

CHESHIRE EAST COUNCIL

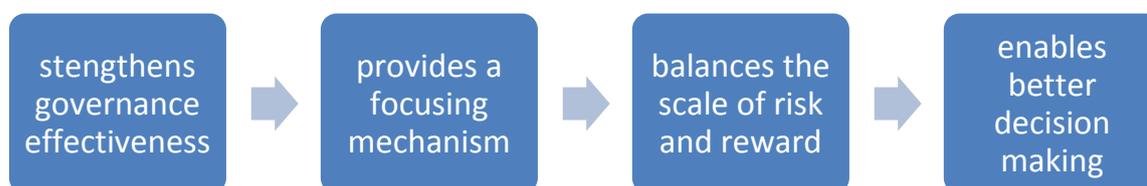
AUDIT AND GOVERNANCE COMMITTEE

Date of meeting: 8 December 2016
Report of: Bill Norman, Director of Legal Services
Title: Risk Management Update Report
Portfolio Holder: Councillor David Brown

1.0 Report Summary

1.1 The purpose of this report is to provide the Audit and Governance Committee with a summary of recent risk management work so that it may undertake an independent review of the Council's governance, risk management and control framework.

1.2 A strong risk management framework:-



1.3 At a time of constant change and austerity, when managers are dealing with competing demands, it is possible to miss risks that arise suddenly or unexpectedly. A risk is concerned with a threat or a possible future event which will adversely or beneficially affect the Council's ability to achieve its objectives. Through risk identification we anticipate eventualities and it helps us to respond to changes in need. Consideration and response to existing and new threats, and the ability to recognise and seize new opportunities, is fundamental to achieving the Council's desired outcomes in the Corporate Plan 2016-20.

1.4 This report also provides Audit and Governance with a summary of most significant threats and opportunities that may prevent or assist with the achievement of the Council's desired outcomes.

2.0 Recommendation

2.1 The Audit and Governance Committee is requested to note and comment on the update report on risk management, which is for Members' information and assurance.

3.0 Reasons for Recommendations

3.1 The Council must be able to demonstrate effective risk management and internal control systems. Such systems cannot eliminate all risks, but it is the role of Audit and Governance Committee to provide independent assurance that they are robust and effective and take account of the corporate risks the Council is willing to take to achieve its strategic outcomes, and for ensuring that an appropriate risk culture is in place.

3.2 Learning from risk management judgements gives us a key competitive advantage enabling our leaders and managers to act proactively on their accountabilities, and facilitate strategic thinking so that we are more able to mitigate threats and exploit opportunities to enable innovation and provide better value for public money.

3.3 The benefit of a strong risk management framework from a governance viewpoint is that it embraces risk perspectives from across the whole organisation and gives a greater level of

confidence that management have properly and adequately fulfilled their responsibility in operating an effective system of internal control. This in turn gives confidence to Members, Officers and Partners to support a higher appetite for risk, at a time when major change is necessary and desirable.

4.0 Cheshire East Council Corporate Plan 2016-20 – Corporate Risk Update

4.1 Achievement of the Council Corporate Plan brings both risk challenges and opportunities. Cabinet and the Corporate Leadership Team work to ensure that the vision, culture and organisational structure are fully aligned, as the Council works as one to increase efficiency and undertakes major programmes to innovate as effectively and cost efficiently as possible. Against the backdrop of continued fiscal austerity, the Council is looking to the future with a sense of confidence in its ability to deliver on an ambitious agenda, whilst recognising that priorities change over time and that the Council must therefore be flexible in its approach to providing services and achieving its outcomes.

