

## Appendix B – Proposed change to risk scoring matrix

Current risk matrix:

**Risk Matrix**

<b>Impact</b>	4	15 <b>4</b> Medium	1 <b>8</b> High	<b>12</b> Very High	<b>16</b> Very High
	3	4 11 <b>3</b> 12 17	2 3 <b>6</b> 5 14	<b>9</b> High	<b>12</b> Very High
	2	<b>2</b> Low	6 7 8 9 10 13 16	<b>6</b> High	<b>8</b> High
	1	<b>1</b> Low	<b>2</b> Low	<b>3</b> Medium	<b>4</b> Medium
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
	Unlikely	Possible	Likely	Certain	
	Low but not impossible <20%	Fairly likely to occur 21% - 50%	More likely to occur than not 51% - 80%	Expected to occur in most circumstances >80%	

**Likelihood**

The rationale behind the proposal is that currently, Likelihood 1 x Impact 4 = 4. Similarly, Likelihood 4 x Impact 1 = 4. Both result in a risk score of 4 but they are a totally different type of risk requiring a different management approach.

In the first instance, due to the level of impact, this could be critical for the Council were the risk to occur. Therefore, the risk management effort should be focussed on ensuring the on-going effectiveness of the controls that reduce the likelihood of occurrence via provision of assurance.

In the second instance, due to the Likelihood (Certain) and Impact (Minor), this would present an immediate problem but would not be a threat to the Council's objectives. The risk management effort should be focussed on ensuring that immediate actions will resolve, defuse, or contain the risk.

Proposed risk matrix:

	4	10	13	15	16
IMPACT	3	6	9	12	14
	2	3	5	8	11
	1	1	2	4	7
		1	2	3	4
		LIKELIHOOD			

The new non-multiplier approach will enable the Council to prioritise risks more easily as compared with a multiplier where it may have risks with the same score, but which are not the same by nature.

It should be noted that the top left cell reference 10 is now an amber coloured risk rather than green for the purpose of recognising the magnitude of the impact on the Council.