

**RISK MANAGEMENT POLICY AND STRATEGY**

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| **Version No:** | **Reason for Update** | **Date of Update** | **Updated By** |
| 1 | Review Timeframe | September 2014 | Governance Manager |
| 2 | Review | June 2017 | Governance Manager |
| 3 | Review: Updated to expand risk appetite, escalation and de-escalation guidance and to revise the definition of Risk | February 2019 | Governance Manager(Reviewed by Senior Leadership and Governing Body Committees) |
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Approved by the Governing Body on 30 April 2019

**Risk Management Policy**

**Introduction**

The purpose of this document is to set out the University College’s Policy and Strategy for the effective management of Risk and its association with good governance.

# **Risk Policy**

Stranmillis University College’s Mission is ‘Transforming the lives of children, young people and communities, through excellence in teaching, scholarship and research’.

Much of our work is innovative and ground-breaking – and as such involves a certain amount of conscious risk taking.

The Governing Body of Stranmillis University College is committed to ensuring good governance in the delivery of the College’s Mission and Strategic Objectives, including the effective and efficient management of its resources and the high quality of the College’s projects and activities. We will minimise – and were appropriate eliminate, where cost effective and reasonable to do so, risks to the achievement of objectives through an appropriate system of controls – so that residual risk, after mitigating actions, can be borne without serious or permanent damage to the University College.

Through this Policy, the aim is to ensure that all risks associated with the delivery of the College’s activities and services are minimised, and wherever possible and practical – eliminated. The University College recognises both its **strategic (corporate) risks** – which will be monitored by the Governing Body and its Sub-Committees, and the **operational and project risks**, which will be monitored by the Senior Leadership Team and Academic Committees, and reported to the Governing Body on a regular basis.

It is the responsibility of the Governing Body:

* to hold the Principal of the University College to account for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives while safeguarding the public and other funds and assets for which it is responsible in accordance with statutes and ordinances and the Financial Memorandum with the Department for the Economy (DfE);
* to set the tone and influence the culture of risk management within the University College;
* to ensure that risks are managed effectively; and that risks are fully assessed before actions are taken;
* to determine which risks are acceptable and which are not;
* to set the standards and expectations of staff with respect to conduct and probity;
* to determine the appropriate risk appetite or level of exposure for the University College;
* to consider major decisions affecting the Institution’s risk profile or risk exposure;
* to monitor the management of fundamental strategic (Corporate) risks;
* to satisfy itself that (less fundamental) Operational/Project risks are being actively managed with appropriate and effective controls in place.

This Policy sets out the principles that will apply to the management of risks by the University College. The Governing Body will review the Policy bi-annually and approve changes or improvements to key elements of its processes and procedures.

**University College Specific Commitments**

In managing risk, the University College commits to:

* 1. satisfying all mandatory and statutory responsibilities and duties in line with legislation, established good practice, and its own policies and procedures.
	2. promoting safe working practices thereby ensuring the health, safety and wellbeing of those who provide and/or use its services and the reduction and/or elimination of risk.
	3. promoting good relations in all of its activities – ensuring that they are inclusive and accessible to the best of its abilities.
	4. promoting awareness and management of risks through communication and training.
	5. establishing and regularly reviewing a systematic and consistent approach to risk assessment and risk reduction/elimination.
	6. prioritising risks and ensuring that their management and reduction is appropriately and proportionately resourced.
	7. implementing this Policy in line with the Risk Management Strategy – approved and regularly reviewed by the Board.

**Risk Appetite**

Risk Appetite is defined as “the amount of Risk that an organisation is willing to seek or accept in the pursuit of its long term objectives[[1]](#footnote-1).”

This Policy and Statement of Risk Appetite specifies the amount of risk the University College is willing to tolerate or accept in the pursuit of its long term objectives.

The University College does not have an appetite for high exposure risks but recognises that delivering upon the ambitious strategic aims and objectives outlined in the Corporate Plan 2018-2021 will involve a degree of risk‐taking and uncertainty. As such, there is an appetite for higher levels of risk where appropriate in order to deliver upon strategic aims, objectives, and targets. However, it is also important to note that the College’s approach to risk taking will continue to be managed within this established Risk Management Policy framework. Consequently, higher levels of risk will only be accepted on the basis of a comprehensive understanding of the exposures involved, potential benefits arising and subject to appropriate mitigation, control responses, and approval arrangements being in place.

