

## Appendix A - Risk Appetite Framework Development – MAT + 30 November 2021

### Introduction

At the MAT plus meeting on 5 October 2021, we presented our initial thoughts around developing a risk appetite framework for Spelthorne and we received some useful comments and feedback at the time. Since then, we have developed:

- The Risk Appetite Framework (RAF) to flesh out the different appetite levels for each aspect (impact measure) and indicate where we think the Council's current risk appetite is and where it should be to achieve the Council's priorities and objectives (annex 1)
- A template to consider risk appetite as part of service plans (annex 2)
- A template to include risk appetite in decision making reports to help Members make more transparent, consistent and informed decisions (annex 3). We envisage this would be a minimum apply to reports going to service Committees.

We have also spoken to the Audit Committee (25 November 2021) about the principles and rationale of the RAF and obtained its outline approval.

### Request for comment and feedback

For the RAF (annex 1) we would like you to:

1. Consider the descriptions used for each category and level of risk appetite. Do these make sense? Are they too far apart or too close together? Are there any wording changes that would improve them?
2. Consider the initial assessment of Spelthorne's risk appetite. Do you agree?
3. Consider the initial assessment of where Spelthorne's risk appetite should be to achieve its priorities and objectives. Do you agree and would you be comfortable working to this risk appetite in your service? Remember, you can work to a lower risk appetite, but you should not work to a higher one, so would this risk appetite constrain you?
4. Make any further comments to improve the RAF and make it practical to implement.

For the service plan risk appetite (annex 2) we would like you to consider the version completed for Regeneration and Growth based on recent discussion with Group Head R & G. We want the RAF to challenge and support you to help you and the Council as a whole make risk-informed and consistent decisions.

1. How practical will it be for you to apply this approach within your own service plans?
2. Are there any changes that you think would make this easier to use?
3. Is it sensible to concentrate just on the 'service provision' aspect in establishing risk appetite or should risk appetites for the other defined impact measures such as 'Financial', 'Corporate Priorities', 'Reputation', 'Challenge and Acceptability' also be included?
4. Will this addition to the service plan help you to make more risk-informed decisions about the direction of your service, ensuring that you can respond to risks and opportunities in a proportionate way, putting in place appropriate mitigation and control measures that align with your service risk appetite?

For the decision report risk appetite (annex 3) we will, of course, discuss this with members to make sure that this meets their needs but, do you think that:

1. This will be straight-forward to complete?
2. It is complete enough to give members helpful information without being over complex?
3. Is the wording clear?

#### Next steps

1. Refine the documents in the risk appetite pack (referred to above) to reflect your feedback
2. Informal meeting of the Audit Committee, other senior members and MAT in early 2022 to discuss the RAF and the way that it is reported and used to develop a final draft of the framework (date for this meeting is to be scheduled) .
3. Formal presentation of the framework to the Audit Committee at its meeting on 24 March 2022.
4. Formal presentation of the framework to Corporate Policy & Resources for ratification in XXX 2022 (date to be confirmed).

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26.11.21