
OVERVIEW AND SCRUTINY

Subject Heading:

Update on delivery of 2025/26 Savings

Cabinet Member:

Councillor Chris Wilkins (Cabinet Member for Finance)

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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:

- 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 **Appendix A**

3. BACKGROUND

- 3.1. Havering 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 £10.25m 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 are being closely monitored throughout the year as part of the budget monitoring process. The Councils budget position is reported to cabinet on a quarterly basis including progress on savings. This report provides an update on those savings for review at Overview and Scrutiny Committee.

4. UPDATE ON THE 2025/26 SAVINGS

- 4.1. 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	0.593	3.173	1.646	5.412
Place	0.070	0.000	0.027	0.097
Corporate	3.445	0.500	0.000	3.945
TOTAL	4.838	3.743	1.673	10.254

- 4.2. 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

- 4.3. 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. Detailed updates on the savings proposals are presented at **Appendix A**

- 4.4. At the last scrutiny panel further detailed information was requested regarding the library saving. The position is as follows:

The total savings target is to reduce the Council's library service revenue budget by £0.3m (in reality £288k) over a two financial year period.

The table below presents the areas and libraries where the savings were identified

	Gidea Park	Harold Wood	South Hornchurch	Totals
Staffing	85,952	87,452	85,452	258,856
Library Running Costs, including utilities	16,280	20,190	30,760	67,230
NNDR (business rates)	5,990	8,480	8,480	22,950
Income - that will no longer be achieved	-20,910	-15,550	-24,440	-60,900
Total Saving	87,312	100,572	100,252	288,136

Committee members are directed to the Cabinet report dated 5 February 2025 and, in particular, draw their attention to page 23, section 3.14, which states that the “*closure of three branch libraries will affect 15 posts, 7 held by permanent staff and 8 by fixed-term employees. There are no agency staff or vacancies.*”

Subject to the approval of the report's recommendations, permanent staff will be redeployed to vacant positions within the library service. Fixed-term contracts will be ended, with affected employees able to apply for available permanent roles through the Council's Redeployment Policy. While some redundancies may technically arise, no redundancy payments are anticipated.”

<https://democracy.havering.gov.uk/documents/g8066/Public%20reports%20pack%2003rd-Feb-2025%2020.00%20Place%20Overview%20Scrutiny%20Sub%20Committee.pdf?T=10>

4.4.1 Update on the savings and staffing process

With regards to staffing, no permanent staff were made redundant as part of this process. In anticipation of potential changes, the library service adopted a strategic approach to recruitment by appointing staff on fixed-term contracts during the 18 months leading up to the final decision. This measure was taken to protect permanent roles.

At the point of implementation, there were more than 27 vacancies across the service. Staff affected by the closures were successfully redeployed to fill these vacancies, facilitated by the use of the mobility clause within employment contracts. This approach was deliberate, reducing potential redundancy liabilities through the prudent use of temporary staffing across the service to ensure no permanent member of the library team would face redundancy.

- 4.5 The Council is currently reviewing its 2026-2029 medium term financial strategy. An update to this strategy will be reported to cabinet in November and will include both a further update on the 2025/26 revenue position together with new efficiencies and proposals for both 2026/27 and future years.

5. FINANCIAL IMPLICATIONS OF NON DELIVERY OF SAVINGS

- 5.1. 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.