

Draft corporate risk assessment matrix and scoring guidelines

Corporate Risk - Risk Scoring Guidelines

Once a risk has been identified, it is assessed according to the likelihood that it may happen and the extent of the impact it may have on the service or organisation should it happen.

Risks are scored for likelihood and impact using scoring guidelines. An example is set out below.

East Surrey Council will need to confirm its risk scoring guidelines for its corporate risks. Please note, this will apply to East Surrey Council corporate risks only. Legacy councils will continue to use their existing scoring guidelines for all other risks pending harmonisation post vesting day.

LIKELIHOOD		
The probability that the risk may occur		
Risk level	Likelihood	Description
1	Rare	May occur only in exceptional circumstances (<10%)
2	Unlikely	Could occur at some time (10%-29%)
3	Possible	Fairly likely to occur (30%-69%)
4	Likely	Will probably occur in most circumstances (70% to 89%)
5	Very Likely	Expected to occur in most circumstances (90% and over)

IMPACT				
The extent of the impact should the risk occur				
Risk Level	Impact	Financial	Service	Reputational
1	Minimal	< £100k	Annoyance but does not disrupt service	Contained within Service
2	Minor	£100k - < £500k	Some minor impact on service	Contained within Directorate
3	Moderate	£500k - < £3m	Moderate disruption to service	Local public/press interest
4	Major	£3m - < £8m	Serious disruption to service	National public or press interest
5	Severe	£8m and over	Total service failure	National publicity more than 3 days. Resignation of leading Member or Chief Officer

Corporate Risk - Risk Assessment Matrix

Risks are often prioritised using a scoring system in the form of a risk assessment matrix. An example is set out below.

Councils commonly regard the red area of a risk matrix as being above the risk tolerance of the Council. Risk tolerance is the threshold above which the level of risk is not acceptable and requires further action to reduce the risk. In the example matrix below, the risk tolerance would be 15 and above as shown in Red.

East Surrey Council will need to determine its risk tolerance level for corporate risks. Legacy councils will continue to use their existing arrangements for all other risks pending harmonisation post vesting day.

IMPACT	Severe 5	5	10	15	20	25
	Major 4	4	8	12	16	20
	Moderate 3	3	6	9	12	15
	Minor 2	2	4	6	8	10
	Minimal 1	1	2	3	4	5
		Rare 1	Unlikely 2	Possible 3	Likely 4	Very Likely 5
LIKELIHOOD						

Corporate Risk - RAG* Status Guidelines

The guidelines in the table below illustrate what is meant by a Red, Amber and Green rated risk, and the action that may be required.

Score	RAG Status	Explanation	Required Action
15 - 25	RED	A red risk is one which has exceeded the threshold above which the level of risk is not acceptable (the risk tolerance level) and requires further action to reduce the risk. NB It may be beyond the Council's ability or remit to mitigate further (eg limited resources, capacity, authority or external dependencies)	Risk owners to identify additional/amended mitigations to reduce the risk to below the risk tolerance level. This may include identification of additional support and / or resources.
8 - 12	AMBER	An Amber risk is one which could be mitigated further. Some additional support / resources may be required.	Risk owners to continue to manage the risk, and identify any additional support that may be required to prevent the risk becoming Red.
1 - 6	GREEN	A Green risk is one which which is being mitigated to an acceptable level. No additional support or resources currently required.	Risk owners continue to manage the risk.

*RAG status is a Red, Amber or Green rating