

LONDON BOROUGH OF CAMDEN	WARDS: All
REPORT TITLE: Principal Risk Update	
REPORT OF: Executive Director Corporate Services	
FOR SUBMISSION TO: Audit and Corporate Governance Committee	DATE: 3 April 2025
<p>SUMMARY OF REPORT</p> <p>This report provides an update on the action being taken to mitigate key principal risks and presents the Council's position as at March 2025. In line with Committee's Terms of Reference, the purpose of the report is to enable the Committee to monitor the effective development and operation of risk management in the Council.</p> <p>Local Government Act 1972 – Access to Information No documents were used in the preparation of this report which are required to be listed.</p> <p>Contact Officer: Nasreen Khan Head of Internal Audit, Investigations and Risk Management 5 Pancras Square London N1C 4AG Telephone: 020 7974 2211 Email: nasreen.khan@camden.gov.uk</p>	
<p>RECOMMENDATIONS</p> <p>The Committee is asked to:</p> <ol style="list-style-type: none"> 1) Note the report; 2) Agree an additional area for a risk deep dive in November 2025. 	

Signed: As agreed by the Executive Director Corporate Services

Date: 20 March 2025

1. Purpose of report

- 1.1 In accordance with its Terms of Reference, the Audit and Corporate Governance Committee (the Committee) is required to monitor the Council's effective development and operation of risk management. This report provides an update on key risks i.e. risks with a score of 15-20 and those that presented with an increasing forward trend in the December 2024 [Principal Risk Report](#).
- 1.2 The report also asks the Committee to agree an additional area for a risk deep dive in November 2025.

2. Update on key principal risks

- 2.1. This report is focused on principal risks with the highest risk scores and those with an increasing risk trend as outlined in the 2024 Principal Risk Report as follows:

Risk score 15-20

- i. Financial resilience and strategy
- ii. Housing Revenue Account (HRA) financial resilience
- iii. Increasing homelessness
- iv. Financial resilience of residents
- v. Delivering net zero Carbon and improving climate resilience
- vi. High Speed 2 and Euston
- vii. Safeguarding adults
- viii. Cyber and data security

Increasing risk trend

- ix. Safeguarding children
- x. Breakdown in community cohesion
- xi. Compliance with consumer standards (as a landlord)

- 2.2. As agreed at the December 2024 Committee meeting, the Increasing Homelessness risk has been selected for a deep dive in April 2025 and will be presented elsewhere on the agenda. The Committee received a deep-dive on the Safeguarding Adults risk at its February 2025 meeting. Therefore, these two risks are not included in this report. An update on the remaining nine risks has been provided by the risk leads as outlined below.

Financial resilience and strategy (general funds)

- 2.3. The Council continue to operate in an ongoing challenging financial environment nationally and locally. Thirty local authorities have sought 'Exceptional Financial Support' from the government to enable them to set a balanced budget.
- 2.4. In February 2025, Camden Council agreed a balanced budget for 2025/26, including an assessment of the Council's reserve levels being adequate over the medium term. The February 2025 report to Cabinet and full Council also included a summary of the Council's financial resilience and the risks and challenges facing the Council's continued financial resilience. In-year forecasts show a projected general fund overspend of £26m in 2024/25, driven largely by cost pressures across Children's

Social Care and Homelessness services. Officers are working to address the overspends to reduce them in year.

- 2.5. The government have committed to returning to multi-year settlements in this parliament which may give more certainty to the Council's Medium Term financial forecasts. The progress of MTFS projects is reported to the relevant Directorate Teams and to the Camden Management Team (CMT) quarterly. In addition, the s151 officer has been holding forecast review meetings with each Executive Director to review directorate forecast positions from Q3 2024/25. The second quarterly update was included in the report to Cabinet Members in December 2024 and included a review of progress on the MTFS to date and an update on the Council's overall medium-term position. Despite the agreed MTFS there remains a high level of challenge to our financial resilience and the risk trend continues to present as increasing.

