

# **Audit and Governance Committee**

## **8 July 2024**

### **Draft outturn report 2023/24**

#### **For Decision**

**Portfolio Holder:**

Cllr S Clifford, Finance & Capital Strategy

**Local Councillor(s):**

All

**Executive Director:**

A Dunn, Executive Director, Corporate Development

Report Author: Sean Cremer

Job Title: Corporate Director, Finance and Commercial

Tel: 01305 228685

Email: sean.cremer@dorsetcouncil.gov.uk

**Report Status:** Public

**Brief Summary:**

This report comes to the Audit and Governance Committee with information about the Council's draft, unaudited financial performance for the year ended 31 March 2024 and the financial position at that date.

**Recommendation:**

The Audit and Governance Committee is asked to note the draft revenue and capital outturn and the financial performance for the year ended 31 March 2024;

**Reason for Recommendation:**

Review of the organisation's performance against budget is a key aspect of this Committee's role.

# Cabinet

11 June 2024

## Draft outturn report 2023/24

### For Decision

**Portfolio Holder:**

Cllr S Clifford, Finance & Capital Strategy

**Local Councillor(s):**

All

**Executive Director:**

A Dunn, Executive Director, Corporate Development

Report Author: Sean Cremer

Job Title: Corporate Director, Finance and Commercial

Tel: 01305 228685

Email: sean.cremer@dorsetcouncil.gov.uk

**Report Status:** Public

This report comes to Cabinet with information about the Council's draft, unaudited financial performance for the year ended 31 March 2024 and the financial position at that date.

**Recommendation:**

Cabinet is asked to;

1. Note the draft revenue and capital outturn and the financial performance for the year ended 31 March 2024; and
2. To approve use of un-ringfenced reserves to support the 2023/24 final outturn in addition to increasing the general fund balance in line with the financial strategy document.
3. To approve a transfer of £4.4m reserves to a ring-fenced reserve to support the Dedicated Schools Grant Safety Valve program and realignment of existing earmarked reserves as reported in section 11.6.

### **Reason for Recommendation:**

Although this report does not seek formal approval from Cabinet for the reported outturn, the financial performance for the year and the financial position at 31 March 2024 are important aspects of financial management as they mark the start of the next medium-term financial plan update (MTFP) and budget strategy development for 2025/26.

In addition to reporting outturn, with the financial performance for the year materially complete, it is important for Cabinet to review the risks the organisation now faces and to consider areas where it wishes to make strategic investments and/or to repurpose and prioritise its reserves to facilitate these aims.

#### **1. Financial Implications**

The financial performance for the year and the position at year-end are set out in this document. The report also summarises the impact on the 2024/25 budget and the MTFP.

The actions to reduce the balance and age of debt and arrears following the increases in these numbers during the pandemic and more recently the cost of living rises, are critical to reducing debt as well as supporting residents and businesses to pay what is due. The charges levied by the Council – and all local taxes – are vital to funding service delivery so they must be supported by appropriate and proportionate recovery action by all local authorities.

#### **2. Natural Environment, Climate & Ecology Implications**

The outturn for the year and the position at 31 March 2024 includes revenue and capital spend which support the delivery of the Council's climate and ecology strategies.

#### **3. Well-being and Health Implications**

The Council's has total service budgets of £371.8m of which £232m (62%) is spent within the Adults & Housing and Children's directorates which aims to improve aspects of well-being and health across Dorset. Further resources are available through the Public Health Ring Fenced Grant allocation of £15m.

#### **4. Other Implications**

None specific.

## 5. **Risk Assessment**

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

Current Risk: Medium

Residual Risk: High

5.2 Despite the mitigations and the governance framework around strategic and financial performance that the Council has in place, the S151 Officer deems the current risk to be medium due to Dorset's financial position relative to other Local Authorities.

5.3 The residual risk being high principally reflects the national picture and economic conditions affecting all local authorities. Pressures continue to build in the Medium-Term Financial Plan (MTFP) and around the High Needs Block (HNB) of the Dedicated Schools Grant (DSG).

5.4 There is further uncertainty as to future Local Government funding given the General Election and how this will impact the Autumn Statement, Spending Review and Local Government Finance Settlement all of which to take place before the 2025/26 financial year.

## 6. **Equalities Impact Assessment**

No specific equalities issues have emerged in drafting the Council's various reports on financial performance and position.

## 7. **Appendices**

a) Financial Savings graph

b) Climate wheel

## 8. **Background Papers**

[2023/24 budget strategy report](#)

[Financial management report Q1 2023/24](#)

[Financial management report Q2 2023/24](#)

[Financial management report Q3 2023/24](#)

[2024/25 budget strategy report](#)

## 9. **Budget setting 2023/24 and context**

9.1 2023/24 involved setting a strategic budget and MTFP against a further one-year settlement from Government. This financial year has proved challenging which has required the Council to continue its good work to drive proactive and positive action to deliver high quality services within limited resources. The UK has also been experiencing a period of sustained inflation. These rising costs directly affect the Council in terms of cost of providing services as well as leading to increased demand for support from residents and businesses. The Council's budget requirement is £347.6m and was funded from:

- 1) Council tax (£292.1m)
- 2) Business rates (£50.2m)
- 3) Rural services delivery grant (£2.8m)
- 4) New homes bonus (£1.8m)
- 5) Revenue support grant (£0.7m)

More detail is set out in the budget strategy report at the link above.

9.2 Members will recall that the Council has been forecasting an overspend against its budget for much of the year due to pressures within service budgets as a result of the direct impact of inflation and rising demand and complexity of need.

9.3 Areas of risk remain and are carefully monitored and reported on during the year. During 2023/24, inflation in the UK reached 9.6%. Whilst the Council made some provision for inflation in its 2023/24 budgets, and has a contingency budget to support price fluctuations, it is also important to remember that pressure on costs cannot and should not be managed by the Council alone. To reduce the impact of inflation the Council must, and does, work with partners and suppliers to minimise the impact on service delivery as well as continuing to lobby central government for increased funding for Dorset recognising the challenge of our demography and rurality when providing services to our residents, communities and businesses.

9.4 The Council's budget is essentially fixed in cash terms and its ability to raise income is limited. There are national controls in place around council tax and business rates and ability to generate income from trading is relatively limited in the short-term as well as potentially at odds with wider economic development ambitions.

9.5 There are major policy changes within our planning horizon – such as the social care funding reforms which have been delayed to October 2025 and work on education funding formulae. These changes may be affected by the upcoming General Election.

## 10. Financial performance for the year

### Overall performance

- 10.1 The financial year 2023/24 concluded with an overspend of £0.998m which represents 0.29% of the Councils budget requirement (£347.6m). This overspend falls to be financed from the general fund reserve. This is a significantly improved position than had been predicted earlier in the year.
- 10.2 Whilst this improvement to the Councils net position is welcome we must recognise that this is driven by one-off changes within the heading Central Finance driving a £14.9m underspend/over recovery as well as work within services to drive down costs impacted by inflation and rising demand and complexity.
- 10.3 It is therefore essential to remain committed to the ongoing requirement for mitigation to address the overspend of £15.9m across Service budgets as shown in the table below. Much of the underlying pressures associated with need and complexity will feature operationally in 2024/25 and the pre-existing and emerging transformation activity will be key to delivering on the balanced budget as set at Full Council in February 2024.
- 10.4 Headline performance against budget is summarised in the table below.

