

CYNGOR SIR POWYS COUNTY COUNCIL.

CABINET EXECUTIVE
Tuesday, 7th February 2023

REPORT AUTHOR: County Councillor Cllr David Thomas
Portfolio Holder for Cabinet Member for Finance and Corporate Transformation

REPORT TITLE: Risk Appetite

REPORT FOR: Decision

1. Purpose

- 1.1 The purpose of this paper is to set out the Council's risk appetite statement for approval by the Cabinet.
- 1.2 The risk appetite statement included in this report supersedes the Council's existing risk appetite statement dated July 2019.

2. Background

- 2.1 The risk appetite definition for the Council is the amount and type of planned risk we are willing to take to meet strategic objectives and deliver services. Risk appetite can and will vary across levels of service, based on a number of factors including knowledge, understanding, and past experience. Risk appetite will change over time and can also vary between different types of risks and events.
- 2.2 Not all risk is undesirable, and if risk is avoided completely then organisations limit their chances of fully achieving their objectives.
- 2.3 The Council's risk management framework establishes a structured organisational approach to risk management with the objective of ensuring that risk-based decisions are explicit; consistent; and transparent, and that all known current and future risks are identified; recorded; assessed; and their negative impacts appropriately mitigated and managed in line with the organisation's risk appetite. The framework provides detailed guidance to ensure that policy requirements are consistently and effectively applied throughout the Council.
- 2.4 By deciding risk appetite, the Council will more effectively prioritise risk for mitigation, better allocate resources, and demonstrate more robust decision making around project/programme initiation.
- 2.5 The Government's [Orange Book – Management of Risk, Principles and Concepts \(2020\)](#) advises 'the Board should determine and continuously

assess the nature and extent of the principal risks that the organisation is exposed to and is willing to take to achieve its objectives – its risk appetite – and ensure that planning and decision-making reflects this assessment. Effective risk management should support informed decision-making in line with this risk appetite, ensure confidence in the response to risks, transparency over the principal risks faced and how these are managed’.

Risk Appetite

2.6 The Council’s risk appetite statement and risk appetite range is set out in Appendix A, as well as a guide on how to implement. It has been designed to compliment the Risk Management Framework and to be inserted into it.

2.7 In relation to the organisational activities the outcomes are as follows:

Unacceptable - Two risk categories were identified (Health and Safety and Legal) where the Council has an unacceptable appetite range (cannot be tolerated) and must be urgently and immediately addressed to prevent them from becoming issues where possible.

Unacceptable to low – One risk category was identified (Safeguarding) where the Council has an unacceptable to low appetite range and must be urgently and immediately addressed to prevent them from becoming issues where possible.

Low – Three risk categories were identified (Financial and Budget Management; Governance and Decision making and Regulatory and Legislative Compliance) where the Council has a low appetite and needs to be considered carefully to prevent it from becoming an issue where possible.

Low to moderate – five risk categories were identified (Strategic Delivery; Resilience; Technology and Information; Environmental and Reputational) where the Council has a low to moderate risk appetite range, confirming that in some instances (low) mitigating actions should be implemented immediately, or as soon as possible; (moderate) to treat the risk and prevent it from becoming an issue, or detect the issue and ensure that it is subsequently addressed.

Low to high – the remaining three risk categories (Programme and Project Delivery; Supplier, Contractor and Partnership Management; and Service Delivery) have a low to high-risk appetite range, reflecting the significant volume and levels of criticality or programmes and projects; contractual and partnership arrangements and services delivered by the Council.

2.8 Whilst some of risks are considered acceptable and can be tolerated it is important to ensure that all risks that fall into the moderate to high range, not just the risks that fall in the unacceptable and low appetite range are identified by services, with appropriate mitigating actions implemented

either immediately or as soon as possible to treat these risks and prevent them from becoming issues, or to detect issues retrospectively and ensure that they are addressed.

- 2.8 Once approved by Cabinet, the risk appetite statement will be shared and communicated across the Council. The Strategic Risk Officer when attending service's Senior Leadership Team meetings will help embed and support.

3. Advice

- 3.1 To ensure a risk managed approach to decision making and good governance of the Council, it is proposed that Cabinet agree the attached risk appetite.

4. Resource Implications

- 4.1 There are no direct resource implications in relation to this report however, effective risk management in line with the Council's agreed risk appetite should have a positive impact on Council finances. All risk owners need to consider the resource implications of managing the risk within the risk appetite and decide upon the best course of action.

- 4.2 The Head of Finance (Section 151 Officer): Comment sought

5. Legal implications

- 5.1 Legal: Comment sought

- 5.2 The Head of Legal and Democratic Services (Monitoring Officer) comment:

6. Data Protection

- 6.1 N/A

7. Comment from local member(s)

- 7.1 N/A

8. Integrated Impact Assessment

- 8.1 N/A. The risk appetite is not setting out any changes or proposals to service delivery and provides assurance that the Council considers and specifies appropriate thresholds for the amount, and type of planned risk that it is willing to take, to support achievement of strategic objectives; ongoing service delivery; and protect the people of Powys; assets; and reputation.

9. Recommendation

It is recommended that Cabinet approve the Risk Appetite as set out in appendix A.

The recommendation above will ensure:

- More effective prioritisation of risk mitigation, better allocate resources, and demonstrate more robust decision
- Appropriate understanding and management of all risks which could prevent us from achieving our objectives
- A risk managed approach to decision making and good governance of the Council

Contact Officer: Jane Thomas, Head of Finance

Tel: 01597 827789

Email: Jane.Thomas@powys.gov.uk

Head of Service: Jane Thomas, Head of Finance

Corporate Director: Dr. Caroline Turner, Chief Executive officer.