



Dorset
Council

Dorset Council

Date: Tuesday, 11 February 2025
Time: 6.30 pm
Venue: Council Chamber, County Hall, Dorchester, DT1 1XJ

All members of Dorset Council are requested to attend this meeting of the Full Council.

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

For more information about this agenda please contact Democratic Services
Meeting Contact susan.dallison@dorsetcouncil.gov.uk

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Agenda

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To consider a recommendation from Cabinet.	

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Addendum to Full Council report on budget strategy

This addendum covers two updates which affect the budget strategy

1. The publication of the final local government finance settlement
2. Anticipated changes to Non-Domestic rating for private schools

The publication of the final Local government finance settlement

1. The statement

- 1.1 On 3 February 2025, the Secretary of State for Housing, Communities and Local Government, Angela Rayner, provided a statement to Parliament regarding the final local government finance settlement for 2025/26.
- 1.2 The final settlement follows consultation on the provisional settlement which closed on 15th January 2025.

2. National context

- 2.1 In recognition of the work undertaken by councils, the final Settlement makes available a total increase of 6.8% in cash terms of national level Core Spending Power. This makes available £69.4 billion in resources compared with the 2024/25 local government settlement of £65bn.

3. Increases in the quantum

- 3.1 Turning to the overall increase, a further £521m was made available between the provisional and final settlement. This includes £502m which is funding to support Local Authorities for increased costs of Employers NIC's which was announced at the provisional settlement but was expected to be outside core spending power and an additional £19m for Children's Social Care Prevention Grant.
- 3.2 These allocations, in particular, the NIC's increases the cash terms increase to the settlement. The Local Government Association's (LGA) response to the Government consultation reported that the cost of NIC changes is £637m. As the allocation falls short of the cost in real-terms this is a cut to Local Government funding.
- 3.3 At a local level the funding changes are set out in the table, below.

Illustrative Core Spending Power of Local Government:

	Provisional Settlement 2025-26 £ millions	Final Settlement 2025-26 £ millions	Increase in funding 2025-26 £ millions
Settlement Funding Assessment	49.7	49.7	
Compensation for under-indexing the business rates multiplier	10.3	10.3	
Council tax requirement excluding parish precepts ^{1,2}	326.2	326.2	
Local Authority Better Care Grant ³	15.4	15.4	
New Homes Bonus	3.2	3.2	
New Homes Bonus returned funding	0.0	0.0	
Rural Services Delivery Grant	0.0	0.0	
Transition Grant	0.0	0.0	
Adult Social Care Support Grant	0.0	0.0	
Winter Pressures Grant ⁴	0.0	0.0	
Social Care Support Grant ⁵	0.0	0.0	
Social Care Grant	34.3	34.3	
Market Sustainability and Fair Cost of Care Fund	0.0	0.0	
Market Sustainability and Improvement Fund ⁶	7.5	7.5	
Lower Tier Services Grant	0.0	0.0	
ASC Discharge Fund	0.0	0.0	
Funding Guarantee	0.0	0.0	
Services Grant	0.0	0.0	
Domestic Abuse Safe Accommodation Grant ⁷	0.8	0.8	
Recovery Grant ⁸	0.0	0.0	
Children's Social Care Prevention Grant ⁹	0.8	0.8	0.1
Employer National Insurance Contributions Grant ¹⁰	0.0	2.9	2.9
Funding Floor	0.0	0.0	
Grants rolled in ¹¹	0.0	0.0	
Core Spending Power	448.2	451.1	3.0

3.4 The changes from the provisional settlement to the final settlement has seen an additional £3.0m in funding. Broken down as follows:

3.4.1 Children's Social Care Prevention Grant, increase of £65k.

3.4.2 Employers National Insurance Contributions Grant, £2.9m of which £2.775m was already budgeted for outside Core Spending Power.

3.5 As a result of the changes outlined the budget information has been updated as per the restated appendices at the end of this document.

Anticipated changes to Non-Domestic rating for private schools

4. As part of the Autumn Statement the Government set out plans to change the approach to Non-Domestic rating for private schools.

