



# Place and Resources Scrutiny Committee

**Date:** Friday, 10 December 2021  
**Time:** 11.30 am (or on the rising of the People and Health Scrutiny Committee starting at 10.00am on this morning)  
**Venue:** MS Teams Live Event.  
**Membership: (Quorum 3)**

Shane Bartlett (Chairman), Andy Canning (Vice-Chairman), Jon Andrews, Piers Brown, Brian Heatley, Mark Roberts, David Shortell, David Tooke, Bill Trite and Daryl Turner

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**Chief Executive:** Matt Prosser, County Hall, Dorchester, Dorset DT1 1XJ

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Due to the current coronavirus pandemic the Council has reviewed its approach to holding committee meetings. Members of the public are welcome to attend this meeting and listen to the debate online by using the following link: [Link to view Place and Resources Scrutiny Committee live at 11.30am \(or on the rising of the People & Health Scrutiny Committee\) on 10 December 2021](#)

**Members of the public wishing to view the meeting from an iphone, ipad or android phone will need to download the free Microsoft Team App to sign in as a Guest, it is advised to do this at least 30 minutes prior to the start of the meeting.**

**Please note** that public speaking has been suspended. However Public Participation will continue by written submission only. Please see detail set out below.

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# A G E N D A

Page No.

## START TIME FOR THIS MEETING

Please note that this meeting will start at 11.30am or on the rising of the People and Health Scrutiny Committee (meeting starting at 10.00am on this morning in a separate live stream).

### 1 APOLOGIES

To receive any apologies for absence.

### 2 DECLARATIONS OF INTEREST

To disclose any pecuniary, other registrable or non-registrable interests as set out in the adopted Code of Conduct. In making their disclosure councillors are asked to state the agenda item, the nature of the interest and any action they propose to take as part of their declaration.

If required, further advice should be sought from the Monitoring Officer in advance of the meeting.

### 3 PUBLIC PARTICIPATION

To receive questions or statements on the business of the committee from town and parish councils and members of the public.

Public speaking has been suspended for virtual committee meetings during the Covid-19 crisis and public participation will be dealt with through written submissions only.

Members of the public who live, work or represent an organisation within the Dorset Council area, may submit up to two questions or a statement of up to a maximum of 450 words. All submissions must be sent electronically to [lindsey.watson@dorsetcouncil.gov.uk](mailto:lindsey.watson@dorsetcouncil.gov.uk) by the deadline set out below. When submitting a question please indicate who the question is for and include your name, address and contact details. Questions and statements received in line with the council's rules for public participation will be published as a supplement to the agenda.

Questions will be read out by an officer of the council and a response given by the appropriate Portfolio Holder or officer at the meeting. All questions, statements and responses will be published in full within the minutes of the meeting. **The deadline for submission of the full text of a question or statement is 8.30am on Tuesday 7 December**

**2021.**

#### **4 QUESTIONS FROM MEMBERS**

To receive questions submitted by councillors. The deadline for receipt of questions **is 8.30am on Tuesday 7 December 2021.**

#### **5 BUDGET SCRUTINY**

5 - 32

The scrutiny committees are asked to consider the budget proposals on behalf of the residents of Dorset, and to provide constructive challenge to decision-makers before a final decision is made.

#### **6 URGENT ITEMS**

To consider any items of business which the Chairman has had prior notification and considers to be urgent pursuant to section 100B (4) b) of the Local Government Act 1972. The reason for the urgency shall be recorded in the minutes.

#### **7 EXEMPT BUSINESS**

To move the exclusion of the press and the public for the following item in view of the likely disclosure of exempt information within the meaning of paragraph x of schedule 12 A to the Local Government Act 1972 (as amended).

The public and the press will be asked to leave the meeting whilst the item of business is considered.

**There is no exempt business.**

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## **People & Health Scrutiny Committee & Place & Resources Scrutiny Committee 10 December 2021 Budget scrutiny**

### **For Recommendation to Cabinet**

**Portfolio Holder:** Cllr G Suttle, Finance, Commercial & Capital Strategy

**Local Councillor(s):** All

**Executive Director:** A Dunn, Executive Director, Corporate Development

Report Author: Jim McManus

Title: Corporate Director, Finance & Commercial

Tel: 01305 221235

Email: jim.mcmanus@dorsetcouncil.gov.uk

**Report Status:** Public

#### **Recommendation:**

Members of the People & Health Scrutiny Committee and the Place & Resources Scrutiny Committee are recommended to:

- (i) review the updated assumptions and cost pressures set out in this paper and the validation work that has been carried out on them to calculate the budget gap
- (ii) review the latest financial estimates of transformation, tactical savings and other measures taken to close the budget gap
- (iii) consider the headlines from the recent spending review and the impact this will/could have on Dorset Council
- (iv) review and test/challenge any assumption or proposed course of action as part of the scrutiny role before the budget strategy goes forward to Cabinet
- (v) consider the council tax assumptions, including proposals to levy the additional 1% social care precept in 2022/23
- (vi) understand the gaps that remain at this stage (the settlement information is not yet available) and the risks this still represents for the financial strategy

- (vii) submit to the Cabinet any post-scrutiny thoughts about any matter set out in the proposed budget strategy that will assist in setting a balanced budget for the Council in 2022/23.

### **Reason for Recommendation**

Councils are required to set a balanced budget. Essentially this means that expenditure is balanced by income without unsustainable use of one-off, or short-term sources of finance.

This paper is coming to the People & Health Scrutiny Committee and to the Place and Resources Scrutiny Committee to ensure there is effective consideration of the budget proposals before developing the final budget paper for recommendation to Cabinet on 18 January 2022 and recommend to full Council on 15 February 2022.

#### **1. Executive summary**

This report provides a summary of progress to date on the development of the budget strategy and medium-term financial plan (MTFP). The report should enable the Scrutiny Committees to review budget assumptions and actions being proposed to deliver a balanced and sustainable budget for 2022/23.

This paper provides important updates since the budget paper was submitted to Cabinet on 5 October. The Scrutiny Committees will want to review progress, validate assumptions and understand and/or challenge why particular courses of action are being proposed.

This year's budget setting exercise takes place against a continuing, national background of extreme pressures for councils resulting from the coronavirus pandemic alongside demand and price pressures already in the system. As well as Covid-19, councils continue to face escalating demand for core services; not just locally, but nationally as we aim to support increasing numbers of residents that need services to help keep them safe and well.

This paper provides further updates on funding for this year and for 2022/23, albeit the latter is at a national level and we await the detail of the local government finance settlement before we can be clear on Dorset Council's position.

#### **2. Financial implications**

All covered within the report.

#### **3. Well-being and health implications**

None specifically identified in this report.

#### **4. Climate implications**

The Council will need to give consideration to the declared climate and ecology emergency in all its operating and financial business.

#### **5. Other Implications**

None specific.

## **6. Risk assessment**

Having considered the risks associated with this decision, the level of risk has been identified as:

Current Risk: High

Residual Risk: High

The Council is required to set a balanced budget. The financial climate remains extremely challenging, and the risks therefore remain high for all local authorities.

In 2021/22, Dorset Council is still facing a budget shortfall after grants and reliefs from Government and although the picture has improved throughout the year, we must remain alert to the risks. We continue to press Government for additional funding and the Department for Levelling-Up, Housing & Communities (DLUHC) continues to gather data for the sector as we provide evidence that funding has not kept pace with additional costs, lost income and savings opportunities foregone.

