



## Governance & Audit Committee 28th November 2018

### Risk Management Update – Quarter 2 (2018/19)

#### Purpose of report

To provide Members with a report on the Council's risk register for quarter 2 of 2018/19.

#### Attachment(s)

Appendix 1: Governance and Audit Risk Report – Q2 July – September 2018/19

#### 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 Quarter 2 2018 has been prepared for Governance and Audit Committee and can be seen at **Appendix 1**. The report contains the following information:
- Corporate risks (Page 2/3)
  - High Priority Risks (Page 5 - risks with high current score, very high likelihood score or very high impact score)
  - Risks with 'very high' impact scores – by each impact measured (Pages 6 and 7)
  - Ended risks in the last quarter (Page 8) – there are none
  - New risks in the last quarter (Page 9)
  - Overdue actions (Page 10)

#### 3. The Council's approach to Risk Management

- 3.1. The Council's approach to risk management is to prioritise the management and mitigation of the highest risks. Recent experience suggests that an increasing amount of time is required to manage these high risks, as such resource and time is prioritised being prioritised towards these.
- 3.2. Members are asked to note the contents of the report

#### 4. Equality and Diversity Implications

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

#### 5. Privacy Impact Implications

- 5.1 There are no privacy impact implications arising from this report.

**6. Legal Implications**

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

**7. Risk Management**

7.1. 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.

**8. Resource and Financial Implications**

8.1. There are no financial implications arising from this report.

**9. Constitutional Implications**

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

**10. Implications for our Customers**

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



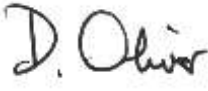
**11. Corporate Outcomes**

11.1. 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*

**12. Recommendation**

12.1 The Committee is recommended to note the current status of risks included in the report for the period July to September 2018.

*(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> Amy Eyles, Finance Manager ☎ 01832 742087 ✉ aeyles@east-northamptonshire.gov.uk					
<b>Date: 07/11/2018</b>					
<b>CFO</b> 14/11/18		<b>MO</b> 15/11/18		<b>CX</b> 14/11/18	



# Governance and Audit Risk Report

28th November 2018

**Inherent  $\geq$  Current  $\geq$  Target**

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

**Target Score** = Best case/minimum score. What the score would be if all possible controls and actions are 100% effective..  
(Current and target scores are added on a quarterly basis.)

**Inherent Score** = Worst case/maximum score. Where we would be without any actions or controls.  
(This is a static score which can be changed but isn't input every quarter.)

## Corporate Risk Register

	Description	Inherent Score	Target Score	Current Score	Previous Score	Direction of Travel	Comments	Owner
RM CORP 002	Failure to achieve optimum level of growth across the district	9	4	4	6	↓		Macdonald, Greg
RM CORP 006	Loss due to major court cases	16	6	9	9	→		Matthews, Sharn
RM CORP 007	Lack of engagement with and provision of services by the Voluntary and Third Sector	9	4	6	6	→		Smith, Julia
RM CORP 010A	Lack of staff resources in terms of numbers	12	2	6	6	→		Drewery, Michelle
RM CORP 010B	Lack of staff resources in terms of Knowledge, Skills and/or Behaviours	12	4	9	6	↗		Drewery, Michelle
RM CORP 011	Failure to Comply with Legislation relevant to Local Government	8	4	4	4	→		Matthews, Sharn
RM CORP 012	Risk of unitary prep diverting resources from delivery of Corporate/Efficiency Plans	12	2	12	9	↗		Oliver, David
RM CORP 013	Failure to Achieve PCIDSS Compliance	16	1	6	6	→		Drewery, Michelle
RM CORP 014	Failure to follow ENC's Project Framework	9	1	9	6	↗		Drewery, Michelle

