



East  
Northamptonshire  
Council

## Governance & Audit Committee 24 July 2019

### Risk Management Update – Quarter 4 (2018/19)

#### Purpose of report

To provide Members with a report on the Council's risk register for Quarter 4 of 2018/19.

#### Attachment(s)

Appendix 1: Governance and Audit Risk Report – July 2019

#### 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<sup>th</sup> 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 4 2018/19 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 (Pages 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 and 6)
  - Ended risks in the last quarter (Page 7) – there are none
  - New risks in the last quarter (Page 8) – there are two
  - Overdue actions (Page 9) – there are none

#### 3. 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 being prioritised towards these high risks.
- 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 Implications

- 5.1 There are no privacy 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*

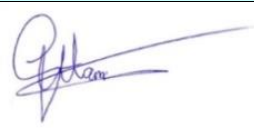
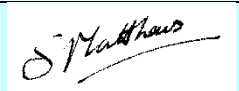
## 12. Recommendation

12.1 The Committee is recommended to note the current status of risks included in the report for period to March 2019.

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

12.2 The Committee is asked to consider, following the recommendation within its annual Report for 208/19 at item 10, whether it would like to select a risk/s for a 'deep dive' at the next meeting of this Committee.

*(Reason: to understand in more detail how the Council is assessing and managing its most significant risks)*

<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: 04/07/2019</b>					
<b>CFO</b> 15/07/19		<b>MO</b> 15/07/19		<b>CX</b>	



East  
Northamptonshire  
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# Governance and Audit Risk Report

24th July 2019

**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

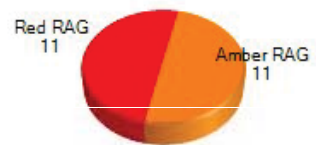
	Description	Inherent Score	Target Score	Current Score	Previous Score	Direction of Travel	Comments	Owner
RM CORP 002 Failure to achieve optimum level of growth across the district	Failure to achieve "the right growth, at the right time and in the right place". This could result from too much unchecked/uncontrolled growth or could result from not achieving enough growth.	9	4	4	4	→		Macdonald, Greg
RM CORP 006 Loss due to major court cases	Council becomes liable for costs arising from Court Cases or equivalent legal action. Reputation of Council could also be impacted.	16	6	6	6	→		Matthews, Sharn
RM CORP 007 Lack of engagement with and provision of services by the Voluntary and Third Sector	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.	9	4	6	6	→		Smith, Julia
RM CORP 010A Lack of staff resources in terms of numbers	Due to a shortage of staff in roles across the council, service failure may occur, which could result in an increased level of complaints, poor reputation and financial penalties from breaches in legislation or failure to follow rules, procedures and meet deadlines.	12	2	6	6	→		Drewery, Michelle
RM CORP 010B Lack of staff resources in terms of Knowledge, Skills and/or Behaviours	Due to a lack of staff resources in terms of KSBs, service failure may occur, which could result in an increased level of complaints, poor reputation and financial penalties from breaches in legislation or failure to follow rules, procedures and meet deadlines.	12	4	9	9	→		Drewery, Michelle
RM CORP 011 Failure to Comply with Legislation relevant to Local Government	<p>As a local government body, ENC is obliged to comply with various sets of legislation and is required to fulfil a range of public duties. Failure to comply with legislation or to fulfil duties could lead to financial, legal and reputational damage. The types of legislation/duties includes (but is not limited to):</p> <ul style="list-style-type: none"> <li>•Safeguarding duty/legislation</li> <li>•Equalities Act 2010</li> <li>•Anti-terrorism duties, relating to PREVENT</li> <li>•Modern Slavery Act 2015</li> <li>•Freedom of Information Act 2000</li> <li>•Transparency Code</li> <li>•Consultation duties</li> </ul> <p>Some legislation is covered in separate risks (e.g. H&amp;S, Data Protection, etc.)</p>	8	4	4	4	→		Matthews, Sharn
RM CORP 012 Risk of unitary prep diverting resources from delivery of Corporate/Efficiency Plans	We and 6 of the other 7 principal councils in Northamptonshire submitted a proposal to the SoS for HCLG on 31st August 2018 for a unitary restructure to replace the existing councils in the county with West and North unitaries. We are still awaiting an announcement from him as to whether he will take this proposal forward.	12	2	12	12	→		Oliver, David
RM CORP 013 Failure to Achieve PCIDSS Compliance	PCI DSS is the worldwide Payment Card Industry Data Security Standard that was set up to help businesses process card payments securely and reduce card fraud. Failure to comply with this standard could result in removal of the council's ability to process payments.	16	1	6	6	→		Drewery, Michelle
RM CORP 014 Failure to follow ENC's Project Framework	The Project framework is designed to ensure effective resource, financial and project management. Failure to follow the framework will have a variety of negative impacts. Adherence necessary from all Service Areas.	9	1	9	9	→		Drewery, Michelle
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	16	8	16	16	→		Drewery <sub>2</sub> , Michelle

Corporate Risk Register

	Description	Inherent Score	Target Score		Current Score		Previous Score	Direction of Travel	Comments	Owner
	danger that hackers will stay one step ahead of any legislation.									
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	●	16	▲	12	↗	Change in score to reflect outcome of recent internal audit.	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.	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	▲	9	→		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	4	●	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
11	11	22