## **7. Equalities impact assessment**

Not applicable for this paper, though individual strategies that are implemented as a result of budget proposals that are eventually approved by the Council will need to consider any equalities impacts.

## **8. Appendices**

1. Budget movements – Adults Services & Housing
2. Budget movements – Children's Services
3. Budget movements – Place Directorate
4. Budget movements – Corporate Services
5. Budget movements – Contingency, capital financing & central
6. Draft capital programme 2022/23

## **9. Background papers**

Quarterly financial management reports to Cabinet

MTFP and budget report to Cabinet 5 October 2021

## **10. Introduction**

10.1 Dorset Council adopted the Dorset Council Plan 2020-24 in February 2020. The priorities for Dorset set out in that plan are:

- economic growth - we will deliver sustainable economic growth, increasing productivity and the number of high-quality jobs in Dorset, creating great places to live, work and visit
- unique environment - we will help to deliver sustainable development while protecting and enhancing Dorset's environment

- suitable housing - we will work with registered housing providers, community land trusts and local housing partners to deliver affordable, suitable and decent housing
  - strong, healthy communities - we will work with residents and partners to build and maintain strong communities where people get the best start and lead fulfilling lives
  - staying safe and well - we will work with all of our residents to have a good quality of life.
- 10.2 Aligned to the Dorset Council Plan, Cabinet approved the Transformation Plan, which described the approach that the Council would take to redesigning services, so that the Council's priorities could be met with the funding available.
- 10.3 Significant progress has been made in delivering on these priorities. However, the Covid-19 pandemic continues to prove to be a huge challenge and the impact of the pandemic on the Council's financial position and performance has been dramatic as income levels have fallen while expenditure has increased. There is still a substantial amount of risk and volatility around our assumptions, but our latest forecasts for 2021/22 continue to show improvement and the recent Spending Review was broadly positive despite significant amounts of detail still being unclear until the local government finance settlement is received.
- 10.4 The Council continues to face cost pressures, specifically but not exclusively from Covid-19, and these have been well documented in quarterly financial management reports to Cabinet and in the budget update provided in October. It is becoming increasingly difficult to differentiate between costs that are driven by Covid-19 and other pressures, so the finance team is no longer carrying out this kind of analysis. Government continues to provide some financial support in 2021/22 but the detail of the finance settlement will be critical in assessing the Council's future service strategy.
- 10.5 The challenge for 2022/23 and beyond continues to be how will the Council achieve a balanced budget whilst continuing to provide high quality services for the residents of Dorset?

## **11. Financial Context**

- 11.1 It is extremely difficult to estimate how future Covid-19 impacts will be felt by local authorities. However, we are required by law to set a balanced budget and we must build our MTFP and budget strategy with the best information and knowledge we have available.
- 11.2 This is an unprecedented year, and this is borne out by the potential volatility in our financial assumptions. Some of these have moved quite significantly in recent months of planning, particularly around general inflation, pay assumptions and council tax strategy (social care precept).



The latest budget assumptions are shown in the table below compared with those originally used.

|                               | <b>Original<br/>assumption<br/>2022/23</b> | <b>Updated<br/>assumption<br/>2022/23</b> |
|-------------------------------|--|---|
| Council tax increase          | <2%  | <2%                                       |
| Council tax base growth       | 0.75%                                      | 1.4%                                      |
| Social care precept           | 0%   | 1%  |
| Business rates growth         | 0%   | 0.5%                                      |
| Pay award                     | 2.25%                                      | 2.25%                                     |
| General inflation (average)   | 2.5%                                       | 2.0%                                      |
| Increase in fees & charges    | 2.5%                                       | 2.5%                                      |
| Employer pension contribution | 0% +£261k                                  | 0% +£261k                                 |

- 11.3 Pay inflation has been estimated at 2.25% but will be subject to national agreement.
- 11.4 An average of general inflation of 2% has been applied across a range of supplies and services but will only be provided for in service areas where it can be demonstrated that it will be needed due to contractual commitments.
- 11.5 An increase in fees and charges has been estimated at 2.5%.
- 11.6 Despite the recent Spending Review, there is still a degree of uncertainty relating to the Council's future resources, much of which will not be clarified until the settlement is delivered (anticipated 16 December 2021).

## **12. Spending Review 2021 (SR21) headlines and subsequent updates**

- 12.1 The Chancellor of the Exchequer announced the broad outcomes of the Government's Spending Review with the budget, to Parliament on 27 October 2021. We have already noted that we will need to understand the detail of the local government finance settlement before we can finalise Dorset Council's budget, but it is worth summarising what we know so far.

### Multi-year spending review

- 12.2 SR21 sets departmental expenditure limits for the next three years. It would follow that local government could expect a similar, three-year finance settlement but initial expectation around this has waned and we expect the settlement just to cover a single year.
- 12.3 While this might initially be disappointing from a planning perspective, it is acknowledged that there are still many moving parts in the system and it will take some time for the impact of the social care levy to be understood, modelled and reflected more accurately in base budgets from 2023/24.

### Local government departmental expenditure limit

- 12.4 An additional £1.6bn per year, of new grant funding will be made available over the spending review period. Until we see the details of the settlement, we cannot be clear how much of this will flow to Dorset Council, so we have not yet included this in the budget strategy or MTFP.
- 12.5 There are a number of ways in which Government could choose to distribute this funding and our initial calculations show that for Dorset Council this could be as low as £3.8m or potentially as high as £9.3m.

#### Council tax

- 12.6 The Chancellor announced that the existing arrangements for local referendum limits will continue for council tax – in that a proposal to increase council tax by 2% or more will trigger a local referendum. Dorset Council's planning assumption is for a general council tax increase just under 2%. A 1% council tax increase is approximately £2.6m for Dorset Council.
- 12.7 The Chancellor also announced that in addition to the general level of increase in council tax, councils could also levy a further social care precept equivalent to a further 1% of council tax across the SR21 period. This is in addition to the 3% total that was already allowed across 2021/22 and 2022/23. Members will recall that Dorset Council applied the full 3% in 2021/22, so the 1% levy increase is therefore included in the budget strategy assumptions for 2022/23.
- 12.8 The Council is anticipating a surplus on the council tax collection fund for 2021/22 and this will be factored into the 2022/23 budget as one-off money once we are clearer on the numbers in mid-January.
- 12.9 Whilst the Council makes every attempt to deliver value for money and manage its cost base and income streams effectively, the ever-increasing need for services to residents and communities outpaces our ability to generate sufficient revenues to fund these costs. Dorset Council, and its predecessors were also badly impacted by the changes to revenue support grant (RSG) that were implemented following the 2015 spending review and it was estimated that the County Council alone, lost more than £77m in general funding, at 2010/11 prices, as a result.

#### Cap on care costs

- 12.10 £3.6bn will go directly to local government over the SR21 period to implement the cap on personal care costs and changes to the means test. This funding will also help local authorities better sustain their local care markets by moving towards a fairer cost of care. Again, we will not know how much of this comes to Dorset Council before further consultations or announcements.

