

## Appendix 4 – Rating a Risk Guidelines

### How to Rate a Risk

Once a potential risk has been identified the severity of the risk should be calculated to determine the nature of the control measures required to manage the identified risk.

The rating depends upon the likelihood of an event occurring (from zero/low to almost certain) multiplied by the severity of impact that might arise if the event does occur (from negligible to catastrophic).

By calculating the risk score this will determine whether the risk is low (Green), moderate (amber) or high (red) – illustrated in the Risk Matrix below:

		Likelihood				
		Zero to low (1)	Unlikely (2)	Possible (3)	Likely (4)	Almost Certain (5)
Impact	Catastrophic (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
	Negligible (1)	1	2	3	4	5

### Guidelines to Measure the Likelihood of a Risk

Rating Value	Likelihood	Description
1	Zero to Low	<ul style="list-style-type: none"> <li>So very unlikely that the probability is close to zero.</li> <li>Could theoretically occur but would be considered exceptional.</li> </ul>
2	Unlikely	<ul style="list-style-type: none"> <li>Might occur at some point in time.</li> <li>Could foreseeably happen, but infrequently.</li> </ul>
3	Possible	<ul style="list-style-type: none"> <li>Could occur and could occur several times.</li> <li>Expected to happen fairly often e.g. monthly.</li> </ul>
4	Likely	<ul style="list-style-type: none"> <li>Will probably occur.</li> <li>Occurs repeatedly.</li> <li>Weak control measures that requires remedial attention.</li> </ul>
5	Almost Certain	<ul style="list-style-type: none"> <li>Expected to occur.</li> <li>An incident/failure waiting to happen.</li> <li>A complete lack of controls to mitigate risk.</li> <li>Immediate action required.</li> </ul>

## Guidelines to Measure the Impact of a Risk

Rating Value	Impact	Description
1	Negligible	<ul style="list-style-type: none"> <li>• Very low impact on any stakeholders.</li> <li>• No injury and virtually no risk of harm.</li> <li>• Superficial damage.</li> <li>• Operational inconvenience not affecting quality of service.</li> <li>• No publicity and low reputational risk.</li> <li>• Very low financial impact</li> <li>• Very low impact on the Council's priorities.</li> <li>• Very low impact on staff or workforce capacity.</li> </ul>
2	Minor	<ul style="list-style-type: none"> <li>• Absorbed unplanned expenditure or loss income from within normal departmental budget.</li> <li>• Loss or damage requiring replacement or repair to property.</li> <li>• Service disruption causing operation inconvenience for up to 12 hours.</li> <li>• Could result in a justified complaint to Elected Members or direct to the Authority.</li> <li>• Minor injury to employee, service user, member of the public e.g. tripping accident, verbal abuse etc.</li> <li>• Statutory performance indicators not met by less than 5%.</li> <li>• Late deliveries, overspend, quality issues on contract works or services, which has a small adverse effect.</li> <li>• Staff morale – short-term issues readily overcome (weeks).</li> <li>• Adverse internal publicity.</li> <li>• HSE enquiry.</li> </ul>
3	Moderate	<ul style="list-style-type: none"> <li>• Significant effect on department budget that requires the budget manager to adjust service planning to accommodate pressure.</li> <li>• Service interrupted and/or works area unusable, necessitating temporary working arrangements for up to 24 hrs.</li> <li>• A scenario that could result in a successful claim for compensation (an incident, work-related issue, negligence etc)</li> <li>• An incident that could potentially attract local, negative media coverage.</li> <li>• Occupational diseases, ill health or injury affecting some individuals.</li> <li>• Improvement notice served by a regulatory body such as HSE.</li> <li>• Civil action – no defence (lack of records, supporting documentation, no historic information to support claims)</li> <li>• Serious control weakness giving rise to possible fraudulent activity.</li> <li>• Significant weakness in partnership relations which could impact on a project or priority.</li> <li>• Significant impact of late delivery, overspend, quality issues on contract work of services.</li> <li>• Staff morale – longer term issue (months).</li> <li>• Serious breach of information confidentiality that could lead to ICO attention or a reportable breach to ICO.</li> <li>• Regulatory concern. (examples include DEFRA, HSE, ICO, Ofsted, CQC interventions)</li> <li>• Small emission of toxic material that could potentially cause ill health or discomfort to the public.</li> <li>• Statutory performance indicators not met by less than 10%.</li> </ul>

		<ul style="list-style-type: none"> <li>• Significant financial impact of up to £1million.</li> </ul>
4	Major	<ul style="list-style-type: none"> <li>• Service curtailed for up to 48 hours and/or areas beyond directorate affected.</li> <li>• Impact on provision of services that may cause harm or adversely affect the vulnerable.</li> <li>• Staff morale – significant problem (greater than 12 months).</li> <li>• Concerns regarding partner performance or value for money in large contracts (over £1 million).</li> <li>• Large emission of toxic material (potential for evacuation – impact on borough wide)</li> <li>• Regulatory intervention. (examples include DEFRA, HSE, ICO, Ofsted, CQC interventions)</li> <li>• Prohibition notice served on key council services (Fire Service, CQC notices)</li> <li>• Life changing injury to individual (emotional, physical damage, long-term disability resulting in being unable to work or need for redeployment) as a result of Authority’s failure.</li> <li>• Temporary loss of business-critical information.</li> <li>• Significant disruption of service from strike action.</li> <li>• National negative media coverage, sustained over a period of time.</li> <li>• Would trigger the major incident plan.</li> <li>• Severe damage to property but reparable over a period of time.</li> <li>• Statutory performance indicator not met by over 10%.</li> <li>• Significant financial impact affecting the Council’s overall financial outturn and stability that could lead to external audit attention.</li> <li>• Hackers gained access to critical IT systems and damage done.</li> <li>• Major disruption of service from strike action.</li> </ul>
5	Catastrophic	<ul style="list-style-type: none"> <li>• Death of a child or vulnerable service user, employee or resident as a result of Council failure.</li> <li>• Multiple fatalities or injuries as a result of incident in the Borough.</li> <li>• Critical service provision impossible.</li> <li>• National and local media coverage in excess of 3 days. – linked to a catastrophic incident i.e. death of a child</li> <li>• Failure of contracts of critical/front-line works or services.</li> <li>• Dissolution or failure of significant partnership, resulting in significant financial losses for Council.</li> <li>• Indefinite loss of business-critical information. (in relation to safeguarding and vulnerable people’s information)</li> <li>• Criminal prosecution caused by major fraud/system weakness/significant misconduct compromising ability to deliver service and that has significant financial impact (over £10 million).</li> </ul>