The management of risks in the College is undertaken within a framework comprising:

* Governance processes;
* Risk Policy and Appetite statement;
* Identification, evaluation and management of significant risks;
* Assurance and audit processes; and
* The underlying policy and control environment.

In setting its Risk Appetite, the Governing Body acknowledges that there is a certain amount of risk in all of the University College’s activities and that it may not be possible or desirable to completely eliminate such risks. The priority is to minimise exposure to reputational, compliance and financial risks, while acknowledging that there are opportunities to take measured risks, for example, in the area of innovation in curriculum and research, where there is a potential high risk of failure. The Governing Body must be assured however, that such ‘opportunity’ risks are carefully managed with robust controls and that where necessary, contingency arrangements are put in place.

The Governing Body also acknowledges that project risk appetite may need to differ from the risk appetite applied to routine business and therefore this will be considered on a project by project basis. Risk Appetite in these circumstances will also inform decisions by the Governing Body on whether or not to proceed with a project.

The Governing Body’s appetite for risk across its activities is provided in the following table.

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| **Strategic Risk Appetite Descriptions** |
| **Compliance, Regulation & Ethics** | The University College is committed to maintaining the highest standards of integrity, compliance, and ethics, including in respect to Child Protection and Safeguarding. As such the University College has no appetite for any breaches in statute, regulation, professional standards, research ethics, bribery, or fraud, including systems and processes. |
| **Teaching and Learning** | The University College is committed to delivering the highest quality teaching and learning for all of its students as well as developing enhanced / innovative approaches to teaching and learning. This will involve further investment in teaching and learning facilities / infrastructure and continual updating and refreshing of the curriculum. In delivering its objectives, the University College recognises the need to identify solutions to meet increasingly diverse student needs and to further its work with professional bodies and others to ensure success The University College recognises that this may involve an increased degree of risk in developing education and in this respect a moderate level of risk is acceptable, subject always to ensuring that potential benefits and risks are fully understood before developments are authorised and that appropriate measures are in place to mitigate risk. |
| **Research and Knowledge Transfer** | The University College is committed to ambitious and performance‐driven progress in research and knowledge exchange including: promoting new fields of research in the Education field and building research capacity; developing further strategic academic collaborations and partnerships nationally and internationally; facilitating enhanced research opportunities, performance and funding; supporting innovation and increasing the number of research students. The University College recognises that this will involve an increased degree of risk in developing research. In this respect, a moderate level of risk is acceptable, as long as Funding Rules and Ethics are not compromised, risks are fully understood and appropriate measures are in place to mitigate risk. |
| **Internationalisation** | The University College has a reputation in the international arena, is committed to international growth and will continue to assess further overseas partnerships where appropriate as well as increasing the internationalisation of its research / knowledge exchange activities and the international mobility of students and staff. The University College recognises that this will involve an increased degree of risk in developing international activities. The University College is comfortable in accepting a moderate level of risk subject to ensuring that the potential benefits and risks are fully understood before developments are agreed and that appropriate measures to mitigate the risks have been implemented. |
| **Student Experience** | The University College is committed to further development of facilities and support arrangements for the student learning and living experience and in ensuring that programmes are accessible to the brightest and best from all backgrounds. The University College will therefore maintain a generally low appetite for any risks which threaten the delivery of objectives in this area. |
| **Reputation** | The University College has an established track record for international learning, teaching, research, Lifelong Learning and student experience. As such, there is a low appetite for any risks which would impact negatively upon the University College’s reputation, ‘brand’, ethical standing, or heritage which could lead to undue adverse publicity, or could lead to loss of confidence by stakeholders, including its Sponsor Department, the Department for the Economy. |
| **Financial Performance and Sustainability** | The University College has a sound financial base, it has Financial Regulations in place, has diversified its sources of income over and above that provided by its Sponsor Department. It has also demonstrated effective control of budgets and has developed a Value for Money Action Plan. The University College has a low appetite for any risks which will impact upon the achievement of its financial targets. The University College will ensure that potential benefits and risks are fully understood before developments are agreed and that appropriate measures to mitigate risk are established. |
| **People and Culture** | The University College aims to value, support, develop and utilise the full potential of all its staff and students and to make the University College a stimulating, harmonious and safe place to work and study. It places importance on a culture of academic freedom, equality and diversity, dignity and respect and collegiality. The University College has a low appetite for any deviation from its standards in these areas. |
| **Major Project and Change Activities** | Major change activities are required periodically to develop the University College, and to adapt to changes in the regulatory and technological environment and generally in the nature and conduct of the University College’s activities. The University College expects such changes to be managed according to best practice in project and change management. The University College has a low appetite for any deviation from its standards in this area. However, a moderate level of risk may be accepted as long as the benefits are justified and appropriate measures to mitigate the risk are established. |
| **Business Continuity** | The University College is committed to maintaining continuity of all aspects of its operations and has a low appetite for any adverse risks, incidents, or events which could negatively impact upon the University College’s brand or upon the normal operation of teaching, learning, research and support operations, or access to relevant buildings or facilities. |
| **Environment and Social Responsibility** | The University College aims to make a significant, sustainable, and socially responsible contribution to society both locally, nationally and internationally through its research, education, knowledge exchange, and operational activities. It recognises that this should involve a low-moderate level of risk, which is acceptable, subject always to ensuring that potential benefits and risks are fully understood before developments are authorised and that appropriate measures to mitigate risk are established. |

