

LONDON BOROUGH OF CAMDEN	WARDS: All
REPORT TITLE: Principal Risk Update	
REPORT OF: Executive Director Corporate Services Interim	
FOR SUBMISSION TO: Audit and Corporate Governance Committee	DATE: 26 March 2026
<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 February 2026. In line with Audit and Corporate Governance Committee's (ACGC) 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 note the report.</p>	

Signed: As agreed by the Executive Director Corporate Services Interim
Date: 12th March 2026

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 in the November 2025 [Principal Risk Report](#).
- 1.2 The report also includes an overview of the risk deep dive programme.

2. Update on key principal risks

- 2.1. This report provides an update on principal risks with the highest risk scores (risk score 15-20) as outlined in the 2025 Principal Risk Report as follows:
 - 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. Cyber and data security.

Financial resilience and strategy (general funds)

- 2.2. The Council has now received its three-year settlement for 2026/27 to 2028/29, which provides much greater funding certainty following seven single year settlements in a row. This follows an extensive consultation process on the 'Fair Funding Review' (a new methodology for allocating funding to individual authorities), which the Council engaged in extensively, both alone and with its partners. Whilst the final outcome was better for Camden than originally expected when the original Fair Funding Proposals were released, its 'Core Spending Power' will be flat in cash terms when compared to 2025/26 levels to 2028/29 (assuming council tax levels increase by 4.99% per year). This means no additional funding for inflation and demographic pressures.
- 2.3. The Council is in the process of finalising a balanced budget for 2026/27, with this year serving as a transition between the old Medium Term Financial Strategy and the next (due to run from 2027/28 to 2029/30); this was necessary so the council could better understand its post-settlement budget gap and take the time to properly plan workable transformational savings, important given the likely substantial budget gap. As part of the Council's financial planning, it has set aside one-off balances with the express purpose of supporting the general fund while the Council develops a new medium term financial strategy.
- 2.4. The Council overspent by £22.8m in its GF in 2024/25 and forecasts a £19.6m overspend in 2025/26. Whilst temporary accommodation and social

care are the main drivers here, there are overspends across a wider range of services which need to be tackled. Officers are working to reduce these overspends in year and we have implemented new controls and monitoring processes (including new oversight arrangements from the Chief Executive and Director of Finance) to stem further overspending. There will nonetheless continue to be a degree of medium-term uncertainty and ongoing challenges to the Council's financial resilience.

Housing Revenue Account (HRA) financial resilience

- 2.5. HRA borrowing and debt profiles are regularly monitored and managed to ensure they remain affordable. Major risks as at Q3 2025/26 were overspends on repairs driven principally by disrepair cases, on interest payments driven by increases in interest rates and on contributions to the Major Repairs Reserve. While some shorter-term pressures such as arrears, energy prices, external interest rates and cost inflation have stabilised, they remain higher than in the past. There are new budget pressures emerging, principally relating to Awaab's Law which introduces strict legal deadlines for social landlords in England to investigate and fix dangerous housing hazards.
- 2.6. The government has agreed a long-term rent policy of Consumer Price Index +1% and has recently consulted on a rent convergence policy, with confirmation that social landlords will have the power to increase rents by an additional £1 per week from April 2027 and £2 per week from April 2028. However, the Council's financial forecasting shows that the additional rental income is unlikely to be sufficient to cover the pressures and further savings will be needed for the 2026/27 financial year. Despite the Housing Asset Management Strategy, which will invest an additional c.£350m in the maintenance of housing stock up in the period 2025-2030, the Council's longer-term ability to maintain its stock remains a risk.

Increasing homelessness

- 2.7. Pressure on the Council's homelessness service continues to steadily increase. Although our single night figure in December 2025 of 116 people rough sleeping was a reduction from the previous month, it represented an increase of 10 from December 2024. Q1 2025 saw a slight decrease in statutory homelessness presentations compared with the same quarter last year with 1086 applications in Q1 2024/25 compared to 1043 in Q1 2025/26. However, in Q2 and Q3, we are seeing more presentations than the same months in 2024/25 with an increase of 4%. All London authorities are seeing large increases in spend on temporary accommodation. Similarly, Camden has seen a significant increase in households in temporary accommodation, from 498 in 2019 to 1377 in January 2026. The cost of providing nightly temporary accommodation continues to be a financial challenge and is projected to cost £19.3m in 2025/26. The council is working towards finding new, more financially stable options to meet this statutory duty.

