## Methodology for assessing risk: Criteria for scoring residual risk rating

## **Probability of Occurrence**

Estimation	Description	Indicators
5: High (Probable)	Likely to occur each year (e.g. considered as more than 50% chance of occurrence in any year).	<ul> <li>Potential of it occurring several times within the specified period (for example - ten years).</li> <li>Has occurred recently.</li> </ul>
4: Medium to High	Apply judgement	Apply judgement
3: Medium (Possible)	Likely to occur during a 10 year period (considered as between 5% and 25% chance of occurrence in any year).	<ul> <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>
2: Low to Medium	Apply judgement	Apply judgement
1: Low (Remote)	Not likely to occur in a 10 year period (considered as less than 2% chance of occurrence in any year).	<ul><li>Has not occurred.</li><li>Unlikely to occur.</li></ul>

## Consequences

Estimation	Description	
5: High	<ul> <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>	
4: Medium to High	Apply judgement	
3: Medium	<ul> <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>	
2: Low to Medium	Apply judgement	
1: Low	<ul> <li>Financial impact on the organisation likely to be less that £10K</li> <li>Low impact on the organisation's strategy or operational activities</li> <li>Low stakeholder concern</li> </ul>	