



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

Service Revenue Budget Monitoring Period 6 – September 2025

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High Level Summary

The Council overall is forecasting a **£7.65m UNDERSPEND** as at Period 6

TOTAL NET	Revised Budget 2025- 26	Actuals YTD as Period 6	Outturn Forecast at end of September	Forecast Outturn Variance	As % of Budget	Change in Forecast Variance to P3
TOTAL NET	£m	£m	£m	£m	£m	
PEOPLE	199.84	105.87	207.00	7.16	4%	2.10
PLACE	19.34	9.17	16.04	(3.31)	-17%	0.43
RESOURCES	29.16	16.99	29.82	0.65	2%	(0.88)
TOTAL SERVICE DIRECTORATES	248.34	132.03	252.86	4.50	2%	1.65
Corporate Budgets	46.42	2.31	34.25	(12.15)	-26%	(8.32)
HRA & DSG - Contribution to Corporate	(2.37)	0.00	-2.37	0.00	0%	0.00
TOTAL COUNCIL REVENUE	292.39	134.34	284.74	-7.65	-3%	-6.67
Budget Financing	(292.39)	(200.46)	(292.39)	0.00	0%	0.00
TOTAL NET	0.00	-66.12	-7.65	-7.65	-3%	-6.67

There has been an overall reduction in the forecast of **£6.67m**. This is primarily driven by underspends within the Corporate Budgets, which has shown a **£8.32m** reduction. The reduction in budgets within Starting Well (£0.6m) and Place (£1.25m) from Period 3 to Period 6 has contributed to the underspend within the Corporate Budgets.

The demand led services within People are forecast an overspend of **£7.16m**. Since Period 3 there have been increased pressures for Children's Residential Placements and Housing Demand. There are also overspends in Resources. This is being offset by income and other underspends in Place resulting in a net services pressure of **£4.5m**. This brings the Council's overall forecast to an underspend of **£7.65m** against the mid-case scenario.

Although the position is an underspend against the budget it will still require **£68m** of Exceptional Financial Support capitalisation so managers should continue to work to reduce spend further wherever possible. The Local Government Pay Award was implemented in September and budget has been allocated to services to match.

The current main forecast for the Council is an **underspend against the mid case scenario of £7.65m**. However, a number of risks to this position have been identified that amount to a potential £4.8m of additional cost. £2.2m of this is in People and mostly relates to the potential for further increases in demand above the expected levels. There is £2.2m of risk within Place, of which the largest component is £1.63m relating to the Planning Performance Agreement with EHDC. However the likelihood of this materialising has decreased as the agreement has now been signed. There is also £0.4m of risk in Resources mostly relating to ICT.

The services have also identified **£3.9m of opportunities and mitigation action** that can be taken that could improve the situation - £3.3m of which relates to initiatives in People services to increase income or to manage demand and market costs and £0.6m in Place also from income or productivity improvements.

This means that the potential range for the final outturn is an **underspend of between £11.6m to £2.8m** against the mid case scenario.

The Council still has a **central budget of £18m for the worst-case scenario** that would allow us to remain within the boundary of the capitalisation direction. It is not currently expected that this will need to be used.

The top risks across the whole council are listed on the next slide.



