Division(s): All

AUDIT & GOVERNANCE COMMITTEE – 17 APRIL 2013

RISK MANAGEMENT FRAMEWORK

Report by the Assistant Chief Executive & Chief Finance Officer

PURPOSE

1. The purpose of this paper is to introduce a proposal for a Risk Management Framework to be adopted across Oxfordshire County Council.

BACKGROUND

2. The Council have implemented a risk management process that is well implemented and widely used. Last year, Zurich carried out a health check on our processes and procedures. Included in the report were recommendations to refresh the corporate strategy and to further embed risk management, together with business management and monitoring, across the organisation.

3. The refreshed Risk Management Framework sets out how the Council will continue to mature and embed its risk management approach.

4. We have worked with Directorate Risk Leads to develop the Framework in a user friendly format that addresses the recommendations made in the Zurich Health Check and other issues identified by staff.

5. The proposal outlined in this report was discussed by the Corporate Governance and Assurance Group on 1 March 2013 and their comments have been incorporated into the draft presented in this report.

KEY ISSUES

6. The Risk Management Framework is the basis from which we set corporate standards and work with directorates to ensure risk management is carried out properly. It is also a tool to identify areas where additional support and development is needed. It is presented in three distinct, but related, parts. Firstly, an overarching strategy; followed by comprehensive corporate level guidance. It will then be supported by the development of directorate level guides, or toolkits that reflect the particular needs of each business area. The Framework is designed to be an interactive tool to support the continual use of risk management within the workplace.

7. To this end, once the Framework has been approved, the current intranet guidance will be updated to reflect the new contents. We will also continue to support directorate risk leads to develop and implement risk management

through the creation of toolkits, quarterly challenge and bespoke 'risk road shows' within directorate teams who would like additional support.

RECOMMENDATION

8.   The Audit & Governance Committee is RECOMMENDED to agree the draft Risk Management Framework for use across Oxfordshire County Council.

SUE SCANE
Assistant Chief Executive & Chief Finance Officer

Contact Officer: Alexandra Bailey Tel (01865) 816384
                         Research and Major Programmes Manager

April 2013

Oxfordshire County Council

Risk Management Framework

Oxfordshire County Council

Risk Management Framework

Introduction
The risk management framework sets out how risk management should be embedded across the Council. An effective risk management framework will support the Council to maximise its opportunities and minimise its exposure to risk. Fully embedded risk management will support the Council to achieve its corporate objectives and service delivery to the communities of Oxfordshire. Risk management is integral to good governance. Together they help to reduce risk, stimulate performance, enhance services, improve leadership and demonstrate transparency and accountability. Through this framework officers and councillors can manage and respond to risk in a systematic and documented way; identifying the uncertainties which surround us and dictating the impact they have on our organisation.

Benefits of a Risk Management Framework
This risk management framework sets out how risk management is implemented and embedded throughout Oxfordshire County Council. It will support the Council to achieve the objectives set out in the Corporate Plan and Business Strategies by

- ensuring that there are fewer shocks and unwelcome surprises
- supporting proactive problem solving
- reducing pressures associated with reactive problem solving
- providing greater focus on shaping effective strategies
- more efficient use of resources.

Elements of the Risk Management Framework
There are three distinct elements within the risk management framework which must be read and used in conjunction with one another.

1. *Strategy*
   The overarching strategy sets out the way in which risk management will be carried out across Oxfordshire County Council and can be found in Section 1.

2. *Process Guide*
   The process guide can be found in Section 2. It provides advice and information about how risk management activities should be carried out within Oxfordshire County Council. This creates a consistent standard, whilst allowing directorates to apply the process in a manner suited to their business area.

3. *Directorate Approach*
   Each directorate will develop its own policy for implementing the strategy and process. Each policy will demonstrate how the strategy and process will be implemented for that business area.

The risk management strategy and process guide, as outlined in this framework document, will be available for all staff to view on the intranet. As development of each directorate approach matures, they will also be able to be viewed in this way.

Oxfordshire County Council

Section 1:   Risk Management Strategy

Introduction

The purpose of this strategy is to set out the way in which risk management will be carried out across Oxfordshire County Council. However, the arrangements for managing risk across the Council do not stand alone. An embedded risk management process underpins the planning, performance and decision making of an organisation.