HRA financial resilience

- 2.6. In January 2025, another £0.6m of savings were added to the existing £11.41m of savings agreed since January 2023 as part of the HRA Medium Term Financial Strategy (MTFS) for the period 23/24 to 25/26. Housing Directors monitor the delivery of the HRA MTFS through monthly meetings. The HRA budget in 2025/26 includes £5m contribution to reserves to build up financial resilience. HRA borrowing and debt profiles are regularly monitored and managed to ensure they remain affordable. In January 2025, the Cabinet agreed a Housing Asset Management Strategy which will invest an additional c.£350m in the maintenance of housing stock up in the period 2025-2030. The Strategy prioritises work which relates to regulatory requirements, such as fire and building safety, and preventing disrepair and raises the shortfall of funds needed by disposing of hard-to-maintain properties.
- 2.7. Major risks at Q3 2024/25 were overspends on repairs driven principally by disrepair cases and on interest payments driven by increases in interest rates. While some shorter-term pressures such as arrears, energy prices, external interest rates and cost inflation are past their peak, they remain higher than in the past. Over the longer term, the fundamentals of the HRA remain risky i.e. whether it can cover its rising costs through the rent and other income it can raise. While the government has consulted on a long-term rent policy of Consumer Price Index + 1%, the Council's Medium Term Financial Forecast for the HRA shows this would be insufficient to cover future costs. Despite the Housing Asset Management Strategy, the Council's longer-term ability to maintain its stock remains a risk. The Council is preparing to be inspected by the Regulator of Social Housing during 2025/26 to mitigate against a poor score which could reduce access to capital grants.

Financial resilience of residents

- 2.8. The cost-of-living crisis continues to have a significant impact on our residents and risk levels remain high. There are an estimated 85,000 financially vulnerable adults in Camden, which accounts for 37% of the population. The Council continues to make debt, financial hardship and poverty a priority across all services. In 2024/25, Camden invested £2m in the Cost-of-Living Fund and investment will continue in 2025/26. The amount for the Fund is agreed yearly and our plans were developed alongside the government-funded Household Support Fund (HSF) of £4m in 2024/25. The Government has announced a further extension of the HSF, however details of exact

amount is yet to be announced. The Government is in early stages of planning for a review of the HSF and the Discretionary Housing Payment Fund which is expected in 2026/7. Local authorities will be consulted as part of this review.

- 2.9. Another mechanism of support for residents is Camden's council tax scheme which is one of the most generous in Britain and ensures 16,000 Camden households, including pensioners, do not pay any council tax. In addition, the Money Advice Camden service carries out a range of activities to support local people to maximise their income, uptake benefits they are entitled to and support them to reach financial stability. It is estimated that currently £124m of benefits are underclaimed in Camden. Therefore, income maximisation, through access to benefits and earned income, is critical to tackling poverty. Good Work Camden continues to support Camden residents looking to improve their employment situation. Neighbourhood job hubs offer one to one advice and action planning as well as a range of employability workshops and training opportunities. Across the GWC portfolio of programmes we aim to support around 1000 people a year into work, training or to start a business.

Delivering Net Zero Carbon and Improving Climate Resilience

- 2.10. The Council published the fourth annual review of its Climate Action Plan in November 2024. This reported that 98% of actions within the plan are either progressing well or completed. It also reported that borough-wide carbon dioxide emissions have reduced by 48% since 2005 with emissions from our own estate and operations now 64.5% below 2010 levels (the baseline year for our own estate and operations). The Council building retrofit programme that improves the energy efficiency of our own estate has delivered emissions reductions at new sites including Highgate Library. The cost of achieving net zero across our estate and the borough remains significant, with a funding gap of around £160m for our corporate and schools' estate alone.
- 2.11. Our climate resilience programme is governed by the Council's Climate Adaptation and Resilience Plan and the Flood Risk Management Strategy which operate together to build community and infrastructure resilience to climate hazards such as increased summer heat and flood risk. The first comprehensive reviews of the two plans, published in November 2024, show that our current approach is on track. In the climate resilience programme, 82% of the 55 actions are either achieved or underway. For example, we hosted a cross-Council workshop in July 2024 on the risk posed by heatwaves, providing services with guidance on making service delivery more resilient. Within the flood risk management programme, 95% of actions are either achieved or underway. This includes the delivery of significant sustainable drainage schemes in three locations in South Hampstead and securing grant funding for a project to install attenuating tree pits in the area. Despite the progress made, the risk level remains high as services need to do further work to fully understand their vulnerability to climate and identify adaptation measures. The findings from the heatwave workshop were endorsed by the Corporate Resilience and Assurance Group, however greater service level engagement is proposed on the issue with Directorate Management Teams.

