

Public Report with Exempt Appendices
Audit Committee

Committee Name and Date of Committee Meeting

Audit Committee – 14 January 2025

Report Title

Finance and Customer Services Directorate Risk Register

Is this a Key Decision and has it been included on the Forward Plan?

No

Strategic Director Approving Submission of the Report

Judith Badger, (Strategic Director of Finance and Customer Services)

Report Author(s)

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Ward(s) Affected

All

Report Summary

Directorate risk registers are received annually by the Audit Committee.

This report provides an update to the Audit Committee in relation to the current position of the Finance and Customer Services Directorate Risk Register and Risk Management activity within the Directorate.

Recommendations

The Audit Committee is asked to note the progress and current position in relation to risk management activity in the Finance and Customer Services Directorate.

List of Appendices Included

Appendix 1 – Finance and Customer Services Directorate Risk Register.

Background Papers

Finance and Customer Services Risk Register to the Audit Committee in January 2024.

Asset Management Risk Register report to the Audit Committee in March 2024.

Update on Public Service Telephone Network to the Audit Committee in September 2024.

Corporate Strategic Risk Register report to the Audit Committee in July 2024.

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No

Council Approval Required

No

Exempt from the Press and Public

Yes, the appendix.

An exemption is sought for the covering report and Appendix 1 under Paragraph 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information)) of Part I of Schedule 12A of the Local Government Act 1972 is requested, as this report contains information that refers to the affairs of third parties.

It is considered that the public interest in maintaining the exemption would outweigh the public interest in disclosing the information because failure to do so may result in disclosure of information about the financial or business affairs of Council suppliers and partners.

Finance and Customer Services Directorate Risk Register Update

1. Background

- 1.1 The Finance and Customer Services Risk Register was last presented to the Audit Committee in January 2024. The Audit Committee requested a specific briefing on the Public Services Telephone Network (PSTN) – risk FCS17 & SLT38 which was presented at the September 2024 meeting.
- 1.2 The Asset Management Risk Register was last presented to the Audit Committee in March 2024. Since the last review of these risk registers Asset Management has been permanently transferred to the Finance and Customer Services Directorate. The Catering and Facilities risks were first transferred from the Regeneration and Environment Directorate to the Assistant Chief Executive's Directorate before being transferred to the Finance and Customer Services Directorate in March 2024. All of these risk registers have now been combined into one risk register for the Directorate.
- 1.3 The transfer of these risks to F&CS has taken place at the same time as significant staffing changes within these services. As a result, the priority for F&CS management has been to ensure that all relevant risks have been identified, assessed and the mitigation actions can be effectively monitored. Further work on mitigating these risks and reducing the gap between the current risk score and the target risk scores is ongoing.
- 1.4 The current Finance and Customer Services Directorate Risk Register has twenty-one risk items listed (Appendix 1).
- 1.5 Due to the nature of the work of the Finance and Customer Services Directorate some significant Directorate risks also feature on the Council's Strategic risk register, these are referenced below:
 - **FCS1 & SLT16 Directorates failing to deliver services within budget.**
Risk detail: Directorates failing to deliver services within budget. Finance Settlements from Government being inadequate to meet service costs and demand increases. Economic factors impacting negatively on business rates and council tax income.
 - **FCS17 & SLT38 PSTN impact on business continuity**
Risk detail: Impact on business continuity following the closure of the PSTN in January 2027.
 - **FCS19 & SLT27 Operational Property Estate**
Risk detail: The Council's maintenance programme needs to be designed to ensure that the estate is operational and there needs to be sufficient resources to deal with issues arising and maintain the agreed average 20% per annum which ensures that the Council has a 5-year rolling programme of condition surveys in place. The stock condition programme surveys are delivered in accordance with agreed policy and procedure.

2. Key Issues

2.1 There are five services within the Finance and Customer Services Directorate:

- Financial Services
- Customer, Information and Digital Services
- Legal Services
- Internal Audit
- Property and Facilities Services

2.2 Risks are discussed and reviewed at the Directorate Leadership Team (DLT), by individual members of DLT and, where necessary, risks are escalated to the next strategic level for inclusion on the risk register.

