

# Cabinet

**19 November 2024**

## **September 2024 (Period 6) financial management report 2024/25**

**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 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 30<sup>th</sup> September 2024 (Quarter 2).

**Recommendation:**

Cabinet is asked to:

1. note SLT's forecast of the full year's outturn for the Council, made at the end of September 2024 including progress of the transformational and efficiency savings incorporated into the budget;
2. note the capital programme for 2024/25;
3. approve the capital spend of £3.45m against Sewerage Treatment Services Improvement Works as agreed by CSAMG on 7 October 2024.
4. approve additional capital spend of £2.8m for Weymouth Harbour Walls F&G of which £1.3m to be funded from Dorset Council resources and £1.48m from Harbour reserves (subject to harbour advisory committee). A detailed breakdown is shown in the appendix which brings total project spend to £13.8m.

5. approve additional capital spend of £1.0m for Foster and Kinship Carers Adaptations Capital Fund.
6. reallocate the budget of £160k from Parkdean improvement works to Greenhill.
7. to continue procurement to deliver Urgent and Emergency Care (UEC) Transformation programme – part 2 with an expected value of £9m, of which Dorset Council is committing to up to £1.5m with a further step of making any contract award and finalising the partnership agreement with NHS partners should be delegated to the relevant Cabinet portfolio holder for Adults, Cllr Robinson, after consultation with the relevant Executive Director, Jonathan Price, Cabinet portfolio holder for Finance and Capital Strategy, Cllr Clifford and Executive Director for Corporate Development (s151 officer), Aidan Dunn.

**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 September 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, 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.

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

Appendix C

- Capital Project Approval – Sewerage Treatment Services,
- Foster and Kinship Carers Adaptations, Weymouth Harbour Walls F&G,
- Capital reallocation of Parkdean improvement works to Greenhill

## **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 [Introducing a cap on care costs](#) which had previously been due to come in for October 2023 but had been delayed for 2 years.
- 9.7 The 2024/25 pay award, which is negotiated nationally, was agreed in late October 2024 which will be back dated to take effect from 1<sup>st</sup> April 2024. This will be an increase of £1,290 (pro-rata for part-time employees) up to SCP 43, and an increase of 2.5% on all pay points from SCP 44. For the 2024/25 budget an increase of 5% was built in. At the time of writing this report, the impact is being analysed and further detail will be provided in the Quarter 3 report.

## 10. Overall projection

- 10.1 At the end of quarter 2 (September), the Council is forecasting an overspend of £13.2m, which represents 3.5% 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.
- 10.2 This level of overspend is of significant concern as it identifies unbudgeted service pressures of £12.6m, which can only be partially mitigated by Central Finance funding improvements of £8m.
- 10.3 The current forecast will require use of reserves to meet the overspend. In previous years there has been improvement at the later stages in the year, this has typically been due to 'central finance' mitigation, such as releasing the contingency or improvements to collection fund. As mentioned in the period 4 report, most of areas in Central Finance have already been deployed and are therefore unlikely to be available to mitigate any future pressures, or reduce the forecast overspend later in the year.
- 10.4 Section 15 of the report also outlines a number of forecasted uses of reserves. In the event that the £13.2m forecast improves, there remains an underlying reliance on reserves during 2024/25. To maintain appropriate level of reserves these will need to be replenished during the life of the current MTFP.
- 10.5 The directorate variances are summarised in the table below.