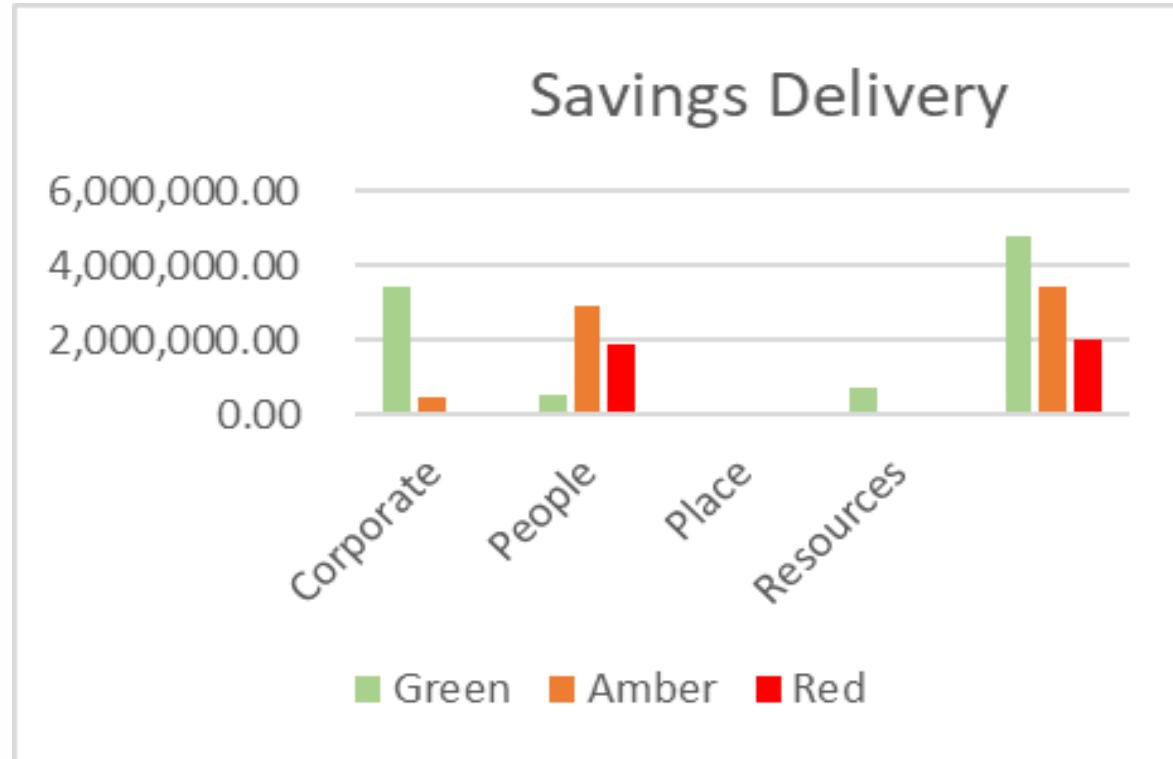
High Level Risks

Risk	Directorate	Description	Value	RAG
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	500k	
Decanting from Regen Estates	Housing Demand	23 Families at risk of having to move out of properties and into nightly charged from Sep	500k	
Launders Lane – following Judicial Review	Place/PPP	There could be further costs associated with this land but is not possible to quantify at this time. The landowner should be liable but uncertain if defaults.	Non-quantifiable	
Planning Performance Agreement (PPA) - EHDC	Place/PPP	The authority has committed expenditure to the project at risk, however, the risk level reduced in Period 4 due to the PPA being signed. The milestones still need to be reached and costs maintained to forecast to receive income.	Up to £1.629m	
Rental Income	Place - Housing & Property	Issues with void properties, some of which have been impacted by the Regeneration Programme. Renegotiated leases, being less than previous agreements. Stock numbers reduced due to the Regeneration Programme.	TBC	
ICT	Resources/Shared	The cost of ICT is difficult to model accurately as there are some unknowns at this stage in the year, namely, the cost of consumption once migration to cloud has completed, the approach to splitting certain types of cost with Newham and the timing of phased return of staff to sovereign control.	£0.3m	

*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 matieralise – 80% + Finance would recommend green opportunities are included in the forecast.

Saving Summary

There is a target of £10.25m savings to be delivered in year. Of this £3.13m has already been delivered and a further £4.6m are forecast. This leaves £2.5m that are at risk.



RED Savings include the family welcome centre which is due next year and the review of care provision for young people in transition where action is being carried out but the impact may be less than originally estimated.

There have also been delays in Mowbrays, the change to delivery of family support and some of the Temporary Accommodation schemes that mean some of the savings will be delayed till next year.

