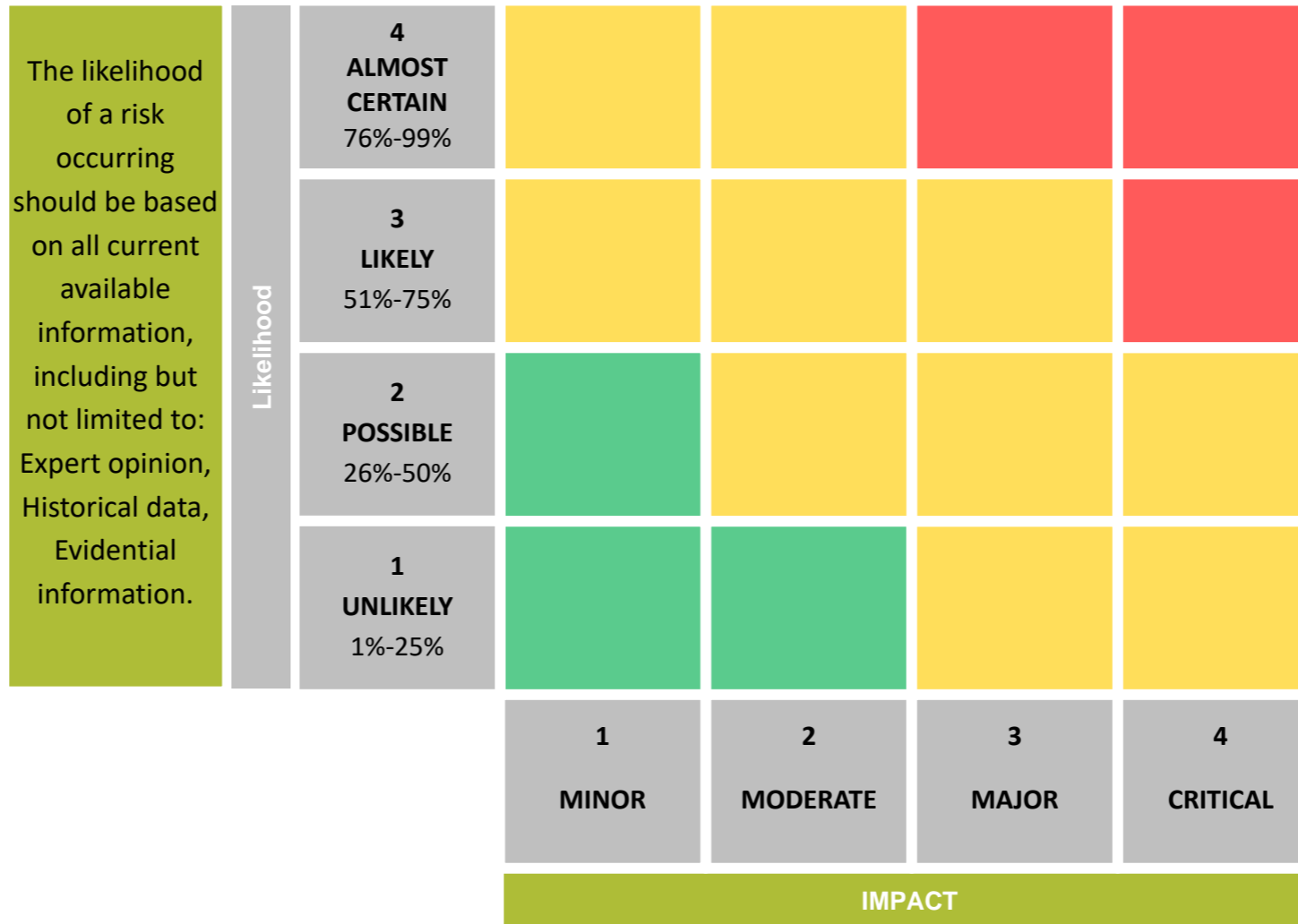


Tool No. 5

RISK MATRIX



Risk Responses:

Avoid: Choose not to continue an activity to avoid the risk entirely.

Transfer: A risk reduction method that shifts risk from the project to another party, eg Insurance

Retain: Planning no further action to respond to a risk, for the time being.