Directorate	Net Budget	Forecast	Forecast (Overspend)/		Movement
	£'000	Outturn	Underspend		
	£'000	£'000	£'000		£'000
People - Adults & Housing	153,171	160,985	(7,814)	(5.1%)	(3,952)
People - Children's	85,511	90,304	(4,793)	(5.6%)	(144)
Place	105,556	106,306	(750)	(0.7%)	639
Corporate Development	38,899	38,408	491	1.3%	461
Legal & Democratic Services	7,522	7,306	216	2.9%	31
Public Health	326	326	0	0.0%	0
<b>Total Service Budgets</b>	<b>390,986</b>	<b>403,635</b>	<b>(12,649)</b>	<b>(3.2%)</b>	<b>(2,965)</b>
Our Future Council savings	(8,622)	0	(8,622)	(100.0%)	0
General Funding	(29,805)	(30,102)	297	1.0%	(86)
Capital Financing	17,775	17,782	(7)	(0.0%)	0
Contingency	(2,319)	(7,089)	4,769	205.6%	(100)
Precepts/Levy	19,438	19,441	(3)	(0.0%)	1
Central Finance	(394,540)	(397,512)	2,972	0.8%	4
<b>Whole Authority</b>	<b>(7,086)</b>	<b>6,155</b>	<b>(13,241)</b>		<b>(3,491)</b>
Dedicated Schools Grant budgets	7,086	39,077	(31,991)		(2,136)

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

### **Children's Services**

10.6 The Children's Services forecast is £90.304m compared with a net budget of £85.511m an overspend of £4.793m (5.6%).

People Services - Children	Net Budget	Forecast Outturn	Forecast (Overspend)/ Underspend		Movement from July (P4)
	£'000	£'000	£'000		£'000
Quality Assurance	2,988	2,976	12	0.4%	(0)
Care & Protection	63,385	66,953	(3,568)	(5.6%)	(607)
Commissioning and Partnerships	4,141	5,378	(1,237)	(29.9%)	463
Director's Services	2,157	2,157	0	0.0%	0
Education and Learning	13,293	13,293	0	0.0%	0
DSG Recharges	(454)	(454)	0	0.0%	0
<b>Total Directorate Budget</b>	<b>85,511</b>	<b>90,304</b>	<b>(4,793)</b>	<b>(5.6%)</b>	<b>(144)</b>

### **Care & Protection**

10.7 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.

10.8 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.

10.9 There is an overspend of £0.4m for supporting unaccompanied, asylum-seeking children (UASC). Dorset is part of the National Transfer Scheme, accepting transfers of children into our care to provide crucial placements.

10.10 The National Transfer Scheme set a quota for all local authorities was adjusted in August 2023 to accommodate the equivalent of 0.1% of the local child population. This threshold could change again.

10.11 For Dorset, this represents 67 young people. We are currently looking after 53 young people and are responsible for 79 care leavers who were formerly asylum-seeking children which will increase to 99 by March 2025.

- 10.12 The National Transfer Scheme provides a degree of funding to support unaccompanied children, however this mainly covers the direct placement costs, so excludes costs such as interpreter fees, and social worker resource. The funding varies depending 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.
- 10.13 Additional budget was allocated to support our accompanied children and young people during previous budget setting processes. The budget was allocated to fund a team to support our unaccompanied children and young people, and to fund interpretation costs.
- 10.14 The overspend position is driven by the number of unaccompanied young people over 18. Central government funding for this cohort reduces and is often not enough to fund placement costs.
- 10.15 Staying Put / Supported accommodation is forecast to overspend by £0.12m. This area supports young people to remain in fostering placements when they turn 18. There is central government support and it is not enough to compensate the full weekly cost for a young person in an Independent Foster Agency (IFA) placement.

### **Commissioning and Partnerships**

- 10.16 At the end of September, only one transformation saving is rated as red. This is the Birth to Settled Adulthood project. £0.581k of the target moved to Adults in September, reducing the Children's B2SA savings target from £1.55m to £0.969m. £1.3m of transformational savings are defined as amber and £3.3m are rated green. Section 12 contains more information on the progress of this activity.
- 10.17 The Children's Services Transformation Team monitor and review the progress of these projects monthly.

### **Families First for Children Pathfinder**

- 10.18 In June 2023, Dorset was announced as one of three authorities for the Families First for Children (FFC) 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 and utilised.
- 10.19 The [FFC pathfinder was announced in February 2023](#) as part of the government's children's social care implementation strategy, stable homes, built on love.