4.2 However, as we look to 2020, there will also be new risks arising:-

- ✗ from the shift from grant funding to a reliance on self-funding and in rethinking sources of income
- ✗ from a focus on delivering outcomes rather than services alone
- ✗ from the need for reinvestment in resources and services, ranging from health and social care to education and infrastructure
- ✗ from the potential and power of digital and data to transform services and engage businesses, residents and communities

and opportunities arising:-

- ✓ from devolution to deliver both growth and whole system reform
- ✓ from influencing debate on legislative agendas
- ✓ from new collaborations across the public and private sector
- ✓ from ambitious regeneration projects to stimulate local growth

4.3 The Council needs to ensure that it has the risk capacity and capability to match its ambition and to manage new and existing risks. Work on the risk management framework to date includes:-

- An updated Risk Management Policy Statement and Strategy
- A framework of procedures
- Risk Registers held by all Teams/Departments
- A “Bottom Up” and “Top Down” approach to risk registers
- Work in progress on top risks being escalated and monitored through Directorate Risk Registers

4.4 The tables below inform the Audit and Governance Committee on progress against the corporate risks. Attached at **Appendix A** is a more detailed definition of these risks including the Risk Owner, Cabinet Strategic Lead, and comments on the net risk rating. **Appendix B** shows a heat map of the threats and opportunities.

Table 1: 4 Highest Rated Corporate Risks

Ref	Type	Risk Title	Rating	Direction
CR1	Threat	Increased Demand for People Services	12 High	↑
CR2	Threat	NHS Funding and Sustainability and Transformation Plan (STP) Impact	12 High	↑
CR3	Threat	Financial Resilience	12 High	↔
CR4	Threat	Contract and Relationship Management	12 High	↔

Table 2: Risk Watch List

Ref	Type	Risk Title	Rating	Direction
CR5	Threat	Information Security and Cyber Threat	9 Medium	↑
CR6	Threat	Countering Fraud and Corruption	6 Medium	↔
CR7	Threat	Cheshire East Local Plan Adoption	9 Medium	↔
CR8	Threat	Community Cohesion	8 Medium	↔
CR9	Threat	Increased Major Incidents	6 Medium	↔
CR10	Threat	Business Continuity	6 Medium	↔
CR11	Threat	Employee Engagement and Retention	6 Medium	↔

Table 3: Opportunity Risks

Ref	Type	Risk Title	Rating	Direction
CRO1	Opportunity	EU Exit, Single Market and Local Growth	6 Medium	↔
CRO2	Opportunity	Devolution	9 Medium	↑
CRO3	Opportunity	Partnership Working	12 High	↑
CRO4	Opportunity	Regeneration Funding	12 High	↑

4.5 The Audit & Governance Committee may consider receiving a short briefing at future meetings from the Risk Owners / Managers of the highest corporate risks. (For this purpose,

short briefing means attending the meeting and being able to talk through the risk to explain the risk and controls.)

4.6 The assessment methodology used to score the risks is attached at **Appendix C** to this report for information.

5.0 Wards Affected and Local Ward Members

5.1 Risk management is inherent in everyone's role and responsibilities but no specific ward members have been consulted on this report.

6.0 Implications of Recommendation

6.1 **Policy:** Risk management is integral to the overall management of the authority and, therefore, key policy implications and their effective implementation are considered within team and department risk registers and as part of the risk management framework.

6.2 **Financial:** There are no financial implications in relation to this report. However, a risk around financial resilience is included as a corporate risk and general reserves are focused on the Council's potential exposure to risk. In addition, where a particular area has been identified as specific risk or investment opportunity, then an amount will be earmarked for that specific purpose as part of the Medium Term Financial Strategy (MTFS) process.

6.3 **Legal:** This report is aimed at addressing the requirement that the Council achieves its strategic aims and operates its business, under general principles of good governance and that it identifies risks which threaten its ability to be legally compliant and operate within the confines of the legislative framework.

