## Appendix 2

Methodology for assessing risk: Criteria for scoring residual risk rating Probability of Occurrence

| Estimation | Description | Indicators |
| :---: | :---: | :---: |
| 5: High (Probable) | Likely to occur each year (defined as more than 25\% chance of occurrence in any one of the years covered by the assessment). | - Potential of it occurring several times within the specified period (for example - ten years). <br> - Has occurred recently. |
| 4: Medium to High | Apply judgement | Apply judgement |
| 3: Medium (Possible) | Likely to occur during a 10 year period (defined as between $2 \%$ and $25 \%$ chance of occurrence in any one of the years covered by the assessment). | - Could occur more than once within the specified period (for example - ten years). <br> - Could be difficult to control due to some external influences. <br> - Is there a history of occurrence? |
| 2: Low to Medium | Apply judgement | Apply judgement |
| 1: Low (Remote) | Not likely to occur in a 10 year period (defined as less than $2 \%$ chance of occurrence in any one of the years covered by the assessment). | - Has not occurred. <br> - Unlikely to occur. |
| Consequences |  |  |
| Estimation | Description |  |
| 5: High | - Financial impact on the organisation is likely to exceed £500K <br> - Significant impact on the organisation's strategy or operational activities <br> - Significant stakeholder concern |  |
| 4: Medium to High | Apply judgement |  |
| 3: Medium | - Financial impact on the organisation likely to be between $£ 100 \mathrm{~K}$ and $£ 250 \mathrm{~K}$ <br> - Moderate impact on the organisation's strategy or operational activities <br> - Moderate stakeholder concern |  |
| 2: Low to Medium | Apply judgement |  |
| 1: Low | - Financial impact on the organisation likely to be less that £10K <br> - Low impact on the organisation's strategy or operational activities <br> - Low stakeholder concern |  |