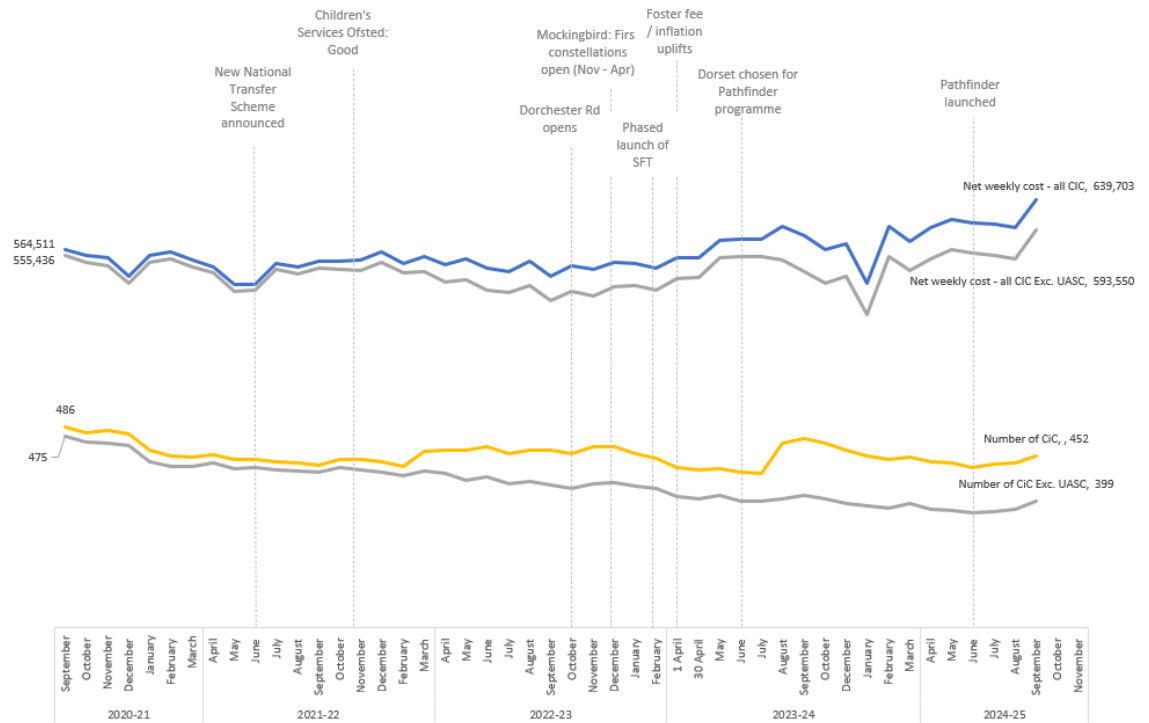
10.20 It responds to recommendations from the Independent review of children’s social care, the Child Safeguarding Practice Review Panel report on child protection in England and the Competitions and Market Authority’s market study of children’s social care provision. The pathfinder will test delivery of key strategy commitments.

### Children in care

10.21 Dorset’s efforts to rebalance the system with a focus on early support and prevention has seen a reduction in the number of Children in Care. However, Dorset are not immune to national pressures including inflation, marketplace and increasing complexity of need, resulting in a forecast overspend of £2.3m

10.22 Dorset’s Children in Care population has reduced since September 2020 (by 16%), although August saw an increase in the number of children in care (Graph 1).

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



Graph 1: Dorset’s CiC population and next weekly cost since September 2020

10.23 The overall improvement since September 2020 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.

10.24 This trend is not mirrored nationally, although Table 1 highlights Dorset is not immune to national pressures, including inflation - a 13% increase in net weekly cost despite the reduction in the number of external placements (Table 2).