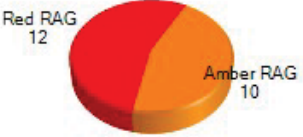
## Corporate Risk Register

	Description	Inherent Score	Target Score		Current Score		Previous Score	Direction of Travel	Comments	Owner
	Service Areas.									
RM CORP 015 Risk of Cyber Attack	There is a growing risk that ENC could be the subject of a Cyber Attack in spite of following advised and legislated steps to ensure security of the councils systems and equipment. There is always the danger that hackers will stay one step ahead of any legislation.	16	8	●	16	▲	12	↗		Drewery, Michelle
RM CORP 016 Risk of inappropriate use of IT by Staff	This encompasses misuse of equipment, inappropriate management of data, inappropriate release of personal or commercially sensitive data, malicious or careless damage to systems and processes.	16	4	●	8	●	8	→		Drewery, Michelle
RM CORP 017 Risk of inappropriate use of IT by Councillors	This encompasses misuse of equipment, inappropriate management of data, inappropriate release of personal or commercially sensitive data, malicious or careless damage to systems and processes.	16	4	●	12	▲	12	→		Drewery, Michelle
RM CORP 018 Failure to protect personal data	Failure to comply with the Data Protection Act 1998 or the General Data Protection Regulations (GDPR) through inadvertent or malicious release of personal data.	16	6	●	12	▲	12	→		Matthews, Sharn
RM CORP 019 Councillors Breaching Code of Conduct, Constitution and/or Legislation	Failure by Councillors to follow Code of Conduct, constitution or legislative requirements leading to an increased level of complaints, poor reputation and financial penalties from breaches in legislation, failure to follow rules, failure to follow procedures or failure to meet deadlines.	16	3	★	9	▲	9	→		Matthews, Sharn
RM CORP 020 Failure to meet corporate health and safety requirements including fire risk	Failure to fulfil our requirements as an employer under the health and safety act.	12	6	●	6	●	6	→		Deacon, Mike
RM CORP 021 Failure to respond effectively to Major Incidents	This risk considers a failure to fulfil our requirements as prescribed in legislation (Civil Contingencies Act) in relation to emergency planning and business continuity. This could encompass such events as major utility supply failures, flooding, or events similar to the Grenfell Fire.	12	6	●	6	●	6	→		Deacon, Mike
RM CORP 022 Failure to meet business continuity requirements	Failure to fulfil our requirements around business continuity	12	6	●	6	●	6	→		Deacon, Mike
RM CORP 027 Failure to plan for and accommodate the impact of BREXIT	The Council suffers from consequences of leaving the EU with impacts to procurement and employment through changes in EU/UK regulation, income and public services as a result of the impact on the economy.	16	8	●	8	●	8	→		Drewery, Michelle
RM CORP 028 Failure of core ICT infrastructure leading to inability to provide services	Lack of resilience in the core ICT facilities upon which services depends could result in service failure, loss of key systems, data loss, reputational damage or failure to meet statutory requirements. Staff would be unable to deliver business as usual services (not just statutory) due to unreliability of systems, including emails and teams such as communications.	12	4	●	12	▲	12	→		Drewery, Michelle
RM CORP 029 Deterioration of Staff Health & Wellbeing	Due to significant changes in environment, including unitary reform	8	4	●	9	▲	6	↗		Drewery, Michelle
RM CORP 030 - Failure of Transformation Programme to enable transition into new org effectively	Staff, processes, budget, future plans being impacted by failure	9	?	?	9	▲	9	→		Drewery, Michelle
RM CORP 031 Short term loss of key communication channels (telephone, website, etc.)	Loss of telephones and/or website and emails.	9	6	●	9	▲	9	→		Young, Joanne

## Summary Count

▲	●									Total
12	10									22

Corporate Risk Register

Description	Inherent Score	Target Score	Current Score	Previous Score	Direction of Travel	Comments	Owner						
 <p>A 3D pie chart illustrating the distribution of risk levels. The chart is divided into two segments: a red segment representing 'Red RAG' with a count of 12, and an orange segment representing 'Amber RAG' with a count of 10. The chart is positioned in the center of the table's body.</p> <table border="1"><thead><tr><th>Risk Level</th><th>Count</th></tr></thead><tbody><tr><td>Red RAG</td><td>12</td></tr><tr><td>Amber RAG</td><td>10</td></tr></tbody></table>								Risk Level	Count	Red RAG	12	Amber RAG	10
Risk Level	Count												
Red RAG	12												
Amber RAG	10												