This Policy is accompanied by a **Risk Management Strategy** which includes a **Risk Register format** which has been approved by the Governing Body.

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Dr Anne Heaslett Date: February 2019

Principal Review Date: February 2021

 For distribution to: All Staff

**Risk Management Strategy**

***Definition of Risk***

Risk is defined as: The likelihood of outcome, whether positive opportunity or negative threat, of action, inaction, or events. Risk to the achievement of objectives will be assessed in respect of the combination of the likelihood of something happening, and the scale of potential impact.

***Effective Risk Management:***

* covers all risks, including governance, management, fraud, quality, reputational and financial, focusing on the most important risks;
* produces a balanced portfolio of risk exposure;
* is based on a clearly articulated policy and approach;
* requires regular monitoring and review, giving rise to action where appropriate;
* needs to be managed by an identified individual and involve the demonstrable commitment of Governors and staff;
* is integrated into normal business processes and aligned to the strategic objectives of the University College.

***Benefits***

The process of identifying risks and the introduction of internal controls to help mitigate such risks helps to support effective business planning, avoids excessive risk taking and helps to improve the Institution’s ability to respond quickly and effectively to opportunities and threats in the internal and external environment. Risk Management is central to the achievement of objectives, whether at strategic, operational or project level.

***Compliance and Reporting***

Under the terms of the Financial Memorandum with the Department for the Economy (DfE), the University College must ensure that there are appropriate arrangements in place to promote effective Risk Management, Control and Governance. This is a condition of the award of Grant.

The Code of Good Practice for Audit and Risk Assurance Committees sets out the minimum reporting requirements. Audit and Risk Assurance Committees must produce an Annual Report to the Governing Body, including an opinion on the adequacy and effectiveness of the system of Risk Management, Control and Governance.

The Accounts Direction from DfE also requires the University College to issue a Governance Statement as part of the audited financial statements. This statement must include an account of the Risk Management arrangements in place and how risk assessment and internal control is embedded in the Institution’s operations.

## Risk Management Principles

1. The University College will not commit to any new project or activity until a thorough and effective risk assessment has been carried out.
2. The University College will maintain an effective control framework, designed to contain risks where cost-effective to do so – and to manage risks effectively.
3. All University College staff will have commensurate responsibility for identifying and managing risk to the achievement of objectives.
4. The authority to take decisions involving risk will be commensurate with the level of risk – and will be clearly defined and communicated by management.
5. Major external risks or threats to the University College will be identified and monitored on a regular basis – and contingency plans made to effectively and proportionately respond in the event of such threats materialising.
6. Where appropriate, risks should be minimised by the securing of appropriate insurances or indemnity from third parties with whom the College is collaborating, including those with whom there is a contract to provide services.
7. As part of the assessment of risks, dates and timelines for review will be established and adhered to and there will be clearly identified Risk Owners.
8. Risk will be a standing item on the agenda of the Governing Body, its Sub-Committees and Senior Management Committees.
9. In keeping with the University College’s wider policies, risk assessment will include, wherever possible, consideration of the views of relevant stakeholders.

# **Risk Management Process**

The Risk Management process is aligned to the Planning Process because of the linkage to the achievement of objectives. All objectives, corporate or otherwise, including project objectives must be assessed by management for risk to the achievement of objectives.

