



Haverling
LONDON BOROUGH

Service Revenue Budget Monitoring

Period 9 – December 2024

High Level Summary - Services

Service Forecast: £224.90m 12% overspend against Budget

As at the end of December Service Budgets are predicting an **overspend of £24.84m** against budget. This is a worsening position from Period 6 for the Service position of **£3.57m**. This is in addition to the budget assumption that the Council will need to use £14m of the Capitalisation Directive to finance the budgets approved.

This is reduced by an underspend in the Corporate Budget driving a variance of (£4.7m). The overall position is therefore a variance of **£20.14m** which would require borrowing of **£34.14m** (£14m + £20.14m).

TOTAL NET	Revised Budget 2024- 25	Actuals YTD as Period 9	Outturn Forecast at end of December	Forecast Outturn Variance	Variance as % of Budget	Forecast Variance P6	Change in Forecast Variance
	£m	£m	£m	£m	£m	£m	£m
TOTAL NET							
PEOPLE	159.61	136.19	181.95	22.34	14%	18.59	3.75
PLACE	14.86	13.90	17.34	2.48	17%	2.74	(0.26)
RESOURCES	25.59	14.37	25.61	0.02	0%	(0.06)	0.08
TOTAL SERVICE DIRECTORATES	200.06	164.46	224.90	24.84	12%	21.27	3.57
Corporate Budgets	(2.54)	(6.09)	(7.24)	(4.70)	770%	(2.06)	(2.64)
TOTAL COUNCIL REVENUE	197.52	158.37	217.66	20.14	10%	19.21	0.97
Budget Financing	(197.52)	(8.96)	(197.52)	0.00	0%	0.00	0.00
TOTAL NET	0.00	149.41	20.14	20.14	10%	19.21	0.97

The Service variance has increased by 2% against budget from Period 6 to Period 9. The key movements have been within the People Pillar which aligns to the key Pillar driver of the Council's overall service overspend of **£24.84m**, reduced by the Corporate underspends to £20.14m.

Ageing Well and Living Well have each seen a movement of **£1.6m** from Period 6 to Period 9. In Ageing Well this movement is driven by the removal of unachievable savings. Savings progress is evaluated as we progress through the financial year and at the last assessment several savings were identified as unachievable.

Living Well has continued to see increases in people presenting as Homeless and requiring placement. This is combined with the delay in programmes such as Urban Impact coming online, this accounts for £0.13m, the remaining £1.5m is driven by increased placement costs because of market pressures coupled with increased complexity in cases driving up placement costs. This is a trend that has continued throughout the year and is anticipated to continue into the next financial year. There has also been the removal of unachievable savings.

Starting Well has moved by **£0.5m**, this movement is the result of increased placement and SEND transport costs but have been offset by increased Health funding contributions have also been agreed and are now included giving only a small net increased pressure.

The **Place Directorate** has reduced spend by **£0.26m** between Period 6 and Period 9. This is the result of several in year mitigations to reduce spend. Resources has held relatively steady with a small increase of **£0.08m**.

Corporate Budgets are overachieving with additional Treasury Income and the release of £1m contingency meaning an additional **£4.7m** has offset the Service overspends.

The forecast across People is a pressure of £22.34m which is 14% of the budget.

PEOPLE	Revised Budget 2024-25	Actuals YTD as Period 9	Outturn Forecast at end of December	Forecast Outturn Variance	Variance as % of Budget	Forecast Variance P6	Change in Forecast Variance
PEOPLE	£m	£m	£m	£m	£m	£m	£m
People - Starting Well	67.63	55.59	75.11	7.48	11%	6.95	0.53
People - Ageing Well	47.26	40.57	54.99	7.73	16%	6.13	1.60
People - Living Well	44.72	40.03	51.85	7.13	16%	5.51	1.62
TOTAL PEOPLE	159.61	136.19	181.95	22.34	14%	18.59	3.75

This is a worsening of the position by £3.75m from period 6.

