West Mersea
Town Council

SERVING THE COMMUNITY

RISK ASSESSMENT POLICY
Adopted 11.4.24

The objective of West Mersea Town Council's policy on risk is for the Town Council to agree on how to handle risk throughout the Town Council's domain.

Basics behind risk
Risk can be broken down into:

- The likelihood of it occurring (the event)
- How easy it is to occur
- Its impact on the Town council

This gives a risk matrix of likelihood against impact which will identify where the worst risks lie and thus direct mitigation plans.

Likelihood
Normally the risk is determined by the likelihood of an event occurring.

Likelihood of an event occurring means the potential frequency, so Very Likely would occur very often, probably more than 10% of the time or more than 10% of the number of cases (in an admin world).

Whereas Unlikely, would be described as rare or less than 0.1% of time/cases.

Having 4 levels allows you to neatly put in greater than 10% (very likely), between 1% and 10% Quite Often or High; Possible (or moderate chance) between 0.1% and 1% and Low or Unlikely less than 0.1%.

We will also need to factor in how easy it is, or the motivation to cause the event. So Very Likely would be something that could happen without any special knowledge or skills, so for example rubbish in the open spaces might be a very likely event. Whereas to remove the entire PC's data from the Parish Council's laptop would need detailed knowledge and specialised skills and can only be a premeditated event, so would be Unlikely.

By agreeing both the frequency in terms of time/cases and the ease of doing it you can have a constant definition of 4 likelihood levels. But if we can define them, we could have 5.

Impact
Consider the impact of an event. Impacts tend to be thought of negative economic costs (e.g., damage to property or unexpected costs), legal consequences (e.g., being fined, taken to court, sued, prison) and reputational damage (e.g., residents opinion of the Town Council is reduced, other organisations

view etc.) although as a monopoly reputational damage is often hard to quantify and is often ignored by accounting management.

Again, usually there are 4 (or less) for the same reasons as above; so, the first level would be Insignificant or Small. In this case there would be no impact on the PC, negligible economic loss (which can be made up) no legal consequences or a small reputational loss (again which can be made up in the short term).

Whereas level 4, Critical or Catastrophic, would be significant economic loss which cannot be fixed, serious violation of law which results in penalties or fines, total loss of reputation which can't be restored or prison.

So, you would build up a table of the impacts of an event.

Setting the risk levels

Finally, the risk levels are set; by assigning a score to each level of likelihood and impact and building a matrix.

For example, each level has a score from 1 to high, high for unlikely and critical impact and 1 for very unlikely and small impact. For 4 levels it would be 4 by 4 and a 5-level model would have numbers from 1 to 5.

Then it is a case of building the matrix by multiplying the numbers, as shown below for a 4- level model.

			Impact			
			Minor	Major	Severe	Critical
			1	2	3	4
Risk Event Occurrence	Unlikely (less than 0.1%)	1	1	2	3	4
	Possible (between 0.1% and 1%)	2	2	4	6	8
	Quite Often (Between 1% and 10%)	3	3	6	9	12
	Very Likely (greater than 10% of time)	4	4	8	12	16

The higher outcomes can be coloured to indicate where the priority risks lie, so that a mitigation plan can be drawn up, usually the highest number backwards. Where a risk is coloured red, a mitigation plan should be drawn up to reduce to yellow or green.

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