ENC Risks with a HIGH (>=9) Current Score						
	Inherent Score	Target Score	Current Score		Direction	Owner
RM PLN 011 Failure to deliver sufficient housing in the district, affordable to local residents.	12	6	12	▲	→	Conway, Carol
RM ICT 012 Failure to maintain effective relationships with ICT/ROD partners	8	4	9	▲	→	Drewery, Michelle
RM CORP 006 Loss due to major court cases	16	6	9	▲	→	Matthews, Sharn
RM CORP 010B Lack of staff resources in terms of Knowledge, Skills and/or Behaviours	12	4	9	▲	↗	Drewery, Michelle
RM CORP 012 Risk of unitary prep diverting resources from delivery of Corporate/Efficiency Plans	12	2	12	▲	↗	Oliver, David
RM CORP 014 Failure to follow ENC's Project Framework	9	1	9	▲	↗	Drewery, Michelle
RM CORP 015 Risk of Cyber Attack	16	8	16	▲	↗	Drewery, Michelle
RM CORP 017 Risk of inappropriate use of IT by Councillors	16	4	12	▲	→	Drewery, Michelle
RM CORP 018 Failure to protect personal data	16	6	12	▲	→	Matthews, Sharn
RM CORP 019 Councillors Breaching Code of Conduct, Constitution and/or Legislation	16	3	9	▲	→	Matthews, Sharn
RM CORP 028 Failure of core ICT infrastructure leading to inability to provide services	12	4	12	▲	→	Drewery, Michelle
RM CORP 029 Deterioration of Staff Health & Wellbeing	8	4	9	▲	↗	Drewery, Michelle
RM CORP 030 - Failure of Transformation Programme to enable transition into new org effectively	9	?	9	▲	→	Drewery, Michelle
RM CORP 031 Short term loss of key communication channels (telephone, website, etc.)	9	6	9	▲	→	Young, Joanne

ENC Risks with a VERY HIGH Likelihood Score							
	Current Score		Direction	Likelihood		Impact	Owner
RM FIN 002 Medium Term Financial Strategy Assumptions become inaccurate	16	▲	→	4. Very High	▲	4. Very High	▲ Hammons, Glenn
RM CORP 012 Risk of unitary prep diverting resources from delivery of Corporate/Efficiency Plans	12	▲	↗	4. Very High	▲	3. High	● Oliver, David
RM CORP 015 Risk of Cyber Attack	16	▲	↗	4. Very High	▲	4. Very High	▲ Drewery, Michelle

**ENC Risks with a VERY HIGH Impact Score**

	Current Score		Direction	Likelihood		Impact		Owner
RM ECD 004 ECD's Contractors' non-compliance with Health & Safety Legislation	8	●	→	2. Medium	●	4. Very High	▲	Lineham, Matthew
RM PLN 011 Failure to deliver sufficient housing in the district, affordable to local residents.	12	▲	→	3. High	●	4. Very High	▲	Conway, Carol
RM PLN 019 The breakdown of supported and emergency accommodation	8	●	✓	2. Medium	●	4. Very High	▲	Conway, Carol
RM PLN 022 Buildings/building elements constructed in the district that do not comply with regulatio	4	●	→	1. Low	★	4. Very High	▲	Boscott, Robert
RM ENV 018 Loss of use of Depot	8	●	→	2. Medium	●	4. Very High	▲	Tompkins, Charlotte
RM FIN 002 Medium Term Financial Strategy Assumptions become inaccurate	16	▲	→	4. Very High	▲	4. Very High	▲	Hammons, Glenn
RM CORP 011 Failure to Comply with Legislation relevant to Local Government	4	●	→	1. Low	★	4. Very High	▲	Matthews, Sharn
RM CORP 015 Risk of Cyber Attack	16	▲	↗	4. Very High	▲	4. Very High	▲	Drewery, Michelle
RM CORP 016 Risk of inappropriate use of IT by Staff	8	●	→	2. Medium	●	4. Very High	▲	Drewery, Michelle
RM CORP 017 Risk of inappropriate use of IT by Councillors	12	▲	→	3. High	●	4. Very High	▲	Drewery, Michelle
RM CORP 018 Failure to protect personal data	12	▲	→	3. High	●	4. Very High	▲	Matthews, Sharn
RM CORP 027 Failure to plan for and accommodate the impact of BREXIT	8	●	→	2. Medium	●	4. Very High	▲	Drewery, Michelle
RM CORP 028 Failure of core ICT infrastructure leading to inability to provide services	12	▲	→	3. High	●	4. Very High	▲	Drewery, Michelle



