

## Appendix B – Risk Matrix

### Quantitative Measure of Risk – Impact / Consequence Score

	Impact / Consequence score (severity levels) and examples of descriptors				
	1	2	3	4	5
AT RISK	Very Low	Minor	Moderate	High	Severe
<b>EXAMPLES : NEW POLITICAL ARRANGEMENTS, POLITICAL PERSONALITIES, POLITICAL MAKE-UP</b>					
<b>POLITICAL</b> Associated with the failure to deliver either local or central government policy or meet the local administrations manifest commitment	The risk will result in a minor delay, inconvenience  Can be managed no real impact upon service.	The risk will result in a minor loss, delay, inconvenience, interruption.  Opportunity to innovate/make minor improvements missed. Short term effect.	The risk will result in a waste of time and resources.  Good opportunity to innovate/improve missed.  Moderate impact on efficiency, output, quality.  Medium term effect which may be costly to recover from.	The risk will have a major impact on the achievement of ambitions/priorities, serious impact on costs, income, performance, reputation, substantial opportunities missed.  Medium to long term effect and expensive to recover from	The risk will have a critical impact on the achievement of ambitions and priorities, huge impact on costs, income, performance, reputation, critical opportunities missed.  Difficult to recover from and may require a long-term recovery plan/period.
<b>EXAMPLES : COST OF LIVING, CHANGES IN INTEREST RATES, INFLATION, POVERTY INDICATORS</b>					
<b>ECONOMICAL</b> Affecting the ability to meet financial commitments. These include budgetary pressures, the failure to purchase adequate insurance cover, external macro level economic changes or proposed investment decisions	The risk will result in a minor delay, inconvenience  Can be managed no real impact upon service.	The risk will result in a minor loss, delay, inconvenience, interruption.  Opportunity to innovate/make minor improvements missed. Short term effect.	The risk will result in a waste of time and resources.  Good opportunity to innovate/improve missed.  Moderate impact on efficiency, output, quality.  Medium term effect which may be costly to recover from.	The risk will have a major impact on the achievement of ambitions/priorities, serious impact on costs, income, performance, reputation, substantial opportunities missed.  Medium to long term effect and expensive to recover from	The risk will have a critical impact on the achievement of ambitions and priorities, huge impact on costs, income, performance, reputation, critical opportunities missed.  Difficult to recover from and may require a long-term recovery plan/period.
<b>EXAMPLES : STAFF LEVELS FROM AVAILABLE WORKFORCE, AGEING POPULATION, HEALTH STATISTICS</b>					
<b>SOCIAL</b> Relating to the effects of changes in demographic, residential or social economic trends on council's ability to meet its objectives	The risk will result in a minor delay, inconvenience  Can be managed no real impact upon service.	The risk will result in a minor loss, delay, inconvenience, interruption.  Opportunity to innovate/make minor improvements missed. Short term effect.	The risk will result in a waste of time and resources.  Good opportunity to innovate/improve missed.  Moderate impact on efficiency, output, quality.  Medium term effect which may be costly to recover from.	The risk will have a major impact on the achievement of ambitions/priorities, serious impact on costs, income, performance, reputation, substantial opportunities missed.  Medium to long term effect and expensive to recover from	The risk will have a critical impact on the achievement of ambitions and priorities, huge impact on costs, income, performance, reputation, critical opportunities missed.  Difficult to recover from and may require a long-term recovery plan/period.

