



Haverling
LONDON BOROUGH

Appendix 1
Service Revenue Budget Monitoring
Period 6 – September 2024

High Level Summary

The Council was unable to set a balanced budget for 24/25 without exceptional financial support from central government of £32.5m. £14m of the £32.5m was allocated to the service budgets and the balance was held back to manage further risks of overspends. As at the end of September, the net budget position is an overspend of **£19.2m** which is in addition to the budget assumption that the Council will need to use **£14m** of the Capitalisation Direction to finance the budgets allocated. The overall position will therefore require borrowing of **£33.2m** (£14.0m + £19.2m).

	Revised Budget 2024-25	Actuals YTD as Period 6	Outturn Forecast at end of September	Forecast Outturn Variance	P3 Forecast Variance	Change in Forecast Variance
Directorate	£m	£m	£m	£m	£m	£m
People Services	157.670	93.970	176.250	18.590	14.500	4.090
Place	13.920	7.510	16.670	2.750	3.100	- 0.350
Resources and One Source	24.350	11.460	24.290	- 0.060	0.700	- 0.760
TOTAL SERVICE DIRECTORATES	195.940	112.940	217.210	21.280	18.300	2.980
Corporate Budgets	1.580	-6.030	-0.480	-2.060	0.000	-2.060
TOTAL COUNCIL REVENUE	197.520	106.910	216.730	19.220	18.300	0.920
Budget Financing	-197.520	-6.770	-197.520	0.000	0.000	0.000
TOTAL NET	0.000	100.140	19.210	19.220	18.300	0.920

The position at P6 is £0.9m worse than P3. Although action is being taken so far the impact is less than the considerable upward pressures being experienced. **The position forecast in P6 is now in excess of the Capitalisation Direction requested for 24/25.**

PEOPLE Summary £18.6m overspend

There has been a slight improvement in Starting Well offset by a worsening position in Living Well and a small adverse movement in Ageing Well.

PEOPLE	Revised Budget 2024-25	Actuals YTD as Period 6	Outturn Forecast at end of September	Forecast Outturn Variance	P3 Forecast Variance	Change in Forecast Variance
Service	£m	£m	£m	£m	£m	£m
Starting Well	66.300	36.670	73.250	6.950	6.800	0.150
Living Well	44.330	24.680	49.850	5.510	3.800	1.710
Ageing Well	47.030	32.620	53.160	6.130	3.900	2.230
TOTAL PEOPLE	157.660	93.970	176.260	18.590	14.500	4.090

Starting Well is reporting a £6.95m overspend against budget which is driven by increasing demand in care budgets and the impact of the Ofsted Improvement plan. There has been a reduction in the forecast for LAC residential placements and the forecast on staffing has reduced slightly in the last month because of management action to fill vacancies and release expensive agency placements.

Ageing Well and Living Well are reporting pressures in each area. The £6.1m Ageing Well pressure is being driven by increased cost of placements. This is a result of both market pressure and increased complexity in cases.

There has been an adverse movement in Living Well, increasing the overspend to £5.5m. This worsening of the position is mainly due to slippage of the Chalkhill scheme which resulted in a pressure of £0.4m due to more families being accommodated in more expensive accommodation types than initially forecast. There has also been an increase in demand in families requiring temporary accommodation for period 6 with this trend likely to continue, this has added an additional £0.4m to the forecast. The main driver in Temporary Accommodation is increased numbers presenting as homeless combined with reduced availability of lower cost options such as Private Sector Rentals to house homeless clients.

There is a forecast pressure of £6.9m which is a 10% overspend against the budget.

	Revised Budget 2024- 25	Actuals YTD as Period 6	Outturn Forecast at end of September	Forecast Outturn Variance	P3 Forecast Variance	Change in Forecast Variance
Starting Well	£m	£m	£m	£m	£m	£m
Education	11.880	4.850	13.600	1.720	0.960	0.760
Children's Social Care	53.330	30.870	57.690	4.360	4.620 -	0.260
Principle Social Worker	1.090	0.950	1.960	0.870	1.220 -	0.350
TOTAL STARTING WELL	66.300	36.670	73.250	6.950	6.800	0.150