2.3 The Assistant Director of Property and Facilities Services has responsibility for the risks that were previously part of the Regeneration and Environment Directorate following the permanent transfer of these services to this Directorate. These risks primarily relate to the Property Estate, School Meals and Caretaking services.

2.4 As part of the programme to embed risk management into the culture of the Council, all M3 managers from the Finance and Customer Services Directorate are required to attend the mandatory “Risk Management Training for Managers” workshops. New managers are invited to attend workshops as soon as possible after commencement in role. All staff are also required to complete a mandatory risk management e learning module.

2.5 The Finance and Customer Services Risk Register being presented to Audit Committee uses the Council’s detailed risk template, which includes both existing controls and actions, as well as further mitigations. The register also includes both the current score with existing measures and the target score.

2.6 Risk items which have been added or amended since the last report to Audit Committee in January 2024 include:

Risk No	Business objective	Risk Detail	Change since last report
FCS18	Adequate burial space in cemeteries to meet demand over the term of the contract.	Availability of land for burial.	<i>New Risk added. Escalated from the service risk register.</i>
FCS20	To have a Maintained Schools Capital Maintenance programme, ensuring schools are fit for purpose and safe in delivering education to communities across the borough.	By not having a planned scheme of works, identified through surveys, building could fall into a state of disrepair impacting on the ability for pupils to be educated. Budgets will not be prioritised, leading to high cost of future repair and a reactive approach to works.	<i>New Risk added . Escalated from the service risk register.</i>
FCS19 Previously R&E13	To maintain the Operational Property Estate through backlog	The Council’s maintenance programme needs to be designed to ensure that the estate is operational and there	<i>Risk renumbered and reworded.</i>

