

OVERVIEW AND SCRUTINY BOARD, 3 JULY 2025

Subject Heading:	Update on delivery of 2025/26 Savings and final position on 2024/25 savings
Cabinet Member:	Councillor Chris Wilkins (Cabinet Member for Finance)
ELT Lead:	Kathy Freeman Strategic Director of Resources
Report Author and contact details:	Richard Tyler Head of Financial Strategy and Business Intelligence 01708 433 957 Richard.Tyler@Havering.gov.uk
Policy context:	The report provides an update on the progress towards delivering the Savings set out in the 2025/26 budget
Financial summary:	This report includes: <ul style="list-style-type: none">• Confirmation of the final position on 2024/25 savings• Update on the 2025/26 budget Savings• Tables setting out progress on each saving for 2025/26
Is this a Key Decision?	No

1. Executive Summary

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

2. RECOMMENDATIONS

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

3. BACKGROUND

- 3.1. Havering is an efficient Council with low unit costs for most services compared to its neighbours. The Council has in recent years experienced financial difficulties due to underfunding from central Government in comparison to the pressures the Council is facing. It is nationally recognised that national funding for Social Care has fallen significantly behind the rising demand and costs local authorities are experiencing. For Havering this is compounded by the failure of the previous Government to update its distribution formula resulting in Havering receiving up to £10m less grant a year than it should have received with a fairer distribution
- 3.2 This position has developed over a number of years and has resulted in Havering setting its 2025/26 budget including a £88m capitalisation directive. As part of the budget process the Council reviewed all its services to identify efficiencies, savings and areas where increased fees could be applied. This process produced savings totalling £10.250m which were applied to the budget to reduce the gap to the level agreed in the capitalisation order
- 3.3 These savings underpin the 2025/26 budget and will be closely monitored throughout the year as part of the budget monitoring process. The Council's budget position is reported to cabinet on a quarterly basis including progress on savings. This report provides an initial view on those savings for review at Overview and Scrutiny Committee.

4. REVIEW OF 2024/25 SAVINGS - OUTTURN

- 4.1. In setting the 2024/25 budget the Council included £15.3m of revenue savings to be delivered. The majority of these savings were fully delivered as can be seen in the table below.

Table 1: Savings Delivery

Directorate	Savings Delivered (£m)	Savings Delayed (£m)	Savings not achieved (£m)	Total (£m)
Resources	0.9	0.0	0.0	0.9
People	2.8	2.0	1.5	6.3
Place	1.7	0.7	0.5	2.9
Corporate	4.9	0.3	0.0	5.2
TOTAL	10.3	3.0	2.0	15.3

- 4.2. A number of savings however were not achieved and the resultant overspend was included within the revenue outturn position. Some of these savings proposals are simply delayed and will be achieved in 2025/26 whilst others will not be delivered. The savings which will not be delivered have been written out of the 2025/26 budget with departments asked to contain spend in a sustainable fashion within their assigned budgets in order to achieve this. The table below sets out the savings have not been achieved together with the reasons behind this

Table 2: Savings not achieved 2024/25

Saving	Saving £m	Reason
Full review of Early Help Provision	0.420	One of the recommendations of the OFSTED report was further investment in Early Help and prevention. As such this saving was not actioned
Acquisition of property jointly to relieve Temporary Accommodation Pressures	0.300	The Council is still progressing the acquisition of properties and has a further savings target in 2025/26. It is recognised however that this saving was not achieved in 2024/25 and should not be added to the target for 25/26
Alternate Weekly Collections & Containerisation	0.150	The Council has not progressed AWC at this stage. It is fully recognised that the benefits of recycling and waste minimisation will directly impact the disposal levy from 2028 onwards and as

		such all options to help achieve this will be considered moving forward
Better Living	0.360	The better living programme uses a strength based approach when reviewing care to increase independence and reduce reliance on care and has delivered considerable savings over the last few years. The total saving for 2024/25 was £1m of which £635k was achieved. There is a further savings target in 2025/26 and it is recognised that adding the shortfall to future years is unrealistic.
Review of social care provider services (Adults)	0.500	This was linked to building/buying residential care settings and commissioning a provider to deliver services. The Council continues to look at ways to provide care for Adults but it is recognised that this saving will not be delivered
Targetted Reviews	0.270	The savings target for 2024/25 was £1.1m of which £830k has been delivered. This relates to a review of high cost placements across both living and ageing well. There is a further savings target in 2025/26 and it is recognised that adding the shortfall to future years is unrealistic.
Savings Unachieved and written out	2.000	