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AT RISK	Very Low	Minor	Moderate	High	Severe
<p><b>TECHNOLOGICAL</b></p> <p>Associated with the capacity of the Council to deal with the pace/scale of technological change, or its ability to use technology to address changing demands. May also include consequences of internal technological failures on the Council's ability to deliver its objectives</p>	<p>The risk will result in a minor delay, inconvenience</p> <p>Can be managed no real impact upon service.</p>	<p>The risk will result in a minor loss, delay, inconvenience, interruption.</p> <p>Opportunity to innovate/make minor improvements missed. Short term effect.</p>	<p>The risk will result in a waste of time and resources.</p> <p>Good opportunity to innovate/improve missed.</p> <p>Moderate impact on efficiency, output, quality.</p> <p>Medium term effect which may be costly to recover from.</p>	<p>The risk will have a major impact on the achievement of ambitions/priorities, serious impact on costs, income, performance, reputation, substantial opportunities missed.</p> <p>Medium to long term effect and expensive to recover from</p>	<p>The risk will have a critical impact on the achievement of ambitions and priorities, huge impact on costs, income, performance, reputation, critical opportunities missed.</p> <p>Difficult to recover from and may require a long-term recovery plan/period.</p>
<b>EXAMPLES : HUMAN RIGHTS, TUPE REGULATIONS, DATA PROTECTION</b>					
<p><b>LEGISLATIVE/LEGAL</b></p> <p>Associated with current or potential changes in national or European law</p>	<p>The risk will result in a minor delay, inconvenience</p> <p>Can be managed no real impact upon service.</p>	<p>The risk will result in a minor loss, delay, inconvenience, interruption.</p> <p>Opportunity to innovate/make minor improvements missed. Short term effect.</p>	<p>The risk will result in a waste of time and resources.</p> <p>Good opportunity to innovate/improve missed.</p> <p>Moderate impact on efficiency, output, quality.</p> <p>Medium term effect which may be costly to recover from.</p>	<p>The risk will have a major impact on the achievement of ambitions/priorities, serious impact on costs, income, performance, reputation, substantial opportunities missed.</p> <p>Medium to long term effect and expensive to recover from</p>	<p>The risk will have a critical impact on the achievement of ambitions and priorities, huge impact on costs, income, performance, reputation, critical opportunities missed.</p> <p>Difficult to recover from and may require a long-term recovery plan/period.</p>
<b>EXAMPLES : LAND USE, RECYCLING, POLLUTION, WASTE MANAGEMENT</b>					
<p><b>ENVIRONMENTAL</b></p> <p>Relating to the environmental consequences of progressing the council's strategic objectives</p>	<p>The risk will result in a minor delay, inconvenience</p> <p>Can be managed no real impact upon service.</p>	<p>The risk will result in a minor loss, delay, inconvenience, interruption.</p> <p>Opportunity to innovate/make minor improvements missed. Short term effect.</p>	<p>The risk will result in a waste of time and resources.</p> <p>Good opportunity to innovate/improve missed.</p> <p>Moderate impact on efficiency, output, quality.</p> <p>Medium term effect which may be costly to recover from.</p>	<p>The risk will have a major impact on the achievement of ambitions/priorities, serious impact on costs, income, performance, reputation, substantial opportunities missed.</p> <p>Medium to long term effect and expensive to recover from</p>	<p>The risk will have a critical impact on the achievement of ambitions and priorities, huge impact on costs, income, performance, reputation, critical opportunities missed.</p> <p>Difficult to recover from and may require a long-term recovery plan/period.</p>

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AT RISK	Very Low	Minor	Moderate	High	Severe
<b>EXAMPLES : STAFF RESTRUCTURE, CAPACITY, TRAINING, WORKFORCE NEEDS</b>					
<b>PROFESSIONAL / MANAGERIAL</b> Associated with the particular nature of each profession, internal protocols and managerial abilities	<p>The risk will result in a minor delay, inconvenience</p> <p>Can be managed no real impact upon service.</p>	<p>The risk will result in a minor loss, delay, inconvenience, interruption.</p> <p>Opportunity to innovate/make minor improvements missed. Short term effect.</p>	<p>The risk will result in a waste of time and resources.</p> <p>Good opportunity to innovate/improve missed.</p> <p>Moderate impact on efficiency, output, quality.</p> <p>Medium term effect which may be costly to recover from.</p>	<p>The risk will have a major impact on the achievement of ambitions/priorities, serious impact on costs, income, performance, reputation, substantial opportunities missed.</p> <p>Medium to long term effect and expensive to recover from</p>	<p>The risk will have a critical impact on the achievement of ambitions and priorities, huge impact on costs, income, performance, reputation, critical opportunities missed.</p> <p>Difficult to recover from and may require a long-term recovery plan/period.</p>
<b>EXAMPLES : BUDGET OVERSPENDS, LEVEL OF COUNCIL TAX, LEVEL OF RESERVES</b>					
<b>FINANCIAL</b> Associated with financial planning and control	<p>Small</p> <p>Loss&gt;£100</p> <p>The risk will result in a minor delay, inconvenience</p> <p>Can be managed no real impact upon service.</p>	<p>Loss&gt;£1,000</p> <p>The risk will result in a minor loss, delay, inconvenience, interruption.</p> <p>Opportunity to innovate/make minor improvements missed. Short term effect.</p>	<p>Loss&gt;£10,000</p> <p>The risk will result in a waste of time and resources.</p> <p>Good opportunity to innovate/improve missed.</p> <p>Moderate impact on efficiency, output, quality.</p> <p>Medium term effect which may be costly to recover from.</p>	<p>Loss&gt;£100,000</p> <p>The risk will have a major impact on the achievement of ambitions/priorities, serious impact on costs, income, performance, reputation, substantial opportunities missed.</p> <p>Medium to long term effect and expensive to recover from</p>	<p>Loss&gt;£1,000,000</p> <p>The risk will have a critical impact on the achievement of ambitions and priorities, huge impact on costs, income, performance, reputation, critical opportunities missed.</p> <p>Difficult to recover from and may require a long-term recovery plan/period.</p>
<b>EXAMPLES : SECURITY, ACCIDENTS, HEALTH &amp; SAFETY, HAZARDS, FIRE</b>					
<b>PHYSICAL</b> Related to fire, security, accident prevention and health and safety	<p>The risk will result in a minor delay, inconvenience</p> <p>Can be managed no real impact upon service.</p>	<p>The risk will result in a minor loss, delay, inconvenience, interruption.</p> <p>Opportunity to innovate/make minor improvements missed. Short term effect.</p>	<p>The risk will result in a waste of time and resources.</p> <p>Good opportunity to innovate/improve missed.</p> <p>Moderate impact on efficiency, output, quality.</p> <p>Medium term effect which may be costly to recover from.</p>	<p>The risk will have a major impact on the achievement of ambitions/priorities, serious impact on costs, income, performance, reputation, substantial opportunities missed.</p> <p>Medium to long term effect and expensive to recover from</p>	<p>The risk will have a critical impact on the achievement of ambitions and priorities, huge impact on costs, income, performance, reputation, critical opportunities missed.</p> <p>Difficult to recover from and may require a long-term recovery plan/period.</p>