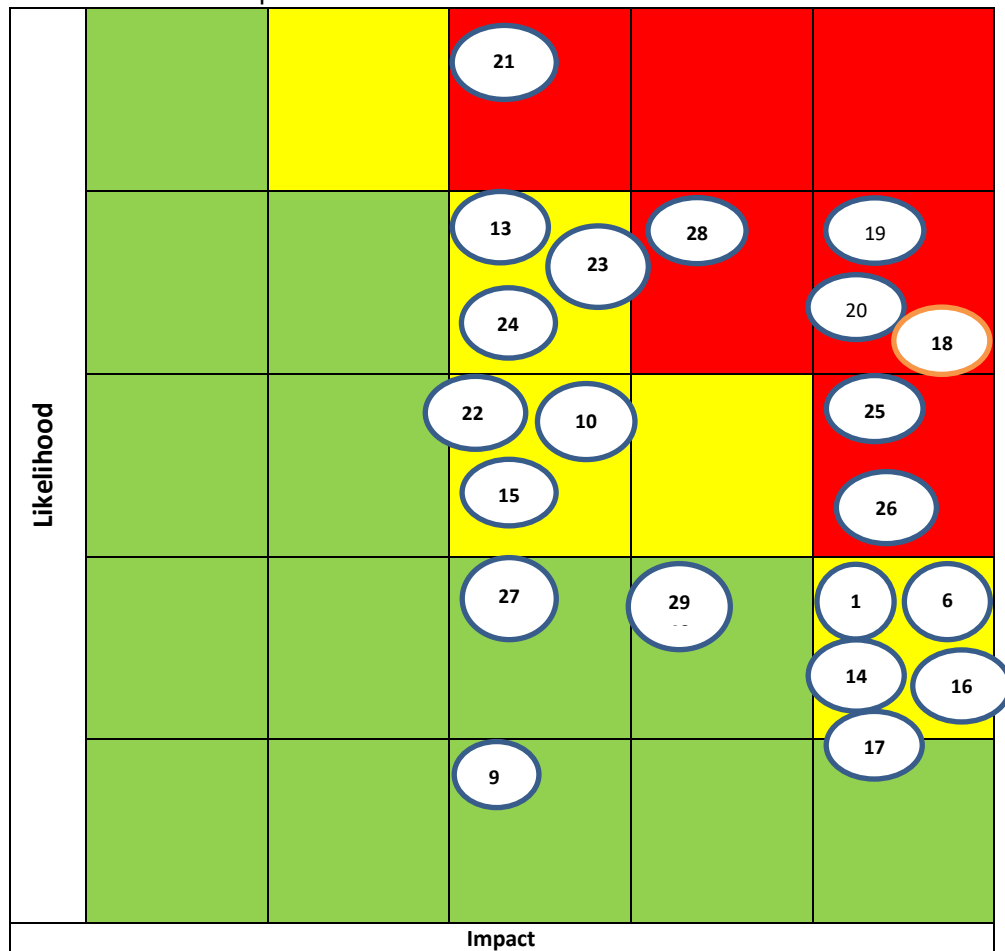
PRT13 & (SLT27)	maintenance funding & stock condition surveys.	needs to be sufficient resources to deal with issues arising and maintain the agreed average. 20% per annum which ensures that the Council has a 5-year rolling programme of condition surveys in place. The stock condition programme surveys are delivered in accordance with agreed policy and procedure.	
FCS21 Previously PRT9	To decarbonise operational properties in compliance with Corporate NZ30 target by 2030.	Failure to fund and deliver the heat decarbonisation plan that has been produced for 40 core operational buildings with an estimated £14.3m investment required to achieve the NZ30 target. If additional smaller sites are included this is projected to cost £21m.	<i>Risk renumbered.</i>
FCS22 Previously PRT38 and R&E 25	To ensure that the Corporate Landlord has an effective approach to fire safety.	The Council does not have in place the proper and required elements to ensure the safety of our buildings and ensure compliance with the relevant fire safety regulations.	<i>Risk renumbered.</i>
FCS23 Previously R&E26 PRT39	To ensure that buildings' security is maintained across the estate and ensure that measures are in place.	Potential risk to customers, staff, information and property by intruders accessing the council's buildings.	<i>Risk renumbered and reworded</i>
FCS24 Previously PRT10	To maintain a safe and fully, compliant Corporate Landlord estate (RAAC and Fire risks are separate risks).	Failure to maintain and comply with statutory and legislative compliance and approved codes of practice.	<i>Risk renumbered.</i>
FCS25 Previously R&E42 PRT48	To provide a cost-efficient property estate through effective procurement and use of energy supplies.	Budget overspends arising from increased costs of energy for the property estate.	<i>Risk renumbered.</i>
FCS26 Previously RE53 PRT54	To maintain a safe and operational Property Estate.	Risk to the structural failure of the roofing elements of buildings through the identification of Reinforced Autoclaved Aerated Concrete, (RAAC) within the initial construction.	<i>Risk renumbered.</i>
FCS27 Previously RE45	Meeting the Governments statutory School Food Standards across all Council School Catering Contracts. (Council Plan - Every child able to fulfil their potential).	The Council does not meet the legal requirement for School Food Standards due to a lack of training and knowledge, increased costs of food products and/or availability through the supply chain.	<i>Risk renumbered.</i>
FCS28 Previously PRT44	To provide a sustainable, business focused School Service (Cleaning, Catering, Caretaking) that offers value for money.	The cost of operating and providing services outweighs the income generated and the services becomes non-sustainable. Schools drop out of the current SLA's due to affordability of service and greater	<i>Risk renumbered.</i>

	(Council Plan - Every child able to fulfil their potential).	competitiveness in the marketplace.	
FCS29 Previously PRT45	Ensure all catering units have effective processes to manage food -hygiene for all customers. (Council Plan - Every child able to fulfil their potential).	Poor food hygiene standards and safety.	<i>Risk renumbered.</i>

2.7 No risk items have been removed since the last report to Audit Committee in January 2024 and March 2024.

2.8 The “heat map” below for the Finance and Customer Services Risk Register is based on the current scores at December 2024:

Current Risk Heat Map at December 2024



2.9 The table below shows the risk movement since the last report in January 2024:

Number	Risk	Dec 23 /Mar 24	Dec 24	Risk Movement (FCS Jan 24, Estates March 24, Facilities March 24 compared to Jan 25) ↓ = Risk level reduced, or risk removed ↑ = Risk level increased or new risk → = Risk level static
FCS1 (SLT1)	Directorates failing to deliver services within budget. Finance Settlements from Government being inadequate to meet service costs and demand increases. Economic factors impacting negatively on business rates and council tax income.	10	10	→
FCS6	Failure to protect children due to understaffing of the Children and Legal Team. Key risk elements include inability to recruit and retain permanent staff with the required professional expertise, also availability and retention of Locums, the increasing demand for this work and its increasing complexity.	10	10	→
FCS9	Lack of planning and effective engagement with external auditors could lead to deadlines not being achieved. Challenges from closing the 2023/24 account with the audit only finishing in November 2023 may impact deliverability of accounts 2024/25.	3	3	→
FCS10	Council Tax increases along with external pressures such inflation, energy that are impacting the cost of living may impact collection rates.	9	9	→
FCS13	Failure to effectively plan for procurement activity including contract renewals/expiry and produce 18 month (minimum) 3-5 years preferred procurement pipeline recommended as best practice by Cabinet Office.	12	12	→
FCS14	Significant service and business disruption from cyber-attack and/or data loss/breach and consequential financial penalty.	10	10	→
FCS15	Failure to comply with relevant information management and information security compliance legislation. This includes a failure to provide timely and appropriate responses to requests for information via FOI and Subject Access Requests.	9	9	→
FCS16	Ongoing rise in household living costs /inflation with consequent impact on disposable income and financial security of Rotherham Residents and Businesses.	10	10	→
FCS17	Impact on business continuity following the closure of the PSTN in January 2027.	15	10	↓
FCS18	Availability of land for burial.		20	N/A Risk escalated from service risk register.
FCS19 Previously	The Council's maintenance programme needs to be designed to ensure that the estate is operational and there needs to be	10	20	↑

R&E13 PRT13& SLT27	sufficient resources to deal with issues arising and maintain the agreed average 20% per annum which ensures that the Council has a 5-year rolling programme of condition surveys in place. The stock condition programme surveys are delivered in accordance with agreed policy and procedure.			
FCS20	By not having a planned scheme of works, identified through surveys, buildings could fall into a state of disrepair impacting on the ability for pupils to be educated. Budgets will not be prioritised, leading to high cost of future repair and a reactive approach to works.		20	N/A Risk escalated from service risk register.
FCS21 Previously PRT9	Failure to fund and deliver the heat decarbonisation plan that has been produced for 40 core operational buildings with an estimated £14.3m investment required to achieve the NZ30 target. If additional smaller sites are included this is projected to cost £21m.	15	15	→
FCS 22 Previously PRT38 and R&E 25	The Council does not have in place the proper and required elements to ensure the safety of our buildings and ensure compliance with the relevant fire safety regulations.	16	9	↓
FCS23 Previously R&E 26 & PRT39	Potential risk to customers, staff, information and property by intruders accessing the council's buildings.	12	12	→
FCS24 Previously PRT10	Failure to maintain and comply with statutory and legislative compliance and approved codes of practice.	12	12	→
FCS25 Previously R&E42& PRT48	Budget overspends arising from increased costs of energy for the property estate.	15	15	→
FCS26 Previously RE53& PRT54	Risk to the structural failure of the roofing elements of buildings through the identification of Reinforced Autoclaved Aerated Concrete, (RAAC) within the initial construction.	15	15	→
FCS27 Previously RE45	The Council does not meet the legal requirement for School Food Standards due to a lack of training and knowledge, increased costs of food products and/or availability through the supply chain.	6	6	→
FCS28 Previously PRT44	The cost of operating and providing services outweighs the income generated and the services becomes non-sustainable.	16	16	→