The **AMBER** savings are mostly in People and relate to schemes to manage and mitigate demand pressures such as increasing internal fostering, targeted reviews, the Better Living project and Housing Demand initiatives. These are being closely monitored.

The forecast across People is a pressure of **£7.16m OVERSPEND** which is 4% of the budget.

PEOPLE	Revised Budget 2025-26	Actuals YTD as Period 6	Outturn Forecast at end of September	Forecast Outturn Variance	As % of Budget	Change in Forecast Variance to P3
PEOPLE	£m	£m	£m	£m	£m	£m
People - Starting Well	82.70	42.43	83.29	0.59	1%	0.43
People - Ageing Well	62.07	36.27	62.88	0.81	1%	(0.29)
People - Living Well	55.07	27.17	60.83	5.76	10%	1.96
TOTAL PEOPLE	199.84	105.87	207.00	7.16	4%	2.10

The People pillar continues to be under budgetary pressure as a result of high levels of demographic need and demand. There has been an increase in Starting Well forecasts for Children in Care because of four new high-cost residential placements in one month and an increase in staffing costs.

The budget has been reduced since P3 by £0.6m as overallocated growth for Home to School Transport has been removed.

There have been increased care packages in Ageing and Living Well, but these are mostly in line with the previous trends so have not added significantly to the outturn forecast.

Ageing Well is forecast a pressure of **£0.810m overspend** which is 1% of the budget.

People - Ageing Well	Revised Budget 2025- 26	Actuals YTD as Period 6	Outturn Forecast at end of September	Forecast Outturn Variance	As % of Budget	Forecast Variance P3	Change in Forecast Variance from P3
PEOPLE - AGEING WELL	£m	£m	£m	£m	£m	£m	£m
Adult Social Care	59.64	35.42	60.42	0.78	1%	1.11	-0.33
Ageing Well Principal Social Workers	0.73	-0.16	0.74	0.01	1%	0.01	0.00
Adult Safeguarding	1.69	1.01	1.72	0.02	1%	-0.02	0.04
TOTAL PEOPLE - AGEING WELL	62.07	36.27	62.88	0.81	1%	1.10	-0.29

The overspend of **£0.810m** is driven by an increase in placements and an increase in the complexity of existing cases. However, what is clear is that the market rate the Council is offering is now being widely accepted which is a positive change in market behaviour. Complexity is a clear area of focus for in year mitigation with double handling and 121s being under constant review by the service.

Between Period 3 and Period 6 the variance has reduced by £0.290m. This is due to the forecast calculated pressure from Placements and Complexity actuals having a lower run rate to date than anticipated. Therefore, the contingency built into the forecast for placement growth has been reduced. This reduction has also offset poorer performance in income generation against forecast.

Living Well is forecast a pressure of **£5.71m overspend** which is 10% of the budget.

People - Living Well

	Revised Budget 2025- 26	Actuals YTD as Period 6	Outturn Forecast at end of September	Forecast Outturn Variance	As % of Budget	Forecast Variance P3	Change in Forecast Variance from P3
PEOPLE - LIVING WELL	£m	£m	£m	£m	£m	£m	£m
Housing Demand	11.35	1.39	15.00	3.65	32%	1.76	1.89
Culture & Leisure	-0.34	1.63	-0.61	-0.27	79%	-0.30	0.03
Living Well Adult Social Care	44.06	24.16	46.44	2.38	5%	2.34	0.04
TOTAL PEOPLE - LIVING WELL	55.07	27.17	60.83	5.76	10%	3.80	1.96

Living Well is forecasting a pressure of **£5.71m** overspend, 10% of Budget. This is being driven by Housing Demand and Living Well Social Care. Both of which are seeing increased demands in service requirement. Culture and Leisure is forecasting an underspend driven by the SLM contract negotiation.

Housing Demand is seeing a constant demand in temporary accommodation; the cost increase is being driven by two key factors an increase in the length of stay of people in temporary accommodation and the hand back of PSL properties which is driving demand at the front door and a lack of supply of accommodation to move people out of temporary accommodation.

