

Audit and Governance Committee

23 September 2024

July 2024 (Period 4) financial management report 2024/25

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

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Report Status: Public

Brief Summary:

Following presentation to Cabinet on 10th September 2024, this report comes to Cabinet with information about the Council's forecast financial performance for the full 2024/25 financial year. The forecasts are based on data as at 31st July 2024 (Period 4).

Recommendation:

Audit & Governance is asked to:

1. note SLT's forecast of the full year's outturn for the Council, made at the end of July 2024 including progress of the transformational and efficiency savings incorporated into the budget;
2. note the capital programme for 2024/25;

Reason for Recommendation:

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

Cabinet

10 September 2024

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Reason for Recommendation:

The Council provides a mix of statutory and discretionary services to communities across Dorset and is legally required to set a balanced budget

every year, and so must deliver services within the resources made available through the revenue and capital budgets for 2024/25. This report summarises the Council's forecast financial performance for the year at the end of July 2024.

The operating environment for Local Authorities across the UK remains challenging given the ongoing and sustained impact through the recovery phase of the pandemic, as well as international conflict driving inflation. These external factors are bringing pressure to bear through increased demand, rising costs and complexity, in addition to reducing funding. As a result, effective control and monitoring of activities and budgets has never been more important.

It is therefore essential to understand the developing financial performance and projected position this year. This ensures that resources are deployed to deliver the Council's services in line with the Council Plan's priorities, and to that the organisation remains in good financial health and that service delivery remains sustainable. The Council makes a significant contribution in supporting employment, training and economic prosperity, as well as being a provider and commissioner of critical public services. Balancing all of these strategic, and often, competing priorities is a responsibility which should not be taken lightly.

1. Financial Implications

Financial implications are covered within the body of this report.

2. Climate Implications

The Council's budget continues to fund action set out in the climate and ecological emergency action plan, including a £10m capital expenditure commitment over the term of the current MTFP.

3. Well-being and Health Implications

The Council has continued its focus on keeping people safe and well, particularly during the pandemic and also in managing the transition out of national restrictions.

The Council continues to play an essential role in distributing government grants to individuals, businesses and other qualifying groups during the year as well as delivering high-quality public services.

4. Other Implications

None specific.

5. Risk Assessment

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

Current Risk: High
Residual Risk: High

Council finances are under extreme pressure. This report outlines pressure within the revenue budgets which, in the absence of mitigation, will be required to be funded from reserves. Reserves have reduced from 2023/24 to 2024/25 and will reduce further if required to meet the revenue overspend. The report also identifies areas such as Adult Social Care where the Council is exposed to further in-year pressures which may be realised over the Winter of 2024/25.

Looking ahead, further pressure on the Council's reserves comes from the cumulative deficit on the Dedicated Schools Grant (DSG), which could exceed available reserves if a solution is not identified before the statutory override ends in March 2026.

Early expectations are for a further national one-year funding settlement for 2025/26, which does not provide confidence that the underlying, systemic underfunding for Local Government service delivery will be addressed. As a result, it is expected that the local and national pressures the Council is facing in the current financial year can be expected to continue over the medium term.

Taking both the local and national operating environment into consideration, the S151 Officer, the Council's Chief Finance Officer, establishes the current risk assessment as *high* and that readers of the report should expect:

- i. the budget gap for next year (2025/26) should be expected to widen
- ii. delivering a balanced budget to require a reprioritisation of service delivery to ensure ongoing financial sustainability.

6. Equalities Impact Assessment

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

7. Appendices

Appendix A - Savings Plans
Appendix B – Climate Wheel

8. Background Papers

[2023/24 draft outturn report](#)
[2024/25 budget strategy report](#)

9. Budget Setting 2024/25 and context

- 9.1 2023/24 ended with an overspend of £15.9m in service budgets, offset by Central Finance adjustments of £14.9m, resulting in a net £1m overspend. Setting the budget for 2024/25 saw rebasing of the ongoing pressures within service budgets increasing by £39m, £23m of which was in the Place directorate.
- 9.2 Setting the budget for 2024/25 involved setting a strategic budget and MTFP against another one-year settlement from Government.
- 9.3 The Council's *budget requirement* is £376.7m and was funded from rural services delivery grant (£3.2m), new homes bonus (£0.9m), business rates (£64m), revenue support grant (£0.7m) and council tax (£307.9m). More detail is set out in the [budget strategy report](#).
- 9.4 When setting the 2024/25 budget the Council approved a savings requirement from the Our Future Council programme of £8.6m, this figure is made up of an undelivered £0.5m from 2023/24 and a new £8.1m for 2024/25. The risk of non-delivery is underwritten by reserves.
- 9.5 The Council's budget is essentially fixed in cash terms at the start of each year and its ability to raise additional 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.
- 9.6 There are also major national policy changes within our planning horizon – such as work on education funding formulae. One piece of policy change that has been cancelled is the [Social Care reform](#) which had previously been due to come in for October 2023 but had been delayed for 2 years.

Overall projection

- 9.7 At the end of July, the Council is forecasting an overspend of £10.1m, which represents 2.7% of the Council's budget requirement (£376.7m). £8.6m of this overspend had previously been anticipated as it relates to the Our Future Council transformation programme, for which a risk reserve has been established.
- 9.8 This forecast is of significant concern as it identifies unbudgeted service pressures of £9.7m, which are only partially mitigated by Central Finance funding improvements of £7.9m.
- 9.9 The current forecast will require use of reserves. In previous years where there has been improvement during the year, this has typically been due to 'central finance' mitigation, such as releasing the contingency or

improvements to collection fund. For Period 4, these have already been deployed and are therefore not available to mitigate any future pressures.

9.10 Section 14 of the report also outlines a number of forecast uses of reserves. In the event that the £10.1m forecast improves, there remains an underlying reliance on reserves during 2024/25, which will need to be replenished during the life of the current MTFP.

9.11 The directorate variances are summarised in the table below.

Directorate	Net Budget	Forecast	Forecast (Overspend)/	
	£'000	Outturn	Underspend	
	£'000	£'000	£'000	
People - Adults & Housing	153,436	157,298	(3,862)	(2.5%)
People - Children's	85,023	89,672	(4,649)	(5.5%)
Place	105,198	106,588	(1,389)	(1.3%)
Corporate Development	38,803	38,773	31	0.1%
Legal & Democratic Services	7,526	7,340	186	2.5%
Public Health	276	276	0	0.0%
Total Service Budgets	390,262	399,946	(9,684)	(2.5%)
Our Future Council savings	(8,622)	0	(8,622)	(100.0%)
General Funding	(29,283)	(29,666)	383	1.3%
Capital Financing	17,850	17,857	(7)	(0.0%)
Contingency	(2,219)	(7,089)	4,869	219.4%
Precepts/Levy	19,438	19,442	(4)	(0.0%)
Central Finance	(396,267)	(399,267)	3,000	0.8%
Retirement Costs	1,727	1,759	(32)	(1.9%)
Whole Authority	(7,113)	2,982	(10,095)	
Dedicated Schools Grant budgets	7,113	36,968	(29,855)	

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

Children's Services

9.12 The Children's Services forecast is £89.672m compared with a net budget of £85.023m an overspend of £4.649m (5.5%).

People Services - Children	Net Budget	Forecast Outturn	Forecast (Overspend)/ Underspend	
	£'000	£'000	£'000	
Quality Assurance	2,988	2,976	12	0.4%
Care & Protection	63,085	66,046	(2,961)	(4.7%)
Commissioning and Partnerships	3,632	5,333	(1,700)	(46.8%)
Director's Services	2,500	2,500	0	0.0%
Education and Learning	13,271	13,271	0	0.0%
DSG Recharges	(454)	(454)	0	0.0%
Total Directorate Budget	85,023	89,672	(4,649)	(5.5%)

Care & Protection

- 9.13 Most of the overspend sits within Care and Protection, the social services side of the directorate, partially compensated through the Social Care grant, announced in the Local Government Settlement.
- 9.14 Dorset is part of the temporary mandate National Transfer Scheme, accepting transfers of children into our care to provide crucial placements for up to 67 children (Dorset's threshold and subject to change).
- 9.15 The National Transfer Scheme provides a degree of funding to support unaccompanied children, however this mainly covers the direct placement costs. The funding varies depend upon the number of unaccompanied children, the age of the child or young person and whether the child is part of the National Transfer Scheme. Supporting unaccompanied asylum-seeking children (UASC) or unaccompanied children is forecast an overspend of £0.4m.
- 9.16 Costs other than for the placement include additional social worker and quality reviewing officer costs to maintain caseloads, interpreter fees, travel costs and support function costs.
- 9.17 At the end of June, Dorset were claiming for 53 under 18 year old unaccompanied children. 70 unaccompanied young people over 18 were being supported by the Leaving Care Service.
- 9.18 The support required to meet the needs of children who are disabled is forecast to overspend by £1m. This predominantly is for externally commissioned support packages, direct payments and short breaks. The cause is a mixture of inflation, increased complexity and the difficulty finding providers through the direct payment mechanism.