Directorate	Net Budget £'000	Outturn £'000	(Overspend)/ Underspend £'000		Change since Q3 £'000
People - Adults	151,184	154,292	(3,108)	(2.1%)	296
People - Children's	80,803	83,129	(2,326)	(2.9%)	718
Place	86,684	99,300	(12,616)	(14.6%)	1,605
Corporate Development	44,210	42,475	1,735	3.9%	900
Legal & Democratic Services	7,010	6,582	428	6.1%	22
Public Health	1,890	1,890	0	0.0%	0
<b>Total Service Budgets</b>	<b>371,781</b>	<b>387,668</b>	<b>(15,886)</b>	<b>(4.3%)</b>	<b>3,542</b>
Central Finance	(359,871)	(374,760)	14,889	(4.1%)	(1,017)
<b>Whole Authority</b>	<b>11,910</b>	<b>12,908</b>	<b>(998)</b>		<b>2,524</b>
Dedicated Schools Grant budgets	941	24,597	(23,655)		1,002

10.5 More detail on the specific Directorates is set out in the following paragraphs.

### Children's Services

10.6 The Children's Services outturn was £83.129m compared with a net budget of £80.803m, an overspend of £2.326m (2.9%). A variance at this level can be seen as a positive outcome for a demand-led directorate operating in an ever-changing environment.

People Services - Children	Net Budget £'000	Outturn £'000	(Overspend)/ Underspend £'000		Change since Q3 £'000
Quality Assurance	2,734	2,886	(152)	(5.6%)	(7)
Care & Protection	60,621	63,278	(2,657)	(4.4%)	(101)
Commissioning and Partnerships	7,571	8,011	(440)	(5.8%)	43
Director's Services	(2,017)	(2,461)	444	(22.0%)	307
Education and Learning	12,322	11,844	479	3.9%	476
DSG Recharges	(429)	(429)	0	0.0%	(0)
<b>Total Directorate Budget</b>	<b>80,803</b>	<b>83,129</b>	<b>(2,326)</b>	<b>(2.9%)</b>	<b>718</b>
Dedicated Schools Grant budgets	941	24,597	(23,655)		1,002

10.7 The Quarter 3 forecast indicated a £3.04m overspend, so there was an improvement of £0.718m between the last predictions reported to Cabinet and the draft outturn. The narrative below considers major variances from budgets during the year as well as any risks or other factors that need to be considered in the next iteration of the MTFP.

10.8 The national overspending position for external placements is also true at Dorset Council. This area overspent by £3.4m, excluding £0.4m for Asylum Seeking children, despite numbers of children in care falling, excluding our unaccompanied asylum-seeking children:

	April 2023	March 2024	Change
Children in Care (excluding UASC)	404	396	-8
Unaccompanied Asylum-Seeking Children (UASC)	34	54	+20

Source: Monthly Financial Tracker

10.9 The external placement overspend has been offset by in-house fostering and in-house residential underspends by £1.9m. There are pressures within the Children with a Disability (CWAD) area for all services (£1.0m).

- 10.10 Some of the overspends have been offset by carefully managing vacancies and agency budgets, increases in grants, other funding, and underspending non-pay budgets.
- 10.11 The directorate also delivered £3.4m (90%) of targeted transformation and tactical savings during the year.
- 10.12 There are risks within the 2024/25 budget that will require careful monitoring and management. Risks include capital project delays and the subsequent impact on revenue budgets, inflation (particularly for placements and externally provided services), the Social Care reforms via Pathfinder and long-term funding, and the delivery of transformation savings.

#### Dedicated Schools Grant (DSG)

- 10.13 The DSG was overspent by £23.655m. The grant is split into four blocks, with the High Needs Block (HNB) overspending by £23.62m, and the Early Years Block (£0.092m) with an underspend in the Central Services to Schools Block (£0.06m). The Schools Block had no variance.
- 10.14 The cumulative deficit is now £59.57m The DSG is a ring-fenced grant handed out by the Department for Education (DfE) for local authorities' school budgets.
- 10.15 Any deficit associated with the DSG is kept off councils' balance sheets as a result of the statutory override set out in The Local Authorities Capital Finance and Accounting (England) Regulations. It was announced in December 2022 that this would apply for a one-off period of three years up to 31 March 2026.
- 10.16 Whilst the deficit is therefore held separately from the general fund, there is a cashflow pressure resulting from carrying a £59.75m deficit meaning that the Council has access to £59.75m less cash than it would otherwise. As a result, interest foregone on the deficit equates to £3m of pressure met by the General Fund. This is £3m which could otherwise be spent on local service delivery.
- 10.17 As a result of the financial position in April 2023 the Dorset Council has been working with Department for Education (DfE) as part of the Enhanced Monitoring and Support programme. The Council is continuing negotiations with DfE SEN practice and financial advisors and developing a revised plan that has been both supported and scrutinised by external parties.
- 10.18 This work seeks to identify a future in-year HNB break-even point and therefore cumulative deficit position.



- 10.19 The DfE announced in March 2024 that Safety Valve payments towards funding the historic deficit would be temporarily paused until Ministerial agreement of a revised plan. Dorset Council has submitted revised draft plans for scrutiny during the course of the 2023/24 financial year and awaits recommendations from advisors. In the absence of feedback officers continue to deliver the improvement work outlined in the plan & have commissioned external expertise to support the continued improvement.
- 10.20 Whilst the financial contributions are paused Dorset Council has earmarked its own contributions agreed within the original Safety Valve agreement which will now be held in reserve pending the outcome of the revised agreement.
- 10.21 In January 2024, Dorset applied for additional £13.684m of SEND capital funding from the DfE which would deliver new assets to improve provision and in turn support the required outputs of the Safety Valve. Dorset have been awarded £10.6m, announced in April 2024.
- 10.22 The historical DSG deficit is a long and well-documented risk stemming from a change in government legislation in 2014. The number of children who require an Education Health and Care Place (EHCP) continues to rise and coupled with Dorset Special Schools reaching capacity, has seen an increase in the use of generally more expensive special school places.
- 10.23 This is a national issue. 'SEND provision and funding' was debated in parliament on the 11 January 2024. The below is an extract from the Local Government Association, published on the 9 January 2024 ahead of the debate:
- Dedicated Schools Grant (DSG) and high needs funding pressures are one of the biggest challenges that councils with education responsibilities are currently facing. This is the result of an ever-increasing demand for SEND support and the growing number of children and young people who have an Education, Health and Care Plan (EHCP). Department for Education (DfE) statistics show that at January 2023 there were over 517,000 children with an EHCP, an increase of 9 per cent on 2022. The number of EHCPs has increased every year since they were introduced. We do not believe that the proposals set out in the Government's SEND and Alternative Provision improvement plan will result in this increase either slowing down or stopping.*
- 10.24 Although the reforms will take time to implement, Dorset Council and partners continue to be ahead of the curve, especially regarding the *Safety Valve* and for our children and young people.

10.25 Members will be reassured that the financial position has not affected the quality of service delivery. In March 2024 Dorset had a joint area inspection for local area arrangements for children and young people with special educational needs and/or disabilities (SEND). This was joint with NHS Dorset and included inspectors from Ofsted and the Care Quality Commission (CQC). The report from that inspection was published in May 2024.

10.26 The inspection report stated that  
*'the local area partnership's special educational needs and/or disability (SEND) arrangements typically lead to positive experiences and outcomes for children and young people with SEND...Children and young people with SEND and their families are placed at the heart of all that leaders do.'*

10.27 This is the best possible outcome from an inspection and Dorset Council is the first unitary authority to receive this outcome under the new SEND inspection framework. Testament to the hard work and dedication of the teams supporting children and young people with SEND and their families and the whole Council approach to supporting their work.