Living Well Social Care pressure is being driven by the complexity and volume of cases against the assumptions in the budget. Clients within this group can be extremely expensive and one placement coming into the service can have a significant impact.

There is a forecast pressure of £0.59m at P6 which is a 1% overspend against the revised budget.

People - Starting Well	Revised Budget 2025-26	Actuals YTD as Period 6	Outturn Forecast at end of September	Forecast Outturn Variance	As % of Budget	Forecast Variance P3	Change in Forecast Variance from P3
PEOPLE - STARTING WELL	£m	£m	£m	£m	%	£m	£m
Safeguarding and Corporate Parenting	57.88	27.53	58.75	0.87	2%	0.80	0.07
Education	15.30	9.58	15.60	0.30	2%	-0.45	0.75
Early Help and Partnerships	5.11	3.59	5.00	-0.11	-2%	0.29	-0.40
Departmental Central Costs	1.80	0.95	2.03	0.23	13%	0.40	-0.17
Children's Principal Social Worker	2.61	0.79	1.91	-0.70	-27%	-0.88	0.18
TOTAL PEOPLE - STARTING WELL	82.70	42.44	83.29	0.59	1%	0.16	0.43

The forecast overspend pressure for Starting Well has increased by £0.43m from period 3 to period 6. However £0.60m was removed from the budget at P4 in Education. Excluding this adjustment, the variance would be an overall decrease in forecast variance of £0.17m.

Safeguarding and Corporate Parenting The variance in this area is driven by £866k overspend in LAC placements and CWD placements.

Early Help and Partnerships The £0.40 decrease in forecast in this area as £400k was moved from reserves in troubled families to be used across the service.

Education The forecast variance has increased by £0.75m. £0.60 m of this relates to budget which was taken away at P4 for HTS transport. The remaining variance is driven mainly by £0.23m savings in Attendance due to additional funding received from the DSG, offset by additional forecasted costs in Transport of £0.17m.

Savings in **Children's Principal Social Worker** are offset by **Departmental Central Costs** as the staffing budgets span across both areas. The total variance movement from P3 across the 2 areas is 0.01m.

Forecast **(£3.310m)** underspend (17% of budget) for the Place Pillar. An adverse movement of **£0.430m** from prior quarter position.

PLACE	Revised Budget 2025-26	Actuals YTD as Period 6	Outturn Forecast at end of September	Forecast Outturn Variance	As % of Budget	Change in Forecast Variance to P3
PLACE	£m	£m	£m	£m		£m
Place - Planning & Public Protection	5.20	3.31	4.97	(0.24)	-5%	(0.06)
Place - Environment	12.17	1.67	9.09	(3.08)	-25%	0.64
Place - Housing & Property	1.97	4.19	1.98	0.01	1%	(0.15)
TOTAL PLACE	19.34	9.17	16.04	(3.31)	-17%	0.43

Planning & Public Protection (£0.240m) underspend is forecast driven by staffing vacancies in Enforcement, Planning and the Assistant Director position now appointed to. There are significant one-off pressures (Launders Lane/FSA) which are offset by the fees relating to a revised Planning Performance Agreement (PPA). **(£0.060m)** improvement from Quarter 1 due to improved planning fees caused by national fee increase this year, of which, half of this benefit has been offset by a Mortuary Fees contract issue under discussion.

Environment (£3.080m) underspend largely driven by Parking where PCN fees have risen since April 7th.

- Since Quarter 1, the directorate has returned £1.250m of budget no longer required and has additionally improved its underlying forecast **(£0.610m)** mainly from Parking income to achieve a net movement of **£0.640m**.

Housing and Property £0.010m a minor overspend reported. Since Quarter 1, there has been an improvement of **(£0.150m)** mainly due to reduced utility forecasts.

