

OVERVIEW & SCRUTINY BOARD SUPPLEMENTARY AGENDA

9 October 2025

6 BUDGET SAVINGS UPDATE (Pages 3 - 20)

Report now attached.

Note: Members may wish to scrutinise the report in conjunction with the Council's Strategic Risk Register which can be accessed via this link (please copy and paste into your browser if necessary):

<https://democracy.havering.gov.uk/documents/s77373/Appendix%201%20Strategic%20Risk%20Register%20December%202024.pdf>

Zena Smith
Head of Committee & Election
Services

This page is intentionally left blank

OVERVIEW AND SCRUTINY

Subject Heading:

Update on delivery of 2025/26 Savings

Cabinet Member:

Councillor Chris Wilkins (Cabinet Member for Finance)

ELT Lead:

Kathy Freeman
Strategic Director of Resources

Report Author and contact details:

Richard Tyler
Head of Financial Strategy and Business Intelligence
01708 433 957

Richard.Tyler@Havering.gov.uk

Policy context:

The report provides an update on the progress towards delivering the Savings set out in the 2025/26 budget

Financial summary:

This report includes:

- Update on the 2025/26 budget Savings
- Tables setting out progress on each saving for 2025/26

Is this a Key Decision?

No

1. Executive Summary

- 1.1. This report provides an update on progress towards delivering the savings agreed at Council in February 2025 when setting the 2025/26 budget. The budget for 25/26 included £10.254m of savings to be delivered in 25/26. The Council however was unable to balance its budget in the normal way even with this level of savings, a 4.99% Council Tax increase and increased government grant. The budget was balanced using a £88.0m capitalisation direction provisionally agreed with the Government in February 2025.
- 1.2 The Council is doing everything it can to minimise costs despite years of underfunding from central Government. The Government are committed to funding reform and multi year settlements from 2026/27 onwards and whilst it is hoped that this will help the Council's financial position delivery of the savings included in the current budget is essential to help close the Council's financial gap. This report sets out progress on the delivery of the savings to date.

2. RECOMMENDATIONS

- 2.1. Overview and Scrutiny members are asked to note the progress towards delivering the 2025/26 savings as set out in this report and **Appendix A**

3. BACKGROUND

- 3.1. Havering has in recent years experienced financial difficulties due to underfunding from central Government in comparison to the pressures the Council is facing. It is nationally recognised that national funding for Social Care has fallen significantly behind the rising demand and costs local authorities are experiencing. For Havering this is compounded by the failure of the previous Government to update its distribution formula resulting in Havering receiving up to £10m less grant a year than it should have received with a fairer distribution
- 3.2 This position has developed over a number of years and has resulted in Havering setting its 2025/26 budget including a £88m capitalisation directive. As part of the budget process the Council reviewed all its services to identify efficiencies, savings and areas where increased fees could be applied. This process produced savings totalling £10.25m which were applied to the budget to reduce the gap to the level agreed in the capitalisation order
- 3.3 These savings underpin the 2025/26 budget and are being closely monitored throughout the year as part of the budget monitoring process. The Councils budget position is reported to cabinet on a quarterly basis including progress on savings. This report provides an update on those savings for review at Overview and Scrutiny Committee.

4. UPDATE ON THE 2025/26 SAVINGS

- 4.1. The Council agreed £10.254m of savings for 2025/26 as part of the budget setting process in February 2025. The table's attached to this report provide an update on the current status of all those savings. The table below summarises this by department. It should be noted that many savings particularly in People Services are Amber not because they won't be delivered but rather as they are dependent on actions during the year to full achieve the saving.