### **Adults Services & Housing**

10.28 The Adults Services & Housing outturn was £154.292m compared with a net budget of £151.184m, an overspend of £3.108m (2.1%). Given the national picture and demand for service provision this is a positive outcome for the directorate.

People Services Adults & Housing	Net Budget	Outturn	(Overspend)/ Underspend		Change since Q3 £'000
	£'000	£'000	£'000		
Adult Care Packages	117,882	119,684	(1,802)	(1.5%)	(185)
Adult Care	15,515	14,899	616	4.0%	540
Commissioning & Improvements	8,606	8,445	161	1.9%	144
Directorate Wide	2,691	2,653	38	1.4%	38
Housing & Community Safety	6,490	8,611	(2,121)	(32.7%)	(241)
<b>Total Directorate Budget</b>	<b>151,184</b>	<b>154,292</b>	<b>(3,108)</b>	<b>(2.1%)</b>	<b>296</b>

10.29 The quarter three forecast indicated a £3.404m overspend, however, there was an improvement of £0.296m between the last prediction reported to Cabinet and the draft outturn. The final quarter's improved position was achieved through improvements across the Directorate.

10.30 The Adult Social Care budget supports approximately 4,123 people an increase of 198 people since 2022/23.

### Adult Care Packages

- 10.31 The Adult Care Packages budget ended the year with an overspend of £1.802m. The main driver for the overspend was Learning Disabilities; this is a complex area of service provision within the Directorate.
- 10.32 Positive work has continued in year with the 'Home First Accelerator' programme which supports Hospital Discharge. Through the ICS (Integrated Care System), partners have collaborated on Home First plans. The programme has supported the rebalancing of demand across the out of hospital pathway, improved system resilience and provided better outcomes for people.
- 10.33 We have seen the full year effect of thirty therapy led, reablement beds, supported by multi-disciplinary teams and commissioned through Care Dorset. Occupancy levels across these beds is 78% with an average length of stay of 38 days.
- 10.34 There has been a positive in-year shift with more people being supported at home. 154 more people were supported to live at home in March 2024 than in April 2023 and the average weekly cost of £433 per week is the same as in April 2023.
- 10.35 There has been a focus on Working Age Accelerator programme within 2023/24 which has focused on ensuring that the right joint funding arrangements are in place or packages of care are at the right levels to maximise individual independence as well as best value for the authority. The HomeFirst Accelerator programme has included a focus on market-wide developments to ensure that the right care and support is available for people, by optimising the delivery of homecare and supporting provider innovation. This work will continue into 2024/25.

### Adult Care

- 10.36 The Adult Care Budget ended the year with an underspend of £0.616m. There were several vacancies across the Directorate in the year, particularly within Locality and Specialist Teams which were the primary cause of this. Recruitment remains a national challenge and we are working to make Dorset a place of choice to practice.

### Housing & Community Safety

- 10.37 Housing overspent by £2.121m. This overspend is attributable to the Council needing to pick up the widened Housing Benefit Subsidy shortfall on B&B accommodation used for homelessness. This is adverse because of the impact of increased demand and increased charges and rents for such accommodation. Additional budget was allocated in the 2024/25 budget setting process to address this.

- 10.38 Performance in homelessness prevention is strong despite demand being sustained over the year resulting in a 2.5% increase when compared to last year. The increased demand means that Bed and Breakfast and other expensive nightly rate accommodation is still being required at charges which are punitively high. Charges are rising from the private landlord and B&B sector, whilst Local Housing Allowance remains frozen at 2011 rates (meaning that the cost of the shortfall is picked up by the Council).
- 10.39 To meet the high increases in demand and costs, work continues to scale up and transform the work on prevention of homelessness and also to increase the supply of better priced non B&B accommodation (including proposals to make better use of Council assets and land, but to operate from several approaches, such as Government grants, leases with private providers and Housing Associations). Prevention of homelessness is the key result, but the financial mitigations are primarily linked to finding alternatives to the high net cost accommodation, such as B&Bs, which are delivered with a smaller subsidy gap.
- 10.40 Demand for temporary accommodation remains high but there are early indications that intensive placement management and early homeless prevention and triage are easing placement demand.
- 10.41 The homes for Ukraine and Afghan and households has progressed in year securing 30 new homes for households who are homeless or at risk of homelessness. The council is currently in the process of identifying households and allocate homes. An expression of interest was submitted for phase 3 of this scheme.
- 10.42 There are 3 projects underway related to Single Homeless Accommodation Programme (SHAP) including the extension of the Bus Shelter site, a new unit to cater for homeless women with complex needs and proposals for a new hub and spoke model for young homeless people (18-25) with support.
- 10.43 Adults and Housing have delivered £9.073m of savings during the year with a total of £19.373m over the last three years.

## Public Health

10.44 The public health grant for 2023/24 for BCP council was £21.288m and for Dorset council was £15.090m. Agreed local authority contributions for the year gave a shared service budget of £26.298m.

10.45 Final outturn resulted in a £0.040m underspend which has been added to reserves. The figures in the table, above are net, so they do not reflect the numbers shown in this analysis, which are gross grant income and expenditure and transfers to and from reserves.

## Place Directorate

10.46 The final Place Directorate net budget for 2023/24, after in-year adjustments, was £86.7m, and the final net spend was £99.3m, an overspend of £12.6m (14.6%). Comparative spend (i.e. taking into account organisational changes) for the prior year was £80.6m, meaning that actual net expenditure for the Place Directorate increased by £18.7m from one year to the next.

Place	Net Budget £'000	Outturn £'000	(Overspend)/ Underspend £'000		Change since Q3 £'000
Assets and Regeneration	10,085	12,218	(2,133)	(21.2%)	(132)
<b>Economic Growth and Infrastructure</b>					
Highways	(1,675)	888	(2,563)	(153.0%)	160
Planning	5,336	6,543	(1,207)	(22.6%)	(177)
Travel	27,931	34,679	(6,748)	(24.2%)	311
Business Support	1,913	1,796	117	6.1%	72
<b>Subtotal: EG&amp;I</b>	<b>33,506</b>	<b>43,906</b>	<b>(10,400)</b>	<b>(31.0%)</b>	
<b>Place Services</b>					
Environment and Wellbeing	8,324	8,351	(27)	(0.3%)	412
Community and Public Protection	3,301	3,408	(107)	(3.2%)	231
Waste - Commercial & Strategy	14,696	14,537	159	1.1%	508
Waste - Operations	16,282	16,321	(39)	(0.2%)	181
<b>Subtotal: Place Services</b>	<b>42,602</b>	<b>42,617</b>	<b>(14)</b>	<b>(0.0%)</b>	
Directors Office	492	559	(67)	(13.7%)	39
<b>Total Directorate Budget</b>	<b>86,684</b>	<b>99,300</b>	<b>(12,616)</b>	<b>(14.6%)</b>	<b>1,605</b>

10.47 A number of headline adverse factors have been flagged throughout the year and remain unmitigated; volatile income, escalating costs, car parking income falling short of the budget set, and notably the issues facing school transport and SEND transport. The final Quarter 4 outturn was circa £1.6m better than the quarter 3 (December) forecast, however, this is largely made up of relatively small improvements over a wide range of areas.