- 2.8. In response, the service is strengthening prevention by embedding tenancy sustainment officers and integrating a successful debt advice pilot, which has proven to prevent homelessness, into business as usual. Supply is being increased through the Temporary Accommodation Purchase Programme (TAPP), with 133 properties delivered through phases 1 and 2, and a further 57 units delivered via TAPP3 in 2025; a funding application has also been submitted to the Local Authority Housing Fund: Round 4 to purchase an additional 79 properties for temporary accommodation. To reduce reliance on external providers, the Council is using void properties on regeneration estates for temporary accommodation, including 40 homes at West Kentish Town, and has ended the use of expensive commercial hotels by moving around 180 households into alternative accommodation, generating annualised savings of £3.2m. Looking ahead, in-house provision will expand further with Chester and Camden Road hostels due to open in Autumn 2026, providing 86 additional family units.

Financial resilience of residents

- 2.9. A substantial part of Camden's programmes that support resident financial resilience have been funded since 2021 by the Household Support Fund (HSF). This fund is ending on 31st March 2026 and will be replaced by a new fund, the Crisis and Resilience Fund (CRF). CRF represents a welcome 3-year investment in resident financial resilience, however the fund is significantly different to HSF, with a range of new requirements to be met. Additionally, due to the requirement to merge the current Discretionary Housing Payments scheme into the CRF programme, Camden's annual funding in this area will be effectively c.£600k less as compared to Household Support Fund.
- 2.10. Officers are working at pace to develop a programme that responds to the new guidance and is deliverable with the funding envelope. Camden is likely to make a continuing local investment in a Cost of Living Fund to bolster support to residents in this area, but due to reduced funding via the CRF the net result is still likely to be an overall reduction to the amount of direct financial support available to residents as grants, and some reductions in staffing delivering work to support resident financial resilience through advice and guidance.
- 2.11. CRF guidance encourages authorities to have an increased focus on 'resilience building' services. Camden already has a substantial programme of financial resilience services, principally but not exclusively the Money Advice Camden team. As such, compared to our current service offer to residents, the CRF will not enable the delivery of new work, rather it will require us to do work similar to our current programme within a reduced funding envelope. Overall, the combination of reduced funding into this area, together with the need for some service-level transformation to meet the CRF guidance mean that in the short-term risks around resident financial resilience are unlikely to be reduced.

Delivering net zero carbon and improving climate resilience

- 2.12. The climate risk is governed by the new Cabinet approved Climate Action Plan 2026-30 which replaced both the previous Climate Action Plan 2020-25 and the Climate Adaptation and Resilience Plan 2023-25. The climate risk is also governed by the Council's statutory Flood Risk Management Strategy, the Multi Agency Flood Plan and the Council's Adverse Weather Plan. Progress on Climate Action Plan delivery is reported annually, with the final review of the 2020-25 Plan confirming that 97.5% of actions had been delivered.
- 2.13. Latest data shows that borough wide emissions have fallen by 52% since 2005, while emissions from our own estate excluding Council housing are 64.7% below our 2010 baseline. Notable projects for the year ahead include the decarbonisation of Kentish Town and Swiss Cottage leisure centres for which £6.4m of Government funding has been secured. The Council also acted as the lead for Warmer Home London's successful £78 million application to Wave 3 of the Social Housing Decarbonisation Fund, which will see £13M directed towards Camden's solar programme for 2,700 Council homes.
- 2.14. Extreme heat and flooding remain key risk areas. Following the launch of the Council's new Adverse Weather Plan in 2025, nominated service leads implement service level responses to extreme weather warnings. A second information event on heat risk will be delivered to staff in the summer of 2026 to enhance awareness of service vulnerabilities and identify mitigations to protect both vulnerable staff and residents. Camden continues to work in partnership with other agencies to ensure robust preparedness and response to flooding events as well as preventative measures through the Flood Risk Management Strategy.

