

CABINET

12 JUNE 2024

Subject Heading:

Council Revenue and Capital Outturn Report 2023/24

Cabinet Member:

Councillor Chris Wilkins (Cabinet Member for Finance)

SLT 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 detail of the outturn position on Capital and Revenue for 2023/24 including the funding of the outturn and impact on reserves and balances

Financial summary:

This report includes:

- 2023/24 Revenue Outturn Position
- Analysis of Service overspends and mitigating corporate items
- Update on savings delivery
- Financing and impact on reserves and balances
- Capital Outturn position for 23/24

Is this a Key Decision?

No



1. Executive Summary

- 1.1. This Report sets out the revenue outturn position for the Council and includes commentary on the variances to budget by service. The report also includes explanation of mitigating corporate items and explains how the outturn position will be financed.
- 1.2. The report also sets out the Capital outturn for 2023/24 compared to revised budget and explains the variances and slippage on the budget.
- 1.3. The table below sets out the final revenue outturn position of the Council which is a £18.1m overspend. This table also provides a comparison to the Period 9 forecast which was submitted to cabinet in March

Revenue Outturn 2023/24

Directorates at Activity level	Original Budget £m	Revised Budget £m	Final Actual £m	Final Variance £m	Period 9 Variance £m
Resources - Strategic Directorate	12.650	15.770	16.220	0.450	0.000
People - Strategic Directorate	111.960	133.490	157.570	24.080	22.890
Place - Strategic Directorate	9.280	12.220	16.670	4.450	2.960
OneSource Shared	7.220	8.670	9.960	1.290	1.580
OneSource Non-Shared LBH	0.030	0.100	0.710	0.610	0.110
Total Service Budgets	141.140	170.250	201.130	30.880	27.540
Corporate budgets and provisions	14.740	7.900	7.890	(0.010)	0.000
Concessionary Fares	5.080	4.870	4.870	0.000	0.000
Treasury Mgt. & Capital Financing	9.450	9.150	5.450	(3.700)	(3.000)
Service Growth held corporately	18.480	0.000	0.000	0.000	0.000
Contributions to the Pension Fund	12.080	12.080	12.080	0.000	0.000
Corporate Mitigations	0.000	0.000	0.000	(8.030)	(5.450)
Corporate Finance Total	59.830	34.000	22.260	(11.740)	(8.450)
Contingency	1.000	1.000	0.000	(1.000)	0.000
Un-ringfenced Service Grants	(38.490)	(41.770)	(41.770)	(0.000)	0.000
Levies	18.530	18.530	18.530	0.000	0.000
Corporate Total	40.870	11.760	(0.980)	(12.740)	(8.450)
Total	182.010	182.010	200.150	18.140	19.090

- 1.4. Further details of the reported variances are set out in Section 4 of this report. There are then sections setting out the Corporate position, including Treasury management.

2. RECOMMENDATIONS

- 2.1. Councillors are asked to note the revenue outturn position for the Council and the financing of the overspend (section 8 of the report)



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- 2.2 Councillors are asked to approve the Capital Outturn position for 23/24 as set out in section 9 of this report
- 2.3 Councillors are asked to note the outturn position for the Council's earmarked reserves and General balances as set out in section 7 of this report

3. BACKGROUND

- 3.1. There has been significant pressures on the Council's budget throughout 2023/24. The largest increases have been in People Services in the following areas:
 - 3.1.1. *Housing Demand* - The increase in cost of living has had a resultant impact on the cost of Housing provision across London. Demand has increased and the Council has been forced to use high cost temporary accommodation on an increasing basis. The number of Private Sector Leased properties (PSLs) available has also decreased over the last couple of years again increasing the use of hotels and Bed & Breakfast (B and B).
 - 3.1.2. *Looked after Children with Complex need* - The numbers of Looked After Children requiring Council support has increased over the last few years. The number of Children requiring complex support through residential placements has doubled since April 2022 and there is a steady increase in the overall number of looked after children. The Council has a statutory duty to support these Children and will regularly review each placement to ensure the best outcomes for each individual.
 - 3.1.3. Havering has also seen increasing numbers of users of adult services during 2023/24. The Council provided for this increase when setting the budget but provider costs have risen sharply during the year which has largely resulted in the pressure in ageing well.
 - 3.1.4. The Council has recognised the ongoing nature of these pressures and in preparing the 2024/25 budget the full impact of these demographic pressures and further expected growth has been taken into account. The Council has a statutory duty to provide care for these vulnerable people but will do everything it can to contain these costs moving forward whilst still fully supporting these users
- 3.2. The Council realised the financial pressures on the budget at an early stage of the financial year which enabled mitigations and spending controls to be put in place to control the outturn overspend. These measures included:



- Reviews of all high-cost social care placements to ensure the placement is both appropriate for the service user and represents best value for the authority
- Recruitment panel put in place to oversee all staffing recruitment
- Regular reviews of agency levels and all positions covered by agency staff
- All managers to take responsibility to only spend where absolutely necessary and to hold vacancies and internally cover posts where possible
- Ensure the Public Health Grant is utilised effectively to deliver strategic health aims of the Council
- Joint work with Health and hospitals to ensure better outcomes for adults leaving hospital and costs for continuing care are shared appropriately

3.3 A review of the Corporate budget also identified some initiatives that could on a time limited basis support the budget position. These are set out in more detail in section 6 of this report

3.4 The Council also recognised at an early stage that due to the existing level of reserves and balances and the emerging overspend that even with robust management action the Council was likely to need support from the Government. Senior Council officers and Councillors met with both ministers and officials from DLUHC to set out the Council's financial situation and make it very clear that the position is as a result of underfunding rather than any inefficiency. Havering is a well-run Council with low unit costs and compares favourably with other similar authorities in benchmarking studies. The Council's position has been caused by years of underfunding partly caused by the Government's refusal to update its distribution formula to reflect current demographics.

4. REVENUE OUTTURN POSITION – SERVICE EXPENDITURE

4.1. This section sets out the service reported outturn position for 23/24. The paragraphs below set out department commentary on the current variances.