Commissioning and Partnerships

- 9.19 At the end of July, only one transformation saving is rated as red. This is £1.55m for the Birth to Settled Adulthood project. £1.3m of transformational savings are defined as amber and £3.3 are rated green. The Children's Services Transformation Team monitor and review the progress of these projects monthly.

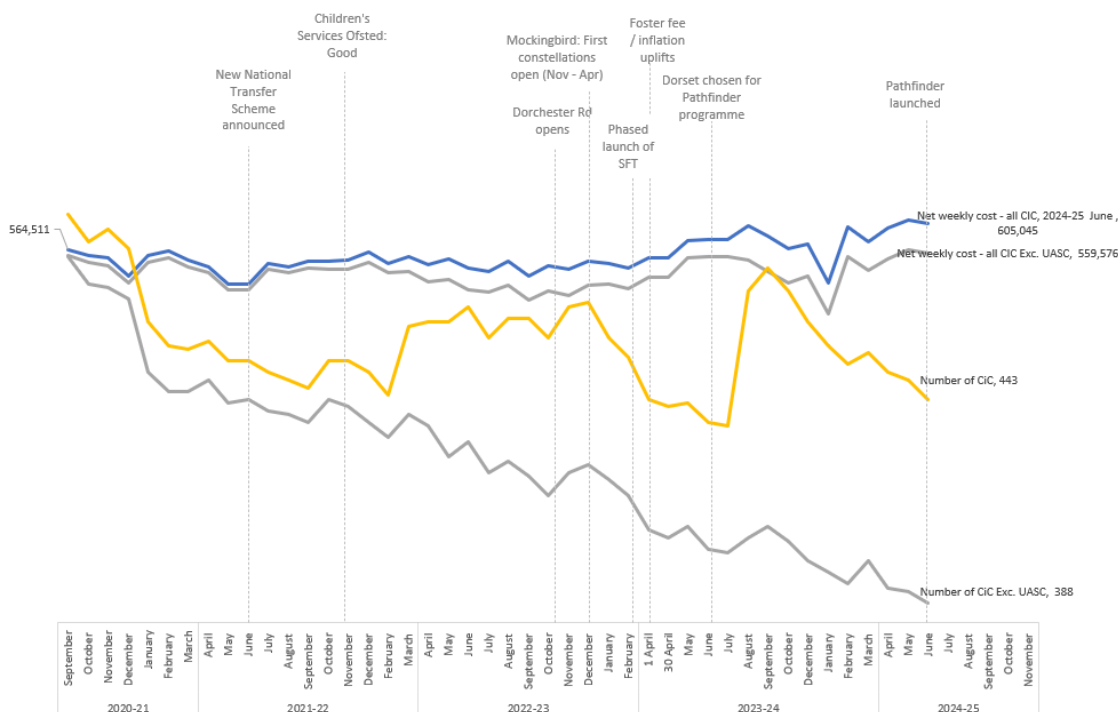
Families First for Children Pathfinder

- 9.20 In June 2023, Dorset was announced as one of three authorities for the Families First for Children Pathfinder, containing four workstreams. Dorset were awarded £4.9m from the DfE until March 2025 to help implement and test the four workstreams. At present, the full allocation is forecast to be received.

Children in care

- 9.21 As mirrored nationally, pressure on external placements for our children in care population remains, however this has largely been offset by the Social Care Grant.
- 9.22 Dorset's Children in Care population continues to reduce since September 2020. This is a result of a combination of planned and strategic activity, including the transformation programme, locality working, putting the child at the heart of decision making, investing in the No Wrong Door approach and strong commissioning, all delivered by a dedicated workforce. This trend is not mirrored nationally.

Dorset Council: Children in Care - net weekly cost and number of children



- 9.23 If the number of children in care (exc. our unaccompanied children) had remained at 475, at June 2024 averages, it is estimated an additional £6.8m of annual cost would be incurred.
- 9.24 An overspend is reported for supporting our children in care, and this is mainly driven by three factors: our children’s needs increasing in complexity, inflation and an external residential placement market that isn’t functioning effectively, as referenced in the Competition and Markets Authority (CMA) published in 2022, which was a market study into children’s social care provision. [Children's social care market study final report - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/108121/childrens-social-care-market-study-final-report.pdf)
- 9.25 This is the forecast outturn position at the end of July, in what could be a changeable year. The main risks for Children’s Services that may further impact the outturn position are: inflation (including cost of living upon the children and families we support as this may increase demand), delivering capital projects on time and on budget (there are revenue implications for late projects), new placements and placement changes, delivery of transformation savings, and increasing new burdens that may not be fully funded. This includes Chickerell Camp, unaccompanied young people and new responsibilities for the Virtual School.

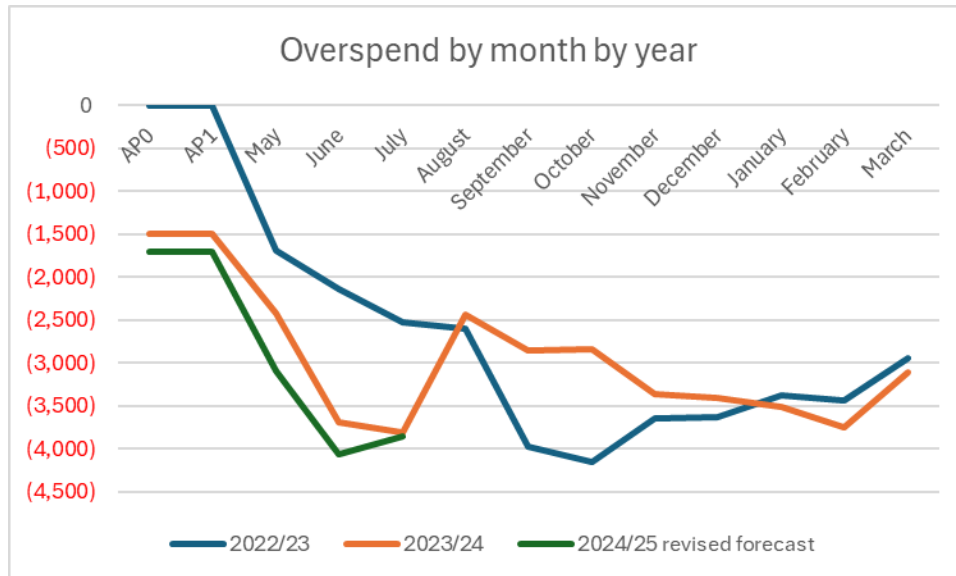
Adults Services & Housing

- 9.26 The Adults Services & Housing forecast is £157.298m compared with a net budget of £153.436m, an overspend of £3.862m (2.5%).

People Services - Adults	Net Budget £'000	Forecast Outturn £'000	Forecast (Overspend)/ Underspend £'000	
Adult Care Packages	120,331	124,237	(3,906)	(3.2%)
Adult Care	16,866	16,566	300	1.8%
Commissioning & Improvements	8,059	8,041	18	0.2%
Directorate Wide	1,719	1,720	(0)	(0.0%)
Housing & Community Safety	6,461	6,734	(273)	(4.2%)
Total Directorate Budget	153,436	157,298	(3,862)	(2.5%)

Adult care packages

- 9.27 The forecast overspend within adult care packages is £3.906m and is based on the current cohort of adults being supported. As with any needs-led service, it is challenging to completely predict the future need at this early stage of the budget cycle. Our review of performance against last year shows that we have stabilised unit costs but seen additional people in the baseline over and above the budget level.
- 9.28 Additional demand management work is underway with system partners to look at the hospital and over-65 year old demand and we expect that this will help towards budget containment in future forecasts this year and build for next year and subsequent years. Previous years have also been supported by the in-year allocation of additional grant funding, and given the national position of adult social care services this remains a possibility for the current year, together with a reconsideration of any alternative use of past dedicated social care grants, based on agreements with Children's and SNT colleagues.
- 9.29 Care packages are reviewed via Corporate Directors as per the scheme of delegation for oversight and rigour. There is existing activity in the system to review packages and to address the appropriate need for joint funding and continuing healthcare, and account of the potential impact is currently being assessed to strengthen forecasting.
- 9.30 The graph below compares current early forecasts for the year with the emerging forecasts through the two previous years; whilst trends currently match those seen previously, it will also be noted that the remainder of each previous year saw more volatility than the early months.