Modify: Initiate new controls to lower the likelihood of the risk occurring. This is the most common method of managing a risk.

Escalate: Escalate the risk for consideration at the relevant Risk & Safety Group.

The risk matrix can be used to score each risk identified in terms of its likelihood of occurring and potential impact.

This can help to decide how best to deal with the risk and how to prioritise them.

	1 Minor	2 Moderate	3 Major	4 Critical
Financial	A loss of budget / revenue which leads to a minor impact on the services objectives.	A loss of budget / revenue which leads to a moderate impact on the services objectives.	A loss of budget / revenue which leads to a major impact on the services objectives.	A loss of budget / revenue which leads to a critical impact on the services objectives.
Service / Project Delivery	Minor impact on delivery of service / project	Moderate impact on delivery of service / project	Major impact on delivery of service / project	Unable to deliver service / project
Reputation	Minor local media coverage / minor reputational damage	Moderate media coverage only with moderate impact on reputation	Major media coverage, with major impact on reputation	Critical national media coverage with prolonged major impact on reputation
People & Workforce	Minor injury or concerns highlighted to managers	Moderate injuries or discomfort and feeling of unease or moderate increase in low moral / staff sickness and grievances	Major injuries, Exposure to dangerous conditions or a major increase in low moral and some short term low staffing levels	Fatality, disability or serious long term health problem, critical increase in staff turnover and long term low staffing levels
Legislative	No legislative breach or minor increase in duties	Breach of local guidelines, potential for low level fine/s or a moderate increase in duties	Breach of regulation leading to potential significant fine/s or a major increase in duties	Breach of regulation with potential for Council being put into special measures or a critical increase in duties
Partnership engagement	Minimal impact on relationships	Some difficulty aligning strategies within a partnership with some impact on delivery of objectives	Difficulty aligning strategies within key partnership, impacting delivery of key objectives	Full breakdown of critical partnership, leading to an inability to deliver key objectives.
Physical Assets	Minor / cosmetic damage to key physical asset	Moderate damage to key physical asset, impacting ability to function	Major damage to key physical asset, temporarily unusable but repairable	Critical damage to key physical asset, permanently unusable
Environmental impact	Localised short term reversible damage to environment	Localised long term reversible damage to the environment	Localised irreversible damage or widespread reversible damage to environment	Widespread irreversible damage to the environment

Assurance Definitions

We must provide an assurance level for all risks, this assurance level must be determined in consideration of various factors, including controls – Are the controls managing the risk adequately? Are they operating as intended? Are they having an impact on the risk?

These are the assurance statements for risk, along with an explanation of what this means to further support the decision.

Assurance Statements

	Statement	What does this mean?
Substantial Assurance	A consistent and reliable system of control exists. The risk is well managed, supporting achievement of objectives.	We have substantial assurance that the risk is well managed and everything within our control is being done to manage this risk and/or to respond to this risk should it occur.
Adequate Assurance	A generally reliable system of control exists, the risk is being managed, supporting objectives. There is scope for improvement of the control systems in place.	We have adequate assurance that the risk is managed at an acceptable level and key controls available to us are in place and operating effectively. Additional controls are being developed but are not operational yet.
Limited Assurance	An inconsistent system of control exists, the risk is not well managed. Improvement of the control system is required.	We have limited assurance that the risk is managed well. Key controls may not be having the intended impact on the risk, or the risk is influenced by external sources and some aspects are uncontrollable.
No Assurance	No control system exists, immediate action is required to address fundamental gaps and weaknesses. The risk is not currently being managed.	We have no assurance that this risk is being managed effectively. There are no controls operational. This risk may be an emerging risk.

Direction of Travel

The direction of travel for the risk is an overall view of the position of the risk and a general idea of whether the risk is improving or not. It can link to the score of the risk and the control of the risk and can also be influenced by external factors.

	What does this mean?
Improving	The risk itself is improving or our management of the risk is improving.
Static	The risk is relatively static and our management of the risk is static, ie the risk is staying the same and is not likely to improve or deteriorate.
Deteriorating	The risk is deteriorating, ie the impact or likelihood are expected to increase or the assurance around the risk is deteriorating.