Starting Well's overspend has increased by £0.53m between Period 6 and Period 9. The main drivers are spending on placements for Looked After Children and Home to School transport, as well as increased pressure in improvement plan costs.

Ageing Well is reporting an increase pressure of £1.6m, this pressure is being driven by the removal of unachievable savings from the forecast, targeted reviews and Better Living savings have continued to perform well.

Living Well is reporting a pressure increase of c£1.62m from Period 6 to Period 9 because of living well social care, this increase has been caused by an increase to existing client packages due to complexity and new clients requiring services and removing unachievable savings out from the forecast which has worsened the position.

Ageing Well is forecasting a pressure of £7.73m overspend which is 16% of the budget.

People - Ageing Well	Revised Budget 2024-25	Actuals YTD as Period 9	Outturn Forecast at end of December	Forecast Outturn Variance	As % of Budget	Forecast Variance P6	Change in Forecast Variance
PEOPLE - AGEING WELL	£m	£m	£m	£m	£m	£m	£m
Adult Social Care	44.97	40.19	52.84	7.88	0.18	6.29	1.59
Ageing Well Principal Social Workers	0.66	(0.62)	0.66	0.00	0.00	0.03	(0.03)
Adult Safeguarding	1.63	1.01	1.48	(0.15)	(0.09)	(0.19)	0.04
TOTAL PEOPLE - AGEING WELL	47.26	40.57	54.99	7.73	0.16	6.13	1.60

The position has increased by £1.6m from period 6.

Period 9 sees a continuation of the pressures that Ageing Well have experienced throughout the financial year, with providers accepting the Council rates decreasing, and new placements attracting a cost of c£400 per week higher than exiting placements. In addition, as at Period 9 further savings were removed from the forecast to £1.5m. Although, a large amount of the savings is now considered unachievable the service have successfully delivered a large proportion of the Better Living and Targeted review savings. It should be noted that there is still the potential Health funding will materialise but the certainty around this is low, so it is not within the forecast at present.

Living Well is forecasting an overspend of £7.130m which is 16% of the Budget.

People - Living Well	Revised Budget 2024-25	Actuals YTD as Period 9	Outturn Forecast at end of December	Forecast Outturn Variance	As % of Budget	Forecast Variance P6	Change in Forecast Variance
PEOPLE - LIVING WELL	£m	£m	£m	£m	£m	£m	£m
Housing Demand	8.45	5.69	10.76	2.31	0.27	2.18	0.13
Culture & Leisure	(0.22)	2.18	(0.20)	0.02	(0.09)	0.04	(0.02)
Living Well Social Care	36.49	32.16	41.29	4.80	0.13	3.30	1.50
TOTAL PEOPLE - LIVING WELL	44.72	40.03	51.85	7.13	0.16	5.51	1.62

This is an increase of £1.62m from period 6.

Temporary accommodation is forecasting an overspend of £2.310m, this has increased by £0.130m from period 6 to 9 mainly due to an upward trend in people presenting as homeless and placements in hotels and nightly lets as cheaper forms of accommodation are being withdrawn from the market, 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 the last few periods, however the reductions are outweighed by additional demand and placements into hotels. There has also been slippage in the Chalkhill scheme meaning that more families are staying in more expensive temporary accommodation than initially projected and this is contributing to the overspend.

Culture and Leisure is forecasting a small overspend of £0.020m, this is a reduction of £0.040m from period 6. This overspend is being driven from various small pressures within the service.

Living Well social care is reporting a pressure of £4.800m, this has increased by £1.500m from period 6 to 9. This overspend is mainly being driven from the increased complexity of clients and from the continuing trend of market pressures. There have been providers who have given notice on client's placements and providers exiting the market, this has meant that placement costs have had to be renegotiated, or alternative placements sourced. New placements being sourced are costing significantly more with some placements being up to double the price of current placements. The increase from period 6 is mainly due to a combination of these factors and that £0.720m of savings were removed from the forecast as they were unachievable.