- 9.31 Based on previous trends and performance following the first quarter of the financial year, we see stabilisation in quarter 2 as provider uplifts and full-year projections are accounted for. The significant improvement mid-year in 2023/24 was an additional grant funding allocation received from government. Nonetheless, the second part of the year is then less challenging, with reconciliation of movements at end of year improving the position. The service will continue to review its financial performance and deliver its planned transformation work in year, with an active review of any savings that could be bought forward in year to help mitigate the current forecast.
- 9.32 Work is already taking place to manage cost and demand within the directorate. This activity, combined with the prevention programmes, should enable the directorate to contain the forecast overspend to the currently predicted £3.9m.
- 9.33 The budget continues to be actively managed, with the intention of reducing the forecast overspend during the later part of 2024/25. However, the Adult Care budget is demand driven so will need constant management – experience shows that a ‘bad winter’ could bring the risk of a further £3m-£5m of cost pressure which the directorate would need to absorb. Mitigation plans are being prepared accordingly.

Care Dorset

- 9.34 There is a forecast overspend relating to pressure within the Care Dorset contract of £1m. Discussions have commenced regarding efficiencies that can be made with respect to the contract. The remaining pressure is within care packages. Since the budget was set there has been an increase in the demand for placements, which is reflected in the forecast.

Housing

- 9.35 Housing is currently forecasting an overspend of £0.273m (4.22%). The overspend is due to the Bad Debt Provision forecast.
- 9.36 Homelessness approaches remain high but resources are targeted at our front door and changes in triage processes have meant that the directorate is working without any backlogs, which assists with early intervention and prevention work.
- 9.37 Effective early prevention work by the triage and tenancy sustainability team means less clients are facing homelessness. The move to upstream prevention work has been very effective. Whilst this can be labour intensive, the savings for the Council are clear in terms of reduced numbers in B&B and temporary accommodation. Outcomes for those affected improve and the risk of homelessness reduces for all households. Successful preventions are up 99% on the same period last year, which is immense performance by the team.
- 9.38 The number of households in bed and breakfasts continues to reduce. Single households remain high. Successful placement for individuals can be dependent on accommodation being self-contained to meet the needs of individuals. Demand currently outstrips supply. Improvements in void management have helped to keep the numbers static.
- 9.39 Family placements have reduced. Those in bed and breakfasts are being allocated alternative temporary accommodation more quickly. The number of family households in bed and breakfasts for longer than 6 weeks has significantly reduced, with only 1 household at the end of June.

Public Health

- 9.40 The public health grant for 2024/25 for BCP Council is £21.772m and for Dorset Council is £15.433m. Agreed local authority contributions for the year gave a shared service budget of £25.962m after retained amounts.
- 9.41 The forecast for the shared service stands at £212k overspent. This is largely due to the following:
1. A new community health Improvement services contract, live from April 2024. Costs are now higher and activity is forecast to increase. It is still too early to assess impact.
 2. Anticipated non-recurrent costs agreed through Joint Public Health Board. Current forecast includes £358k such costs, and £168k moved in from reserves to cover.
 3. Pay budget assumed 5% pay award and 5% vacancy factor. No current vacancies in team.

9.42 As Public Health is funded by a ringfenced grant, the existing public health reserve will cover any overspend within public health.

Place directorate

9.43 When setting the 2024/25 budget for Place, the Council approved a net increase in the budget of £23m. This year, the overall forecast for Place directorate as at the end of July is a projected overspend of £1.389m (1.3%), with a projection of £106.588m net spend against a net budget of £105.198m.

9.44 Significant budget pressures due to less projected income in Assets and Regeneration, Planning and Building Control, where income targets were uplifted by 5% as part of the budget-setting process, despite adverse market conditions, are being contained by a favourable budget position in waste management and strict expenditure control across the whole of the Place directorate.

Place	Net Budget £'000	Forecast Outturn £'000	Forecast (Overspend)/ Underspend £'000	
Assets and Regeneration	4,214	5,150	(936)	(22.2%)
Highways	5,563	5,851	(288)	(5.2%)
Planning	5,057	5,954	(897)	(17.7%)
Travel	40,048	40,015	32	0.1%
Business Support	2,115	2,115	0	0.0%
Environment and Wellbeing	8,321	8,321	0	0.0%
Community and Public Protection	3,810	3,844	(34)	(0.9%)
Waste - Commercial & Strategy	17,845	16,837	1,008	5.6%
Waste - Operations	16,679	16,854	(175)	(1.0%)
Directors Office	1,547	1,647	(100)	(6.5%)
Total Directorate Budget	105,198	106,588	(1,389)	(1.3%)

Assets and Regeneration

9.45 The Assets and Regeneration forecast overspend is £0.936m against a £4.2m net budget.

The major items within the forecast are as follows.

A. A change in operating model for the design and delivery teams will see less funding claimed from capital for staffing costs due to staff no longer carrying out the same level of fee-earning work. The estimate for this is an adverse £115k against the budget of £715k. Consultants have input to a review of the future operating model.

- B. Dorset Innovation Park, including Battlelab, is budgeted to break even, however based on current occupancy there is a forecast shortfall of £300k for 2024/25.
- C. Within County Farms, 6 are currently void and there are some increased costs, estimate for 2024/25 is £63k adverse. Farms are subject to a strategic review, which may determine further actions in due course.
- D. There is an income budget for car parking at County Hall of £169k. Following reinstating charges from October 2024, an underachievement of income is estimated here at £100k. This forecast will need to be refined and monitored once the new scheme goes live.
- E. Industrial sites rental income is forecasting an adverse variance of £80k.
- F. Pressure on the staffing and interims budget is estimated at £250k at this early stage but will be subject to ongoing monitoring and updates.
- G. There is a target saving in relation to reduced property estate running costs by disposing of surplus property. It is now assumed that this target (£486k) will not be met in full this year due to delays in the sale of Furzehill, assumed adverse £200k. The sale is expected to be complete in 2025/26.
- H. There is an estimated £250k cost in relation to backdated NNDR liability around the Dorset Council landlord element of Coombe House. Together with the previously reported underachievement of rental income of £185k, Coombe House, with an adverse impact of £435k, now equates to 31% of the total projected overspend of £1.389m across the Place directorate budget.
- I. Planned spend on the R&M budget has been reduced by £200k in order to assist with containing overall expenditure within the available funds.
- J. Within Assets and Property, “compliance spend” is taking place to make properties compliant with current building safety legislation, as Dorset Council inherited a stock of buildings that were in variable conditions and states of compliance from its predecessor councils in 2019 and work continues to bring them up to an acceptable minimum standard. At the time of writing, spend is just under £5.7m. An estimate of final spend for the year is circa £10m - £11m. This is not part of the Assets and Property normal revenue spend, being exceptional by nature, and the funding for this work is to be met from a combination of funds agreed by the Senior Leadership Team, with a contribution from existing Property repairs and maintenance budgets where applicable. Where this work cannot be capitalised, this will fall to reserves to fund the revenue elements of the £10m-11m spend.

Highways

- 9.46 The net highways revenue expenditure budget is £5.6m. Underneath this headline figure, the expenditure budget lines amount to circa £30m and income and other contributions of circa £24m. This is separate from the value of highways schemes which form part of the capital programme. Highways revenue budgets are made up of three services, which are Parking Services (net income budget £7.7m), Highways Infrastructure (net expenditure budget £8.8m) and Network Operations (net expenditure budget £4.5m). On that basis, it can be seen how the income generated from car parks reduces the overall cost of Highways activity. Highways are currently projected to be £288k adverse overall.
- 9.47 Of the £288k projected overspend:

- the Highways services are projecting a £218k overspend, primarily related to the Modelling team being unable to access capital funding.
- This year also sees a reduction of circa £120k income due to loss of car parking at Portland which has gone back to the landowners, the Crown Estate. The additional, temporary capacity at the North Quay (Weymouth) site will mitigate some of the losses, but again further ongoing monitoring will be needed as usage of the temporary car park becomes established.
- Parking Services – £70k adverse variance which relates to the net impact of the Parking Services forecast. Within this is the estimate of a reduction in income of £100k following the trial change to reduce car parking rates in three car parks across the County. The £70k is the net impact after taking into account the agreed mitigation from the removal of lead members (£59k) and parking income to date. Parking income remains closely monitored.

Planning

- 9.48 The Planning service has an overall £897k forecast adverse variance, largely due to a projection of £579k adverse in relation to Development Management, planning applications received, and now also a £274k projected adverse variance in Building Control due to a downturn in the housing market. The figures also include £100k of additional funding that has been provided from the corporate centre towards the cost of planning inquiries. The shortfall against the expected costs of the Alderholt appeal is expected to be met from staff savings (vacancies) (115k).

