

# Risk Appetite Statement

2024



Liverpool  
Plains  
Shire Council

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Further Document Information and Relationships	
<b>Related Legislation*</b>	Local Government Act 1993 Local Government (General) Regulation 2021
<b>Related Policies</b>	Code of Conduct Legislative Compliance Policy
<b>Related Documents</b>	Risk Management Guidelines (AS ISO 31000:2018) OLG Guidelines for Risk Management and Internal Audit for Local Government in NSW - 2022 Audit and Risk Committee Charter WHS Planning and Reporting Procedure

\*Note: Any reference to Legislation will be updated in the Policy as required. See website <http://www.legislation.nsw.gov.au/> for current Acts, Regulations and Environmental Planning Instruments.

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## Executive Summary

This Risk Appetite Statement has been developed in conjunction with Council and council’s Executive Leadership Team. Workshops were held in September and October 2023 to determine Council’s Risk Categories and Sub-categories and develop our Risk Appetite for each. These levels provide an indication of Council’s willingness to take on, retain or accept risk.

## Introduction

Councils in NSW perform a wide variety of services, including but not limited to Infrastructure, Community Development, Economic and Corporate Services for the local community. Liverpool Plains Shire Council “Council” recognises that risk is inherent in carrying out all its operations in providing these services as we strive to meet our strategic goals for the community.

An effective risk management Strategy and Framework aims to protect Council staff, visitors, contractors, the community while protecting the reputation and sustainability of Council.

The risk appetite is the amount of risk an organisation is willing to accept in pursuit of its strategic goals. The Risk Appetite Statement (RAS) considers the most significant categories of potential risks to Council and provides an outline as to how much risk Council is willing to accept in this area.

## Risk Appetite

The risk appetite is the amount of risk an organisation is willing to accept in pursuit of its goals. The Risk Appetite Statement (RAS) considers the most significant categories of potential risks to Council and provides an outline as to how much risk Council is willing to accept in this area.

Council will take a responsible approach to risk management, seeking to recognise and manage its exposure to risks in accordance with its vision, strategic goals, and good governance processes.

### How risk appetite fits within Council

The risk appetite of Council informs the strategic decision-making process. The diagram below shows how the Risk Appetite Statement fits into the framework and informs risk management.



Our community is at the centre of everything we do. The Community Strategic Plan identifies the aspirations and priorities for the community. The needs of our community are front of mind in the development of our risk appetite as we balance the achieving of the goals set by our community with the risks inherent in the environments in which we deliver those outcomes.

### Risk Appetite Ratings

Council categorises its level of risk appetite into four categories as can be seen below:

<b>Minimal</b>	<b>Cautious</b>	<b>Open</b>	<b>Risk Positive</b>
Preference for safe options that are very low risk and only have potential for a limited reward.	Preference for safe options that have a low degree of risk and some potential for reward.	Willing to consider all potential options and chose the one most likely to result in successful delivery, whilst also providing an acceptable level of reward and value for money.	Will consider options offering higher business rewards despite elevated levels of inherent risk.

### Risk Tolerances

Council has no tolerance for risks that may compromise the safety and welfare of staff, the community, contractors and volunteers. Similarly, Council has no appetite for risks that cause significant and irreparable damage to the environment and seeks to preserve and enhance it for future generations.

Council places great importance on compliance and has little appetite for any breaches in legal or governance requirements. However, as it is acknowledged that regulatory compliance is often discretionary in nature, Council will give due consideration to associated public health, safety and environmental risks, as well as the opportunity to educate the community.

### Risk Management Framework

Council's Risk Management Framework aims to effectively identify and manage risk across the organisation. The framework sets the requirements and responsibilities for staff and emphasises that the management of risk and risk reporting is everyone's responsibility to have appropriate controls in place and ensure the effectiveness of these controls.

Risks are identified, analysed, evaluated and monitored at both an organisational (top-down) and operational (bottom up) level.

Council has ultimate accountability for this process. The Risk Management Framework is reported to the Audit Risk and Improvement Committee on an annual basis.

### Risk Assessments

The Governance and Risk division maintain a register of risks Council faces in its day-to-day operations and the control framework which is in place to mitigate risks. These Registers consider risks from within Council and external sources and are reviewed regularly. Risk Registers are also updated where necessary when there are key changes in policies, structures or functions and in response to incidents.

All risks which are assessed as having an unacceptable risk rating will be escalated to the relevant Director as a priority. The Director will be responsible for reviewing the risk and controls and developing a remedial action plan to reduce these risks to an acceptable level. The risk

assessment and remedial action plan will be reported to the Executive Leadership Team for review and approval. The finalised remedial action plan will be reported to the Audit, Risk and Improvement Committee for information.

Divisions are required to manage their specific operational risks in a manner which is consistent with this Statement, and to manage and address any risks outside appetite or agreed tolerance levels.

### **Review**

This Risk Appetite Statement is reviewed every four (4) years or whenever there is a significant change to the Council's operating environment. This review is coordinated by the Coordinator Governance and Risk. Changes to the Risk Appetite Statement must be approved by the Executive Leadership Team and are presented to the ARIC for review and comment before providing to Council for endorsement.