There has also been some delays regarding CHC funding being agreed and these high-cost placements remain in the forecast until an agreement is reached.

There is a **RED** risk of £0.3m 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.

PEOPLE: Starting Well

Forecast an overspend of £7.48m, 11% overspend against budget. This is an increase of £0.40m since last month and £0.53m since Pd6.

People - Starting Well	Revised Budget 2024-25	Actuals YTD as Period 9	Outturn Forecast at end of December	Forecast Outturn Variance	As % of Budget	Forecast Variance P6	Change in Forecast Variance
	£m	£m	£m	£m	£m	£m	£m
PEOPLE - STARTING WELL							
Education	12.14	8.90	13.73	1.59	13%	1.72	(0.13)
Children's Social Care	54.35	45.22	59.48	5.14	9%	4.36	0.78
Principal Social Worker	1.14	1.47	1.89	0.75	66%	0.86	(0.11)
TOTAL PEOPLE - STARTING WELL	67.63	55.59	75.11	7.48	11%	6.95	0.53

Staffing and Improvement Plan: £1.50m in Social Care and an underspend of £-0.04m in Education. The total full year cost of the improvement plan is estimated at £5m, though not all of this is expected to be incurred in 24/25. £2.1m additional funding has been applied to the budget from the Social Care grant leaving around £1m gap. This is a small decrease from Pd6.

Special Home to School Transport forecast overspend has decreased by £0.05m since Pd6, mainly due to revised routes in the new school year and reduced forecasts for other expenditure.

Care for Children with Disabilities has increased by £0.26m since Pd6. . There have been increases in all levels of support driven by numbers and more complex needs, particularly in residential home placements and direct payments.

Children in Care Placements – there has been a significant increase in high-cost residential care placements. Since Pd6 the overspend has increased by £0.35m despite contributions from the Health Authority and Education.

Forecast £2.48m overspend, 17% of Budget. An overall improvement of (£0.26) on Period 6.

PLACE	Revised Budget 2024-25	Actuals YTD as Period 9	Outturn Forecast at end of December	Forecast Outturn Variance	Variance as % of Budget	Forecast Variance P6	Change in Forecast Variance
PLACE	£m	£m	£m	£m	£m	£m	£m
Place - Planning & Public Protection	3.29	3.47	3.07	(0.22)	7%	(0.14)	(0.08)
Place - Environment	10.42	6.62	12.58	2.17	21 %	2.22	(0.05)
Place - Housing & Property	1.15	3.81	1.68	0.53	46 %	0.66	(0.13)
TOTAL PLACE	14.86	13.90	17.33	2.48	17 %	2.74	(0.26)

Planning & Public Protection (£0.22m) is largely down to one-off events like the cessation of the Littering Enforcement Contract. The improvement (£0.08m) this quarter (and from Period 8) is down to salaries revisions and improved income in Enforcement.

Environment overspend £2.17m is driven by Parking and Highways as was the case in Period 6. Parking accounts for just over two thirds of this with the majority down to parking income forecasts being substantially lower than budgeted which has been addressed in the 2025/26 draft budget. Highways is a mixture of one-off consultancy costs relating to the delayed maintenance contract and shortfall on income due to the wider economic outlook. Aside from the latter matter, these issues should be resolved for 2025/26. The improvement from prior quarter (£0.05m) was largely due to penalties on the waste contract following performance monitoring. However, the position worsened from prior month by £0.07m, driven by further deterioration in the Parking income forecasts.

Housing & Property overspend £0.53m is due to the retention of Mercury House for longer than assumed and the regeneration of Hildene Shopping Centre creating a pressure on rental income offset by an underspend in Inclusive Growth and Regeneration. From Period 6, the position has improved (£0.13m) due to business rate revaluation, delays in recruitment and utilities following new price information.

