

Risk Evaluation and Likelihood and Impact Explanations

The following information outlines how risks are to be evaluated. It is based on the Gloucestershire County Council Risk Scoring Matrix customised to the needs of the Fund

Assessment of risk:

| | | | | | | |
|---|---------------|------------------------|--------------------------|-----------------------|-----------------------|--------------|
| Impact (consequences) | Insignificant | Low | Low | Low | Low | Low |
| | Minor | Medium | Medium | Low | Low | Low |
| | Moderate | High | Medium | Medium | Low | Low |
| | Major | High | High | Medium | Medium | Low |
| | Critical | High | High | High | Medium | Low |
| | | Almost certain >90% | Highly likely 76%-90% | Probable 41% - 75% | Possible 10% - 40% | Rare <10% |
| Likelihood (probability) of risk happening | | | | | | |

Gloucestershire County Council's interpretation of risk exposure

| Level of risk | Level of concern | Action required |
|---------------|---|---|
| High | Very concerned, major consequences and high likelihood of happening | Unacceptable level of risk exposure which requires immediate corrective action to be taken. Regular monitoring required; at least monthly |
| Medium | Concerned, moderate consequences and possible occurrence | Acceptable level of risk exposure subject to regular active monitoring measures, at least quarterly. |
| Green | Content, insignificant consequences | Acceptable level of risk exposure subject to regular active monitoring measures, at least annually. |

Criteria for assessing likelihood

| Description | % of risk happening | OR | potential timescale |
|----------------|---------------------|----|----------------------------------|
| Almost certain | Greater than 90% | | Once in 1 to less than 3 years |
| Highly likely | 76% to 90% | | Once in 3 to less than 5 years |
| Probable | 41% to 75% | | Once in 5 to less than 10 years |
| Possible | 10% to 40% | | Once in 10 to less than 20 years |
| Rare | Less than 10% | | Once in 20 or more years |

Criteria for assessing impact

| | |
|----------------------|--|
| Critical | Service disruption > 20 days Critical Financial loss (relative to the size of the Fund) Ministerial/Regulatory intervention Public enquiry Exceedingly negative national publicity |
| Major | Service disruption 10-20 days Major Financial loss (relative to the size of the Fund) Legal action almost certain and difficult to defend Adverse national media coverage |
| Moderate | Service Disruption 5-10 days Moderate Financial loss (relative to the size of the Fund) Legal action expected Adverse local media coverage/lots of service user complaints |
| Minor | Minor impact on service, typically between 1 to 4 days Minor Financial loss (relative to the size of the Fund) Non-compliance with regulations / standards or local procedures resulting in disciplinary action Moderate volumes of service user complaints contained within the Fund |
| Insignificant | Insignificant impact on service, typically no more than a couple of hours Insignificant financial loss Legal action possible but unlikely and defensible Isolated service user complaints contained within the Fund |

Some specific examples for each impact criteria:

| | |
|----------------------|--|
| Critical | Impact on assets or liabilities changing funding level by more than 25% over a 1-month period Delay in paying pensioners by more than 3 working days Consistently missing both legal and Fund's service delivery timeframes Incorrect actual benefit calculations affecting >300 members Formal DLUHC, Pension Regulator or Scheme Advisory Board (or other) intervention or exercise of powers. |
| Major | Impact on assets or liabilities changing funding level 15-25% over a 1-month period Delay in paying pensioners by more than 2 working days Missing some legal timescales and regularly missing the Fund's service delivery timeframes Incorrect actual benefit calculations affecting 200-300 members |
| Moderate | Impact on assets or liabilities changing funding level by 10-15% over a 1-month period Delay in paying pensioners by 1 working day Meeting the majority of legal timescales but missing some of the Fund's service delivery timeframes Incorrect benefit calculations affecting 100-200 members |
| Minor | Impact on assets or liabilities changing funding level by 5-10% over a 1-month period Delay in paying pensioners by less than 1 working days Meeting the majority of legal and Fund's service delivery timeframe Incorrect benefit calculations affecting 50-100 members |
| Insignificant | Impact on assets or liabilities changing funding level by up to 5% over a 1-month period Meeting all legal but occasionally not meeting all the Fund's service delivery timeframes Incorrect benefit calculations affecting up to 50 members |

Criteria for assessing the difference between the current and target risk exposures:

| Symbol | Description |
|---|---|
|  | The current impact and likelihood of the risk are equal to, or less than, the target impact and likelihood. |
|  | The current impact and likelihood of the risk are individually no more than 2 classifications higher than the target, and the combined difference is no more than 3 classifications higher than the target. |
|  | The current impact and likelihood of the risk are individually more than 2 classifications higher than the target, and/or the combined difference is more than 3 classifications higher than the target. |