



TOOLKIT SERIES

Social Value Risk Assessment

A practical tool for identifying, assessing and managing social value risks across project delivery and community outcomes.

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ASL acknowledges the Traditional Custodians of the land on which we live and work. We pay our respects to Elders, past and present.

Artwork credit: The 'Journey of unity: AEMO's Reconciliation Path' was created by Wiradjuri artist Lani Balzan.



The ASL Social Value Toolkit tools and guidance are structured across three levels to support the gradual development of social value capability and maturity.



INTRODUCTORY

Builds foundational understanding and capability in social value practice.



INTERMEDIATE

Builds on foundational capability to support more developed social value practice.



ADVANCED

Supports established capability and more mature social value practice.

Contents

Introduction	4
What this tool is	4
The two-part process	5
Two categories of social value risk	5
Part 1 – Risk Framework	6
Step 1 – Consequence definitions	7
Step 2 – Likelihood definitions	8
Step 3 – The 5×5 risk matrix	9
Step 4 – Risk treatment requirements	10
Worked example – Applying all four steps	11
Part 2 – Risk context	12
Why this comes before the risk register	12
Risk context assessment table	13



Introduction

What this tool is

This is a practical high-level risk assessment template for social value on projects; it should be amended based on the specific needs of the project.

This template provides a high-level approach to assessing project social value risk by supporting teams to work through two questions systematically:

1. What could prevent us from delivering our social value commitments? (Type A - Delivery Risks)
2. Could our activities unintentionally harm or exclude the community we are trying to benefit? (Type B - Community Risks)

The tool gives each risk a numerical rating based on how likely it is to occur and how serious the consequences would be. That rating then determines what action is required and how often the risk needs to be reviewed. The result is a structured, prioritised view of where attention and resources should be focused.

Who should complete this and when

The Social Value Lead would typically complete and maintain this assessment, in consultation with the Project Manager and Executive Sponsor.

It should be set up at project mobilisation and reviewed at least quarterly, or sooner if a significant project change occurs, such as a scope change, key staff departure, or change in community context.

Examples in templates are shown in *italics*. Replace all placeholder text with your own content.

The two-part process

This template works in sequence.

The two parts work best when completed in order:

1. Part 1 gives you the scoring framework, and
2. Part 2 applies it to the specific conditions of your project.

Moving straight to rating risks without completing Part 2 is likely to produce ratings that reflect generic assumptions rather than the actual project context.

Table 1. Two-part risk process overview

Part	What it contains	What you do with it
1	Risk Framework The scoring model - consequence definitions, likelihood definitions, the 5×5 matrix, and risk treatment requirements.	Read before completing Part 2. Use as the reference when scoring any risk in the register.
2	Risk Context Seven factors that describe the specific conditions of this project and how they affect social value risk.	Working through this before rating individual risks can help ensure findings directly inform the likelihood scores assigned in the risk register.

Two categories of social value risk

Before scoring any risks, it is important to understand the difference between the two risk categories this tool uses. They require different ways of thinking and capture different types of potential problems.

Table 2. Social value risk categories overview

Category	What it covers	Example risk	What the consequence looks like
Type A Delivery Risks	Risks to your ability to deliver the social value commitments the project has made. These are largely within your control - they relate to planning, resourcing, partnerships, systems, and subcontractor management.	<i>The employment facilitator partnership is not formalised before mobilisation, and no referral pipeline is in place when hiring begins.</i>	<i>Local employment target is missed. Client escalation required. Formal remediation plan needed.</i>
Type B Community Risks	Risks that the project creates for the community - where activities may inadvertently harm, exclude, or disadvantage the people the project is intended to benefit.	<i>A local employment program recruits only candidates who were already job-ready, and the most disadvantaged community members are not reached.</i>	<i>The employment target is met on paper, but the people with the greatest need are excluded. Community trust is affected.</i>

Why both categories matter

- Type A risks are about whether you deliver your commitments.
- Type B risks are about whether those commitments are actually reaching and benefiting the right people.
- A project can perform well on Type A and still create harm through Type B. Both categories should be assessed, and the risk register should include entries from both.