7.0 Risk Management

7.1 This report relates to overall risk management; the Audit and Governance Committee should know about the most significant risks facing the Council and be assured that the risk management framework is operating effectively. The content of this report aims to achieve the following risk objectives:-

Key Risks
That Cheshire East Council properly develops, implements and demonstrates an effective risk management framework
That Cheshire East Council applies its risk management policy consistently across the Council
That Cheshire East Council recognises risks and makes correct decisions to tolerate, treat, transfer or terminate threats or to exploit, share, enhance or ignore opportunities

8.0 Access to Information/Bibliography

8.1 Risk Management Policy Statement and Strategy

The updated Risk Management Policy was approved by Cabinet at its meeting on 10 February 2016. The background papers relating to this report can be inspected by contacting the report writer:

Name: Bill Norman
Designation: Director of Legal Services
Tel No: 01270 685850
Email: bill.norman@cheshireeast.gov.uk

Top 4 Corporate Risks

Ref & Type	Risk Description (Including cause, threat and impact upon outcomes)	Risk Owner	Cabinet Lead	Rating & Direction	Comments
CR 1 Threat	<p>Increased Demand for People Services</p> <p>(Cause) Risk that Cheshire East’s local social, economic and demographic factors lead to an increase in the level of need and demand for adults and children’s care services, (threat) such that the capacity of the Council’s systems in these areas is unable to continue to absorb the pressures, (impact) resulting in a possible lack of continuity of social workers/service providers, unmet need, potential safeguarding issues, and difficulty in achieving the Council’s outcomes that people live well and for longer, and have the life skills and education they need to thrive.</p>	Executive Director of People	Joint: Portfolio Holder, Adult Care and Integration Portfolio Holder, Children and Families	12 High ↑	Likelihood of this risk occurring has been scored as ‘likely’ as it is known that both adult demand, and children’s demand is increasing alongside population growth, and longer life expectancy for both adults and children with complex needs. Taking a prudent approach to the risk scoring, if the increase in demand was significant the impact of this risk if it were to materialise could be critical with possible safeguarding issues due to the nature of the service delivery areas. Further work is planned to mitigate the impact of this risk in both service areas but presently the net score is 12 high risk.
CR 2 Threat	<p>NHS Funding and STP Impact</p> <p>(Cause) Risk that due to the financial deficit in the NHS, the five-year Sustainability and Transformation Plan (STP) to reshape the delivery of NHS services across the wider region, may cause a reduction in Cheshire East Council shared service delivery and NHS service delivery, (threat) shifting costs and demand which places additional strain on Council resources (impact) resulting in unmet need and potential difficulty in achieving the Council’s outcomes that people live well and for longer and local communities being strong and supportive.</p>	Executive Director of People	Joint: Portfolio Holder, Communities and Health Portfolio Holder, Adult Care and Integration	12 High ↑	The STP is being drawn up on a regional basis and the likelihood of this risk occurring has been scored as ‘likely’ because there are significant financial issues to be addressed. If this results in a shift in costs and demand to the Council this could have a critical impact on the achievement of the corporate outcomes and performance, with long term high costs. Further work is planned to mitigate the likelihood and impact of this this risk through joint scrutiny work. The net score is presently 12 high risk.

Ref & Type	Risk Description (Including cause, threat and impact upon outcomes)	Risk Owner	Cabinet Lead	Rating & Direction	Comments
CR 3 Threat	<p>Financial Resilience</p> <p>(Cause) The reduction in funding from Central Government means the Council projects significant funding gaps over the next four years, (threat) there is a possibility that the Council does not adapt its financial plans in sufficient detail quickly enough, either by deferring the difficult decisions about services, using over-optimistic planning assumptions, or not rethinking sources of income. This may result in (impact) difficulties in closing and managing the budget gaps, financial stress and may impede the Council's ability to meet its statutory requirements, and deliver all of its intended outcomes and objectives in full.</p>	Chief Operating Officer	Portfolio Holder, Finance and Assets	12 High ↔	This risk is not exclusive to Cheshire East, and is presently a national risk for local government although Cheshire East is in a significantly better position than many other local authorities. The Council's financial plans focus on meeting increasing demand for expenditure on services, particularly in social care, with a strategy of local taxation and tax base growth alongside efficiency and productivity savings. As such the overall net risk rating is 12, high risk and will require constant monitoring.
CR4 Threat	<p>Contract and Relationship Management:</p> <p>(Cause) Risk that the Council does not improve the effectiveness of its contract management arrangements, including skilled staff, to manage contracts and ongoing relationships with the Council's providers, in a timely manner (Threat) such that contractual arrangements may not be robustly specified, or that they fail to deliver expected outcomes and/or within contracted costs and/or within expected timescales and/or fail to comply with contract agreements. (Impact) This will affect the Council's ability to achieve all of its priorities and outcomes, realise agreed savings to ensure better value for money, and may have a detrimental effect on the Council's reputation for failing to deliver on our promises.</p>	Chief Operating Officer	Portfolio Holder, Corporate Policy and Legal Services	12 High ↔	The Council has a significant number of large value and service critical contracts with public, private and voluntary organisations. A recent audit of this area has resulted in a number of recommendations to improve the effectiveness of this control area with specified timescales. When this mitigation has been fully implemented and embedded this should reduce both the likelihood and impact of this risk. Presently the net risk rating is 12 high risk.