4.2. RESOURCES

Directorates at Activity level (Controllable Budgets Only)	Original Budget £m	Revised Budget £m	Final Actual £m	Final Outturn Variance £m	Period 9 Forecast Variance £m
Public Health	(1.930)	(0.170)	(0.170)	0.000	0.000
Communication	1.260	1.220	1.100	(0.120)	(0.020)
Customer Services	3.370	3.910	3.820	(0.090)	(0.200)
Finance	4.730	5.170	5.230	0.060	(0.130)
Partnership Impact & Delivery	2.530	2.120	2.630	0.510	0.320
Public Health - Non Grant	1.010	1.170	1.170	0.000	(0.090)
HR & OD	1.670	2.350	2.440	0.090	0.120
Resources - Strategic Directorate	12.640	15.770	16.220	0.450	0.000

4.2.1. There is an overall outturn overspend of £0.450m across Resources. The majority of the £0.450m overspend is an undelivered saving of £0.250m within the Partnership Impact and Delivery service, predicated on the delivery of an integrated commissioning function with health. The organisational restructures required to deliver this new model completed at the end of 2023/24 and will enable the delivery of this saving in 2024/25 instead. The majority of the remaining overspend in this area is due to agency pressures. It should be noted that now the new structures are in place and posts can be recruited to permanently this pressure ought to resolve in 2024/25.

4.3. PEOPLE

Directorates at Activity level (Controllable Budgets Only)	Original Budget £m	Revised Budget £m	Final Outturn £m	Final Outturn Variance £m	Period 9 Forecast Variance £m
People - Starting Well Total	45.160	55.110	64.250	9.140	9.140
People - Ageing Well Total	64.770	75.500	84.160	8.660	8.600
People - Living Well (Housing Demand)	2.030	2.880	9.160	6.280	5.150
People - Strategic Directorate	111.960	133.490	157.570	24.080	22.890

4.3.1. As shown in the table above the People Directorate has experienced pressures across all three of its areas due to the unprecedented level of demand and increase in unit costs across the service. The tables and sections below provide a commentary on these variances and the pressures surrounding them.

4.3.2 Starting Well

Directorates at Activity level (Controllable Budgets Only)	Original Budget £m	Revised Budget £m	Final Outturn £m	Final Outturn Variance £m	Period 9 Forecast Variance £m
Education	4.530	9.610	11.000	1.390	1.030
Children's Social Care	39.160	43.670	51.170	7.500	7.750
Principal Social Worker	1.470	1.830	2.080	0.250	0.360
People - Starting Well Total	45.160	55.110	64.250	9.140	9.140

4.3.2.1 Starting Well have reported a final outturn variance of £9.140m

4.3.2.2 As identified throughout the year, there were significant budget overspends in LAC Placements (£+5.57m), SEN Home to School Transport (£+1.26m) and Leaving Care (£+1.01m).



- 4.3.2.3 Expenditure on LAC Placements increased by £6.13m, from £12.57m in 2022/23 to £18.7m in 2023/24. This was mainly due to additional high cost residential placements and increases in unit costs. The number of residential placements rose from 16 at the start of 2022/23 to around 30 at the start of 2023/24. Numbers have remained at around 30 through 2023/24 and so the increase in cost in comparison to 2022/23 is partly explained by the full year effect of those placements. The number of LAC Placements overall continues to rise although the authority has been successful in recruiting new foster cares to help meet this demand.
- 4.3.2.4 SEN Home to School Transport increased by £1.37m, from £5.52m in 2022/23 to £6.89m in 2023/24. The demand for travel assistance is still rising due to a continuing increase in EHCPs, which has resulted in increased applications for transport support.
- 4.3.2.5 Expenditure on the Leaving Care Service rose by £0.88m, from £3.64m in 2022/23 to £4.52m in 2023/24 due to rising numbers of care leavers and those in semi-independent accommodation.
- 4.3.2.6 The remaining overspend of £1.3m is largely attributable to staffing costs and reliance on Agency workers. The Council is currently developing new staffing structures as part of its response to the recent OFSTED judgement and will actively aim to recruit permanently to this structure in order to minimise dependency on agency staff moving forwards
- 4.3.2.7 There is a national shortage of skilled social workers and Havering is no different to many other authorities in having to rely on more expensive agency workers. The Council is working hard to increase permanency as this will provide a more stable environment for the children in care as well as reducing costs.

Mitigations to the Starting Well Budget Position

- 4.3.2.8 The service is demand driven and so in most areas it cannot delay or cease services. The service has a staff shortage but is working hard to recruit permanent staff and ultimately reduce the number of agency workers. The service has and continues to review all packages to ensure they provide both the best outcome for the child and the most cost effective solution.
- 4.3.2.9 A review of Home to School transport is underway and proposals were presented to September cabinet. Further updates on this will be presented to future cabinets. The service continues to promote short breaks as a cost effective solution to allow more children to remain at home rather than be placed elsewhere

4.3.3 Ageing Well

Directorates at Activity level (Controllable Budgets Only)	Original Budget £m	Revised Budget £m	Final Outturn £m	Outturn Variance £m	Period 9 Forecast Variance £m
Adult Social Care Total	63.643	74.330	83.010	8.680	8.616
Adult Safeguarding Total	1.129	1.169	1.149	(0.020)	(0.019)
People - Ageing Well Total	64.772	75.499	84.159	8.660	8.597

4.3.3.1 The Ageing Well Department has an outturn position of £8.664m overspent. The main driver of the overspend is Adult Social Care, which is 11.5% over budget due to increased unit costs and increased numbers of packages. This is a slight increase of £0.067m since the period 9 reported position which is mainly due to new clients having higher cost packages than those clients leaving the service.

Adult Social Care

Directorates at Activity level (Controllable Budgets Only)	Original Budget £m	Revised Budget £m	Final Outturn £m	Outturn Variance £m	Period 9 Forecast Variance £m
Transforming Health & Social Care	0.000	0.000	0.000	0.000	0.000
Strategy and Commissioning	2.688	2.781	3.381	0.600	0.416
Mental Health - Section 75	1.637	1.684	1.374	(0.310)	(0.291)
Mental Health - Non Section 75	1.783	2.390	2.980	0.590	0.689
Adult Community Team	33.130	37.624	41.594	3.970	3.604
Hospital Discharge	0.086	0.112	(0.008)	(0.120)	(0.112)
Learning Disabilities	24.325	28.865	32.655	3.790	4.200
Health & Social Care Other	(0.006)	0.874	1.034	0.160	0.110
Adult Social Care Total	63.643	74.330	83.010	8.680	8.616

4.3.3.2 The outturn reported position for the Adults Social Care Service area is an overspend of £8.680m. This is a £0.070m increase from the period 9 reported position of £8.616m which is mainly due to new clients having higher cost packages than those clients leaving the service.

