




Risk / Weakness	Implications	RISK	Mitigating actions	Relevance to Services
1. National economic factors				
Impact of world-wide economic factors, creating uncertainty in markets, potentially leading to increased energy and material costs and uncertain levels of inflation.	Increased demand for services from residents seeking increased support. Impact of potential increased cost of supplies or labour, including the impact on externally held contracts, could create further cost pressure in the MTFS. This could also include the impact on capital schemes.	L – 3 I – 4 12 ↔	1) Proactive organisational financial planning and refresh of the MTFS 2) Council's policies and processes to maximise the recovery of all income including council tax and business rates. This will also include the policies to promote local business and collect business rates. 3) The 2026/27 budget includes a contingency of £12m to mitigate any unforeseen pressures that were not evident during the development of the budget. 4) Council's activities through more joined up working between services to increase employment opportunities in the borough by providing further adult learning and supporting residents in the process to secure employment.	All
2. The application for Exceptional Financial Support				
For 2026/27, the proposed budget presents a balanced budget position following an application for Exceptional Financial Support (EFS) of £19m from central government and is contingent on that being agreed. The application for EFS seeks permission to fund this support from borrowing and is not a request to increase Council Tax above the referendum limit.	If the EFS of £19m was not agreed by central government, it would put the MTFS under significant pressure, in particular the level of reserves and the Chief Finance Officer might be required to issue a S114.	L – 2 I - 5 10 New	Ultimately, it is very probable that a S114 would be required or services / specific contract would have to be cut back or ceased.	All
3. Lack of certainty of funding for 2029/30 and beyond				
The latest Local Government settlement is a three-year settlement with some transitional funding built in to ease the change to the new funding allocations. However, it is unclear what the impact is beyond this timeframe, 2029/30 plus that also forms part of the next spending review period.	Increases uncertainty for setting future budgets and could limit the opportunity to put in place required changes to deliver a balance budget position.	L – 4 I – 3 12 ↔	The 2027/28 budget refresh will consider various options for consideration by SLT and Cabinet. This will also include any required actions to deliver on these options.	All

4. Increased demand for Adults and Children’s Social Care, and SEND				
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<p>Demand for Adult Social Care is increasing year on year, not just the net increase in clients but also the complexity of need. The weekly average cost of care across all placement types is a 7% increase in December 2025 compared to the 2024/25 outturn position.</p> <p>Looked after Children numbers have decreased over the past year but there is still a risk that this might not be maintained.</p> <p>The High Needs budget continues to be challenging in-year and SEND services continue to see a growth in demand, impacting both the general funds and High Needs Block.</p> <p>The statutory override for the High Need budget is set until March 2028, and the Government has announced plans to fund SEND costs centrally from that point, but no details have been announced yet. There is also no clarity on how the current pressures will be funded.</p>	<p>Increased pressure on service budgets and the MTFS</p>	<p>L – 4</p> <p>I – 3</p> <p>12</p> <p>↔</p>	<ol style="list-style-type: none"> 1) Working with Integrated Care Board to develop initiatives to manage demand and agree the apportionment of the iBCF to offset budget pressures. 2) The Council is in the process of right sizing specific budgets in demand led service areas so that the underlying budget pressure is recognised and resolved. This will give greater clarity on the pressure that can actually be addressed as part of a savings programme. 3) The services have developed management actions that will ensure that the right care is provided at the right time and for the right cost. This is an area of considerable risk and requires a cross-council approach to solve many of the issues, particularly the prevention strategy. These management actions will also ensure that financial assessments are undertaken promptly and all income is recovered on a timely basis. 4) The Council is in the process of procuring external consultancy support to provide more expertise and experience in the delivery of the required changes to process and practices that should mitigate demand and deliver savings. 	<p>Adult Social Care and Children’s Directorates</p>
5. Increase in the number of households presenting as homeless				
<p>Increasing demand for temporary accommodation and the cost of provision.</p>	<p>Increased demand & cost of accommodation has had a significant impact on the service budget pressure for both 2024/25 and 2025/26. The Local Housing Allowance (LHA) has been frozen again and this does not cover the full cost so the balance has to be funded from the general fund.</p>	<p>L - 4</p> <p>I – 3</p> <p>12</p> <p>↔</p>	<ol style="list-style-type: none"> 1) Increase the supply of accommodation to discharge the Council’s duty via a number of initiatives. The Council has secured some additional properties over the last year, with no families currently housed in commercial hotels 2) Increased investment in prevention to prevent households from becoming homeless or supporting them to find alternatives. 3) Council wide early help initiatives that should reduce the demand for these services. 	<p>Place - Housing</p>