A format for recording risks is attached at **Annex 1** and includes summary analysis formats as part of the presentation of risks. The Risk Register follows the Risk Management process as described below and has been designed with reference to the HM Treasury Orange Book - Management of Risk - Principles and Concepts.

**Key Points to Note in Relation to Risk Registers**

* It is important to keep Risk Registers up-to-date in order to reflect the current control environment and further management actions being taken to manage the risks to an acceptable level.
* Risks with an inherent score falling within the ‘green zone’ do not need to be included in the Risk Register.
* Risks with a residual score of zero should be removed from the Risk Register if management is content that such risks have been dealt with. If circumstances change, the risk may be included again in the Risk Register as appropriate.
* Do not confuse routine activities with the key controls that are in place to manage the risks. It is also important to include both preventative and reactive controls. Preventative Controls **include** any **policy, procedure, practice, process, technology, technique, method, or device that modifies or manages risk. Reactive controls relate to contingency measures that will be taken in the event of the risk materialising.**
* **Risk treatments or further actions being taken to manage the risk eventually become controls or modify existing controls, once they have been implemented.**
* Where a target date is missed – the reason for slippage must be recorded along with a revised target date.
* Sources of assurance relate to how you are informed/how you know that the controls that are in place are working effectively. Identification of assurance provision for key controls helps to reinforce management’s responsibility for the design and operating effectiveness of controls within the University College – particularly in relation to identified risks thereby providing greater assurance to the Principal regarding the overall management of the specific risks.

**Step 1: Identifying and Defining the Risk**

Identifying risks is the first step in the process of building the University College’s risk profile. This should be a continuous process, routinely generated through discussion with staff at Team/Committee meetings and when reviewing progress against Business Plans. Risks should be directly related to objectives, and a certain amount of horizon scanning may also be necessary to identify potential new risks.

It is important that the essence of the risk is clearly articulated in a Risk Statement to ensure that the management of the risk is focused in the right area. The statement should be stated in terms of the cause of the risk and its impact and not simply thefailure or to deliver a specific objective. An example risk statement is provided in **Annex 1.**

# **Step 2: Assessing the Inherent Risk**

The inherent risk assessment is the level of risk before any controls to address that risk have been put in place. It is important that this assessment is undertaken so that the University College knows what the exposure would be if controls were to fail. The inherent risk should be assessed in respect of the combination of the likelihood of something happening, and the impact if it does actually materialise. Guidance on assessing the level of inherent risk is attached at **Annex 2.**

**Step 3: Controlling the Risk**

This stage of the process is about identifying the controls that are currently in place to manage the risk. Such controls should give reasonable assurance of confining the risk within the Risk Appetite agreed by the Governing Body. The purpose of controls is normally to constrain the risk rather than to eliminate it.

**Step 4: Assessing the Residual Risk**

The residual risk assessment takes account of the controls that are already in place to manage the risk. This risk assessment will also consider the combination of the likelihood of something happening, and the impact if it does actually materialise.

**Step 5: Considering What Further Actions are Necessary to Manage the Residual Risk**

The adequacy of the controls can only be considered once the residual risk is identified. At this stage it is important to consider what further actions, if any can be taken, to further manage the residual risk to an acceptable level. This should be viewed in the context of the risk appetite and tolerability levels decided by the Governing Body as set out in the Risk Policy. Specific details and target dates for implementing such actions and the post holder responsible for taking each action forward should be recorded on the Risk Register.

It should be noted that some risk is unavoidable and it is not within the College’s ability to manage the risk to a tolerable level, in which case this should be clearly identified in the Risk Register. The need for contingency arrangements should also be considered in the event of the risk materialising.

It should also be noted that some risks may not be the responsibility of the University College, in which case ownership for such risks should be transferred. Nevertheless, the College will wish to seek assurance from the other party, for example in a contract situation that they have processes in place to manage those risks.

Terminating the risk will be a last resort. For example in a project management situation if it becomes clear that the project cost/benefit relationship is in jeopardy a decision may be taken to cease the project. This will be a matter for the Project Board and the Governing Body to consider.

**Escalation and De-Escalation of Risks**

Risk Owners should should bring to the attention of the Principal for consideration of escalating a risk from an Operational /Divisional Risk Register to the Corporate Risk Register if any of the following circumstancs apply:

* The risk becomes unmanageable;

• The residual risk is outside of the Risk Appetite boundaries agreed by the Governing Body;

• The risk has the potential to impact significantly on the achievement of a Strategic Objective;

* The risk remains very high after control measures have been implemented;
* The risk impacts on more than one Departmental area/project or programme.