Dorset Travel

- 9.49 Overall, Dorset Travel is expected to be broadly on budget with an underspend (£32k) on a net budget of £40m. The budget for 2024/25 was

uplifted by £12m, based on actual spend in recent years and the expected continued growth trajectory. Nationally this sector is seeing both growth in demand and also significant cost uplift in excess of inflation.

- 9.50 School transport costs are predicted to overspend as a result of unfunded costs in relation to school transport for school age children accommodated at the Chickerell Camp, included here at an estimate of £281k. Early work on SEN transport costs to date suggest a £237k underspend. However, given the scale of activity, and the price volatility seen in the market in previous years, these figures should be considered as indicative only and need to be kept under regular review.
- 9.51 In SEN Transport, the number of children on vehicle provided transport (taxis, minibuses etc) has been increasing by 10% year on year for 3 years, with this year looking likely to continue that trend. Volume growth combined with the under-supply of taxis and drivers is predicted to be the cause for cost per client increases but anticipating that should be mitigated by inflation and fuel crisis having less of an effect as previous years.

Business Support

- 9.52 Business Support are projecting to eliminate their cost pressures through use of vacancies and shown here as on budget.

Community and Public Protection

- 9.53 CPP are forecasting an adverse variance of £34k on a net budget of £3.8m. Licencing income looks healthy but unbudgeted costs/lost income on CCTV and Community Safety Accredited Scheme (CSAS) services reduce this to £78k favourable overall in Licencing. Bereavement services are looking at a forecast of £130k adverse in the area of income generation and staffing costs. There are no other variances of significance evident at this early stage of the year.

Environment & Wellbeing

- 9.54 The overall E&W forecast is a nil variance. Whilst there are known pressure areas such as weed spraying costs and other savings and income targets to be achieved, the current assumption is that these costs can be contained within the existing budget.

Waste Strategy

- 9.55 Waste Strategy are forecasting an underspend of £1.008m at the end of July (AP4). The favourable position is mainly due to an improving recycle (DMR) market and continued favourable prices for recycled glass. In

addition, there are also favourable positions on both the Garden and Commercial services.

- 9.56 It remains the case that a lot of the disposal budgets within Commercial Waste & Strategy are extremely volatile, and the outlook can change within a short period of time.

Waste Operations

- 9.57 Waste Operations is currently forecasting an adverse variance of £175k on a net budget of £16.7m. Budget pressures are predicted in areas where reductions have been applied to budgets, in street cleansing and in agency staff.

Directors Office

- 9.58 The Directors Office has a forecast adverse variance of £100k, primarily as a result of unachieved planned management changes (£57k) and other unbudgeted management costs.

Fees & Charges

- 9.59 The table below highlights the level of fees and charges that are brought into Place directorate. It can be seen the directorate brings in circa £50m of fees and charges, albeit that the forecasting for the current year suggests nearer to £49m with adverse areas, as mentioned above, in Planning and Assets and Property in particular.

2024/25	Budget	Forecast	Forecast Variance
	£	£	£
Highways	-16,351,747	-16,113,348	-238,399
Planning	-4,530,900	-3,618,000	-912,900
Dorset Travel	-629,976	-628,640	-1,336
Environment and Wellbeing	-10,193,087	-10,235,615	42,528
Community & Public Protection	-3,352,122	-3,474,620	122,498
Commercial Waste & Strategy	-7,676,039	-7,964,960	288,921
Waste Operations	-120,384	-198,636	78,252
LUF & Economic Development	-92,133	-92,133	0
Assets & Property	-8,231,167	-7,115,933	-1,115,234
Place	-51,177,555	-49,441,885	-1,735,670

Corporate Development

Corporate Development	Net Budget £'000	Forecast Outturn £'000	Forecast (Overspend)/ Underspend £'000	
Financial & Commercial	9,989	9,884	105	1.1%
Human Resources	1,745	1,745	0	0.0%
ICT Operations	8,761	8,691	71	0.8%
Chief Executive's Office	1,122	1,122	(0)	(0.0%)
Directors Office	354	354	0	0.0%
Strategy, Performance and Sustainability	6,558	6,502	56	0.9%
Transformation, Customer and Cultural Services	10,273	10,475	(201)	(2.0%)
Total Directorate Budget	38,803	38,773	31	0.1%

- 9.60 The Corporate Development forecast to be broadly on budget. With a variance of £31k (0.1%).
- 9.61 **Finance & Commercial** has undertaken a review of current vacancies and based on recruitment timelines pay savings have been released.
- 9.62 **ICT Operations** are reporting a forecast underspend of £71k. This comprises of pay savings of £321k from vacant posts, which are being utilised within the service area to offset increased Microsoft licensing costs resulting from a package upgrade that provides enhanced cyber security and other benefits, and other inflationary increases.
- 9.63 **Strategy, Performance and Sustainability** comprises Organisational Development, Business Intelligence and Performance, Communication and Engagement and Climate & Ecological Change. The forecast underspend of £56k is largely the result of pay savings due to vacant posts and contract changes.

Transformation, Customer and Cultural Services

- 9.64 Within Transformation, Customer and Cultural Services there are several forecast movements. Digital & Change are forecasting an underspend of £151k pay savings. In addition, Customer Services are forecasting an underspend of £31k pay savings.
- 9.65 The Front Door and Ways of Working transformation projects have a shortfall of £182k if all projects are completed.

- 9.66 Following the Libraries restructure redundancy costs are forecast to reach £390k. This overspend has been offset to a large extent by vacancy management prior to the launch of the new operation model, so the net position for the service is £202k overspent.

Legal & Democratic Services

- 9.67 The Legal & Democratic forecast is £7.340m compared with a net budget of £7.526m, an underspend of £186k (2.5%).

Legal & Democratic	Net Budget £'000	Forecast Outturn £'000	Forecast (Overspend)/ Underspend £'000	
Assurance	1,706	1,709	(3)	(0.2%)
Democratic & Elections Services	3,088	3,088	0	0.0%
Land Charges	(274)	(275)	1	0.3%
Legal Services	3,006	2,818	188	6.3%
Total Directorate Budget	7,526	7,340	186	2.5%

- 9.68 Legal Services have a number of vacancies, there is active recruitment underway, however, following consideration of the likely start dates £188k of pay savings have been released.

Central budgets

- 9.69 The forecast for central budgets is £396.964m compared with a net income budget of £397.376m, is a forecast overspend of £411k (0.1%).

Central Finance	Net Budget £'000	Forecast Outturn £'000	Forecast (Overspend)/ Underspend £'000	
Our Future Council	(8,622)	0	(8,622)	(100.0%)
General Funding	(29,283)	(29,666)	383	1.3%
Capital Financing	17,850	17,857	(7)	(0.0%)
Contingency	(2,219)	(7,089)	4,869	219.4%
Schools Balance	0	0	0	0.0%
Precepts/Levy	19,438	19,442	(3)	(0.0%)
Central Finance	(396,267)	(399,267)	3,000	0.8%
Retirement costs	1,727	1,759	(32)	(1.9%)
Total Central Budgets	(397,376)	(396,964)	(411)	(0.1%)

Our Future Council

- 9.70 When setting the 2024/25 budget the Council approved a savings requirement from the Our Future Council programme of £8.6m, this figure is

made up of an undelivered £0.5m from 2023/24 and a new £8.1m for 2024/25. The risk of non-delivery is underwritten by reserves.

- 9.71 Significant cross organisational work has been undertaken since May 2024 to develop plans to deliver this savings requirement, and detailed proposals are anticipated in late September 2024. Only at that point can an assessment be made as to what extent those plans will achieve savings during the later part of 2024/25, prior to a full year delivery in 2025/26.
- 9.72 Prudently, the financial assumption at month 4 is that all the Our Future Council reserve will be used in 2024/25. However, this assumption will be reviewed in the Q2 finance report.
- 9.73 Further detail of work is contained in section 11 of this report.

Contingency

- 9.74 The Council's base budget included a contingency of £5m which is to meet unexpected costs that arise in the year. Given the overspends within service budgets already reported £4.9m has been released to offset the other pressures across the Council. The remaining £100k has been earmarked for the Youth Service.

Central Finance

- 9.75 Central Finance includes income generated from both council tax and business rates. The business rates estimate included in the budget is £63.976m, which is based on the MTFP. The amount declared on the NNDR1 was £68.473m and this is based on the valuation list from the revenues system adjusted for provisions. After taking account of contributions towards climate change and the LEP there is forecast favourable variance of £3.0m.

10. Dedicated Schools Grant (DSG)

- 10.1 2023/24 ended with a £23.6m overspend. At the 31 July 2024, the forecast outturn is a £29.8m overspend for 2024/25. Adding the historic cumulative deficit position, a revised cumulative deficit would be £88.2m. This figure reflects the withholding of DfE contributions whilst the safety valve agreement is being reviewed. In the event that the agreement is reinstated and previously committed contributions are received this would reduce to a cumulative deficit of £62.8m after DfE and Council contributions.
- 10.2 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.