#### Assets and Regeneration

10.48 The Assets and Regeneration budget ended the year with an overspend of £2.1m. Approximately £1.1m relates to savings targets that could not be achieved. In addition, income achieved fell short of budget, particularly around the 5% uplift (£355k), contributions to capital (£252k), car parking income at County Hall (£169k), Coombe House occupation (£87k) and County Farms.

#### Economic Growth and Infrastructure

10.49 Economic Growth and Infrastructure (EGI) consists of three services: Highways, Planning, and Dorset Travel.

10.50 The cumulative overspend for EGI is £10.4m representing a 31% overspend against the net budget.

#### Highways

10.51 The Highways service ended the year at £2.563m overspent. The majority of this (£2.430m) relates to car parking income underachieving against the approved budget. The budget has been rebased in 2024/25 to reduce the budgeted car parking income by £3.5m. Outside of car parking, other Highways budgets saw various underspends and overspends with a net effect of £133k overspent.

### Planning

10.52 The Planning Service ended the year at £1.2m overspent, broadly in line with the forecast and largely due to income levels underperforming against the budget.

10.53 The table reveals the highly volatile nature of the fees and charges income budget for Planning over the last five years:

	Outturn 2019/20	Outturn 2020/21	Outturn 2021/22	Outturn 2022/23	Outturn 2023/24
	£	£	£	£	£
Fees and Charges	-4,521,157	-4,003,881	-5,164,921	-4,038,113	-4,139,772

10.54 These Fees and Charges are broken down by service as follows:

	Outturn 2019/20	Outturn 2020/21	Outturn 2021/22	Outturn 2022/23	Outturn 2023/24
	£	£	£	£	£
Development Management	-3,459,915	-2,801,899	-3,719,195	-3,058,816	-2,914,673
Spatial Planning	-188,567	-327,826	-292,538	-22,863	-275,332
Building Control	-872,675	-874,156	-1,153,188	-956,434	-949,767

### Travel

10.55 Dorset Travel ended the year at £6.748m (circa 24%) overspent. The issues affecting all aspects of Dorset Travel (mainstream school transport, SEND transport, and public transport) reflect the same issues seen on a national level. The budget has been rebased for 2024/25, adding £12m to the base budget to address current and future demand. The 2023/24 final position by service is as follows:

### Public Transport

- 10.56 Public Transport ended the year better than anticipated. This is due to unbudgeted grant money from central government, known as BSIP (Bus Service Improvement Plans) grant of £884k, and without which this contribution to service costs would have been significantly higher. The cost of public transport contracts, like many areas, has seen, and continues to see, significant price increases (with suppliers quoting driver shortages and general inflation/cost of living crisis as the main reasons).

### Mainstream school transport

- 10.57 Mainstream school transport contracts did not benefit from BSIP funding but faced the same contractual price hikes, and as a result overspent by £672k.

### SEND Home to school transport

- 10.58 There has been a significant overspend in the SEND home to school transport budget, which accounts for £6.449m of the total overspend of £6.748m within Dorset Travel. As well as the cost increases highlighted above, there is an increased demand on the service and more children with EHCPs (Education Health Care Plans) who require home to school transport. There is also limited supply in the local market and therefore a reduction in competition.

### Place Services

- 10.59 Place Services consists of four services, which are Environment and Wellbeing, Community and Public Protection, Waste Operations and Waste – Strategy and Commercial. Place services has a £14k overspend (0.03%)
- 10.60 **Environment and Wellbeing** budgets ended the year at £27k overspent. As forecast all year, Leisure Centre budgets were under pressure with increased utility costs and volatile income, and ended at £215k overspent, although this was better than some earlier estimates. Largely offsetting this was an underspend in the Flood and Coastal Erosion budgets of £209k. A significant portion of this relates to delayed spend on the Flood Management information system.
- 10.61 Weymouth Harbour and Bridport Harbour have ringfenced accounts and fully self-financing. Weymouth Harbour added £1.068m to their reserve following improved parking and berthing income, whilst Bridport Harbour



added £34k to their reserve.

- 10.62 **Community and Public Protection (CPP)** budgets ended the year at £107k overspent, slightly better than expected. This is partly due a late (unbudgeted and not forecast) third party contribution to a high-profile case in the Coroners service. Adverse services were Dorchester Market (£69k), Bereavement (£187k) and Licencing (£101k) offset by favourable positions in Trading Standards (£79k), Environmental Protection (£110k) and Registrars (£87k).
- 10.63 **Waste – Commercial Waste and Strategy** ended the year with an underspend of £159k. The forecast in the early part of the year was very gloomy, with the costs of recycle being the highest on record and exceeding the budget well in excess of £1m. However, income earned for glass was favourable and played a major part in offsetting the cost of the general recycle. In addition, income from trade waste and garden waste services made contributions in excess of the budget, and overall volumes of waste were lower than budgeted.
- 10.64 **Waste Operations** including Dorset Council fleet services ended the year at a £39k overspend on a £16.3m budget. There was an underspend of circa £400k on vehicle fuel. That budget line was increased following the spiralling fuel costs seen after the Ukraine war began. Prices have since stabilised, and £250k has been removed from the 2024/25 budget accordingly. Offsetting this, there were a number of adverse variances including: not meeting MOT income target (£160k)(adjusted in 2024/25 budget), contractual overtime £95k (adjusted in 2024/25 budget) and seasonal resorts cleaning £84k (adjusted in 2024/25 budget).
- 10.65 **Directors Office** There were no material variances within the Directors Office.

### Corporate Development

10.66 Overall, the Corporate Development outturn is £42.475m compared with a net budget of £44.21m, an underspend of £1,735k (3.9%). Corporate Development remained committed to supporting the Council's budget position and maintained a number of spend control measures throughout the year.

Corporate Development	Net Budget	Outturn	(Overspend)/ Underspend		Change since Q3 £'000
	£'000		£'000	£'000	
Financial & Commercial	11,624	10,929	695	6.0%	487
Human Resources	1,411	1,263	148	10.5%	(185)
ICT Operations	8,658	8,107	551	6.4%	242
Chief Executive's Office	1,098	1,027	70	6.4%	38
Directors Office	1,408	1,403	5	0.3%	(8)
Strategy, Performance and Sustainability	7,972	7,469	503	6.3%	296
Transformation, Customer and Cultural Services	12,039	12,276	(237)	(2.0%)	31
<b>Total Directorate Budget</b>	<b>44,210</b>	<b>42,475</b>	<b>1,735</b>	<b>3.9%</b>	<b>900</b>

10.67 **Finance & Commercial** has an outturn underspend of £695k. The improvement from the previous quarter includes: Pensions – the final spend on ICT costs was less than expected which in turn reduced the final recharge to the Pension Fund leaving a surplus of £117k that hadn't been forecast; Financial Services – there was an unbudgeted internal recharge income of £66k and within Revenues & Benefits the final adjustments to the bad debt provision improved the outturn position by £169k.

10.68 **HR** has an outturn underspend of £148k, which is in the main related to savings in pay related costs. The movement from the previous period is due to the forecast underspend being used to fund the Employer of Choice and new recruitment team rather than using additional business rates income.

10.69 **ICT Operations** has an underspend of £551k. The underspend is due to pay savings of £167k, predominantly driven by vacancies. There is also additional income of £173k as a result of a review of the costing model, an increase in customer user bases and £67k benefit from change of income received from leased assets. There is also a software underspend of £76k and infrastructure underspend of £248k.

10.70 The **Chief Executive's Office** has an underspend of £70k, which is mainly related to savings in pay costs.

### **Strategy, Performance and Sustainability**

10.71 **Business Intelligence** has an underspend of £144k, which is mainly related to savings in pay costs.

