



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

Service Revenue Budget Monitoring Period 3 – June 2024

1. [Overall Position](#)
2. [High Level Risk and Opportunities](#)
3. [Savings summary](#)
4. Pillar Detail
 - [People](#)
 - Ageing Well
 - Living Well
 - Starting Well
 - [Place](#)
 - Environment
 - PPP
 - Housing Operations, Assets and Property
 - [Resources](#)
 - Resources Non-Shared
 - One Source
5. [Dedicated Schools Grant \(DSG\)](#)
6. [HRA](#)

High Level Summary - £1m UNDERSPEND

TOTAL NET	Revised Budget 2025- 26	Actuals YTD as Period 3	Outturn Forecast at end of June	Forecast Outturn Variance	As % of Budget
TOTAL NET	£m	£m	£m	£m	£m
PEOPLE	188.25	46.74	193.30	5.06	3%
PLACE	20.43	3.22	16.68	-3.74	-18%
RESOURCES	24.64	6.58	26.17	1.53	6%
TOTAL SERVICE DIRECTORATES	233.32	56.54	236.15	2.85	1%
Corporate Budgets	61.43	-0.21	57.60	-3.83	-6%
HRA - Contribution to Corporate Overheads	-1.69	0.00	-1.69	0.00	0%
DSG - Contribution to Corporate Overheads	-0.68	0.00	-0.68	0.00	0%
TOTAL COUNCIL REVENUE	292.39	56.33	291.38	-0.98	0%
Budget Financing	-292.39	-4.57	-292.39	0.00	0%
TOTAL NET	0.00	51.76	-1.00	-0.98	0%

The Council's services are forecasting a £2.9m overspend as at Period 3. Council wide Havering is reporting a c£1m underspend. This underspend reduces the demand on the £18m contingency capitalisation directive exceptional support being held centrally. Further details are on the following slides.

The Council's services are forecasting a £2.9m overspend as at Period 3, this is driven by a £5m overspend in People, a £1.5m overspend in Resources, c£1m of this is driven by Housing Benefit, and a forecasted £3.7m underspend within Place. The Council continues to see a trend of Social Care, and demand led front line services facing financial pressure. This is being offset by underspends within Environment, where Parking income is over performing.

The corporate budgets are forecasting an underspend of £3.8m driven by reduced contributions to the Pension Fund of £1.8m, reduced borrowing in prior years leading to a lower required minimum revenue provision totalling £1.1m, increased loan income for MLH of £0.5m and an underspend against concessionary fares of £0.15m.

The Council is reporting risks of £4.91m and opportunities of £5.00m. This provides a range within which the forecast could move in either direction. Material risks and opportunities are identified on the following slides.

Following the review to the position there will be some adjustments to the budget. £11.3m will be transferred from Centrally Held budgets to Ageing Well and Living Well to meet Social Care demand growth while £0.6m will be returned to contingency budget for Home to School Transport and £1.25m from Environment. These virements will NOT impact the overall forecast position.