- 10.3 Until March 2026 the deficit is therefore held separately from the general fund, however there remains an underlying cashflow pressure from carrying a £88.2m deficit meaning that the Council has access to £88.2m less cash than it would otherwise. As a result, interest foregone during 2024/25 on the deficit equates to £4.6m of pressure met by the General Fund. This is £4.6m which could otherwise be spent on local service delivery.
- 10.4 Furthermore, as the deficit grows, at the point at which it exceeds Council reserves, the Council would be technically insolvent. With no certainty as to the Governments plans as to how this financial to address this, the Council must therefore plan for the known situation, which is the ending of the override in March 2026.

Safety Valve

- 10.5 To address the deficits nationally the DfE introduced the Safety Valve Programme. As mentioned earlier in this report, Dorset's agreement is currently under review, with partner contributions being withheld.
- 10.6 The agreement with the Department for Education in March 2022 to help eradicate the cumulative DSG deficit and support a return to a balanced in-year DSG position by 2026-27. Dorset Council will contribute £33m of revenue as part of the agreement. Additionally, Dorset are investing £47m into capital schemes across the county.
- 10.7 To date, the DfE funding received totals £23.75m and Dorset Council contributions equal £15m. As at the 31 July 2024, no DfE contributions for 2023-24 and 2024-25 have been received as the review has not yet concluded.
- 10.8 The revised plan is part of the DfE Enhanced Monitoring and Support (EMS) programme and includes allocated DfE advisors.

Quality of SEND provision

- 10.9 In March 2024 Dorset had an inspection for local area arrangements for children and young people with special educational needs and/or disabilities (SEND). The report from that inspection was published in May 2024. 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.'

10.10 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 and partners approach to supporting their work.

Local Context

10.11 A significant driver for the historic deficit is the continued rise in the number of children and young people who require an Education, Health, and Care Plan (EHCP). Chart 1 demonstrates this growth since the introduction of the SEND reforms introduced in 2014.

Percent of pupils with an EHCP Plan: Dorset and England
[Statistics: special educational needs \(SEN\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk/statistics/special-educational-needs-sen)

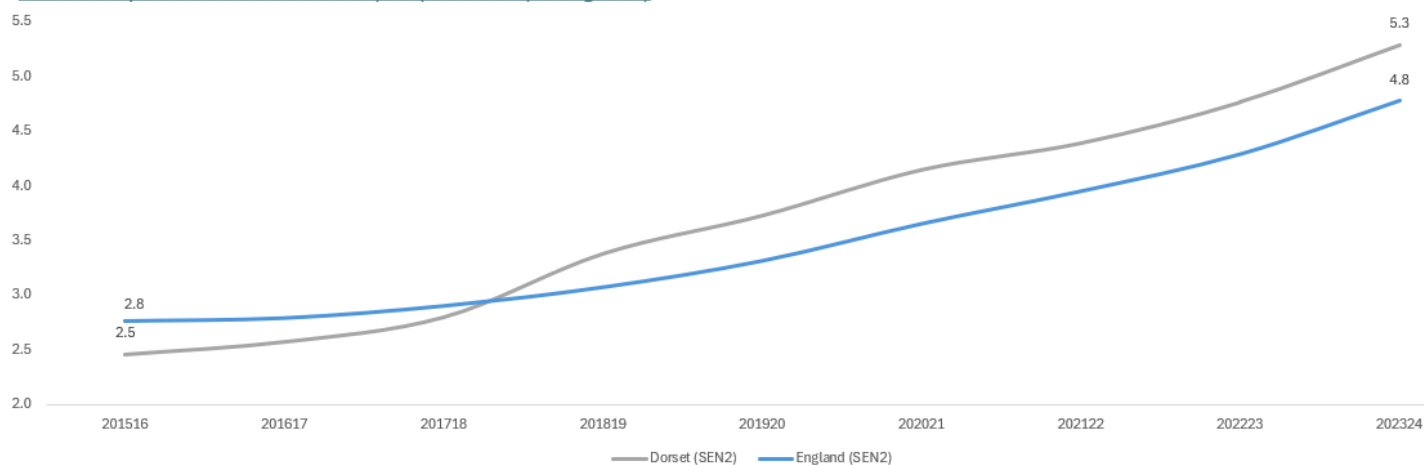


CHART 1: Percent of pupils with an EHCP since 2015

10.12 The percentage of pupils with an EHCP in Dorset is 5.3% on the latest SEN2 return, compared with a national average of 4.8%. As you can see from the graph, since 2018/19 the change year on year in Dorset follows a similar trend to the national figure.

10.13 From analysis at the end of June, 49% of our children and young people with an EHCP are within mainstream provision. Of the net movements since 31 March 2024, there has been an increase of 24 within the 'Specialist Provision' section, 23 within the Independent Special School placement category.

Placement	EHCP	%
Specialist Provision	1,633	39%
Mainstream Provision	2,051	49%
Other Provision	448	11%
30 June 2024 - TOTAL EHCP:	4,132	

- 10.14 Spend on high-cost placements is £7.2m over budget, this includes places at independent special schools and specialist post 16 provision.
- 10.15 Dorset have 450 children and young people now educated within an Independent Special School or Specialist Post 16 Placement, 11% of Dorset's children and young people EHCP population.
- 10.16 Increasing complexity may also explain the increase in the number of exceptional packages within mainstream settings. There are now 149 children (FTE) receiving packages compared with 122 during 2023-24.

11 Progress against budgeted savings

- 11.1 In setting the budget strategy for 2024/25, the Council identified a budget gap of £23m. The subsequent reports to Cabinet and Full Council set out how the gap was calculated. Part of the process of setting the budget involved identification of new service savings.
- 11.2 Savings carried forwards from prior years increased the total savings required for 2024/25 to £34m.
- 11.3 More detail on the delivery of the savings is set out below:

Savings - Adults & Housing

- 11.4 The Adults and Housing directorate has a savings programme in place to deliver £8.0m. At this stage, £3.134m (39%) has been achieved. Below details the progress on each of the programmes.
- 11.5 **Market Management £5.00m** – To date, £2.5m is confirmed as having been delivered through negotiations with providers at the start of the year, mostly around spot purchase arrangements. Framework providers were further supported, as planned, through market sustainability and other grant funding. Work continues to confirm further delivery against this saving.
- 11.6 **Commissioned care £1.5m** – To date, £0.344m has been delivered, with further active casework underway on continuing healthcare and joint funding.

- 11.7 **Home First Accelerator £0.926m** – Reablement has, as intended, avoided some long-term care costs. Work is currently underway to capture the implications and forecast year-end impact.
- 11.8 **Working age accelerator £0.500m** –To date, £0.290 delivered with some service redesign work completed which is yet to be accounted for.
- 11.9 **Accommodation with care £0.74m** – Extra care scheme opens in October 2024

Savings – Children’s

- 11.10 The Children’s Services directorate has a savings programme to deliver £6.235m in 2024/25. To date, £3.342m has been achieved.
- 11.11 Children’s Services compare and benchmark nationally and against statistical neighbours who are Ofsted Good or Outstanding to help demonstrate value for Money. From the LG Futures ‘Finance Intelligence Toolkit 2023/24 Subscription – Children’s Social Care Report’, Dorset’s expenditure per resident (aged 0 to 17) is 6.9% lower than the England average. The Ofsted inspection of Dorset local authority children’s services in September 2021 was deemed ‘Good’ with an ‘Outstanding’ grade for leadership, and the Ofsted Area SEND inspection of Dorset Local Area Partnership in March 2024 achieved the highest result possible.
- 11.12 **Family Hubs** – a network of Family Hubs, embedded in communities in Dorset where families can get the support they need. External contributions (£1m), earned through successful bids, has enabled six family hubs to be opened across the county (Ferndown, Wimborne, Wareham, Swanage, Bridport and Dorchester), with four more to be opened over the coming months. In line with Department for Education service expectations, all Hubs are providing activities for young children (aged 0-5), while also enabling multi-agency professionals to deliver additional support during stay and play sessions where possible.
- 11.13 **Mockingbird** – the first Mockingbird Constellation was launched in November 2022. There are currently 5 constellations, and the sixth constellation will launch in August 2024, making Dorset Council the largest in the South-West region and on par with Leeds in the country. The aim is to have a total of 10 Constellations over the 5-year programme. Evidence of real impact has been recorded for the foster carers and the children they are caring for: prevention of 3 foster carer household resignations, stability support preventing 4 children moving from 2 households, nurturing relationships between the children and young people within the

constellation, supportive relationships formed between foster carers, and recognition of hidden talents within our young people. An additional £96k of external funding has been awarded to this project.