High Speed 2 and Euston

- 2.15. A positive milestone was reached in early February 2026, when tunnelling from Gospel Oak towards Euston officially began. Another significant development since the last report was the launch of the final consultation of the Euston Area Plan (EAP) which sets out the Council's vision for development in Euston until 2051. Following the consultation, the EAP will be submitted to the planning inspectorate for review and approval.
- 2.16. An independent facilitator has worked with community members to develop a Housing Compact for Euston which is nearing completion and is expected to be published in early March 2026. The Compact sets out the council's commitments to deliver on community priorities relating to housing and how it will continue to engage with community groups and housing developers. To deliver the Council's vision for Euston, the Cabinet has approved the formation of a new locally led development corporation. The final shape and design of the development corporation will be subject to public consultation and require secondary legislation to be created.

Cyber and Data Security

- 2.17. Cyber security risk is assessed as increased since the Principal Risk Report 2025. Nationally, cyber risk in local authorities is high, driven by a combination of sophisticated threat actors specifically targeting the public sector, legacy vulnerabilities, increasing pace of digitalisation and skills shortages. Government initiatives, such as the Cyber Assessment Framework, aim to improve resilience, but the sector still faces systemic and growing challenges. The cyber incident in November 2025, affecting several London boroughs, demonstrates the need to remain vigilant and maintaining robust response plans. The council regularly reviews and tests its cyber incident response plan to ensure it remains fit for purpose.
- 2.18. The council has a structured and comprehensive approach to cyber and data security risk, utilising an Information Security Management System model. There is good understanding of key risks to our most critical systems and services, with regular testing and health checks taking place to ensure any weaknesses are identified and remedied. The council will continue to refine its cyber security capabilities and respond to changes in the external threat landscape. Ongoing risk management and investment in mitigation strategies provide further resilience and reduce exposure, while it is acknowledged that risk cannot be fully eliminated.

3. Watchlist item - update

- 3.1. The Coroner's service was included in the 2025 Principal Risk Report as a watchlist item due to staffing risks that placed the service under severe pressure. This, in turn, could result in a poor service to our communities, an increased risk of judicial challenge, reputational impact, and non-compliance with regulatory regimes. As part of the mitigation to control this risk, responsibility for Coroner's Officers is being transferred from the Metropolitan Police to Camden Council. This will simplify the current arrangements and place responsibility for staffing under the sole control of Camden Council.
- 3.2. The transfer was originally due to be completed by 1 April 2026 for our Coronial Area (Inner North London – a consortium led by Camden, including Tower Hamlets, Islington and Hackney). However, the Police have since communicated that they wish for responsibility for Coroner's Officers to be transferred across the whole of London at the same time. As a result, there is now uncertainty regarding the revised timescale, and Camden have less control over the process. Current indications suggest that the transfer may not be concluded until between July and October 2026. Despite the Police delaying the transfer, the current staffing position is being sufficiently managed through the use of agency staff recruited by Camden Council, with the associated costs recharged to the Police. This arrangement has controlled the immediate risk. However, the extended period before Camden can assume full responsibility and implement a robust staffing model presents an ongoing risk that the service will monitor closely.

4. Principal risk deep dives

- 4.1. Principal risk deep dives are presented to the Audit and Corporate Governance Committee on a regular basis. 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 dive areas presented to the Committee in recent years are outlined below:

	Principal Risk	Risk score at the time of the deep dive	Date of deep dive
1.	Energy costs	12	November 2023
2.	HS2 and Euston	16	November 2023
3.	Safeguarding children	10	April 2024
4.	Pressures in the health system	12	April 2024
5.	Financial resilience of residents	16	December 2024
6.	Safeguarding adults	16	February 2025
7.	Increasing homelessness	20	April 2025
8.	Complaints in housing repairs	9	November 2025
9.	Delivering net zero and improving climate resilience	16	February 2026
10.	Cyber and data security	15	February 2026
11.	Joint deep dive i) Special Educational Needs and Disability (SEND) Funding and Provision; ii) School sufficiency and financial viability	9 (both risks)	Scheduled for November 2026

- 4.2. At its meeting in November 2025, the Committee agreed deep dives for 2026 in the following areas: i) Cyber and Data Security ii) A joint deep dive on SEND and School Sufficiency and Financial Viability.

5. Finance Comments of the Executive Director Corporate Services

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

6. Legal Comments of Borough Solicitor

- 6.1. The Borough Solicitor has been consulted, and comments are incorporated within the body of the report.

7. Environmental implications

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