# ENC High Priority

ENC Risks with a HIGH (>=9) Current Score							
	Inherent Score	Target Score	Current Score		Direction	Owner	
RM PLN 011 Failure to deliver sufficient affordable housing in the district, affordable to local res	12	6	12	▲	→	Conway, Carol	
RM PLN 019 The breakdown of supported and emergency accommodation	12	8	12	▲	↗	Conway, Carol	
RM ENV 019 Recyclate disposal increases in cost due to global market changes	12	6	9	▲	→	Tompkins, Charlotte	
RM ICT 012 Failure to maintain effective relationships with ICT/ROD partners	8	4	9	▲	→	Drewery, Michelle	
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	4	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	16	▲	↗	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	4	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	▲ Eyles, Amy
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
RM CORP 018 Failure to protect personal data	16	▲	↗	4. Very High	▲	4. Very High	▲ Matthews, Sharn

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 ECD 006 Non Delivery of East Northamptonshire Enterprise Centre	4	●	→	1. Low	★	4. Very High	▲	Macdonald, Greg
RM PLN 011 Failure to deliver sufficient affordable housing in the district, affordable to local res	12	▲	→	3. High	●	4. Very High	▲	Conway, Carol
RM PLN 019 The breakdown of supported and emergency accommodation	12	▲	↗	3. High	●	4. Very High	▲	Conway, Carol
RM PLN 022 Buildings/building elements constructed in the district that do not comply with regulatio	8	●	↗	2. Medium	●	4. Very High	▲	Boscott, Robert
RM ENV 018 Loss of use of Depot due to accidental damage or inclement weather	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	▲	Eyles, Amy
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	16	▲	↗	4. Very 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

		03 2019 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>	Sharn Matthews
RM CORP 018 Failure to protect personal data	<ul style="list-style-type: none"> <li>■ Financial</li> <li>■ Legal</li> </ul>	Sharn Matthews
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>	Matthew Lineham

## Very High Health and Safety Impact Risks

		03 2019 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>	Matthew Lineham
RM ENV 018 Loss of use of Depot due to accidental damage or inclement weather	<ul style="list-style-type: none"> <li>■ Health and Safety</li> <li>■ Performance/Service Quality</li> </ul>	Charlotte Tompkins
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>	Robert Boscott

## Very High Performance/service quality Impact Risks

		03 2019 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>	Michelle Drewery
RM ECD 006 Non Delivery of East Northamptonshire Enterprise Centre	<ul style="list-style-type: none"> <li>■ Financial</li> <li>■ Performance/Service Quality</li> </ul>	Greg Macdonald
RM ENV 018 Loss of use of Depot due to accidental damage or inclement weather	<ul style="list-style-type: none"> <li>■ Health and Safety</li> <li>■ Performance/Service Quality</li> </ul>	Charlotte Tompkins
RM PLN 011 Failure to deliver sufficient affordable housing in the district, affordable to local res	<ul style="list-style-type: none"> <li>■ Performance/Service Quality</li> <li>■ Reputation</li> </ul>	Carol Conway

## Very High Financial Impact Risks

		03 2019 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>	Sharn Matthews
RM CORP 016 Risk of inappropriate use of IT by Staff	Financial	Michelle Drewery
RM CORP 017 Risk of inappropriate use of IT by Councillors	Financial	Michelle Drewery
RM CORP 018 Failure to protect personal data	<ul style="list-style-type: none"> <li>■ Financial</li> <li>■ Legal</li> </ul>	Sharn Matthews
RM CORP 027 Failure to plan for and accommodate the impact of BREXIT	Financial	Michelle Drewery
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>	Michelle Drewery
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>	Matthew Lineham
RM ECD 006 Non Delivery of East Northamptonshire Enterprise Centre	<ul style="list-style-type: none"> <li>■ Financial</li> <li>■ Performance/Service Quality</li> </ul>	Greg Macdonald
RM FIN 002 Medium Term Financial Strategy Assumptions become inaccurate	Financial	Amy Eyles
RM PLN 019 The breakdown of supported and emergency accommodation	Financial	Carol Conway
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>	Robert Boscott

## Very High Reputational Impact Risks

		03 2019 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>	Sharn Matthews
RM CORP 015 Risk of Cyber Attack	Reputation	Michelle Drewery
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>	Matthew Lineham
RM PLN 011 Failure to deliver sufficient affordable housing in the district, affordable to local res	<ul style="list-style-type: none"> <li>■ Performance/Service Quality</li> <li>■ Reputation</li> </ul>	Carol Conway
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>	Robert Boscott



# Risks Ended in the last quarter

Risk	Owner	End Date	Comments
Unknown			

# New Risks defined in the last quarter

Risk	Owner	Start Date	Inherent Score	Current Score	Target	Description
RM ENV 020 Increases in the incidents of fly tipping due to changes in HWRC service	Charlotte Tompkins	26/11/2018	8	4	4	Fly - tipping is increased as a direct result in changes, reduction or withdrawal of the Northamptonshire County Council (NCC) Household Waste Recycling Centre (HWRC) service. Leading to increased costs in dealing with fly tipped material
RM PLN 023 Impact of unitary transition on planning services	Paul Bland	11/01/2019	8	4	1	All aspects of Planning Services comprise front line statutory services. The risk is that the quality of any of the services currently delivered by the Planning Services Teams could diminish due to the need to focus on transition arrangements to the new unitary authority. This could impact on staff morale and retention.

# Overdue Actions

Action	Risk	Owner	Action Description	Action Stage	Action Due Date
No overdue actions					