



**WOKINGHAM
BOROUGH COUNCIL**

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Enterprise Risk Management Guidance

A Framework for Managing Opportunity and Risk

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Risk Management

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1.0 Introduction

- 1.1 Risk Management is about managing opportunities and threats to objectives and in doing so helps create an environment of “no surprises”. It is a crucial element of good management and a key part of corporate governance. Risk Management is an everyday mainstream activity and something that is an integral part of the management of the Council.
- 1.2 Risk Management is already inherent in much of what the Council does. Good practices like good safety systems, procurement and contract regulations, financial regulations and internal control are not labelled Risk Management but these and many other processes and procedures are used to manage risk.

2.0 Purpose of the Guidance

- 2.1 The purpose of this Enterprise Risk Management Guidance is to establish a framework for the systematic management of risk, which will ensure that the objectives of the Council’s Risk Management policy are realised.

The Purpose of this Guidance
Define what Risk Management is about and what drives Risk Management within the Council
Set out the benefits of Risk Management and the strategic approach to Risk Management
Outline how the Risk Management will be implemented
Formalise the Risk Management process across the Council

- 2.2 An overview of this framework is detailed in Appendix 1.

3.0 Approval, Communication, Implementation and Review

- 3.1 The Enterprise Risk Management Guidance has been adopted by the Corporate Leadership Team and has been approved by the Council via the Audit Committee. It has been issued to:
- All Members of the Council
 - Corporate Leadership Team
 - All Assistant Directors
 - Key Stakeholders
 - Other interested parties such as External Audit
- 3.2 It has been placed on the Council’s intranet site so that all members of staff can have access and easily refer to it. It is included on all new staff’s corporate induction. Therefore, all individual members of staff are aware of both their roles and responsibilities for Risk Management within the Council and their service (depending on their own role within the Council). Risk Management is included within the Council’s performance management framework so that staff and managers are aware of how Risk Management contributes to the achievement of the Council’s and Service objectives.

- 3.3 All elected Members have been issued with a copy of the Guidance. It is part of all newly elected Members' induction to the Council it has been included as a training area within the Members Training and Development Programme. The Guidance will be reviewed annually by the Audit Committee.

4.0 What is Enterprise Risk Management?

- 4.1 Risk is an unexpected future event or action that can affect the Council's ability to achieve its objectives and successfully execute its strategies. It can be a positive (an opportunity) or negative (a threat). Risk Management is the process by which risks are identified, evaluated, and controlled.
- 4.2 It has critical links to the following areas:
- Corporate governance.
 - Community focus.
 - Structure and processes.
 - Standards of conduct.
 - Service delivery arrangements; and
 - Effective use of resources.
- 4.3 Enterprise Risk Management can be defined as:

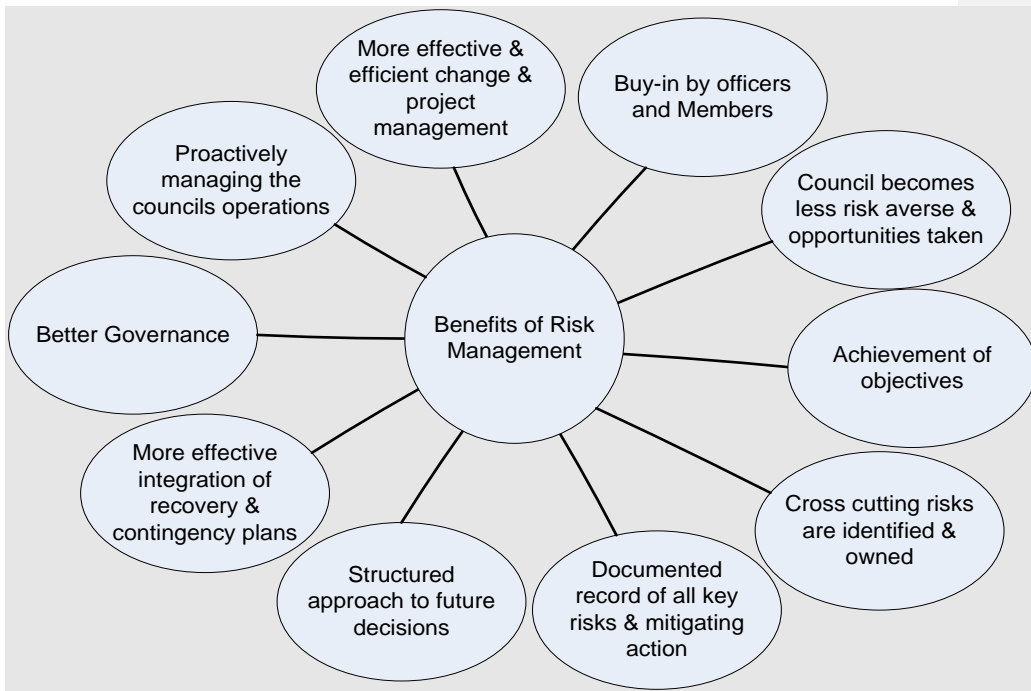
“The management of integrated or holistic risk and opportunity in a manner consistent with the virtues of economy, efficiency, and effectiveness. In essence it is about making the most of opportunities (making the right decisions) and about achieving objectives once those decisions are made. The latter is achieved through controlling, transferring and living with risks”.