A risk may be considered by the Governing Body for de-escalation from the Corporate Risk Register where it is decided that the risk rating has decreased significantly and is within the Governing Body’s Risk Appetite in relation to the risk in question.

Irrespective of whether the risk is escalated for inclusion in the Corporate Risk Register, the risk should remain on the Operational/Divisional Risk Register for continued monitoring and action as required.

**Roles and Responsibilities**

***Audit and Risk Assurance Committee and the Governing Body***

The Corporate Risk Register will be reviewed at all Audit and Risk Assurance Committee and Governing Body meetings throughout the year at which assurance will be sought that all necessary controls are in place and these are operating effectively and that, where appropriate further action is being taken in a timely manner to manage risks to an acceptable level. Similarly, the Education Committee, Finance and General Purposes Committee and HR and Remuneration Committee will consider the Operational/Divisional Risk Registers in relation to the key areas reporting to the respective Committees on a regular basis. A record will be contained within the Minutes.

***The Principal and Senior Management***

The Principal, with the support of Senior Management colleagues will be responsible for ensuring that the Risk Management Policy is implemented across the University College and that it is embedded and operating effectively. Discussion on Risks will feature on the Agenda of all Senior Management Committees and will be recorded in the Minutes.

Senior Managers with cross-cutting responsibilities, may decide to maintain a Directorate Risk Register rather than individual Risk Registers within their area of responsibility, to ensure proper oversight of risks across different areas, while ensuring that risks continue to be managed at the appropriate level.

***Departmental Heads***

All Departmental Heads will be responsible for engaging with their staff to identify, assess and review risks on a regular basis and to ensure that the Operational/Divisional Risk Registers are up-to-date and used to inform discussion. A record will be kept of these discussions.

Departmental Heads will also be responsible for reporting those risks to the Principal that may require entry to the Corporate Risk Register. An audit trail of discussions in relation to this will be maintained.

***Internal Audit***

Internal Audit will, as part of its programme of reviews, provide annual assurance to the Governing Body on Risk Management and its effective implementation. As part of the consultancy arrangements with Internal Audit, training for staff will be provided where considered appropriate.

***Corporate Governance Manager***

The Corporate Governance Manager will provide ongoing support to Senior Managers and Departmental Heads and guidance to staff in the University College in implementing these Risk Management arrangements. The Governance Manager will also facilitate reviews of the arrangements as required for the Governing Body.

**Annex 1**

**\*Divisional/Corporate Risk Register**

**Risk Assessment Matrix Risk Movement (High Level Summary**

|  |  |
| --- | --- |
| **LIKELIHOOD** | **IMPACT** |
| **Insignificant****1** | **Minor****2** | **Moderate****3** | **Major****4** | **Catastrophic****5** |
|  **5 Almost Certain** | **M (5)** | **H (10)** | **H (15)** | **E (20)** | **E (25)** |
| **4 Likely** | **M (4)** | **M (8)** | **H (12)** | **H (16)** | **E (20)** |
| **3 Possible** | **L (3)** | **M (6)** | **M (9)** | **H (12)** | **E (15)** |
| **2 Unlikely** | **L (2)** | **M (4)** | **M (6)** | **M (8)** | **H (10)** |
| **1 Rare** | **L (1)** | **L (2)** | **M (3)** | **M (4)** | **H (5)** |

**QUARTERLY RISK SUMMARY**

**Worked Example**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Risk No.** | **Summary** | **Inherent Assessment** | **Residual Assessment** | **In Quarter Change** |
| R 1 | Theft of intellectual property, including fabrication or plagiarism of research or scholarly work could lead to loss of data, publications, funding and reputation. | 9 | 6 | New Risk |
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**Worked Example:**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| **Risk No** | **Objective(s)** | **Risk** | **Assessment** | **Controls in Place** | **Assessment** | **Action Planned and Responsibility****Target Date** | **Risk Owner** |
| Inherent | Residual |
| Impact | Likelihood | Impact | Likelihood |
| R2 | **Aim 2:** to produce research publications of world‐leading and internationally excellentstandard | Theft of intellectual property, including fabrication or plagiarism of research or scholarly work could lead to loss of data, publications, funding and reputation. | **3** | **3** | * Regulations Governing the Allegation

and Investigation of Misconduct in Research* Code of Ethics in Research
* Research Office
* Data Protection Policy
* Disciplinary Procedure
* Regular review of Risk Register
 | **3** | **2** | * Policy Scoping Exercise
* Training
* Establishment of Working Group to develop policy and guidelines on Intellectual Property

