

## APPENDIX 2 - RISK MANAGEMENT SCORING MATRIX AND RISK APPETITE

	Minor/Non-Disruptive Impact (1)	Moderately Disruptive Impact (2)	Serious Consequences (3)	Major Consequences (4)
Very Likely (4)	4 (Yellow)	8 (Orange)	12 (Red)	16 (Red)
Probable (3)	3 (Yellow)	6 (Orange)	9 (Orange)	12 (Red)
Possible (2)	2 (Green)	4 (Yellow)	6 (Orange)	8 (Orange)
Unlikely (1)	1 (Blue)	2 (Green)	3 (Yellow)	4 (Yellow)

Risk Levels	Colour
Negligible Risk	Blue
Low Risk	Green
Modest Risk	Yellow
Medium Risk	Orange
High Risk	Red

## APPENDIX 3 – RISK DEFINITIONS

### LIKELIHOOD

<b>4</b>	<b>Very Likely</b> >90%	<ul style="list-style-type: none"> <li>• Event expected to occur. Has occurred and will continue to do so without action being taken.</li> <li>• Indication of imminent occurrence</li> <li>• There are external influences which are likely to make our controls ineffective</li> </ul>
<b>3</b>	<b>Probable</b> 60-90%	<ul style="list-style-type: none"> <li>• There is a moderate exposure to the risk.</li> <li>• Reasonable to expect event to occur within a year.</li> <li>• Has occurred in the past.</li> <li>• Is likely to occur within the Council's planning cycle.</li> <li>• There are external influences which may reduce effectiveness of controls</li> </ul>
<b>2</b>	<b>Possible</b> 30-60%	<ul style="list-style-type: none"> <li>• There is a low exposure to the risk.</li> <li>• Little likelihood of event occurring - 1 in 10 years</li> <li>• There is a potential for external influences which may reduce effectiveness of controls</li> </ul>
<b>1</b>	<b>Unlikely</b> 0-30%	<ul style="list-style-type: none"> <li>• Extremely remote</li> <li>• Not expected to occur but may do so in exceptional circumstances - 1 in 100 years.</li> <li>• There are few or no external influences which may reduce effectiveness of controls</li> </ul>

### IMPACT

Score	Description	Indicative Guidelines
<b>4</b>	<b>Major Consequences</b>	<p>The consequence is so bad that urgent action must be taken to improve the situation or prevent it worsening. External support from the Government or other agencies is likely to be needed:</p> <ul style="list-style-type: none"> <li>• Catastrophic loss, delay, or interruption to services</li> <li>• Level of financial loss, additional costs, or loss of assets which the Council is unable to resource without additional Government/External support.</li> <li>• One off event which would de-stabilise the Council over several years.</li> <li>• The risk will cause the objective not to be reached, causing damage to the organisation's reputation.</li> <li>• Will attract medium to long-term attention of legislative or regulatory bodies.</li> <li>• Major complaints</li> <li>• Significant adverse media interest</li> <li>• Death or life-threatening injury</li> </ul>

3	<b>Serious Consequences</b>	<p>The consequences are sufficiently serious to require attention by Cabinet and/or full Council:</p> <ul style="list-style-type: none"> <li>• Loss of key assets or services for an extended time period.</li> <li>• Longer term impact on operational efficiency or performance of the Council or crucial service areas</li> <li>• Financial loss, additional costs or loss of assets which would need a Council decision as the scale of the loss would be outside the Council’s budget &amp; policy framework.</li> <li>• The risk would destabilise the Council in the short term.</li> <li>• The intended objectives are unlikely to be met leading to negative impact on the Council’s reputation and a significant number of complaints.</li> <li>• Will lead to attention for regulators and External Auditors for a significant time.</li> <li>• Major accident/injuries (but not life-threatening)</li> </ul>
2	<b>Moderate/ Disruptive</b>	<p>The consequence is sufficient to require attention by Leadership Team and cannot be managed within a Service Area</p> <ul style="list-style-type: none"> <li>• Significant loss, delay, or interruption to a service.</li> <li>• Medium term impact on operational efficiency or performance</li> <li>• Financial loss, additional costs or loss of assets that is within the Council’s budget &amp; policy framework but needs a Statutory Officer decision, Leadership Team decision, Cabinet decision or needs to be drawn to Cabinet’s attention.</li> <li>• The risk will cause some elements of the objective to be delayed or not achieved, causing potential damage to the organisation’s reputation.</li> <li>• May attract medium to short term attention of legislative or regulatory bodies.</li> <li>• Significant complaints</li> <li>• Serious accident / injury (but not life threatening)</li> </ul>
1	<b>Minor/Non-Disruptive</b>	<p>The consequences can be dealt with as part of the normal day-to-day business by the Team Manager and the Head of Service:</p> <ul style="list-style-type: none"> <li>• Minor loss, delay, or interruption to services</li> <li>• Short term impact on operational efficiency or performance</li> <li>• Negligible financial loss</li> <li>• The risk will not substantively impede the achievement of the objective, causing minimal damage to the organisation’s reputation.</li> <li>• No or minimal external interest.</li> <li>• Isolated complaints</li> <li>• Minor accident / injury</li> </ul>