5. More about this legislation and the progress can be found on the Parliament website. [Non-Domestic Rating \(Multipliers and Private Schools\) Bill - Parliamentary Bills - UK Parliament](#)

6. The Non-Domestic Rating (Multiplier and Private Schools) Bill is due to receive royal assent on or before 31 March 2025. As a result, Private schools will no longer be

entitled to charitable rates relief (either as a charity or charitable organisation) and Dorset Council will update their policy to adopt and reflect this change.

7. For the purpose of this change the definition of 'Private school' is an educational establishment that provides compulsory full-time education where a fee is payable.
8. This change will be applied from 1 April 2025 and affect access to both mandatory and discretionary relief.

Appendix 1a – Budget Summary

	£'000 Pay	£'000 Non-Pay	£'000 Fees & Charges	£'000 Grants /Funding	£'000 Movement in Balances	£'000 Net Budget (2025-26)
People Services - Adults	36,239	235,400	(79,243)	(24,789)	(261)	167,346
Service user related	109	214,205	(63,460)	(16,734)	0	134,120
Adult Care Ops	22,838	(471)	(4,840)	(106)	0	17,421
Commissioning	5,486	12,171	(5,000)	(4,291)	(261)	8,104
Director Office	72	1,699	(872)	(946)	0	(47)
Housing	7,734	7,797	(5,072)	(2,711)	0	7,748
Corporate Development	39,088	79,893	(13,749)	(65,137)	(3,615)	36,480
Finance & Commercial	12,976	71,553	(9,091)	(64,804)	(308)	10,325
Human Resources	4,081	163	(2,036)	0	(225)	1,984
Digital & Change	2,316	91	(85)	0	0	2,322
ICT Ops	5,413	4,818	(1,350)	0	(76)	8,805
Director	(2,364)	147	0	0	(473)	(2,690)
BI & Performance	1,467	14	0	0	0	1,481
Comms & Engagement	1,301	159	(44)	0	(75)	1,340
Community Grants	409	965	0	0	0	1,374
Chief Executive Office	1,051	198	(91)	0	0	1,158
Transformation	1,094	0	0	0	(1,064)	30
Climate & Ecological	1,045	24	(83)	0	(839)	148
Customer Services, Libraries and Archives	8,037	1,588	(968)	(333)	(405)	7,919
Organisational Development	2,265	173	(2)	0	(151)	2,285
Place	64,740	114,416	(65,537)	(4,655)	(951)	108,013
Economy, Infrastructure, Growth	26,658	63,448	(29,208)	(4,158)	(1,165)	55,574
Place	36,612	39,060	(28,177)	(497)	161	47,159
Directors Office	(3,181)	475	(1)	0	0	(2,707)
Assets & Regeneration	4,652	11,433	(8,151)	0	54	7,987

	Original Budget		2025-26			
	£'000 Pay	£'000 Non-Pay	£'000 Fees & Charges	£'000 Grants /Funding	£'000 Movement in Balances	£'000 Net Budget (2025-26)
People - Children	54,928	62,233	(7,396)	(22,656)	0	87,109
Quality and Assurance	4,597	131	(672)	(19)	0	4,037
Care & Protection	22,245	46,406	(208)	(4,573)	0	63,870
Commissioning & Partnerships	8,933	1,122	(2,895)	(1,259)	0	5,902
Education & Learning	16,260	3,474	(2,557)	(1,831)	0	15,345
Director's	2,893	11,101	(861)	(14,974)	0	(1,841)
DSG Recharge	0	0	(204)	0	0	(204)
Legal & Democratic	6,191	2,867	(1,056)	0	0	8,002
Assurance	1,281	606	(71)	0	0	1,816
Democratic & Electoral	1,162	2,111	(46)	0	0	3,226
Land Charges	505	1	(769)	0	0	(263)
Legal	3,243	150	(171)	0	0	3,222
Public Health	1,939	11,542	0	(13,481)	0	0
Public Health	1,939	11,542	0	(13,481)	0	0
Central Finance	10,425	15,107	(4,697)	(40,881)	30,248	10,201
General funding	8,723	330	(697)	(40,768)	3,774	(28,639)
Capital financing	0	13,963	(4,000)	0	13,301	23,264
Contingency	0	0	0	0	13,173	13,173
Precepts	0	788	0	(112)	0	676
Retirement Costs	1,702	25	0	0	0	1,727
Total Non Schools Budget 2025/26	213,549	521,459	(171,678)	(171,599)	25,421	417,152
Schools Budget	0	326,881	0	(326,881)	0	0
Budget Requirement 2025/26	213,549	848,340	(171,678)	(498,480)	25,421	417,152
FUNDING						
Business Rates Top Up						(70,153)
Revenue Support Grant (RSG)						(1,749)
Council Tax Surplus						(342,014)
New Homes Bonus						(3,236)
						(417,152)