Corporate Risks – Watch List

Ref & Type	Risk Description (Including cause, threat and impact upon outcomes)	Risk Owner	Cabinet Lead	Rating & Direction	Comments
CR5 Threat	<p>Information Security and Cyber Threat</p> <p>(Cause) Risk that as the Council continues to move towards using new technology systems to reduce costs and fulfil communication, accessibility and transaction requirements, (threat) it becomes increasingly at risk of a security breach, either malicious or inadvertent from within the organisation or from external attacks by cyber-criminals. (Impact) This could result in many negative impacts, such as distress to individuals, legal, financial and reputational damage to the Council, possible penetration and crippling of the Council's IT systems preventing it from delivering its Corporate Outcomes.</p>	Chief Operating Officer	Portfolio Holder, Finance and Assets	9 Medium ↑	The Council handles large quantities of data on a daily basis and receives a large amount of emails, around 54 million this financial year. Of this volume 76% is malware, viruses or spam. The risk of a security breach of some nature is 'likely', the likelihood of this risk is increasing globally as the number of incidents of corporate and public sector bodies having their IT systems hacked and data being stolen is rising. Existing mitigation controls reduce the likelihood, the Council has a number of technologies to reduce the risk of infection; this approach is known as layered defence or defence in depth so that if the infection evades one technology then others will stop any incursion but this is a constantly changing digital arena. If the risk materialises there is the potential of a 'major' impact on the corporate plan which may affect services in one or more areas for a short period and so the net risk rating is 9 Medium risk and is on the 'watch' list.

Ref & Type	Risk Description (Including cause, threat and impact upon outcomes)	Risk Owner	Cabinet Lead	Rating & Direction	Comments
CR6 Threat	<p>Countering Fraud and Corruption: (Cause) Risk that the Council fails to have proper, adequate, effective and efficient management arrangements, policies and procedures in place to mitigate the risk of fraud and corruption, particularly in a time of financial austerity, (threat) such that public money is misappropriated. (Impact) This would result in a loss of funds to the Council, have a detrimental effect on services users, a negative impact on the Council's ability to achieve all of its priorities, value for money, and may have a negative impact on the Council's reputation.</p>	Chief Operating Officer	Portfolio Holder, Finance and Assets	6 Medium ↔	<p>In line with CIPFA Code of Practice guidance, the Council's leadership team acknowledge the threats of fraud and corruption and the harm they can cause to the organisation, its aims and objectives and to its service users. Although the Council has a robust anti-fraud and corruption framework, as the Council commissions and lengthens its supply chain with uncertainty of the level of controls and assurance arrangements within the chain, the likelihood of this risk is increased. Alongside this, change of key personnel due to the organisational restructuring may also increase the risk of unexplained or suspicious expenditure. The impact of this risk should it occur is a 3 'significant' as the amount of funds at risk could be significant and jeopardise financial resources to achieve the outcomes. As the Council's maturity levels increase in this area the risk should reduce, at present, the overall net risk rating is 6 medium risk and is on the 'watch' list.</p>

