

## 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>                    |