4.3.3.3 The 23/24 financial year has seen increasing placement pressures in both Adult Community and Learning Disabilities in terms of the number of clients being supported and the complexity of packages. Mental Health has also seen an increase in demand with an increase in complex packages and an increase in the number of clients being supported.



4.3.3.4 The 23/24 financial year also saw large inflationary increases applied to the rates paid for the cost of packages, the cost of these increases was in the region of £6.5m. Even with these large inflationary increases, it has still been difficult to place clients at Havering's usual rates which has led to higher weekly costs for placements, this is a large contributor to the overspend.

4.3.3.5 £3.245m of savings were applied to the Ageing Well Directorate in 23/24 and of this £2.713m of the savings were delivered.

4.3.4 Living Well (Culture and Housing Demand)

Directorates at Activity level (Controllable Budgets Only)	Original Budget £m	Revised Budget £m	Final Outturn £m	Outturn Variance £m	Period 9 Forecast Variance £m
Culture & Leisure	(1.910)	(1.670)	(1.590)	0.080	0.000
Housing Demand	3.940	4.550	10.750	6.200	5.150
People - Living Well	2.030	2.880	9.160	6.280	5.150

4.3.4.1 The final outturn position for Living Well is a £6.280m overspend. This is comprised of a small overspend on Culture and Leisure with the main area of pressure being Housing Demand which was £6.200m overspent. This is an increase of £1.1m on the Period 9 variance and reflects the continued pressure on this budget.

4.3.4.2 The overspend reflects the significant ongoing increase in the numbers of people presenting as homeless to the authority together with a squeeze on the number of properties available. The numbers of PSL's have decreased through the year and the Council has also incurred significant costs as part of that handback process. The Council has been successful in identifying new accommodation to partly mitigate the pressure. Significant growth has been added to the 2024/25 budget to help mitigate the homelessness pressure moving forward.

4.3.4.3 The movement since period 9 was due to extended stays in hotels and nightly rate units - £0.2m, higher repair costs on handback's - £0.2m, higher Private Sector Leased (PSL) properties void rent loss. – £0.5m and £0.1m carried forward from the Rough Sleeper Initiative Grant (RSI).

4.3.4.4 A total of £5.3m was spent on emergency hotel accommodation and nightly charged properties with £4.3m for families and £1.0m on singles for the year. Although there has been a reduction in the average spend per unit for the hotel or nightly charged accommodation, the need for hotel accommodation particularly chain hotels remains a risk to the council with the low levels of supply from the private rented sector unable to help mitigate demand. The increased repairs and maintenance costs for PSL and Shared Supported Housing properties resulted in a £0.9m overspend.



4.3.4.5 The PSL cost centre also saw a significant overspend of £0.7m. This in part was due to the shortfall in rental income from the 500+ properties, as well as the rent loss through voids. There was also the addition of incentive payments given to landlords to prevent them taking their properties back.

4.3.4.6 These overspends were marginally offset by monies from the Homes4Ukraine Scheme and the Homeless Prevention Grant. The PSL property numbers available to rent, continue to reduce, with a further 72 taken back by Landlords this year.

Decrease in PSL Numbers by year:

Dates	Apr-20	Apr-21	Apr-22	Apr-23	Mar-24
PSL Properties Numbers	809	747	656	592	520

4.3.4.7 The table below demonstrates the increase in temporary accommodation costs and demand over the year.

		2023-24											
		Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
FAMILIES	Total days in the month	2636	2935	3350	3461	3913	4111	4255	4166	4196	4477	4355	4497
	Estimated cost in the month (£)	215,101	239,913	289,212	309,117	361,340	372,507	376,152	344,618	381,420	404,949	396,007	410,079
SINGLES	Total days in month	1399	1562	1647	1707	1549	1479	1820	2065	2215	2378	2336	2512
	Estimated cost in the month (£)	94,194	106,387	113,785	119,758	108,467	102,597	153,551	134,460	158,421	175,064	172,398	185,582

4.3.4.9 There were some mitigations which were actioned to reduce the impact of hotels, with Royal Jubilee court opened during the winter to relieve the pressure on temporary accommodation.

Sites used to mitigate Hotel pressures	Number of units	Timeframe	In year budget impact £m
Royal Jubilee Court	71 units	Feb 2024	(0.674)
National Housing Group	15 units	Mar-24	(0.029)
Total			(0.703)

4.4. PLACE

Directorates at Activity level (Controllable Budgets Only)	Original Budget £m	Revised Budget £m	Final Outturn £m	Outrun Variance £m	Period 9 Forecast Variance £m
Place - Environment	5.490	8.270	11.050	2.780	2.170



Place - Planning & Public Protection	2.830	2.570	3.290	0.720	0.350
Place - Housing & Property	0.960	1.380	2.330	0.950	0.440
Place - Strategic Directorate	9.280	12.220	16.670	4.450	2.960

4.4.1. Environment

4.4.1.1. The final outturn position for Environment is a £2.780m overspend. This is comprised of overspends on Highways, Waste and Parking:

4.4.1.2. Parking Services reported a £2.170m overspend caused by the underachievement of PCN/MTC Income, the reversal of permit charges and reduced income from the new school streets offer (inability to implement the level of school street camera's as previously planned). In addition, under achievement in off-street parking and non-staff permit income, offset by an over achievement in on-street parking income. This is an increase of £0.350m on the period 9 variance and reflects the continued pressure on the PCN/MTC income budget. Growth has been added to the 2024/25 budget to help mitigate this pressure moving forward.

4.4.1.3. There is a £500m overspend within Public Realm mainly due to legacy transformation costs. This is as a result of procurement, consultancy and Legal support costs relating to the integrated Public realm Contract. The extension agreement with SERCO, resulted in an increase in the Household waste and recycling cost and overall contract prices increase, based on indexation. There was an increase of £0.350m on the period 9 variance due to the adjustment on the Urbaser contract true up cost, increased Vehicle hire cost due to delays on delivery of purchased vehicles from suppliers.

4.4.1.4. Highways have reported an overspend of £0.510m. This is due to a historic, unachievable income target within DSO, underachievement of the crossover income due to reduced volumes and pressure in network management (street works) also due to reduced volumes of licence applications and the subsequent reduction of licence and permit income. This is a reduction of £0.090m on the reported period 9 variance.

