



Cairngorms National Park Authority

Risk Appetite Workshop

June 2023



Executive Summary

On 26 May 2023 Azets facilitated a workshop with the Cairngorms National Park Authority (CNPA) Board and Senior Management with the aim of defining the Risk Appetite of the Board, with 14 attendees present. During the course of the workshop each member was asked to independently score the appetite for each risk category, utilising this information we were able to build a picture of the overall appetite of the Board.

Risk Categories

In advance of the workshop Azets agreed the proposed risk categories against which a risk appetite would be defined with the Deputy Chief Executive, these were determined from the Corporate Plan with the links outlined below.

Risk Category	Corporate Plan Link
Nature - Delivering Net Zero, climate action and supporting land management practices	A1 – A3, A4 – A9
Nature - Ecological restoration and species recovery	A9 – A11, A13
People - Thriving cairngorms rural economy	B1 – B4, B9
People/Place - Thriving inclusive communities	B5 – B8, B10 – B11, C1 – C4, C7 – C8, C10
Place - Sustainable visitor destination	C5 – C6, C9, C7 – C8, C10
Corporate/Cross Cutting - Innovating new solutions: delivering green investment	A14 and Heritage Horizons Programme
Corporate/Cross Cutting - Corporate functions/ corporate reputation	All

Risk Appetite Scoring

Based on the discussion and feedback during the session and subsequent discussion with management, the following wording has been proposed for review and approval by the Audit Committee:

Risk Category	Risk Appetite	Proposed Narrative
<p>Nature - Delivering Net Zero, climate action and supporting land management practices</p>	<p>Eager – 43% of participants felt the organisation should have an eager risk appetite in this area. Within the Corporate Plan CNPA has set stretching aims for delivering Net Zero and climate action. However, it was acknowledged that while the organisation is eager in its risk appetite, and therefore willing to innovate and accept there may be some losses, any actions taken that may impact on communities require to be carefully considered.</p>	<p><i>CNPA is eager to take risk in pursuit of these objectives, recognising that it may incur losses in pursuit of exceptional benefits. In doing so, it will actively embrace innovation and change. Any impact on communities however will be carefully considered before action is taken.</i></p>
<p>Nature - Ecological restoration and species recovery</p>	<p>Open – 43% of participants felt the organisation should have an open risk appetite in this area.</p>	<p><i>CNPA is open to taking risk in pursuit of these objectives, within limits. In doing so it will consider innovation and investment, whilst accepting some limited loss may occur.</i></p>
<p>People - Thriving cairngorms rural economy</p>	<p>Open – 43% of participants felt the organisation should have an open risk appetite in this area.</p>	<p><i>CNPA is open to taking risk in pursuit of these objectives, within limits. In doing so it will consider innovation and investment, whilst accepting some limited loss may occur.</i></p>
<p>People/Place - Thriving inclusive communities</p>	<p>Open – 50% of participants felt the organisation should have an open risk appetite in this area.</p>	<p><i>CNPA is open to taking risk in pursuit of these objectives, within limits. In doing so it will consider innovation and investment, whilst accepting some limited loss may occur.</i></p>

Risk Category	Risk Appetite	Proposed Narrative
Place - Sustainable visitor destination	Open – 57% of participants felt the organisation should have an open risk appetite in this area.	<i>CNPA is open to taking risk in pursuit of these objectives, within limits. In doing so it will consider innovation and investment, whilst accepting some limited loss may occur.</i>
Corporate/Cross Cutting - Innovating new solutions: delivering green investment	Cautious and Open – 36% of participants voted cautious and 36% of participants voted open. It was considered that this is an accurate reflection of the organisation’s current position. The Board is ‘cautiously open’ to delivering green investment as there is a number of unknown factors within this area given the current emerging and unregulated market. While the organisation is open to delivering green investment any decisions taken in this area should be done so cautiously.	<i>CNPA is ‘cautiously open’ to taking risk in this area, where the benefits outweigh the risks and losses are within limits. Due to the fast paced nature of change in this area, CNPA will cautiously consider decisions against the risks to limit potential losses.</i>
Corporate/Cross Cutting - Corporate functions/ corporate reputation	Cautious and Open – 43% of participants voted cautious and 43% of participants voted open. This is reflective of the different areas to be considered within Corporate Functions. For example the organisation is willing to take some financial risks should expected reward warrants, however the organisation is cautious towards any actions which may directly impact the workforce. Further, in	<i>CNPA is ‘cautiously open’ to taking risk in this area, where the benefits outweigh the risks and losses are within limits. This excludes all compliance related areas, where CNPA will take a cautious approach and ensure that it meets all statutory and legal obligations.</i>

Risk Category	Risk Appetite	Proposed Narrative
	areas such as Health and Safety the risk appetite is averse.	

Next Steps

- The Board should formally review and approve the proposed risk appetites across each of the seven areas.
- The risk appetites should be communicated to all staff.
- The appetites should be built into the organisation's risk registers and utilised to determine whether current risks should be treated or tolerated, and whether additional mitigating actions are required or no further action taken.
- The appetites should be built into Board papers to communicate the Board appetite across the areas being discussed.
- Each of the risk appetites should be reviewed and approved by the Board on at least an annual basis or where the organisation is subject to any significant change in its operating environment.

Appendix 1

Risk Appetite Definitions

The following risk appetite definitions were utilised for assessing the appetite for each category.

Category	Definition
Averse	Accept no risk / terminate risk. Actively limit and avoid risk. Avoid actions with any risk exposure.
Minimal	Minimise risk. Accept low level of risk in pursuit of strategic goals and priorities. Avoid innovation unless essential.
Cautious	Considered risk taking allowed, where benefits outweigh risks. Innovation generally avoided unless necessary. Preference towards safe delivery models with minimal uncertainty about benefits/loss.
Open	Take risk if expected reward warrants, within limits. Open to investment and innovation, with some loss accepted within limits.
Eager	Actively embrace innovation and change. Willing to accept risk/losses in the pursuit of exceptional benefits.

Appendix 2

Risk Appetite Scoring

The following table provides a breakdown of the scoring against each risk category assessed during the workshop.

	Averse	Minimal	Cautious	Open	Eager
Nature - Delivering Net Zero, climate action and supporting land management practices	0%	0%	29%	29%	43%
Nature - Ecological restoration and species recovery	0%	0%	29%	43%	29%
People - Thriving cairngorms rural economy	0%	0%	29%	43%	29%
People/Place - Thriving inclusive communities	0%	0%	14%	35%	50%
Place - Sustainable visitor destination	0%	0%	7%	36%	57%
Corporate/Cross Cutting - Innovating new solutions: delivering green investment	0%	7%	36%	36%	21%
Corporate/Cross Cutting - Corporate functions/ corporate reputation	7%	0%	43%	43%	7%

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