achieved and/or delayed.	The viability of the Trust and its ability to adhere to its business and strategic plans would be compromised	Would result in the closure of the Trust.
Financial Viability	Minimal loss, less than 0.1% (£35,019) of rental income	Minor loss 0.1% (£35,019) - 0.5% (£175,093) of rental income.	Moderate loss, 0.51% (£178,594) - 1% (£350,185) of rental income.	Major loss, 1.01% (£353,687 - £1,050,556) - 3% of rental income.	Severe loss over 3% (£1,050,556) of rental income.
People (Employees , or members of Public)	N/A – any impact on employees or members of the public would be significant	Minor injury (First aid Needed).	Serious injury requiring medical treatment.	Number of extensive injuries/major permanent harm.	Fatality.
Reputation	No interest internally or publicly.	Some public interest but no damage to reputation.	Some adverse local publicity, no legal implications. Self-referral to the RSH or other regulatory body	Major adverse publicity / public loss of confidence. Regulatory downgrade	Highly damaging loss of confidence and Regulatory intervention.
Property	Minor disruption, quickly rectified.	Marginal damage to limited no. of properties – no loss of use.	Damage resulting in loss of use of a property for up to 3 months.	Loss of use of more than one property for up to 6 months.	Loss of property permanently (not planned) requiring rebuild.

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