

## ABERDEEN CITY COUNCIL

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<b>COMMITTEE</b>	Audit, Risk and Scrutiny Committee
<b>DATE</b>	8 <sup>th</sup> May 2025
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Annual Review - Risk Appetite Statement
<b>REPORT NUMBER</b>	CORS/25/087
<b>DIRECTOR</b>	Andy MacDonald
<b>CHIEF OFFICER</b>	Vikki Cuthbert
<b>REPORT AUTHOR</b>	Ronnie McKean
<b>TERMS OF REFERENCE</b>	Remit 1.1

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### 1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to present the Council's updated Risk Appetite Statement to Committee for approval.

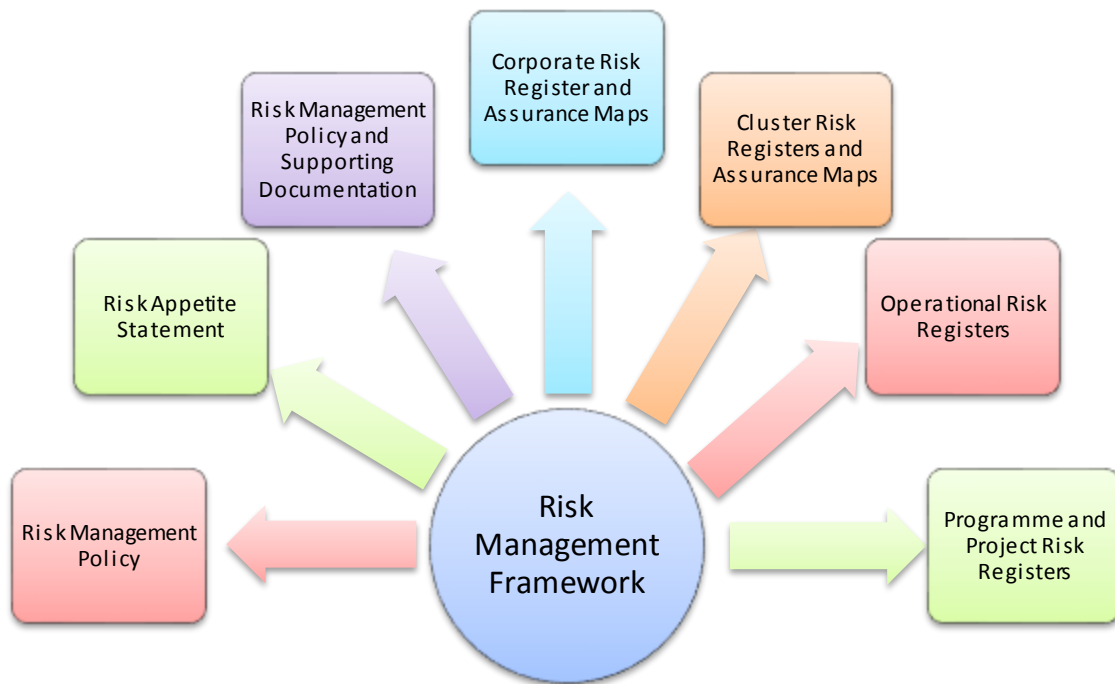
### 2. RECOMMENDATION(S)

It is recommended that the Committee:

- 2.1 Approve the updated Risk Appetite Statement, attached at Appendix A; and
- 2.2 Note the continued progress towards embedding the RAS during 2024 and the training and engagement activities planned for 2025.

### 3. CURRENT SITUATION

- 3.1 The Council's Risk Appetite Statement (RAS) sets out the categories of risk recognised by the Council and the amount of risk that the Council is/is not prepared to tolerate in pursuit of its strategic outcomes. The RAS balances the relationship between acceptance of risk in one area to achieve the benefits or outcomes required in another area and recognises that there are both threats and opportunities in the management of risk.
- 3.2 The RAS was last reviewed by Committee in February 2024 and is a key element in the Council's risk management framework as illustrated below:



