

APPENDIX B – RISK APPETITE FRAMEWORK WITH PROPOSED RISK APPETITES

Annex 1 (TO Appendix A)

RISK APPETITE FRAMEWORK - Spelthorne Borough Council's risk appetite across the five impact measures (DRAFT)

The table contains a description of what each level of appetite will look like for that aspect (impact measure). Spelthorne's current risk appetite across the impact measures is marked with a **X** and shaded in blue. In terms of where Spelthorne sees itself positioned on the risk appetite spectrum over time, this is marked with a **Y** and shaded in green. For impact measure 4 (reputation), the current risk appetite may already align with Spelthorne's preferred positioning (i.e., no change).

Proposed appetites for Spelthorne are based on initial discussions between the Internal Audit Manager, Group Head of Corporate Governance and Deputy Chief Executive (Chief Finance and S151 Officer). As part of our initial assessment, we have been mindful of increased financial pressures, externalities and significant challenges facing the Council in the current and evolving environment. These factors will continue to shape the Council's direction, for example there is a greater need to review how we are delivering priorities and objectives including new and innovative approaches to service provision. Overall Spelthorne appear to have a cautious risk appetite (currently) across most of the impact measures with a strong possibility of moving into the exploratory risk appetite category, recognising the need to seize positive opportunities to support future delivery and ongoing improvements. It is recognised that appetite perceptions (current and future) may differ between Officers and Members, and this will form part of the next steps in establishing and agreeing the appetites.

We hope this will stimulate further discussion at MAT PLUS and with Members in establishing Spelthorne's risk appetite. Members are ultimately responsible for formally setting and approving the Council's risk appetite.

Risk Appetite Category	Minimal	Cautious	Exploratory	Seeking
Appetite description	Areas where Spelthorne will apply a strong control environment to reduce or minimise the likelihood that a risk will occur and/or reduce the impact of any risk	Areas where Spelthorne seeks low-risk delivery options and will pilot innovation only in a controlled environment	Areas where Spelthorne strikes a balance between the potential upside benefits and downside risks of a decision and explores new solutions and options for delivery	Areas where Spelthorne takes risks by working with new ideas and approaches, looking for innovation and recognizing that failures are an opportunity for learning and improving.
Impact Measure: 1.Financial	Prepared to lose up to 2% of the value of project or activity in pursuit of objectives	X Prepared to lose up to 5% of the value of	Y Prepared to lose up to 10% of the value of project or activity in pursuit of objectives	Prepared to lose up to 20% of the value of project or activity in pursuit of objectives

Risk Appetite Category	Minimal	Cautious	Exploratory	Seeking
		project or activity in pursuit of objectives		
Impact measure: 2. Corporate priorities	All priorities delivered as planned because they are undemanding	X Majority of priorities delivered, with some flexibility around contributing objectives	Y Re-examination of a number of priorities to deliver in new and innovative ways	Rethink of many priorities, looking for new ways to deliver that have not been used elsewhere in the public sector
Impact Measure: 3. Service provision	Services delivered as planned with mandated developments only	X Tried and tested changes made. Use of limited pilots to develop new approaches	Y Open to new ways of doing things and taking a balanced and pragmatic (capacity-driven) approach to making changes	Continuous re-evaluation of services and how they are delivered to explore new ideas, learn from failures to invest in ever-improving delivery
Impact Measure: 4. Reputation	Minimal local media attention Minimal social media interest No effect on staff morale	Local media interest Technical social media interest Minimal effect on staff morale	X & Y National media interest General public social media interest Noticeable effect on staff morale (eg increase/decrease in turnover or job applicants)	Remembered for years International social media interest Major effect on staff morale (eg turnover outside desirable parameters)
Impact Measure: 5. Challenge and acceptability	No exposure to external challenge other than mandatory requirements	X Open to peer reviews to learn from others with similar approaches and attitudes	Open to external reviews from other public sector bodies to learn and develop	Y Invites external review and challenge as an opportunity to learn, develop and enrich, find innovative ways of doing things and trying out new ideas. Learning from own failures and those of others, including those outside the public sector

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