Ref & Type	Risk Description (Including cause, threat and impact upon outcomes)	Risk Owner	Cabinet Lead	Rating & Direction	Comments
CR7 Threat	<p>Cheshire East Local Plan Adoption:</p> <p>(Cause) Risk that there are delays to the adoption of the Cheshire East Local Plan Strategy, (threat) resulting in further delays to the planning framework, (impact) leaving Cheshire East vulnerable to unwanted development, budget pressures, loss of public and government confidence, and impacting upon Cheshire East's ability to provide the right type of housing and development sites in the right places and stimulate growth in the local economy affecting the achievement of all of the Council's outcomes.</p>	Executive Director of Place	Portfolio Holder, Housing and Planning	8 Medium ↔	Whilst we have made this a corporate priority, put in substantial additional resource and followed all the guidance we can, the examination of the Strategy itself is outside of our control and we are unable to mitigate this risk completely, as such the likelihood of this risk has been scored as 2 'Unlikely'. The impact of this risk on the Council's outcomes is critical and therefore is scored at 4. The net risk rating is therefore an 8 Medium Risk and is on the 'watch' list whilst we await an outcome.
CR8 Threat	<p>Community Cohesion:</p> <p>(Cause) Risk that low socio economic status (including job insecurity, poor quality employment, housing and health inequalities); negative national political attitudes towards social groups, and ethnic diversity, in some parts of Cheshire East (threat) creates perceptions of unfairness, rumour and animosity, affecting community cohesion and resilience, (impact) impacting upon the Council's ability to ensure that all of its local communities are strong and supportive, that people live well and for longer and that Cheshire East is a green and sustainable place.</p>	Executive Director of People	Portfolio Holder, Communities and Health	6 Medium ↔	<p>The likelihood of this risk occurring just falls into the likely category because of the number of areas of deprivation in Cheshire East and experience of some recent minor incidents. The impact on the Council objectives could be significant if the risk materialised as there could be material costs to restoring cohesion.</p> <p>As such this risk is a 6 Medium Risk and is on the 'watch' list.</p>

Ref & Type	Risk Description (Including cause, threat and impact upon outcomes)	Risk Owner	Cabinet Lead	Rating & Direction	Comments
CR9 Threat	<p>Increased Major Incidents</p> <p>(Cause) Risk that there is a lack of capacity, planned reserves and resources to deal with an increased frequency and severity of major environmental incidents which affect Cheshire East (e.g. extreme weather events, flooding, sinkholes, fire incidents, chemical incidents, dangerous structures, pandemic, or deliberate incidents such as terrorist acts) such that (threat) the Council needs to shift capacity and resources away from day to day operational activity and may be unable to sustain an effective response or to act in a timely manner alongside emergency partners, (impact) resulting in potential public safety issues and a reduced level of achievement across all of its intended outcomes.</p>	Executive Director of Place	Portfolio Holder, Highways and Infrastructure	6 Medium ↔	<p>The net risk rating for this risk is 6 medium. Whilst it is unlikely that there will be a significant increase in the number of severe incidents this is outside of our control and if this was to materialise the impact on the Council's objectives would be major.</p> <p>There have been a number of major incidents recently that the Council has responded well to (e.g. Bosley incident, Poynton flooding, and Big Mill Congleton) which highlight this risk for inclusion on the 'watch' list and the risk score will be reviewed if and when any further incidents occur.</p>
CR10 Threat	<p>Business Continuity</p> <p>(Cause) Risk that an internal or external incident occurs which renders the Council unable to utilise part or all of its infrastructure (such as buildings, IT systems etc) such that (threat) the Council is unable to deliver some, or in extreme cases all of its services and (impact) putting residents at risk for a period of time and resulting in a reduced achievement of Corporate Plan outcomes over the longer period.</p>	Chief Operating Officer	Portfolio Holder, Policy and Legal Services	6 Medium ↔	<p>The net risk rating is 6 medium.</p> <p>Whilst the majority of incidents are outside of the Council's control this risk remains unlikely but could have a major impact if it materialised.</p> <p>Contingency planning to reduce the impact requires improvement and so this risk is on the 'watch' list.</p>

