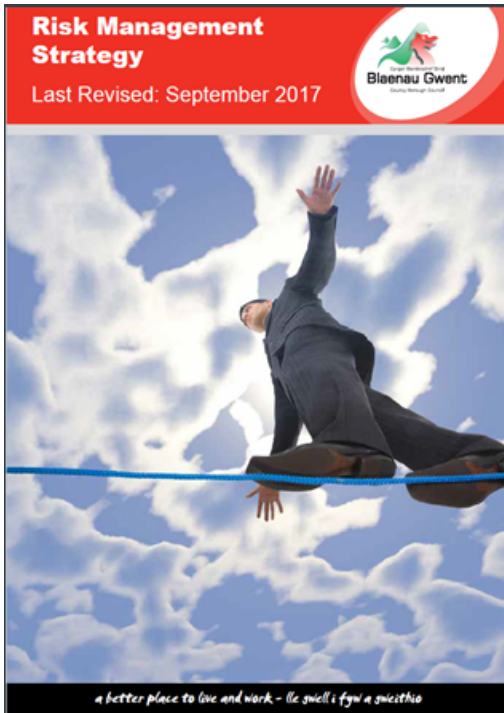
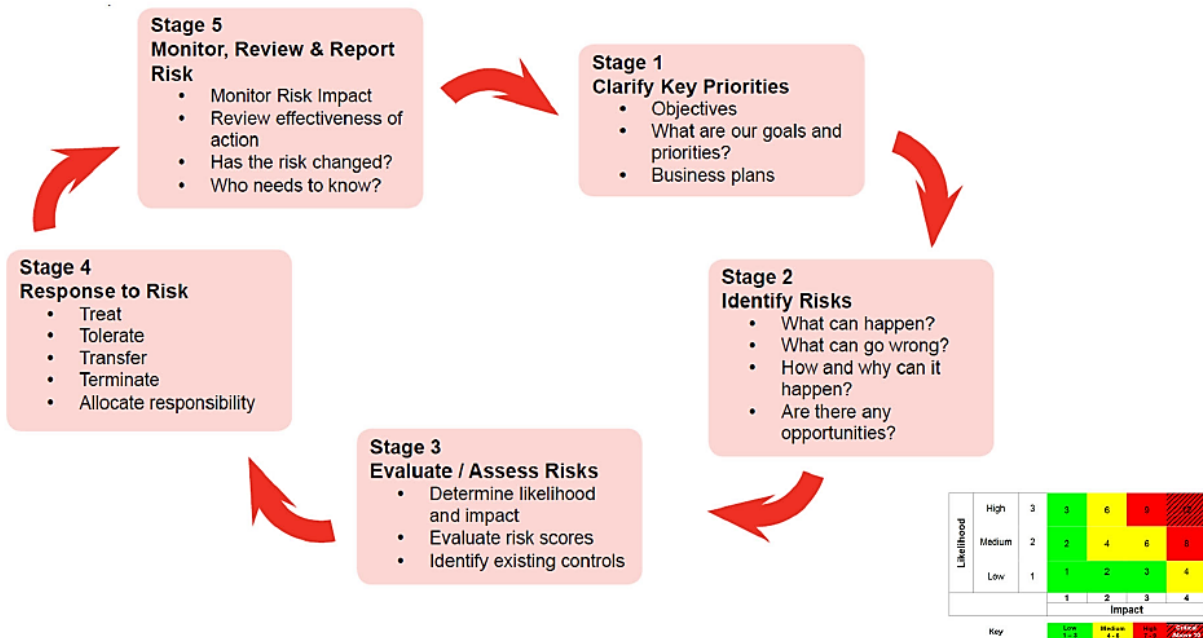