4.4.1.5. The impact of the above overspends was mitigated by a £0.400m underspend in Business Support & Divisional Overheads. Predominantly as a result of reduced Staffing and Consultancy costs. These reductions were as a result of the service holding posts and reducing agency costs as part of the overall spending controls put in place during the year. The Service will continue with these tight controls moving into 2024/25

4.4.2. Planning & Public Protection

4.4.2.1. The final outturn position for Planning & Public Protection is a £0.720m overspend:

4.4.2.2. Planning reported an overspend of £1.090m, was as a result of underachievement of the planning application fee income, building control fee income, local land charges and



business licensing fee income. There were cost pressures in connection with the Local plan and Lower Thames Crossing Development Consent Order programme. The pressure was partly mitigated by Public Protections maintained forecast outturn underspend of £0.370m. Growth has been added to the 2024/25 budget to help mitigate this pressure overall moving forward.

4.4.3 Housing and Property

Directorates at Activity level (Controllable Budgets Only)	Original Budget £m	Revised Budget £m	Final Outturn £m	Outturn Variance £m	Period 9 Forecast Variance £m
Regeneration & Place Shaping	0.210	0.110	0.320	0.210	(0.300)
Housing Property and Assets	(3.670)	(3.760)	(3.310)	0.450	0.230
Asset Management	4.080	4.680	4.980	0.300	0.510
Inclusive Growth	0.340	0.350	0.340	(0.010)	0.000
Place - Housing & Property	0.960	1.380	2.330	0.950	0.440

4.4.3.1 The transport service which is within regeneration budgets closed 2023/24 with an overspend of £0.2m owing to delays in the procurement of new home to school transport buses which resulted in increased maintenance costs and hire costs.

4.4.3.2 The overspend within Asset Management is due to two main pressures both of which are expected to resolve in 2024/25 being slippage on the Mercury House decant saving and pressures on corporate landlord budgets. Furthermore, commercial property budgets within Housing Property and Assets closed with a £0.45m overspend due to a combination of bad debt provision adjustment of £0.3m and unbudgeted presale expenses costs in relation to the council's asset disposal efforts of £0.3m offset by underspends in other areas.

4.5 ONESOURCE SHARED

Directorates at Activity level (Controllable Budgets Only)	Original Budget £m	Revised Budget £m	Final Actual £m	Outturn Variance £m	Period 9 Forecast Variance £m
Finance	0.220	0.140	0.110	(0.030)	(0.020)
Exchequer & Transactional Services	2.100	3.160	2.940	(0.220)	0.410
Legal & Governance	0.870	1.120	1.160	0.040	0.060
ICT Services	4.030	4.250	5.750	1.500	1.130
OneSource Shared Total	7.220	8.670	9.960	1.290	1.580

4.5.1 Exchequer and Transactional Services delivered an underspend of (£0.220m) against a period 9 forecast of £0.410m. The change in forecast was partially due to the receipt of grant income within the NNDR team and the council tax and benefits team. The improvement from period 9 was a combination of an especially strong performance by the enforcement team in the last three months of the year, the receipt of business rates maximisation grant income relating to prior years and a reduction in agency costs against forecast.

4.5.2 The large overspend of £1.510m within ICT Services comprises of a combination of undelivered savings of £0.6m, increases in costs including Azure data and connectivity, Microsoft Enterprise and Dynamics Licences and security costs offset in part by underspend on salaries. The 2024/25 budget proposes growth in order to resolve the structural and intransigent budgetary pressures which have adversely impacted the ICT service's outturn for a number of years and as a result this pressure will not continue into next financial year.

4.6 ONESOURCE NON SHARED

Directorates at Activity level (Controllable Budgets Only)	Original Budget £m	Revised Budget £m	Final Actual £m	Outturn Variance £m	Period 9 Forecast Variance £m
Exchequer Services	(1.610)	(1.610)	(1.360)	0.250	(0.210)
Business Services	0.070	0.020	0.190	0.170	0.110
Legal & Democratic Services	0.680	0.680	0.860	0.180	0.180
ICT Services	0.890	1.010	1.020	0.010	0.010
OneSource Non-Shared LBH	0.030	0.100	0.710	0.610	0.110

4.6.1 The Exchequer Services operationally was largely as per the period 9 forecast across housing benefit subsidy and NNDR and Council tax court summons income, however, the inclusion of an adjustment to the bad debt provision as part of year end processes resulted in an adverse movement of £0.430m. In 2024/25 monitoring processes will include a regular review of debt collection rates and the associated impact of providing for debt on the revenue position.

4.6.2 The outturn for Legal and Democratic Services non-shared was as per the forecast at period 9. The overspend related to a combination of unmet savings targets in connection with driving down the cost of externally provided legal services coupled with an income target for schools appeals which is no longer deliverable since the service was outsourced.

4.6.3 The overspend within the Business Services area relates to prior years oneSource savings targets. This is a one-off pressure which will resolve in 2024/25 by virtue of this service being removed from the oneSource partnership arrangement as all the staff in this



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area were Newham employees and the service has not been continued in a sovereign form.

5 HOUSING REVENUE ACCOUNT

HRA at Directorate level	Original Budget	Revised Budget	Final Outturn	Outturn Variance	Period 9 Forecast Variance
	£m	£m	£m	£m	£m
Public Health - HRA	0.819	0.843	0.688	(0.155)	(0.260)
Housing & Property HRA	(2.149)	(2.006)	(1.813)	0.193	(0.380)
Living Well - HRA	1.330	1.163	1.126	(0.038)	(0.080)
People - Living Well	0.000	0.000	0.000	0.000	(0.720)

5.1 Public Health - HRA

The £155k underspend in this Service was due to vacancies throughout the year.

5.2 Housing & Property – HRA

5.2.1 Housing Property & Assets - HRA

This Activity came in on budget. However, there was some movement between the Period 9 forecast and the outturn due to void works costing less than was originally anticipated.

5.2.2 Housing Operations - HRA

This Activity came in level spent. There was some movement between the Period 9 forecast and the outturn position due to a late negotiated Internal Audit recharge for fraud investigation work and a higher than expected Enforcement Service recharge.

5.2.3 Housing Services - HRA

There were a number of year end items which resulted in a transfer to reserves of £5.8m. This included application of the £193k underspends in Public Health and Living well to balance the HRA overall. The transfers are listed below

The HRA interest charge was lower than originally budgeted by £1.6m. A £1.1m interest payment was received from Wates in relation to the Joint Venture loans. There was £2.2m received from leaseholders as a contribution to capital works. The council tax budget was underspent by £370k, as a result of shorter void periods and greater occupancy levels. There were also underspends on the leasehold insurance charge, the customer services recharge and the Capita IT licences, which will now be purchased in 2024/25.