Ref & Type	Risk Description (Including cause, threat and impact upon outcomes)	Risk Owner	Cabinet Lead	Rating & Direction	Comments
CR11 Threat	<p>Employee Engagement and Retention</p> <p>(Cause) Risk that as demand increases and resources decrease, the Council’s most skilled and experienced staff may feel under more pressure and become less engaged, and (threat) because of the specialist nature of some of the roles, the Council is less able to recruit and retain core professional employees (e.g. social workers, solicitors and planners). This may result in (impact) high recruitment costs and loss of talent and organisational knowledge which may have a damaging impact on service users and the Council being unable to fully deliver across all of its outcomes.</p>	Chief Operating Officer	Portfolio Holder, Policy and Legal Services	6 Medium ↔	Whilst the employee engagement score has increased, the Council recognises that retention of skilled staff remains a threat and is an area it needs to keep improving. Increase in demand with fewer resources is likely and may impact on core areas which could be significant. This risk is a medium risk and is on the watch list.

Corporate Risks – Opportunity Risks

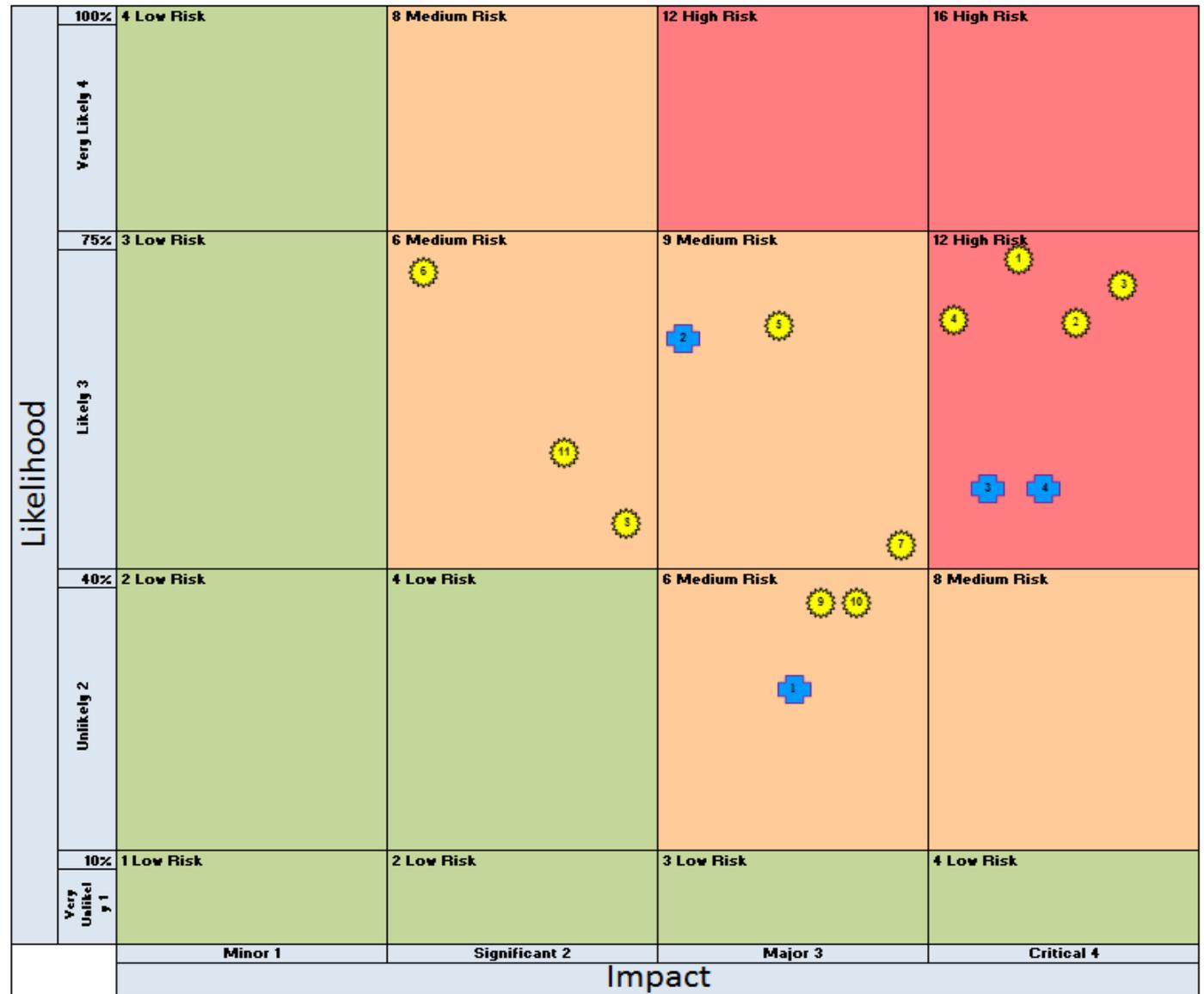
Ref & Type	Risk Description (Including cause, opportunity and impact upon outcomes)	Risk Owner	Cabinet Lead	Rating & Direction	Comments
CRO 1 Opp'ty	EU Exit, Single Market and Local Growth (Cause) Keeping abreast of discussions about exiting the EU and access to the single market means that the Council can anticipate which areas are going to be significantly affected in Cheshire East e.g. changes in demand, changes to economic sectors, including the rural economy, and the labour market in the local area, significant impacts on local companies, possible successor regional aid funding schemes, changes to state aid and procurement laws. (Opportunity) This creates an opportunity to seize the initiative and influence the debate on the new UK legislative agenda for how a new regime should be shaped, including more entrepreneurial models that (impact) may benefit Cheshire East's local economy and local growth.	Executive Director of Place	Portfolio Holder, Regeneration	6 Medium ↔	<p>Note that risk scoring for opportunities is the opposite way around to threats so a better risk outcome is to travel towards a higher score.</p> <p>The likelihood of this risk is presently unlikely as this is a possible opportunity which has yet to be fully investigated by management.</p> <p>The impact is relatively unknown but could be significant to Cheshire East's rural and local economy.</p> <p>The net risk rating is 6 Medium Risk and is worth further investigation.</p>

