

## Financial Risks

## Adult Social Care &amp; Health

| Service Area | Short description of risk                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Risk             |                  |                  | Potential Mitigation                                                                                                                                                                  |
|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 2023/24<br>£000s | 2024/25<br>£000s | 2025/26<br>£000s |                                                                                                                                                                                       |
| All Care     | <p><b>Market sustainability and Fair Cost of Care (FCoC).</b></p> <p>The government has recognised that the state of the care market is due, in part, to the rates paid by local authorities (LA). They have introduced reforms which are designed to bring current LA rates paid to a fair cost over a 3 year period. This is also in line with the authorities duties under the Care Act 2014. A nationwide exercise started in 2022 with the results being made public 01/02/23. This is likely to cause significant noise. Risk shown is the current best guess of the impact spread equally across 3 years, however its likely that this will increase in subsequent as the FCoC is based on 22/23 rates so is likely outdated before its fully met.</p> <p>If the grant funding is not available to the department either the likely grant conditions will not be met of the departmenrt will overspend.</p>                                                                                                            | 3,500            | 3,500            | 3,500            | Use of Market Sustainability grant                                                                                                                                                    |
| All Care     | <p><b>Hospital Discharge 1</b></p> <p>In late 2022 the ASC Discharge Grant was introduced to relieve pressures in the healthcare system. The grant was awarded to LAs and ICBs and was managed via the Better Care Fund S75 agreement. The grant has strict conditions and requires fortnightly activity reporting.</p> <p>This grant has been extended to 23/24, no further guidelines have been issued but it is highly likely to have the same or similar conditions.</p> <p>In addition the introduction of the FCoC will increase the costs of care for discharges.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 3,000-5,000      | TBA              | TBA              | Use of the 2023/24 ASC Discharge grant and manage volume of patients being discharged.                                                                                                |
| All Care     | <p><b>Hospital Discharge 2</b></p> <p>It was announced 9 January 23 that the Department of Health &amp; Social Care (DHSC) are to spend £250m buying residential care beds. This has a number of potentially unfortunate consequences for LAs.</p> <p>This will likely increase the cost of residential care further, one providers have publicly stated that they consider this to be a high cost service.</p> <p>Part of the issue with discharge is the lack of therapy services available. Using these care home beds is not going change this situation and is highly likely to lead to care dependency for which the LA is liable to fund.</p> <p>There is no clarity around how these patients care will actively be managed. The worse case is that there are essentially "warehoused" which is inappropriate for the patient and potentially costly for the LA.</p> <p>As these plans have only just been announced and no guidance has been issued, the above is a best guess until we have further information</p> | TBA              | TBA              | TBA              | <a href="https://www.gov.uk/government/news/up-to-250-million-to-speed-up-hospital-discharge">https://www.gov.uk/government/news/up-to-250-million-to-speed-up-hospital-discharge</a> |
| All Care     | <p><b>Inflation</b></p> <p>Inflation has been budgeted for at up to 9%, however providers are currently approaching commissioners for increases of between 12 and 25%. These requests are outside the Fair Cost of Care exercise. In some instances the departmant may need to pay inflationary increases to ensure provider stability.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 0 - 1000         |                  |                  |                                                                                                                                                                                       |

## Childrens and Young People

|                                                         |                                                                                                          | Risk    |         |         | Potential Mitigation                                                                 |
|---------------------------------------------------------|----------------------------------------------------------------------------------------------------------|---------|---------|---------|--------------------------------------------------------------------------------------|
| Service Area                                            | Short description of risk                                                                                | 2023/24 | 2024/25 | 2025/26 |                                                                                      |
|                                                         |                                                                                                          | £000s   | £000s   | £000s   |                                                                                      |
| Children's Social Care Division                         | Underfunding of employee pension budget                                                                  | 1,198   | 1,198   | 1,198   | Covered from in-year vacancies                                                       |
| Social Work with Children Looked After and Care Leavers | Increased children looked after numbers and/or clients existing/new young people in high-cost placements | 1,200   | 1,200   | 1,200   | Early intervention to mitigate the number of children becoming children looked after |

## Housing

|                                       |                                                                                                                                                                                                                                                                                    | Risk    |         |         | Potential Mitigation                                                                                                                                                                                                                     |
|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------|---------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Service Area                          | Short description of risk                                                                                                                                                                                                                                                          | 2023/24 | 2024/25 | 2025/26 |                                                                                                                                                                                                                                          |
|                                       |                                                                                                                                                                                                                                                                                    | £000s   | £000s   | £000s   |                                                                                                                                                                                                                                          |
| Homelessness                          | Availability of private rental properties is low leading to high inflation and increased use of nightly paid accommodation                                                                                                                                                         | 3,000   | 2,000   |         | Budget for inflationary pressures<br><br>Implement savings measures as planned including restructure; use of HRA stock; occupancy review etc.<br>Use financial data to target most cost effective property as homelessness accommodation |
| Temporary and Emergency Accommodation | External pressures from other public bodies such as the increased need to provide services to asylum seekers housed in Croydon by the Home Office, large numbers of people being housed in Croydon by other London Boroughs and people housed in Croydon by the Probation service. | TBA     |         |         |                                                                                                                                                                                                                                          |
| Homelessness                          | Service disruption due to restructure of housing resource                                                                                                                                                                                                                          | 1,000   |         |         | Considered use of agency staff to cover gaps                                                                                                                                                                                             |