- 11.14 **Safeguarding Families Together** - is a whole family, strengths-based approach to safeguarding children. The design encompasses a co-located multi-disciplinary team that includes children's social workers and specialist adult practitioners from domestic abuse, substance use/recovery and mental health services, which has been implemented in three pilot localities. Since the commencement of the pilot, which was live by January 2023, 338 children and their families have received help from SFT. Out of the 133 children who have closed to SFT, we are now seeing evidence of families successfully stepping down from Child Protection plans or Child in Need plans and sustaining change.
- 11.15 **Early Support and Digital Family Offer** – is about creating a Children's Services that is digital by design: in how we think, work and shape our services around the needs of children and families. The project is focused on improving access to both universal and specialist services, creating online services that become the preferred choice. Work is underway to identify how the savings target of £1.343m (£593k 2023/24 and £750k 2024/25) can be realised, and where there is synergy, the elements of the project which can be transferred to Our Future Council. There is significant interdependence with this work and the Our Future Council programme to identify and deliver against our ambitions, such as machine learning and AI capability, to enable savings to be achieved. This is also contingent on its digital capacity to support development work so that project delivery remains on track and benefits are realised.
- 11.16 **Birth to Settled Adulthood** – in April 2024 the new 0-25 Birth to Settled Adulthood Service for children with disability and complex needs was launched. This is a partnership between Children's Services, Adult Services, the Health Service, and Dorset Parent Carer Council, and managed within Children's Services. It is designed and committed to the provision of a consistently good service for disabled children and young people and their families, which continues seamlessly from childhood to young adulthood. The phase 2 timeline working on the integration with Health is underway. To date the savings of £1.550m have not been realised – the savings and overall budget (Children's and Adults) is being reviewed as part of the B2SA Finance project. Dorset Council have repurposed and updated a property at minimal capital cost, Hayeswood, to help deliver respite care for children with a disability and may reduce the need to use high-cost external providers. For example, a child at one

provider received respite care (including one-to-one / two-to-one during the week and once at weekends) cost £6.4k for the month or estimated £76.8k annually.

11.17 **Service by Service Review** – We have undertaken this to ensure, where appropriate there is a redirection of services or change where others can deliver as effectively as we can. For example, the music service runs independently and has reduced the headcount of Dorset Council staff, whilst improving the quality of music education across the county. We are currently reviewing our in-house nurseries and after school provision to enable this to be managed by partners with extensive experience in early education. Our Outdoor Education service is also being redesigned to ensure it is sustainable and meeting children and young people's needs, with an eradication of overspend.

Savings - Place

11.18 Place directorate put forward £5m of savings for 2025/26. At that time, Customer Services, Archives and Libraries were part of Place directorate but have subsequently moved to Corporate Resources, meaning that £4.081m of savings targets remain in Place directorate. In addition, there are £1.363m of saving targets rolled forward from 2023/24, meaning that £5.444m of savings targets are monitored.

11.19 The savings fall against service areas as follows:

- i. Assets and Regeneration £2.022m
- ii. Place Services £2.229m
- iii. Economic Growth and Infrastructure £1.193m

11.20 The savings can be broadly categorised as follows:

- i. Additional income target built into base budgets £1.459m
- ii. Changes to service delivery £0.681m
- iii. Realignment of budget £0.250m
- iv. Operational savings £3.054m

11.21 The headline position for Place directorate savings is that, of the total saving target of £5.444m, £0.375m (7%) is declared as not achievable at this stage, with all other savings considered as achievable.

11.22 An overview of material savings is contained in the following paragraphs.

11.23 Within Waste Operations, savings targets put forward by Place for reduction of agency (£159k) and reduction in street sweeping (£350k) are

expecting a shortfall of £175k as the proposed changes to street sweeping have not been implemented.

- 11.24 Within Assets and Property, there is a savings target to reduce the running costs of the property portfolio through property disposals (£486k). This relates to the disposal of Furzehill which is expected to complete in 2025/26.
- 11.25 Some of the more significant savings that have been achieved, or are on course to be achieved, are as follows:
- 11.26 The withdrawal from Queen Elizabeth Leisure Centre in Wimborne has saving £331k.
- 11.27 Increased income for trade waste and Garden Waste services are on track to achieve the £500k uplift as is glass recycling £325k.
- 11.28 The reduction of the vehicle fuel budget by £250k, based on fuel market prices, looks on track to be achieved.
- 11.29 Savings through additional vacancy management is on track in the year to date.

Savings – Corporate

- 11.30 The Corporate savings target for 2024/25 is £1.6m, the majority of which, £1.2m, has a green RAG rating as it is deemed to have been achieved.
- 11.31 There are savings within Customer Services £168k, Sundry debt £150k and Libraries £47k that are less certain at this point in the year, so they have a RAG rating of amber until there is more information that will clarify their status.

Savings - Our Future Council

- 11.32 To accelerate delivery of transformation across the Council PwC have been commissioned to undertake a review of the transformation programme and identify the required £8.6m of savings in-year. The output of this work is due in the Autumn of 2024 which leaves limited time to realise the financial benefits before the end of the financial year, March 2024.
- 11.33 PwC, an advisory partner, who bring with them extra resource and a wealth of experience in helping local authorities.

11.34 PwC will be working with the council to recommend ways to reduce the cost of delivering services by looking at how services work within the council and the processes that are used. They have been asked to find ways that processes can be streamlined and use technology in smarter ways so the council can deliver sustainable services for Dorset residents.

12 Local Authority Trading Companies (LATC)

12.1 The council has involvement with three LATC's that support the work of the council. This report focuses on the financial performance of the LATC's and highlights any material financial matters which could impact the Council's finances.

Care Dorset

12.2 Care Dorset was established in October 2022. The accounting year end for Care Dorset is the 30th September.

12.3 Turnover for the company's first year of trading was £29.583m. The company made an operating loss of £0.394m.

12.4 Care Dorset has a 5-year strategy to modernise services and meet emerging need, significantly expanding services such as reablement, rehabilitation and intermediate care. This strategy also looks to modernise offerings in day services, invest in growing extra care and supported living and continue to work with our commissioners to develop services further.

12.5 By ensuring that Care Dorset's strategies align with Dorset Council commissioning strategies they are confident they will achieve long-term growth with a sustainable strategic fit to support sustainable delivery of Adult Social Care.

Dorset Centre of Excellence Ltd

12.6 The Dorset Centre of Excellence Ltd was established in June 2021. The Company became leaseholder of the site previously owned and occupied by St Mary's Independent School in May 2022 and opened Coombe House School in the same month.

12.7 Coombe House provides education for children with special educational needs and/or disability (SEND). The Dorset Centre of Excellence Ltd is a limited company, 100% owned by Dorset Council.

12.8 The accounting year end for the Dorset Centre of Excellence Ltd is 31 March.

- 12.9 Turnover for the Company was £3.3m in 2023/24 (£1.9m for 2022/23). The Company received fees from Dorset Council of £2,989k for 2023/24 (£1,554k for 2022/23).
- 12.10 The Company expect to report a loss of approximately £600k for 2023/24 (£1.3m loss 2022/23). This is significantly ahead of the performance forecast in the 5-year Business Plan (approved June 2023) which anticipated a loss of £1m.
- 12.11 The Company continues to meet growth targets in pupil numbers and staff in line with the 5-year Business Plan (revised March 2024) and expect to achieve a surplus of £300k in 2024/25 which is year 3 of trading. This milestone is achieved with minimal development of other commercial activities on the site, pupil numbers not yet at capacity and despite cost pressures from inflation and Teachers' Pension Scheme employer contribution increases.
- 12.12 The Company purpose is to provide special school places for Dorset children at a fee significantly below the market rate. The fee has remained at £42k per pupil since opening in May 2022 and no increase has been forecast in the 5-year Business Plan. Any future surplus will support maintaining a low fee for Dorset placements.

Connect2Dorset

- 12.13 Connect2Dorset is a new joint venture with Commercial Services Group (a company wholly owned by Kent County Council). The new service went live at the beginning of April 2024 and will provide the Council with contingent agency, contract and interim employees.
- 12.14 The long-term aim of Connect2Dorset is to improve the quality of our agency workers, and where suitable convert agency workers to permanent employees.
- 12.15 Commentary on Connect2Dorset's financial performance commentary will be included in future reports.

13 Flexible Use of Capital Receipts

- 13.1 As part of the 2024/25 budget the Flexible Use of Capital Receipts policy was approved which included projects within two service areas; Assets and Regeneration and Housing.
- 13.2 As part of the policy it stated the following savings were expected to be delivered which would fund future transformation in those areas.

- 13.3 Where savings are expected recurrently, these will support closing the 25/26 budget gap.