Table 3: Summary Savings Position

Savings Delivery	Green (£m)	Amber (£m)	Red (£m)	Total (£m)
Resources	0.730	0.070	0.000	0.800
People	0.593	3.173	1.646	5.412
Place	0.070	0.000	0.027	0.097
Corporate	3.445	0.500	0.000	3.945
TOTAL	4.838	3.743	1.673	10.254

- 4.2. The savings are classified as Green Amber or Red. These classifications are based on the following positions

Green Savings are either already delivered or fully on track with no anticipated complications to full delivery

Amber savings are not yet fully delivered but it is still possible that the saving will be fully delivered. These savings generally require further work during the course year to deliver and so have an element of doubt as to whether they will be fully delivered.

- Red Savings are not on track or delayed and unlikely to be delivered in 2025/26

Officers will make every effort to deliver all of the savings and these categorisations will change as plans are developed during the year. Where savings will not be delivered departments will firstly look to identify alternative measures to keep within budget but will also report through the monitoring process any shortfall in savings. This will then be picked up and included in both the Councils projected outturn position and also medium term planning moving forwards

- 4.3. Whilst the table shows £4.8m rated as green at the moment the full expectation is that the amber savings will be largely delivered as well. The Council will work hard to achieve as many of these savings as possible. Some savings will be through cost avoidance by reducing pressures in the service via moving users to alternative provision which is better

financially for the Council. Detailed updates on the savings proposals are presented at **Appendix A**

- 4.4. At the last scrutiny panel further detailed information was requested regarding the library saving. The position is as follows:

The total savings target is to reduce the Council's library service revenue budget by £0.3m (in reality £288k) over a two financial year period.

The table below presents the areas and libraries where the savings were identified

	Gidea Park	Harold Wood	South Hornchurch	Totals
Staffing	85,952	87,452	85,452	258,856
Library Running Costs, including utilities	16,280	20,190	30,760	67,230
NNDR (business rates)	5,990	8,480	8,480	22,950
Income - that will no longer be achieved	-20,910	-15,550	-24,440	-60,900
Total Saving	87,312	100,572	100,252	288,136

Committee members are directed to the Cabinet report dated 5 February 2025 and, in particular, draw their attention to page 23, section 3.14, which states that the “*closure of three branch libraries will affect 15 posts, 7 held by permanent staff and 8 by fixed-term employees. There are no agency staff or vacancies.*”

Subject to the approval of the report's recommendations, permanent staff will be redeployed to vacant positions within the library service. Fixed-term contracts will be ended, with affected employees able to apply for available permanent roles through the Council's Redeployment Policy. While some redundancies may technically arise, no redundancy payments are anticipated.”

<https://democracy.havering.gov.uk/documents/g8066/Public%20reports%20pack%2003rd-Feb-2025%2020.00%20Place%20Overview%20Scrutiny%20Sub%20Committee.pdf?T=10>

4.4.1 Update on the savings and staffing process

With regards to staffing, no permanent staff were made redundant as part of this process. In anticipation of potential changes, the library service adopted a strategic approach to recruitment by appointing staff on fixed-term contracts during the 18 months leading up to the final decision. This measure was taken to protect permanent roles.

At the point of implementation, there were more than 27 vacancies across the service. Staff affected by the closures were successfully redeployed to fill these vacancies, facilitated by the use of the mobility clause within employment contracts. This approach was deliberate, reducing potential redundancy liabilities through the prudent use of temporary staffing across the service to ensure no permanent member of the library team would face redundancy.

- 4.5 The Council is currently reviewing its 2026-2029 medium term financial strategy. An update to this strategy will be reported to cabinet in November and will include both a further update on the 2025/26 revenue position together with new efficiencies and proposals for both 2026/27 and future years.

5. FINANCIAL IMPLICATIONS OF NON DELIVERY OF SAVINGS

- 5.1. Non delivery of savings will lead to an in year overspend and where the saving is stopped a pressure to be built into the following years MTFS. If savings are identified as unachievable during the year Departments will be expected to form action plans to reduce spend and identify efficiencies to mitigate the saving.