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## Risk Appetite Statement

Council understands its needs to accept a degree of risk appropriate for the potential outcome and with consideration of Council's role and responsibilities within the community. Council's risk appetite in relation to its adopted risk sub-categories is therefore as follows:

Risk Sub-Category	Context	Risk Appetite Rating
Financial	<i>Council recognises the financial risks involved in delivering a wide range of services, programs and capital projects.</i>	<b>CAUTIOUS</b> <i>Council is open to exploring improvements and investments that are low risk and have the potential for reward.</i>
People	<b>Safety:</b> <i>We support a safe and healthy workforce that treats everyone fairly. Council also recognises the importance of safety to members of the public who use our facilities.</i>	<b>MINIMAL</b> <i>Council is not open to jeopardising staff (includes volunteers and contractors) safety.</i>
	<b>Recruitment, Leadership &amp; Workplace Culture :</b> <i>Council is open to new ideas, practices and fostering a workplace culture to enable the long-term viability of Council.</i>	<b>OPEN</b> <i>Council is willing to consider new options and processes to attract and retain employees. Council's General Manager and Directors will implement and review strategies to maintain effective leadership and culture for the organisation</i>
Infrastructure	<i>Council is committed to continuous improvement in order to provide excellent infrastructure services that provide benefits to our Community.</i>	<b>OPEN</b> <i>Council will explore new ways to maintain and improve our infrastructure to ensure a greater return for the Shire.</i>
Service Delivery	<i>Council delivers a range of services, events and facilities which contribute to our community.</i>	<b>OPEN</b> <i>Council will review the ways it delivers services and events and provision of facilities to residents and visitors. We will consider new and improved ways to provide these services ensuring value for money.</i>
Environmental	<b>Environmental Compliance:</b> <i>Council has a responsibility to ensure compliance with Regulations, Authorities and Council development decisions. This applies to Council, residents and developers.</i>	<b>MINIMAL</b> <i>Council will ensure Compliance with all environmental regulations and authorities.</i>
	<b>Environmental Operations:</b> <i>Council recognises the importance of conserving and enhancing our environment and understands that sustainability and growth considerations in all council decisions is important.</i>	<b>CAUTIOUS</b> <i>In conserving and enhancing our environment, Council will consider alternate options to sustainability and growth that are low risk with potential for reward.</i>

Risk Sub-Category	Context	Risk Appetite Rating
Technology	<b>Security:</b> <i>Our assets (including information) are vital in maintaining our business practices and therefore Council has a low-risk approach to safeguarding from both external and internal threats, misuse, modification and unintended damage.</i>	<p style="text-align: center;"><b>MINIMAL</b></p> <p style="text-align: center;"><i>Council is not open to jeopardising the security of customer data or the systems used to maintain our operations.</i></p>
	<b>Advancements:</b> <i>The systems and programs Council uses to provide services to our community are vital to ongoing operations. Improvements and innovation may involve minor to moderate risk.</i>	<p style="text-align: center;"><b>OPEN</b></p> <p style="text-align: center;"><i>Council will consider new technologies that will create new opportunities and business improvements providing value-add to services and customers.</i></p>
Legal and Governance	<b>Planning Compliance:</b> <i>Council has a requirement to ensure that development and ongoing management of land within the shire is in accordance with Council approvals, Policies and Legislation.</i>	<p style="text-align: center;"><b>CAUTIOUS</b></p> <p style="text-align: center;"><i>In monitoring adherence to Building approvals, land use and LEP requirements, Council will ensure Compliance and manage breaches and non-conformance accordingly. Council, in adopting a Cautious approach, will work with landowners and developers to rectify and issues prior to commencement of breach rectification measures outlined in our Policies and Plans.</i></p>
	<b>Land Use Planning:</b> <i>Council may receive applications or requests to consider new and alternative uses for Land within the Shire. Council has Plans and Policies to guide decisions on development and land use.</i>	<p style="text-align: center;"><b>RISK POSITIVE</b></p> <p style="text-align: center;"><i>Council will consider all applications and requests for development within the Shire and determine variations to our LEP, Building Controls and Policies if the rewards are greater than the inherent risk.</i></p>
	<b>Governance:</b> <i>Council is committed to good governance and meeting legislated and regulatory requirements in a consistent and fair manner.</i>	<p style="text-align: center;"><b>MINIMAL</b></p> <p style="text-align: center;"><i>Council is committed to ensuring compliance with all legislative and regulatory</i></p>
Project	<i>Council delivers improvements to services and facilities through a project framework. Most projects are of strategic importance to the growth and development of our Shire. Projects are dealt with in two (2) ways.</i>	
	<b>Strategic:</b> <i>The identification of improvements to services or facilities and the allocation of funds and resources to implement the project.</i>	<p style="text-align: center;"><b>OPEN</b></p> <p style="text-align: center;"><i>Council will consider all projects within the Shire that provide for an acceptable level of reward and value for money, however the key objectives (timeframes, finances and strategic importance) will be determined and adhered to.</i></p>
	<b>Operational:</b> <i>Management and delivery of the project within the framework and limitation detailed in the Strategic Project Plan.</i>	<p style="text-align: center;"><b>MINIMAL</b></p> <p style="text-align: center;"><i>Council will ensure adherence to the Project framework and deliverables. Variations of a Low-Risk nature may be considered only if there is potential for reward.</i></p>