#### Department of Health & Social Care

- 12.11 There will be a £43.9bn cash increase in core resource spending for DHSC over the parliament to 2024/25. Within this total is £1.7bn over

three years to improve the wider social care system, including the quality and integration of care. At least £500m of this will be allocated to improve qualifications, skills, and wellbeing across the adult social care workforce.

- 12.12 This funding, combined with the Cap on Care Costs funding mentioned above, makes up the £5.4bn of ASC reform funding announced on 7 September. Again, we await details to assess the impact on Dorset Council.

#### Public Health

- 12.13 The PH grant will be maintained in real terms over the SR21 period. We await detail in the settlement for confirmation of the policy pledge.

#### National insurance

- 12.14 On 7 September, the Prime Minister announced the 1.25% increase in national insurance from 1 April 2022, ringfenced for health and social care. This will have a net nil impact on Dorset Council as an employer but suppliers to the Council will experience increases in costs which they will want to pass on to us and their other customers in some way, so careful contract management will be needed.

#### Public sector pay

- 12.15 SR21 announced that the public sector pay freeze will end in 2022. This is expected to be funded through the settlement via the mechanisms set out above. Dorset Council's pay bill is in the region of £150m, so each 1% increase costs approximately £1.5m.
- 12.16 The national living wage (NLW) will increase by 6.6% to £9.50 from 1 April 2022. It will apply to people aged 23 and above, and the Government continues to aim for a NLW which is two-thirds of median incomes by 2024.

#### Business rates

- 12.17 The Chancellor confirmed that there would be no process for appeals for changes of circumstances related to the pandemic. There will also be a freeze in the multiplier in 2022/23 and a further 50% discount for retail hospitality and leisure business. There will also be three-yearly revaluations from 2023.
- 12.18 Nationally, business rates yields are not forecast to return to their pre-pandemic levels until 2023/24. This is not inconsistent with Dorset Council's own model and Members might recall a specific reserve being set up at the end of 2020/21, to support potential for lost business rates over the MTFP period.

#### Education and training

- 12.19 The DfE settlement provides a cash increase of £18.4bn over the life of the parliament to £86.7bn in 2024/25. This includes an additional £4.7bn for the schools' budget over that period.

- 12.20 The Government also used the budget statement as an opportunity to reaffirm its commitment to a long-term school rebuilding programme, rebuilding 500 schools in England over the next decade. We await the detail of this confirmation.
- 12.21 £1.8bn of funding will be available over the spending review period, targeted directly at education recovery. There will also be £1.4bn for tutoring courses for disadvantaged pupils and to expand existing teacher training and development, progressing the Government's ambition to train up to 500,000 teachers over the next three academic years. We await the detail for Dorset Council.

#### Children's social care

- 12.22 There will be £500m nationally to support parents and carers in England, this includes £200m to support those with complex issues £82m to fund advice and support centres, £100m for mental health support and £50m for breastfeeding support.
- 12.23 There will also be £200m to support the holiday activities and food programme and £259m over the spending review period to maintain capacity and expand provision in secure and open residential homes for children.

#### Transport

- 12.24 There will be £2.7bn nationally over the next three for local roads maintenance, though this is not all new money. There will also be £3bn of bus investment across the remainder of the parliament including a new, dedicated commitment of £1.2bn for bus transformation deals in England, and a further £355m new funding for zero-emissions buses.

### **13. MTFP process and budget development**

- 13.1 The budget and MTFP approved in February 2021 presented a total budget gap, including planned savings, of £39.4m from 2022/23 to 2025/26, of which £8.9m arose in 2022/23.
- 13.2 Following the revisiting of our assumptions, the financial impact of Covid-19, and accumulating cost and demand pressures, the budget gap moved on, as summarised in the table below, that was presented to Cabinet on 5 October.


|   | £k            |
|---|---------------|
| Budget Gap from 2021/22 MTFP - Year 2                     | 8,954         |
| Council tax adjust  | 2             |
| Change in inflation from rebasing of budget               | -636          |
| Adult and Housing Service 21/22 continuing base pressures | 7,589         |
| Children's Services 21/22 continuing base pressures       | 3,347         |
| Place Services 21/22 continuing base pressures            | 10,870        |
| Corporate Services 21/22 continuing base pressures        | 0             |
| 2021/22 pay award   | 0             |
| Adult and Housing Services new budget pressures 2022/23   | 2,096         |
| Children's Services new budget pressures 2022/23          | 948           |
| Place Service new budget pressures 2022/23                | 1,294         |
| Corporate Services new budget pressures 2022/23           | 1,630         |
| Total budget gap as at 17/09/2021                         | <u>36,094</u> |

- 13.3 It was clear that Covid-19 and the other factors mentioned were having a continuing impact on the MTFP and increased the budget gap to £36.1m in the first year. Cabinet gave a clear steer to officers that they should work with portfolio holders and lead members to identify a range of transformational options and efficiency savings that would help to close this budget gap over the autumn.
- 13.4 This figure was significant, but not out of step with others in the sector and particularly closely aligned others in the South West. Interestingly, understating the budget problem was a key factor in recent pronouncements made by Rob Whiteman, Chief Executive of CIPFA. In order to be able to develop effective plans to deal with budget pressures, we must ensure we consider all variables when scoping the size of the task at hand.

#### **14. Setting a balanced budget**

- 14.1 In the October budget report to Cabinet, we reflected that all budget work needs process and method, and these must be structured around a framework – in this case, a draft statement of principles – to be used in developing the budget. The principles were intended to be constructed as helpful language to be used to describe how we would do our work to balance the budget and take difficult decisions about how to deliver the priorities and outcomes in the Council Plan. The principles are:
- i) we will not balance the budget strategy by using reserves

- ii) resource allocation will be driven by the Dorset Council Plan and priorities
  - iii) services should be protected where possible but clearly demonstrate value for money and improved efficiency
  - iv) we should seek to maximise the savings from becoming a unitary council
  - v) we will develop short-term and long-term transformational savings plans
  - vi) we will continue to take an increasingly commercial approach
  - vii) we will use best practice around business cases for our decision making and we will be open to invest to save opportunities
  - viii) budgets should be realistic to achieve the objectives of the council and we must hold ourselves to account for their delivery and sound financial management.
- 14.2 Using these principles, along with continuing to keep the MTFP up to date with new information, the budget gap is proposed to be closed as shown in the following table.

|   |             |
|---|-------------|
| Budget Gap as at 17/09/2021   | £36,094,113 |
| Adult Social Care precept @ 1%  | -£2,658,397 |
| Estimated New Homes Bonus funding   | -£2,674,093 |
| Children's additional budget pressures  | £1,143,000  |
| Children's efficiency savings   | -£2,000,000 |
| Children's transformation savings  | -£2,127,501 |
| General inflation   | -£3,000,000 |
| Adults transformational savings   | -£3,805,000 |
| Adults reduced budget pressures   | -£1,489,878 |
| Corporate efficiency savings  | -£1,740,600 |
| Place reduced budget pressures  | -£1,463,315 |
| Place efficiency savings  | -£4,461,200 |
| Reduction of contingency  | -£2,500,000 |
| DSG pay & income inflation  | -£56,044    |
| Collection Fund   | -£3,000,000 |
| Council Tax base  | -£1,766,875 |
| Budget gap as at 24/11/2021   | £4,494,210  |

- 14.3 More detail on budget movements is shown in the appendices to this paper and these should be read alongside the directorate updates, below.