This page is intentionally left blank



Havering
L O N D O N B O R O U G H

SAVINGS MONITORING PERIOD 5

Place Summary

Saving	Green (m)	Red (m)	Total (m)	Saving Achieved so far (5 months)	Description and Actions taken
Traffic Schemes Reductions, only essential Health and Safety to be completed	0.050	0.000	0.050	0.050	This is a full year effect of a saving which was successfully introduced in 2024/25
Reduce street lighting on main roads by 30%, after midnight to 5am (invest in automation)	0.020	0.000	0.020	0.020	This is a full year effect of a saving which was successfully introduced in 2024/25
Encourage VCS to bear a higher proportion of their rental costs	0.000	0.027	0.027	0.000	This saving will not be delivered in 2025/26
TOTAL	0.070	0.027	0.097	0.070	

Resources Summary

Saving	Green (m)	Amber (m)	Total (m)	Saving Achieved so far (5 months)	Description and Actions taken
Restructure of Resources Department	0.560	0.000	0.560	0.560	The restructure was fully completed in the latter part of 2024/25 and has delivered £560k of staffing savings. The new structure is fully operational and permanent recruitment has taken place to fill senior management posts which has had the additional benefit of substantially reducing the department's agency spend
Communications income and procurement initiatives	0.170	0.000	0.170	0.100	Communications have significantly increased income through the JCDecaux advertising contract and a number of smaller advertising projects which have increased income including roundabouts, lampposts, street bins and carparks
Review income from advertising opportunities stretch target	0.000	0.070	0.070	0.000	A corporate review of all advertising hoardings across the borough is underway which it is hoped will generate more income opportunities. This work is ongoing and is expected to result in additional income later in the year
TOTAL	0.630	0.070	0.700	0.660	

The Havering you want to be part of

Saving	Green (m)	Amber (m)	Red (m)	Total (m)	Saving Achieved so far (5 months)	Description and Actions taken
Home to school transport Page 12	0.500			0.500	0.300	There are over 150 users now on the direct payment scheme and the numbers continue to rise. The differential in annual cost between a direct payment and a taxi is over 10k per year. It should be noted that this is cost avoidance as the overall cost of home to school transport continues to rise through the increasing number of EHCP's.
Reduction to book fund	0.020			0.020	0.020	This saving is fully achieved. The book fund was subject to a one off reduction of £160k in 2024/25 but that budget has been restored and replaced with a smaller ongoing reduction
Grow shared lives		0.150		0.150	0.050	This saving is on track but is rated amber as further work is still needed over the course of the year to fully realise the saving

Saving	Green (m)	Amber (m)	Red (m)	Total (m)	Saving Achieved so far (5 months)	Description and Actions taken
Reablement		0.300		0.300	0.150	This saving is on track to be delivered but actions will continue through the year so rated amber at this early stage
Increase internal fostering		0.120		0.120	0.000	This will require a net 10 placements to transfer from agency to internal. Advertising and other marketing is ongoing to attract new fostering placements
Mawney Close		0.058		0.058	0.000	8 units to support independent living which will be fully operational in the 2nd quarter at which point there will be cost avoidance in the leaving care budget

Saving	Green (m)	Amber (m)	Red (m)	Total (m)	Saving Achieved so far (5 months)	Description and Actions taken
Mowbrays Close		0.240		0.240	0.120	Development of former garage site to support independent living which is now operational resulting in cost avoidance in the leaving care budget
Better Living		1.000		1.000	0.400	This is a challenging savings target as significant savings have already been delivered during the preceding two financial years. Better Living is an approach to assessing and identifying need working from a strengths-based premise. The better living approach is now considered business as usual.
Targeted Reviews - Adult Services		1.100		1.100	0.200	This target will be difficult to realise and may slip into 2025/26. The forthcoming adult social care restructure includes resources to allow additional capacity to intervene at an earlier stage pre the age of 18 which will make this saving more achievable.