Main Variances

- **Staffing and Improvement Plan - £1.4m in Social Care and £0.220m in Education.** As part of the Childrens Improvement Plan there will be an increase in social care staffing and management which will be recruited to throughout the year. In the interim there are large numbers of vacancies covered by agency with total forecast spend of £11m. There is an Improvement team in place (within the Principal Social Worker area). The total full year cost of the plan would be £5m though not all of this is expected to be felt in 24/25. £2.1m additional funding has been applied to the budget from the Social Care grant leaving around £1m gap. The forecast has reduced this month as a result of management action.
- In addition, there are the following demand led pressures:
- **£1.500m Home to School Transport** where demand has continued to grow. Accepted applications are already 17% on last year and there are still applications in process. This is an increase since last month reflecting this projected in year growth.
- **£2.480m Care for Children with Disabilities.** This is an emerging pressure driven by demographic demand. There have been increases in all levels of support driven by numbers. In particular there have been four high cost residential home placements.
- **£0.680m Children in Care Placements** – mostly in high-cost residential care placements. This forecast has been reduced this month following a detailed review and reconciliation.
- **£0.670m Other** – other demand led costs including UASC (£0.130m), Section 17 (£0.150m) and Legal (£0.390m)

	Revised Budget 2024- 25	Actuals YTD as Period 6	Outturn Forecast at end of September	Forecast Outturn Variance	P3 Forecast Variance	Change in Forecast Variance
Living Well	£m	£m	£m	£m	£m	£m
Culture and Leisure	- 0.320	1.600	- 0.280	0.040	0.070	- 0.030
Housing Demand	8.380	0.990	10.560	2.180	1.100	1.080
Living Well Social Care	36.270	22.080	39.570	3.300	2.630	0.670
TOTAL LIVING WELL	44.330	24.670	49.850	5.520	3.800	1.720

Temporary Accommodation overspend has increased by £1.7m from period 3 to period 6. The change is due to several reasons. There has been slippage in the chalkhill scheme meaning that more families are staying in more expensive temporary accommodation than initially projected – this equates to c£350k. There has also been additional demand for families being accommodated, an increase of 16 families per month rather than the predicted 10 – this trend appears to be continuing and has resulted of pressure c£400k. Mitigating actions are being taken to procure more properties, the Pay To Stay scheme, the new Mother & Baby Unit, and the Chalkhill scheme to manage the overspend. An upward trend in people presenting as homeless is increasing numbers of households in hotels/NLs. Cheaper types of TA, such as PSL, are reducing, making the service more reliant on nightly lets, at an extra cost of £14 - 30k per unit per year although the service has successfully negotiated some reductions in price for nightly lets in period 6.

The Living Well social care variance is mainly due to an increase in weekly rates which reflects the trend in the market which is seeing packages cost increase but also the complexity of need increasing. There is a **RED** risk of £0.5 - 1.0m in Living Well Social Care due to modelling based on the likely number of new joiners starting packaged in year at a rate of c.£400 above leavers rates. There is also a risk regarding the full achievement of savings which is assumed within the forecast.

	Revised Budget 2024-25	Actuals YTD as Period 6	Outturn Forecast at end of September	Forecast Outturn Variance	P3 Forecast Variance	Change in Forecast Variance
	£m	£m	£m	£m	£m	£m
Ageing Well						
Strategy and Commissioning	3.470	3.220	4.920	1.450	1.890	- 0.440
Adult Community Team	40.580	26.770	45.300	4.720	2.030	2.690
Ageing Well Staffing	2.750	1.680	2.840	0.090	0.030	0.060
Ageing Well Social Care other	- 2.000	0.900	- 1.970	0.030	0.090	- 0.060
Ageing Well Social Care	44.800	32.570	51.090	6.290	4.040	2.250
Adult Safeguarding	2.240	0.050	2.070	- 0.170	- 0.140	- 0.030
TOTAL AGEING WELL	47.040	32.620	53.160	6.120	3.900	2.220

The Ageing Well variance is driven by a combination of market pressure and increased complexity in needs. Overall, for both existing and new service users the unit cost per placement is increasing. This is due to people in placement developing more complex needs and providers negotiating increased rates to managing their own market pressures. Across placements we have experienced a decline in the number of providers accepting the Councils set rates to around 30 % in Residential Care and 40% in Nursing.