	Sept 2020	Sept 2024	% Change
Net weekly cost - all CiC	564,511	639,703	13%
USAC £	9,075	46,153	409%
Net weekly cost - all CiC Exc. UASC	555,436	593,550	7%
Number of CiC	486	452	-7%
USAC No.	11	53	382%
Number of CiC Exc. UASC	475	399	-16%

Table 1: Change in numbers and cost September 2020 to September 2024

	Sept 2020	Sept 2021	Sept 2022	Sept 2023	March 2024	June 2024	Sept 2024	% Change
Fostering Dorset Council	211	191	175	181	188	188	182	-14%
Fostering External	114	113	106	89	88	91	91	-20%
Residential External	60	60	54	49	46	44	46	-23%
Residential Dorset Council	5	6	4	5	5	5	6	20%
High Cost Supported	16	8	9	8	15	12	14	-13%
Low Cost Supported	13	5	2	6	4	5	9	-31%
Supported Lodgings	0	0	0	2	0	0	2	-
Other	4	5	2	6	0	0	2	-50%
Adoption	18	19	14	16	13	7	12	-33%
Parent/Child/Family	34	25	52	43	34	30	35	3%
<b>Total</b>	<b>475</b>	<b>432</b>	<b>418</b>	<b>405</b>	<b>393</b>	<b>382</b>	<b>399</b>	<b>-16%</b>

Table 2: Split of Children in Care placements (exc. UASC and Place12a – BS2A/CWaD) September 2020 to September 2024

- 10.25 Nationally, recent research by the County Councils Network CCN showed there was a surge in over 20,000 extra referrals in county areas following the pandemic and over 1,000 more children in local authority care; a trend that has not abated since. (Social Work Today, 8 November 2023). The continuous improvement in service delivery for children and young people in Dorset has meant that the rises seen nationally are not the situation seen in Dorset, evidenced in Graph 1 and Tables 2 and 3.
- 10.26 If the number of children in care (exc. our unaccompanied children) had remained at 475, at September 2024 averages, it is estimated an additional £5.8m of annual cost would be incurred. This means £5.8m has been avoided whilst maintaining high standards of care and support.
- 10.27 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/114147/childrens-social-care-market-study-final-report.pdf)
- 10.28 This is the forecast outturn position at the end of September, 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, tribunals 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**

- 10.29 The Adults Services & Housing forecast is £160.985m compared with a net budget of £153.171m, an overspend of £7.814m (5.1%). This is a worsening position compared to Period 4 of £3.952m.

People Services - Adults	Net Budget £'000	Forecast Outturn £'000	Forecast (Overspend)/ Underspend £'000		Movement from July (P4) £'000
Adult Care Packages	119,750	127,529	(7,780)	(6.5%)	(3,873)
Adult Care	16,866	16,560	306	1.8%	6
Commissioning & Improvements	8,325	8,486	(160)	(1.9%)	(178)
Directorate Wide	1,719	1,719	(0)	(0.0%)	0
Housing & Community Safety	6,511	6,691	(180)	(2.8%)	93
<b>Total Directorate Budget</b>	<b>153,171</b>	<b>160,985</b>	<b>(7,814)</b>	<b>(5.1%)</b>	<b>(3,952)</b>

## **Adult care packages**

- 10.30 The forecast overspend within adult care packages is £7.780m 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 over the medium term. Reviewing performance against last year shows that unit costs have stabilised but seen additional people receiving care over and above the budget level.
- 10.31 As at the end of September 4,256 people were in receipt of adult care services. The ASC package budget for 24/25 was set based on the number of people receiving packages in October 2023 (4,086). There has been a continued increase in numbers since November 2023.
- 10.32 When reviewing residential and nursing packages, there was an increase of 81 people from October 2023 when the directorate growth was put forward to the start of the new financial year (April 2024). Based on the average package price on 1<sup>st</sup> April 2024 this has resulted in an unforeseen in-year pressure of £5.1m.
- 10.33 From October 2023 to September 2024 the total number of people being supported has increased by 210 (with an increase from April 2024 to September 2024 of 99).
- 10.34 As a local authority, we have noted an increase from health partners in the expectations of the level of health needs that a social care service can lawfully meet for people with needs falling outside of hospital discharge to assess and for people with increasing health needs in the community. As a result of this the number of cases that are now meeting the Continuing Health Care (CHC) threshold has reduced. In year we have seen a lower number of cases meeting CHC criteria and of the cases that have been agreed the saving/ back pay is just under £1m less compared to last year. On top of this we are seeing an increasing number of CHC cases not being found eligible and are passing back to Dorset Council to fund. So far there have been 17 cases with an in-year cost of £1m.
- 10.35 Health have also reduced funding in year which previously supported our Home First Accelerator programme particularly funding support within the reablement contract.