RESOURCES Summary

Forecasted overspend of **£0.02m** (excluding HRA element of Resources) 0% variance

RESOURCES	Revised Budget 2024-25	Actuals YTD as Period 9	Outturn Forecast at end of December	Forecast Outturn Variance	Variance as % of Budget	Forecast Variance P6	Change in Forecast Variance
RESOURCES	£m	£m	£m	£m	£m	£m	£m
Resources - Public Health	(0.67)	(0.80)	(0.67)	0.00	0%	0.00	0.00
Resources Non-Shared LBH	1.00	(3.55)	0.96	(0.04)	-4%	(0.09)	0.05
Resources - HR & OD	2.21	2.22	2.43	0.22	10%	0.18	0.04
Resources - Customer Services Transformation & IT	1.04	1.89	0.69	(0.35)	-34%	(0.43)	0.08
Resources - Finance	5.69	4.61	5.59	(0.10)	-2%	0.00	(0.10)
Resources - Communication	0.92	0.92	0.87	(0.04)	-4%	(0.04)	0.00
Resources - Partnerships	0.48	1.96	0.68	0.21	44%	0.28	(0.07)
oneSource Cost Share LBH Adjustment	12.06	5.57	12.38	0.32	3%	0.17	0.15
Resources - Public Health - Non-Grant	2.86	1.55	2.66	(0.20)	-7%	(0.13)	(0.07)
TOTAL RESOURCES	25.59	14.37	25.59	0.02	0%	(0.06)	0.08

Resources overall is forecasting to come out close to budget. There is a worsening of the position from Period 6 to Period 9. This is driven by crematorium income dropping as the death rate and cost of living crisis have impacted. In addition to worsened recovery in legal costs and enforcement services running costs. Partnership savings delivery have slipped, and HR are seeing pressures because of the Children's improvement plan and Union costs.

	Budget 2024-25	Outturn Forecast at end of December	Forecast Outturn Variance	Period 6 Forecast
Corporate	£m	£m	£m	£m
Provision for Pay award	3.000	4.000	1.000	1.000
Treasury Management	11.880	7.680	-4.200	-2.600
Contingency	1.000	0.000	-1.000	0.000
Other Corporate Budgets	-14.560	-14.060	-0.500	-0.460
TOTAL CORPORATE	1.320	-3.380	-4.700	-2.060

The Corporate forecast position has improved significantly since Period 6 and is now forecasting a 4.7m underspend.

The treasury management outturn position continues to improve. The Council has not taken out any General Fund External borrowing to date in 2024/25 and continues to benefit from short term investments as interest rates remain at around 5% (estimated underspend to date £3.1m). As previously reported there is also an underspend on the amount of minimum revenue provision the Council has to set aside resulting in a £1.1m underspend. This has resulted in a significant underspend on the general fund budget.

The Council has also not utilised the £1m contingency it holds in the general fund budget. This can now be released to support the overall general fund position. There are other one off Corporate underspends on concessionary travel (£0.3m) and an overachievement on the business pool saving (£0.2m).

HRA Summary Revenue

Forecast (£0.46m) underspend, 28% improvement against budget

HRA	Revised Budget 2024-25	Actuals YTD as Period 9	Outturn Forecast at end of December	Forecast Outturn Variance	Variance as % of Budget	Forecast Variance P6	Change in Forecast Variance
	£m	£m	£m	£m	£m	£m	£m
HRA							
Resources - Public Health - HRA	0.91	0.57	0.67	(0.23)	(25%)	(0.26)	0.03
Resources - Customer Services Transformation & IT HRA	1.22	0.59	1.18	(0.04)	(3%)	0.02	(0.06)
Place - Housing & Property HRA	(4.28)	(27.14)	(4.46)	(0.18)	4%	(0.16)	(0.02)
People - Living Well - HRA	0.50	0.50	0.49	(0.01)	(2%)	0.02	(0.03)
TOTAL HRA	(1.65)	(25.48)	(2.12)	(0.46)	28%	(0.38)	(0.08)

The HRA is forecasting an £0.08m improvement between Period 6 and Period 9.