Appendix 1b – Cost type analysis

Cost Type	Original Budget 2025/26 £'000
Internal Charges (Expenditure)	13,833
Authority (Democratic) Costs	1,949
Pay Related Costs	213,549
Premises Related Costs	25,688
Transport Related Costs	38,376
Supplies and Services	450,041
Transfer Payments	140,141
Levies & Precepts	788
Third Party (Contracted Out) Payments	176,556
Net Schools Budget	968
Contingency and Movement in Reserves	25,421
Gross Expenditure	1,087,310
Government Grants (Specific)	(498,480)
Income, Fees & Charges	(171,678)
Gross Income	(670,158)
Budget Requirement	417,152
Council Tax	342,014
Business Rates	70,153
New Homes Bonus	3,236
Revenue Support Grant	1,749
Total Funding	417,152

* This includes an estimate for schools and public health budgets

Appendix 1h – Central budgets – summary of movements

Central Finance		£
Base budget position 2024/25 after adjustments		(£11,002,666)
Central Finance Baseline changes		Narrative
Unrealised Our Future Council savings	£8,622,278	2024/25 savings not achieved
Interest paid for capital programme	£3,706,571	Additional interest budget required to support the Capital Programme
Increases in specific grants	(£1,136,158)	Grant for Employers NIC offset but funding Guarantee no longer being funded
MRP Increase	£1,400,000	Additional budget for the charge require to fund repayment of debt for the Capital Programme
Public Health reversal of saving	£500,000	Saving from Public Health not achieved in 2025/26
LGPS Pension deficit contribution	£250,000	Additional pension contribution to fund past deficit on scheme.
Our Future Council Investment	£3,000,000	Additional costs of the Our Future Council Programme
Council Plan	£1,000,000	Additional requirements for the Council Plan
Cost of Living Fund	£500,000	2025/26 allocation for the Cost of Living Fund.
Inflation Fund	£4,587,525	Inflation fund to support market fluctuations.
Extended Producer Responsibility Funding	£2,116,000	Additional cost of implementing the Extended Producer Responsibility Funding
Transfer to reserves	£4,773,829	Additional funding to increase the general fund so that it is not under the minimum level.
Reduction in contract expenditure	(£1,000,000)	Saving from Our Future Council which is for a reduction in Contract spend.
Extended Producer Responsibility Grant Funding	(£7,116,000)	Additional Funding for Extended Producer Responsibilities
Central Finance current base budget for 2025/26		£10,201,379
Increase in base		£21,204,045

Changes since November cabinet

Budget gap as at 19/11/2024	£35,051,845
Adults and Housing pressures	(£5,452,583)
Central Finance pressures	£11,202,711
Children's pressures	£1,527,202
Place pressures	£4,238,154
Corporate pressures	£504,936
Increase in grant funding	(£3,790,970)
Increase in Children's savings	(£5,134,280)
Increase in Central Finance savings	(£8,116,000)
Increase Place savings	(£8,920,396)
Increase in Corporate savings	(£5,101,089)
Reduction in Travel growth	(£396,000)
Increase in Adults & Housing savings	(£8,427,575)
Business rates increase/growth	(£2,111,958)
Council increase/growth (includes Second Homes)	(£5,073,997)
Budget gap as at 07/02/2025	£0