During 2017- 18 Director of Research & Scholarship/Other Postholder | Director of Research & Scholarship |
| **Sources of Assurance****Quarterly Research and Scholarship Reports to the Education Committee of the Governing Body.** |

**Annex 2**

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|  | **Risk Type (with associated impact)**  |
|  **Impact** | **Impact on individual(s) – staff or public.**  | **Statutory Duty.**  | **Business / Operational**  | **Buildings/ Engineering/ Environmental**  | **Quality of Service** | **Finance**  |
| **5 Catastrophic:** | * Irreversible multiple injury or Death
 | * Multiple breach of statutory legislation and prosecution.
 | * Litigation > £500k expected.
* National Media Interest
* Severe loss of confidence and reputation
 | * Critical Environmental Impact.
* Service closed for unacceptable period.
 | * Severe impact on customer satisfaction.
* Gross failure to meet professional / national standards
 | * Significant financial impact (over 5% of total directorate budget )
* Theft / loss >£250k
 |
| **4 Major**  | * Major injury/ill health (reportable)
* Major clinical intervention
* Permanent incapacity
 | * Multiple breach of statutory legislation and improvement notice issued.
 | * Litigation >£250k to <£500k expected.
* Adverse publicity
* Impact on reputation
 | * Major/significant environmental impact
* Severe disruption to service
 | * Major impact on customer satisfaction.
* Failure to meet professional / national standards
 | * Major financial impact (between 2% - 5% of total directorate budget.
* Theft / loss between £100k - £250k
 |
| **3 Moderate**  | * Temporary Incapacity
* Short term monitoring
* Additional medical treatment up to 1 year
* Extended hospital stay.
 | * Single breach of statutory legislation and Improvement Notice issued.
 | * Litigation >£50k - <£250k possible.
* Potential for adverse publicity, avoidable with careful handling
* Potential to impact on reputation.
 | * Moderate environmental impact
* Moderate disruption to services
 | * Formal complaint expected.
* Failure to meet internal standard
 | * Moderate financial impact (between 1% and 2% of total directorate budget)
* Fraud/Theft / loss between £50k - £100k
 |
|  **2 Minor**  | * First Aid/ self-treatment
* Minor injury
* Minor ill health up to 1 month
* Near miss (small cluster)
 | * Breach of statutory legislation.
 | * Litigation <£50k
* Impact on reputation – internal awareness,
 | * Localised environmental impact
* Disruption to service perceived as inconvenient
 | * Possible complaint.
* Single failure to meet internal standard.
 | * Minor financial impact (up to 1% of total directorate budget)
* Fraud/Theft / loss between £1k - £50k
 |
| 1. **Insignificant**
 | * Near miss (single)
* No adverse outcome
* No injury or ill health
 | * Near breach of statutory legislation.
* Minor breach of guidance or legislation.
 | * Possible litigation due to settlement is <£5k.
 | * Minimal impact to environment.
* Minimal disruption.
 | * Customer initially unhappy.
* Minor non-compliance with internal standard.
 | * Theft / loss up to £1k.
 |

Annex 2

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| --- | --- |
| **Likelihood** **Descriptor**  | **Probability /** Likelihood (of event or incident occurring over lifetime of Corporate Plan) |
| **5 Almost Certain**  | The event is more likely than not to occur.  |
| **4 Likely**  | The event is likely to occur.  |
| **3 Possible** | There is a reasonable chance of the event occurring.  |
| **2 Unlikely**  | There event is unlikely to occur.  |
| **1 Rare**  | The event will occur only in exceptional circumstances.  |

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| **Prioritisation** |
| **Colour**  | **Timescale for action**  | **Timescale for review**  |
| **RED (Extreme)** | Action immediately | Review within 1 month |
| **AMBER (High)** | Complete Action within 3 months where possible | Review within 3 months |
| **YELLOW (Medium)** | Complete Action within 6 months where possible | Review within 6 months |
| **GREEN (Low)** | Complete Action within 12 months where possibleor accept risk | Review controls within period of corporate plan  |

1. There are various definitions of Risk Appetite. The above has been taken from the Institute of Risk Management – Risk Appetite and Tolerance Guidance Paper (2011) [↑](#footnote-ref-1)