- 3.3 When the Council's RAS was originally approved by Committee in December 2020, it was agreed by Committee to undertake an annual review to ensure the levels of risk appetite are appropriate and reflect any changes in our risk environment.
- 3.4 The process of embedding the RAS within the Council continued to progress during 2024 and it continues to be used by officers when exercising delegated powers and to guide strategic/operational proposals and decision making as demonstrated by the examples below:
- **“Managing Risk” Intranet Pages** – these pages contain links accessible to officers and Elected Members on the Council's RAS, Risk Management Policy, Guidance and Training and have been regularly reviewed and updated during the year.
  - **Budget Protocol** – RAS was incorporated in the Council's RAS, approved by Council on 16<sup>th</sup> April, to enable assessment and alignment of proposals against the RAS.
- 3.5 Further improvement activities will be conducted during 2025. These activities will include:
- Incorporate RAS into the Council's Integrated Impact Assessment (IIAs) supporting processes.
  - Further development of “Managing Risk” intranet pages.
  - Elected Member training on scrutiny which will draw alignment to risk appetite.
- 3.6 In order to meet the requirements of annual review, the extended Corporate Management Team considered whether revisions were appropriate. This included a recap of all adjustments made to the Statement over the last four years. On balance, it was considered that no significant changes were required. Some rationale is provided below:

- The Statement reflects the Council's journey of the last few years, wherein financial sustainability has become increasingly challenging and our tolerance for risk, provided it is well managed, has increased out of necessity. The adjustments made since the Statement's first draft in 2019 remain appropriate at this time.
- There is a delicate balancing act to be had when assessing the risks associated with a particular proposal, such that officers exercising delegated powers and elected members at committee should consider the circumstances of the time, the known knowns, the known unknowns, and so on. Risk appetite is more of an art than a precise science, so we must leave some room for flexibility which the Statement currently does.
- The Statement is applied by officers in their decision making, and is recommended by officers to members within committee reports. The current statement reflects the reality of the challenges which the Council faces. Members may deviate from the appetite levels if they consider this necessary to achieve the intended outcome just as officers can recommend a deviation from the Statement, provided mitigations are in place.

3.7 Appendix A contains the Statement with minor amendments proposed.

#### **4. FINANCIAL IMPLICATIONS**

4.1 There are no direct financial implications arising from the recommendations of this report.

#### **5. LEGAL IMPLICATIONS**

5.1 There are no direct legal implications arising from the recommendations of this report.

#### **6. ENVIRONMENTAL IMPLICATIONS**

6.1 There are no direct environmental implications arising from the recommendations of this report.

#### **7. RISK**

7.1 There are no risks arising from the recommendations from the report. The RAS is a supporting document which forms part of the Council's overall system of risk management. The risk management system ensures that all risks attaching to the Council's business and strategic priorities are identified, appropriately managed and that the Council's activities are compliant with its statutory duties.

The assessment of risk contained within the table below is considered to be consistent with the Council's Risk Appetite Statement.

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk Level (L, M or H)  *taking into account	*Does Target Risk Level Match
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			controls/control actions	Appetite Set?
<b>Strategic Risk</b>	The council is required to have a management system in place to identify and mitigate its risks.	The council's risk management system requires that risks are identified, listed and managed via Risk Registers.	L	Yes
<b>Compliance</b>	As above.	As above.	L	Yes
<b>Operational</b>	As above.	As above.	L	Yes
<b>Financial</b>	As above.	As above.	L	Yes
<b>Reputational</b>	As above.	As above.	L	Yes
<b>Environment / Climate</b>	As above.	As above.	L	Yes

## 8. OUTCOMES

- 8.1 The recommendations within this report have no direct impact on the Council Delivery Plan however, the risks contained within the Council's risk registers could impact on the delivery of organisational outcomes.

## 9. IMPACT ASSESSMENTS

Assessment	Outcome
<b>Integrated Impact Assessment</b>	It is confirmed by the Interim Chief Officer – Governance (Assurance) that no Integrated Impact Assessment is required.
<b>Data Protection Impact Assessment</b>	Not required
<b>Other</b>	Not applicable

## 10. BACKGROUND PAPERS

- 10.1 None

## 11. APPENDICES

- 11.1 Appendix A – Annual Risk Appetite Statement – Proposed Changes

## 12. REPORT AUTHOR CONTACT DETAILS

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