High Speed 2 and Euston

- 2.12. The Council is continuing close engagement with key stakeholders to secure the desired benefits from the HS2/Euston development. Whilst the Government has committed to a six-platform design at Euston, it is not yet clear if potential future

expansion of additional platforms will be safeguarded in the design of the station. HS2 has postponed any new construction work aside from tunnelling. Meanwhile, residents in the area continue to experience disruption and uncertainty. The Council is considering what a locally led development organisation might look like for the area around Euston and pushing for a leadership role in such a partnership.

- 2.13. The Government is in the final stages of setting up the Housing Delivery Group for Euston and Camden is working alongside to look at options for housing in Euston. The Council's engagement with residents continues, with discussions taking place on ways to enable residents to feed in their priorities for housing options and there will be consultation on the Euston Area Plan review this year. The Euston Partnership Board is working together to enable more coordinated and joined up planning and design of the area.

Cyber and Data Security

- 2.14. The overall cyber threat landscape remains complex and ever-changing. Camden continues to invest resources and funding to assess and actively manage its cyber security risks through the Cyber Security Programme. Our Information Security Team has worked with staff across the Council to successfully conclude the annual Public Service Network (PSN) and Payment Card Industry Data Security Standard (PCI-DSS) certification audits, including remediating the identified vulnerabilities. Defined KPIs, including 'Microsoft Secure Score' and vulnerability management measures, show a reducing attack surface. However, it is vital to recognise that maintaining a secure IT environment generates significant ongoing work. We are collaborating with the Ministry of Housing, Communities and Local Government (MHCLG) Local Digital Service to begin the mandated transition to the National Cyber Security Centre (NCSC) 'Cyber Assessment Framework,' which aims to bring a common approach to cyber security and resilience in the public sector.
- 2.15. As with any large organisation, Camden relies on suppliers to deliver products, systems, and services to support overall delivery and organisational effectiveness. The security of the overall supply chain is a growing risk and focus for Camden. We must recognise that vulnerabilities can be inherent or introduced and exploited at any point, requiring oversight and review throughout contracts. Many recent high-profile incidents impacting local and central government and the NHS have demonstrated the need to expand our approach to completing rigorous cyber security supply chain assessments on all contracts incorporating IT elements. Our workload in this area has doubled over the past year, and the Digital and Data Service is working with the Information Rights team to deliver a holistic approach.
- 2.16. We have broadened the scope of our Cyber Security Programme to include the 48 Camden schools buying into the Schools' IT Support Service Level Agreement (SLA). Cyber will become a formal part of the SLA in April 2025. Led by a dedicated Cyber Security Analyst, we have worked with London Grid for Learning to complete cyber assessments in every school, which have been used to plan a remediation programme. Funded by suppliers through social value commitments, we plan to deliver a phishing awareness competition between the ten Camden secondary schools for Cyber Awareness Month in October.

Safeguarding children

- 2.17. The Council received notice from Ofsted on 24 February of an inspection of our children's services, which concluded on 7 March. Inspections occur on a three-yearly cycle and at the Council's last inspection in 2022, Ofsted rated our children's services as 'Outstanding'. During the site visit, inspectors met a range of staff from across the children and learning directorate. Initial feedback from Ofsted has been positive, with the final inspection outcomes expected to be announced in April. The Council has also been notified of a Youth Justice service inspection which will take place in April 2025 and is awaiting an inspection of our Special Educational Needs and Disabilities (SEND) service during 2025/26.
- 2.18. A benchmarking exercise on social worker recruitment and retention concluded in December 2024. The results show that Camden compare well on pay against other London boroughs but could do more on improving retention. A programme of work in place to address retention and reduce turnover, especially in front line roles.
- 2.19. The Council is preparing for the children's social care reforms associated with the Children's Wellbeing and Schools Bill which is currently going through parliament. A number of workstreams are being delivered in collaboration with our partners, overseen by a programme board. The Government's aim with the reforms is to improve the safeguarding of children and to raise educational standards. Sufficiency of care placements continue to be a challenging area, particularly for young people with complex needs. The Council is delivering a plan to increase the number of residential care placements available in-borough to address significant overspends on placement budgets.