10.72 **Communications** has an underspend of £166k, which comprises of pay savings of £80k from vacant posts, together with supplies and services savings of £30k and additional income of £56k.

10.73 **Community Grants** has an underspend of £127k, which has arisen from the recharge of time spent on Asylum Barge and Ukrainian support projects.

### **Transformation, Customer and Cultural Services**

10.74 **Digital & Change** has an underspend of £147k, this comprises of pay savings of £45k and at year end, spend of £95k relating to the Children's transformation programme was picked up by Children's service rather than it being funded from within Digital & Change.

10.75 **Transformation** has an underspend of £37k that has resulted from a prior year adjustment. During 2023/24 £1.8m reserves were drawn down to support the Transformation activity within the Corporate directorate.

10.76 **Customer Service, Libraries and Archives** is showing an overspend of £422k. The budgeted customer transformation saving of £500k remains unmet in 2023/24.

10.77 Service budgets under Customer Service, Libraries and Archives have an underspend of £78k which partially offsets the saving. The libraries service has an overspend of £89k, which is the result of the restructure and redundancy costs of £176k being incurred. These have been offset by savings of £163k from within the Corporate Director and Customer Services budgets.

### Legal & Democratic Services

10.78 The Legal & Democratic outturn was £6.582m compared with a net budget of £7.010m, an underspend of £0.428m (6.1%).

Legal & Democratic	Net Budget	Outturn	(Overspend)/ Underspend		Change since Q3 £'000
	£'000		£'000	£'000	
Assurance	1,476	1,531	(55)	(3.7%)	(31)
Democratic & Elections Services	3,014	2,864	151	5.0%	44
Land Charges	(360)	(266)	(94)	(26.0%)	(0)
Legal Services	2,879	2,453	426	14.8%	10
<b>Total Directorate Budget</b>	<b>7,010</b>	<b>6,582</b>	<b>428</b>	<b>6.1%</b>	<b>22</b>

10.79 Within **Assurance** there is an adverse variance of £55k, which has arisen due to additional pay costs of £11k, increased cost of the Civil Contingencies contribution of £12k, unplanned expenditure of £16k on hazardous waste collection and a slight shortfall in income £9k.

10.80 The **Democratic & Elections Service** outturn is an underspend of £151k, which consists of pay related savings £69k; additional income of £153k offset by additional in supplies and services of £75k.

10.81 The **Land Charges** service outturn is an overspend of £94k. This comprises an income shortfall of £166k, which is largely due to reduced demand for searches as the housing market slows. The number of searches processed, and income trend is being closely monitored each month. This is offset by savings from vacant posts of £71k.

10.82 Within **Legal Services** the outturn underspend of £426k relates mainly to the vacant posts, which has resulted in a pay saving of £637k. This is offset by an income shortfall of £76k and agency costs of £154k.

### Central budgets

10.83 The outturn for central budgets is £374.760m compared with a net income budget of £359.871m, which is a net surplus of £14.889m (4.1%). The majority of savings / over recoveries are welcome and have been essential to reduce the impact of service overspends. As noted earlier in the report, these variances are mostly one-off items, where they are expected to be recurrent, they have been used to fund service pressures as part of setting the 2024/25 budget. As a result, are not expected to be available to offset new or emerging future pressures.

Central Finance	Net Budget £'000	Outturn £'000	(Overspend)/ Underspend £'000		Change since Q3 £'000
General Funding	(30,074)	(29,997)	(77)	0.3%	0
Capital Financing	11,379	9,550	1,828	16.1%	(996)
Contingency	10,725	6,049	4,676	43.6%	(55)
Schools Balance	0	0	0	0.0%	0
Precepts/Levy	18,440	18,495	(55)	(0.3%)	(18)
Central Finance	(372,290)	(380,787)	8,497	(2.3%)	(0)
Retirement costs	1,950	1,929	20	1.0%	52
<b>Total Central Budgets</b>	<b>(359,871)</b>	<b>(374,760)</b>	<b>14,889</b>	<b>(4.1%)</b>	<b>(1,017)</b>

10.84 **General Funding** is showing an underspend of £77k.

10.85 **Capital Financing** is showing a £1.8m underspend, which comprises of a saving in interest paid of £0.2m and an increase in investment interest of £2.1m. This has been offset by an overspend of £529k against the MRP budget.

10.86 As mentioned earlier in the report, the cumulative DSG overspend results in cashflow pressures resulting in interest foregone on cash balances. The in year DSG deficit was £23.65m, which equates to £1.19m of pressure.

10.87 The table above shows the net impact of the changing cash balances with a £1m worsening since Q3.

10.88 **Contingency** the budget has been released in line with its purpose, to offset the now confirmed additional cost of the pay award and inflationary pressures across the Council.

10.89 **Central Finance** is showing a £8.497m underspend as there is a council tax surplus forecast of £1.8m and business rates forecast of £6.6m. The business rates surplus has offset the business rates pressure in the services that have been impacted by the increased rateable values. As part of setting the 2024/25 budget the over recovery seen in 2023/24 has been rebased. An additional £6.2m of Business Rates income was

allocated to support the additional cost of the Assets and Property Health and Safety Compliance work which required urgent attention during the year across the whole asset estate. The health and safety compliance project is a pan council building survey programme covering 750 assets which are aimed at ensuring all assets can be classified as safe, legal and compliant. It includes a series of annual specialist surveys including asbestos, gas, fire safety, water safety (legionella) electrical, RAAC and RADON. The surveys usually identify a series of building improvements which are implemented immediately to ensure continued use of the asset.

## 11 General fund position and other earmarked reserves at year-end

- 11.1 The overspend of £0.998m (0.29%) for the year falls to the general fund to finance. The quarter three finance report indicated a £3.5m overspend, so there was an improvement of £2.5m (0.7%) between the last forecast reported to Cabinet and the draft outturn.
- 11.2 As well as covering the overspend, Council agreed that the general fund should be increased to £37.6m which maintains the General Fund at 10% of the net budget for 2024/25. This was approved as part of the budget strategy in February 2024. The fund started the year with a balance of £34.75m so taken together, the £2.9m required to do this must be funded from the reorganisation of other reserves.
- 11.3 The impact of the outturn position on the Council's general fund and its earmarked reserves is set out below. The same analysis is used as in last year's outturn report, albeit the numbers vary marginally between the draft outturn reported to Cabinet and the audited figures.