Embedded Risk Management
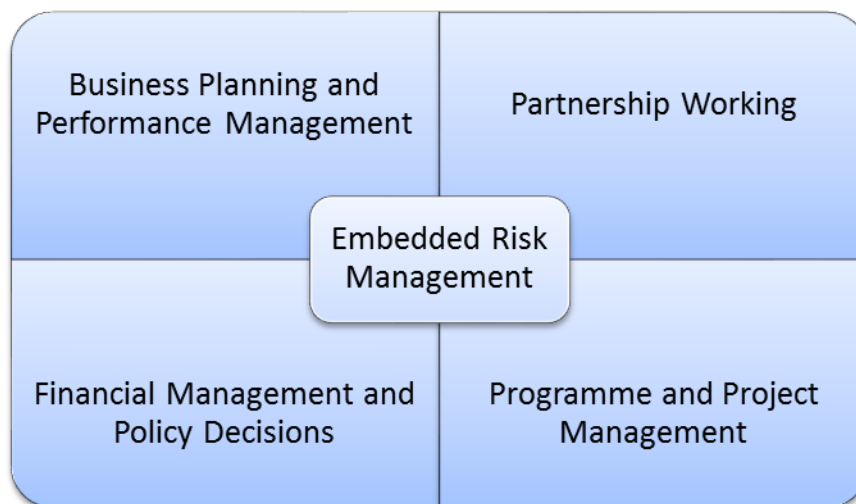
The risk management arrangements are part of an integrated approach to business management. Risk and performance are reported in tandem to allow senior leaders a holistic view of both the performance of the organisation, the threats to that performance, and the opportunities for the organisation to explore.

Risk is also managed through the variety of projects and change programmes running across Oxfordshire County Council. The risk management strategy creates a framework for reporting risk alongside other organisational risks to establish a clear picture of the risk landscape.

Risk is also considered as part of financial planning and at other key policy and decision making points. This ensures that a holistic view of the impact of a policy can be considered before a decision is made.

In many service delivery areas Oxfordshire County Council is committed to working in close partnership with other public sector and voluntary organisations. The Council is also increasing the amount of service commissioning across the organisation. In

all shared delivery and commissioning scenarios risk management arrangements need to be part of the governance for strong partnership and commissioning arrangements.

Overall, the principles of the risk management strategy are to:

- Align risk management with organisational objectives
- Ensure the process fits the context
- Communicate with stakeholders and make allowance for differing perceptions of risk
- Provide clear guidance to stakeholders
- Inform decision making across the organisation
- Facilitate continual improvement
- Create a supportive culture the recognises uncertainty and encourages considered risk taking

Risk Appetite and Capacity

Oxfordshire County Council's objectives are outlined in the Corporate Plan and Business Strategies. Directorates, projects and programmes will have additional objectives relevant to their context. Risks that are identified either strategically, operationally within directorates or at project / programme level should be assessed for their effect on the objectives. Based on the potential impact and likelihood of each risk on the objectives a traffic light rating is selected and a mitigation plan implemented. Risks that have a low impact and likelihood will be tolerated, while those with greater impact and likelihood will be avoided, reduced or transferred. The Council's overall appetite for managing risk will be continually reviewed in the light of the available capacity to deal with the identified risks.

Risk Tolerance Thresholds

A risk tolerance threshold represents the level of exposure at which some form of response is triggered. The risk tolerance thresholds for Oxfordshire County Council are shown in the following diagram.

Risk Tolerance Thresholds

Strategic (CCMT) Level	Directorate Level	Deputy Director Level
Strategic and long term risks that impact across the council	Service, project or performance risks that impact on directorate priorities or performance	Risks impacting on service priorities
Specific risks escalated from service areas	Service, project or performance risks that impact on more than one service across the directorate	Risks impacting on several projects or operational areas across the service
Risks and opportunities in key policy decisions	Specific risks escalated from service risk registers	Risks that cannot be managed by the individual projects or operational teams

Roles & Responsibility

The roles and responsibilities of officers and members with regard to risk management are detailed in the annex to this document.