Delays in recruitment in staff have driven underspends within Resources Public health and Place – Housing and Property, with Resources Public Health seeing an increased in hall hire income and Housing Property also seeing utility cost forecasts contributing to an improving position.

Resource Customer Services Transformation & IT HRA has seen a delay in ICT hardware budget being spent resulting in the underspend.

Dedicated Schools Grant (DSG) Summary

Forecast £22.2m Overspend 12.48% of overall in-year budget.

Forecast cumulative overall DSG deficit position to increase from £15.3m to £36.3m overspend by the end of financial year 24-25.

Period 9 forecasts an increasing overspend against original budget.

	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%	expected to be nil or small underspend
High Needs Block	39,914	62,114	-22,200	-55.62%	projected expenditure based on current demand
Early Years Block	34,082	34,082	0	0.00%	expected to be nil or small underspend
DSG - overall	168,417	189,429	-21,012	-12.48%	

The material variance within the DSG is in the DSG High Needs Block and is updated to reflect the additional funding to support mainstream schools with SEND children.

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 Department for Levelling Up, Housing and Communities (DLUHC) regulations 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.

High Level Summary – Risks and Ops

Overall, there is still an upper risk of **c.£5.69m** that could be realised and opportunities and mitigations of **£4.11m** (at the upper limit).

As we approach the end of the financial year, we would anticipate the reduction in risks and opportunities as they materialise or disappear.

However, within the People Directorate there are still risks of a material value that could significantly add to the pressure at outturn. Most notably within **Starting Well there is a £2.05m risk** relating to health income in the forecast that may not be realised and £1m of improvement programme risk. There is a combined risk of **£0.7m risk for placements in Ageing Well and Living Well** as these forecasts do not reflect movements in and out of placements and are based on existing placements to date.

If both upper limits of risks, and opportunities and mitigation, were realised the outturn would be outside the funding directive provided as exceptional financial support by central government. All possible action should be taken to avoid it.



Overall High Level Risks

Pillar	Pillar/Directorate	Summary of Main Risks	TOTAL Value
People	Ageing Well	Forecasts are only for known clients and panel decisions.	£0.40m
People	Living Well	Forecasts are only for known clients and panel decisions.	£0.30m
People	Starting Well	Forecasts include Health funding that may not materialise £2.05m, Improvement Plan £1m and £0.5m for uplifts to placements. Salary uplift risk is recognised but not quantified.	£3.55m
Place	Place	Mercury House	
Place	Environment	Winter Pressures could result in demand in services and loss in parking income, current assumptions relate only to mild winter conditions	£0.60m - £0.80m
Place	PPP	Income materialisation risk in Building Control, Planning and Local Land Charges – all demand led and subject to changes in behaviour	£0 - £0.49m
Resources	One Source	ICT cost inflation, cloud migration	£0.05m
Resources	Housing Benefit	Housing Benefit Subsidy – Area subject to movement in either direction. Risk range identified.	£0.10m
Total Services			£5.0m -£5.69m

Overall High Level Opportunities and Mitigations

Pillar	Pillar/Directorate	Summary of Opportunities	TOTAL Value
People	Ageing Well	Additional Health funding	£0.50m
People	Starting Well	There is a contingency of £0.26m for CiC within the forecasts. The CiC is based on the trend on placement growth. There is no longer a contingency with CWD.	£0.26m
Place	Place	Increased parking income	£0.05 -£0.10m
Resources	Resources	Housing Benefit Subsidy additional income and reduction in agency costs	£0.10m
Total Services			£0.91m - £0.96m

Pillar	Pillar/Directorate	Summary of Mitigations	TOTAL Value
People	Starting Well	Panel reviews of new placements scrutinising high cost placements and identifying possible step-down options.	£2.00m - £3.00m
People	Starting Well	Temp to Perm	£0.15m
Total Services			£2.15m -£3.15m