# Risks with 'Very High' Impact Scores

Very High Legal Impact Risks		09 2018
		Owner
RM CORP 011 Failure to Comply with Legislation relevant to Local Government	<ul style="list-style-type: none"> <li>■ Financial</li> <li>■ Legal</li> <li>■ Reputation</li> </ul>	Matthews, Sharn
RM CORP 018 Failure to protect personal data	<ul style="list-style-type: none"> <li>■ Financial</li> <li>■ Legal</li> </ul>	Matthews, Sharn
RM ECD 004 ECD's Contractors' non-compliance with Health & Safety Legislation	<ul style="list-style-type: none"> <li>■ Financial</li> <li>■ Health and Safety</li> <li>■ Legal</li> <li>■ Reputation</li> </ul>	Lineham, Matthew

Very High Health and Safety Impact Risks		09 2018
		Owner
RM ECD 004 ECD's Contractors' non-compliance with Health & Safety Legislation	<ul style="list-style-type: none"> <li>■ Financial</li> <li>■ Health and Safety</li> <li>■ Legal</li> <li>■ Reputation</li> </ul>	Lineham, Matthew
RM ENV 018 Loss of use of Depot	<ul style="list-style-type: none"> <li>■ Health and Safety</li> <li>■ Performance/Service Quality</li> </ul>	Tompkins, Charlotte
RM PLN 022 Buildings/building elements constructed in the district that do not comply with regulatio	<ul style="list-style-type: none"> <li>■ Financial</li> <li>■ Health and Safety</li> <li>■ Reputation</li> </ul>	Boscott, Robert

Very High Reputational Impact Risks		09 2018
		Owner
RM CORP 011 Failure to Comply with Legislation relevant to Local Government	<ul style="list-style-type: none"> <li>■ Financial</li> <li>■ Legal</li> <li>■ Reputation</li> </ul>	Matthews, Sharn
RM CORP 015 Risk of Cyber Attack	<ul style="list-style-type: none"> <li>■ Reputation</li> </ul>	Drewery, Michelle
RM ECD 004 ECD's Contractors' non-compliance with Health & Safety Legislation	<ul style="list-style-type: none"> <li>■ Financial</li> <li>■ Health and Safety</li> <li>■ Legal</li> <li>■ Reputation</li> </ul>	Lineham, Matthew
RM PLN 011 Failure to deliver sufficient housing in the district, affordable to local residents.	<ul style="list-style-type: none"> <li>■ Performance/Service Quality</li> <li>■ Reputation</li> </ul>	Conway, Carol
RM PLN 022 Buildings/building elements constructed in the district that do not comply with regulatio	<ul style="list-style-type: none"> <li>■ Financial</li> <li>■ Health and Safety</li> <li>■ Reputation</li> </ul>	Boscott, Robert

Very High Financial Impact Risks		09 2018
		Owner
RM CORP 011 Failure to Comply with Legislation relevant to Local Government	<ul style="list-style-type: none"> <li>■ Financial</li> <li>■ Legal</li> <li>■ Reputation</li> </ul>	Matthews, Sharn
RM CORP 016 Risk of inappropriate use of IT by Staff	<ul style="list-style-type: none"> <li>■ Financial</li> </ul>	Drewery, Michelle
RM CORP 017 Risk of inappropriate use of IT by Councillors	<ul style="list-style-type: none"> <li>■ Financial</li> </ul>	Drewery, Michelle
RM CORP 018 Failure to protect personal data	<ul style="list-style-type: none"> <li>■ Financial</li> <li>■ Legal</li> </ul>	Matthews, Sharn
RM CORP 027 Failure to plan for and accommodate the impact of BREXIT	<ul style="list-style-type: none"> <li>■ Financial</li> </ul>	Drewery, Michelle
RM CORP 028 Failure of core ICT infrastructure leading to inability to provide services	<ul style="list-style-type: none"> <li>■ Financial</li> <li>■ Performance/Service Quality</li> </ul>	Drewery, Michelle
RM ECD 004 ECD's Contractors' non-compliance with Health & Safety Legislation	<ul style="list-style-type: none"> <li>■ Financial</li> <li>■ Health and Safety</li> <li>■ Legal</li> <li>■ Reputation</li> </ul>	Lineham, Matthew
RM FIN 002 Medium Term Financial Strategy Assumptions become inaccurate	<ul style="list-style-type: none"> <li>■ Financial</li> </ul>	Hammons, Glenn
RM PLN 019 The breakdown of supported and emergency accommodation	<ul style="list-style-type: none"> <li>■ Financial</li> </ul>	Conway, Carol
RM PLN 022 Buildings/building elements constructed in the district that do not comply with regulatio	<ul style="list-style-type: none"> <li>■ Financial</li> <li>■ Health and Safety</li> <li>■ Reputation</li> </ul>	Boscott, Robert