5.3 Housing Demand – HRA

The £38k underspend was due to the Housing Choice and Applications Service carrying vacancies and the implementation of the Capita Open Housing Online Application being delayed until 2024/25. This was partially offset by the security costs incurred at Royal Jubilee Court prior to opening.

6 CORPORATE BUDGETS AND CONTINGENCY

6.1 The Council had a number of Corporate items which were reported during the year and by outturn had mitigated the service overspend by £12.7m. These items are shown in the table and paragraphs below

Corporate Items	Budget £m	Final Outturn £m	Outturn Variance £m	Period 9 (Under)spend £m
Corporate Contingency	1.000	0.000	(1.000)	0.000
Treasury Management	9.150	5.450	(3.700)	(3.000)
Other Corporate Budgets	1.610	1.600	(0.010)	0.000
Corporate Mitigations	0.000	(8.030)	(8.030)	(5.450)
	11.760	(0.980)	(12.740)	(8.450)

6.2 Treasury Management:

The Council sets its treasury budgets based on the assumed Capital programme and forecasted level of cash balances each year. There are fluctuations on these budgets due to slippage and changes to the Capital programme, prevailing interest rates and borrowing decisions and the level of cash balances held by the Council. There was significant slippage on the Capital programme from the anticipated programme at the start of the financial year. This slippage has resulted in the Council not needed to externally borrow resulting in a general fund underspend. This generates a short term underspend although it should be noted that costs in future years will go up when schemes do progress.

6.3 The Council has also benefitted from increased interest receivable from its deposits. Interest rates have continued to rise and the Council is lending at an overnight rate of over 5%. This has generated additional income on the Councils short term investments. These factors have resulted in an underspend on the treasury budget of £3.7m. There is also a year end charge of around £3.3m to the Housing Revenue Account reflecting the benefit that fund has received from utilisation of cash balances rather than external borrowing. This is shown in the Corporate mitigations table below.

6.4 The Corporate position has also improved by mitigations identified as part of the budget review exercise undertaken during the year. The table below sets out the mitigations and their financial impact.



Corporate Adjustments	Final Outturn Underspend
Redirect agency levy in 23/24 from the pension fund to assist the General Fund Budget	1.760
Review of outstanding insurance claims against provisions and reserves set aside	0.450
Business Rates revaluation technical adjustment (Announced by DLUHC in September 2023)	0.520
Treasury adjustment to reflect HRA benefit of using General Fund internal borrowing to fund the capital programme	3.300
Underspend on the Corporate risk budget following all year end entries	2.000
TOTAL CORPORATE MITIGATIONS	8.030

6.4.1 The Council maintains a Corporate Risk budget to safeguard against inflationary increases and other Corporate costs such as bad debt provisions, energy costs and restructuring and redundancy costs. After all the year-end entries had been made this budget had £2m remaining and it is recommended that this underspend be applied to the general fund outturn position.

6.5 Update on Delivery of Savings

The 23/24 budget included £9.6m of savings proposals. The majority of these savings were delivered as planned but £1.86m were outstanding at year end. Some of these savings will be delivered in 2024/25 and these have been retained in the Council budget. This position was widely expected and has been reported through the financial year which has allowed the Council to write out the remaining savings in a timely fashion as part of the budget setting process for 2024/25.

The undelivered savings are shown in the table below:

Saving not delivered 23/24 Outturn	£m	Update Notes
Targetted Reviews (Adults)	0.500	Pressure included in budget setting - but saving is an ongoing process with a further delivery target in 24/25
Assistive Technology - review subsidy levels	0.250	Will be delivered in 24/25
Develop integrated commissioning function as to support the Havering Borough Partnership	0.250	Will be delivered in 24/25

Shared Supported Housing	0.070	Saving not delivered and written out as part of 24/25 budget process
Increase the charge on crossovers	0.135	Fees were increased but volume is reducing so budget under further review
Saving on street parking through new technology	0.220	New machines now in place and saving expected to be delivered in 2024/25
Remove some School Crossing Patrols	0.063	Saving delivered in spring 24
Public Realm restructure	0.200	Will be delivered in 24/25
Review of toilets	0.024	Saving written out as part of 24/25 budget process
Climate Change Posts to be funded by CIL	0.150	Base funding built in for these posts instead of CIL funding
TOTAL UNDELIVERED SAVINGS 2023-24	1.862	

7 EARMARKED AND GENERAL RESERVES

7.1 The Council holds general balances to mitigate against unforeseen risks. At the start of 2023/24 The Council held £8.2m in General Balances. The Council's budget included a £2m planned contribution to reserves which has resulted in general balances increasing to £10.2m. This is still well below the Council's target of £20m and even this small increase has only been possible due to the Council being able to utilise the capitalisation directive as discussed in Section 8 of this report

7.2 The Council also holds Earmarked reserves which are set aside for specific time limited projects in the future. These reserves are reviewed regularly and if the reserves are no longer required they are either transferred to revenue or added to general balances.

The table below shows the 2023/24 outturn position on Earmarked Reserves:

RESERVE	23/24 Opening Balance £m	Drawdown during 23/24	23/24 Outturn Balance £m
Risk Mitigation Reserves	(16.727)	(3.247)	(13.480)
Contractual Reserves	(12.443)	(1.876)	(10.567)
Internally Earmarked Projects	(10.542)	0.542	(11.084)
TOTAL	(39.712)	(4.581)	(35.131)