Ref & Type	Risk Description (Including cause, opportunity and impact upon outcomes)	Risk Owner	Cabinet Lead	Rating & Direction	Comments
CRO 2 Opp'ty	Devolution (Cause) Central Government has been working with various cities and sub-regions to achieve devolution of powers and funding from central government to local areas which presents an opportunity for Cheshire East to (opportunity) work with key partners to bring an informed, coherent and persuasive case to secure more funding and powers through a devolution deal which would (impact) support Cheshire East's outcomes of protecting and enhancing its Quality of Place, improving local economic growth assisting with the achievement of all of its corporate outcomes.	Executive Director of Place	Portfolio Holder, Policy and Legal Services	9 Medium ↑	Cheshire East is committed to the devolution agenda and will work with its sub-regional partners to secure the best possible agreement for the Borough. The likelihood is presently a high likely and the impacts are thought to be significant. The net risk rating is 9 Medium Risk.
CRO3 Opp'ty	Partnership Working (Cause) Public Service delivery is currently under-going reform, impacting upon capacity and resources of agencies and organisations partnered by the Council and other public sector agencies. (Opportunity) This presents an opportunity for co-production with joint strategic planning to reduce contradictory and duplication of efforts, minimise delivery gaps, exploit new business models and maximise best use of public and private sector resources to (impact) achieve joint and complementary objectives and assist with the achievement of the Council's corporate outcomes.	Executive Director of People	Portfolio Holder, Communities and Health	12 High ↑	The Leaders' Board is working with the Council's key strategic partners, including Town and Parish Councils, and the Voluntary, Community and Faith Sector to exploit this opportunity and so the likelihood of this risk is presently 'likely' and may be achievable but requires careful management. The impact could see a major increase in the Council's ability to achieve one or more strategic outcomes. The net risk rating is 12 High Risk but requires further work and monitoring to ensure that the opportunity comes to fruition.