## Sustainable Communities Regeneration & Economic Recovery

|                                              |                                                                                                                                                                                                                                                                                                                        | Risk    |         |         | Potential Mitigation |
|----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------|---------|----------------------|
| Service Area                                 | Short description of risk                                                                                                                                                                                                                                                                                              | 2023/24 | 2024/25 | 2025/26 |                      |
|                                              |                                                                                                                                                                                                                                                                                                                        | £000s   | £000s   | £000s   |                      |
| Highways and Parking                         | Income Risk for Penalty Charge Notices (PCN) due to delays in Conduent Contract for Automatic Number Plate Recognition                                                                                                                                                                                                 | TBA     |         |         |                      |
| Highways and Parking and Strategic Transport | There is a risk given the current financial situation at TFL that anticipated funding for infrastructure projects may be delayed or rescinded which may result in additional capital borrowing needed by the council be that to cover loss of income or to complete projects.                                          | TBA     |         |         |                      |
| Development Control                          | Continued down turn in the number of planning applications impacting ability to achieve income budgets.                                                                                                                                                                                                                | TBA     |         |         |                      |
| Highways and Parking                         | Although there has been a rightsizing of the Parking Budget the current cost of living crisis, continued changes in the number of people working from home since the pandemic and other economic factors may affect the number of people using Parking in Croydon. This will affect both Pay & Display and PCN Income. | TBA     |         |         |                      |

|                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |     |  |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|-------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|--|--|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| All Areas                                             | Given the current rate of inflation there is a risk that continuation of this economic factor may affect further contractual prices and create additional budgetary pressures. This is most likely in connection with fuel, energy and services with a large sub contracted workforce                                                                                                                                                                                                                          | TBA |  |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| All Areas                                             | Given the current cost of living crisis and inflationary pressures on both residents and businesses within the borough there is likely to be a knock affect on various income streams with the Services, as people and businesses tighten the purse strings or regrettably in some cases cease trading.                                                                                                                                                                                                        | TBA |  |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| All Areas                                             | Given the current financial situation of the council and a highly competitive external market (cost wise) in direct competition with some of our services recruitment and retention issues are risk that needs to be taken into account which may affect some of the services we deliver                                                                                                                                                                                                                       | TBA |  |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Development Management Building Control and Licensing | There is currently consideration being given or already in place regarding statutory requirements and statutory legislation in these areas which are likely to be realised in the next financial year. There is a risk that changes may affect income or costs for these services.                                                                                                                                                                                                                             | TBA |  |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Public Realm                                          | A new statutory duty on public bodies and large organisations to physically protect public spaces ("Martyn's law) is due to be published in Spring 2023. This is expected to place several statutory duties on the council, which will not be funded from central government. Measures could range from Hostile Vehicle Mitigation to organisational policy, CCTV, recruitment and other changes. Where existing sites are owned by the council the cost of retrofitting measures are potentially significant. | TBA |  |  | Work will be undertaken with counter-terrorism police to identify potential sites although until the draft bill is released it is not possible to fully determine the criteria for vulnerable locations (which will directly affect the quanta of financial risk). A Protect Board will oversee this work across departments and the partnership, and co-ordinate activity. This will also ensure that any changes to planning policy and regulatory policy can be embedded in practice to mitigate future costs |

### Assistant Chief Executives and Resources

| Service Area                   | Short description of risk                                                | Risk             |                  |                  | Potential Mitigation                                                                                   |
|--------------------------------|--------------------------------------------------------------------------|------------------|------------------|------------------|--------------------------------------------------------------------------------------------------------|
|                                |                                                                          | 2023/24<br>£000s | 2024/25<br>£000s | 2025/26<br>£000s |                                                                                                        |
| Resources- Investment & Assets | Disposal programme of assets will lead to reduction of income in revenue | TBA              |                  |                  | Take account of any income loss within any decision to dispose of assets. Adjust the MTFS accordingly. |
| Elections                      | National changes occurring                                               | TBA              |                  |                  | Offset against any additional government funding for new burdens                                       |
| Elections - Local              | Reserve for local election                                               | TBA              |                  |                  | Review the future contributions to the reserve to spread any forecast cost increase.                   |

### CORPORATE

| Service Area   | Short description of risk                                                                | 2023/24 | 2024/25 | 2025/26 | Potential Mitigation                                                                                                                                   |
|----------------|------------------------------------------------------------------------------------------|---------|---------|---------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
|                |                                                                                          | £000s   | £000s   | £000s   |                                                                                                                                                        |
| Council Wide   | Upturn in inflation - pay award and contract inflation 1% higher than currently modelled | 6,000   |         |         | Review and management of contracts. Potential offset against the cost of living contingency.                                                           |
| Council Wide   | 1% increase in borrowing costs (due to interest rate rises)                              | 1,880   |         |         | Review in-year Treasury Management Strategy                                                                                                            |
| Business Rates | Reduction in income due to business closure/lower economic activity                      | 0       | 8,600   | 0       | The impact will be in future years. The risk shown would reduce rates income to the minimum level (safety net threshold) guaranteed by the government. |

|                                                                         |               |               |              |
|-------------------------------------------------------------------------|---------------|---------------|--------------|
| <b>Total Risks Quantified (mid-point taken when a range identified)</b> | <b>22,278</b> | <b>16,498</b> | <b>5,898</b> |
|-------------------------------------------------------------------------|---------------|---------------|--------------|