Corporate Risk Report Definitions and Guidance



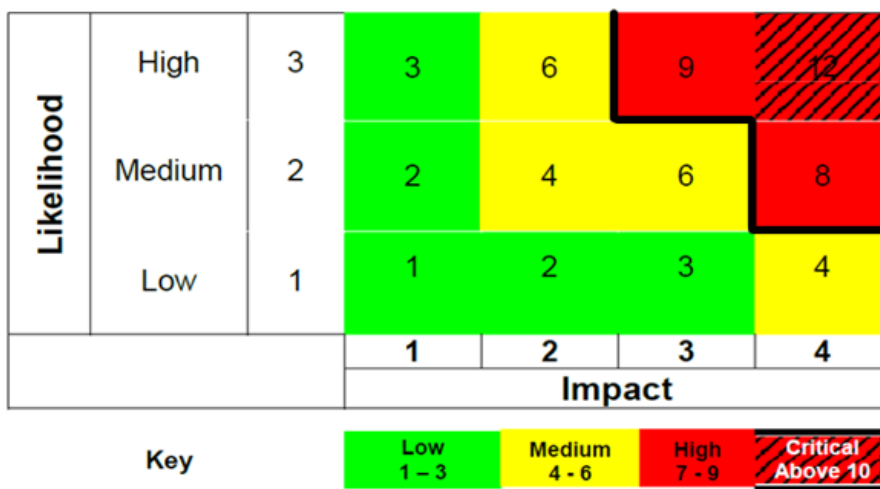
The Risk Management Process



Blaenau Gwent has adopted a 3 by 4 matrix approach (below) where the likelihood will be rated with a score between 1 to 3 and the impact between 1 and 4. A risk score is calculated by multiplying the likelihood and the impact together. This will be the inherent risk score (without any controls in place).

The black line indicates the “risk appetite” as agreed by Corporate Leadership Team (CLT). Risks that fall to the left of the black line are within agreed appetite and require less managing. Risks that fall to the right are outside the appetite and therefore need to be escalated for consideration to the Corporate Risk Register and managed more actively.

Risk Matrix - Blaenau Gwent Council's risk matrix.



<u>Inherent risk score (before controls) and Residual risk score (after controls)</u>	
Risks will be scored twice, once without any controls in place which will be the inherent risk score and once taking into account the control measures which will determine the residual risk score.	
Risk Score	Definition
Inherent Risk Score	The assessment of the risk score before controls have been applied.
Residual Risk Score	The assessment of the risk score after controls have been applied.
Target Risk Score	The level to which we anticipate we can manage the risk down to.




The process of scoring risk is subjective, and everyone will have a different perception of a particular risk. To help in this process and to introduce a common baseline so that individual risks (financial and non-financial) can be compared on a like by like basis across the Authority, formal quantification guidance has been introduced.




IMPACT OF RISK				
Impact / Outcome One or a combination of the following	Low (minor)	Medium (moderate)	High (Significant)	Critical (Major)
Financial / Business– Budget Impact	Low financial loss or overspend of less than. £50,000 Unless the loss or overspend can be offset within service budgets.	Financial loss or overspend of £50,000 - £250,000 Unless the loss or overspend can be offset within service budgets.	Financial loss or overspend of £250,000 - £1,000,000 Re - alignment of Corporate Budget	Financial loss or overspend of over £1,000,000. Re - alignment of Corporate Budget
Effect on service delivery Or Effect on service provision (refer to the Business Impact Analysis in the Business Plan)	Minor / brief disruption to operations requiring action / minor delay. Handled within the normal day to day routines Less than 20 day loss of service to non- urgent (P7) service area.	Moderate disruption / for a short period. Services do not fully meet needs. Service action will be required. Less than 24 hour partial loss of service (s) with P1 or P2 Activities Less than 5 day significant loss of services (s) with P3 or P4 activities Less than 10 day significant loss of service (s) with P5 or P6 activities	Significant disruption. Key targets missed, service compromised. Management action required to overcome medium term difficulties. More than 24 hour significant loss of service(s) with P1 or P2 activities More than 5 day significant loss of service(s) with P3 or P4 activities More than 10 day significant loss of service(s) with P5 or P6 activities	Major disruption / Cessation of core activities, service is severely degraded. CLT action required. More than 24 hour total loss of service(s) with P1 or P2 activities More than 5 day total loss of service(s) with P3 or P4 activities More than 10 day total loss of service with P5 or P6 activities
Implications for achievements of key targets / objectives	Impact on the delivery of, or failure to achieve, one or more Service Area Priorities / Service Area Strategic Objectives.	Impact on the delivery of, or failure to achieve, one or more Directorate Priorities / Directorate Strategic Objectives.	Impact on the delivery of one or more Corporate Priorities / Corporate Strategic Objectives or Corporate Collaborations.	Failure to deliver one or more Corporate Priorities / Corporate Strategic Objectives or Corporate Collaborations.
Effect on stakeholders / community	Some minor / short term effect on stakeholders' welfare / wellbeing / financial stability.	Moderate / short terms effect on stakeholders' welfare / wellbeing/ financial stability.	Significant / medium term effects on stakeholders' welfare / wellbeing / financial stability.	Major / long terms effect on stakeholders' welfare / wellbeing / financial stability. May face life threatening consequences