Ref & Type	Risk Description (Including cause, opportunity and impact upon outcomes)	Risk Owner	Cabinet Lead	Rating & Direction	Comments
CRO4 Opp'ty	<p>Regeneration Funding</p> <p>(Cause) The Council has a number of ambitious regeneration and development initiatives (e.g. Crewe Regeneration including HS2, and Macclesfield Regeneration) involving many third party organisations. (Opportunity) There is an opportunity to create the right conditions and confidence to lever in significant investment (public and private) to deliver these initiatives and to create (impact) further significant growth and prosperity in the Borough.</p>	Executive Director of Place	Portfolio Holder, Regeneration	<p>12 High</p> <p>↑</p>	<p>Cheshire East has one of the strongest economies in the UK and so the likelihood of this risk is presently 'likely' and may be achievable but requires careful management.</p> <p>The impact could see a major increase in the Council's ability to achieve one or more strategic outcomes.</p> <p>The net risk rating is 12 High Risk but requires further work and monitoring to ensure that the opportunity comes to fruition.</p>

Cheshire East Council Corporate Risks Heat Map (November 2016)

Corporate Risk Titles	
Threat	
CR1	Increased Demand for People Services
CR2	NHS Funding and STP Impact
CR3	Financial Resilience
CR4	Contract and Relationship Management
CR5	Information Security and Cyber Threat
CR6	Countering Fraud and Corruption
CR7	Cheshire East Local Plan Adoption
CR8	Community Cohesion
CR9	Increased Major Incidents
CR10	Business Continuity
CR11	Employee Engagement and Retention
Opportunity	
CRO1	EU Exit, Single Market and Local Growth
CRO2	Devolution
CRO3	Partnership Working
CRO4	Regeneration Funding



Threat	
Opportunity	

SCORING CHART FOR IMPACT				SCORING CHART FOR LIKELIHOOD				
	Factor	Score	Effect on Corporate Objectives		Factor	Score	Description	Indicator
Threats	Critical	4	Critical impact on corporate objectives and performance and could seriously affect reputation. Long term damage that may be difficult to restore with high costs.	Threats	Very likely	4	>75% chance of occurrence	Regular occurrence Frequently encountered - daily/weekly/monthly
	Major	3	Major impact on corporate objectives and performance, could be expensive to recover from and would adversely affect reputation in the medium to long term.		Likely	3	40% - 75% chance of occurrence	Within next 1-2 yrs Occasionally encountered (few times a year)
	Significant	2	Significant impact on corporate objectives, performance and quality, could have medium term effect and be potentially expensive to recover from.		Unlikely	2	10% - 40% chance of occurrence	Only likely to happen 3 or more years
	Minor	1	Minor impact on the corporate objectives and performance, could cause slight delays in achievement. However if action is not taken, then such risks may have a more significant cumulative effect.		Very unlikely	1	<10% chance of occurrence	Rarely/never before
	Factor	Score	Effect on Corporate Objectives		Factor	Score	Description	Indicator
Opportunities	Exceptional	4	Result in major increase in ability to achieve one or more strategic objectives	Opportunities	Very likely	4	>75% chance of occurrence or achieved in one year.	Clear opportunity, can be relied on with reasonable certainty to be achieved in the short term.
	Significant	3	Impact on some aspects of the achievement of one or more strategic objectives		Likely	3	40% to 75% chance of occurrence. Reasonable prospects of favourable results in one year.	May be achievable but requires careful management. Opportunities that arise over and above the plan.
					Unlikely	2	<40% chance of occurrence or some chance of favourable outcome in the medium term.	Possible opportunity which has yet to be fully investigated by management.