Risk Management Process and Risk Reporting

The risk management process that is implemented throughout Oxfordshire County Council describes an overarching process for embedding risk management and reviewing risk. The process has four elements: identify, assess, plan and implement. These elements form a continuous learning and review cycle with the process of gathering and reporting information at the heart of the cycle.

.

Risk Management Process

The same process is used at service, project and programme level; as well as for the management of strategic risks.

The strategic risk register is managed and maintained by the Research and Major Programmes Unit on behalf of the organisation. It is reviewed by directorates and any progress against the mitigating actions reported to the County Council Management Team as part of the quarterly process.

Service, project and programme risk management is a continual process but should be reviewed and reported quarterly. Risk management reporting happens concurrently with business management reporting. This allows managers to take a holistic view of progress towards objectives. The following diagram illustrates the holistic reporting process.

The continual flow of information is crucial to a mature risk management process. The result of risk discussions at quarterly meetings should be communicated back to risk owners so that, going forward, risks can be accurately monitored and reported.

The risk management process is considered in more detail in Section 2. It provides guidance on how to identify and assess risk, the creation of a mitigation plan, how risks should be recorded on a risk register, and how the risk register should be maintained.

Risk Management & Business Management Reporting Process

Performance for previous quarter published		Risk review meeting		Risk register completed		Risk Report to Directorate Leadership Team		Risk Register submitted to Chief Executive's Office		Risk Report to County Council Management Team
• Perforamce indicators act as an early warning for risk movement.		• Analysis of performance and risk movement		• Performance Report Completed		• Performance report to Directorate Leadership Team		• Performance Report submitted to Chief Executives Office		• Performance Report to County Council Management Team

Early Warning Indicators

Performance and risk have an integral relationship. Our risk management is performance based. As part of the risk identification it should be clear where the realisation of the risk will impact on our objectives. Poor performance against priority indicators serves as early warning that the risk management processes are failing and this will trigger a review of risk by the organisation.

Quality Assurance and Annual Review

On a quarterly basis directorate risk registers will be subject to review. The corporate risk lead is responsible for challenging risks for which there is no update or movement, where there are not current employees recorded as responsible officers, where the target risk has not been recorded, and instances where they believe the information recorded is not robust.

A similar review and challenge process should also be established within directorates to maintain the quality of the risk management process.

The Risk Management Process Guide sets out a common structure and provides a template for risk registers. Each quarter the risk register submitted to the Chief Executive's Office should be signed off by the Director. Risks escalated to CCMT will be signed off by the Chief Executive and also subject to quarterly review.

The County Council's Risk Management Framework will be reviewed on an annual basis and recommendations for development made. The corporate risk lead will be responsible for the continual development of the framework.

Oxfordshire County Council

Section 2:   Process Guide

Introduction

Guidance on the process of risk management is provided on the intranet. The purpose of this section is to signpost users to what information is available and to detail the current reporting and escalation processes being used within the Council.

What is Risk Management?

Risk Management is the process of identifying and assessing risk to the objectives of the Council and then planning and implementing responses to those risks. The process has four elements: identify, assess, plan and implement. These elements form a continuous learning and review cycle with the process of gathering and reporting information at the heart of the cycle.

Risk Management Process

The same process is used at service, project and programme level; as well as for the management of strategic risks.

Service, project and programme risk management is a continual process but should be reviewed and reported quarterly.

What does it mean for me?

The ability to manage risk effectively is a key competency for managers. It should be seen as a core element to a managers role, and be part of business as usual.

Information about risk is used to support business management decisions. In order that decision makers are aware of risks to the organisation a service risk register should be used to record the risk management that is carried out in each area. Templates can be found on the intranet and in the annex to this framework.

Individual projects and programmes should use a project/programme risk register to record the risks to the objectives of that specific project. Templates can be found on the intranet and in the annex to this framework.

To ensure risk information can be used to influence key policy decisions officers have to complete the Report Submission Form for all Cabinet papers, which includes a section on risk management. This is to help councillors understand whether the decision or options being presented have any risk implications for the council. The level of risk assessment and detail included in the report will depend on the size of the project or scope of service change being discussed, however as a minimum there should be a summary of the key risks and how they would be managed.