- 4.4 Risk Management therefore is essentially about identifying the opportunities, risks and weaknesses that exist within the Council. A holistic approach is vital to ensuring that all elements of the Council are challenged including decision making processes, working with partners, consultation processes, existing policies and procedures and also the effective use of assets – both staff and physical assets. This identification process is integral to all our strategic, service and work planning.
- 4.5 Once the risks have been identified the next stage is to prioritise them to identify the key risks to the Council moving forward. Once prioritised it is essential that steps are taken to then effectively manage these key risks. The result is that significant risks that exist within the Council can be mitigated to provide the Council with a greater chance of being able to achieve its objectives. Included within this should also be a consideration of the positive or 'opportunity' risk aspect.
- 4.6 Risk Management will improve the business planning and performance management processes, strengthen the ability of the Council to achieve its objectives and enhance the value of the services provided.
- 4.7 In order to strive to meet the Community Vision, and Corporate Delivery Plan objectives, the Council has recognised the need to further embed Risk Management arrangements. The desired outcome is that risks associated with

these objectives can be managed and the potential impact limited, providing greater assurance that the Vision will be achieved.

5.0 Benefits of Risk Management

5.1 Successful implementation of Risk Management will produce many benefits for the Council if it becomes a living tool. These include:



6.0 Critical Success Factors

6.1 To develop a framework which:

Reference	Critical Success Factors
1	Enables the Council's performance and take advantage of opportunities.
2	Focus on the major risks to our strategies and objectives.
3	Provide a clear picture of the major risks the Council faces, their nature, potential impact and their likelihood.
4	Establish a shared and unambiguous understanding of what risks will be tolerated.
5	Develop an awareness of our ability to control the risks we have identified.
6	Is embedded in our planning and decision-making processes.
7	Actively involve all those responsible for planning and delivering services.
8	Clarify and establish roles, responsibilities and processes.
9	Enable and empower managers to manage those risks in their area of responsibility.
10	Capture information about key risks from across the Council.
11	Include regular risk monitoring and review of the effectiveness of internal control.
12	Is non-bureaucratic, cost efficient and sustainable.

7.0 Relationship between Risk Management and Internal Controls

7.1 The Council recognises that Risk Management is an integral part of its internal control environment. The constitution states that internal controls are required to manage and monitor progress towards strategic objectives.

7.2 The system of internal control also provides measurable achievement of:

- Efficient and effective operations.
- Reliable financial information and reporting.
- Compliance with laws and regulations; and
- Risk Management.

7.3 Internal Audit uses the Council's Risk Registers to inform their work. Internal Audit provide assurance on a cyclical work programme on the Council's key risks as identified by management using this guidance. [The Internal Audit overall opinion is an objective assessment of the current and expected level of control. The overall opinion is a statement of the audit view of managements effectiveness in managing the risk.](#)

~~Internal Audit, when evaluating risks during the course of its Internal Audit work, will categorise risks as per this Guidance and will analyse their likelihood and impact in accordance with the qualitative measures / tables contained in this Guidance, thus further integrating and embedding our Risk Management Guidance into the Council's internal control environment.~~

8.0 Risk Management, Business Continuity and Emergency Planning

- 8.1 There is a link between these areas. However, it is vital for the success of Risk Management that the roles of each, and the links, are clearly understood. [Both business continuity and emergency planning are duties placed on the Council as a Category 1 responder, as part of the Civil Contingencies Act 2004.](#) The Council recognises that there is a link between Risk Management, Business Continuity Management and Emergency Planning. This is demonstrated by the lead in all three issues being taken by the Corporate Leadership Team.