## 15. Summary budget proposals

- 15.1 At this stage, the budget for 2022/23 is still not balanced, nor is it built in detail. This is partly due to timing but partly because the scrutiny and other governance processes may identify initiatives that are not taken forward. However, summary budgets by Directorate are available and a broad summary is shown in the table below.

| Service   | Adjusted budget<br>21/22<br>£'m | 2022/23 Current<br>Base Budget<br>£'m | Increase in base<br>after Adjustments<br>£'m | % increase in base |
|---|---------------------------------|---------------------------------------|--|--------------------|
| People - Adults & Housing                                   | £128.0                          | £141.1                                | £13.1  | 10.26%             |
| Corporate Development & Legal                               | £29.5                           | £29.9                                 | £0.4   | 1.37%              |
| Place   | £74.9                           | £81.4                                 | £6.5   | 8.61%              |
| People - Children's   | £71.7                           | £74.2                                 | £2.5   | 3.44%              |
| Contingency, capital financing<br>and other central budgets | £8.3                            | £7.2                                  | -£1.1  | -12.14%            |
| <b>Total</b>  | £312.4                          | £333.8                                | £21.4  | 6.86%              |
| Funding   | (£312.4)                        | (£329.3)                              | -£16.9                                       | 5.42%              |
| <b>Budget Gap - shortfall/(excess)</b>                      |                                 | <b>£4.5</b>                           | <b>£4.5</b>                                  |                    |

- 15.2 Fuller analysis of budget movements and savings is set out in the appendices to this report. The £4.5m budget gap remains work in progress, and while work is in hand to identify further savings and transformation opportunities, we should also recall from the narrative above, that we await the details of the settlement and in particular the new grants which will compensate local government for the additional pressures they face. Government and others refer to this in different ways but for now we will refer to it simply as core funding.
- 15.3 We do not yet know how this grant will be distributed but we have modelled several scenarios; the figure falls into a range of £9.3m under our best-case scenario, to £3.8m under the worst case. We anticipate the receipt of the draft local government finance settlement on 16 December. Time will be tight after that point, but we will attempt to circulate further detail on the budget, through the portfolio holder for finance, as soon as we can after the settlement data is received and understood.

## 16. Directorate-level context updates

- 16.1 This section of the report deals with the budget contexts for each of the Council's Directorates.

### Adult Services & Housing

- 16.2 The Directorate's financial pressures are set out in the detail at appendix 1 to this report. There has been and continues to be an increase in the demand for our services and increased costs on providers means we are having to buy more care and are facing higher prices in the market for it. This is a national issue for adult social care. However, Dorset feels these national pressures acutely due to our population demographics and our rurality.

- 16.3 The Council has seen a lack of capacity of care and support services in Dorset and associated workforce pressure and sees this as a pressure going into 2022/23. An increase in hardship, homelessness, mental ill-health, domestic abuse and people and families under increasing pressure are also impacting on service demand.
- 16.4 The longer-term impact of Covid-19 on the health system is seeing delays in treatment, and more people requiring more care. The impact of this on the market is higher prices and this clearly adds further financial strain.
- 16.5 The Directorate's priorities are to control spend and meet the needs of residents through the following measures:
- continuously reviewing processes, being as efficient as possible
  - monitoring every package of care and reviewing complex cases to ensure appropriate care and funding (including health funding)
  - controlling the Hospital Discharge Programme front door, maximising independence and reducing reliance on ongoing care
  - working with voluntary and independent sectors to increase community resilience and enhance the offer to our residents
  - enhancing our understanding of the market and helping providers with local recruitment as well as establishing new commissioning arrangements to encourage new providers
  - focussing on the best way to get the most of our contracts.
- 16.6 Whilst priorities to control spend are key so is the transformation for the Directorate which includes the following:
- aligning with the Integrated Care System and Primary Care Networks
  - place-based offer of prevention
  - being responsive to diverse, local communities
  - pursuing the prevention agenda, ensuring adult social care is focused around those that need us the most.

#### Children's Services

- 16.7 The overall budget position is an increase of £2.46m, resulting in a proposed budget of £74.2m.
- 16.8 A key aspect of financial strategy has been to establish budgets that reflect current and planned demand and practice. Achieving this baseline means transformation and tactical service change programmes can be implemented from a stable starting position.
- 16.9 £8.5m of additional funding is required to do this. This covers pay-related and expected utility increases (£2.18m), external placements (£2.8m), traded income (£1.28m), the funding for The Harbour (£1.24m), Demand pressures in the Special Guardianship Order (SGO)/Children Who are



Disabled service (£0.97m), Delivery of Children Who are Disabled Strategy - Service Manager (£0.075m) and addressing the DSG income budget historic anomaly (£0.052m).

- 16.10 A new financial model for Children in Care has been developed for the 2022/23 budget build. This is based on the children in care cohort as at September 2021. Children are removed from the model when they turn 18. An assumption for growth, based on approximately eight new entrants per month (reflecting what is currently happening) is included. Additional funding to cover framework price increases and reflect what is happening with external residential providers is added, along with the 2021/22 budget pressure.
- 16.11 Also, within the model are two plans to reduce the number of children in external placements and to seek permanence arrangements for approximately 30 children in care. These two plans total £1.2m and would be an extra budget pressure if they did not exist.
- 16.12 The model creates a funding envelope of £28.2m for 425 children in care, a reduction on the current number (441 November 2021).
- 16.13 Children's Services have developed an ambitious evidence-based transformation programme comprising five themes: Mockingbird Family model, Holistic Safeguarding, Family Hubs, Our Digital Family Offer and 0-25 Conception to settled adulthood. The transformation programme aims to deliver £14.9m cashable savings over five years, £2.2m in 2022/23. To help deliver this programme £1.6m funding for 2022/23 has been made available (total funding for the programme is £2.5m). The transformation programme started in November 2021.
- 16.14 Efficiency savings from reviewing services totals £2.0m. This comprises delivery of Children Who are Disabled Strategy - review of provision and services (£1m), Review of Traded Services (£0.6m) and Efficiency savings across delivering improvements to packages of support (£0.4m).
- 16.15 There are also cost reductions from review of services that will not make short-term financial savings but are part of next year's budget; review of Dorset Council run nurseries and the music service. The second year of The Harbour project saving has also been included. The business case approved by Cabinet in March 2020 stated 2022/23 savings of £1.9m. The combined savings for 2022/23 from the transformation and efficiency is £6.1m.
- 16.16 There are risks with all budgets, but particularly those for demand-led services, many of which are within Children's Services. Models and budgets are based on the best information and projections available at the time, however we are working continuously with children and families. Needs and demands can swiftly change, and this can have a significant budgetary impact.

- 16.17 Nationally, demand pressures on Children's Services continues to rise. Recent research commissioned by the County Councils Network (CCN) has estimated the total number of children in care could hit 100,000 by 2025. This would increase the number of children requiring external residential placements. This is not part of our budget proposition as this is not presently happening in Dorset, however this is an important piece of work to acknowledge as part of risk management and service and financial planning.
- 16.18 Finally, a central theme for Children's Services has been to increase the number of in-house placements. This was a principal driver for The Harbour initiative. To achieve the savings identified with this project, this needs to be open from the 1 April 2022.