Although, the number of users is remaining relatively stable there is a level of turnover within the service with users leaving and new users joining. On average for the first quarter of this financial year new joiners' weekly costs were £400 above those leaving the service. This trend is continuing and is driving a large proportion of the pressure within Ageing well. There is a further £1.0 - £1.5m **RED** rated risk in this area due to modelling around the number of new joiners that could come online in year. This is not in the forecast but should be considered. There is also a risk regarding the full achievement of savings which is assumed within the forecast, however the service have successfully delivered a large proportion of the Better Living and Targeted review savings.

PLACE Summary

Forecast £2.8m which would be an overspend of 20% of Budget

	Revised Budget 2024- 25	Actuals YTD as Period 6	Outturn Forecast at end of September	Forecast Outturn Variance	P3 Forecast Variance	Change in Forecast Variance
Place	£m	£m	£m	£m	£m	£m
Environment	10.040	2.970	12.270	2.230	2.360	- 0.130
Housing and Property	0.840	2.610	1.500	0.660	0.650	0.010
Planning and Public Protection	3.040	1.930	2.900	- 0.140	0.090	- 0.230
TOTAL PLACE	13.920	7.510	16.670	2.750	3.100	-0.350

The significant variance within Place is driven by an overspend in Environment. There is a Parking variance of £1.5m which relates to underachievement of income for parking permits and enforcement (PCN/MTC) against budget, in conjunction with pressure from support costs to the service. The Highways pressure of £0.8m is driven by a delay in procurement of the main highways contract and associated consultancy costs, combined with underachievement of licencing and permit income against budgeted targets.

The overspend in Housing and Property of £0.7m is due to the retention of Mercury House for longer than assumed and the regeneration of Hilldene Shopping Centre creating a pressure on rental income which is partially offset by an underspend in Inclusive Growth and Regeneration.

There is a small overspend forecast across Planning and Public Protection which it is expected will be mitigated by year end

RESOURCES Summary

There is an underspend of (£0.060m) reported at P6. This is comprised of an underspend of (£0.23m) within Resources, partially offset by an overspend of £0.17m for OneSource Shared.

	Revised Budget 2024- 25	Actuals YTD as Period 6	Outturn Forecast at end of September	Forecast Outturn Variance	P3 Forecast Variance	Change in Forecast Variance
RESOURCES	£m	£m	£m	£m	£m	£m
HR & OD	2.130	1.488	2.310	0.180	0.020	0.160
Customer Services Transformation & IT	0.770	1.624	0.340	-0.430	-0.130	-0.300
Finance	5.460	3.601	5.460	0.000	-0.040	0.040
Communication	0.890	0.518	0.860	-0.030	-0.010	-0.020
Non-Shared LBH	0.930	-	0.973	-0.100	0.000	-0.100
Partnerships	0.420	1.377	0.700	0.280	0.480	-0.200
Public Health	-	0.680	0.680	0.000	0.000	0.000
Public Health - Non Grant	2.740	0.659	2.610	-0.130	0.180	-0.310
oneSource Havering	11.700	2.682	11.870	0.170	0.180	-0.010
TOTAL RESOURCES	24.360	11.461	24.300	-0.060	0.680	-0.740

The main variance reported in Resources for period 6 remain within the Partnerships directorate due to slippage on a £250k integration saving albeit they are offset by staffing underspends/vacancy management across a number of services.

	Budget 2024-25 (£M)	Outturn Forecast at end of September (£M)	Forecast Outturn Variance (£M)
Provision for Pay award	3.000	4.000	1.000
Treasury Management	11.880	9.280	-2.600
Other Corporate Budgets	-8.100	-8.560	-0.460
TOTAL CORPORATE	6.780	4.720	-2.060

The current projected cost of the 24/25 Pay award is £4.0m which exceeds the original budget set aside by £1.0m. There are however a number of Corporate underspends which will mitigate this pressure and result in an overall Corporate underspend of (£2.060)m.

The Council has a budgeted Contingency of £1m which at this stage is assumed to be needed but could be released later in the year. There is also a budgeted £5m contribution to general reserves to help the Council move towards its target for balances.