Business continuity management

- 8.2 ~~Business continuity is the processes, plans, activities and governance the Council has in place to continue its priority services during and following a disruptive event. For the Council specifically, good business continuity management means understanding which of our services are considered priority and the key risks that can disrupt them, and having robust and regularly exercised plans in place to mitigate disruption and minimise recovery time. Business continuity management is about trying to identify and put in place measures to protect the Council's priority functions against catastrophic risks that can stop it in its tracks. There are some areas of overlap e.g. where the I.T. infrastructure is not robust then this will feature as part of the relevant Risk Register and also be factored into the business continuity plans.~~

Emergency planning

- 8.3 ~~The main difference between emergency planning and business continuity - is the focus on reducing harm to people, the environment and infrastructure from an incident. There is also a greater need for collaboration with other responders in planning for, responding to, and recovering from incident.~~
- 8.4 ~~Emergency planning and business continuity overlap where an event is causing harm to people, the environment and/or infrastructure, whilst impacting on the Council's ability to run its services effectively.~~
- 8.5 ~~The Emergency Planning team input into two other separate risk registers - one collectively owned by the Berkshire Local Authorities Emergency Planning Group, and the Community Risk Register owned by the Thames Valley Local Resilience Forum.~~

~~Emergency planning is about managing the response to those incidents that can impact on the community (in some cases they could also be a business continuity issue) e.g. a plane crash is an emergency, it becomes a continuity event if it crashes on the office!~~

9.0 Risk Management in Projects, Partnerships and Health and Safety

9.1 It is recognised that Risk Management needs to be a key part of the ongoing management of projects, Health and Safety and partnerships.

Project / Programme management

9.2 There is a consistent and robust approach to Risk Management used in projects both at initiation and throughout the project.

Partnerships

9.3 The Council has a Partnership Protocol, of which Risk Management is a key aspect. The Partnership Protocol requires that this approach to risk management is adhered to. The Partnership Protocol is available on the intranet.

Health and Safety

9.4 The Council has a Health and Safety Policy, of which management of risk is a critical aspect. Health and safety risks are managed in accordance with Health and Safety Executive guidance and are recorded in Business World On (BWO). The Health and Safety Policy is available on the intranet.

10.0 Strategic Approach to Risk Management

10.1 In order to formalise and structure Risk Management the Council has recognised that there are obvious and clear links between Risk Management and: strategic and financial planning; policy making and review; and performance management.

10.2 ~~The links are as follows~~ Risks need to be managed within the following:

- [setting strategy and plans](#)
- [evaluating options and delivering programmes, projects or policy initiatives](#)
- [prioritising resources through budget setting](#)
- [supporting efficient and effective operations through service redesign/commissioning](#)
- [managing performance](#)
- [managing tangible and intangible assets](#)
- [delivering improved outcomes through change activities](#)

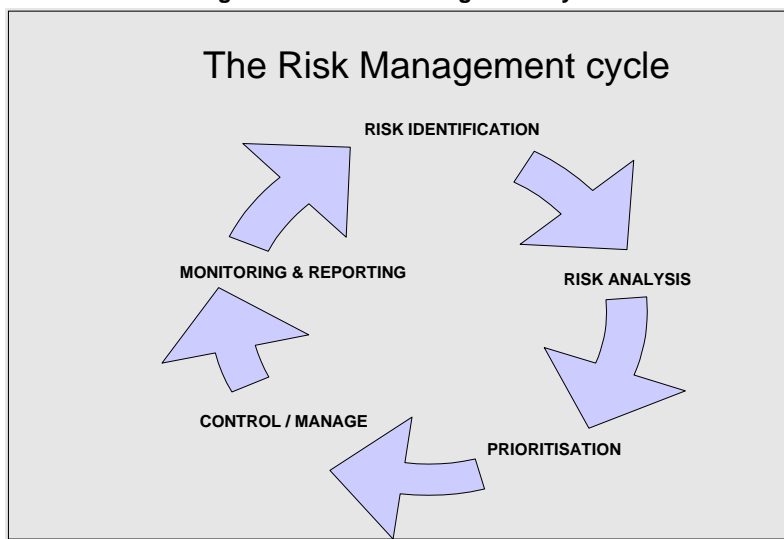
- ~~Measurement of performance against the key objectives, performance indicators and key tasks.~~
- ~~Management of Key Strategic Risks which could affect the delivery of the above Council objectives/targets is undertaken by the Corporate Leadership Team.~~

11.0 Implementation Guidance Risk Management

The risk management process

[While this process is presented as a series of stages it is important to understand that the risk management process is iterative and that is why it is presented as a cycle in the diagram below.](#) Implementing this Guidance involves a 5-stage process to identify, analyse, prioritise, manage and monitor risks as shown in figure 1. This section will outline the approach.

