





Risk / Weakness	Implications	RISK	Mitigating actions	Relevance to Services
<b>1. National economic factors</b>				
Impact of economic factors including the war in Ukraine and Israel, increased energy costs, high interest rates and uncertain levels of inflation.	<p>Increased demand for services and potentially prolong the cost-of-living crisis.</p> <p>Impact of potential increased financing cost for capital schemes could create a cost pressure in the MTFS</p>	<p>L – 3</p> <p>I – 4</p> <p>12</p> <p>↔</p>	<p>1) Proactive organisational financial planning and refresh of the MTFS</p> <p>2) Council policies to promote local business.</p> <p>3) Council policies to increase employment opportunities in the borough.</p>	All
<b>2. Lack of certainty of funding for 2025/26 and beyond</b>				
Indication of local government funding levels for 2025/26 have not been provided as part of the 2024/25 financial settlement and is unlikely until after the general election, which has not yet been scheduled	Increases uncertainty for setting future budgets and could limit the opportunity to put in place required changes to deliver a balance budget position.	<p>L – 3</p> <p>I – 4</p> <p>12</p>	The 2024/25 budget refresh will include a range of funding options for consideration by SLT and Cabinet and the required actions to meet these options.	All
<b>3. Reforms to Local Government funding</b>				
It is unclear when reforms to Local Government funding including Business rates reset may take place. It is increasingly unlikely that they will take place until 2026/27.	The impact of these reforms on the Council's finances and the MTFS is unknown and therefore restricts financial planning for 2025/26 and beyond	<p>L – 3</p> <p>I – 4</p> <p>12</p> <p>↔</p>	<p>1) Robust budget preparation, budget setting, and financial ground rules are key elements in managing this risk.</p> <p>2) Maintaining sufficient reserves to potentially fund any MTFS funding gaps or required transformational resource to deliver any savings.</p> <p>3) Continuing efforts to collaborate and interact with DLUHC, London Councils, etc</p>	All

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<b>4. Increased demand for Adults and Children’s Social Care, and SEND</b>				
<p>Demand for Adult Social Care is increasing, following the changes to national guidance on hospital discharge. The impact of this is that residents are leaving hospital sooner, in the main returning to their home, but with a higher level of needs.</p> <p>Looked after Children numbers have also increased significantly since pre Covid, including a significant increase in UASC</p> <p>The High Needs budget continues to be challenging to balance in-year and SEND services continue to see a growth in demand, impacting both the general funds and High Needs Block.</p>	<p>Increased pressure on service budgets and the MTFS</p>	<p>L – 3 I – 4  12  ↔</p>	<ol style="list-style-type: none"> <li>1) Maximise the use of new social care funding to mitigate budget pressures and develop initiative to manage the levels of demand.</li> <li>2) Working with Integrated Care Board to develop initiatives to manage demand and agree the apportionment of the IBCF to offset budget pressures</li> <li>3) The service has developed management actions that will ensure that the right care is provided at the right time for the right cost, to ensure that the overspend in 2023/24 is not continued into 2024/25 and beyond. This is an area of considerable risk and requires a cross-council approach to solve many of the issues. These management actions will also ensure that financial assessments are undertaken promptly and all income is recovered on a timely basis.</li> </ol>	<p>Peoples Directorate</p>
<b>5. Increase in the number of households presenting as homeless</b>				
<p>There is an increasing demand for temporary accommodation in 2023/24.</p>	<p>Increased demand &amp; cost of accommodation. The Local Housing Allowance (LHA) has been increased but doesn't cover the full cost &amp; the balance has to be funded from the general fund.</p>	<p>L - 3 I – 2  6</p>	<p>Increase the supply of accommodation to discharge the Council’s duty via a number of initiatives.</p>	
<b>6. Inflation</b>				
<p>The Council's expenditure (pay and non-pay) is subject to annual inflation based on indexation that is determined by external stakeholders e.g. Central Government for pay and suppliers through agreed contracts for other service expenditure..</p>	<p>Both pay and contracts may require higher inflationary increases if they are linked to CPI in the earlier part of 2023. CPI is currently at 4% a small increase on the previous month, pay and non-pay have been included within the MTFS at 4%. The impact of inflation would be on both revenue and capital budgets</p>	<p>L – 3 I – 3 9  ↔</p>	<ol style="list-style-type: none"> <li>1) Where possible negotiation with stakeholders to keep inflationary increases to a minimum.</li> <li>2) Maintaining sufficient reserves to potentially fund any MTFS funding gaps or required</li> </ol>	<p>All</p>