Assets & Regeneration

- 13.4 Assets and Regeneration savings were scheduled to be realised on a year on year basis with payback under two years.

Assets & Regeneration projects - Expenditure	2023/24	2024/25
Strategic Asset Management Plan and Effective Property Services (Corporate Landlord)	£158,547	£494,004
RAPID Asset Reviews	£129,965	£250,000
Acceleration of Disposals	£204,340	£481,938
Property Management System		£206,264
Total	£492,852	£1,432,206

Assets & Regeneration projects - savings	2024/25
Strategic Asset Management Plan and Effective Property Services (Corporate Landlord)	£240,333
RAPID Asset Reviews	£285,000
Acceleration of Disposals	£200,000
Property Management System	£219,650
Corporate Office and Depot Rationalisation	£85,094
A&R Realignment & resulting efficiencies	£258,707
TOTAL	£1,288,784

Current Status – Assets & Regeneration

- 13.5 At the time of writing, £539,517.97 has been incurred as spend, over years 2023/24 (£493k) and 2024/25 (47k). No further expenditure is expected. The spend and savings are subject to re-profiling, which is currently a work in progress, and a further update will follow as part of the Quarter 2 report.
- 13.6 Housing projects were scheduled to payback in two years:

Housing Services projects – expenditure	2024/25
Temporary accommodation management plan and effective temporary accommodation housing management services	£379,985
Housing Register management and lettings services	£404,194
Housing Strategy Delivery Plan	£263,338
Strategic Performance and Improvement Delivery Plan	£125,924
Effective Empty Homes Services	£49,689
Effective Homeless Prevention Services	£282,065

Total	£1,505,195			
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Housing Services Projects - Savings	2024/25	2025/26	2026/27	2027/28
Asset Review (Temporary Accommodation / Bed & Breakfast Exit)	£90,000	£1,053,400	£218,400	£83,400
Temporary accommodation housing management system	£0	£49,000	£0	£0
Effective Empty Homes Services	£0	£0	£0	£13,800
Effective Homeless Prevention Services	£127,800	£127,800	£127,800	£127,800
Total	£217,800	£1,230,200	£346,200	£225,000

Current Status – Housing

- 13.7 The council has identified £1.5 million of unallocated Capital receipts to be used by Housing services to fund the service reconfiguration, structural changes, and operating model refinements. This will ensure the Council provides an improved housing offer, which benefits both the Council and those who approach us for help.
- 13.8 The additional investment has resulted in greater efficiency and effectiveness across the housing service, enable a more ‘customer focussed’ approach and enabling earlier efficiencies and effectiveness.
- 13.9 Spend to the end of June was £0.164m. Recruitment is currently taking place to support the above schemes with additional new starts in July.
- 13.10 Despite not all staff being in post good progress has been made on improving performance and outcomes for individuals as noted as part of the main narrative on Housing contained in section 9.

14 General fund position and other earmarked reserves at year-end

- 14.1 Any overspend at the end of the year will mean a drawn down from reserves will be required. At the end of financial year 2023/24 the council held £37.686m in the general fund and £121.872m in earmarked reserves which was a reduction of £16.1m from the previous year.
- 14.2 Based on the revenue forecast as at the end of 2024/25 there will be a requirement for the following use of reserves:
- 1) £10.1m from the general fund overspend, £8.6m of which is required to cover Our Future Council

- 2) £2m Cost of Living support in 2024/25
 - 3) Estimated up to £7m on compliance spend in 2024/25 with a similar level of spend expected in 2025/26
 - 4) £5.1m contribution to the Dedicated Schools Grant.
- 14.3 Unless some currently earmarked reserves can be repurposed, this could mean the Council is required to use its General Fund reserve, reducing the balance from 10% of General Fund to 5.71%. Depleting reserves at this rate in a single year would be a cause for real concern as the minimum operating level for the council to hold in its general fund would be 5%.

15 Capital programme and financing

- 15.1 The capital strategy and capital programme for the MTFP period, which totalled almost £373m, was agreed by Cabinet in February 2024.
- 15.2 The 2023/24 capital outturn was reported to Cabinet in June 2024 and the result of that was that there was programme slippage of £28.844m into 2024/25.
- 15.3 This, along with the approved budget and updates since that date, mean a programme of £328.7m for the next five years, as summarised in the table below.

Capital Programme	Total Budget					Total Budget 24/25-29/30
	2024/25	2025/26	2026/27	2027/28	2028/29	
Full external funding	11,484	9,658	138	0	0	21,280
Partial external funding	74,397	8,387	0	0	0	82,784
Partial external funding	0	42,951	15,740	0	0	58,691
Council funded	42,461	24,985	14,335	(5,974)	(17,013)	58,794
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	9,666	9,933	9,932	2,350	0	31,881
Total funding	150,596	112,480	54,111	11,492	0	328,679

- 15.4 The spend and commitments against the programme of £150.5m at 31 July 2024 was £36.3m (24%). The programme is under continuous review to monitor the progress of all approved projects and to identify any issues that may impact on the overall programme. Where slippage is identified the project budgets will be refiled within the overall programme.
- 15.5 The project budgets for the current year are outlined below.

Project spend	No. of projects	Project Budget £,000	Spend / Commitments £,000	Variance £,000	% Spent
Adults & Housing	16	9,998	601	9,397	6%
Children's	15	22,907	3,000	19,907	13%
Place	118	107,795	31,052	76,743	29%
Corporate	10	9,896	1,662	8,234	17%
Total	159	150,596	36,315	114,281	24%

15.6 The movements in the project budgets since the beginning of the financial year are shown in the table below.

Directorate	01/04/2024 £,000	Adjustments £,000	Re- profiling £,000	New funding £,000	Q1 Budget £,000
Adults & Housing	12,790	0	-2,792	0	9,998
Children's	29,769	1,000	-7,862	0	22,907
Place	109,009	92	-20,357	19,051	107,795
Corporate	15,457	-61	-5,500	0	9,896
Total	167,025	1,031	-36,511	19,051	150,596

15.7 Changes to the Capital scheme since the 2023/24 quarter 4 outturn report include the following items.

15.8 There has been re-profiling of £36.5m into future years to more accurately reflect the timing of works, and therefore spend incurred. This includes LUF projects £9.3m; SEND capital strategy £7.8m, ERP Replacement £5.5m, Weymouth Transport Improvements £2.6m, Lyme Regis Environmental Plan phase 5 £1.8m and Dorset Council Fleet Replacement Programme of £1.5m.

15.9 There has also been new external funding of £19.0m confirmed, most significantly £18.4m relating to the Local Transport Plan programme of works.

15.10 It is too soon to forecast what level of slippage we might anticipate into future years, based on previous financial years it is unlikely that all aspects of the programme will be deliverable this year based on the current rate of spend.

15.11 The delivery of the capital programme is reviewed monthly by the Capital Strategy and Asset Management Group (CSAMG).

16 Sundry debt management

New invoices for 2024/25

- 16.1 The total value of debts (invoices) raised between 1 April 2024 and 31 July 2024 is £90.6m, a breakdown by directorate is shown below:

Total debt raised	2024/25 £'000
Adults & Housing	£22,923
Children's Services	£3,212
Place	£24,404
Corporate	£40,087
Total	£90,626

Overall amounts owed

- 16.2 Looking at debt across all years, the balance of sundry debt outstanding at 31 July 2024 was £37.4m.
- 16.3 The breakdown of the current sundry debt is as follows:

Total Debt					
Directorate	2024/25 £'000	Less than 30 days £'000	30-90 days £'000	90-365 days £'000	Over 365 days £'000
Adults & Housing	27,415	2,132	2,215	10,346	12,722
Children's Services	1,527	415	263	696	152
Place	6,871	919	2,300	1,722	1,930
Corporate	1,658	820	125	429	283
Grand Total	37,470	4,287	4,903	13,193	15,087

- 16.4 £27.4m of the £37.4m of outstanding debt is within Adults & Housing. Of which, some relates to deferred payment arrangements, or care provided through gross without prejudice.
- 16.5 After adjusting for these the debt which is currently collectable is as follows:

Collectable Debt					
Directorate	2024/25 £'000	Less than 30 days £'000	30-90 days £'000	90-365 days £'000	Over 365 days £'000

Adults & Housing	16,205	2,050	979	5,967	7,210
Children's Services	1,527	415	263	696	152
Place	6,870	919	2,300	1,722	1,930
Corporate	1,658	820	125	429	283
Total	26,259	4,204	3,667	8,814	9,575

Prior year performance

- 16.6 At the end of 2023/24 the Collectable Debt arrears were £46.0m and to date £31.4m (68%) has been collected.
- 16.7 The next table breaks down performance for prior year debts.

