Appendix 2

The Decision Making Risk Matrix

All District Executive covering reports should include a diagrammatic matrix of the risks inherent in agreeing to the recommendation(s) proposed in the report. This will be in addition to the detailed discussion around risk that will be in the main body of the report.

Any risks inherent in agreeing to the recommendation(s) in the report are measured in 5 distinct categories shown below in key.

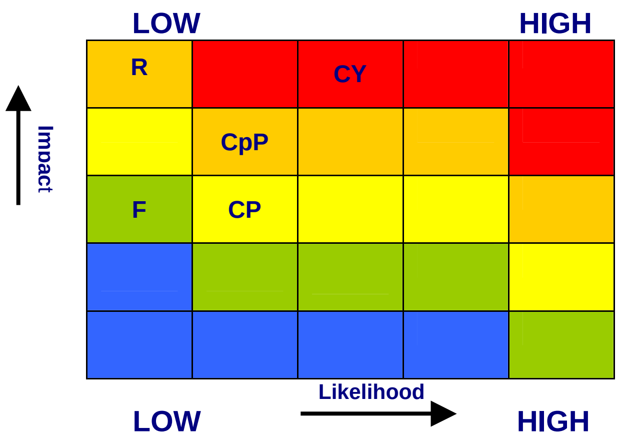
Action: 1. The report author will complete matrices.

2. Any category sitting in a Red segment will require a verbal report from a member of Management Board (minuted) prior to any committee decision.

3. The financial assessment will be based on the risks of the costs being higher than outlined by the magnitude indicated in the moderation table. Financial Services will complete this assessment.

Matrix for District Executive reports

If the report presents a number of options for members to consider, each option will require an assessment of risks related to all 5 categories within each option appraisal. Therefore, for example, three options in a report will require three matrices.



Key

Categories			**Colours** *(for further detail please refer to Risk management strategy)*		
R	=	Reputation	Red	=	High impact and high probability
CpP	=	Corporate Plan Priorities	Orange	=	Major impact and major probability
CP	=	Community Priorities	Yellow	=	Moderate impact and moderate probability
CY	=	Capacity	Green	=	Minor impact and minor probability
F	=	Financial	Blue	=	Insignificant impact and insignificant probability

Risk Scoring

For assistance and clarity on how to define a risk within the above scoring matrix it is suggested the following guidance is used. It is expected that the report author in the body of the report will expand upon the positives as well as the negatives concerning the decision.

I have included moderation for Health and Safety as some reports may have this as a significant driver in the decision. Rather than deal with each of the five headings above separately, each is covered under the following headings:-

Taking the examples indicated you would need to address the specific risk headings for all of, or a selection of, the following:- Reputation, Corporate Plan, Community Priorities, Capacity, and Financial.

Suggested examples explanations

Categories		
R	=	Reputation
CpP	=	Corporate Plan Priorities
CP	=	Community Priorities
CY	=	Capacity
F	=	Financial

Reputation

Reputation is gained over time. Sometimes reputations may be gained over a short period of time but, more frequently, over the longer term by maintaining the trust and confidence of its customers. It's the adverse effect of us not delivering on the corporate plan priorities and objectives. Our reputation is the value our citizens place on the council as a whole and the impact it has in place shaping.

A degree of reputation resides in all the other risk activities, so it can be argued if we get all the other aspects correct then a good reputation will flow from good risk management.

Corporate Plan Priorities

The report author will need to align the risk and the benefits of the decision being taken to the five Corporate aims within the Corporate Plan. If the decision is not taken, or not adequately resourced then it will have a negative impact specifically on X corporate aim and subsequently Y critical activity.

As an example: - If a report was seeking to increase the amount of funding to Social Housing and the funding was reduced, then the risk could directly impact on Corporate priority no. three, and objective 10 in this case negatively.

Community Priorities

The risk implication here is that the community priorities linked to the Corporate Plan Priorities are clearly picked up and not lost in focusing on some of the other risk areas.

As an example corporate aim number two contains a number of objectives, No. 8 clearly could have a community focus or priority, as it relates to the Market Town vision that we have.

So the risk could be that if we do not take this decision or make this investment, the community priority, supporting the corporate plan priority will be missed.

Capacity

Capacity in terms of risk management tends to be the one area that looks at risk the other way around to the norm in that, in the other cases we are looking at the risk if we do not do this, in this case we look at the risk in terms of capacity if we do support the option.

Therefore capacity covers three main areas, the financial capacity, the human resource and the organisations capacity to deliver a project or a range or projects at any one time.

As an example under human resources we would need to be certain that we have not only sufficient people to deliver the project or option, but do they have the correct skills and experience. If so do we have sufficient skills in quantity at the council to be able to deliver this project and any other that may be demanding this particular resource at the same time.

A consideration should also be given to the things that you may stop doing or do less of to be able to free up capacity to complete this project or decision.

SSDC has a clear role in leading their communities and joining up their activity with others in order to promote economic, social and environmental well-being, through the creation of community strategies, local strategic partnerships (LSPs). SSDC has set high levels of ambition for their communities and have set themselves challenging targets for improving the quality of life of their citizens. We also possess the capacity - that is the staff, money and other resources available - with which to achieve many of these targets. However, in an increasingly diverse and complex society, SSDC recognise that they do not have the capacity to deliver all the services that local people need.

One of the key ways to build capacity is for SSDC to work in partnership; by linking up with other councils and the public, private and voluntary sectors to achieve a common goal; planning and implementing jointly agreed programmes of action, as well as encouraging local people to participate in improving their quality of life. Partnership working is not new; most councils have been involved in partnerships for many years in order to tackle difficult policy and operational problems, achieving better value for money, and drawing upon the expertise of others.

Financial

The likelihood is that this would be based on Finance judgement and take into account the sensitivity analysis, whole life costing, degree of certainty of the figures etc.

Blue Risk area =	0<1/2% insignificant impact
Green Risk area =	>1/2%<1% minor impact
Yellow Risk area =	>1%<3% moderate impact
Orange Risk area =	>3%<5% major impact
Red Risk area =	>5% high impact

This would show that high/Red impact would have a possible revenue effect of over £375k per annum.