RISKS

APPENDIX 9

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6. Inflation				
<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 due to the fluctuations in CPI from month-to-month. Pay has been included at 3.2% for 2026-27 and non-pay have been included within the MTFS at 3%. 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"> 1) Where possible negotiation with stakeholders to keep inflationary increases to a minimum. 2) Maintaining sufficient contingency and reserves to potentially fund any MTFS funding gaps or required 3) Actively look at ways to reduce Council spending to offset uncontrollable increase in costs through use of spending panels and the transformation programme 	<p>All</p>
7. Delivery of Budgeted and Transformational Savings				
<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 additional in-year overspends and funding gaps requiring use of reserves to balance the budget. In the longer term, if there is insufficient level of resources, it could lead to the need for additional Exceptional Financial Support (EFS) or to issue a Section 114 notice.</p>	<p>L - 3 I - 4 12 ↔</p>	<ol style="list-style-type: none"> 1) Robust challenge of all proposed MTFS Savings during the MTFS. 2) In-year monitoring and assurance of agreed MTFS Savings and alternative proposals designed when required. 3) Finance involvement in transformation programme to ensure proposals are robust. 5) The 2026/27 budget includes a contingency of £12m to mitigate any unforeseen pressures that were not evident during the development of the budget and this could include the non-delivery of specific savings. 	<p>All</p>
8. Reliance on Commercial Income or Fees & Charges				
<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 9 ↔</p>	<ol style="list-style-type: none"> 1) Monthly monitoring which scrutinises forecast projections and challenges material movements against budgeted targets. 2) A balanced approach to commercial income whereby even a dramatic drop can be dealt with through reserves and service prioritisation. 	<p>Specific Services</p>

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9. North London Waste Authority (NLWA)				
The plant that services North London is being replaced which would add a significant financial pressure on the Council in the next few years.	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	L – 3 I – 3 9 	1) The use of the NLWA smoothing reserve will act as a buffer for any sudden increases and allow the Council to manage any budget requirements more effectively. 2) The Council has also implemented a separate food waste collection in September 2024, reducing the residual waste collection in March 2025 and is investing in initiatives to increase recycling. This has already resulted in our share of the NLWA levy being the lowest in the NLWA area.	Specific Service
10. Impact of London Living Wage and increases to Employers' National Insurance on the Council's social care budgets				
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. 4) The 2026/27 budget includes a contingency of £12m to mitigate any unforeseen pressures that were not evident during the development of the budget and this could include additional contract pressures.	All
11. Pension Fund Assets / Pension Fund Deficit				
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 – 2 6 	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. Current indications are that the deficit has reduced leading to lower costs for the Council	All
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12. Interest Rate changes			
Changes to the Bank Base Rate and returns on investments.	The Council earns an amount of income from its Treasury function. As interest rates reduce, then such decreases 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			
13. Planned Use of Capital Receipts			
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			
14. Supplier Failure			
During the past year, a few of the Council's suppliers have ceased trading due to their own financial challenges which also include the additional Employer costs.	The council would have to put mitigations in place and in some instances at very short notice. This could also lead to additional costs of delivery.	L – 3 I – 3 9 New	1) Effective contract management measures in place to prevent or at a minimum elevate the impact of any contract failures.
15. Schools in Financial Difficulty			
There are a number of the council's schools currently experiencing financial difficulties as funding increases have not kept pace with inflation, further compounded by falling rolls and SEND pressures.	Ultimately, if the school was unable to reduce the deficit there is a risk that if the school was subject to academisation or closure then the Council would be required to fund any residual deficit. As part of the Council's strategy to support the schools to manage these financial difficulties, the Council would be required to fund severance costs for both teaching and support staff.	L – 3 I – 3 9 new	1) The Council is in the process of reviewing its strategy to support any school experiencing financial difficulties and in particular, deficits.