Risk Appetite Statements – May 2025

Risk Appetite Levels

Averse

- Avoidance of risk and uncertainty is the key objective.
- We will only undertake activities which are considered to carry virtually no inherent risk.
- Risks need to be carefully managed within a tightly controlled process.
- Consequences are considered to be intolerable.

Cautious

- Preference for very safe business delivery options that have a low degree of inherent risk.
- We are prepared to accept more risk assuming risk management processes remain in place and outcomes monitored, innovation is avoided.

Open

- We are willing to take on more risk within areas where positive outcomes are considered to be more than likely.
- The consequences are ones which can be absorbed and tolerated.
- We will undertake activities which may have a high degree of inherent risk which is deemed controllable to a large extent.

Optimistic

- We are willing to consider all options and choose one that is most likely to result in successful delivery while providing an acceptable level of benefit.
- We will seek to achieve a balance between a high likelihood of success delivery and a high degree of benefit and value for money.
- We recognise that there are likely to be consequences when pursuing changes and advances for the council and its communities.
- Some of these consequences may be above acceptable boundaries, but we are broadly confident in the success of delivery.
- We are willing to accept some risk to justify reward – our activities may carry or contribute to a high degree of residual risk.

Brave

- We are willing to accept a high level of risk, justified by the potential reward.
- We are eager to be innovative and choose options based on maximising opportunities and potential higher benefit – even if those activities carry a very high residual risk.
- We are actively embracing these risks in pursuit of innovative changes whilst recognising that failure remains a possibility.

Risk appetite statements by risk category

Threat ⟷ **Opportunity**

Category	Averse (No appetite)	Cautious (Low appetite)	Open (Moderate appetite)	Optimistic (High appetite)	Brave (Very high appetite)
Strategic Direction				We are willing to push boundaries and accept this may incur some negative response from the wider community, so long as the gains are considered to outweigh the negatives.	We will be brave in taking well managed risks when opportunities provide clear benefits allowing for improvement, innovation, and transformation.
Operational Delivery	The council will comply with all relevant safeguarding requirements to minimise any safeguarding risks.	We will be cautious so that our actions and decisions do not compromise the safety and wellbeing of our residents, including our children and young people. We are cautious to potential disruptions and ensure that we do everything possible to minimise disruptions to our statutory service obligations.	We are open to risks that allow us to manage service demand and continuously improve service delivery and performance.	We are open to creativity and innovation and, where there is an appropriate business case and clear reasoning for change, are willing to take some level of risk to deliver efficiencies, enhance capabilities and provide services our community can be proud of.	Where there is a clear reason or justification with clear benefits allowing for improvement, innovation and transformation, we will consider risks which will impact on the operational delivery of services and projects.
Financial		We are only prepared to accept minimal financial losses. We will seek safe options with little possibility for financial loss.	We have an open appetite for short-term risks that support financial performance and mitigate negative external factors.	We will be optimistic in our approach for longer term capital and financial investments provided that the risks are well managed and demonstrate realisable future benefits for delivering the Council's ambitions and the outcomes it wishes to see for its communities.	
Legal and Governance		We place high importance on compliance, with statute, regulation, professional and ethical standards and prevention of bribery and fraud. We are cautious when giving legal advice and will consider the likelihood of any legal challenge and the likely success of any legal challenge.	We are prepared to accept a higher degree of risk which may lead to a breach of local guidelines but only in certain circumstances.	We will ensure our governance framework enables timely decision-making to support effective delivery of our ambition and our services.	

Category	Averse (No appetite)	Cautious (Low appetite)	Open (Moderate appetite)	Optimistic (High appetite)	Brave (Very high appetite)
Reputation			Upholding and improving the Council's reputation is important to us. We will be open in our engagement and communication with residents, customers and the wider community.	We will accept moderate adverse local media and social media scrutiny or a limited increase in the number of complaints received for new ways of working where the gains are considered to outweigh the negatives.	We will accept opposition when our programmes, projects, activities and projects provide clear benefits allowing for improvement, innovation, and transformation.
Health and Security	We are not prepared to accept any injury to any member of staff because of their actions in carrying out their duties of employment or to any members of the community in accessing council services. We will ensure the confidentiality, integrity and availability of information, and its appropriate and legitimate use.	We accept that some functions include the potential for minor injury resulting in first aid. We are prepared to accept these risks and will work with the individual settings and / or managers to ensure appropriate risk assessments are carried out.			
Environmental	We are averse to risks which are going to have a damaging and/or long-term detrimental impact on the environmental of the area and its residents.	We would prefer to only consider risks which would have only localised, reversible, environmental impacts. We are cautious to any risks relating to the impact of climate change which may threaten the delivery of critical services and our ambitions.	We are open to innovative practices which improve our environment.		
Assets		We would prefer to only consider risks where the potential impact on our assets is limited to minor damage with no impact on the day-to-day function of the asset.	We will recognise the potential for disruption from taking key assets out of use, but will do so to meet our objectives.	We will consider innovative solutions for the purchase, rental, disposal, construction, and refurbishment of assets to meet our ambitions and objectives.	We will challenge ourselves to ensure that our estate (inside and outside of Torbay) is fit-for-purpose and whether ownership of each asset supports us in delivering our ambitions and objectives.
Local Economy				We will continually seek to attract economic investment, business growth and talent across the area.	We will be brave in taking risks that provide, and contribute to the, economic prosperity of the area.