

BRECKLAND PARTNERSHIP

19 February 2009

Report of Melanie Buttery, Governance & Performance Accountant, Breckland Council

Matrix for Assessing L.S.P Risk

1. Purpose of Report

- 1.1 To provide a risk scoring matrix for assessing LSP risks and the management of those risks, for consideration by the LSP Board Members, with the view of adopting the matrix to use during the LSP Risk Workshop on 23rd March 09.

2. Recommendations

It is recommended that the LSP Board:

- 2.1 Note [for information and planning purposes] the contents of this report
- 2.2 To agree and adopt the proposed 3 x 3 risk scoring matrix to assess and prioritise LSP risks, and the management of those risks.

3. Information, Issues and Options

3.1 Background

3.1.1 Good risk management is integral to delivering a successful partnership. It is about being risk aware, not risk adverse. Partnerships bring significant opportunities and can help to deliver better outcomes for service users. They can enable innovation and may bring additional resources to help solve complex issues that cannot be tackled effectively by any individual organisation working alone. However, when working across organisational boundaries issues can arise, for example, around governance, accountability and risk.

3.1.2 The new CAA Use of Resources Assessment for District Council's fully embraces the importance of partnership working, and states that 'Effective risk management is essential for an organisation and its partners to achieve strategic objectives and improve outcomes for local people. Most organisations focus on processes for example, risk registers, rather than using risk management effectively. There needs to be strong leadership from senior officers and members, clear strategies and trained and engaged staff'

3.1.3 In order to fully utilise the LSP to achieve successful outcomes for the community, Breckland Council has arranged for a couple of Members of the Lincolnshire Risk Management Group (GLRMG), to help run a risk workshop for the LSP Board. Therefore, before this workshop takes place the Board needs to agree on a risk scoring matrix. A risk matrix is used to assess the level of risk associated with achieving each objective. This enables the LSP Board to prioritise risks and identify those that pose the greatest threat (or opportunity) to the partnership.

3.1.4 Risks are assessed in terms of:

- Likelihood - how likely is the risk to occur?
- Impact – what would the impact be if it did occur?

3.1.5 These two scores can then be combined (likelihood x impact) to provide an overall risk score. This risk score can then be plotted on the risk matrix. The risk matrix will indicate the overall risk category (low, medium, high) for each risk as well as the how that risk should be managed.

3.1.6 Breckland Council has adopted the Norfolk County Council Good Governance in Partnerships Guidelines, and included a 3 x 3 matrix which is described below:

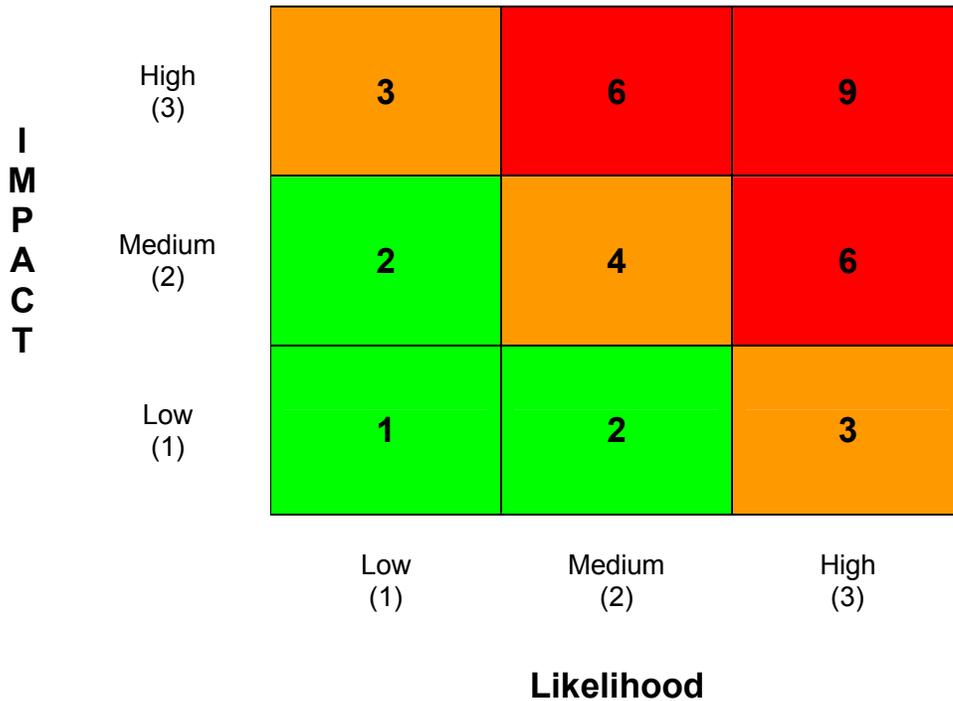
Likelihood:

Score	Description	Definition
3	Red High	Has happened in the past year ; or Is expected to happen in the next year More than 50% probability
2	Amber Medium	Has happened in the past 2 – 5 years ; or Is expected to happen in the next 2-5 years Between 25% to 50% probability
1	Green Low	Has not happened in the past 5 years or more ; or Is not expected to happen in the next 5 years or more Between 1% to 25% probability

Impact:

Score	Description	Example Detail
3	Red High	Death or life threatening Serious service failure impacts on vulnerable groups Negative <u>national</u> publicity, highly damaging, severe loss of public confidence Serious impact felt across the partners Legal action almost certain and difficult to defend Severe costs incurred budgetary impact on whole Council, impact on other services, Statutory intervention triggered. Non-compliance with law resulting in imprisonment Loss of, or permanent damage to, 'priority' environmental/historic resources Non delivery of partnership objectives and significantly affects BC Corporate objectives
2	Amber Medium	Extensive, permanent/long term injury or long term sick Service failure impacts on property or non-vulnerable groups Negative <u>local</u> publicity, some loss of confidence, needs careful public relations Expected impact, but manageable within Partnership contingency plans Legal action expected Significant costs incurred, re-jig of budgets required, Service level budgets exceeded. Non-compliance with law resulting in fines Recoverable damage to partnership 'priority', or loss of 'non-priority', environmental/historic resources Partial failure to partnership objectives
1	Green Low	Short term sick absence, first aid or medical treatment required Some risk to normal service but manageable within partnership contingency arrangements Little if any scope for impact on vulnerable groups Possible negative customer complaints, unlikely to cause adverse publicity, no damage to partnership reputation Possible impact, but manageable locally by Partnership Board Members Legal action possible but unlikely and defensible Some costs incurred, minor impact on budgets, handled within management responsibilities. Non-compliance with regulations / standards or local procedures resulting in disciplinary action. Recoverable damage to 'non-priority' environmental/historic resources No effect on delivering partnership objective fully

Once the likelihood and impact score have been multiplied the total score can be plotted on the matrix. The risk matrix will indicate the overall risk category (low, medium, high) for each risk as well as the how that risk should be managed.



KEY TO MATRIX	RISK CATEGORY	HOW THE RISK SHOULD BE MANAGED
	High Risk (6-9)	Immediate action required, Senior Management must be involved and management responsibility specified
	Medium Risk (3-4)	Management responsibility specified and manage by specific monitoring or response procedures
	Low Risk (1-2)	Manage by routine procedures, unlikely to need specific or significant application of resources

3.2 Issues

3.2.1 Ineffective risk management within partnership working may lead to:

- poor working relationships and lack of engagement,
- projects not realising benefits
- community outcomes not achieved against agreed priorities
- reputational damage (negative media attention)
- poor value for money
- missed opportunities to secure cashable efficiencies gains and contribute towards sustainability targets

3.3 Options

3.3.1 LSP Board Members to agree and adopt the 3 x 3 risk matrix, and proposed management of risks example included in this report.

- 3.3.2 Adapt the impact, likelihood or management criteria as the LSP Board Members see fit for the LSP partnership, in order that a consensus is reached.
- 3.3.3 LSP Board Members propose, agree and adopt an alternative risk matrix or risk managed process more suited to the partnerships needs.

3.4 Reasons for Recommendation(s)

- 3.4.1 To help embed a good level of member/officer understating of risk management within the LSP. It has been recommended that the LSP introduces a 3 x 3 Risk Matrix, on the basis that a 3 x 3 matrix provides a clear quantitative evaluation. Breckland believes this judgement about the level of analysis most practicable for the Partnership.