#### Place Directorate

- 16.19 As would be expected, the approach for developing the Place Directorate budget for 2022/23 takes account of much of the turbulence seen in the current year. Issues include acknowledging and correcting budget issues that have been in place since Local Government Reorganisation, reviewing and acknowledging where savings aspirations cannot be met, uncertainty around commercial income streams in the post-lockdown world and ongoing aspirations for convergence and/or transformation.
- 16.20 The budget process has therefore been one that focuses on a budget that is as realistic as possible whilst acknowledging that affordability constraints and uncertainty in some areas mean that the budget is not risk free. The major issues in each area are discussed below.
- 16.21 Dorset Council's climate and ecological emergency strategy delivery plan was approved by Cabinet in July. Tackling Climate change is everyone's responsibility.
- 16.22 Included in the budget proposals for 2022/23 is a significant financial commitment to tackling climate issues. A new will director will be appointed to coordinate the Councils activities including:
- overseeing a £10M climate change capital budget
  - overseeing the £19M decarbonisation grant
  - managing the Councils £750k revenue commitment to climate change
  - attracting additional Government funding.
- 16.23 Further revenue commitment will be made once details of any additional Government funding is made available.
- 16.24 In Place-Based Services, the current year has benefitted from favourable prices in relation to our recycle disposal. Forecasting for recycle prices is notoriously difficult, given the nature of the global markets for supply and demand of material. Nonetheless, we are proposing an improvement from the current year budget (as set, which turned out to be

cautious) and at the same time seeking to set aside a sum in reserves to act as a buffer against the market volatility. This is offset by a nationwide uplift in domestic waste volumes – thought to be a consequence of the pandemic, at a cost of approximately £0.5m.

- 16.25 In Economic Growth and Infrastructure, the focus of the service continues to be the transformation of the planning system, the operations within Dorset Travel (which now include SEND Transport) and providing consistency of parking charges across Dorset. The Planning service faces a number of financial issues, including historical income and staffing budgets which now need realignment.
- 16.26 For the Assets and Property Service, the focus in the coming financial year continues to be the delivery of the Property Strategy & Asset Management Plan in order to improve the management of the Council's property portfolio and deliver the transformational benefits envisaged within the Council Plan whereby social, commercial and economic benefits will be delivered through rationalisation and re-purposing of the Council's property estate and the disposal, where appropriate, of surplus assets.
- 16.27 In Libraries, Archives and Customer Services the main budget activity has been to reflect the permanent reopening of customer services. This cost is offset by a number of savings proposals across the services.

#### Public Health Dorset

- 16.28 Public Health Dorset is a shared service established to provide public health functions to the two unitary authorities, Dorset Council and BCP Council. In order to fulfil statutory duties to improve health and wellbeing, and reduce inequalities in health, both Councils receive a ring-fenced grant from the Department of Health and Social Care. This is passed to councils via the DLUHC. The grant must be used to provide mandated public health services, but it can also be used to support wider interventions to improve health and wellbeing.
- 16.29 Each of the Councils retains part of the grant to deliver services outside the scope of the shared service agreement, but still within grant conditions.

#### Corporate Services

- 16.30 Corporate Services consists of the Corporate Development Directorate, Business Insight, Intelligence and Communications, and the Legal and Democratic Services teams.
- 16.31 The role of Corporate Services is threefold:
- to provide direct support and services to residents (e.g., the Revenues and Benefits team and the Land Charges Service)
  - to support colleagues in the Place Directorate, in Children's Services and in the Adults and Housing Directorate so they can provide the best services they can within financial and legal constraints

- to provide those essential corporate services required of an organisation of our size and scale.

16.32 During 2021/22 the department has continued to establish itself whilst providing crucial services which have enabled the Council to continue to function throughout the Covid-19 pandemic.

16.33 The budget proposals for 2022/23 represents a slight increase of £0.4m (1.37%). This incorporates identified budget pressures of £1.9m offset by cost reductions of £1.5m. The majority of these have come from reductions in contract spend, and changes in staffing structures as the Council continues to benefit from becoming a unitary authority. Further details are identified in Appendix 4.

## 17. Transformation and savings opportunities

17.1 The October budget report to Cabinet set out that the organisation needed a short-term focus on savings as well as a longer-term emphasis on transformation. This has been brought into sharper focus given that a significant portion of the current transformation savings are not being delivered and the budget gap for next year was significant.

17.2 Significant work to develop, test and validate savings opportunities and transformation plans has therefore been carried out – and continues – to crystallise the summary programme set out in the table below.

|   | <b>Tactical Transformation</b> |                   | <b>Total</b>       |
|---|--------------------------------|-------------------|--------------------|
| <b>People - Adults and Housing</b>                                      |                                | £3,805,000        | <b>£3,805,000</b>  |
| <b>Corporate Services</b>   | £1,807,600                     | -                 | <b>£1,807,600</b>  |
| <b>People - Children's</b>  | £2,091,700                     | £2,227,500        | <b>£4,319,200</b>  |
| <b>Place</b>  | £4,461,200                     | -                 | <b>£4,461,200</b>  |
| <b>Contingency, capital<br/>financing and other central<br/>budgets</b> | £2,500,000                     |                   | <b>£2,500,000</b>  |
| <b>Total</b>  | <b>£10,860,500</b>             | <b>£6,032,500</b> | <b>£16,893,000</b> |

17.3 More work is in progress to identify savings and transformation over the longer term for continuing input into the MTFP and the budget strategy. This will continue to be reviewed through the relevant Boards and Committees and will dovetail with the timetable set out elsewhere in this report.

## 18. Risk

18.1 There is risk in any budget proposal. We are facing a future where we are unclear how the impact of Covid-19 will play out. Like every council – and Government itself - we are facing a number of potential scenarios each of which carry varying levels of volatility and uncertainty in our planning assumptions.

- 18.2 We are limited in what we can do at this stage to mitigate that, but we will remain focused on delivery of the work programmes required to support services to Dorset's residents, within the budget available. Continuous monitoring of the agreed budget will be key to ensuring we keep abreast of the operating environment and make important, well-informed, timely decisions about our activities and their consequences.
- 18.3 Dorset Council is fortunate in that local government reorganisation enabled it to reduce its cost base, identify adequate reserves to see it through early years and set a robust reserves strategy for the future. But reserves cannot be relied on as a sustainable source of finance, we can only spend them once and doing so reduces our capacity to mitigate the risks that reserves provide for, as well as reducing resilience against unknown future events (see budget principles, above).
- 18.4 Even without the impact of Covid-19, there is considerable risk around our planning assumptions for growth in demand and pressure on costs. The budget gap quoted in this paper is after allowing for reasonable and forecast growth in demand for Adults' Services and Children's Services but both locally and nationally, demand for people services continues to challenge capacity and budgets. This will become even more pressing if the impact of national or local measures to contain the impact of Covid-19 (and variants) mean that councils are required to deliver more or different services to safeguard residents.
- 18.5 There is also inherent risk in any transformation programme or other tactical savings plan in ensuring the right work is done in sufficient time to realise savings in line with the plan. These things are not always entirely within the Council's control – some will involve consultation, others require specific resources to be deployed to deliver them and as we saw in the pandemic, sometimes these plans cannot be delivered because officer time and effort is reprioritised elsewhere.
- 18.6 There is also significant inflationary pressure building in the economy. This could well impact on the Council itself and critically also on our suppliers, who will then attempt to shunt some of that cost increase onto us and other customers. The base budget allows for a level of inflationary increases, but we will remain alert and focus on effective contract management and new procurement opportunities to help us manage cost pressures.
- 18.7 There is further uncertainty and risk around the whole *build back better* agenda, and more of this was set out in the October report to Cabinet. Until we see the detail of the settlement, we will not know what Government's detailed assumptions are around this and be comfortable that we can fit the work required within the financial envelope provided.
- 18.8 The Council has robust governance and reporting processes around risk and concerns around deliverability of the budget can be escalated through this framework at any time. When the S151 Officer gives his assurance

statement as part of the budget strategy report in January, we will know better how much risk remains in the system and how we will plan to mitigate it.