Figure 1: The Risk Management Cycle



Stage 1 – Risk Identification

The first step is to identify the ‘key’ risks that could have an adverse effect on or prevent key objectives from being met. It is important that those involved with the process clearly understand the service or Council’s key objectives i.e. ‘*what it intends to achieve*’ in order to be able to identify ‘*the risks to achievement*’. [Managers should be horizon scanning for emerging risks and opportunities to ensure they are able to identify risks with sufficient time to effectively manage them.](#) It is important to consider the relevant Service Plans in a broader context, i.e. not focusing solely on specific detailed targets but considering the wider direction and aims of the service and the ~~outcomes~~ [outcomes it](#) is trying to achieve. [It is important to consider a broad range of risks:](#)

- [tangible and intangible sources of risk](#)
- [changes in the external and internal context](#)
- [uncertainties and assumptions within options, strategies, plans, etc](#)
- [indicators of emerging risks](#)
- [limitations of knowledge and reliability of information](#)
- [any potential biases and beliefs of those involved.](#)

When identifying risks it is important to remember that as well as the ‘direct threats’, risk management is about ‘making the most of opportunities’ e.g. making bids for funding,

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successfully delivering major projects and initiatives, pursuing beacon status or other awards, taking a national or regional lead on policy development etc.

Using Appendix 2 as a prompt, various techniques can then be used to begin to identify 'key' or 'significant' risks including: -

- A 'idea shower' session;
- Own (risk) experience;
- 'Strengths, Weaknesses, Opportunities and Threats' analysis or similar;
- Experiences of others - can we learn from others' mistakes?
- Exchange of information/best practice with other Councils, organisations or partners.

It is also recommended that a review of published information such as other Service Plans, strategies, financial accounts, press releases, and inspectorate and audit reports be used to inform this stage, as they are a useful source of information.

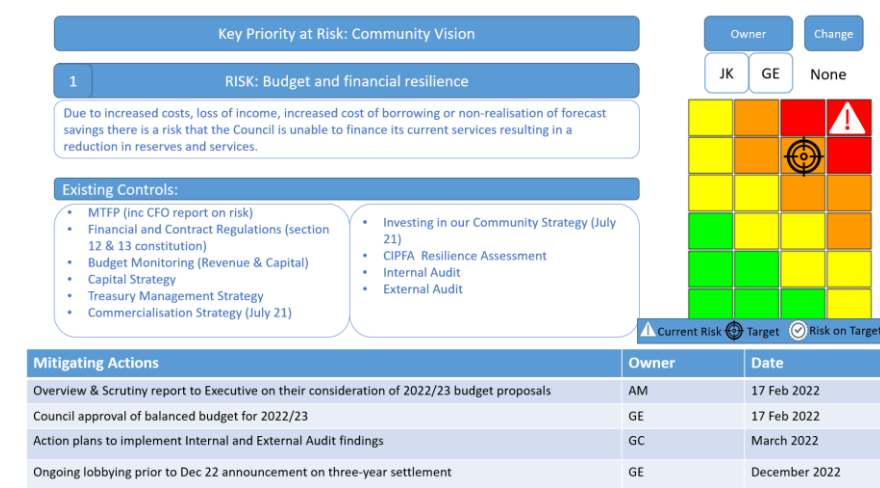
The process for the identification of risk should be undertaken for projects (at the beginning of each project stage), partnerships and for all major revenue and capital contracts. Details of who contributes to these stages are explained further in the 'Roles, Assignments and Responsibilities' section of the Enterprise Risk Management Policy.

Risks, both opportunity and threats, identified should be recorded in a Risk Register as per figure 2.

Risk should be expressed in the format

"Due to
there is a risk that....
leading to....

Figure 2: Risk Register Summary (example)



Stage 2 – Risk Analysis

The information that is gathered needs to be analysed into risk scenarios to provide clear, shared understanding and to ensure the potential root cause of the risk is clarified. Risk scenarios [also illustrate detail](#) the possible consequences of the risk [if it occurs](#) so that its [full](#) impact can be assessed.

There are 2 parts to a risk scenario:-

- The cause describes the situation and/or event (that may be perceived) that exposes the Council to a risk; and
- The consequences are the events that follow in the wake of the risk.

Risk Scenario

Figure 3: Example of the structure of a risk scenario

Due to ...increased costs, loss of income, increased cost of borrowing or failure to deliver planned savings there is a risk that...the Council is unable to finance its current services leading to ... reduction in reserves and services for residents

Each risk scenario is logged on the respective Risk Register. These registers could be potentially strategic, against a specific Service Plan, or relating to a project, [or](#) partnership [or](#) procurement.

For further information on the project Risk Register template and guidelines, please refer to the project management methodology.

Stage 3 – Prioritisation

Following identification and analysis the risks will need to be [assessed](#) ~~evaluated~~, ~~different scenarios should be explored~~. Their ranking is [determined using decided](#) ~~according to~~ the potential likelihood of the risk occurring and its impact if it did occur.