High Level Risks–Material Level Above £500k

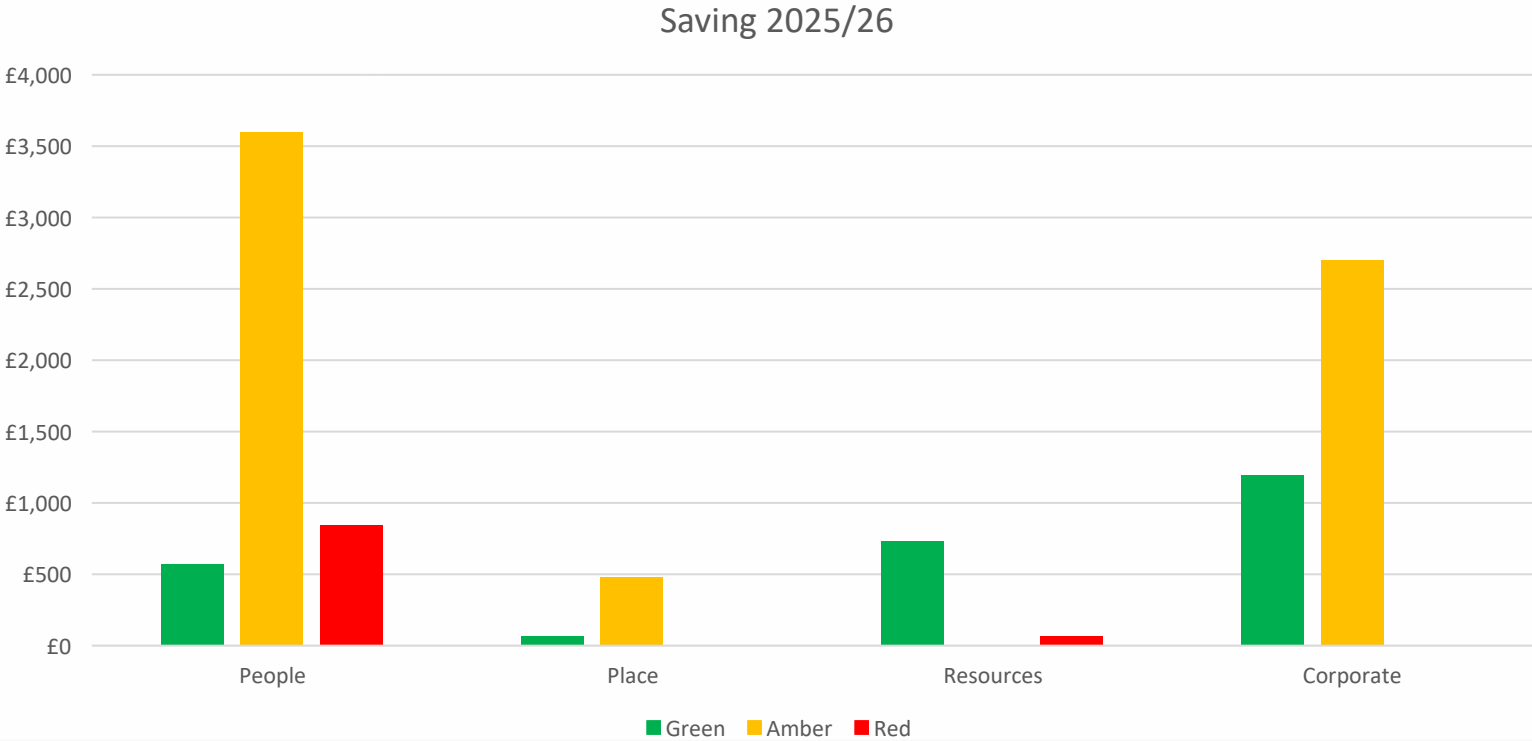
Risk	Directorate	Description	Value	RAG
Income Achievement	Ageing Well	Period 3 income run rate would drive a forecast £800k lower than the forecast currently included	£0.80m	
Placement Growth	Ageing and Living Well Social Care	There has been the addition of £5.8m in the forecast to account for a likely increase in clients. The increase in Period 3 has shown a change in trend that might mean this assumption is too prudent.	TBC	
Savings achievement	Living Well Social Care	Targeted Reviews and Better living savings have become increasingly harder to deliver. The transition saving is also unlikely to be achieved	£0.50m	
Decanting from Regen Estates	Housing Demand	23 Families at risk of having to move out of properties and into nightly charged from Sep	£0.50m	
Home to School Transport	Starting Well	The forecast is based on an assumption of reduced average vehicle rates this year and conservative increases in average staff cost rates. If these were to increase, it would have a significant impact on the budget.	£0.60m	
Planning Performance Agreement (PPA) - EHDC	Place/PPP	The authority has committed expenditure to the project at risk, as the current PPA requires variation to be agreed, to cover the higher costs of the project.	£0.85m	

Opportunity	Directorate	Description	Value	RAG
Income Achievement	Ageing Well	The expectation is that as placements numbers and costs increase, income will also increase. An estimate has been made on what the likely impact of this is.	£1.0m	
Savings Achievement	Ageing Well	There could be potential for additional delivery of the MTFS savings	£0.50m	
CiC	Starting Well	Conservative forecast - assumes an additional £500k of costs for uplifts (5% for agreed providers) and 3 new residential placements (£400k), £100k contingency.	£1.0m	
Cost of the Capitalisation Directive	Corporate	The budget assumes that the Council will need to borrow to fund the capitalisation directive. However through careful management of its cashflow it may be possible to delay this and reduce the level of interest payable.	Up to £3.4m	
Extended Producer Responsibility	Corporate/ Environment	Following the introduction of Extended Producer Responsibility the Council will receive additional contribution income	Up to £0.5m	
Contract Inflation Contingency	Corporate	As part of budget setting a contingency was set aside for contract inflation. However through robust negotiation it may be possible to reduce the costs.	Up to £1m	

Saving Summary

It is early in the year for savings implementation. To date £0.6m of the total £10.25m have been delivered. The remainder of the savings total is currently RAG rated amber and will continue to be monitored throughout the year.

If a savings is RAG rated red an alternative saving must be identified to make up the short fall. Any non delivery of savings will create a financial pressure in 2025/26.



PEOPLE Summary **£5.06m OVERSPEND**, 3% of budget.

PEOPLE	Revised Budget 2025- 26	Actuals YTD as Period 3	Outturn Forecast at end of June	Forecast Outturn Variance	As % of Budget
PEOPLE	£m	£m	£m	£m	£m
People - Starting Well	83.02	16.46	83.17	0.16	0%
People - Ageing Well	53.51	18.76	54.61	1.10	2%
People - Living Well	51.72	11.52	55.52	3.80	7%
TOTAL PEOPLE	188.25	46.74	193.30	5.06	3%

The People Pillar continues to see financial pressure. The most significant pressures are being driven by Ageing Well and Living Well, with Children's forecasting a small overspend.