	Schools drop out of the current SLA's due to affordability of service and greater competitiveness in the marketplace.			
FCS29	Poor food hygiene standards and safety.	8	8	→
Previously PRT45				

2.10 Seven of the twenty-one risks on the Finance and Customer Services Risk Register are currently assessed as being a high risk, marked as 'Red' on Appendix 1. These are:

- **FCS18 Burial space in cemeteries**
Risk detail: Availability of land for burial.
- **FCS19 (SLT27) Property Maintenance Programme.**
Risk detail: The Council's maintenance programme needs to be designed to ensure that the estate is operational and there needs to be sufficient resources to deal with issues arising and maintain the agreed average 20% per annum which ensures that the Council has a 5-year rolling programme of condition surveys in place. The stock condition programme surveys are delivered in accordance with agreed policy and procedure.
- **FCS20 Planned Scheme of works for Property Maintenance.**
Risk detail: By not having a planned scheme of works, identified through surveys, building could fall into a state of disrepair impacting on the ability for pupils to be educated. Budgets will not be prioritised, leading to high cost of future repair and a reactive approach to works.
- **FCS21 Fund and deliver the heat decarbonisation plan.**
Risk detail: Failure to fund and deliver the heat decarbonisation plan that has been produced for 40 core operational buildings with an estimated £14.3m investment required to achieve the NZ30 target. If additional smaller sites are included this is projected to cost £21m.
- **FCS25 Increased costs of energy for the property estate.**
Risk detail: Budget overspends arising from increased costs of energy for the property estate.
- **FCS26 Structural failure of roofing elements.**
Risk detail: Risk to the structural failure of the roofing elements of buildings through the identification of Reinforced Autoclaved Aerated Concrete, (RAAC) within the initial construction.
- **FCS28 Services become financially untenable.**
Risk detail: The cost of operating and providing services outweighs the income generated and the services becomes non-sustainable.

Schools drop out of the current SLA's due to affordability of service and greater competitiveness in the marketplace.

- 2.11 Risk Register entries are closely linked to the Service Plans, Team Plans, Reports and Service meeting agendas across the directorate.
- 2.12 Progress against key actions to mitigate the above risks is monitored through management team meetings.

3 Options considered and recommended proposal.

- 3.1 The Audit Committee is asked to note the progress and current position in relation to risk management activity in the Finance and Customer Services Directorate and comment as required.

4 Consultation on proposal

- 4.1 The Corporate Strategic Risk Register is reviewed quarterly by the Strategic Leadership Team, and the Finance and Customer Services Risk Register is reviewed quarterly by the Directorate Leadership Team. A strategic Risk Champions Forum is also in place and the Finance and Customer Services Directorate is actively represented at all meetings.

5 Timetable and Accountability for Implementing this Decision.

- 5.1 Not applicable.

6 Financial and Procurement Advice and Implications

- 6.1 There are no direct financial or procurement implications arising from this report. Financial implications linked to risk mitigations are closely scrutinised and monitored.

7 Legal Advice and Implications

- 7.1 There are no direct legal implications arising from the Finance and Customer Services Directorate Risk Register. Any actions taken by the Council in response to risks identified will consider any legal implications.

8 Human Resources Advice and Implications

- 8.1 There are no direct Human Resources implications arising from this report. However, the risks contained in the Finance and Customer Services Risk Register (Appendix 1).

9 Implications for Children and Young People and Vulnerable Adults

- 9.1 There are no direct implications arising from this report. Children and young people and vulnerable adult implications linked to risk mitigations are closely scrutinised and monitored.

10 Equalities and Human Rights Advice and Implications

10.1 There are no direct equality implications arising from this report.

11 Implications for CO2 Emissions and Climate Change

11.1 **FCS32** includes CO2 emissions and climate change implications from this report.

12 Implications for Partners

12.1 Actions relating to issues affecting partners are reflected in the risk register and closely scrutinised and monitored.

13 Risks and Mitigation

13.1 The Finance and Customer Services Risk Register (Appendix 1) details the directorate level risks and mitigations.

14 Accountable Officer(s)

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This report is published on the Council's website.