	Impact / Consequence score (severity levels) and examples of descriptors				
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AT RISK	Very Low	Minor	Moderate	High	Severe
<b>EXAMPLES : CONTRACTOR FAILS TO DELIVER, PARTNERSHIP AGENCIS WITH CONFLICTING GOALS</b>					
<p><b>PARTNERSHIP/CONTACTUAL</b></p> <p>Associated with failure of contractors and partnership arrangements to deliver services or products to the agreed costs and specification</p>	<p>The risk will result in a minor delay, inconvenience</p> <p>Can be managed no real impact upon service.</p>	<p>The risk will result in a minor loss, delay, inconvenience, interruption.</p> <p>Opportunity to innovate/make minor improvements missed. Short term effect.</p>	<p>The risk will result in a waste of time and resources.</p> <p>Good opportunity to innovate/improve missed.</p> <p>Moderate impact on efficiency, output, quality.</p> <p>Medium term effect which may be costly to recover from.</p>	<p>The risk will have a major impact on the achievement of ambitions/priorities, serious impact on costs, income, performance, reputation, substantial opportunities missed.</p> <p>Medium to long term effect and expensive to recover from</p>	<p>The risk will have a critical impact on the achievement of ambitions and priorities, huge impact on costs, income, performance, reputation, critical opportunities missed.</p> <p>Difficult to recover from and may require a long-term recovery plan/period.</p>
<b>EXAMPLES : STANDARDS NOT MET, ACCREDITATION,</b>					
<p><b>COMPETITIVE</b></p> <p>Affecting the competitiveness of the service (in terms of cost or quality) and /or its ability to deliver best value</p>	<p>The risk will result in a minor delay, inconvenience</p> <p>Can be managed no real impact upon service.</p>	<p>The risk will result in a minor loss, delay, inconvenience, interruption.</p> <p>Opportunity to innovate/make minor improvements missed. Short term effect.</p>	<p>The risk will result in a waste of time and resources.</p> <p>Good opportunity to innovate/improve missed.</p> <p>Moderate impact on efficiency, output, quality.</p> <p>Medium term effect which may be costly to recover from.</p>	<p>The risk will have a major impact on the achievement of ambitions/priorities, serious impact on costs, income, performance, reputation, substantial opportunities missed.</p> <p>Medium to long term effect and expensive to recover from</p>	<p>The risk will have a critical impact on the achievement of ambitions and priorities, huge impact on costs, income, performance, reputation, critical opportunities missed.</p> <p>Difficult to recover from and may require a long-term recovery plan/period.</p>
<b>EXAMPLES : MANAGING EXPECTATIONS, COMPLAINTS, CONSULTATION, COMMUNICATION EXTERNALLY</b>					
<p><b>CUSTOMER/CITIZEN</b></p> <p>Associated with failure to meet the current and changing needs and expectations of customers and citizens</p>	<p>The risk will result in a minor delay, inconvenience</p> <p>Can be managed no real impact upon service.</p>	<p>The risk will result in a minor loss, delay, inconvenience, interruption.</p> <p>Opportunity to innovate/make minor improvements missed. Short term effect.</p>	<p>The risk will result in a waste of time and resources.</p> <p>Good opportunity to innovate/improve missed.</p> <p>Moderate impact on efficiency, output, quality.</p> <p>Medium term effect which may be costly to recover from.</p>	<p>The risk will have a major impact on the achievement of ambitions/priorities, serious impact on costs, income, performance, reputation, substantial opportunities missed.</p> <p>Medium to long term effect and expensive to recover from</p>	<p>The risk will have a critical impact on the achievement of ambitions and priorities, huge impact on costs, income, performance, reputation, critical opportunities missed.</p> <p>Difficult to recover from and may require a long-term recovery plan/period.</p>

## Qualitative measure of risk – Likelihood Score

Descriptor	1	2	3	4	5
	Rare	Unlikely	Possible	Likely	Almost certain
<b>Frequency</b> Time framed descriptors	Not expected to occur for years	Expected to occur annually	Expected to occur monthly	Expected to occur weekly	Expected to occur daily
<b>Frequency</b> Broad descriptors	Will only occur in exceptional circumstances	Unlikely to occur	Reasonable chance of occurring	Likely to occur	More likely to occur than not occur
<b>Probability</b>	1-9% chance	10-24% chance	25-50% chance	51-80% chance	81% or higher

## Quantification of the Risk – Risk Rating Matrix

			Likelihood				
			1	2	3	4	5
			Rare	Unlikely	Possible	Likely	Almost certain
Impact / Consequence	5	Severe	5	10	15	20	25
	4	High	4	8	12	16	20
	3	Moderate	3	6	9	12	15
	2	Minor	2	4	6	8	10
	1	Very Low	1	2	3	4	5