Risks related to working in partnership with others, and through commissioned services should also be reported within the council through the relevant service.

As a minimum, risk management should be carried out at a service level and project/programme level. However, due to the nature of the work of some teams directorates may establish the use of risk registers at all levels of the organisation.

The risk register is a record of all identified risks that have a significant impact on objectives, including their status and history. It is a live document which should be continually reviewed and updated in response to change. Risk must be reported each quarter.

How do I identify risks?

A risk is an uncertainty which if occurs would have a negative or positive affect on the objectives or targets of the service area, project, programme or piece of partnership work. You only need to consider uncertainties that would affect objectives significantly. There is no value in identifying every possible risk that could happen if it does not impact on objectives

There are many tools that can be used to identify risks. There are links to information about the following methods on the intranet:

- SWOT analysis
- Sources of risk from project assessment
- Risk questionnaire
- Assumptions analysis
- Benchmarking
- Risk workshop
- Risk interview

The risk workshop is simple and effective method to use to complete the risk identification process. The other tools are useful to get a list started for a risk workshop.

What is the difference between a risk and an issue?
A risk is an uncertainty, something that has not happened but may occur. An issue is something that has actually occurred and has a significant impact on the objectives. Issues should not be recorded on a risk register or reported through the risk management process. Instead they should be recorded and reported through the business management and monitoring process.

How do I assess risk?

The risk assessment involves three elements.

- Impact assessment - what impact will the risk have on the objectives in terms of time, cost or quality?
- Likelihood assessment - how likely is the risk to occur?
- Risk mitigation status - Is the level of risk remaining acceptable or is further mitigation required?

Tables showing the scores that can be applied to impact, likelihood and risk mitigation can be found on the intranet, the guidance sheets on the corporate risk register template, and in the annex to this framework.

How do I plan risk mitigation?

For some risks there may already be action or controls that are planned or in place to reduce part, or all, of the risks identified. These should be recorded in the Risk Register. However, there should be consideration given to whether those actions or controls are adequate.

It may help to ask the following questions:
- Is it possible to reduce the likelihood of the risk occurring further?
- Is it possible to reduce the impact further?

If the answer to either question is YES, then the options for reducing the risk further should be discussed and where further mitigation actions is agreed this should be recorded in the Mitigation Plan.

Some of the options for mitigating the risk could be:

- *Avoid* - Stop doing the activity or find a different way of doing it, introduce alternative systems/practices

- *Reduce* - Put procedures and controls in place to reduce the chance of a risk happening, or the frequency of it, or the severity of it; or formulating a contingency plan to reduce the impact of the risk where the likelihood is low but the impact is high.

- *Transfer* - Possible where third parties are involved in the project and indemnity clauses can be written into a contract.

- *Tolerate* - In such circumstances the appropriate management action will be to monitor the risk to ensure its potential does not change. It will be tolerated at an acceptable level. Further mitigation may be required further along in the project.

Where the outcome of the risk assessment is that the mitigation status is three or more then a risk mitigation plan is required. This is because further controls need to be determined or the Director needs to decide whether the level of risk is acceptable or not.

Clear guidance on what should be recorded in the various sections of the risk register, including the risk mitigation plan can be found as part of the corporate risk register template. To summarise the information that is required in the mitigation plan is as follows:

- Risk reference number
- Area of risk
- Specific action needed to minimise risk
- The action or controls required to reduce the risk further
- Contingency plan or the response if risk materialises
- Resource implications
- Outcomes and measures of success - how will you know that the risk has been satisfactorily reduced.
- Target impact score - will the impact of the risk change as result of mitigation action.
- Target Likelihood Score - will the likelihood of the risk change as a result of the mitigation action.
- Deadline date by which target impact/likelihood score should be achieved
- Lead Officer - who is responsible for ensuring mitigation action is completed.

What is meant by implement?

Implementing the part of the process where the planned responses are put into action and their effectiveness monitored. Within Oxfordshire County Council the effectiveness of the risk management process is monitored through the reporting and escalation process and the systems in place for review and challenge.