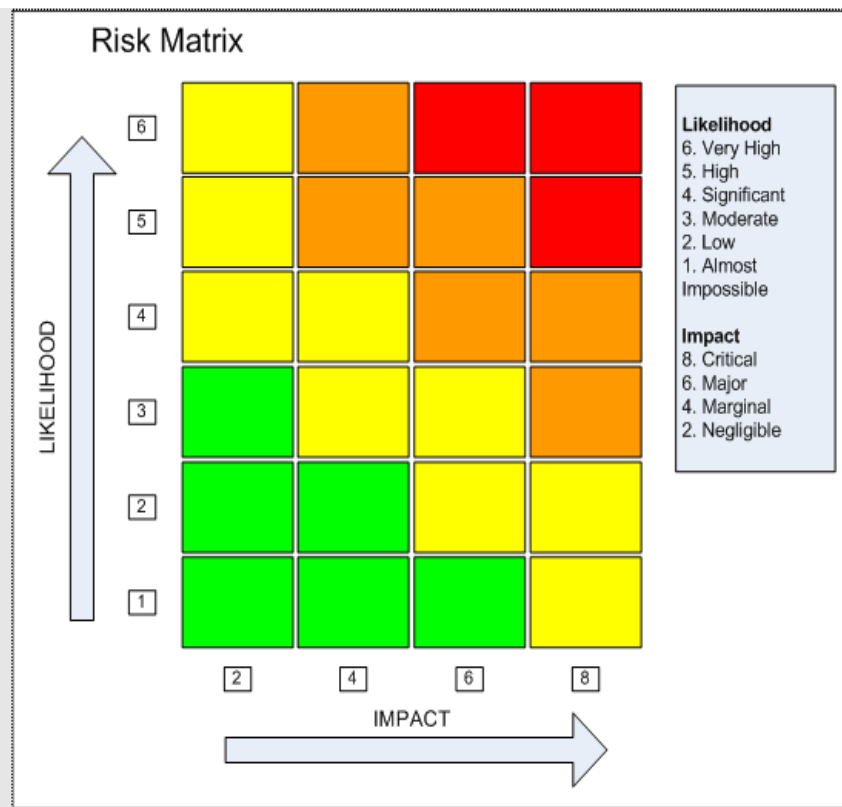
[Appendix 3 provides the criteria for scoring corporate risks. The risks are plotted on the risk matrix. A matrix is used to plot the risks \(Figure 4\) and once completed this risk profile clearly illustrates the priority of each risk. It is helpful in assessing the risk to consult widely to gain different perspectives on the likelihood and impact. Different professional perspectives will enhance the robustness of the assessment and provide challenge.](#)

When assessing the potential likelihood and impact the risks must be compared with the appropriate objectives e.g. corporate objectives for the strategic risk profile, and service objectives for the Service Plan risk profile. The challenge for each risk is how much impact it could have on the ability to achieve the objective and outcomes. This allows the risks to be set in perspective against each other. [The likelihood and impact of a risk should be assessed where the risk is today with the existing controls in place. The current](#)

[position of the risk should be recorded on the matrix using the](#)  [symbol.](#)

At the beginning of this stage a [timeframe period](#) needs to be agreed, and the likelihood and impact should be considered within the relevant timeframe. Often a 3-year time horizon is used at strategic level, with perhaps a 1-year timeframe used at service level, to link with service delivery planning. The likelihood and impact should ~~also~~ be ~~considered~~ [assessed](#) with existing controls in place, not taking future ~~ones~~ [mitigating actions](#) into account at that time.

Figure 4: Example of the Council risk matrix and filters



The matrix is also constructed around 4 filters - these being red (very high), orange (high), amber (medium) and green (low). The red and orange filtered risks are of greatest priority. Amber risks represent moderate priority risks. Green risks are low priority but should [still](#) be monitored.

If there are numerous red, orange and amber risks to be managed it is prudent to cluster similar risks together. This is to aid the action planning process as a number of risks can be managed by the same or similar activity. Each cluster should be given a title e.g. recruitment and retention, staff empowerment etc. This technique of clustering should only be used when there are many risks to be managed e.g. in excess of 15 red and amber risks and where risks share common causes and consequences and therefore could be managed in a similar way.

Stage 4 – Control / Manage

[It is important that each risk has an owner. This should include the responsible Lead Member and a senior officer.](#) It is important at this stage to determine the Council's [risk appetite-target](#) for this risk. This should be through discussion with the relevant Director and Executive Lead Member. Where the risk is within its [appetite-target](#) the identity of the

decision maker must be formally recorded under the mitigating action section of the risk register i.e. "no further action at this time" and owner recording who made the decision and the date. If the risk is currently within its ~~appetite~~target~~inter~~, then there is no need to mitigate the risk ~~and then~~ stage 4 can be skipped. The risk should be record on the risk



matrix using this symbol Where there is a difference between the current level of the risk and the target risk the target risk should be recorded on the risk matrix using this symbol



This is the process of turning 'knowing' into 'doing'. It is assessing whether to control, accept, transfer or terminate the risk on an agreed 'risk appetite'. Risks may be able to be: -

Controlled - It may be possible to mitigate the risk by 'managing down' the likelihood, the impact or both. The control measures should, however, be commensurate with the potential frequency, impact and financial consequences of the risk event.