## **19. Capital programme**

- 19.1 The Council's capital programme has been impacted significantly by the pandemic, with many projects unable to proceed in line with original timelines. This resulted in quite significant slippage of the programme from 2020/21 into 2021/22 which itself came on top of slippage in the programme that was already being carried forward from earlier years.
- 19.2 In order to ensure capital spending is still giving value for money and being deployed in line with Council objectives, the Capital Strategy and Asset Management Group (CSAM) reviewed the 2021/22 programme (including all slippage) during the year as part of the development of the capital programme for 2022/23. This resulted in approximately £10m being released as it was no longer required or from underspends on completing projects. CSAM also oversaw the bidding process for new funds which has resulted in the draft capital programme set out at appendix 6 (ii).
- 19.3 Appendix 6 (ii) sets out a summary of the proposed bids to Cabinet. These amount to some £14.3m and are the only aspect of the programme which needs Cabinet approval, the remainder of the programme is already approved. These new bids are in addition to the £27.9m of approved funding already in the programme for 2022/23 (carried forward from MTFP2021/22).
- 19.4 Scrutiny members should note that this sets out the complete programme as it stands at the publishing date. The headlines can therefore be summarised as:
- £103.6m of slippage brought forward from previous years into 2021/22
  - £62.6m of funding that was approved for 2021/22 in the capital programme
  - £27.9m of spending that was for 2022/23 when the 2021/22 MTFP was approved
  - £20.6m of subsequent adjustments to reflect new funding or Cabinet decisions taken in-year (e.g. SEND capital strategy)
  - £14.3m of bids for new funding
- 19.5 The proposed capital programme to 31/03/2023 therefore amounts to £228.9m. The exact size of the programme for 2022/23 will be subject to further change as we have not yet completed the current year so we cannot yet confirm the exact size of the carry-forward. There are also likely to be further projects and programmes that arise during the year,

- funded from external resources, and these will be incorporated into the programme and reported to Cabinet each quarter.
- 19.6 Members might wish to note the proposals to continue with a capital contingency budget and a minor works budget. Both of these worked well in 2021/22. Although exact project proposals are still being developed, attention is also drawn to an annual capital budget of around £2m to further the response to the Council's climate and ecology emergency.
- 19.7 The capital programme is significant and careful consideration therefore needs to be given to affordability of financing costs in the revenue budget. The two components of capital financing that impact on the revenue budget are minimum revenue provision (MRP) and the interest charges on borrowing.
- 19.8 If the new bids for capital funding are approved, it will cause a longer-term financing pressure for the revenue budget. The MTFP already assumes an increase of £0.25m each year for MRP costs but that net interest costs would remain broadly the same. The new bids and the approval of the SEND capital strategy during 2021/22 therefore mean that additional financing costs will be incurred.
- 19.9 At present it is not possible to be specific about what these are likely to be and there are a number of reasons for this. Principally, the Council has a relatively high level of cash balances already available to it. This cash would be the first call for investment funding before any borrowing was required. Borrowing is also well below our capital financing requirement and more importantly, below the amount that was assumed when the budget was set – meaning there is some headroom in the existing base.
- 19.10 There is also a very high chance of significant slippage from 2022/23 into 2023/24 because the sheer scale and ambition of the programme is likely to be undeliverable in full before 31 March 2023. Given these considerations, it is therefore unlikely that the approval of the new bids would need any additional capital financing in 2022/23. However, it is recommended that a similar CSAM-led review of the programme is carried out in the spring/summer of 2022 in order to inform likely financing pressures for 2023/24 and beyond. At this stage, it is prudent to add £1m per year to the MRP budget and a further £1m per year to the interest payable budget into the MTFP from 2023/24.
- 19.11 The commitment to the capital programme in this budget round therefore amounts to almost £350m in total.
- 20. Scrutiny committees and timing for the remaining budget process**
- 20.1 The two scrutiny committees are reviewing and testing these budget proposals on 10 December in order to give consideration to any feedback members wish to give to Portfolio Holders, Executive Directors and their teams of any concerns they might have or any alternative proposals that

they might want to be considered during the remainder of the budget strategy and setting process.

- 20.2 Cabinet will receive the final budget and council tax proposals at its meeting on 18 January, so there is limited time to evaluate any further options required to develop a balanced budget for Cabinet to recommend to full Council on 15 February.

## **21. Other factors influencing budget strategy development**

- 21.1 The Council's **Transformation Plan** has been refreshed and was approved at the November Cabinet meeting. We will need to make sure that spend to save opportunities are integrated into the financial planning process to ensure investment comes at the right time to ease pressure on the revenue budget. We should also be mindful of the impact that the pandemic has had on our previous plans and how the diversion of resources to support residents and businesses through the response and recovery meant that the Council was unable to deliver the programme of work that would have generated savings in our cost base.
- 21.2 The **Asset Management Strategy** continues to be implemented as the Council "right-sizes" its estate after convergence of the predecessor councils' property portfolios. The plan describes the options to acquire, retain and divest property that will help us deliver transformed services, generate capital receipts, reduce running costs and help the Council operate in a modern and efficient way.
- 21.3 The Asset Management Strategy dovetails with the **Dorset Workplace Strategy** which enables the Council to deliver better services more flexibly in a range of ways to meet Dorset residents' needs.
- 21.4 Delivering better value will also be the aim of our emerging **Commercial Strategy**. Cabinet has recently approved a new Procurement Strategy and we now look to strengthen our commercial approach further – not just through better procurement and contract management, but also through more effective income management and better relationships with our customers and our supply chain.

## **22. Summary and conclusions**

- 22.1 The financial climate remains extremely challenging, though the Spending Review was perhaps slightly more positive than we had been anticipating, even if only for a single year, initially. There are challenges ahead meaning the Council started planning for 2022/23 early to develop and implement robust plans to fit within our assumed budget envelope and to keep all members well informed around budget development and strategy.
- 22.2 Members of the two scrutiny committees have time to assimilate and consider the information in this report as part of their scrutiny process before we proceed to finalise budget recommendations for inclusion in the Cabinet report for 18 January 2021.



22.3 The budget proposals are currently draft as we are awaiting the details of the local government settlement which is due on 16 December. If the settlement is significantly different from that anticipated, then it may be necessary for the budget proposals to be adjusted. If the net expenditure proposals need to be reduced by more than £500k then the Scrutiny Committees may wish to reconvene during the week commencing 3<sup>rd</sup> January 2022, to consider the revision to the proposals.

