

# **WAVERLEY BOROUGH COUNCIL**

## **EXECUTIVE**

**5 FEBRUARY 2019**

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### **Title:**

#### **RISK APPETITE STATEMENT**

**[Portfolio Holder: Ged Hall]  
[Wards Affected: All]**

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### **Summary and purpose:**

This report seeks approval of a Risk Appetite Statement for the Council as part of the Council's Risk Management Strategy.

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### **How this report relates to the Council's Corporate Priorities:**

This report relates to the Council's People, Place and Prosperity priorities as it informs the process of understanding and managing risk in delivering the objectives set out in the Corporate Strategy.

### **Equality and Diversity Implications:**

There are no Equality and Diversity Implications to this report.

### **Financial Implications:**

There are no financial implications to this report.

### **Legal Implications:**

There are no legal implications to this report.

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### **Background**

1. Risk management is an essential part of sound governance and good management within any organisation. It is the process of understanding and managing risk that an organisation is inevitably subject to in attempting to achieve its objectives.
2. Included in the Council's Annual Governance Statement is the aim to ensure that the Council has effective arrangements for the management of risk. Risk management is intended to provide a framework and process that enables the management of uncertainty in a systematic, effective, consistent and efficient way.
3. The international standard for risk management (ISO 31000) states that 'risk management is as much about exploiting potential opportunities as preventing problems'. Therefore, risk, needs to be managed rather than avoided and used to

promote innovation in support of strategic objectives and service delivery and used as a tool for exploiting opportunities as well as safeguarding against potential threats.

4. In furtherance of strengthening the Council's Risk Management the Council engaged the services of Amberwing who are a specialist management training and consultancy who deliver enablement services in change management, governance and risk.
5. Through in-house training and facilitated workshops Members of the Executive, Audit Committee and senior management received practical guidance to further develop the Council's Risk Management Strategy.
6. The Council's strategy to effectively manage risk incorporates the following four aspects:

1	2	3	4
Risk Appetite Statement	Risk Management Policy	The Strategic Risk Register	Risk Management Reporting

1. The proposed Risk Appetite Statement is included in this report for approval by the Executive Committee.
2. The Risk Management Policy will go to Audit Committee 2019 for approval in line with the constitution.
3. The Strategic Risk Register is currently being developed to underpin the achievement of the new Corporate Strategy adopted in July 2018 and will be put to Audit Committee in March 2019.
4. Risk Management Reporting will be taken to Heads of Service Team meetings and Audit Committee quarterly.

The Strategic Risk Register underpins the achievement of the Corporate Strategy whilst the management of operational risk is included in the Risk Management Policy.

### **Risk Appetite Statement**

7. The Risk Appetite Statement documents the amount and type of risk that the Council is willing to take in order to achieve its strategic objectives as set out in the Corporate Strategy. It also ensures risks are measured, consistent and compatible with the Council's capacity to bear and manage risk and do not expose the Council, or its stakeholders, to an unknown, unmanaged or unacceptable degree of risk exposure.
8. Risk is something that might happen that could have an effect on the Council. To assess risk appetite it was necessary to determine what levels of risk the Council is willing to accept (and not accept) in pursuance of its goals. This was done through the workshops.
9. The level of risk the Council is willing to accept was assessed against five risk domains:
  - Financial risk – capital or revenue, budgetary and financial planning
  - Legal/Regulatory risk – failure to comply with legislation
  - Safety risk – failure to comply with health and safety
  - Service Delivery – failure or underperformance of the services provided by the Council

- Reputational risk – that the public will lose confidence in the Council following adverse publicity
10. The workshops involved considering each risk domain against a range of attitudes or risk appetite. The outcome of the workshops was to determine a consensus view on the overall risk appetite for the Council. This can be seen in Annexe 1.
  11. The overall risk appetite against the five domains then defines the Risk Appetite Statement which is proposed at Annexe 2.
  12. Proper risk assessment, balanced against the Council's risk appetite, will enable informed decision making and can help target resources to achieve the best possible results.

### **Conclusion**

The Risk Appetite Statement is an important part of the Council's Risk Management Strategy and will enable a consistent and efficient approach to considering risk in meeting the objectives set out in the Corporate Strategy.

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### **Recommendation**

That the Risk Appetite Statement be approved.

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### **Background Papers**

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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