5. UPDATE ON THE 2025/26 SAVINGS

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

Table 3: Summary Savings Position

Savings Delivery	Green (£m)	Amber (£m)	Red (£m)	Total (£m)
Resources	0.730	0.070	0.000	0.800
People	0.520	3.473	1.346	5.339
Place	0.070	0.100	0.000	0.170
Corporate	3.445	0.500	0.000	3.945
TOTAL	4.765	4.143	1.346	10.254

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

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

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

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

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

- 5.3. Whilst the table shows £4.8m rated as green at the moment the full expectation is that the amber savings will be largely delivered as well. The Council will work hard to achieve as many of these savings as possible. Some savings will be through cost avoidance by reducing pressures in the service via moving users to alternative provision which is better financially for the Council.
- 5.4 The Council is currently reviewing its 2026-2030 medium term financial strategy. An update to this strategy will be reported to cabinet in the autumn and will include both a further update on the implications of any non delivery of 2025/26 savings together with new efficiencies and proposals for both 2026/27 and future years

6. FINANCIAL IMPLICATIONS OF NON DELIVERY OF SAVINGS

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

Summary of savings projected delivery - CORPORATE

Saving	Saving £m	Actions Taken/Required
Redirection of Agency Levy	1.300 Green 0.200 Amber	An agency levy has been applied to staffing costs for a number of years. This was historically passed to the pension fund but is now re-directed to support the general fund position. The Council has reduced its agency numbers significantly in the last year and as such there is a risk this will result in a slightly lower value for the saving
Business Rate Pool with Thurrock and LBBD	0.900 Green 0.300 Amber	This saving is through the pool resulting in a £4m saving in Government levy costs across the three boroughs. Havering's share was originally estimated at £1.2m based on the boroughs NNDR estimates. The Outturn position for 2024/25 has identified that through reliefs and Appeals Thurrocks business rate yield is lower which reduces the levy value offset by the pool. The knock on effect is a reduced benefit for Havering and LBBD which is estimated at £0.9m. It is possible that a greater yield in 2025/26 will recover this position
Increase empty homes premium	0.048 Green	This was implemented in April and was reflected in the Council's taxbase assumption. A review of those who received the additional charge showed the majority have paid with others returning the property to occupation

Reduce Capital Spend on roads by £1.5m in 2024/25	0.097 Green	The Council reduced its spend on roads in 2024/25 and as a result borrowed less money than it otherwise would have. The full year effect of this is a treasury saving on both borrowing and repayment which is already fully achieved in 2025/26
Review of Taxbase, Freedom pass eligibility and SPD	1.100 Green	The Council annually reviews all those entitled to single person discounts on Council Tax and also those who qualify for freedom passes to ensure these concessions are given to the write people. This saving also reflects growth in the taxbase and is fully achieved through reductions to the concessionary fares settlement in December 2024 and the agreed taxbase in the budget
Total of Budgeted Savings - CORPORATE	3.945	

Summary of savings projected delivery - RESOURCES

Saving	Saving £m	Actions Taken/Required
Restructure of Resources Department	0.560 Green	The restructure was fully completed in the latter part of 2024/25 and has delivered £560k of staffing savings. The new structure is fully operational and permanent recruitment has taken place to fill senior management posts which has had the additional benefit of substantially reducing the department's agency spend
Communications income and procurement initiatives	0.170 Green	Communications have significantly increased income through the JCDecaux advertising contract and a number of smaller advertising projects which have increased income including roundabouts, lampposts, street bins and car parks
Review income from advertising opportunities stretch target	0.070 Amber	A corporate review of all advertising hoardings across the borough is underway which it is hoped will generate more income opportunities. The value of this is unknown so the saving is classified as amber at the moment
Total of Budgeted Savings RESOURCES	0.800	