Saving	Green (m)	Amber (m)	Red (m)	Total (m)	Saving Achieved so far (5 months)	Description and Actions taken
Pay to stay - paying families to keep people in their homes		0.055		0.055	0.030	This scheme will generate savings through cost avoidance in temporary accommodation. The scheme is in place and costs are now being avoided through these payments
Acquisition of property jointly to relieve Temporary Accommodation Pressures			0.300	0.300	0.000	This scheme will generate savings through cost avoidance in temporary accommodation. The majority of this saving is now likely to be realised in 2026/27
Transition savings (Adults)			0.500	0.500	0.000	This saving is unlikely to be achieved in 2025/26. There is a considerable amount of joint work between Starting Well and Living Well to transition young adults reaching 18. The complex nature of the current cases however means immediate savings are unlikely

Saving	Green (m)	Amber (m)	Red (m)	Total (m)	Saving Achieved so far (5 months)	Description and Actions taken
Housing Demand			0.180	0.180	0.000	This saving relates to modular units which are now unlikely to be onsite until Jan 2026 at the earliest as such the saving will be delayed to 2026/27
Page 16 Family welcome centre			0.466	0.466	0.000	The Family Welcome centre will consist of 74 self contained units which will deliver much needed accommodation. The centre is scheduled to open in April 2026 so the saving will be delayed to 2026/27
In sourcing family support			0.200	0.200	0.000	There are delays to the implementation of this move to an inhouse service. When recruitment is completed the cost to the external provider will cease. This saving is likely to part slip into 2026/27

People Summary

Saving	Green (m)	Amber (m)	Red (m)	Total (m)	Saving Achieved so far (5 months)	Description and Actions taken
Library Saving		0.150		0.150	0.100	The library saving has been realised. There are however temporary residual costs following closure. The library saving is set out in more detail as requested in the body of the report
Acquisition of land and buildings from Notting Hill JV	0.073			0.073	0.050	This scheme is complete and delivering savings on temporary accommodation
TOTAL	0.593	3.173	1.646	5.412	1.420	

Corporate Summary

Saving	Green (m)	Amber (m)	Total (m)	Saving Achieved so far (5 months)	Description and Actions taken
<div>Page 18</div> Redirection of Agency Levy	1.300	0.200	1.500	0.600	An agency levy has been applied to staffing costs for a number of years. This was historically passed to the pension fund but is now re-directed to support the general fund position. The Council has reduced its agency numbers significantly in the last year and as such there is a risk this will result in a slightly lower value for the saving
Business Rate Pool with Thurrock and LBBD	0.900	0.300	1.200	0.000	This saving is through the pool resulting in a £4m saving in Government levy costs across the three boroughs. Havering's share was originally estimated at £1.2m based on the boroughs NNDR estimates. The Outturn position for 2024/25 has identified that through reliefs and Appeals Thurrocks business rate yield is lower which reduces the levy value offset by the pool. The knock on effect is a reduced benefit for Havering and LBBD which is estimated at £0.9m. It is possible that a greater yield in 2025/26 will recover this position

The Havering you want to be part of

Saving	Green (m)	Amber (m)	Total (m)	Saving Achieved so far (5 months)	Description and Actions taken
Increase empty homes premium	0.048		0.048	0.030	This was implemented in April and was reflected in the Council's taxbase assumption. A review of those who received the additional charge showed the majority have paid with others returning the property to occupation
Reduce Capital Spend on roads by £1.5m in 2024/25	0.097		0.097	0.097	The Council reduced spend on roads in 2024/25 and as a result borrowed less money than it otherwise would have. The full year effect of this is a treasury saving on both borrowing and repayment which is already fully achieved in 2025/26
Review of Taxbase, Freedom pass eligibility and SPD	1.100		1.100	1.100	The Council annually reviews all those entitled to single person discounts on Council Tax and also those who qualify for freedom passes to ensure these concessions are given to the write people. This saving also reflects growth in the taxbase and is fully achieved through the agreed taxbase in the budget
TOTAL	3.445	0.500	3.945	1.827	

This page is intentionally left blank