

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.