8 FINANCING THE COUNCILS REVENUE OUTTURN POSITION

- 8.1 The Council realised at an early stage of 23/24 that the significant demographic pressures set out in this report were going to lead to a large overspend. The first quarter report on the budget presented to October 2023 cabinet forecasted a £23.1m overspend. The Council has taken proactive action to mitigate the overspend and as a result despite costs such as temporary accommodation continuing to rise it has been able to bring the final outturn position down to £18.1m overspent.
- 8.2 As the Council was fully aware of the pressures it was facing at an early stage it was able to develop a robust medium term financial plan that fully embraced the underlying nature of the budget pressures it has been facing in 23/24. As part of this process the Council recognised that it would need to request exceptional financial support from the Government to help both the 23/24 and 24/25 position.
- 8.3 The Council requested and was granted a capitalisation directive of £21.2m for 23/24 and a further £32.5m for 24/25. The directive for 23/24 will allow the Council to maintain general balances at £10.2m and Earmarked reserves at a manageable level. The Council will therefore utilise £18.1m of the capitalisation directive for 23/24 in order to mitigate the reported overspend
- 8.4 The Council has been able to utilise Capital receipts it has already received to finance the revenue to be capitalised. This has meant the Council will not need to borrow to finance the 23/24 capitalisation directive. A proportion of the receipts however had previously been earmarked for future planned capital spend and so the Council will need to either replenish receipts during 24/25 or identify alternative financing for this planned capital expenditure.
- 8.5 The Council will review the Capital programme during the first few months of 24/25 to ascertain whether the programme is on track or whether there is slippage. Part of that review will also consider the capital receipts that are likely to be achieved during the year. The Council is aware of the risk relating to the financing of the Capital programme and reviews its reserves regularly to ensure there is additional funding to support the position should it be needed.
- 8.6 The Council has balanced the 24/25 budget using a further capitalisation directive and it under no illusion that if that if the majority of that directive were required then the Council will need to borrow to finance it. The Council has made a provision in its revenue budget for borrowing for the directive but will continue to work with the Government closely in order to secure more favourable loan terms. The Council will also maintain tight spending controls to minimise spend and keep the budget under control.

9 THE CAPITAL PROGRAMME OUTTURN POSITION

- 9.1 In 2023/24 The Capital outturn showed a final spend of £126m against a planned programme of £231m. Further details of the Capital spend and slippage can be found at **Appendix 1** to this report.

9.2 In 2023/24, there was £126.4m of capital expenditure; this has resulted in notable capital outcomes, which are outlined below:

- The new Rainham Leisure Centre has been completed. The new facility opened in 1st July 2023.
- £4.1m on Central Depot Expansion.
- £8.0m on improving the quality of our roads and infrastructure.
- £8.2m on purchase of refuse vehicles.
- In Housing, 91 new properties and 75 buyback properties (previous owned by Council) have been added to the Council's housing stock and £35.4m has been spent on improving the existing housing stock.
- £1.2m spent on the Rainham & Beam Park regeneration project.
- £1.3m spent on improving parks and open spaces across the borough.
- 7 schools have had capital works totalling £1.0m.
- £0.9m has been spent on enhancing ITC Infrastructure.

10 IMPLICATIONS AND RISKS

10.1 *Financial Implications and Risks*

The financial implications of the 23/24 Outturn position are the subject of this report and are therefore set out in the body of this report. The underlying elements of the overspend have been fully incorporated into the 24/25 budget but it should be noted that that budget is underpinned by a capitalisation directive of £32.5m. The report also sets out the final Capital Outturn position and the end of year position on Balances and reserves

10.1.2 The overspend has been financed by utilising the Capitalisation directive agreed with the Government for 23/24. This has been financed using capital receipts. This has reduced the capital receipts available for future capital works and the Council will need to either replenish receipts through sales or identify reserves and revenue funding in the future in order to minimise the amount of future borrowing that is required

10.2 *Legal Implications and Risks*

10.2.1 Under S151 of the Local Government Act 1972 a local authority must make arrangements for the proper administration of its financial affairs.

10.2.2 The Council is required under s28 of the Local Government Act 2003 to review its budget calculations from time to time during the financial year and take appropriate action if there is any deterioration in its budget position.

10.2.3 Section 3 of the Local Government Act 1999, imposes a continuing obligation on the Council to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness." (This is the best value duty). Monitoring the Council's financial position



and reviewing performance information on a regular basis assists the authority in fulfilling that duty.

10.3 *Human Resource Implications and Risks*

10.3.1 There are no immediate Human Resource implications or risks arising from the report at this stage and any specific workforce impact is difficult to assess at the present time. However, any current or future savings proposals or changes to the funding regime that impact on staff numbers or job roles, will be managed in accordance with both statutory requirements and the Council's Organisational Change policy and associated procedures.

10.4 Equalities and Social Inclusion Implications and Risks - There are no immediate Equalities and Social Inclusion implications arising from the report

APPENDIX 1 – CAPITAL OUTTURN POSITION

The Capital programme for 2023/24 through to 2026/27 was agreed at Council in February 2023. The table below sets out the overall Capital Programme budgets by Directorate.

Summary of Existing Approved Capital Programme	Previous Years Budget	2023- 24 Budget	2024-25 Budget	2025-26 + Budget	Total Budget
	£m	£m	£m	£m	£m
Ageing Well	1.993	3.902	5.931	0	11.826
Living Well	33.452	1.352	1.587	3.453	39.843
Starting Well	38.309	6.968	26.260	36.000	107.537
People	73.754	12.222	33.778	39.453	159.206
Environment	7.907	23.181	14.402	22.080	67.570
Housing & Property (GF)	49.467	33.422	113.220	276.889	472.998
Housing & Property (HRA)	296.091	143.735	140.679	463.105	1,043.610
Planning & Public Protection	0.169	1.427	0.084	0.000	1.680
Place	353.634	201.765	268.385	762.074	1,585.858
Customer Services	6.784	0.636	0.030	0	7.450
Finance	0.000	0.240	0.048	0	0.288
Partnership Impact and Delivery	11.435	15.492	14.297	5.344	46.568
Public Health	0.000	0.201	0.101	0	0.302
Resources	18.219	16.569	14.476	5.344	54.608
Grand Total	445.607	230.556	316.639	806.871	1,799.672

General Fund/HRA Split	Previous Years Budget	2023- 24 Budget	2024-25 Budget	2025-26 + Budget	Total Budget
General Fund	149.516	86.820	175.960	343.766	756.062
Housing Revenue Account	296.091	143.735	140.679	463.105	1,043.610
Total	445.607	230.556	316.639	806.871	1,799.672

Capital Outcomes

1.1. In 2023/24, there was £126.384m of capital expenditure; this has resulted in notable capital outcomes, which are outlined below:

- The new Rainham Leisure Centre has been completed. The new facility opened in 1st July 2023.
- £4.056m on Central Depot Expansion.
- £7.978m on improving the quality of our roads and infrastructure.
- £8.166m on purchase of refuse vehicles.
- In Housing, 91 new properties and 75 buyback properties (previous owned by Council) have been added to the Council's housing stock and £35.431m has been spent on improving the existing housing stock.
- £1.216m spent on the Rainham & Beam Park regeneration project.
- £1.333m spent on improving parks and open spaces across the borough.
- 7 schools have had capital works totalling £0.982m.
- £0.934m has been spent on enhancing ITC Infrastructure.