- 10.36 A system wide Urgent and Emergency Care (UEC) transformation programme has been agreed in principle following completion of a diagnostic in September 2024. Dorset Council is acting as the lead on the procurement on behalf of System partners and will prepare a partnership agreement and will agree the cost and benefit share with partners. Further details will be provided to Cabinet in December 2024 and providing the Council, BCP council and Health partners agree to participate, the expectation is that savings across the system will be achieved from 2025/26 through to 2029/30.
- 10.37 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.

### **Housing**

- 10.38 Housing is currently forecasting an overspend of £0.180m (2.76%). The overspend is due to a partial under achievement of a £300k savings target from 2022/23 and bad debts written off.
- 10.39 Homelessness approaches are 8% lower than last year. 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. Work is underway to review reasons for homelessness data to be used to direct and shift prevention resources where necessary.
- 10.40 The number of households in bed and breakfasts continues to reduce. Families in bed and breakfasts have increased in the last quarter from 6 families in June to 23 in September There has been a reduction in the number of Single households from 64 in June down to 51 in September. 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 reduce the number in the last quarter.

## Public Health

- 10.41 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.
- 10.42 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.
- 10.43 As Public Health is funded by a ringfenced grant, the existing public health reserve will cover any overspend within public health.

## Place directorate

- 10.44 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 September is a projected overspend of £0.75m, with a projection of £106.31m net spend against a net budget of £105.56m. This is an improvement of £0.6m on the forecast as at the end of July, which was a projected overspend of £1.39m.

Place	Net Budget £'000	Forecast Outturn £'000	Forecast (Overspend)/ Underspend £'000		Movement from July (P4) £'000
Assets and Regeneration	4,416	6,258	(1,843)	(41.7%)	(907)
Highways	5,576	6,220	(644)	(11.5%)	(356)
Planning	5,181	5,662	(481)	(9.3%)	416
Travel	40,048	38,855	1,193	3.0%	1,161
Business Support	2,115	2,096	20	0.9%	20
Environment and Wellbeing	8,337	8,506	(169)	(2.0%)	(169)
Community and Public Protection	3,812	3,826	(14)	(0.4%)	20
Waste - Commercial & Strategy	17,845	16,504	1,340	7.5%	332
Waste - Operations	16,679	16,820	(141)	(0.8%)	34
Directors Office	1,547	1,559	(13)	(0.8%)	87
<b>Total Directorate Budget</b>	<b>105,556</b>	<b>106,306</b>	<b>(750)</b>	<b>(0.7%)</b>	<b>639</b>

10.45 The overall position remains largely as previously reported : significant budget pressures through under-achievement of income and savings targets in Assets and Regeneration, Planning and Building Control (where income targets were automatically uplifted by 5% as part of the budget-setting process, despite current adverse market conditions) are being contained by a favourable budget position in waste management, Dorset Travel, and strict expenditure control across the whole of the Place Directorate.

### **Assets and Regeneration**

10.46 The Assets and Regeneration forecast is an adverse position of £1.843m against a £4.416m net budget.

10.47 The major items within the forecast are as follows.

- A. A £303k unfunded charge in relation to backdated NNDR liability around the Dorset Council element of Coombe House.
- B. Dorset Innovation Park including Battlelab is budgeted to make a small income, but currently costs are exceeding income. An estimate of the adverse position is £300k for 2024/25.
- C. A planned reduction of Repairs and Maintenance spend by £200k to contain expenditure within available funds.
- D. 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 disposals, assumed here at an adverse £200k.
- E. Industrial Sites rental income will not be able to achieve the mandated 5% uplift in income. This is estimated at an adverse £131k.
- F. A change in operating model for the Design and Delivery teams will see less funding claimed from capital for staffing costs. The estimate for this is an adverse £115k against the budget of £715k.
- G. There is an existing income budget for car parking at County Hall of £169k whilst charges have recently been reintroduced and so an underachievement of income is assumed here at £100k.
- H. Farms are suffering voids and increased costs, estimated for 2024/25 is £63k adverse. Farms are subject to a strategic review which may determine further actions in due course.