Prior year arrears	Amount owed 31/03/2024 £,000	Collected in year £,000	Amount outstanding 31/07/2024 £,000	% collected
Pre 1 April 2019	1,317	64	1,253	5%
2019/20	928	23	905	2%
2020/21	1,342	47	1,295	4%
2021/22	1,688	146	1,542	9%
2022/23	3,124	393	2,732	13%
2023/24	37,606	30,820	6,786	82%
Total	46,005	31,493	14,513	68%

Deferred payments

- 16.8 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 is sold.

Deferred Payments	2024/25 £'000	Less than 30 days £'000	30-90 days £'000	90-365 days £'000	Over 365 days £'000
Adults & Housing	3,607	42	563	1,096	1,991

Gross without prejudice

- 16.9 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	2024/25	Less than 30 days	30-90 days	90-365 days	Over 365 days
	£'000	£'000	£'000	£'000	£'000
Adults & Housing	7,604	125	674	3,284	3,522

Write-offs

- 16.10 The write-offs processed so far this 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 (0.28%).

Debts written off	2024/25
	£'000
Adults & Housing	74
Children's Services	0
Place	30
Corporate	0
Total	104

17 Council tax and business rates debt management

Council tax

- 17.1 The Government has recently published statistics showing the collection rates for council tax and business rates in 2023/24. The average council tax collection rate for unitary authorities in England is 96.20% and Dorset Council achieved 96.23%, so Dorset performed 0.03% above average which is around £100k more than an average performance.
- 17.2 The value of council tax debt raised in 2024/25 is £393.2m and £149.9m has been collected to date. The collection rate at 31 July 2024 is 38.14%, which is marginally better than the corresponding position from the previous year, which was 38.07%.

Business rates (non-domestic rates – NDR)

- 17.3 In relation to business rates, the Governments statistics show that the average for unitary authorities is 97.2%. Dorset achieved 96.17% in 2023/24 and whilst this is almost exactly 1% down on the National average it is important to recognise that this is a significant improvement

previous year end position of 92.07%. It is worth noting that for the last few years the covid relief schemes saw a significant number of businesses receive reduced bills. Support was focussed on the Retail, Hospitality & Leisure sector, which provided businesses in areas such as Dorset with a significant visitor economy significant support. With this support tapering off it is perhaps expected to see collection is somewhat dampened compared to National averages as businesses readjust to operating with reduced Government support.

- 17.4 The value of business rates debt raised in 2024/25 is £103.9m and £47.0m has been collected to date. The collection rate at 31 July 2024 is 45.27%, which is an improvement on the corresponding position from the previous year, which was 43.88%.

Write offs

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

Debts written off	2024/25 £'000
Council tax	1
Business rates	1
Housing Benefit overpayments	9
Total	11

18 Financial planning, strategy and the MTFP

- 18.1 The Council has already started the process of refreshing the MTFP and developing the budget strategy for 2025/26 which, as well as meeting new pressures, will also need to deal with any ongoing pressures from 2024/25.
- 18.2 Early expectations are for a further one-year settlement for 2025/26, which does not provide confidence that the underlying, systemic underfunding for local government service delivery will be addressed. As a result, it is expected that the local and national pressures the Council is facing in the current financial year can be expected to continue over the medium term.
- 18.3 Taking both the local and national operating environment into consideration, readers of the report should expect:
- i. the budget gap for next year (2025/26) to widen
 - ii. delivering a balanced budget to require a reprioritisation of service delivery to ensure ongoing financial sustainability.

- 18.4 Recent budget rounds have seen significant turbulence and volatility, and the backdrop to setting the budget for next year is likely to be very similar, with uncertainty around prices, markets and labour.
- 18.5 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.

19 Summary, conclusions and next steps

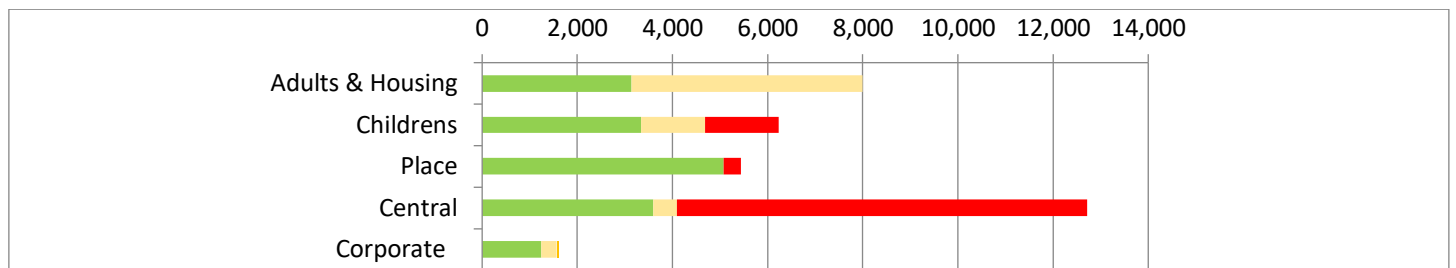
- 19.1 2024/25 continues to be an extremely challenging time for local government, with inflationary and demand pressures impacting on income and expenditure. There remains a large degree of financial uncertainty and, having reviewed expenditure for the first four months of the year, Dorset Council's prudent financial forecast is a £10.1m budget pressure.
- 19.2 The information contained within this report will form the basis of the starting position for the 2025/26 budget setting process, which will once again prove to be extremely tough as the Council seeks to achieve its priorities whilst meeting the growing cost of demand, all from within limited funds.

Aidan Dunn

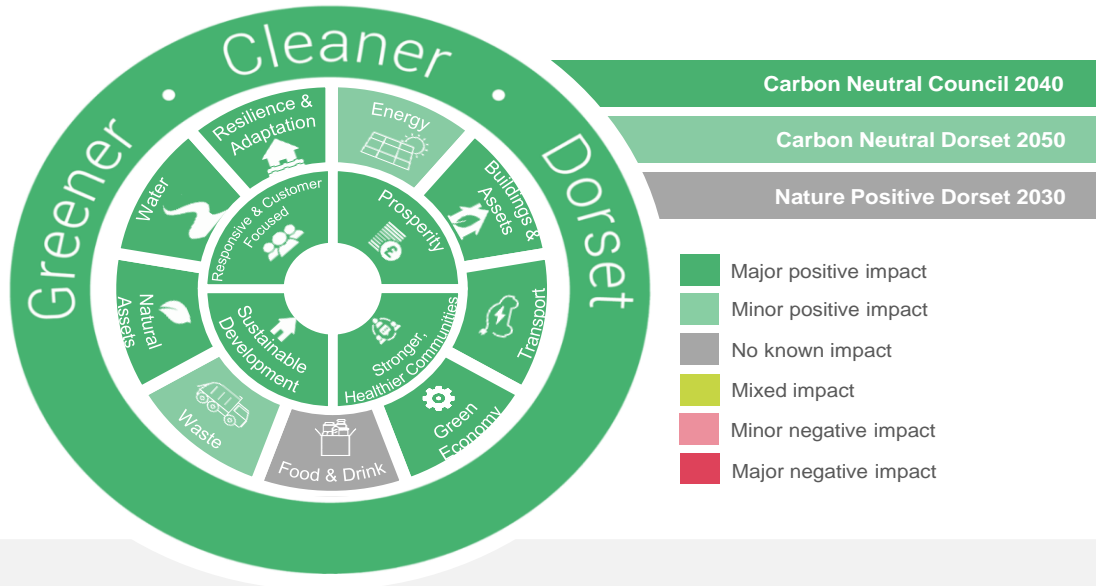
Executive Director - Corporate Development (S151 Officer)

Appendix A

2024/25 Savings Plans		Green	Amber	Amber 2	Red
	£000's	£000's	£000's	£000's	£000's
Adults & Housing	8,000	3,134	4,866	0	0
Childrens	6,235	3,342	1,343	0	1,550
Place	5,444	5,069	0	0	375
Central	12,722	3,600	500	0	8,622
Corporate	1,608	1,243	318	47	0
Total Savings Plans	34,009	16,388	7,027	47	10,547



Appendix B



Quantitative Impact on CEE targets (if known)		
	Unit	Number of units (+/-)
2030 - Natural asset extent & condition	Ha	0
2040 - Operational Emissions	CO ₂ (tonnes)	0

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?
Energy	
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	
Buildings & Assets	
No recommendations found for this category	
Transport	
No recommendations found for this category	
Green Economy	
No recommendations found for this category	
Food & Drink	
No recommendations found for this category	
Waste	
Look at ways to reduce the amount of waste produced	
Natural Assets & Ecology	
No recommendations found for this category	
Water	
No recommendations found for this category	
Resilience & Adaptation	
No recommendations found for this category	