Part 1 – Risk Framework



This section sets out the scoring system used to rate every risk in this assessment. Read it in full before completing Part 2 or rating any risks. It has four components that build on each other in sequence:

Table 3. Social value risk components overview

Step	Part	What it contains	What you do with it
1	Consequence Definitions	How serious the impact would be if a risk occurred - scored 1 to 5 for both Type A and Type B risks.	Your Consequence score when rating each risk.
2	Likelihood Definitions	How likely the risk is to occur on this specific project - scored 1 to 5.	Your Likelihood score when rating each risk.
3	5×5 Risk Matrix	Combines the Consequence and Likelihood scores by multiplication to produce a single risk rating between 1 and 25.	The risk level and required treatment.
4	Risk Treatment Requirements	Defines what action may be appropriate and how often each risk could usefully be reviewed based on its rating.	The management response and review schedule for each risk.

How the scoring system works

- Every risk is scored on two dimensions: how likely it is to occur (Likelihood, 1–5) and how serious it would be if it did (Consequence, 1–5).
- Multiplying these produces a rating between 1 and 25.
- The higher the rating, the more actively the risk needs to be managed and the more frequently it should be reviewed.
- The scoring system is not intended to produce a precise number, it creates a consistent, comparable basis for deciding where to focus effort across all risks on the project.

Step 1 – Consequence definitions

Before rating any risk, it can help to use this table to agree on what each consequence level means.

When rating a risk, select the level that best reflects the realistic worst-case outcome if the risk occurred and no controls were in place.

Use the Type A column for delivery risks and the Type B column for community risks.

This table is an example high-level reference point every time you assign a consequence score. Keep it visible when working through individual risks.

Table 4. Example type A and B consequences

Score	Example consequences - Type A (Delivery)	Example consequence - Type B (Community)
5 Severe	Complete failure to deliver social value commitments; contract breach; financial penalty; loss of future work; major reputational damage.	Serious, widespread, or irreversible community harm; significant cultural harm to First Nations peoples; legal action; permanent loss of community trust.
4 Major	Significant shortfall (>30%) on key targets; client escalation; formal remediation plan required; material damage to client relationship.	Significant harm to a defined group; exclusion of the most vulnerable community members; lasting inequity in how benefits are distributed.
3 Moderate	Moderate shortfall (15–30%) on targets; corrective action plan required; increased reporting burden; some reputational impact.	Moderate harm to some community members; temporary concentration of benefits in advantaged groups; short-term wellbeing impact.
2 Minor	Minor shortfall (<15%) on targets; manageable through standard corrective actions; limited external visibility.	Minor or short-term community impact; limited inequity; resolvable through direct engagement and minor program adjustment.
1 Negligible	Minimal impact on targets; within normal variation; no corrective action needed beyond standard monitoring.	Negligible community impact; no lasting harm; self-resolving without intervention.

Next step

- You now have a consequence score definition for each risk.
- The next step is to define the likelihood scale - how likely the risk is to occur on this project.

Step 2 – Likelihood definitions

The likelihood score reflects how probable it is that a specific risk will occur on this project. It is a judgment about this project - in this location, with these teams, partnerships, and constraints - not a general industry observation.

Completing Part 2 (Risk context) before rating individual risks tends to produce more grounded likelihood judgements, drawing on project-specific evidence rather than general assumptions.

Table 5. Likelihood scores overview

Score	Level	Definition
5 — Almost Certain	Expected to occur	Based on current project conditions, this is very likely to happen. There is little doubt it will occur without active intervention. Use this when known constraints make the risk nearly unavoidable in the absence of specific controls.
4 — Likely	More likely than not	More likely to occur than not, based on project context, known constraints, or prior experience on comparable projects. The conditions that would cause this risk are largely already present.
3 — Possible	Could occur	Could happen under foreseeable circumstances but is not expected. Neither unlikely nor anticipated - genuine judgment is required based on project-specific factors from Part 2.
2 — Unlikely	Not expected	Could happen, but current project conditions suggest it is unlikely. Would require an unexpected change, failure, or external event for it to materialise.
1 — Rare	Exceptional circumstances only	May occur only under exceptional circumstances. No current indicators on this project suggest this is a realistic risk. Still worth recording so it is not overlooked.

Next step

- You now have a consequence score and a likelihood score definition for each risk.
- The next step is to combine them using the 5×5 matrix to produce a single risk rating.

Step 3 – The 5×5 risk matrix

The matrix combines the likelihood and consequence scores to produce a risk rating.