Reporting and escalation process

Throughout the Council risk is reported quarterly alongside performance information. At the end of each quarter information about risk should be gathered. The service, project and programme risk registers should be reviewed and updated to represent progress and changes to the risk landscape.

Risk Management Reporting Process

Risk review meeting → Risk register completed → Risk Report to Directorate Leadership Team → Risk Register submitted to Chief Executive's Office → Risk Report to County Council Management Team

Any risks which meet the requirements for escalation should be reported to the Directorate Leadership Team. The Leadership team will discuss and agree mitigating action and agree which risks meet the requirements for escalation. Those risks that meet the requirements for escalation will be reported, via a Directorate Risk Register to the Chief Executive's Office for presentation to, and discussion by, the County Council Management Team.

The continual flow of information is crucial to a mature risk management process. The result of risk discussions by the County Council Management Team should be communicated back to risk owners by those present so that, going forward, risks can be accurately monitored and reported.

Risk Escalation Criteria

IMPACT		Unlikely (1)	Possible (2)	Likely (3)	Very Likely (4)
Most Severe					
Major	4				
Moderate	3				
Minor	2				
Insignificant	1				
		1	2	3	4
		Unlikely	Possible	Likely	Very Likely
		LIKELIHOOD			

Escalation Key

Report to Director & CCMT

Report to Director

Report to Head of Service

Review & Challenge

Directorate risk registers will be subject to review on a quarterly basis. The corporate risk lead is responsible for challenging risks for which there is no update or movement, where there are not current employees recorded as responsible officers, where the target risk has not been recorded, and instances where they believe the information recorded is not robust.

A similar review and challenge process should also be established within directorates to maintain the quality of the risk management process.

Risk Registers

A risk register is the tool used to capture all the information about risk. This would include the identification, assessment, planning and implementation of action. Risk registers should be held at a Service, Directorate and Council level, although Heads of Service may decide to hold them at a team level, where appropriate. The risk

register is an effective way of recording and reporting. However, it is not necessarily the best format for framing a discussion on risk or presenting information about risks to people. Every member of staff has a responsibility to identify and report risk. It would be impractical to hold risk registers down to a personal level. However, 1:1 meetings can be used as an opportunity to discuss risk and any relevant outcomes can be reported to the team or service level and added to the risk register.

Oxfordshire County Council

Section 3:   Directorate Approach

The purpose of the Risk Management Framework is to create a common standard for risk management across the Council. It describes the overall process for risk management and sets a minimum standard. Directorates have the flexibility to introduce risk management procedures, in line with the common standard, that suit their area of business.

As the development of directorate risk management policy becomes more mature they will be published on the intranet together with these documents as a full suite of reference material.

It is envisaged that the following documents will be available:

- OFRS Risk Management Strategy
- Children, Education & Families Risk Management Guide
- Social and Community Services Risk Management Guide
- Economy and Environment Risk Management Toolkit

ANNEX 1
GLOSSARY OF TERMS

Impact Assessment
The level of impact or consequence if the risk occurs.

Issue
A relevant event that has happened but was not expected and required management action. An issue is different to a risk, and should not be recorded on the risk register

Likelihood Assessment
The likelihood or probability of the risk occurring.

Management of Risk
Systematic application of policies, procedures, method and practices to the tasks of identifying and assessing risks, and then planning and implementing responses.

Mitigation
The action or controls taken to reduce or manage the risk.

Opportunity
An uncertain event that would have a favourable impact on objectives if it occurred.

Risk
An uncertain event which, if occurs, will have an impact on objectives.

Risk Assessment
The combination of the likelihood and impact of a risk.

Risk Identification
Determination of what could pose a risk; a process to describe and list sources of risk.

Risk Management Process
The process of identifying, assessing, mitigating and monitoring risks.

Risk Owner
A role or individual responsible for the management and control of all aspects of individual risks, including the implementation of the measures taken in respect of each risk.

Risk Register
The document used to record risks, their assessment and mitigation plans.

Uncertainty
An area of doubt about a plan, project or decision which could lead to different outcomes than the one planned.

