Risk Appetite Statement

1. Introduction

2. General Statement of Appetite

3. The Risk Management Framework

4. Implementation of the Council's Risk Appetite

5. Review

1. Introduction

Argyll and Bute Council, within its corporate plan, has a stated mission "to make Argyll and Bute a place people choose to live, learn, work and do business. The Council has agreed a number of key strategic priorities including:

- Making Argyll and Bute a place people choose to live
- Making Argyll and Bute a place people choose to learn
- Making Argyll and Bute a place people choose to work and do business

The Council will deliver these priorities by:

- Ensuring our culture, structure and systems make our Council a high performing and improving organisation that people choose to work for
- Managing our resources robustly and sharing resources, buildings and facilities where appropriate
- Ensuring our workforce has the skills, knowledge and behaviours that support our vision
- Growing excellent leaders in our officers and elected members
- Having systems and processes in place that support and enhance customer focussed service delivery
- Providing excellent communications, customer service, consultation and engagement
- Continually looking at how we can improve and deliver quality services

This statement considers the most significant risks to which the Council is exposed and provides an outline of the Risk Management Framework, a general statement of appetite and the approach to managing these risks.

2. General Statement of Appetite

The Council faces a broad range of risks which are reflective of its aims and objective and responsibilities in the public sector. Risks identified cover subject matters such as financial stability, Demography, Economy, Environment and Infrastructure, as well as its day-to-day operational activities.

The Council is exposed to a number of risks which are in some-part outside its direct ability to control or fully influence although it actively pursues policies which in some part contribute to mitigating the likelihood or impact.

In terms of both Strategic and Operational Risk the Council has a Low appetite for risk. Resources are aligned to priorities and arrangements are in place to monitor and mitigate risks to acceptable levels. Whilst appetite may be low, tolerance levels may be higher and the Council recognises that it is not possible or necessarily desirable to eliminate some of the risks inherent in its activities. In some instances acceptance of risk within the public sector is necessary due to the nature of services, constraints within operating environment and a limited ability to directly influence where risks are shared across sectors.

Risk Appetite and Risk Tolerance levels have been agreed for each of the risks within the Strategic Risk Register.

3. The Risk Management Framework

The Council's risk management framework seeks to ensure that there is an effective process in place to manage risk within the organisation. Risk management is an integral part of the planning and performance management framework. Detailed guidance is available to Services to assist in identification and evaluation of their risk environment and to put in place appropriate controls and and mitigations. The risk management culture emphasises careful analysis and management of risk in all business processes.

Risks are identified, assessed and managed at both Strategic and Operational level using an in-house Demand and Supply approach which allows outcome based demand risks and their associated supply type risk to be managed.

Governance arrangements include individual risks assigned to risk owners. Overview and review arrangements include Senior Management Team input, Performance Review and Scrutiny and Policy and Resources committee oversight. The Audit Committee are also provided with assurance as to the effectiveness of risk management arrangements.

Strategic Risks

The Council has a low appetite for risks and threats to the effective and efficient delivery of services and realisation of desired outcomes. It recognises that the actual or perceived inability to deliver strategic initiatives could have a significant impact on its ability to achieve its overall objectives as well as its reputation.

A Strategic Risk Register is in place and is reviewed on a bi-annual basis. Strategic Risks by nature tend to be longer term and the Council has recognised that there is a timeline associated with the elimination or reduction in threat. In the short and interim terms tolerance levels may be above agreed risk appetite levels, however, it is important to recognise that appetite levels are not targets and any deviation between current risk scoring and appetite may be acceptable. Risk Appetite levels are not fixed and can change over time. Protocols include the setting of trigger points, i.e. the threshold where scoring exceeds tolerance levels and escalation processes are initiated.

The Strategic Risk Register has recently been updated and now includes Appetite Level and Tolerance levels.

Operational Risks

The Councils appetite for specific operational risks is also low. The Council is generally risk adverse, although, as Services become more commercially orientated there may be a shift to a higher appetite level linked to organisational change, innovation and exploration of opportunities. Examples are shown below:

Information Technology

Processing – Prolonged outage of core systems: The Council has a very low appetite for risks to the availability of systems which support its critical business functions. Maximum recovery times have been identified and agreed with each business area and critical activity recovery plans are in place.

Security – Cyber-attack on systems or networks: The Council has a very low appetite for threats to its assets arising from external malicious attacks. To address this risk, the Council operates strong internal control processes and utilises robust technology solutions.

On-going development: The implementation of new systems and processes creates new opportunities, but may also introduce new risks. Risks are also formally assessed prior to deciding on any new IT investment. The Council has adopted ITIL service management framework and operates strict controls over Change Management reflecting it has a low appetite for IT system-related incidents which are generated by poor change management practices.

Fraud and Corruption

The Council has no appetite for any fraud or corruption perpetrated by its staff. The Council takes all allegations of suspected fraud or corruption very seriously and has a robust anti-fraud policy and public interest disclosure policy. A code of conduct is also in place for both members and staff.

Compliance

The Council is committed to a high level of compliance with relevant legislation, regulation, sector codes and standards as well as internal policies and sound corporate governance principles. Identified breaches of compliance will be remedied as soon as practicable. The Council has no appetite for deliberate or purposeful violations of legislative or regulatory requirements.

Information Management

The Council is committed to ensuring that its information is authentic, appropriately classified, properly conserved and managed in accordance with legislative and business requirements. It has a very low appetite for the compromise of processes governing the use of information, its management and publication. The Council has no appetite for the deliberate misuse of its information.

4. Implementation of the Council's Risk Appetite

All staff, Chief Executive, Executive Directors and Heads of Service are responsible for the implementation of, and compliance with, this Statement.

Communication

The Council's Risk Appetite Statement is published on the Council's Website and HUB.

Risk Registers

Each Service maintains a Risk Register of the operational risks it faces in its day-to-day operations and the control framework which is in place to mitigate risks. These Registers take into account risks from within the Council and external sources and are reviewed regularly. Risk Registers are also updated when there are key changes in policies, structures or functions.

All risks which are judged as unacceptable, above agreed tolerance points at departmental level are reported to the Senior Management Team (Strategic Risk Group) and action plans to reduce these risks to acceptable levels are prepared.

Departments are delegated responsibility to manage their specific operational risks in a manner which is consistent with this Statement and Risk Management Guidance and appropriately escalating any risks outside appetite or agreed tolerance levels. Departmental risk appetite settings for each risk in their Risk Registers must also be consistent with this statement.

Reporting & Monitoring

Reporting systems are maintained to provide assurance that the risk appetite is effectively incorporated into risk management activity decisions.

Feedback on the implementation of the Council's Risk Appetite Statement is provided through the Senior Management Team, Performance Review & Scrutiny Committee, Policy and Resources Committee and the Audit Committee.

5. Review

This Risk Appetite Statement is reviewed annually as part of an overall annual review of risk management arrangements. This review is co-ordinated by the Internal Audit Section. Proposed changes to the Risk Appetite Statement are endorsed by Policy and Resources committee following review by Senior Management Team (SRG).