

APPENDIX C

RISK ASSESSMENT

In order to ensure identified risks can be consistently assessed, a common set of risk assessment criteria has been developed. Using this criteria, the following was determined for each individual risk:

*Gross risk: The likelihood and impact of the risk materialising without any mitigating controls being applied; and

*Residual risk: The likelihood and impact of the risk materialising with mitigating controls being applied.

Risks are evaluated on a scale of 1 to 4 with the highest value being the most likely to occur/ most severe impact. The risk assessment criteria developed with the Head of Fund is presented below:

				LIKELIHOOD OF RISK OCCURRING			
				1	2	3	4
				1 in 20 years/ 5%	1 in 5 years/ 20%	1 in 2 years / 50%	1 in 1 years / 95-10%
				Unlikely Could occur once in 20 years	Possible Could occur once in 5 years	Likely Could occur in next 24 months	Happening Happening already or highly likely
FINANCIAL IMPACT	4	>£150m	<ul style="list-style-type: none"> • Critical impact on operational performance (>10% of membership affected recovery time > 1 year); • Critical breach in laws and regulations that could result in material fines or consequences; • Critical impact on the reputation of the Fund which could threaten its future viability, adverse national media coverage; • Affect such that it undermines the ability to achieve key Fund goals and objectives (survival). 	4	8	12	16
	3	£75m-£150m	<ul style="list-style-type: none"> • Significant impact on operational performance (5 – 9% of membership affected/ recovery time 8–12 months); • Significant breach in laws and regulations resulting in significant fines and consequences; • Significant impact on the reputation or Fund (some national media coverage); • Potential to have high impact on Fund goal and objectives. 	3	6	9	12
	2	£5m–£75m	<ul style="list-style-type: none"> • Moderate impact on operational performance (1 – 4% of membership affected/ recovery time 3 – 7 months); • Moderate breach in laws and regulations resulting in fines and consequences; • Moderate impact on the reputation or brand of the organisation (some media coverage); • Potential to have moderate impact on Fund goal and objectives. 	2	4	6	8
	1	<£5m	<ul style="list-style-type: none"> • Minor impact on operational performance (<1% of membership affected/ recovery time <3 months); • Minor breach in laws and regulations with limited consequences; • Minor impact on the reputation of the organisation; • Comparatively less impact on Fund goal and objectives. 	1	2	3	4