ANNEX 2
RISK MANAGEMENT ROLES & RESPONSIBILITIES

Monitoring & Review Roles

Audit and Governance Committee
Monitoring the risks and internal control arrangements of the Council, including approving the risk management strategy

Audit Working Group
Providing detailed challenge and review of the risk management arrangements including the strategic risk register and report to the Audit Committee

Research & Major Programmes Unit
Provide strategic direction and leadership in the development and implementation of the risk management strategy. Report progress to CCMT, Audit Working Group, Audit Committee. Produce annual report.

Internal Audit
Producing a risk based audit plan taking into account all risks identified across the Council. Provide and opinion on the effectiveness of internal control and risk management arrangements.

Deputy Directors – supported by Directorate Risk Management Leads
Ensuring process for monitoring progress is established. Ensure quarterly reviews on risk registers take place and provide effective challenge. Ensure staff are trained and aware of their risk management responsibilities.

Officer & Member Risk Champions
Championing risk management framework wherever appropriate.

Management & Assurance Roles

Chief Executive & the Leader of the Council
Ultimately responsible for ensuring that there is a sound system of internal control and effective risk management. Signing the Annual Statement on Internal Control.

County Council Management Group (CCMT)
Debate and challenge key strategic risks identified in the strategic risk register. Take collective ownership of risks of corporate significance. Promote a culture where risks are managed with confidence at the lowest appropriate level.

Directors
Effective management of key risks to the achievement of priorities. Providing assurance that internal control within the directorate is effective. Promoting the right culture to encourage considered risk taking.

Deputy Directors
Effective identification and management of risks that impact across that service or on service priorities. Escalating risks that have a directorate or strategic impact. Signing annual assurance certificate.

All Managers
Understand and act upon the key risks that could significantly impact on the achievement of their service, team or project's objectives. Encourage staff to be open about risk so they can manage it effectively. Undertake an assessment of risk as part of all key plans, partnerships and projects and record in a risk register.

Supporting Roles

Head of Research & Major Programmes Unit
Support the objectives of the risk management strategy by ensuring that risk management is embedded in the corporate planning, performance monitoring and project management processes

Head of Human Resources
Support the objectives of the risk management strategy by ensuring that risk management is identified as a key competence of all managers. Provide training and support in improving skills.

Head of Law & Governance
Ensure that appropriate governance and processes are in place for the effective management of the organisation.

All Staff
Responsibility for identifying and escalating risks. The 1:1 / supervision process can be an effective way to achieve and embed this practice.

ANNEX 3
SERVICE RISK REGISTER TEMPLATE

Directorate
Service/team
Quarter and year

Risk Ref.	Date	Is risk at target level?	Risk Description			Risk category			Current controls	Starting risk score				Target risk score						Q1 Progress towards target risk	Q1 Current Risk Assessment					Q2 Progress towards target risk	Q2 Current Risk Assessment					Risk to be carried over to next year? Y/N If no, state reason.
			Description of the risk	Description of the trigger that could make the risk happen	Description of the consequences of the risk (positive or negative)	Finance	Service delivery	Reputation	Description of actions already taken or controls in place to mitigate the risk.	Impact	Likelihood	Score	Reporting level	Impact	Likelihood	Score	Reporting level	Target date	Risk Owner	Actions taken: Actions planned:	Date reviewed	Impact	Likelihood	Score	Reporting Level	Actions taken: Actions planned:	Date Reviewed	Impact	Likelihood	Score	Reporting Level	

ANNEX 3
PROJECT / PROGRAMME RISK REGISTER TEMPLATE

Directorate	
Parent Work	
Project	
Project	
Document	
Document	
Document	

		Risk Description	Risk category			Current controls	Current risk score				Target risk score				Mitigation status	
Risk Ref.	Date	Description of the risk (should include cause, event, and impact)	Time	Quality	Costs	Description of actions already taken or controls in place to mitigate the risk.	Impact	Likelihood	Score	Reporting level	Impact	Likelihood	Score	Target date	Further action required?	Risk Owner

ANNEX 4
RISK ASSESSMENT SCALES

Use this guidance (also available in the risk register excel templates) to assess your risks.

Impact Assessment

Each programme or project will have different objectives in terms of Time, Costs or Quality/Benefits.

For service and directorate risks the assessment scales set out below should be used.