10.48 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 circa £7.8m in 2024/25. 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 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 spend.

### **Highways**

10.49 The net highways revenue expenditure budget is £5.576m. 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.

10.50 Highways revenue budgets are made up of three services, which are Parking Services (net income budget £7.7m), Highways Infrastructure (net expenditure budget £8.7m) and Network Operations (net expenditure budget £4.6m). 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 £644k adverse overall.

10.51 Within the £644k overall adverse forecast, the Highways services are projecting a £355k overspend, primarily related to the Modelling team being unable to access capital funding.

10.52 Parking services are current forecasting an adverse forecast of £289k. Reasons for adverse impacts on car parking income include a reduction of circa £120k income due to loss of car parking at Portland which has gone back to the landowners, the Crown Estate and the trial change to reduce car parking rates in three car parks across the County.



## **Planning**

10.53 The Planning service has an overall £481k forecast adverse variance, largely due to a projection of £290k adverse in relation to Development Management, (planning applications received), and a £205k 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**

10.54 Overall, Dorset Travel is forecasting an underspend of circa £1.2m 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 has seen both growth in demand and also significant cost uplift in excess of inflation, and that was the context for the 2024/25 budget setting. The expectation was that an uplift of £12m should compensate for insufficient budget uplifts in recent years and put the 2024/25 budget into an appropriate position to cope with the continuation of uplifting costs that were expected. In a positive turn of events at the end of Qtr 2, we are seeing some evidence that transport costs for the new school year could be less than anticipated when setting the budget.

10.55 In SEN Transport, it has previously been noted that the number of children in provided transport (taxis, minibuses etc) has been increasing by 10% year on year for 3 years, however this appears to have slowed with the increase at this current time being circa 7% more clients rather than the anticipated 10%. The overall number of routes (arising from efficiencies in commissioning for greater numbers of children) is broadly unchanged. Also included in these figures for the new school year are the effects of new levels of stability in the marketplace. It is thought that overall economic stability – currently low inflation, and in particular the cost of vehicle fuel – is a major contributing factor. The overall impact on the SEN Transport budget of the above changes needs to be fully worked through. The quarter 2 forecast has is forecasting an underspend of circa £900k on a budget of £22m.

- 10.56 School transport costs are predicted to underspend by £151k on a budget of circa £12m. We have previously noted unfunded costs in relation to school transport for school age children accommodated at the Chickerell Camp, which were originally estimated at £300k which have reduced to circa £20k through use of mainstream school transport. In addition, similar to SEN transport above, recent contract renewal prices for the new school year were, in aggregate, more favourable than expected.
- 10.57 At the time of writing, the travel arrangements and associated contract prices for the new school year have only recently been sighted and implemented. The favourable position reported here is a cautious holding position, pending further clarity on how the contracts perform and actual costs being incurred.

### **Business Support**

- 10.58 Business Support is forecasting a £20k underspend.

### **Community and Public Protection**

- 10.59 CPP are forecasting an adverse variance of £14k on a net budget of £3.8m. Licencing income looks healthy but there is lost income on CCTV and Community Safety Accredited Scheme (CSAS) services and Bereavement services are looking at a forecast of £102k adverse in the area of income generation and staffing costs.

### **Environment & Wellbeing**

- 10.60 The overall Environment & Wellbeing forecast is £168k adverse. Adverse variances include the unfunded wall repairs (£75k) taking place at Greenhill on Weymouth seafront, dealing with Ash tree die-back (£50k), biodiversity income £30k (this is linked to the reduced number of planning applications so far this year) and unbudgeted legal fees (£13.5k) associated with the Piddlehinton residential gypsy and traveller site.