Breakdown in community cohesion

- 2.20. Community cohesion remains a key priority in Camden, with ongoing efforts to promote inclusion and tackle rising hate crime linked to international conflicts and far-right activity. Fluctuations in hate crime levels, particularly antisemitic and Islamophobic incidents, highlight the need for sustained action. To counter this, Camden is strengthening cohesion through targeted engagement with community organisations, faith leaders, and council partners to address emerging risks and build resilience. Two Community Reassurance Meetings in 2024 brought together 200+ representatives to address concerns and strengthen coordination. The Camden Interfaith Network has led initiatives like the West Hampstead Interfaith Walk and Faith & Belief Community Awards, fostering cross-community trust.
- 2.21. The Community Cohesion Tension Monitoring Group remains a key mechanism in proactively addressing community tensions. It plays a vital role in intelligence sharing, coordinating responses with the Met Police and local partners, and ensuring that Camden's approach to cohesion is responsive and well-informed. In addition, the Council's commitment to Prevent-related activity, despite the cessation of central government funding, ensures continued safeguarding efforts against radicalisation and extremist ideologies. These efforts align with Camden's broader strategy, which includes enhanced monitoring of hate crime patterns, increased engagement with faith and voluntary sector networks, and ongoing collaboration with the Police to assess and respond to local risks effectively. Camden monitors the effectiveness of its strategy through regular reviews, data monitoring and stakeholder feedback.

Compliance with consumer standards (as a landlord)

- 2.22. Work is progressing to assess the Council's compliance the consumer standards under The Social Housing (Regulation) Act. In February and March 2025, the council conducted an extensive testing of compliance via a 'mock inspection' programme consisting of interviews conducted by expert consultants Altair, analysis of the Tenant Satisfaction Measures data audit, and input from Internal Audit. Officers will be rerunning the self-assessment based on this evidence, with full findings available in April 2025. Significant progress has been made in the form of the Housing Investment Strategy (the Council's clear costed plan to improve stock condition) which was approved by Cabinet in January 2025.
- 2.23. It is anticipated that the Social Housing Regulator will announce an inspection on Camden in 2025/26. Only one London borough has achieved a C1 (fully compliant) inspection rating so far. Despite the programme of work currently in train, there remains a risk that there are unknown gaps in compliance which will come to light during an inspection. The consumer standards are very detailed and comprehensive, and the mock inspection results will provide insight into further action to fully meet them.

3. Principal Risk Deep Dives

- 3.1. Principal risk deep dives are presented to the Committee bi-annually. The purpose of deep dives is to make provision for the Committee to obtain an in-depth understanding of a risk area and have a discussion directly with the risk leads. Deep dives commenced in 2021-22, and areas previously presented to the Committee in the last two years are outlined below:

	Principal Risk	Risk score at the time of the deep dive	Date of deep dive
1.	Housing Revenue Account Financial Resilience	16	March 2023
2.	Emergency preparedness, response and recovery	9	March 2023
3.	Energy costs	12	November 2023
4.	HS2 and Euston	16	November 2023
5.	Safeguarding Children	10	April 2024
6.	Pressures in the Health System	12	April 2024
7.	Financial Resilience of Residents	16	December 2024
8.	Safeguarding Adults	16	February 2025
9.	Increasing Homelessness	20	April 2025
10.	Complaints in Housing Repairs	To be confirmed	November 2025 (scheduled)

- 3.2. At its meeting in December 2024, the Committee agreed deep dives for April 2025 in the following areas: i) Increasing homelessness and ii) Complaints in housing repairs. Complaints in housing repairs was subject to a report to all Members at the

Extraordinary Council meeting in January 2025 and to Housing Scrutiny Committee in February 2025. This deep dive has therefore been rescheduled for November 2025 to avoid duplication of reporting and allow time for implementation of mitigation measures.

- 3.3. The Committee is therefore asked to consider whether an additional risk for deep dive for November 2025. It is recommended that a risk area presented in this report is considered i.e. risks with the highest scores or with an increasing risk trend. However, the Committee can consider all principal risks as included in the [Principal Risk Report 2024](#).

4. Finance Comments of the Executive Director Corporate Services

- 4.1. The Executive Director Corporate Services has been consulted, and comments are incorporated within the body of the report.

5. Legal Comments of Borough Solicitor

- 5.1. There are no direct legal implications arising from this report. Legal advice and support will be provided, where necessary, in relation to individual risks.

6. Environmental implications

- 6.1. There are no known environmental implications arising from this report.

End