Accepted - Certain risks may have to be accepted as they form part of, or are inherent in, the activity. The important point is that these risks have been identified and are clearly understood.

Transferred or Shared – the Council may choose to share risk or transfer risk with another body or organisation i.e. insurance, contractual arrangements, outsourcing, partnerships etc. Only some risks can be transferred i.e. ~~F~~inancial risks can be transferred but the Council will remain accountable for delivery and reputational elements of risk.

Terminated - By ending all or part of a particular service or project.

~~It is important to recognise that, in many cases, existing controls will already be in place. It is therefore necessary to look at these controls before considering further action. It may be that these controls are not effective or are 'out of date'.~~

Most risks are capable of being managed – either by managing down the likelihood or impact or both. Relatively few risks have to be transferred or terminated. These service plans will also identify the resources required to deliver the improvements, timescale and monitoring arrangements.

~~Existing controls, their adequacy, new mitigation measures and associated action planning information is all recorded on the Risk Register, including ownership of the risk and allocation of responsibility for each mitigating action.~~

Where further action is required to bring the current level of risk to meet the target further mitigations should be identified. These should be recorded in the mitigating actions section with clear owners and implementation dates. Where the identified mitigating

[actions are insufficient to manage the risk to its target this should be escalated with the risk owner.](#)

Consideration should ~~also~~ be given ~~here as~~ to the 'Cost-Benefit' of each control weighed against the potential cost / impact of the risk occurring. N.B. 'cost / impact'

High cost/low impact of mitigating risk	High cost/big impact of mitigating risk
Low cost/low impact of mitigating risk	Low cost/big impact of mitigating risk

Stage 5 – Monitoring & Reporting

The Corporate Leadership Team is responsible for ensuring that the key risks on the Corporate Risk Register are managed and the progress with the risk mitigation measures should be monitored at appropriate intervals. Directors and Assistant Directors are responsible for ensuring that the key risks in the Risk Registers linked to respective services are managed. It is recommended that the 'red risks' feature as a standing item on Directorate Leadership Team meeting agendas.

On a quarterly basis, the Corporate and service Risk Registers should be reviewed and where necessary risks re-prioritised. Risks should be amended so they reflect the current situation, ~~obsolete risks should be deleted if risks have reduced they should be de-~~ [escalated to the appropriate register](#) and new risks identified. This ensures that the Risk Registers and resulting risk mitigation measures are appropriate for the current service and corporate objectives. The quarterly review of the Corporate Risk Register must be undertaken by Corporate Leadership Team and the Directorate Registers should be reviewed / updated by the respective Director and Assistant Director with their management teams.

During the year new risks are likely to arise that have not previously been considered on the existing Risk Registers. Also, the environment in which the risks exist will change making some risks more critical or others less important. Every quarter the respective Risk Registers and matrices at each level should be updated to reflect these changes. If such risks require Corporate Leadership Team ownership and management then they should be incorporated into the Corporate Risk Register. If the management of such risks is more appropriate at a service level, then it should be included in the respective service Risk Register. This will need to be undertaken on a quarterly basis by Corporate Leadership Team, Directors and Assistant Directors.

~~It is recognised that s~~Some Directorate risks have the potential to impact on the corporate objectives and these will often be the red risks on the matrix. Every quarter, the Directorate Risk Registers will be fed into the Corporate Leadership Team where a decision will be taken on whether to prioritise any of these risks on the strategic risk matrix and include them on the Corporate Risk Register (owned by Corporate Leadership Team). At the relevant Corporate Leadership Team session to review risk management, each Director will also feedback the headline risks from their individual areas.

12.0 [Target Risk Appetite](#)

