Parish Office
Suite 2
4, The Limes
Ingatestone
Essex
CM4 0BA
Telephone: 01277 676759
Email: office@ingatestone-fryerningpc.gov.uk
www.ingatestone-fryerningpc.gov.uk

IFPC policy on classifying and handling risk

This policy and methodology and associated risk assessments were approved by Full Council in April 2022. The risk assessments were undertaken by Cllr Martyn Hart and the Clerk.

The objective of Ingatestone and Fryerning Parish Council's policy on risk is for the Parish Council to agree on how to handle risk throughout the Parish 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 parish 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 U*nlikely*, 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 Fairfield might be a very likely event. Whereas to remove the entire PC's data from our systems 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., parishioners opinion of the PC 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 I*nsignificant* 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.

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.