Appendix 4 2023/24 Risk Management Framework - Risk Assessment and Risk Response

Risk Assessment

Each risk is evaluated using the approved risk assessment criteria for both impact and likelihood, these scores are then multiplied together to provide a final risk score.

A 5x5 risk matrix is used to evaluate risks and to rank those risks that have the highest level of exposure for the Council.

Likelihood							
Very Likely	5	5	10	15	20	25
Likely	4	4	8	12	16	20
Possible	3	3	6	9	12	15
Unlikely	2	2	4	6	8	10
Very Unlikely	1	1	2	3	4	5
		1	2	3	4	5
		Insignificant	Minor	Moderate	Major	Most Severe

Risk Response

Risk tolerances are defined in terms of Severe (Red), Significant (Amber) and Mitigate (Yellow) and Manageable (Green) risk exposure and are treated proportionately.

Level of Risk Exposure	Risk Response	Review
Severe (20-25 Red)	The consequences of the risk materialising will have a severe impact on the delivery of a key priority / service. Immediate and significant management action and control measures are required, with continued proactive monitoring.	Monthly
Significant (15-16 Amber)	There are significant consequences of this risk materialising and a risk response is mandatory. It is a requirement for the risk to be reduced to a mitigated position if practical. If requirements cannot achieve this then the Assistant Director should formally approve the acceptance of the current risk position. Immediate action is required plus the development and implementation of an appropriate action plan, with continued proactive monitoring.	Quarterly
Mitigable (8-12 Yellow)	Consequences of the risk is not significant and can be managed though an evaluation of cost effective control improvements to determine the most appropriate response. Mitigate, control and review periodically.	Six Monthly
Manageable (1-6 Green)	Manageable scoring risks are tolerable and nonpriority and so no further mitigation maybe necessary. Consequences of the risk are considered relatively superficial. The status of the risk should be reviewed periodically to assess changes to the risk environment.	Annually

This approach guides staff on the level of risk permitted and encourages consistency of approach across the Council.