



## Governance & Audit Committee 26 April 2017

### Risk Management Update – Quarter 4 (2016/17)

#### Purpose of report

To provide Members with a report on the Council's risk scores for quarter 4 of 2016/17.

#### Attachment(s)

Appendix 1: Governance and Audit Risk Report – March 2017

#### 1. Background

- 1.1. The council manages risk on a daily basis and has processes in place for identifying, evaluating and managing risk across the organisation. The risk management strategy was last approved by Governance and Audit Committee on 28 September 2015.

#### 2. Risk Reporting

- 2.1. The risk management system is set up to provide a quarterly update of risks. Reports are provided to risk managers, Corporate Management Team and Members on a regular basis.
- 2.2. A risk report for March 2017 has been prepared for Governance and Audit Committee and can be seen at **Appendix 1**. The report contains the following information:
- Corporate risks (Page 2)
  - High Priority Risks (Page 4 - risks with high current score, very high likelihood score or very high impact score)
  - Risks with 'very high' impact scores – by each impact measured (Page 5)
  - New risks in the last quarter (Page 6)
  - Overdue actions (Page 7) – there are currently no overdue actions
- 2.3. Members are asked to note the contents of the report.

#### 3. Equality and Diversity Implications

- 3.1. This is an information report for discussion. There are no equality and diversity implications arising.

#### 4. Legal Implications

- 4.1. This is an information report for discussion. There are no legal implications arising from the proposals.

#### 5. Risk Management

- 5.1. The council's risk management strategy is designed to ensure that effective processes are in place so that the council understands and manages its risk environment and can achieve its objectives.

#### 6. Resource and Financial Implications

- 6.1. There are no financial implications arising from this report.

**7. Constitutional Implications**

7.1. There are no constitutional implications arising from this report.

**8. Customer Service Implications**

8.1. There are no customer service implications arising from this report.

**9. Corporate Outcomes**

9.1. This report links to the following Corporate Outcomes:

- Effective Management  
*Ensuring robust risk management arrangements are in place to manage and minimise risks the Council is exposed to*

**10. Recommendation**

10.1 The Committee is recommended to note the current status of risks included in the report for period to March 2017

*(Reason: To ensure the Council has an up to date and effective risk reporting process in place)*

<b>Legal</b>	Power: <b>Local Government Act 1972</b>				
	Other considerations:				
<b>Background Papers:</b>					
<b>Person Originating Report:</b> Michelle Drewery, Finance Manager ☎ 01832 742267 ✉ mdrewery@east-northamptonshire.gov.uk					
<b>Date: 05/04/2017</b>					
<b>CFO</b>		<b>MO</b>		<b>CX</b>	



# Governance and Audit Risk Report

26th April 2017

**Inherent  $\geq$  Current  $\geq$  Residual**

**Current Score** = Where we are now.

**Inherent Score** = Worst case/maximum score. Where we would be without any actions or controls.

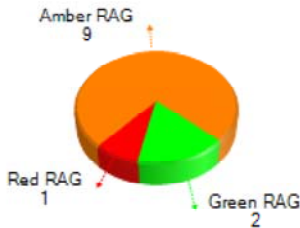
**Residual Score** = Best case/minimum score. What the score would be if all possible controls and actions are 100% effective.

Corporate Risk Register											
	Description	Inherent Score	Resid... Score	Current Score	Previo... Score	Direction	Owner				
...	RM CORP 001 Failure to maintain effective relationships with partners and key contractors	8	4	6	9	↓	Oliver, David	Risk owners: David Oliver Katy Everitt - ICT Paul Bland - Joint Planning Committee (JPC) and Joint Delivery Committee (JDC) Mike Deacon - Waste			
...	RM CORP 002 Growth of district is poorly managed	9	4	6	6	→	Bland, Paul	Growth of the district (population, businesses, houses and employment) is not managed effectively to balance the needs within the area.			
...	RM CORP 003 Anticipated level of growth in district not achieved	8	8	8	8	→	Bland, Paul	District fails to grow/develop as anticipated, which could result in lower council revenues, fewer jobs and insufficient housing supply.			
...	RM CORP 004 Major development does not proceed or is delayed	6	2	4	4	→	Bland, Paul	Major developments delayed, resulting in lower employment opportunities than anticipated, impact on prospective retail interest and lower council revenue.			
...	RM CORP 005 Ineffective training in key areas	12	3	3	3	→	Everitt, Katy	Inadequate training in key areas for both staff and councillors. Inadequate training and training records management, which could lead to fines and enforcement actions for some statutory training.			
...	RM CORP 006 Loss due to major court cases	12	3	3	3	→	Math... Sharn	Council becomes liable for costs arising from Crown Court Cases and similar legal action. Reputation of Council could also be impacted.			
...	RM CORP 007 Lack of engagement with and provision of services by the Voluntary and Third Sector	9	4	4	4	→	Smith, Julia	The voluntary sector is changing and diminishing due to various factors such as funding, working environment and increasing expectations. A reduction in voluntary bodies will impact on services available to residents.			
...	RM CORP 008 Contractor non-compliance with health and safety legislation	12	4	4	4	→	Deacon, Mike	Organisations/companies that ENC has a contract with to provide services on behalf of the council fail to comply with health & safety legislation.			
...	RM CORP 009 Failure of core ICT infrastructure leading to inability to provide statutory services	12	4	12	12	→	Everitt, Katy	Lack of resilience in the core ICT facilities upon which ENC depends could result in service failure, loss of key systems, data loss, reputational damage or failure to meet statutory requirements.			
...	RM CORP 010 Lack of staff resources in terms of numbers and/or knowledge skills and behaviours	12	4	6	6	→	Everitt, Katy	Being unable to deliver effective services			
...	RM CORP 011 Failure to Take Appropriate Action in Cases of Slavery/Exploitation	8	4	4	4	→	Math... Sharn	The Modern Slavery Act of 2015 is now enacted. Organisations have a duty to take all reasonable steps to ensure that Slavery and Exploitation does not occur within their businesses. This includes taking all reasonable steps to ensure that the organisation's supply chain is free from slavery and exploitation.  Organisations with a turnover of £36m or more are also required to produce an annual statement of actions taken during the year to prevent slavery/exploitation. There is currently a lack of clarity about the inclusion or exclusion of Revenues and Benefits income within the calculation of 'turnover'. Therefore, the council is currently unsure whether an annual statement is needed. Other local district councils do not appear to have produced such a statement.			
...	RM CORP 012 Risk of unitary debate diverting resources from delivery of Corporate/Efficiency Plans	12	4	6	?	?	Oliver, David	The Leader of NCC has stated that it will pursue a proposal for a single unitary council for Northamptonshire after its elections in May 2017. This could result in significant senior management resources being allocated to challenging that proposal, coming up with alternative options and implementing whatever changes might result			