Whilst Ageing Well's pressure has previously driven by market costs we are now seeing increases in activity driving the financial pressures. This is a different trend and the service are exploring the root cause. We are seeing more placements from hospital to residential rather than nursing placements, meaning a reduced Continuing Healthcare Contribution but more complex residential placements. This is being raised with health.

Living Well's overspend is being driven by care costs increases in both Residential placements and Supported Living, and through the costs of Nightly lets and Hotels being used for accommodation in Temporary Accommodation. Although the numbers of households is stabilising the length of stay is increasing, which suggests a lack of suitable move on accommodation available.

The Havering you want to be part of

PLACE Summary **£3.74m underspend** of 24% of Budget

PLACE	Revised Budget 2025- 26	Actuals YTD as Period 3	Outturn Forecast at end of June	Forecast Outturn Variance	As % of Budget
PLACE	£m	£m	£m	£m	
Place - Planning & Public Protection	4.67	1.64	4.49	(0.18)	-4%
Place - Environment	14.12	(1.24)	10.40	(3.72)	-26%
Place - Housing & Property	1.64	2.82	1.79	0.16	10%
TOTAL PLACE	20.43	3.22	16.68	(3.74)	-18%

Place's underspend is driven by the **Environment** Directorate underspend of (**£3.720m**). This is largely increased income in the form of TfL grant, Parking fines (PCNs) and Parks and Waste income.

- The Environment service have offered to return (**£1.250m**) relating to returning growth budget due mainly to an improved 2024/25 Outturn with potentially another adjustment to budget to recognise the PCN fee rate increase agreed by London Councils that came into force 7th April 2025.

Planning & Public Protection (£0.180m) is forecast for fees relating to a variation of a Planning Performance Agreement, however, this is still being negotiated, and a key risk is identified within its section of the slides. The Council continues to incur costs at risk.

Housing and Property £0.160m overspend is mainly due to void commercial properties with some impacted by the regeneration of Hildene and Farnham.

The Havering you want to be part of

RESOURCES and oneSource Summary **£1.5m overspend 6%** of budget

RESOURCES	Revised Budget 2025-26	Actuals YTD as Period 3	Outturn Forecast at end of June	Forecast Outturn Variance	As % of Budget
RESOURCES	£m	£m	£m	£m	£m
Resources - Public Health	-2.27	-2.37	-2.27	0.00	0%
Resources Non-Shared LBH	1.36	2.20	2.32	0.96	71%
Resources - HR & OD	2.54	0.71	2.54	0.00	0%
Customer Services Transformation & IT	0.61	1.26	0.91	0.30	49%
Resources - Finance	6.09	1.80	5.84	-0.25	-4%
Resources - Communication	0.79	0.48	0.92	0.13	16%
Resources - Partnerships	0.51	0.58	0.90	0.39	76%
oneSource Cost Share LBH Adjustment	12.17	1.03	12.17	0.00	0%
Resources - Public Health - Non Grant	2.84	0.89	2.84	0.00	0%
TOTAL RESOURCES	24.64	6.58	26.17	1.53	6%

£0.960m Housing Benefit Subsidy loss: The Council is paying out more non-HRA housing benefit than we are able to recover in subsidy due to the number of residents placed in accommodation supplied by unregistered providers. Known/current subsidy loss equates to approx.£0.750m with another £0.2m for the risk of unfavourable Rent Officer determinations and in year rent increases.

£0.390m Partnerships: £0.250m relates to a prior years undelivered savings target and the remainder is made up of shortfalls in expected income and recharges.

CORPORATE	Revised Budget 2025-26	Outturn Forecast at end of June	Forecast Outturn Variance
CORPORATE	£m	£m	£m
Treasury Management and Capital Financing	18.2	16.3	-1.9
Pension Fund Contributions	8.5	6.7	-1.8
Concessionary Fares	7.3	7.2	-0.1
Levies	18.8	18.8	0.0
Service Growth held Corporately	17.9	17.9	0.0
Grant Income held Corporately	-49.9	-49.9	0.0
Contingency and contribution to general reserves	6.0	6.0	6.0
Provision for pay and price inflation	7.6	7.6	0.0
Other Corporate Budgets	11.5	11.5	0.0
Worst Case Contingent budget held centrally	17.8	17.8	0.0
TOTAL CORPORATE	63.7	59.9	-3.8

Minimum Revenue Provision (GF Underspend £1.1m)

The Council sets its Capital financing budgets each February based on the latest forecast of capital expenditure at that time. The MRP for 2025/26 is calculated using the Capital Financing Requirement as at 31st March 2025. As there was capital slippage between budget setting and outturn there is an underspend of £1.1m on the MRP budget for 2025/26

Budgeted contribution to reserves not required in 2025/26 (GF Underspend £0.28m)

Within the Capital financing budgets there is a planned contribution to reserves of £0.28m. The adequacy of capital reserves was reviewed at year end for 2024/25 and it was concluded that the reserves were sufficient that this contribution was not needed in 2025/26.