Each risk is rated twice: first as the inherent risk (before controls are applied), then as the residual risk (after controls are in place). It is the residual rating that determines what action is required.

Risk rating = likelihood score x consequence score

To use the matrix: find the row matching the likelihood score and the column matching the consequence score. The intersection gives the rating number and level.

Table 6. 5X5 risk matrix overview

LIKELIHOOD (rows) ↓ CONSEQUENCE (columns) →	1 Negligible	2 Minor	3 Moderate	4 Major	5 Severe
5 — Almost Certain	5 MEDIUM	10 MED-HIGH	15 HIGH	20 CRITICAL	25 CRITICAL
4 — Likely	4 MEDIUM	8 MED-HIGH	12 MED-HIGH	16 HIGH	20 CRITICAL
3 — Possible	3 LOW	6 MEDIUM	9 MED-HIGH	12 MED-HIGH	15 HIGH
2 — Unlikely	2 LOW	4 MEDIUM	6 MEDIUM	8 MED-HIGH	10 MED-HIGH
1 — Rare	1 LOW	2 LOW	3 LOW	4 MEDIUM	5 MEDIUM

Next step

- You now have an inherent risk rating and a residual risk rating for each risk.
- The next step is to look up the residual rating in the risk treatment requirements table to find out what action is required and how often the risk must be reviewed.

Step 4 – Risk treatment requirements

Look up the residual risk rating in the table below. The rating suggests what level of response may be appropriate and how frequently the risk could usefully be reviewed.

Where the residual rating remains high after controls are applied, escalating and exploring additional treatment options is generally advisable rather than accepting the rating as is.

Table 7. Social value risk treatment overview

Residual rating	Risk level	Required action	Review frequency
15 – 25	High / Critical	Escalate to the Executive Sponsor. An active risk treatment plan is required. Document specific actions, timelines, and owners. Review progress fortnightly.	Fortnightly
8 – 12	Medium-High	A risk treatment plan is required. Owned by the Social Value Lead and Project Manager. Document specific actions, timelines, and owners. Monitor at monthly check-ins.	Monthly
4 – 6	Medium	Monitor and manage through existing controls. If the rating increases at the next review, prepare a treatment plan immediately.	Quarterly
1 – 3	Low	Accept and monitor. No active treatment required unless the risk status changes at a subsequent review.	Quarterly

Integrating social value risks into the project risk register

- Social value risks are most effectively managed when included in the project's master risk register rather than maintained as a separate document.
- Where possible, Type A and Type B risks should be visible to the broader project leadership team alongside safety, financial, and environmental risks.

Framework complete - next step

- The scoring framework is now complete. Before applying it to rate individual risks, working through Part 2 to capture the project-specific context can help inform likelihood scores.

Worked example – Applying all four steps

The table below shows how all four steps are applied to a single risk. Use it as a reference when completing the risk register.

Table 8. Worked example of completed four step risk review

Step	Worked Example
Risk description	Local employment target not met due to limited availability of job-ready candidates in the project area.
Risk type	Type A - Delivery Risk. This affects the project's ability to meet its local employment commitment.
Step 1 – Consequence score	4 - Major. A significant shortfall would require client escalation and a formal remediation plan.
Step 2 – Likelihood score (inherent)	3 - Possible. The Part 2 context assessment shows a tight labour market and no employment facilitator relationship yet in place.
Step 3 – Inherent rating	$3 \times 4 = 12$ - Medium-High. A risk treatment plan is required before delivery begins.
Controls identified	Employment facilitator MOU signed. Referral pipeline confirmed active from Week 2 of mobilisation. Job readiness program available for candidates not yet work-ready.
Step 2 – re-rated Likelihood (residual)	2 - Unlikely. With the employment facilitator active from Week 2 and a pre-employment pathway in place, the conditions for this risk have been substantially reduced.
Step 3 – re-rated Residual rating	$2 \times 4 = 8$ - Medium-High. Consequence remains the same - a shortfall would still require escalation regardless of controls.
Step 4 – Required action	Residual rating 8 = Medium-High. Risk treatment plan required. Monthly review. Owned by Social Value Lead.