Aidan Dunn

**Executive Director of Corporate Development**

**Footnote:**

Issues relating to financial, legal, environmental, economic and equalities implications have been considered and any information relevant to the decision is included within the report.

## Appendix 1

### Analysis of budget movements – Adults Services & Housing

|  |                     |
|--|---------------------|
| People - Adults and Housing opening base budget 2021/22            | £128,394,254        |
| Adjustments to budget in 2021/22 (P virements)                     | (£431,460)          |
| 2021/22 pay award  | £363,284            |
| Pay inflation  | £509,341            |
| General Inflation  | £3,604,607          |
| Fees and Charges income  | (£618,528)          |
| Gas and Electricity costs  | £617                |
| Loss of income to third party funding withdrawal from posts        | £50,003             |
| 2021/22 savings in year not achievable                             | £5,477,000          |
| Staffing recharge that is no longer applicable                     | £19,200             |
| Estimated cost of increments                                       | £625,633            |
| Base budget for Housing posts previously grant funded              | £401,197            |
| Adult Care Packages  | £6,695,393          |
| Housing benefits in excess of the Govt.Cap                         | (£200,000)          |
| Dorset Care Framework  | (£375,000)          |
| Day Services Redesign  | (£800,000)          |
| Retendering of TEC Contract  | (£30,000)           |
| Right sizing Health  | (£900,000)          |
| Housing benefit shortfall B&B                                      | (£100,000)          |
| Workforce redesign   | (£600,000)          |
| Commissioned Community Care costs                                  | (£1,000,000)        |
| <b>People - Adults and Housing current base budget for 2022/23</b> | <b>£141,085,541</b> |
| <b>Increase in base</b>  | <b>£13,122,747</b>  |

## Appendix 2

### Analysis of budget movements – Children's Services

|   |                    |
|---|--------------------|
| People - Children's opening base budget 2021/22                                       | £76,640,711        |
| Adjustments to budget in 2021/22 (P virements)  | (£4,899,609)       |
| 2021/22 pay award   | £554,867           |
| Pay inflation   | £829,978           |
| Fees and Charges income   | (£61,400)          |
| Gas and Electricity costs   | £4,302             |
| External Placements Pressure  | £2,779,858         |
| DSG recharge rebasing   | £52,000            |
| Delivery of Children Who are Disabled Strategy - Service Manager                      | £75,000            |
| Demand pressure on SGO service  | £470,000           |
| Demand pressure on CWaD service   | £500,000           |
| Unrecovered income through changing the operating model to deliver early intervention | £1,288,000         |
| Estimated cost of increments  | £948,306           |
| The Harbour – Funding   | £1,245,000         |
| The Harbour – Saving  | (£1,900,000)       |
| Blueprint for Change pay protection   | (£91,700)          |
| Our Family Digital Offer  | (£677,500)         |
| Family Hubs   | (£250,000)         |
| Mockingbird   | (£250,000)         |
| Holistic Safeguarding   | (£750,000)         |
| 0-25/Conception to settled adulthood  | (£300,000)         |
| Efficiency savings delivering improvements to packages of support                     | (£400,000)         |
| Review of Traded Services   | (£600,000)         |
| Delivery of Children Who are Disabled Strategy - review of provision                  | (£1,000,000)       |
| <b>People - Children's current base budget for 2022/23</b>                            | <b>£74,207,813</b> |
| <b>Increase in base</b>   | <b>£2,466,711</b>  |

## Appendix 3

### Analysis of budget movements – Place Directorate

|  |                    |
|--|--------------------|
| Place opening base budget 2021/22                              | £63,068,265        |
| Adjustments to budget in 2021/22 (P virements)                 | £11,869,059        |
| 2021/22 pay award  | £962,276           |
| Pay inflation  | £1,158,042         |
| Fees and Charges income  | (£1,159,869)       |
| Gas and Electricity costs                                      | £159,776           |
| SEN Transport pressure   | 2,915,000          |
| Reversal of unachievable savings targets                       | 1,181,600          |
| Planning Service - rebasing                                    | 1,145,300          |
| Rebasing of budget required since initial LGR assumptions      | 962,200            |
| Assets & Property - staffing recovered from capital programme  | 612,349            |
| Reopening customer services                                    | 320,000            |
| Health & Safety requirement                                    | 40,000             |
| Harbours   | 10,000             |
| Waste residual waste from September 2021                       | £23,000            |
| Educational Health Care Plans (EHCP) impact on transport costs | £125,000           |
| Estimated cost of increments                                   | £1,293,543         |
| Community and Public Protection - tactical savings             | (£64,000)          |
| Environment and Wellbeing - tactical savings                   | (£93,500)          |
| Assets & Property - tactical savings                           | (£385,000)         |
| Customer Services, Libraries Archives - tactical savings       | (£435,700)         |
| Waste (Operations and Strategy combined)                       | (£624,898)         |
| Parking Services   | (£1,600,000)       |
| Property costs not within budget (properties to be disposed)   | (£94,000)          |
| <b>Place current base budget for 2022/23</b>                   | <b>£81,388,443</b> |
| <b>Increase in base</b>  | <b>£6,451,119</b>  |

## Appendix 4

### Analysis of budget movements – Corporate Services

|   |                    |
|---|--------------------|
| Corporate Services opening base budget 2021/22            | £29,597,040        |
| Adjustments to budget in 2021/22 (P virements)            | (£99,040)          |
| 2021/22 pay award   | £447,099           |
| Pay inflation   | £640,209           |
| Fees and Charges income                                   | (£101,162)         |
| Gas and Electricity costs                                 | £0                 |
| Steps to Wellbeing contract                               | £81,000            |
| Loss of income - HR                                       | £100,000           |
| Increase in staffing costs - Assurance                    | £132,000           |
| Estimated costs of increments                             | £321,000           |
| Additional Posts (BI/Land Charges)                        | £196,000           |
| Structure pay changes                                     | £145,000           |
| Apprenticeship Levy                                       | £51,000            |
| Employer of Choice  | £200,500           |
| External Audit Fee savings                                | (£23,000)          |
| Change in income (mainly Finance)                         | (£44,000)          |
| Structure pay savings                                     | (£368,500)         |
| Contractual savings                                       | (£1,296,600)       |
| Administration savings                                    | (£75,500)          |
| <b>Corporate Services current base budget for 2022/23</b> | <b>£29,903,046</b> |
| <b>Increase in base</b>                                   | <b>£405,046</b>    |

## Appendix 5

### Analysis of budget movements – contingency, capital financing and contingency

|  |                     |
|--|---------------------|
| Central Finance opening base budget 2021/22            | £14,706,491         |
| Adjustments to budget in 2021/22 (P virements)         | (£6,438,950)        |
| Minimum Revenue Provision                              | £250,000            |
| Contractual Inflation                                  | £985,244            |
| LGPS   | £261,000            |
| Reduction of contingency                               | (£2,500,000)        |
| <b>Central Finance current base budget for 2022/23</b> | <b>£7,263,785</b>   |
| <b>Increase in base</b>                                | <b>(£1,003,756)</b> |