Regeneration Income on MLH Loans (Forecast Underspend £0.5m)

The Council budgets for income due on known loans from MLH. The Council is expected to receive £0.5m of income above that budgeted due to interest due on the working capital loan to MLH

Concessionary Fares (GF Underspend £0.15m)

Concessionary fares are set each December at a meeting of London Council's technical committee. In March after the Council had set its budget it was announced the Councils would receive a rebate of concessionary fares of £0.15m for 2025/26

Contributions to the pension fund: (GF underspend £1.8m)

In advance of the next actuarial review the actuary has indicated that the Council can reduce its past fund contribution in 2025/26 by £2.0m. This contribution reduction will be split between the HRA and the general fund with a reduction to the General Fund of approximately £1.8m

Opportunities: There is the additional opportunity that further funding for pERP will be received in the next quarter. This could improve the position by c.£400k.

Dedicated Schools Grant (DSG) Summary **£28.5m Overspend 14.8%** of Budget

DSG Block	Budget (Post Recoupment) £m	Forecasted Expenditure	Forecast Outturn Variance	% of budget	Notes
Schools Block	98.73	98.7	0	0.0%	£1.291 transfer from Schools Block to High Needs Block
Central Schools Services Block	1.91	1.91	0	0.0%	Expected to be nil or small underspend
High Needs Block	43.72	72.20	28.48	65.2%	Projected expenditure based on current demand
Early Years Block	47.82	47.82	0	0.0%	Expected to be nil or small underspend
DSG - overall	192,813	220,662	-28,479	-14.8%	

The material variance within the DSG is in the High Needs Block. 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 cumulative overall DSG deficit forecasted to be carried forward to 2026-27 is expected to be £64.9m.**

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). The Department for Levelling Up, Housing and Communities (DLUHC) regulations has extended the **Statutory Override for DSG until the end of financial year 2027-28**, The government have committed £760 million from the Transformation Fund over three years for the SEND reform, which will be a systemic reform to SEND and is due to be outlined in an autumn 2025 Schools White Paper.

High Level Risks and Mitigations - DSG

Risk	Pillar/Directorate	Description	Value	RAG
Schools in Deficit	Starting Well - DSG	This is the first year that maintained schools' cumulative balances is in a net deficit. There is risk that more schools may fall into deficit in year and existing deficits may increase.	£2 - 4m	
Increased Demand	High Needs Block	The HNB forecast assumes an increase in the number of children requiring support – however there is always a risk this could be underestimated.		

*Key: Opportunities should be RAG rated - Red means opportunity is unlikely to materialise– Anything under 34% chance of probability should be red. Amber is significant chance of materialising - 35 – 79% probability. Green the opportunity is likely to materialise – 80% + Finance would recommend green opportunities are included in the forecast.

The HRA is forecasting a small underspend of c£200k. This is predominantly being driven by increased income from Hostel Service charge income, and licences and reduced costs in ground maintenance and staffing underspends in General Management.

This offsets pressures with higher than expected utility costs for Brunswick Court and the addition costs for the new Mother and Baby Unit, security costs for Royal Jubilee Court and six months of waking watch costs at Highfield Towers.

	2025-26 Budget £'m	Period 3 Forecast £'m	Variance £'m
Dwelling Rents	-62.44	-62.43	0.01
Service Charges	-11.73	-12.29	-0.56
Other Income	-0.71	-0.74	-0.03
Total Income	-74.88	-75.46	-0.58
Repairs and Maintenance	14.88	15.08	0.2
General Management	22.42	22.31	-0.11
Special Services, Utilites and Other	9.00	9.31	0.31
Depreciation	10.88	10.88	0
Bad debt	0.67	0.67	0
Total Expenditure	57.85	58.25	0.4
Net Cost of HRA Services	-17.03	-17.21	-0.18
Interest Payable	17.03	17.03	0
HRA Period 3 Surplus	0	-0.19	-0.19

Risk	Pillar/Directorate	Description	Value	RAG
Waking Watch	Place - Housing & Property (HRA)	Waking watch at Highfield Towers for 6 months could be extended for a further 6 months.	200k	

Opportunity	Pillar/Directorate	Description	Value	RAG
Interest payable	Place – Housing & Property (HRA)	Significant capital budget, we have a history of slipping capital programmes and not requiring the full budgeted capital borrowing.	TBC	