2. 2023/24 Capital Outturn

2.1. The table below is a summary of the final outturn position for 2023/24 financial year.

Directorate / Service	Budget 2023/24	2023/24 Forecast Period 9	2023/24 Outturn	2023/24 Variance to Period 9
	£m	£m	£m	£m
Starting Well	6.968	6.740	1.283	(5.457)
Living Well	1.352	1.468	1.517	0.049
Ageing Well	3.902	3.931	2.733	(1.198)
Schools Expenditure	0.000	0.000	1.582	1.582
People	12.222	12.139	7.115	(5.023)
Housing & Property (GF)	33.422	39.944	13.528	(26.416)
Housing & Property (HRA)	143.735	98.263	82.970	(15.293)
Planning & Public Protection	1.427	0.037	0.012	(0.025)
Environment	23.181	21.370	18.209	(3.161)
Place	201.765	159.614	114.719	(44.895)
Partnership Impact and Delivery	15.492	7.590	4.096	(3.494)
Customer Services	0.636	0.566	0.338	(0.228)
Finance	0.240	0.000	0.104	0.104
Public Health	0.201	0.030	0.012	(0.018)
Resources	16.566	8.186	4.550	(3.636)
Total	230.556	179.938	126.384	(53.554)

2.2. Of the £230.556 approved Capital programme, capital expenditure in 2023/24 was £126.384m and Senior Officers/Members are asked to approve the carry forward request of £104.172m. This will allow the completion of 2023/24 agreed projects in the 2024/25 financial year. Once agreed these ongoing projects will be added to the 2023/24 capital programme agreed by Members as part of the Medium Term Financial Strategy (MTFS) in February 2024.

2.3. Financing - The Council finances its capital expenditure through a combination of resources both internal and externally generated. Each funding stream is considered in terms of risk and affordability in the short and long term. The current and future climates have a significant influence on capital funding decisions. As a result, the planned disposals and borrowing costs are kept under regular review to ensure timing maximises any potential receipts or reduces borrowing costs.

2.4. The table below provides how the 2023/24 capital expenditure was funded:

Services	2023/24 Capital Expendit ure	Financing				
		Capital Receipt s	Reven ue and reserv es	CIL and S106	Grant s	Borrow ing
		£m	£m	£m	£m	£m
Ageing Well	2.733	0.000	0.000	0.000	2.301	0.432
Living Well	1.517	0.112	0.000	0.013	0.000	1.392
Starting Well & Schools	2.865	0.069	0.797	0.000	1.712	0.287
People	7.115	0.181	0.797	0.013	4.013	2.111
Place - Environment	18.209	9.406	0.000	0.000	1.459	7.344
Place - Housing & Property (GF)	13.528	0.025	0.078	1.054	6.378	5.993
Housing & Property (HRA)	82.970	14.848	6.595	0.457	11.207	49.863
Planning & Public Protection	0.012	0.012	0.000	0.000	0.000	0.000
Place	114.719	24.291	6.673	1.511	19.044	63.200
Customer Services	0.338	0.013	0.059	0.000	0.000	0.266
Resources - Finance	0.104	0.104	0.000	0.000	0.000	0.000
Partnership Impact and Delivery	4.096	3.097	0.999	0.000	0.000	0.000
Public Health	0.012	0.000	0.000	0.000	0.012	0.000
Resources	4.550	3.214	1.058	0.000	0.012	0.266
Grand Total	126.384	27.686	8.528	1.524	23.069	65.577

2.5. It should be noted that there was a significant variance between the Period 9 forecasts and the final outturn of £53.554 million. Full details of which can be found later in the

report. SLT are asked to review the explanations behind the variances and note the reasons.

2.6. PEOPLE

2.6.1. Starting Well

Programme Area /Service/ Directorate	Budget 2023/24	2023/24 Forecast Period 9	2023/24 Outturn	2023/24 Variance
	£m	£m	£m	£m
Children's Social Care Programme	1.435	1.368	0.338	(1.030)
Education - Other	0.018	0.011	0.000	(0.011)
Schools	4.949	5.361	0.945	(4.416)
Wraparound Child Care Grant	0.567	0.000	0.000	0.000
Education	6.968	6.740	1.283	(5.457)
Starting Well	6.968	6.740	1.283	(5.457)

2.6.1.1. Children's Social Care Programme – Slippage of £1.030m

The slippage relates to one SEND Residential provision and one Semi Independent scheme that have experienced delays.

2.6.1.2. Schools – Slippage of £4.416m

This slippage is made up of a number of schemes that have been delayed due to planning approvals and conditions, these works are now planned to commence in 2024/25.

2.6.2. Ageing Well

Programme Area /Service/ Directorate	Budget 2023/24	2023/24 Forecast Period 9	2023/24 Outturn	2023/24 Variance
	£m	£m	£m	£m
Adults Social Care - DFG	2.541	2.570	2.301	(0.269)
Adults Social Care - Other	1.361	1.361	0.432	(0.929)
Adults Social Care	3.902	3.931	2.733	(1.198)
Ageing Well	3.902	3.931	2.733	(1.198)

2.6.2.1. Adults Social Care – Other – Slippage of £0.929m

The slippage relates to Adults Learning Disabilities Provision Build – Mowbray scheme. The slippage is due to the delay in the commencement of the project. The original start date for the building works on the project was due to be in November 2023, but the actual start date slipped into January 2024. This has meant that the project was pushed back and more spend will materialise in 2024/25.

2.7. PLACE

2.7.1. Housing and Property – General Fund

Programme Area /Service/ Directorate	Budget 2023/24	2023/24 Forecast Period 9	2023/24 Outturn	2023/24 Variance
	£m	£m	£m	£m
Mercury Land Holdings	1.494	13.086	0.158	(12.928)
Rainham & Beam Park	15.700	14.203	1.216	(12.987)
Regeneration - Other	1.133	0.600	0.418	(0.182)
Regeneration - TFL	0.209	0.070	0.070	0.000
Regeneration & Place Shaping	18.536	27.959	1.862	(26.097)
Asset Management - Other	0.142	0.000	0.000	0.000
Corporate Buildings	4.785	4.785	4.616	(0.169)
Health & Safety	0.159	0.209	0.181	(0.028)
Pre Sale Expenses	0.391	0.332	0.200	(0.132)
Schools Building Maintenance	4.379	3.926	4.209	0.283
Schools Expansions	3.052	2.411	2.139	(0.272)
Vehicle Replacement	1.978	0.321	0.321	0.000
Housing, Property and Assets	14.886	11.984	11.666	(0.318)
Housing & Property (GF)	33.422	39.942	13.528	(26.416)

2.7.1.1. MLH – Slippage of £12.928m

The Mercury Land Holdings forecast was based on a number of asset disposals occurring between the Council and its subsidiary MLH. These disposals were delayed through the governance process and were not authorised until April 2024, the disposals will progress in 2024/25 subject to final scrutiny.