IMPACT OF RISK

Impact / Outcome One or a combination of the following	Low (minor)	Medium (moderate)	High (Significant)	Critical (Major)
<p>Health and Safety and Human Welfare.</p> <p>(Impact can be on staff or the public)</p>	<p>Minor injury no injuries beyond 'first aid' level.</p> <p>Minor impact on staff morale / stress levels</p>	<p>Moderate Injuries requiring medical treatment</p> <p>Potentially some workdays lost</p>	<p>Serious injuries or stressful experience requiring long term medical treatment.</p> <p>Multiple workdays lost. Incident reportable to HSE i.e. serious injury / over 7 days lost from work.</p>	<p>Fatality(ies)</p> <p>Life threatening or multiple serious injuries or prolonged workplace stress.</p>
<p>Legal, Statutory Compliance and Reputation</p>	<p>Breaches of local procedures / standards</p> <p>Increase in complaints minimal reputational damage; little public interest; unlikely to have impact on corporate image.</p>	<p>Breaches of regulations / standards</p> <p>High potential for complaints; local press coverage; litigation possible</p> <p>(e.g. complaint to Ombudsman)</p> <p>Short term reduction in public confidence Some unfavourable media coverage leading to short term reduction in public confidence</p>	<p>Breaches of law punishable by fines.</p> <p>Adverse national publicity;</p> <p>Long term reduction in public confidence</p> <p>Scrutiny required by external agencies, (e.g. Audit Commission) Fines of between £250,000 to £1,000,000</p>	<p>Possible criminal or high profile civil action against the Council, Members or Officers. Intense national media attention.</p> <p>Public enquiry / intervention by external regulators.</p> <p>Requires resignation of Officers and Members</p> <p>Total loss of public confidence Fines of over £1,000,000</p>
<p>Implications for the Environment</p>	<p>Incident with no lasting / short term detrimental effect on the environment or the community. E.g. noise, fumes, dust</p>	<p>Medium term public health / environmental incident. Local discharge of pollutant or source of community annoyance requiring remedial action</p>	<p>Long term major public health / environmental incident</p>	<p>Extensive detrimental long term impact.</p>
<p>Impact on Key Partnership / Major Project</p>	<p>Minimal effect on partnership / project</p>	<p>Adverse effect on partnering arrangements / Major project</p> <p>Moderate impact on stress levels, morale and performance on teams rather than by individual case (i.e. not isolated)</p>	<p>Significant impact on partnership or most of expected benefits fail Significant impact on delivery of major project.</p> <p>Significant impact on morale and performance.</p>	<p>Complete failure / breakdown of partnership / major project</p> <p>Major / Severe impact on morale and service performance.</p>

LIKELIHOOD OF RISK			
Factor	Score	Description	Likelihood of occurrence
Low (unlikely)	1	Very unlikely to occur; only in exceptional circumstances.	<ul style="list-style-type: none"> • Has not happened in the past 5 years or more (either in BGCBC or in a similar operating environment) • Not expected to happen in the next 5 years or more • Less than 25% probability of occurring
Medium (possible)	2	Unlikely to occur but could transpire at some point.	<ul style="list-style-type: none"> • Has happened in the past 2 – 5 years (either in BGCBC or in a similar operating environment) • Expected to happen in the next 2-5 years • 25% to 50% probability of occurring
High (likely)	3	Almost certain to occur.	<ul style="list-style-type: none"> • More than 50% probability of occurring. • Has happened in the past year (either in BGCBC or in a similar operating environment) • Expected to happen in the next year.

Direction of travel from	Definition
	Increasing Risk – the assessment of the risk is that it has worsened since the last quarter update.
	No change – The assessment of the risk is that there have been no significant changes in the level of risk since the last quarter update.
	Decreased risk – The assessment of the risk is that there has been an improvement since the last quarter update.

Forecasted Direction of travel	Definition
	Increasing Risk – It is anticipated that the level of risk will worsen by the next quarter update.
	No change – It is anticipated that there will be no significant changes in the level of risk by the quarter update
	Decreased risk – It is anticipated that risk is that it will improve by the next quarter update.

BRAG rating	Definition
	Completed
	On track
	Ongoing but encountering some issues
	Ongoing with issues that need further intervention