

Methodology for assessing risk: Criteria for scoring residual risk rating

**Probability of Occurrence**

Estimation	Description	Indicators
<b>5: High (Probable)</b>	Likely to occur each year (e.g. considered as more than 50% chance of occurrence in any year).	<ul style="list-style-type: none"> <li>• Potential of it occurring several times within the specified period (for example - ten years).</li> <li>• Has occurred recently.</li> </ul>
<b>4: Medium to High</b>	Apply judgement	Apply judgement
<b>3: Medium (Possible)</b>	Likely to occur during a 10 year period (considered as between 5% and 25% chance of occurrence in any year).	<ul style="list-style-type: none"> <li>• Could occur more than once within the specified period (for example - ten years).</li> <li>• Could be difficult to control due to some external influences.</li> <li>• There's a history of occurrence</li> </ul>
<b>2: Low to Medium</b>	Apply judgement	Apply judgement
<b>1: Low (Remote)</b>	Not likely to occur in a 10 year period (considered as less than 2% chance of occurrence in any year).	<ul style="list-style-type: none"> <li>• Has not occurred.</li> <li>• Unlikely to occur.</li> </ul>

**Consequences**

Estimation	Description
<b>5: High</b>	<ul style="list-style-type: none"> <li>• Financial impact on the organisation is likely to exceed £500K</li> <li>• Significant impact on the organisation's strategy or operational activities</li> <li>• Significant stakeholder concern</li> </ul>
<b>4: Medium to High</b>	Apply judgement
<b>3: Medium</b>	<ul style="list-style-type: none"> <li>• Financial impact on the organisation likely to be between £100K and £250K</li> <li>• Moderate impact on the organisation's strategy or operational activities</li> <li>• Moderate stakeholder concern</li> </ul>
<b>2: Low to Medium</b>	Apply judgement
<b>1: Low</b>	<ul style="list-style-type: none"> <li>• Financial impact on the organisation likely to be less than £10K</li> <li>• Low impact on the organisation's strategy or operational activities</li> <li>• Low stakeholder concern</li> </ul>