The impact scales need to be adapted to suit each programme or project as what constitutes a Most Severe impact will be different for every project.

To get started it is useful to think about what the minimum delay or cost etc that the project could tolerate and what would be most serious/catastrophic and then the ranges in between can be established.

	Impact	Timing	Costs	Quality/Benefits
5	Most Severe	Significant deterioration in performance Significant and sustained disruption to services across the whole Council **For projects:** Significant delay to project completion (x months/years)	Over £1m Increased Costs/loss over £x	Ministerial Intervention Public Inquiry Remembered for years! Key quality deliverables not achieved Adverse national media interest Public/stakeholder loss of trust/confidence Significant opportunity missed
4	Major	Deterioration in service performance results Level of performance across Balance Score Card will be significantly below acceptable level Severe disruption to more than one critical service **For projects:** Delay of key milestone (x months/years)	Between £500k and £1m Increased costs/loss between £x and £x	Adverse national media interest Recurring or sustained local media attention Stakeholder needs not met Recurring or sustained local media attention (1 –3 months)

	Impact	Timing	Costs	Quality/Benefits
3	Moderate	Level of performance individual indicators or basket of indicators will be below acceptable level Directorate Priority will not be achieved Severe disruption to a critical service or several non-critical services **For projects:** Delay of key milestone (x months/weeks)	Between 100k and £500k Increased costs/loss between £x and £x	One off adverse local media interest Stakeholder needs partially not met One off adverse local media interest (less than a week)
2	Minor	Service performance indicators fall below acceptable level Service priority will not be achieved Limited disruption to a critical service or severe disruption to a non critical service **For projects:** Delays less than (x month/week)	Between 10k and £100k Increased costs/loss between £x and £x	A number of complaints but no press interest A number of complaints or dissatisfied stakeholders but no press interest Missed opportunities that could easily be overcome or would not be important to the overall programme
1	Insignificant	Limited impact on service priorities Limited disruption to non critical services **For projects:** Very little impact on programme/project milestones	Under £10k Increased costs/loss less than £x	Minor complaints A few minor complaints

Likelihood Assessment Scales

The following scales should be used in all programmes or projects using Corporate Project Risk Management Template.

4	Very Likely	This risk is very likely to occur (over 75% probability)
3	Likely	There is a distinct likelihood that this will happen (40%-75%)
2	Possible	There a possibility that this could happen (10% - 40%)
1	Unlikely	This is not likely to happen but it is not possible to say that it won't (less than 10% probability)

Risk Mitigation Scales

Each risk in the risk register is likely to have some action or controls listed in the column Risk Mitigation. In some cases the mitigation action will have taken place and some cases the action may be planned but has not actually happened or put in place.

The Risk Mitigation status should reflect whether that mitigation is or will be effective in reducing the risk or whether further action needs to be considered.

Risks identified early on are likely to start at level 3 and move to 2 and 1 as the mitigation progresses or the project plan develops.

Level	Description
3	Level of risk/uncertainty remaining is **not accepted** as: • further action or contingency plans need to be developed OR • the Project Sponsor or Programme Board need to make a decision on action required or level of acceptable risk
2	Level of risk/uncertainty remaining is **not accepted** as: • Defined action in mitigation plan or risk register has not yet been implemented OR • It is too early to tell whether level of risk has been reduced effectively as a result of recent action or controls (as described in risk register) OR • There is not enough information available at the moment and the risk needs to be monitored
1	Level of risk/uncertainty remaining **is accepted** as: • confident that actions taken/controls in place, incl. contingency plans are mitigating risk and uncertainty to an acceptable level OR • It is not cost effective to reduce the risk further OR • The risk cannot be reduced further as it is outside the control of the Council

Risk Scoring Matrix

Use your risk impact and likelihood assessment scores to determine the mitigation scale of your risks by plotting them on this matrix. The mitigation scale also indicates the risk escalation criteria.

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

LIKELIHOOD

Risk Scoring & Escalation Key		
Escalation Criteria	**Mitigation**	
Report to Head of Service	Mitigation Scale 1	(green)
Report to Director	Mitigation Scale 2	(orange)
Report to Director & CCMT	Mitigation Scale 3	(red)