Summary of projected savings delivery - PEOPLE

Saving	Saving £m	Actions Taken/Required
Home to school transport	Green 0.500	This saving is fully on track to be delivered. There are over 150 users now on the direct payment scheme. The differential in annual cost between a direct payment and a taxi is over 10k per year. It should be noted that this is cost avoidance as the overall cost of home to school transport continues to rise through the increasing number of EHCP's
Reduction to book fund	Green 0.020	This saving is fully achieved. The book fund was subject to a one off reduction of £160k in 2024/25 but that budget has been restored and replaced with a smaller ongoing reduction
Grow shared lives	Amber 0.150	This saving is on track but is rated amber as further work is still needed over the course of the year to fully realise the saving
Reablement	Amber 0.300	This saving is on track to be delivered but actions will continue through the year so rated amber at this early stage
Increase internal fostering	Amber 0.120	This will require a net 10 placements to transfer from agency to internal. Advertising and other marketing is ongoing to attract new fostering placements
Mawney Close	Amber 0.058	8 units to support independent living which will be fully operational in the 2 nd quarter at which point there will be cost avoidance in the leaving care budget
Mowbrays Close	Amber 0.240	Development of former garage site to support independent living which will be operational this summer resulting in cost avoidance in the leaving care budget

Summary of projected savings delivery - PEOPLE

Saving	Saving £m	Actions Taken/Required
Better Living	Amber 1.000	This is a challenging savings target as significant Better Living savings have been delivered during the preceding two financial years. Better Living is an approach to assessing and identifying need working from a strengths-based premise. The better living approach is now considered business as usual.
Targeted Reviews - Adult Services	Amber 1.100	This target will be difficult to realise and achieve without securing the additional resources put forward as part of the adult social care restructure growth bid. Having additional capacity to intervene at an earlier stage pre the age of 18 would make this saving more achievable.
Pay to stay – paying families to keep people in their homes	Amber 0.055	This scheme will generate savings through cost avoidance in temporary accommodation. The scheme is in place and will be reviewed through the year to monitor the costs avoided
Acquisition of property jointly to relieve Temporary Accommodation Pressures	Amber 0.300	This scheme will generate savings through cost avoidance in temporary accommodation. The scheme is in place and will be reviewed through the year to monitor the costs avoided
Consult on principle of reducing the number of public libraries in the Borough – based on review of public need and change in usage	Amber 0.150	The library saving has been actioned. Ongoing work is underway across all three sites to agree next steps and any meanwhile use. The saving is achieved but there could be oneoff costs whilst future plans for the sites are agreed
Family Welcome Centre	Red 0.466	The Family Welcome centre will consist of 74 self contained units which will deliver much needed accommodation. The centre is scheduled to open in April 2026 so the saving will be delayed to 2026/27
Housing Demand	Red 0.180	This saving relates to modular units which are now unlikely to be onsite until Jan 2026 at the earliest as such the saving will be delayed to 2026/27

Summary of projected savings delivery - PEOPLE

Saving	Saving £m	Actions Taken/Required
In sourcing family support	Red 0.200	There are delays to the implementation of this move to an inhouse service. When recruitment is completed the cost to the external provider will cease. This saving is likely to part slip into 2026/27
Transition savings (Adults)	Red 0.500	This target will be difficult to realise and achieve without securing the additional resources put forward as part of the adult social care restructure growth bid. Having additional capacity to intervene at an earlier stage pre the age of 18 would make this saving more achievable.
Total of Budgeted Savings - PEOPLE	5.339	

Summary of projected savings delivery - PLACE

Saving	Saving £m	Actions Taken/Required
Traffic Schemes Reductions, only essential Health and Safety to be completed	Green 0.050	This is a full year effect of a saving which was successfully introduced in 2024/25
Reduce street lighting on main roads by 30%, after midnight to 5am (invest in automation)	Green 0.020	This is a full year effect of a saving which was successfully introduced in 2024/25
Encourage VCS to bear a higher proportion of their rental costs	Amber 0.027	This saving is yet to be delivered. Work is ongoing with Voluntary Organisations to review their rents moving forward
Acquisition of land and buildings from Notting Hill JV	Amber 0.073	This process is ongoing and will result in cost avoidance on temporary accommodation
Total of Budgeted Savings - PLACE	0.170	