


College Risk Appetite – Classification by Risk Activity Area (Draft appetite assessment by College SMT)

	1 Averse	2 Minimalist	3 Cautious	4 Open	5 Hungry
Overall 	Avoidance of risk and uncertainty is a key organisational objective	Preference for ultra-safe business delivery options that have a low degree of inherent risk and only have a potential for limited reward	Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward	Willing to consider all potential delivery options and choose the one that is most likely to result in successful delivery while also providing an acceptable level of reward	Eager to be innovative and to choose options offering potentially higher business rewards (despite great inherent risk).
Category of Risk	Example behaviours when taking key decisions				
Strategic and Operational Delivery	<ul style="list-style-type: none"> Defensive approach to objectives – aim to maintain rather than innovate Priority for tight management controls and oversight with limited devolved decision making authority General avoidance of systems/ technology developments 	<ul style="list-style-type: none"> Innovations always avoided unless essential Decision making authority held by senior management Only essential systems/ technology developments to protect current operations 	<ul style="list-style-type: none"> Tendency to stick with the status quo, innovations generally avoided Decision making authority generally held by senior management Systems/technology developments limited to improvements to protection of current operations 	<ul style="list-style-type: none"> Innovations supported, with demonstration of commensurate improvements in management control Systems/ technology developments considered to enable operational delivery. Responsibility for non-critical decisions may be devolved 	<ul style="list-style-type: none"> Innovation pursued – desire to break the mould and challenge current working practices New technologies viewed as a key enabler of operational delivery High levels of devolved authority – management by trust rather than tight control
Reputation and credibility	<ul style="list-style-type: none"> Minimal tolerance for any decisions that could lead to scrutiny of the College 	<ul style="list-style-type: none"> Tolerance for risk taking limited to those events where there is no chance of any significant repercussions for the College 	<ul style="list-style-type: none"> Tolerance for risk taking limited to those events where there is little chance of any significant repercussions for the College should there be a failure 	<ul style="list-style-type: none"> Appetite to take decisions with potential to expose the College to additional scrutiny but only where appropriate steps have been taken to minimise any exposure 	<ul style="list-style-type: none"> Appetite to take decisions that are likely to bring scrutiny of the College but where the potential benefits outweigh the risks
Financial/VFM	<ul style="list-style-type: none"> Avoidance of financial loss is a key objective Only willing to accept the low cost option Resources withdrawn from non-essential activities 	<ul style="list-style-type: none"> Only prepared to accept the possibility of very limited financial loss if essential VFM is the primary concern 	<ul style="list-style-type: none"> Prepared to accept the possibility of some financial loss VFM still the primary concern but willing to also consider the benefits Resources generally restricted to core operational targets 	<ul style="list-style-type: none"> Prepared to invest for reward and minimise the possibility of financial loss by managing the risks to a tolerable level Value and benefits considered (not just cheapest price) Resources allocated in order to capitalise on potential opportunities 	<ul style="list-style-type: none"> Prepared to invest for the best possible reward and accept the possibility of financial loss (although controls may be in place) Resources allocated without firm guarantee of return
Compliance/Legal/Regulatory	<ul style="list-style-type: none"> Avoid anything that could be challenged, even unsuccessfully 	<ul style="list-style-type: none"> Want to be sure we would win any challenge 	<ul style="list-style-type: none"> Want to be reasonably sure we would win any challenge 	<ul style="list-style-type: none"> Challenge will be problematic but we are likely to win it and gain will outweigh the adverse consequences 	<ul style="list-style-type: none"> Chances of winning are less certain but success would be significantly advantageous.