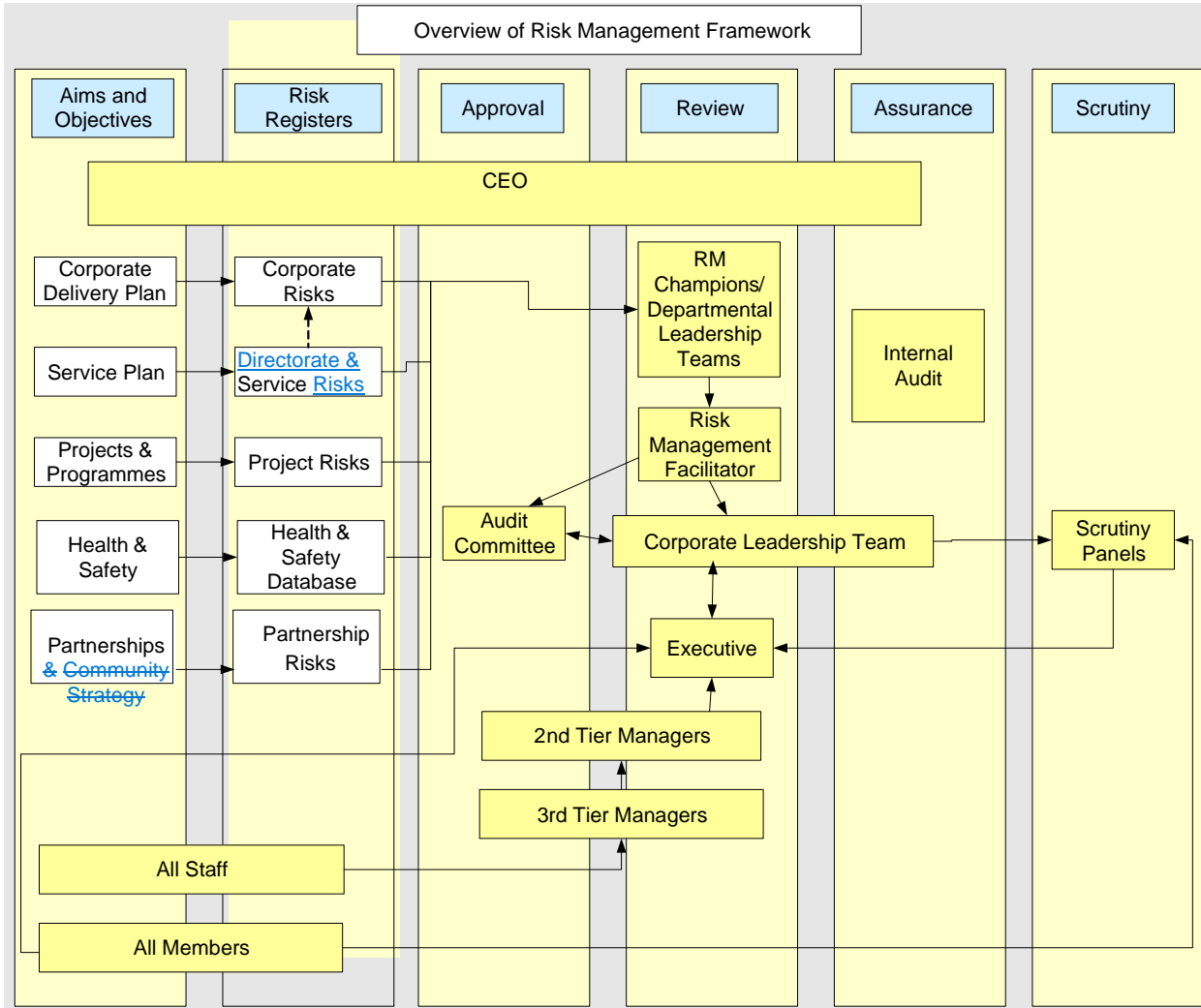
[Target Risk appetite](#) is the phrase used to describe how much risk the council is prepared to take in pursuit of its objectives ([also known as risk appetite](#)). Due to its diverse range

[Risk Management Guidance](#)~~Risk Management Guidance v19-290922~~

of services the council does not have a single risk tolerance and appetite for risk will vary between different services and activities, or even at different times. For certain types of ~~risk~~risk, the Council does not have the power to determine its risk appetite as this is set by legislation i.e. the compliance framework for the safeguarding of children is determined by law.

Considering and setting risk ~~targets~~appetites will enable the council to optimise its risk taking and accepting calculated risks by enabling risk-reward decision making. Equally, it reduces the likelihood of unpleasant surprises. ~~Target Risks~~ appetite is determined on each of the risks and is essentially the target we need to manage the risk against ~~i.e. seeking to align the controls with the risk appetite.~~

While individual risks have their own target levels of risks, Executive and CLT have the responsibility to assess the total risk exposure of the Council. They have the responsibility to challenge individual targets where the cumulative effect would be to expose the Council to too great a level of risk. They can use RMG to implement this challenge.