2.7.1.2. Rainham & Beam Park – Slippage of £12.987m

The Rainham and Beam Park forecast included the acquisition of Member Interests in the joint venture with Notting Hill Genesis, which was approved at Cabinet in July 2023, but has suffered delays due to an external financial review taking longer than anticipated. The transaction is expected to happen in Q1 2024/25 subject to final governance.

2.7.2. Housing & Property (HRA)

Programme Area /Service/ Directorate	Budget 2023/24	2023/24 Forecast Period 9	2023/24 Outturn	2023/24 Variance
	£m	£m	£m	£m
Bridge Close Acquisitions	25.939	5.489	3.470	(2.019)
Bridge Close Regeneration	0.644	0.617	0.624	0.007
HRA Regeneration	41.178	28.170	21.174	(6.996)
Regeneration & Place Shaping	67.761	34.276	25.268	(9.008)
Capital HRA	41.870	39.453	35.431	(4.022)
HRA Stock Adjustments	18.391	8.836	9.961	1.125
Housing HRA	15.713	15.698	12.310	(3.389)
Housing, Property and Assets	75.974	63.988	57.702	(6.286)
Housing & Property (HRA)	143.735	98.264	82.970	(15.294)

2.7.2.1. Bridge Close Acquisitions – Slippage of £2.019m

The slippage is made up of two elements; £0.500m relates to residential acquisitions, as one planned acquisition slipped into 2024/25 due to stalled negotiations. The remaining £1.5m relates to a commercial property acquisition which now expects to complete in May 2024, instead of the original planned date in March 2024, which was due to late queries raised by the seller.

2.7.2.2. HRA Regeneration – Slippage of £6.996m

The main elements of the slippage are discussed below –

- £3.500m of the slippage against the 12 sites affordable housing programmes from Period 9. This is due to changes in cash flow requirements for the joint venture against the Waterloo Estate scheme and allowances made for the Park Rise final account were not required in 2023/24 as these items are in dispute.
- £2.1m of the slippage against regeneration acquisitions, activity levels have slowed in this area as staff capacity was directed toward other grant-funded acquisition programmes. The regeneration acquisitions will continue in 2024/25.
- £1.15m of the slippage against the Quarles affordable housing budget as the developer has not required cash payment toward affordable housing yet. This is expected in 2024/25 as the construction works progress.

2.7.2.3. Capital HRA – Slippage of £4.022m

£2.3m of the slippage is due to smaller and less expensive property being purchased for the DLUHC LAHF round 2, whilst grant target was still met. This change of activity has reduced costs to grant funders and the HRA. £1.7m of slippage was on the professional fees budget. The majority of this was due to the re-direction of staffing costs to

refugee/DLUHC projects. The forecast on these projects was also factoring in the salary costs, which meant there was a double count.

2.7.2.4. HRA Stock Adjustments – Acceleration of £1.125m

The acceleration of £1.125m is due to properties not being transferred to the DLUHC Refugee Housing Programme Funding (Round 2), as they did not meet the criteria for match funding. These will remain as expenditure on the Acquisitions Budget and budgets will be re-profiled.

2.7.2.5. Housing HRA – Slippage of £3.389m

£3.3m of the slippage is due to the funding being extended to July 2024 for acquisitions using GLA funding. The remainder will be spent by July 2024, so the budget will be rolled over to 2024/25.

2.7.3. Environment

Programme Area /Service/ Directorate	Budget 2023/24	2023/24 Forecast Period 9	2023/24 Outturn	2023/24 Variance
	£m	£m	£m	£m
Environment TfL	2.028	1.695	0.825	(0.870)
Highways & Street Lighting	8.735	8.849	7.978	(0.871)
Parking	0.315	0.315	0.227	(0.088)
Public Realm - Grounds Maintenance	0.150	0.001	0.000	(0.001)
Public Realm - Parks	1.763	1.169	0.999	(0.170)
Public Realm - Waste	10.190	9.341	8.180	(1.161)
Environment	23.181	21.370	18.209	(3.161)
Environment	23.181	21.370	18.209	(3.161)

2.7.3.1. Environment TfL – Slippage of £0.870m

The slippage relates to various TfL schemes which have been delayed. Works will continue and are expected to complete by end of July 2024.

2.7.3.2. Highways & Street Lighting– Slippage of £0.871m

The slippage relates to the Highways Improvement Programme including structures, street lighting, s106 and developer work. Works continue with some carry forward from 2023/24 to 2024/25.

2.7.3.3. Public Realm – Waste – Slippage of £1.161m

This slippage relates to the Waste contract vehicle project. The slippage is due to supplier delays in delivery, currently still awaiting delivery of some items.

2.8. RESOURCES

2.8.1. Partnership Impact and Delivery

Programme Area /Service/ Directorate	Budget 2023/24 £m	2023/24 Forecast Period 9 £m	2023/24 Outturn £m	2023/24 Variance £m
ICT Infrastructure	9.548	1.800	0.934	(0.866)
Transformation	5.944	5.790	3.162	(2.628)
IT, Digital & Transformation	15.492	7.590	4.096	(3.494)
Resources - Partnership Impact and Delivery	15.492	7.590	4.096	(3.494)

2.8.1.1. ICT Infrastructure – Slippage of £0.866m

The slippage relates to delays to the programme to modernise ICT, which will deliver the return of services from shared OneSource arrangements to sovereign control whilst both boroughs determine the most appropriate course of action for them as an authority. The previous plans to deliver via a joint procurement have now been replaced with a more bespoke and agile Havering-only approach, which started at the end of 2023/24 and will result in spend taking place in 2024/25 and 2025/26.

2.8.1.2. Transformation – Slippage of £2.628m

The Transformation capital slippage is due to projects being put on hold as the digital capital programme budgets are reviewed to align with the new Digital Strategy and the activity to bring the IT function into Havering from OneSource. Additionally, early release of agency workers on some delivery projects to facilitate more cost effective resource profile.