Part 2 – Risk context



Why this comes before the risk register

The same risk can have a very different rating depending on the specific conditions of a project. A risk of missing a local employment target may be rated Unlikely on a project with strong employment facilitator relationships and an accessible labour market, and Possible or Likely on a project in a remote area with limited existing relationships and a tight labour pool.

This section captures seven contextual factors that shape the likelihood scores you assign when rating individual risks.

Completing it before the risk register can help ensure ratings reflect what is actually true about this project, rather than generic assumptions. It also provides documented context for risk ratings if they are reviewed by a client, auditor, or governance body.

How to complete this section

- Consider working through all seven context factors, as each may affect different risks in the register.
- For each factor, describe the specific conditions of this project. Reference actual data, prior project experience, or known constraints.
- Consider both what is already known and what remains uncertain. Where a factor cannot be answered that uncertainty is itself useful — it may suggest the likelihood score for related risks could be treated as higher until the gap is resolved.
- Once this section is complete, use the findings to calibrate likelihood scores: any factor rated as higher risk should directly increase the likelihood score for the risks it affects.

Risk context assessment table

For each factor, complete the 'Your Assessment' column.

- The 'What to Assess' column explains what information to gather.
- The 'How It Affects Risk Ratings' column explains the direct link between your findings and the likelihood scores in the risk register.

Table 9. Risk context assessment template

Context factor	What to assess	How it affects risk ratings	Project assessment
The area of context being assessed.	The specific data, questions, and information to gather for this factor.	How your findings should influence the likelihood scores when you rate individual risks.	Describe the actual conditions for this project. Reference data or known constraints. Note any gaps in your knowledge.
Community vulnerability	The overall level of socio-economic disadvantage and structural barriers within the project community (e.g. inequality, exclusion, access to services, baseline opportunity levels).	Higher community vulnerability increases the likelihood of both delivery challenges (Type A) and inequitable outcomes (Type B), particularly around inclusion and benefit distribution.	<i>[Summarise the socio-economic profile of the community, key vulnerabilities, and any known participation barriers. Identify which risk types are most influenced.]</i>
Organisational social value maturity	The organisation's overall capability to plan, deliver, and measure social value outcomes, including systems, governance, experience, and supplier readiness.	Lower maturity increases the likelihood of delivery failure, weak measurement, and inconsistent supply chain performance (primarily Type A risks).	<i>[Describe organisational capability to deliver social value, noting maturity level, key gaps, and delivery risks arising from capability constraints.]</i>
Contractual complexity	The scale and complexity of social value obligations, including accountability structures, delivery expectations, and enforceability of commitments.	Greater complexity increases delivery and reporting risk (Type A). Strong enforcement mechanisms or penalties increase consequence severity if targets are missed.	<i>[Summarise key contractual obligations and complexity drivers, and identify where they increase likelihood or consequence of failure.]</i>
Labour market conditions	The availability, accessibility, and competitiveness of the local workforce relevant to project delivery and social value targets.	Tight or competitive labour markets increase the likelihood of not achieving employment-related social value outcomes (Type A), and can shift benefit distribution risks (Type B).	<i>[Describe labour market conditions and any constraints or competition affecting workforce availability and local participation.]</i>
Political and stakeholder context	The level of external visibility, scrutiny, and stakeholder expectations surrounding the project, including reputational sensitivity.	Does not usually change likelihood, but increases consequence scores significantly where failures attract public, political, or media attention.	<i>[Describe external scrutiny, stakeholder expectations, and reputational sensitivity that may amplify consequences of risk events.]</i>
Key risk periods	Points in the project lifecycle where social value delivery is most sensitive (e.g. mobilisation, procurement decisions, workforce ramp-up, reporting phases).	Increases temporal likelihood of risk materialisation and may require adjustment to monitoring intensity or control effectiveness assumptions.	<i>[Identify peak phases of social value exposure and explain which risks are most elevated during each stage.]</i>

Using Part 2 to calibrate the risk register

- Once this section is complete, review each context factor and identify which risk register entries it affects.
- For any factor where the assessment indicates elevated risk, increase the likelihood score for the relevant risks and document the reason.
- For example: where the labour market assessment shows a tight market with competing projects in the area, the likelihood score for local employment target risks could be increased from 2 (Unlikely) to 3 (Possible) or higher, with the reason noted in the risk register entry.
- This approach can make ratings easier to understand and interrogate by others who review the register.