There is a projected underspend on Treasury of £2.6m which relates partly to MRP (£1.1m) partly due to interest on cash receivable and the fact that as yet the Council has not needed to externally borrow in 2024/25 (£1.5m). There are other one off Corporate underspends on concessionary travel (£0.310m) and an overachievement on the business pool saving (£0.200m).

Overall High Level Service Risks

Directorate	Savings	Summary of Main Risks	TOTAL Value
People	Ageing Well	121 support and placement activity/demand increases	£2m to £2.5m
People	Living Well	121 support and placement activity/demand increases, failure to achieve savings	£1.6m to £2.1m
People	Starting Well	Increased demand in LAC, CWD and Send Transport, cost of Ofsted Improvement Plan	£4.0m
Place	Place	Mercury House, Winter gritting and other costs, income from range of sources inc parking, building control etc	£2.2m
Resources	One Source	ICT cost inflation, cloud migration	£0.4m
Total Services			£10.5m to £11.5m

At this stage of the year the Council is carrying continued financial risk that has the potential to add even more pressure to the forecast. The worst case scenario would be an extra £11.5m of costs. This would be far outside the funding directive provided as exceptional financial support by central government and all possible action should be taken to avoid it.

Overall Opportunities and Mitigations

Directorate	Service	Summary of Opportunities and Mitigations	TOTAL Value
People	Ageing Well	Additional Health funding, new site at St Georges	£0.3m to £0.5m
People	Living Well	Impact of targeted reviews, development of new accommodation offers	£0.5m to £1m
People	Starting Well	Impact of panels on reducing placement cost, temp to perm recruitment, reducing placement demand	£2.5m to £4m
Place	Place	Increased parking income over the winter	£0.1m
Resources	Resources	Savings from restructures and reduction in agency costs	£0.4m
Resources	One Source	Negotiation of cost share, increased enforcement/debt recovery income	£0.6m
Total Services			£4.4m to £6.5m

At this stage of the year services have identified £3.3m to £6.5m of potential management action to reduce spend or other savings opportunities. All efforts should be made to ensure that these opportunities are maximised as far as possible. Further actions would need to be identified to recover the overspend in full.

Dedicated Schools Grant (DSG) Summary

Forecast £16.2m Overspend 9.6% of current year budget.

Forecast cumulative overall DSG deficit position to increase from £15.3m to £31.5m overspend by the end of financial year 24-25.

	Post-recoupment budget - LA responsible for	Forecasted Expenditure	Forecast Outturn Variance	% of budget	Notes
Schools Block	92,674	91,486	1,188	1.28%	Transfer from Schools Block to High Needs Block
Central Schools Services Block	1,747	1,747	0	0.00%	<i>expected to be nil or small underspend</i>
High Needs Block	40,660	58,086	-17,426	-42.86%	projected expenditure based on current demand
Early Years Block	34,082	34,082	0	0.00%	<i>expected to be nil or small underspend</i>
DSG - overall	169,163	185,401	-16,238	-9.60%	

The material variance within the DSG is in the DSG High Needs Block.

The DSG High Needs Block is a part of the funding provided by the central government to local authorities to support education for children and young people with special educational needs and disabilities (SEND). This grant funding is ring-fenced and specifically allocated to meet the needs of pupils who require additional support due to their learning difficulties or disabilities.

The forecasted overspend is reflective of the increasing demand for support, that the current central government formula of distribution does not cover for Havering and other LAs across England.

The MHCLG has extended the Statutory Override for DSG until the end of financial year 2025-26. This regulation reduces the overall financial risks posed by the deficit falling on the council unearmarked general fund reserves.

Total Forecast (£0.380m) Underspend.

The HRA is forecasting an underspend of £380k, with the variance by Directorate shown below.

Resources - Public Health - HRA - £260k underspend. This the result of the service carrying vacancies and an increase in hall hire income.

Place - Housing & Property HRA - £140k underspend. There have been delays in the recruitment of staff in Housing Operations, but this has been offset by a reduction in the forecasted income expected by the Telecare Service and the inclusion of additional costs for Park Rise & St Georges. The movement this month is the result of audit fees expected for the Fraud Team. The change since last month, is due to the revision of the utility costs forecasts, following information provided by the Energy Team.

People - Living Well HRA - £20k overspend. This is due to tenant decant and removal costs.