Appendix 2 – Example of Risk Categories

Risk	Definition	Examples
Political	Associated with the failure to deliver either local or central government policy or meet the local administration's manifest commitment	New political arrangements, Political personalities, Political make-up
Economic	Affecting the ability of the Council to meet its financial commitments. These include internal budgetary pressures, the failure to purchase adequate insurance cover, external macro level economic changes or consequences proposed investment decisions	Cost of living, changes in interest rates, inflation, poverty indicators
Social	Relating to the effects of changes in demographic, residential or socio-economic trends on the Council's ability to meet its objectives	Staff levels from available workforce, ageing population, health statistics
Technological	Associated with the capacity of the Council to deal with the pace/scale of technological change, or its ability to use technology to address changing demands. They may also include the consequences of internal technological failures on the Council's ability to deliver its objectives	IT infrastructure, Staff/client needs, security standards, Business Continuity.
Legislative	Associated with current or potential changes in national or European law	Human rights, appliance or non-appliance of TUPE regulations
Environmental	Relating to the environmental consequences of progressing the Council's strategic objectives	Land use, recycling, pollution
Competitive	Affecting the competitiveness of the service (in terms of cost or quality) and/or its ability to deliver best value	Fail to win quality accreditation, position in league tables
Customer/ Citizen	Associated with failure to meet the current and changing needs and expectations of customers and citizens	Managing expectations, extent of consultation
Managerial/ Professional	Associated with the particular nature of each profession, internal protocols and managerial abilities	Staff restructure, key personalities, internal capacity
Financial	Associated with financial planning and control	Budget overspends, level of Council tax & reserves
Legal	Related to possible breaches of legislation	Client brings legal challenge
Partnership/ Contractual	Associated with failure of contractors and partnership arrangements to deliver services or products to the agreed cost and specification	Contractor fails to deliver; partnership agencies do not have common goals
Physical	Related to fire, security, accident prevention and health and safety	Offices in poor state of repair, use of equipment

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Appendix 3 - Impact Impact Scores

Score	Level	Description	
8	Critical	Critical impact on the achievement of objectives and overall performance. High impact on costs and / or reputation. Very difficult and possibly long term to recover.	<ul style="list-style-type: none"> • Unable to function without aid of Government or other external Agency. • Inability to fulfil obligations. • Medium - long term damage to service capability • Severe financial loss – supplementary estimate needed which will have a critical impact on the council's financial plan and resources are unlikely to be available. • Death • Adverse national publicity – highly damaging, severe loss of public confidence. • Litigation certain and difficult to defend. • Breaches of law punishable by imprisonment
6	Major	Major impact on costs and objectives. Serious impact on output and / or quality and reputation. Medium to long term effect and expensive to recover.	<ul style="list-style-type: none"> • Significant impact on service objectives • Short – medium term impairment to service capability • Major financial loss - supplementary estimate needed which will have a major impact on the council's financial plan. • Extensive injuries, major permanent harm, long term sick • Major adverse local publicity, major loss of confidence • Litigation likely and may be difficult to defend. • Breaches of law punishable by fines or possible imprisonment
4	Marginal	Significant waste of time and resources. Impact on operational efficient, output and quality. Medium term effect which may be expensive to recover.	<ul style="list-style-type: none"> • Service objectives partially achievable • Short term disruption to service capability • Significant financial loss - supplementary estimate needed which will have an impact on the council's financial • Medical treatment requires, semi- permanent harm up to 1 year • Some adverse publicity, need careful public relations. • High potential for complaint, litigation possible. • Breaches of law punishable by fines only
2	Negligible	Minimal loss, delay, inconvenience or interruption. Short to medium term affect.	<ul style="list-style-type: none"> • Minor impact on service objectives • No significant disruption to service capability • Moderate financial loss – can be accommodated. • First aid treatment, non-permanent harm up to 1 month • Some public embarrassment, no damage to reputation • May result in complaints / litigation. • Breaches of regulations / standards

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Appendix 4 – Likelihood Scores

Score	Level	Description				
6	Very High	Certain.	>95%	Annually or more frequently	>1 in 10 times	An event that is has a 50% chance of occurring in the next 6 months or has happened in the last year. This event has occurred at other local authorities
5	High	Almost Certain. The risk will materialise in most circumstances.	80 – 94%	3 years +	>1 in 10 - 50 times	An event that has a 50% chance of occurring in the next year or has happened in the past two years.
4	Significant	The risk will probably materialise at least once.	50 – 79%	7 years +	>1 in 10 – 100 times	An event that has a 50% chance of occurring in the next 2 years or has happened in the past 5 years.
3	Moderate	Possibly the risk might materialise at some time.	49 – 20%	20 years +	>1 in 100 – 1,000 times	An event that has a 50% chance of occurring in the next 5 or has happened in the past 7 years.
2	Low	The risk will materialise only in exceptional circumstances.	5 – 19%	30 years +	>1 in 1,000 – 10,000 times	An event that has a 50% chance of occurring in the next 10 year or has happened in the past 15 years.
1	Almost Impossible	The risk may never happen.	< 5%	50 years +	>1 in 10,000 +	An event that has a less than 5% chance of occurring in the next 10 years and has not happened in the last 25 years.