Description

Summary Count

			<b>Total</b>
1	9	2	12



ENC Risks with a HIGH (>=9) Current Score									
		Inherent Score		Current Score		Direction	Residual Score		Owner
...	RM CCS 017 Inability to recover Housing Benefit overpayments	12	▲	9	▲	➔	4	●	Hogston, Lucy
...	RM CORP 009 Failure of core ICT infrastructure leading to inability to provide statutory services	12	▲	12	▲	➔	4	●	Everitt, Katy
...	RM ICT 001 Loss of critical technological expertise	16	▲	9	▲	➔	8	●	Peters, Ian
...	RM ICT 007 Inappropriate sharing of personal data with/between Councillors	12	▲	9	▲	➔	3	★	Squires, Kirsty
...	RM FIN 002 Medium Term Financial Strategy Assumptions become inaccurate	16	▲	12	▲	➔	12	▲	Hammons, Glenn
...	RM FIN 005 Risk of loss impacting the Council as a result of fraudulent activity	12	▲	9	▲	➔	9	▲	Drewery, Michelle
...	RM FIN 006 Impact of EU Exit	16	▲	12	▲	➔	12	▲	Drewery, Michelle
...	RM ENV 008 Failure of the Disabled Facilities Grant service to meet legal requirements	12	▲	9	▲	➔	9	▲	Walker, Jenny
...	RM PLN 011 Failure to deliver sufficient housing in the district, affordable to local residents.	12	▲	12	▲	➔	8	●	Conway, Carol

ENC Risks with a VERY HIGH Likelihood Score									
		Current Score		Direction	Risk Likelihood Score		Risk Impact Score		Owner
...	RM PLN 017 Adverse impact of Local Housing Allowance Cap and changes to supported housing funding	8	●	➔	4. Very High	▲	2. Medium	●	Conway, Carol

ENC Risks with Impact Scores = Very High									
		Current Score		Direction	Risk Likelihood Score		Risk Impact Score		Owner
...	RM CCS 020 - Inability to publish statutory notices and information due to changes in media practice	4	●	➔	1. Low	★	4. Very High	▲	Spolton, Louise
...	RM CCS 022 Failure to Provide Adequate Leisure Facilities across the district	8	●	➔	2. Medium	●	4. Very High	▲	Smith, Julia
...	RM CORP 003 Anticipated level of growth In district not achieved	8	●	➔	2. Medium	●	4. Very High	▲	Bland, Paul
...	RM CORP 004 Major development does not proceed or is delayed	4	●	➔	1. Low	★	4. Very High	▲	Bland, Paul
...	RM CORP 008 Contractor non-compliance with health and safety legislation	4	●	➔	1. Low	★	4. Very High	▲	Deacon, Mike
...	RM CORP 009 Failure of core ICT infrastructure leading to inability to provide statutory services	12	▲	➔	3. High	●	4. Very High	▲	Everitt, Katy
...	RM CORP 011 Failure to Take Appropriate Action in Cases of Slavery/Exploitation	4	●	➔	1. Low	★	4. Very High	▲	Matthews, Sharn
...	RM ICT 002 Failure to comply with Data Protection Act 1998	8	●	➔	2. Medium	●	4. Very High	▲	Squires, Kirsty
...	RM ICT 003 Failure of ICT partnership leading to breakdown in service provision	4	●	➔	1. Low	★	4. Very High	▲	Everitt, Katy
...	RM ICT 004 Failure to comply with security legislations	8	●	➔	2. Medium	●	4. Very High	▲	Peters, Ian
...	RM FIN 001 Failure of the Council to achieve Value for Money	8	●	➔	2. Medium	●	4. Very High	▲	Drewery, Michelle
...	RM FIN 002 Medium Term Financial Strategy Assumptions become inaccurate	12	▲	➔	3. High	●	4. Very High	▲	Hammons, Glenn
...	RM FIN 006 Impact of EU Exit	12	▲	➔	3. High	●	4. Very High	▲	Drewery, Michelle
...	RM PLN 011 Failure to deliver sufficient housing in the district, affordable to local residents.	12	▲	➔	3. High	●	4. Very High	▲	Conway, Carol
...	RM ROD 011 Failure to publish the Register of Electors on 1 December	4	●	➔	1. Low	★	4. Very High	▲	Wilson, Beverley