RESOURCES	Revised Budget 2025- 26	Actuals YTD as Period 6	Outturn Forecast at end of September	Forecast Outturn Variance	As % of Budget	Forecast Variance P5	Change in Forecast Variance	Forecast Variance P3	Change in Forecast Variance to P3
RESOURCES	£m	£m	£m	£m	£m	£m	£m	£m	£m
Resources - Public Health	-0.09	-3.66	-0.09	0.00	0%	0.00	0.00	0.00	0.00
Resources Non-Shared LBH	1.34	3.52	1.58	0.23	17%	0.20	0.03	0.96	(0.73)
Resources - HR & OD	2.62	1.33	2.67	0.05	2%	0.04	0.01	0.00	0.05
Resources - Customer Services Transformation & IT	3.00	3.26	3.02	0.02	1%	0.25	-0.23	0.30	(0.28)
Resources - Finance	6.57	3.19	6.27	-0.30	-5%	-0.36	0.06	(0.25)	(0.05)
Resources - Communication	0.78	0.97	0.81	0.03	4%	0.03	0.00	0.13	(0.10)
Resources - Partnerships	0.55	1.17	0.85	0.30	54%	0.24	0.06	0.39	(0.09)
oneSource Cost Share LBH Adjustment	11.46	5.28	11.81	0.35	3%	0.20	0.15	0.00	0.35
Resources - Public Health - Non Grant	2.93	1.93	2.90	-0.03	-1%	0.00	-0.03	0.00	(0.03)
TOTAL RESOURCES	29.16	16.99	29.82	0.65	2%	0.60	0.05	1.53	-0.88

Forecast £0.65m overspend, 2% of budget, an improvement of (£0.88m) compared to period 3. Much of this improvement is because £0.6m of pressure relating to Housing Benefit for Temporary Accommodation is now showing in Living Well.

There are overspends in Partnerships relating to a historic saving that cannot be achieved. The service is responding to cuts to NHS budgets which will result in the return of the integrated partnerships team to the Council. The improvement from period 3 of £0.09m relates to vacancy management.

CORPORATE	Revised Budget 2025- 26	Outturn Forecast at end of Sept	Forecast Outturn Variance
CORPORATE	£m	£m	£m
Treasury Management and Capital Financing	18.2	13.9	-4.4
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	4.8	4.8	0.0
Grant Income held Corporately	-49.9	-49.9	0.0
Contingency and contribution to general reserves	6.0	3.6	-2.4
Provision for pay and price inflation	7.6	7.6	0.0
Other Corporate Budgets	11.5	7.1	-3.4
Worst Case Contingent budget held centrally	17.8	17.8	0.0
TOTAL CORPORATE	50.6	38.5	-12.1

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

Reduction to the borrowing cost for EFS and General Borrowing (gf Underspend £2.0m)

The Council has used internal borrowing to delay the need for external borrowing for both EFS and general Capital spend resulting in a GF underspend

Increased interest receivable (GF Underspend £0.5m)

The Council has been able to generate additional interest to forecast budget on its short term deposits creating an underspend

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

Food Waste (GF Underspend £2.1m)

Food waste collection rollout is now forecast to commence in 2026/27 resulting in a saving to the planned budget

Returned Growth from Services (GF Underspend £1.8m)

A review of service budgets identified growth which could be returned to the Corporate centre and presented as an underspend

Shortfall in Savings (GF Overspend 0.5m)

There are two Corporate savings which are likely to underachieve creating a £0.5m shortfall. These are the agency levy saving (£0.2m) and the Business Rate Pool £0.3m). The agency levy shortfall is due to reduced agency levels across the Council which overall is good financially but results in a shortfall in the levy. The Business Rate Pool shortfall is due to a reduction in the levy. Thurrock now is liable to pay to the Government as a result of appeals and retail discounts. This reduction will result in a reduced benefit from the joint pool with Thurrock Havering and LBBD

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

Release of Contingent Item (GF Underspend £2.4m)

The Council holds a contingent budget in relation to Business Rate underindexation. This budget will not be needed in 2025/26 and can also be deleted on an ongoing basis as part of the 2026/27 budget process