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<b>7. Delivery of Budgeted and Transformational Savings</b>				
<p>Agreed MTFS Savings are not fully achieved or slip into future years.</p> <p>The Transformation programme does not deliver the required savings to meet the MTFS funding gaps.</p>	<p>Potential for in-year overspends and funding gaps requiring use of reserves to balance the budget. In the longer term, if there is sufficient level of resources , it would lead to the need to issue a Section 114 notice.</p>	<p>L – 3 I – 4 <b>12</b> ↑</p>	<p>1) Robust challenge of all proposed MTFS Savings during the MTFS process</p> <p>2) In-year monitoring of agreed MTFS Savings and alternative proposals designed when required.</p> <p>3) Finance involvement in transformation programme to ensure proposals are robust.</p>	<p>All</p>
<b>8. Reliance on Commercial Income or Fees &amp; Charges</b>				
<p>Exploring alternative sources of income to offset core funding reductions and also ensure value for money for residents</p>	<p>A recession or other unexpected/uncontrollable event could leave the Council exposed to under-funding or large losses in income.</p> <p>Competition - As well as individual factors influencing demand the Council has to consider competitive forces in certain service areas. Especially trading activities.</p>	<p>L – 3 I – 3 <b>9</b> ↔</p>	<p>1) Monthly monitoring which scrutinises forecast projections and challenges material movements against budgeted targets.</p> <p>2) A balanced approach to commercial income whereby even a dramatic drop can be dealt with through reserves and service prioritisation.</p>	<p>Specific Services</p>
<b>9. North London Waste Authority (NLWA)</b>				
<p>The plant that services North London is being replaced which would add a significant financial pressure on the Council in the next few years</p>	<p>A cliff-edge in increased costs following the replacement plant would place significant pressure on the Council's budget and result in service reductions being needed to balance the budget</p>	<p>L – 3 I – 3 <b>9</b> ↔</p>	<p>The use of the NWLA smoothing reserve will act as a buffer for any sudden increases and allow the Council to manage any budget requirements more effectively</p>	<p>Specific Service</p>

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<b>10. Impact of London Living Wage on the Council's social care budgets</b>				
The Council's commitment to extend London Living Wage to its social care contracts	There would be an increase in costs across social care budgets which are already under pressure due to continually increasing demand	L – 3 I – 3 9 	1) Effective modelling of potential costs to smooth any increases over a longer number of years 2) Engaging with social care providers to ensure that LLW is only paid to those who qualify 3) Implementing LLW at the point of contract renewals to reduce any significant cost increases over a short period	All
<b>11. Pension Fund Assets / Pension Fund Deficit</b>				
Pension Fund assets failing to deliver returns in line with the anticipated returns underpinning valuation of Pension Fund Liabilities over the long-term.	The Council's Pension Fund being under-funded resulting in an increase in the employer contribution rate and deficit funding that the Council pays into the fund.	L – 3 I – 3 9 	The Council continues to explore options to reduce the pension deficit, as well as taking a robust approach to its pension investments to maximise return	All
<b>12. Interest Rate changes</b>				
Changes to the Bank Base Rate and returns on investments.	The Council earns an amount of income from its Treasury function. Should the country return to a reducing interest rate situation then such a decrease in interest rates could mean returns on investment are lower, reducing the amount of income earned e.g. from Government Bonds	L – 3 I – 3 9 	The Council has a number of options available to it to mitigate these risks. These include placing fixed term deposits as opposed to instant access, limiting deposits in money market funds and closely monitoring interest rate forecasts and available market rates.	Specific Service
<b>13. Planned Use of Capital Receipts</b>				
Capital receipts are generated when an asset is disposed and are source of financing for capital expenditure. However, there can be delays in disposing of assets which then delays the inflow of a capital receipt	Shortfalls in financing of capital expenditure, possibly resulting in higher borrowing costs	L – 2 I – 3 6 	1) In-depth analysis and challenge of capital project cash flow projections. 2) Rigorous monthly monitoring which scrutinises forecast projections and challenges material movements against budgeted targets.	Specific Services