	31/03/2023	31/03/2024	31/03/2025	31/03/2026	31/03/2027	31/03/2028
	£'000	£'000	£'000	£'000	£'000	£'000
<b>General Fund</b>	<b>(34,753)</b>	<b>(37,686)</b>	<b>(38,385)</b>	<b>(39,590)</b>	<b>(40,840)</b>	<b>(42,138)</b>
<b>Reserve purpose/use</b>						
Risk mitigation/alignment	(26,711)	(39,042)	(24,996)	(18,542)	(11,190)	(6,045)
Deferred grants	(27,448)	(24,684)	(13,631)	(9,892)	(6,469)	(5,367)
For investing/service provision	(16,357)	(12,088)	(6,036)	(5,841)	(5,809)	(5,775)
Accounting requirements	(30,682)	(5,854)	(3,782)	(2,719)	(1,761)	(844)
Funding (restricted eg S278)	(30,457)	(31,777)	(16,968)	(15,873)	(15,530)	(15,428)
PFI reserves	(6,977)	(5,976)	(5,698)	(5,073)	(4,450)	(3,827)
Partnerships/joint reserves	(1,836)	(1,994)	(871)	(721)	(721)	(721)
Traded services	(437)	(457)	(116)	(116)	(116)	(116)
<b>Total earmarked reserves</b>	<b>(140,905)</b>	<b>(121,872)</b>	<b>(72,098)</b>	<b>(58,777)</b>	<b>(46,047)</b>	<b>(38,124)</b>

- 11.4 Deferred grants are held in reserve until they are spent in line with their purpose, in 23/24 there has been a reduction of £2.8m for deferred grants. Additional costs to fund revenue repairs and maintenance has totalled £2m. The earmarked reserves position above takes into consideration that the £0.998m overspend has been funded from earmarked reserves.
- 11.5 Other main adjustments to the earmarked reserves are: A council wide drawdown of £2.8m from the Transformation Investment Fund, £3.6m for the Hospital Discharge programme, Reduction in the general insurance reserve of £2.3m and a reduction of £1.8m from the cost of living support fund.
- 11.6 Shown under the heading 'Risk mitigation / alignment' Existing reserves have been re-purposed to align the Councils earmarked reserves to mitigate against known risks. This includes:
- a spending review reserve (£10m)
  - Contribution to the 2024/25 DSG Safety Valve programme (£4.4m),
  - Local Authority Housing Fund (£247.8k)
  - Rent reserves for the leased estate (£500k)
  - A transfer to the MTFP support reserve to be equal to the 2024/25 OFC target (£2.9m) meaning the MTFP reserve matches the value of the savings requirement of £8.6m.

## 12 Capital outturn and financing

- 12.1 The capital strategy and capital programme for the MTFP period, which totalled almost £350m, was agreed by Cabinet in March 2023.
- 12.2 The 2022/23 capital outturn was reported to Cabinet in June 2023 and the result of that was that there was programme slippage into 2023/24. This, along with the approved budget and updates since that date, mean a programme of £391.9m for the next five years, as summarised in the table below.

Capital Programme	Budget					Total
	2023/24	2024/25	2025/26	2026/27	2027/28	
Full external funding	4,196	15,849	5,141	95	0	25,281
Partial external funding	61,010	21,274	0	0	0	82,284
Partial external funding	0	54,832	30,801	15,644	0	101,277
Council funded	3,880	40,966	25,194	13,672	(9,413)	74,299
Funded from other Reserves	0	0	0	0	0	0
Capital Receipts Applied	2,000	5,000	1,000	1,000	1,000	10,000
Minimum Revenue Provision	10,588	11,566	12,966	14,116	16,013	65,249
Self Funded	1,693	17,538	11,565	2,178	600	33,574
<b>Total funding</b>	<b>83,367</b>	<b>167,025</b>	<b>86,667</b>	<b>46,705</b>	<b>8,200</b>	<b>391,964</b>

12.3 The movements in the project budgets since the quarter three report are shown in the table below:

Directorate	Q3 Budget £,000	Adjustments £,000	Re-profiling £,000	New funding £,000	Q4 Budget £,000
Adults & Housing	11,280	0	-1,106	115	10,289
Childrens	11,492	0	-6,150	4,716	10,058
Place	71,907	6,584	-25,180	3,983	57,294
Corporate	4,100	3,613	-1,987	0	5,726
<b>Total</b>	<b>98,779</b>	<b>10,197</b>	<b>-34,423</b>	<b>8,814</b>	<b>83,367</b>

*Note: reprofiling shown as a negative (-) value refers to reprofiling spend to later years. This is based on the latest estimates and project progress, provided by project managers.*

12.4 Capital outturn as at 31 March 2024 is shown in the table below:

Directorate	No. of projects	Project Budget £,000	Spend £,000	Variance £,000	% Spent
Adults & Housing	10	10,289	8,928	1,361	87%
Childrens	12	10,058	10,057	1	100%
Place	93	57,294	57,172	121	100%
Corporate	8	5,726	5,725	1	100%
<b>Total</b>	<b>123</b>	<b>83,367</b>	<b>81,883</b>	<b>1,483</b>	<b>98%</b>



12.5 The top 10 capital projects, which represent 79% of the total capital spend in 2023/24, are outlined below:

<b>Project Name</b>	<b>Spend £,000</b>
Local Transport Plan programme of works	33,931
LAHF - Ukraine & Afghan Refugee Housing	7,075
SEND capital strategy	6,316
Dorchester Library Historic Adjustment	3,738
Property Improvements Programme (R&M)	3,663
Dorset Council Fleet Replacement Programme	2,572
Tilly Whim	1,918
Decarbonisation Main Fund	1,856
SOCA Board programme	1,688
Weymouth Quay Regeneration Project WPBC	1,641
<b>Total</b>	<b>£64,398</b>

12.6 Changes to the Capital scheme since the quarter three report include the following items.

12.7 There have been adjustments of £10.2m, which in the main relate to:

- Local Transport Plan programme of works. At the end of 2022/23 the level of capital reserve funding was understated by £7.0m and this adjustment reflects the correction in 2023/24.
- Dorchester Library adjustment of £3.7m, to correct a legacy misclassification and accurately reflect the asset within the Councils accounts.

12.8 There has been re-profiling of £34.4m into future years to more accurately reflect the timing of spend. This includes SEND capital strategy £4.2m; Dorset Innovation Park £3.6m; Property Improvements Programme £2.5m and a number of smaller projects.

12.9 There has also been new external funding of £8.8m confirmed, which includes Flexible Use of Capital Receipts £1.9m; Local Transport Plan programme of works £2.0m and SEND capital strategy £4.2m.

12.10 An additional £1.057 million is required to complete the council's current phase of building retrofit programme, which would be funded from the climate budgets through reprofiling the existing capital programme. The climate budgets have been realigned to draw forward approved budget from 2025/26 and 26/27 as follows:

Project Name	Total 23/24 budget	External Funding	2024/25	2025/26	2026/27	2027/28	Total project budget (up to 27/28)
Building retrofit programm	-	- 1,250	1,567	708	-	-	2,275
Electric Vehicle charging int	200	- 35	125	125	125	-	575
Climate Schemes	300		542	806	1,091	-	2,739
streetlighting schemes	499		600	575	575	-	2,249
Installation of new PV	100		231	250	250	-	831
low Carbon Dorset	378	- 507	479	-	-	-	857
	<b>1,477</b>	<b>- 1,792</b>	<b>3,544</b>	<b>2,464</b>	<b>2,041</b>	<b>-</b>	<b>9,526</b>

12.11 The position on the capital programme is reviewed by the Capital Strategy and Asset Management Group (CSAM) throughout the year.

### 13 Sundry debt management

13.1 The total value of debts (invoices) raised in 2023/24 is £299m, a breakdown by directorate is shown below.

Total debt raised	2023/24 £'000
Adults & Housing	77,799
Children's Services	18,782
Place	111,402
Corporate	91,020
<b>Total</b>	<b>299,003</b>

13.2 As at 31 March 2024 the balance outstanding was £56.3m, this is an increase of £12.0m when compared to the quarter three position. The table below shows a breakdown of the aged debt. Overall £25.8m of the £56.3m is less than 30 days old, therefore considered current.

13.3 The most significant increase is within the Corporate directorate relating to the Council's customers who subscribe to the payroll service.