## Very High Legal Impact Risks RM02a

	03 2017	
	Owner	Actual
RM CCS 020 - Inability to publish statutory notices and information due to changes in media practice	Spolton, Louise	4. Section 151 or government intervention or criminal charges
RM CORP 008 Contractor non-compliance with health and safety legislation	Deacon, Mike	4. Section 151 or government intervention or criminal charges
RM CORP 011 Failure to Take Appropriate Action in Cases of Slavery/Exploitation	Matthews, Sharn	4. Section 151 or government intervention or criminal charges
RM ICT 002 Failure to comply with Data Protection Act 1998	Squires, Kirsty	4. Section 151 or government intervention or criminal charges

## Very High Performance/Service Delivery Impact Risks RM02c

	03 2017	
	Owner	Actual
RM CORP 008 Contractor non-compliance with health and safety legislation	Deacon, Mike	4. Complete failure to deliver service. Government intervention
RM CORP 009 Failure of core ICT infrastructure leading to inability to provide statutory services	Everitt, Katy	4. Complete failure to deliver service. Government intervention
RM FIN 001 Failure of the Council to achieve Value for Money	Drewery, Michelle	4. Complete failure to deliver service. Government intervention
RM ICT 004 Failure to comply with security legislations	Peters, Ian	4. Complete failure to deliver service. Government intervention

## Very High Reputational Impact Risks RM02e

	03 2017	
	Owner	Actual
RM CORP 008 Contractor non-compliance with health and safety legislation	Deacon, Mike	4. Questions raised in Parliament and/or reported in the national media
RM CORP 011 Failure to Take Appropriate Action in Cases of Slavery/Exploitation	Matthews, Sharn	4. Questions raised in Parliament and/or reported in the national media
RM FIN 001 Failure of the Council to achieve Value for Money	Drewery, Michelle	4. Questions raised in Parliament and/or reported in the national media
RM ROD 011 Failure to publish the Register of Electors on 1 December	Wilson, Beverley	4. Questions raised in Parliament and/or reported in the national media

## Very High Financial Impact Risks RM02b

	03 2017	
	Owner	Actual
RM CCS 022 Failure to Provide Adequate Leisure Facilities across the district	Smith, Julia	4. Over £500k
RM CORP 003 Anticipated level of growth In district not achieved	Bland, Paul	4. Over £500k
RM CORP 004 Major development does not proceed or is delayed	Bland, Paul	4. Over £500k
RM CORP 008 Contractor non-compliance with health and safety legislation	Deacon, Mike	4. Over £500k
RM CORP 009 Failure of core ICT infrastructure leading to inability to provide statutory services	Everitt, Katy	4. Over £500k
RM CORP 011 Failure to Take Appropriate Action in Cases of Slavery/Exploitation	Matthews, Sharn	4. Over £500k
RM FIN 002 Medium Term Financial Strategy Assumptions become inaccurate	Hammons, Glenn	4. Over £500k
RM FIN 006 Impact of EU Exit	Drewery, Michelle	4. Over £500k
RM ICT 003 Failure of ICT partnership leading to breakdown in service provision	Everitt, Katy	4. Over £500k
RM ICT 004 Failure to comply with security legislations	Peters, Ian	4. Over £500k
RM PLN 011 Failure to deliver sufficient housing in the district, affordable to local residents.	Conway, Carol	4. Over £500k

## Very High Health and Safety Impact Risks RM02d

	03 2017	
	Owner	Actual
RM CORP 008 Contractor non-compliance with health and safety legislation	Deacon, Mike	4. Death of an individual for whom the Council has a responsibility

If the only entry in the table is 'Unknown', there have not been any new risks created in the last quarter.

Risk	Owner	Start Date	Stage	Inherent Score	Current Score	Residual Score	Description
RM CORP 012 Risk of unitary debate diverting resources from delivery of Corporate/Efficiency Plans	Oliver, David	31/12/2016	In Progress	12	6	4	The Leader of NCC has stated that it will pursue a proposal for a single unitary council for Northamptonshire after its elections in May 2017. This could result in significant senior management resources being allocated to challenging that proposal, coming up with alternative options and implementing whatever changes might result



There are currently no overdue actions.