Very High Performance/service quality Impact Risks		09 2018
		Owner
RM CORP 028 Failure of core ICT infrastructure leading to inability to provide services	<ul style="list-style-type: none"> <li>■ Financial</li> <li>■ Performance/Service Quality</li> </ul>	Drewery, Michelle
RM ENV 018 Loss of use of Depot	<ul style="list-style-type: none"> <li>■ Health and Safety</li> <li>■ Performance/Service Quality</li> </ul>	Tompkins, Charlotte
RM PLN 011 Failure to deliver sufficient housing in the district, affordable to local residents.	<ul style="list-style-type: none"> <li>■ Performance/Service Quality</li> <li>■ Reputation</li> </ul>	Conway, Carol

# Risks Ended in the last quarter

Risk	Owner	End Date	Comments
RM CCS 021 - Loss of business rate income due to valuation assessment decisions	Smith, Julia	01/06/2018	Risk covered by CCS 016 Inability to maintain or grow income from NNDR and CCS 023 Inability to collect income from NNDR
RM ENV 006 Challenge to the Council's position with regard to Waste Regulations 2011 & (Amended 2012)	Tompkins, Charlotte	01/06/2018	
RM ICT 007 Inappropriate sharing of personal data by Councillors	Squires, Kirsty	30/09/2018	All Councillor autoforwards have now been removed. All Councillors are now registered independently as Data controllers for any work carried out using non council email addresses (i.e. constituency work). All other issues relating to the mismanagement of data in relation to councillors are now covered by RM CORP 017 Risk Inappropriate use of ICT by Councillors.

# New Risks defined in the last quarter

Risk	Owner	Start Date	Inherent Score	Current Score	Target	Description
RM CORP 029 Deterioration of Staff Health & Wellbeing	Drewery, Michelle	01/06/2018	8	9	4	Due to significant changes in environment, including unitary reform
RM CORP 030 - Failure of Transformation Programme to enable transition into new org effectively	Drewery, Michelle	07/06/2018	9	9	2	Staff, processes, budget, future plans being impacted by failure
RM ECD 006 Non Delivery of East Northamptonshire Enterprise Centre	Macdonald, Greg	06/06/2018	8	4	2	Project not fully funded and RIBA Stage 3 work commenced by August 2018. (Before shadow authority in place)
RM ENV 017 Loss of Fleet	Tompkins, Charlotte	01/06/2018	2	2		Loss of the fleet providing waste collection, recycling and street cleansing services.
RM ENV 018 Loss of use of Depot	Tompkins, Charlotte	01/06/2018	12	8	8	Depot becomes inaccessible due to damage, incident or inclement weather.
RM ENV 019 Recyclate disposal fluctuations in costs	Tompkins, Charlotte	01/06/2018	12	6	6	
RM ICT 013 - Failure to maintain effective relationships with key suppliers and key contractors	Rance, Kathryn	07/06/2018	12	9	6	Failure to maintain effective relationships with key suppliers and key contractors, including Entec si.
RM PLN 021 Failure to re let the housing options contract	Conway, Carol	28/06/2018	9	3	3	Inability to relet the housing options contract or to let at an acceptable price or quality of service.
RM PLN 022 Buildings/building elements constructed in the district that do not comply with regulatio	Boscott, Robert	01/04/2018	8	4	3	Buildings or building elements constructed in the district that do not comply with the building regulations.

There are no overdue actions