13.4 In March 2024, payroll deductions totalling £10m were paid by the Council on behalf of customers to various organisations, including HMRC, Teachers' Pensions, LGPS Dorset Pension Fund, and Unison. Invoices were raised by the Council for the value of these deductions to recover these costs in the following month. Given the nature of these invoices and debtors, £10m of the £12m increase in sundry debt is relatively low risk and contained within the 'less than 30 days' category. The increase represents a snapshot in time and in this instance does not a concerning trend of increasing current debt.

13.5 The breakdown of the total sundry debt is as follows:

<b>Directorate</b>	<b>2023/24</b>	<b>Less than 30 days</b>	<b>30-90 days</b>	<b>90-365 days</b>	<b>Over 365 days</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Adults & Housing	27,279	5,478	3,624	7,488	10,688
Children's Services	2,164	1,822	144	15	182
Place	13,171	6,112	2,239	3,443	1,377
Corporate	13,643	12,394	364	565	320
<b>Grand Total</b>	<b>56,256</b>	<b>25,807</b>	<b>6,371</b>	<b>11,511</b>	<b>12,568</b>

13.6 £27.3m of the £56.3m of outstanding debt is within Adults & Housing. Of which, some relates to deferred payment arrangements, or care provided through gross without prejudice.

13.7 After adjusting for these the debt which is currently collectable is as follows:

<b>Collectable Debt</b>					
<b>Directorate</b>	<b>2023/24</b>	<b>Less than 30 days</b>	<b>30-90 days</b>	<b>90-365 days</b>	<b>Over 365 days</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Adults & Housing	17,028	4,618	2,615	3,275	6,520
Children's Services	2,164	1,822	144	15	182
Place	13,171	6,112	2,239	3,443	1,377
Corporate	13,643	12,394	364	565	320
<b>Total</b>	<b>46,005</b>	<b>24,947</b>	<b>5,362</b>	<b>7,298</b>	<b>8,399</b>

13.8 The Council has increased the number of staff working within the teams responsible for collecting overdue invoices and early signs such as the improvement between reports indicates this work is proving effective.

13.9 To ensure debts are pursued more promptly the automated reminder process is being reviewed, with the intention of starting earlier and increasing the frequency of follow up. There is also work being undertaken to identify income streams where payment can be obtained up front without the need to create a debt in the first place.

13.10 At the end of 2022/23 the Collectable Debt arrears were £36.9m and during 2023/24 £28.5m (77%) of this debt was collected. This demonstrates the effectiveness of the Councils debt recovery processes to secure income that funds service delivery.

Prior year arrears	Amount owed 31/03/2023 £,000	Collected in year £,000	Amount outstanding 31/03/2024 £,000	% collected
Pre 1 April 2019	1,455	137	1,317	9%
2019/20	1,275	347	928	27%
2020/21	1,874	531	1,342	28%
2021/22	6,375	4,688	1,688	74%
2022/23	25,955	22,831	3,124	88%
<b>Total</b>	<b>36,933</b>	<b>28,534</b>	<b>8,400</b>	<b>77%</b>

13.11 Deferred payments are debts that relate to adult care provided by Dorset Council, which have been secured against the property of the customer. The Council will eventually receive full payment of the debt when the property can be sold.

Deferred Payments					
Directorate	2023/24 £'000	Less than 30 days £'000	30-90 days £'000	90-365 days £'000	Over 365 days £'000
Adults & Housing	3,075	14	259	1,364	1,466

13.12 Gross without prejudice debts also relate to adult care, the debt is raised but not actively pursued whilst a care act assessment and subsequent financial assessment is undertaken to determine whether the recipient of the care is financially assessed as able to contribute towards the cost of their care.

Gross Without Prejudice					
Directorate	2023/24 £'000	Less than 30 days £'000	30-90 days £'000	90-365 days £'000	Over 365 days £'000
Adults & Housing	7,175	874	750	2,849	2,702

13.13 Gross without prejudice numbers and accrued debt has increased year on year as per below:-

	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2024
Number of cases	95	106	156
Accrued debt £'000	3,816	4,476	6,984

13.14 Managing family finances is complex and can take time to understand an individual's circumstances. The Court of Protection process is timely and has impacted on the time cases sit with Dorset Council.

13.15 The write-offs processed during the year are shown in the table below. There is adequate provision to cover these debts, which are a relatively small proportion of the total outstanding debt (1.0%).

Debts written off	2023/24
	£'000
Adults & Housing	203
Children's Services	15
Place	345
Corporate	0
<b>Total</b>	<b>563</b>

## 14 Local taxation

### Council tax

14.1 The value of council tax debt raised in 2023/24 was £370.2m and £356.2m was collected in the year. The collection rate at 31 March 2024 was 96.23%, which is slightly less than the previous year's rate 96.62%.

14.2 At the end of 2022/23 the arrears were £36.7m and during 2023/24 £7.7m (21%) of this debt was collected.

### Business rates (non-domestic rates – NDR)

14.3 The value of business rates debt raised in 2023/24 was £94.5m and £90.9m was collected in the year. The collection rate at 31 March 2024 was 96.17%, which is an improvement on the previous year's rate 92.07%. This improvement is reflected in the improved 'central finance' position earlier in the report.

14.4 At the end of 2022/23 the arrears were £14.2m and during 2023/24 £7.8m (55%) of this debt was collected.

- 14.5 The write-offs processed by the Revenues & Benefits Service during the year are shown in the table below.

<b>Debts written off</b>	<b>2023/24 £'000</b>
Council tax	252
Business rates	230
Housing Benefit Overpayments	151
<b>Total</b>	<b>633</b>

## **15 Financial planning, strategy and the MTFP**

- 15.1 Over the coming months the Council will be refreshing the MTFP and developing the budget strategy for 2025/26. Recent budget rounds have seen significant turbulence and volatility, and the backdrop to setting the budget for next year to be very similar, with uncertainty around prices, markets, and labour conditions.
- 15.2 There are significant and sustained inflationary pressures building in the UK economy and globally, driven principally by sustained conflict and global uncertainty. This has principally manifested in increased fuel and energy prices but the knock-on effect of these is increasingly apparent across other commodities and supply chains. Supply of labour is also a significant concern, especially in the care sector although this is affecting other areas where the Council needs to engage significant human resources in coming months, such as in gearing-up to meet the challenges of adult social care reform.
- 15.3 The first update of the refreshed update of the MTFP financial model will come to Cabinet in November for endorsement of the planning assumptions for the year ahead as well as the longer-term financial planning horizon.

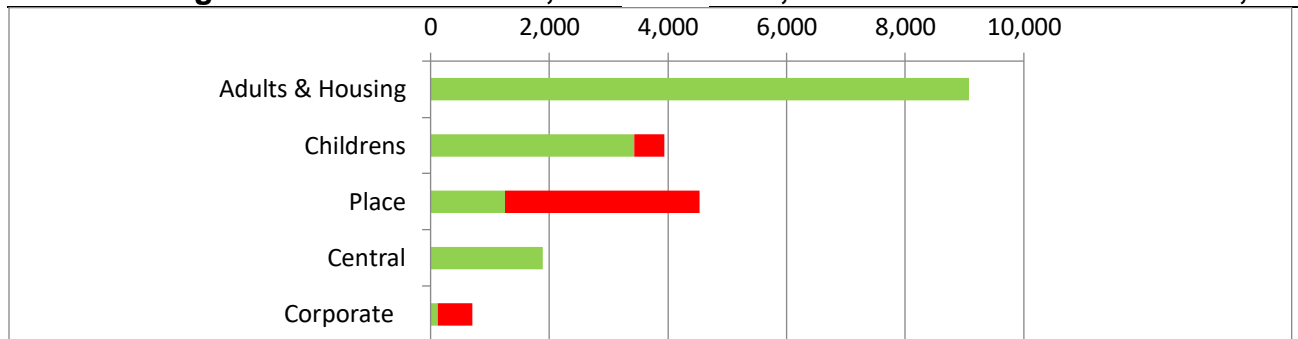
## **16 Summary, conclusions, and next steps**

