

## **Appendix 3**:

**Risk Appetite: Classification and Description:** 

Averse is the avoidance of risk and uncertainty. We are therefore **not willing to** tolerate any risk within this appetite classification.

**Minimalist** is the preference for ultra-safe options that have a low degree of inherent risk and have a potential for only limited reward. Within this classification, we are willing to accept only **minor risks**.

**Cautious** is the preference for safe options that have a medium degree of inherent risk and may have some potential for rewards. In terms of our risk exposure rating, we would therefore accept a **minor or moderate risk**.

**Open** is the willingness to consider all delivery options and choose one that is most likely to result in successful delivery with an acceptable level of reward (and value for money). Within this, we will accept **minor**, **moderate and major risks**.

**Hungry** is the eagerness to be innovative and to choose options offering potentially higher business rewards despite greater inherent risk. All risk exposure is accepted within this classification – **minor**, **moderate**, **major and critical**.

## **Summary of Denbighshire's Risk Appetite Statement**

(Reviewed September 2024):

Denbighshire County Council's risk appetite in relation to different aspects of council business is summarised below:

- Reputation and Credibility (risks about the trust / confidence people have in the council)— Open risk appetite, willing to consider all options and choose one that is most likely to result in successful delivery with an acceptable level of reward (and value for money). This means we will tolerate minor, moderate or major risks.
- Operational and Policy Delivery (risks which focus on long term goals and the service which our customers receive) – Open risk appetite, willing to consider all options and choose one that is most likely to result in successful delivery with an acceptable level of reward (and value for money). Again, this means we will tolerate minor, moderate or major risks.
- Financial Projects (risks about financial loss and value for money) Open risk
  appetite, willing to consider all options and choose one that is most likely to result in
  successful delivery with an acceptable level of reward (and value for money). As
  above, we will tolerate minor, moderate or major risks.
- Financial Treasury Management (risks about financial loss and value for money) – Cautious risk appetite, preference for safe options that have a medium degree of inherent risk and may have some potential for rewards. Within this risk appetite, we will only tolerate minor or moderate risks.
- Compliance and Regulation Safeguarding (risks about adherence to law, regulations and guidelines) Minimalist risk appetite, preference for ultra-safe options where the well-being of individuals is concerned, with a low degree of inherent risk and have a potential for only limited (safe) reward. This means we will only accept minor risks in this area.

- Compliance and Regulation Other (risks about adherence to law, regulations and statutory guidelines) Cautious risk appetite, preference for safe options that have a medium degree of inherent risk and may have some potential for rewards. Again, we will only tolerate minor or moderate risks in this area.
- People (Workforce) Learning and Development Cautious risk appetite,
  preference for safe options that have a medium degree of inherent risk and may
  have some potential for rewards. As above, minor or moderate risks only will be
  tolerated.
- **People (Workforce) Cautious** risk appetite, preference for safe options that have a medium degree of inherent risk and may have some potential for rewards. Again, we will only tolerate minor or moderate risks in this area.