Dedicated Schools Grant (DSG) Summary

Forecast £28.5m Overspend 14.8% of Budget – no change from previous period reporting

DSG Block	Post-recoupment budget - LA responsible for	Forecasted Expenditure	Forecast Outturn Variance	% of budget	Notes
Schools Block	98,731	98,731	0	0.0%	£1.291 transfer from Schools Block to High Needs Block
Central Schools Services Block	1,912	1,912	0	0.0%	Expected to be nil or small underspend
High Needs Block	43,721	72,200	28,479	65.2%	Projected expenditure based on current demand
Early Years Block	47,819	47,819	0	0.0%	Expected to be nil or small underspend
DSG - overall	192,183	220,662	28,479	14.8%	

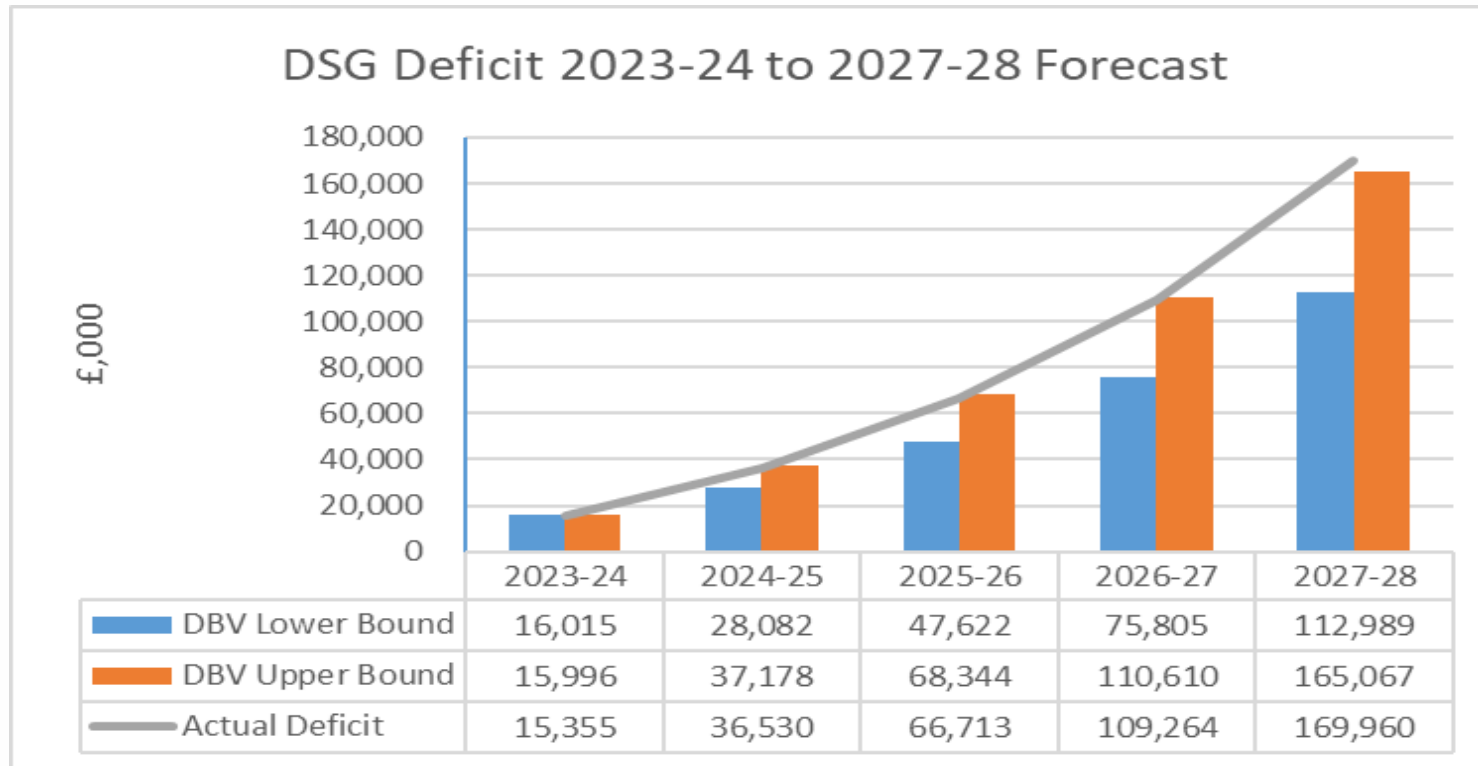
The material variance within the DSG is in the DSG High Needs Block. **The cumulative overall DSG deficit forecasted to be carried forward to 2026-27 is expected to be £64.9m.**