- 16.1 2023/24 was another challenging year financially with inflation continuing to impact on expenditure as demonstrated by the significant overspends associated with service delivery. Spend on Childrens and Adults at a national level remains under extreme pressure and Dorset is fortunate to have relatively minor variances within these directorates which is testament to the strong leadership and continued delivery of transformation plans.
- 16.2 Overall for the Council to deliver a 0.29% overspend demonstrates the relatively stable financial footing the Council is in, and offers some comfort as we approach the new financial year.
- 16.3 Looking ahead to the medium term, in February 2024 the Budget was set with a future gap of £50m across the life of the MTFP. This continues to be of concern despite the late improvements to 2023/24. This improvement provides with the luxury, and responsibility to use the time and space wisely to respond to the uncertainty as the outcome of the upcoming Spending Review, implications on future funding, national reform along with the sustained pressure locally from increased complexity, need and demand for statutory services.

## Appendix A

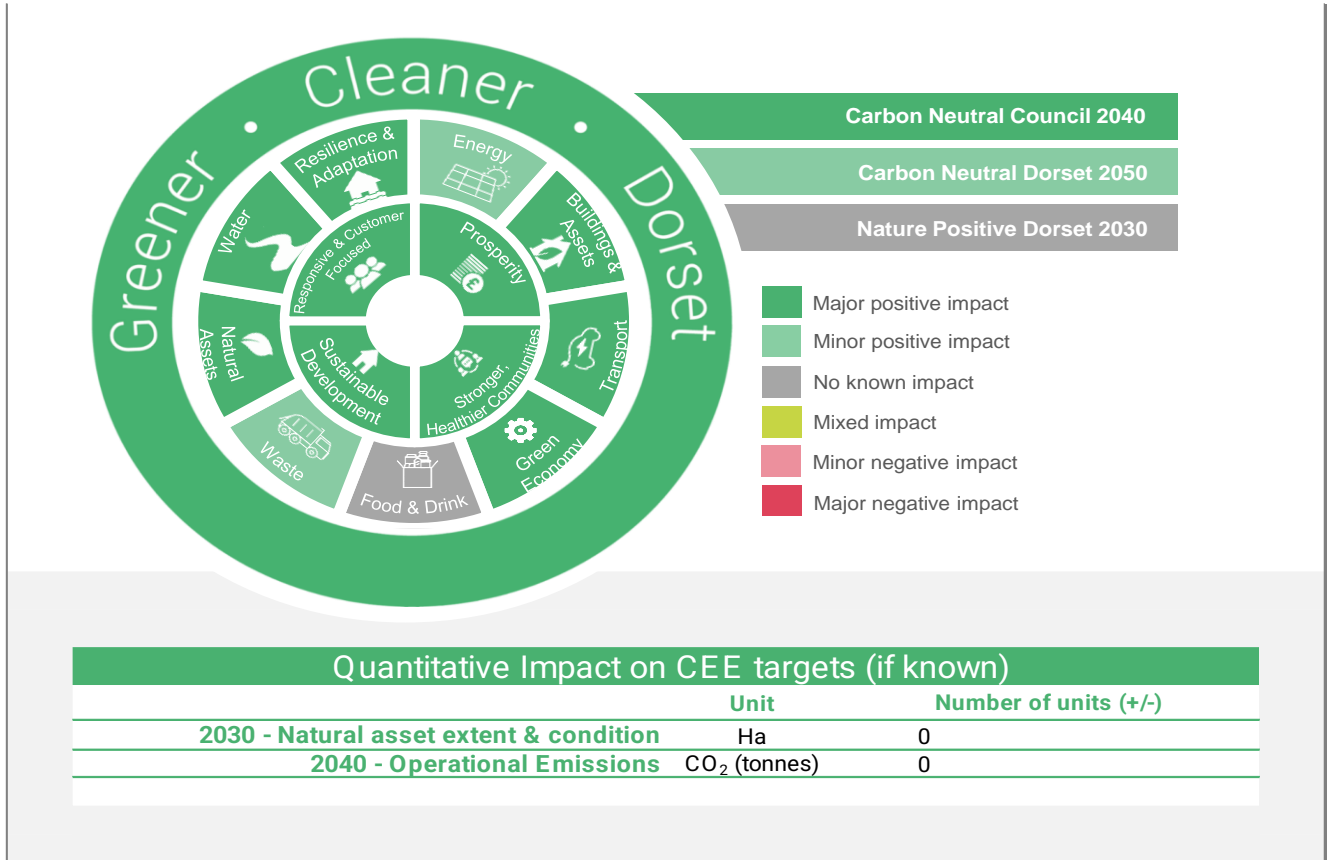
The table below shows the final position for the 2023/24 savings. The financial implications of this are reflected in the 2023/24 outturn figures contained in this report.

<b>2023/24 Savings Plans</b>		<b>Green</b>	<b>Amber</b>	<b>Amber 2</b>	<b>Red</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Adults & Housing	9,073	9,073	0	0	0
Childrens	3,935	3,435	0	0	500
Place	4,529	1,250	0	0	3,279
Central	1,888	1,888	0	0	0
Corporate	708	123	0	0	585
<b>Total Savings Plans</b>	<b>20,133</b>	<b>15,769</b>	<b>0</b>	<b>0</b>	<b>4,364</b>





## Appendix B – Climate Wheel



### ACCESSIBLE TABLE SHOWING IMPACTS

Natural Environment, Climate & Ecology Strategy Commitments	Impact
Energy	minor positive impact
Buildings & Assets	major positive impact
Transport	major positive impact
Green Economy	major positive impact
Food & Drink	No known impact
Waste	minor positive impact
Natural Assets & Ecology	major positive impact
Water	major positive impact
Resilience and Adaptation	major positive impact
Corporate Plan Aims	Impact
Prosperity	strongly supports it
Stronger healthier communities	strongly supports it
Sustainable Development & Housing	strongly supports it
Responsive & Customer Focused	strongly supports it

## TABLE OF RECOMMENDATIONS

Recommendations	Responses -will this be incorporated into your proposal? How? And if not, why not?
<b>Energy</b>	
Find out energy use of buildings that are being brought into the Dorset Council carbon footprint, as this will affect our ability to hit our carbon reduction targets	
Find out energy use of any new build buildings that are being added to the Dorset Council carbon footprint, as this will affect our ability to hit our carbon reduction targets	
Support the acceleration of heating and energy and water efficiency through cavity and solid wall insulation, draught proofing, improved glazing and shading, and high energy and water efficient smart appliances	
<b>Buildings &amp; Assets</b>	
No recommendations found for this category	
<b>Transport</b>	
No recommendations found for this category	
<b>Green Economy</b>	
No recommendations found for this category	
<b>Food &amp; Drink</b>	
No recommendations found for this category	
<b>Waste</b>	
Look at ways to reduce the amount of waste produced	
<b>Natural Assets &amp; Ecology</b>	

No recommendations found for this category	
<b>Water</b>	
No recommendations found for this category	
<b>Resilience &amp; Adaptation</b>	
No recommendations found for this category	