Risk Scoring Matrix (Plotted March 2024 for current RAG rating and current risk score in consultation with Officers)

This is the matrix that forms part of the risk management policy. We currently <u>assess the level</u> of each risk category by plotting them on this matrix to provide a traffic light RAG rating. We also determine a numerical risk score by multiplying likelihood and impact scores. Please also refer to the next page for further detail on the approach and criteria applied.

When assessing the Council's risks in terms of likelihood and impact, we take into account the national and global picture for wider externalities such as the macroeconomic environment and geopolitical factors. Spelthorne's operations remain influenced by these external challenges and pressures, as is the case for other Councils. Due to these externalities, there are many activities that the Council cannot directly control/mitigate, or influence and continued recognition is important. **Red** risks require prompt, planned management action **Amber** risks require planned management action **Green** risks are accepted risks. RC = Risk category on the detailed register e.g., RC2 = Risk Category 2 – Economy. This is also referred to on the matrix for ease of reference.

The numbers in the risk matrix above represent the total number of risk items within that level of risk. Click on the number for details of which risks are affected.

Category and Subject area

☐ **9 - Working arrangements across LG tiers**
    77 Strategic decisions
    76 Change Management
☐ **8 - Equality, Diversity and Inclusivity**
    69 Coordinated approach
    68 Legislative requirements
☐ **7 - Corporate Capacity, Resources , Recruitment and Retention**
    67 Recruitment and retention
    66 Corporate capacity
☐ **6 - Climate Change**
    65 Targets for Climate Change
    64 Integration into decision making
    63 Responding and adapting to Climate Change
    62 Climate Change threat and impact
☐ **5 - Treasury Management**
    75 Borrowing
    74 Return on Investments
☐ **4 - Financial Resilence and Supporting Communities**
    61 Financial Pressures - Cost of Living Crisis and increased demand on Council Services
    58 Restricted borrowing levels
    53 Financial Pressures - increased costs
☐ **3 - Financial Resilience and Commercial Assets**
    51 Commercial investment portfolio
☐ **2 - Economy**
    50 Cost of doing Business crisis
    49 Long Term uncertainty of macroeconmic environment
☐ **1b - Housing – Affordable**
    78 Housing provision and addressing need

How risks are scored:
We assess and score risks, with their <u>current controls and current mitigations</u> in place, for likelihood and impact as shown below:

Score	Impact	Likelihood (over 4 years or timescale deemed appropriate)
1	Trivial	Rare (once)
2	Medium	Unlikely (a few times / less than annual)
3	Major	Likely (several times / more than annual
4	Catastrophic	Almost certain (many times a year)

Impact can be measured in many ways and will be specific to what you are assessing, but the most common are on objectives, finance, and reputation. We then plot the risk on the risk matrix model shown on the prior page to provide a RAG rating, to determine and prioritise the most significant risks for action. The risk action plan (refer to separate document) sets out how the authority is working towards further addressing and mitigating the risks.