Neath Port Talbot Council

Risk Appetite Statement

The council has set its ambitions in the Corporate Plan 2024/2027: Working Towards a More Prosperous, Fairer and Greener NPT and recognises that in order to achieve these ambitions it will need to take risks. The Risk Appetite Statement acknowledges this fact, setting out how the council balances the risks and opportunities in pursuit of delivering the well-being objectives and strategic priorities and associated plans and strategies contained within the Corporate Plan.

The Statement is a key element of the council's Code of Corporate Governance and should provide guidance when decisions are made by Full Council, Cabinet and other committees within their Terms of Reference, and officers under the Powers Delegated to Officers.

From time to time, the council may deviate from its agreed risk appetite. When this is case, it will be important to exercise judgement whilst assessing the potential impacts across the council.

The Statement will be reviewed annually by the Corporate Leadership Team.

Risk appetite can be defined as 'the amount and type of risk that an organisation is willing to take in order to meet their strategic objectives'.

In some circumstances, a degree of risk may be accepted in order that a benefit can be gained or an opportunity taken.

The council uses the following definitions of risk appetite levels (as contained within The Government's Orange Book: Management of Risk – Principles and Concepts):

Risk Appetite	Description
Averse	Avoidance of risk and uncertainty in achievement of key deliverables or initiatives is key objective. Activities undertaken will only be those considered to carry virtually no inherent risk.
Minimalist	Preference for very safe business delivery options that have a low degree of inherent risk with the potential for benefit/return not a key driver. Activities will only be undertaken where they have a low degree of inherent risk.
Cautious	Preference for safe options that have low degree of inherent risk and only limited potential for benefit. Willing to tolerate a degree of risk in selecting which activities to undertake to achieve key deliverables or initiatives, where we have identified scope to achieve significant benefit and/or realise an opportunity. Activities undertaken may carry a high degree of inherent risk that is deemed controllable to a large extent.
Open	Willing to consider all options and choose one most likely to result in successful delivery while providing an acceptable level of benefit. Seek to achieve a balance between a high likelihood of successful delivery and a high degree of benefit and value for money. Activities themselves may potentially carry, or contribute to, a high degree of residual risk.
Eager	Eager to be innovative and to choose options based on maximising opportunities and potential higher benefit even if those activities carry a very high residual risk.

Risk appetite will vary between risks, departments and functions.

The following table displays the council's risk appetite levels by risk category (as contained within The Government's Orange Book: Management of Risk – Principles and Concepts.

Risk Category	Risk Appetite	Comment
Strategic	Open	The council will be open to risk that may prevent us from achieving our well-being objectives and strategic priorities.
Governance	Cautious	The council will seek to ensure that strong leadership and governance is in place at all times, but accepts there may be instances where a cautious approach to governance and decision making risks is needed.
Operations	Open	The council will be averse to risks that could result in the failure to deliver essential services to our residents. We will, however, be open in situations where there is a high degree of benefit and value for money to be gained and the risk will not impact directly on essential services.
Legal	Cautious	The council will not accept any risk that may result in a deliberate failure to comply with laws and regulations but accepts there may be instances where a cautious approach is needed.
Property & Infrastructure	Open	The council will have an open approach to risks arising from property deficiencies or poorly designed or ineffective/ inefficient safety management resulting in non-compliance and/or harm and suffering to employees, contractors, service users or the public.
Financial	Open	The council will have an open approach to financial risks where there is value for money to be gained.
Commercial	Cautious	The council will have a cautious approach to risks arising from weaknesses in the management of commercial partnerships, supply chains and contractual requirements, resulting in poor performance, inefficiency, poor value for money, fraud, and/or failure to meet business requirements/objectives. Includes risks associated with procurement of goods/works/services.

People	Open	The council will not accept any risks that may result in non-compliance with any employment policies or HR regulation or cause harm to people. We will, however, take an open approach to some risks that have a high degree of inherent risk.
Technology	Open	We will take an open approach to risks where technological innovation is possible.
Data & Information Management	Minimalist	The council will not accept any risk that may result in a breach of personal or sensitive data. We will however, take a minimalist approach to activities where they have a low degree of inherent risk.
Security	Cautious	The council will have a cautious approach to risks arising from a failure to prevent unauthorised and/or inappropriate access to the estate and information, including cyber security and noncompliance with General Data Protection Regulation requirements.
Project/Programme	Open	The council will have an open approach to risks arising from change programmes and projects which are not aligned with strategic priorities and do not successfully and safely deliver requirements and intended benefits to time, cost and quality.
Reputational Risk	Cautious	The council will be cautious to risk that may result in reputational risk in order to achieve its objectives