# Appendix 6 (i)

## Capital Programme – summary plans and financing, - WIP

| Summary of net expenditure and funding    | (Overspend)<br>/Slippage<br>from | Original<br>Approved<br>Budget | Adjustments     | New<br>External<br>Funding | Total<br>Budget<br>2021/22 |                 |   |                 |                 |                 |                 |                                    |
|---|----------------------------------|--------------------------------|-----------------|----------------------------|----------------------------|-----------------|---|-----------------|-----------------|-----------------|-----------------|------------------------------------|
|   | 2020/21                          | 2021/22                        |                 |                            |                            | 2022/23         | Total<br>Budget<br>2021/22<br>& 2022/23 | 2023/24         | 2024/25         | 2025/26         | 2026/27         | Total<br>Budget<br>22/23-<br>26/27 |
|   | €000                             | €000                           | €000            | €000                       | €000                       | €000            | €000                                    | €000            | €000            | €000            | €000            | €000                               |
| <b>Total expenditure</b>                  | 103,565                          | 62,587                         | 20,554          | 0                          | 186,706                    | 42,207          | 228,913                                 | 40,208          | 37,018          | 30,557          | 13,300          | 349,995                            |
| Full external funding                     | (42,490)                         | (15,101)                       | 2,510           | 0                          | (55,081)                   | 0               | (55,081)                                | 0               | 0               | 0               | 0               | (55,081)                           |
| Partial external funding                  | 0                                | (3,991)                        | 0               | 0                          | (3,991)                    | (1,711)         | (5,702)                                 | (727)           | (300)           | (300)           | 0               | (7,029)                            |
| Dorset Council part funding (borrowing)   | (33,690)                         | (5,835)                        | (10,429)        | 0                          | (49,954)                   | (4,343)         | (54,297)                                | (2,769)         | (5,598)         | (3,267)         | (2,500)         | (68,431)                           |
| Dorset Council funding (borrowing)        | (26,911)                         | (27,760)                       | (12,635)        | 0                          | (67,306)                   | (26,100)        | (93,406)                                | (25,659)        | (19,067)        | (13,937)        | 2,503           | (149,565)                          |
| Dorset Council funding (reserves)         | 0                                | 0                              | 0               | 0                          | 0                          | 0               | 0                                       | 0               | 0               | 0               | 0               | 0                                  |
| Dorset Council funding (capital receipts) | 0                                | 0                              | 0               | 0                          | 0                          | 0               | 0                                       | 0               | 0               | 0               | 0               | 0                                  |
| Minimum Revenue Provision                 | (474)                            | (9,900)                        | 0               | 0                          | (10,374)                   | (10,053)        | (20,427)                                | (11,053)        | (12,053)        | (13,053)        | (13,303)        | (69,889)                           |
| <b>Total funding</b>                      | <b>(103,565)</b>                 | <b>(62,587)</b>                | <b>(20,554)</b> | <b>0</b>                   | <b>(186,706)</b>           | <b>(42,207)</b> | <b>(228,913)</b>                        | <b>(40,208)</b> | <b>(37,018)</b> | <b>(30,557)</b> | <b>(13,300)</b> | <b>(349,995)</b>                   |

Appendix 6 (ii)

Capital Programme, proposed new projects for 2022/23 and beyond

| Appendix 6 (ii) |   |         |         |         |         |
|-----------------|---|---------|---------|---------|---------|
| 2022/23         |   | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| £000            |   | £000    | £000    | £000    | £000    |
| 29,322          | <b>Approved 22-23 Capital programme</b>                     | 26,450  | 24,098  | 16,057  | 0       |
|                 | <b>Adjustments</b>  |         |         |         |         |
|                 | <b>Part II – projects with partial external funding</b>     |         |         |         |         |
| (1,250)         | Buildings Retro Fit Programme                               | (1,500) | (1,500) | (1,500) | 0       |
|                 | <b>Part III – projects with no external funding</b>         |         |         |         |         |
| (200)           | Weymouth Harbour Dredging                                   | (200)   | (200)   | (200)   | 0       |
| 27,872          |   | 24,750  | 22,398  | 14,357  | 0       |
|                 | <b>Not previously approved – for approval by Cabinet</b>    |         |         |         |         |
|                 | <b>Part II – projects with partial external funding</b>     |         |         |         |         |
| 500             | Building retrofit programme – Energy Efficiency measures    | 1,250   | 1,250   | 2,500   | 2,500   |
| 125             | A354 Corridor Transport Improvements                        | 300     | 250     | 0       | 0       |
| 147             | B3078 Julian's Bridge, Wimborne – pedestrian and cycle link | 133     | 2,020   | 0       | 0       |
| 958             | Piddlehinton G&T site pitches                               | 0       | 0       | 0       | 0       |
| 235             | Electric Vehicle charging Infrastructure                    | 235     | 0       | 0       | 0       |
| 200             | Weymouth Transport Improvements                             | 1,000   | 1,800   | 0       | 0       |
|                 | <b>Part III – projects with no external funding</b>         |         |         |         |         |
| 765             | Wheeled bins and containers for waste services              | 770     | 800     | 800     | 800     |
| 500             | Minor Capital Works (Property improvements)                 | 500     | 500     | 500     | 500     |
| 2,000           | Capital contingency   | 2,000   | 2,000   | 2,000   | 2,000   |
| 0               | Investing to Save in Highway Infrastructure Assets          | 0       | 0       | 6,300   | 6,300   |
| 1,500           | St Mary's School Shaftesbury                                | 500     | 0       | 0       | 0       |
| 3,100           | SEND capital strategy                                       | 7,000   | 5,000   | 3,000   | 0       |
| 400             | Investing in cycleways and traffic control assets           | 400     | 400     | 400     | 400     |
| 400             | Weymouth Dorchester Bike Share                              | 0       | 0       | 0       | 0       |
| 275             | South East Dorset Bike Share                                | 0       | 0       | 0       | 0       |
| 180             | Shortfall in Vehicle Replacement Budget for 2022/23         | 0       | 0       | 0       | 0       |
| 100             | Sewerage Treatment Services Improvement works               | 150     | 0       | 0       | 0       |
| 280             | Swanage Beach Renourishment Scheme (OBC)                    | 220     | 0       | 0       | 0       |
| 731             | QELC –Capital Maintenance works                             | 0       | 0       | 0       | 0       |
| 100             | Sea defence works at Sandsfoot Castle, Weymouth             | 500     | 0       | 0       | 0       |
| 624             | Beaucroft School – replacement modular classroom            | 0       | 0       | 0       | 0       |
| 57              | Ferndown Highways Depot                                     | 0       | 0       | 0       | 0       |
| 70              | Gibbs Marsh Highways Depot – Surfacing of Depot yard        | 0       | 0       | 0       | 0       |
| 110             | Installation of ANPR at HRC sites                           | 0       | 0       | 0       | 0       |
| 100             | Installation of PV's on DC buildings                        | 100     | 200     | 300     | 400     |
| 400             | Maintenance of Cycleways and Traffic Control Equipment      | 400     | 400     | 400     | 400     |
| 378             | Climate Change Schemes                                      | 0       | 0       | 0       | 0       |
| 100             | Travel & Transport software procurement                     | 0       | 0       | 0       | 0       |
| 14,335          |   | 15,458  | 14,620  | 16,200  | 13,300  |
| 42,207          | <b>Total Budget 21-22 &amp; 2022/23</b>                     | 40,208  | 37,018  | 30,557  | 13,300  |