

Financial Risks

Figures are incremental

Adult Social Care & Health

Service Area	Short description of risk	Risk				Potential Mitigation
		2024-25 £000s	2025-26 £000s	2026-27 £000s	2027-28 £000s	
All care	Inflation Inflation has been budgeted for corporately, however providers are currently approaching commissioners for increases of between 9.5% and 45%. These requests are outside the Fair Cost of Care exercise. In some instances the department may need to pay inflationary increases to ensure provider stability. Croydon has signed up to the Ethical Care Charter, which stipulates that providers must pay employees London Living Wage. For 2024-25 LLW has increased by 10.04%	5,000	5,500	6,000	6,500	Continue to work with providers to keep increases in check. This involves the use of tools such as CareCubed and benchmarking with other authorities. Use of Market Sustainability Fund but this relies on its continuance.
All care	Demand Work continues to manage demand for social care, however this is challenging in the current economic climate especially with regard to increasing demand for mental health services	500	1,000	1,500	2,000	Provide information and guidance, and early intervention to mitigate demand for formal care.
All care	Market Sustainability Fund and Hospital Discharge Fund Funding has not been confirmed beyond 2024-25. Market sustainability funds support recurrent provider fee increases. Hospital discharge funds care for people leaving hospital and staffing. The loss of either grant will result in new pressures.	-	8,400	8,400	8,400	Confirmation of the continuation of these grants
All staffing	Workforce Recruiting staff is increasingly more difficult, with recognised shortages of social workers and occupational therapists. Despite the work that has been undertaken to reduce reliance, in order to meet statutory services and deliver transformation, there is a likelihood that the need for more costly agency staff will increase.	500				Use of agency staff to meet statutory duties. Convert agency staff to permanent to reduce costs. Participation in the new social care apprentices scheme to build future resilience.

Childrens and Young People

Service Area	Short description of risk	Risk				Potential Mitigation
		2024-25 £000s	2025-26 £000s	2026-27 £000s	2027-28 £000s	
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	1,768	1,768	1,768	1,768	Early intervention to mitigate the number of children becoming children looked after

Housing		Risk				Potential Mitigation
		2024-25 £000s	2025-26 £000s	2026-27 £000s	2027-28 £000s	
Service Area	Short description of risk					
Homelessness	Availability of private rental properties is low (landlords leaving the market) leading to high inflation and increased use of nightly paid accommodation	5,000	5,000			Budget for inflationary pressures Implement savings measures as planned including use of HRA stock; occupancy review etc. Strengthen relationships with Housing Associations to increase nomination rights Use financial data to target most cost effective property as homelessness accommodation
Homelessness	Potential fire safety works at leased blocks, e.g. Sycamore House, may lead to extended decant periods into more expensive nightly paid accommodation	3,000				Claim costs from freeholder Consider additional fire safety measures, such as a waking watch, to minimise void periods
Homelessness	Service disruption due to ongoing impact from remodelling service processes	500				Considered use of agency staff to cover gaps
Homelessness	Specialist accommodation providers leaving the market leading to difficulty in providing statutory services	500				Look at feasibility of providing in-house supported accommodation services

Sustainable Communities Regeneration & Economic Recovery

		Risk				Potential Mitigation
		2024-25 £000s	2025-26 £000s	2026-27 £000s	2027-28 £000s	
Service Area	Short description of risk					
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				In 2023-24 a Highways and Transport board has been created to monitor the capital projects under its remit. As part of this boards objectives a greater emphasis has been committed to in regards to a closer and improved working relationship with TFL so that projects can meet shared goals. This improved relationship will assist in mitigating potential risks.
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.	1,000				Although unable to directly mitigate against economic factors outside the councils control, the service continually looks at areas where enforcement will improve traffic flow reduce congestion and promote healthy corridors. Additionally as part of the service transformation the new parking policy once fully implemented (and taking into account stakeholder views) will assist in mitigating this risk
Highways and Parking	Highway Infrastructure Assets - Under-investment in infrastructure including bridges, roads, flood defences, etc. Risk of serious damage and litigation as well as substantial increase in repair costs.	TBA				The Department for Transport have pledged additional minimum funding from 2023-24 to 2033-34 of £11.9m which will assist in mitigating some of the risks around infrastructure. Additionally the services will work closely with partners such as TFL and Network Rail to maximise external funding where appropriate.

Highways and Parking	New box junction and bus lane Automatic Number Plate Recognition (ANPR) cameras not achieving income targets due to increased expected compliance	857				To mitigate the risk in relation to Box Junctions the service continually looks for new locations where ANPR can be utilised taking into account areas where enforcement will improve traffic flow and reduce congestion. Feasibility studies will be undertaken to help identify these locations.
Highways and Parking	Delays to transformation of parking policy- emission discounts for parking, parking permit price increase, cashless P&D, controlled parking expansion - reducing anticipated income.	TBA				The service will continue to liaise with all relevant stakeholders providing supporting evidence as required to ensure the proposed policy is implemented as appropriate and in a timely manner.
SEND Transport	Unprecedented increase in demand and inflation for Home to School SEND Travel	2,500				This area has received Transformation Funding and has implemented a working group involving all stakeholders from relevant directorates to explore all potential mitigations and reduce the pressure on the service. This includes exploring muster points, travel training and the design of the transport routes.
Development Management	The reduction in planning major applications is being experienced across the country and the GLA is reporting the reduction across London. It is these applications which bring in the most significant fees, therefore income may be reduced.	600				Although the reduction of major planning applications are beyond the control of the council the service and other services within the directorate continue to promote the economic benefits and opportunities of investing in residential and commercial infrastructure in Croydon

CORPORATE

Service Area	Short description of risk	2024-25	2025-26	2026-27	2027-28	Potential Mitigation
		£000s	£000s	£000s	£000s	
Council Wide	Upturn in inflation - pay award and contract inflation 1% higher than currently modelled	6,000	6,000	6,000	6,000	Review and management of contracts. Offset against future years economic demand and pressures contingency
Council Wide	1% increase in borrowing costs (due to interest rate rises)	500	500	500	500	Review in-year Treasury Management Strategy
Council Wide	Cash flow risk (unwinding of internal borrowing - £75m reduction modelled)	1,118				Review in-year Treasury Management Strategy
Business Rates	Reduction in income due to business closure/lower economic activity	-	8,600		0	The impact will be in future years. The risk shown would reduce business rates income to the minimum level (safety net threshold) guaranteed by the government.

Total Risks Quantified (mid-point taken when a range identified)	29,343	36,768	24,168	25,168
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