There is a national shortage of funding for Special Educational Needs with most Local Authorities reporting an overspend in this area. 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 a forthcoming Schools White Paper.

The overspend for Havering is driven by high levels of demand with increasing numbers of children requiring support in school to achieve good outcomes. We also receive lower levels of funding per head than other London Boroughs because part of the DSG is funded based on historic patterns that do not reflect our current population.

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**, This reduces the overall financial risks posed by the deficit falling on the council unearmarked general fund reserves.

DSG Deficit



Havering is one of 55 LAs that were part of the concluded DfE Delivering Better Value (DBV) programme. A consultancy Newtons, was commissioned by the DfE, to investigate the drivers of the over spend. They found that Havering expenditure was value for money and that there were no issues identified in the management of its funding for DSG centrally. The recommended strategies were to enhance SEN support, review EHCP assessment processes and collaborate with schools to drive cultural change and parental confidence. However this has only had a limited impact on the underlying issue which is increasing demand.

The model is based on 2023/24 numbers for EHCPs and assumptions made from that point in time.

The upper bound assumes continual growth in EHCPs over the 5 years based on historical trends (around 12%).

The lower bound assumes a lower number of EHCPs as a % of the U25 population (around 3.5% for 2024).

There are further assumptions about unit costs, the upper bound assuming historical trends plus 3% inflation, the lower bound assumes growth is capped.

The actual deficit forecast assumptions are in line with the upper bound assuming continued growth in numbers of EHCPs and unit costs.

Place: Housing Revenue Account (HRA) – Period 6 Position

Items	2025/26 Budget £'m	2025/26 Forecast £'m	2025/26 Variance £'m
Dwelling Rents	(62.436)	(62.731)	(0.295)
Service Charges - Tenants	(8.250)	(8.850)	(0.600)
Service Charges - Leaseholders	(3.483)	(3.483)	0.000
Other Income	(0.708)	(0.809)	(0.100)
Interest Receivable	0.000	(1.100)	(1.100)
Total Income	(74.877)	(76.973)	(2.095)
Repairs and Maintenance	14.876	15.047	0.172
General Management	22.420	22.664	0.244
Special Services	5.534	6.054	0.520
Other Expenditure	3.473	3.358	(0.116)
Interest Payable	17.033	16.137	(0.896)
Depreciation	10.877	10.877	0.000
Bad Debt	0.665	0.500	(0.165)
Total Expenditure	74.877	74.635	(0.241)
HRA - (Surplus)/Pressure	0.000	(2.335)	(2.335)

The change from Period 3 of **(£2.186m)** is mainly the result of the projected interest from Wates **(£1.100m)**, the projected HRA borrowing requirement for 25/26, being less than the budget by **(£0.896m)**, void loss **(£0.300m)**, communal utility bills **(£0.249m)**, BDP **(£0.165m)**, grounds maintenance **(£0.105m)**, 8% agency costs **(£0.102m)** and the TIS **(£0.050m)**.

This has been partly offset by the cost of the Housing Replacement IT System, £0.503m, and an increase in Hostels costs of £0.235m.

Main risk is possible impairment. This may arise if the Council decided to cancel any of the HRA funded regeneration schemes.