### **Waste Strategy**

- 10.61 Waste Strategy are forecasting an underspend of £1.340m at the end of September. The favourable position is mainly due to the recycle (DMR) market (although this does currently remain volatile) and continued favourable prices for recycled glass. In addition, there are also favourable positions on both the Garden and Commercial services.

10.62 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

10.63 Waste Operations is currently forecasting an adverse variance of £141k 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

10.64 The Directors Office has a forecast adverse variance of £12.5k, which includes adverse forecasts as a result of planned management changes (£57k) and other unbudgeted management costs but also expected favourable variances with regard to the expected recharge of costs regarding externally funded projects.

### Fees & Charges

10.65 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 car parking income, Planning and Assets and Property in particular.

2024/25	Budget	Forecast	Forecast Variance
	£ 000s	£ 000s	£ 000s
Highways	-16,493	-15,951	-543
Planning	-4,531	-4,060	-471
Dorset Travel	-630	-706	76
Environment and Wellbeing	-10,193	-10,285	92
Community & Public Protection	-3,370	-3,493	123
Commercial Waste & Strategy	-7,676	-8,139	463
Waste Operations	-120	-199	78
LUF & Economic Development	-92	-135	43
Assets & Property	-8,021	-6,445	-1,576
<b>Place</b>	<b>-51,127</b>	<b>-49,413</b>	<b>-1,714</b>

## Corporate Development

10.66 The Corporate Development is forecasting an underspend of £491k (1.3%).

Corporate Development	Net Budget £'000	Forecast Outturn £'000	Forecast (Overspend)/ Underspend £'000		Movement from July (P4) £'000
Financial & Commercial	9,960	9,787	173	1.7%	68
Human Resources	1,745	1,654	92	5.2%	92
ICT Operations	8,807	8,736	71	0.8%	(0)
Chief Executive's Office	1,128	1,064	64	5.7%	64
Directors Office	354	354	0	0.0%	0
Strategy, Performance and Sustainability	6,704	6,649	56	0.8%	0
Transformation, Customer and Cultural Services	10,201	10,165	36	0.3%	237
<b>Total Directorate Budget</b>	<b>38,899</b>	<b>38,408</b>	<b>491</b>	<b>1.3%</b>	<b>461</b>

- 10.67 **Finance & Commercial** is forecasting an underspend of £173k, in the main this relates to pay savings of £248k from vacancies plus additional income of £35k, which is offset by spend on agency staff of £107k.
- 10.68 **HR** is forecasting an underspend of £92k, the restructuring of the External Payroll and Technical Teams has resulted in a reduction in both pay and other costs.
- 10.69 **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.
- 10.70 **Chief Executive's Office** is forecasting an underspend of £64k, this is largely due to pay savings achieved from vacancies and minor structure changes.
- 10.71 **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

- 10.72 Within Transformation, Customer and Cultural Services there are several forecast movements. Digital & Change are forecasting an underspend of £172k pay savings. In addition, Customer Services are forecasting an underspend of £24k pay savings.
- 10.73 Following the Libraries restructure redundancy costs are forecast to reach £390k. This overspend has been largely offset by vacancy management prior to the launch of the new operation model, so the net position for the service is £160k overspent.

### Legal & Democratic Services

- 10.74 The Legal & Democratic forecast is £7.306m compared with a net budget of £7.522m, an underspend of £216k (2.9%).

Legal & Democratic	Net Budget £'000	Forecast Outturn £'000	Forecast (Overspend)/ Underspend £'000		Movement from July (P4) £'000
Assurance	1,706	1,712	(6)	(0.3%)	(2)
Democratic & Elections Services	3,082	3,082	0	0.0%	0
Land Charges	(272)	(306)	34	12.5%	33
Legal Services	3,006	2,818	188	6.3%	0
<b>Total Directorate Budget</b>	<b>7,522</b>	<b>7,306</b>	<b>216</b>	<b>2.9%</b>	<b>31</b>

- 10.75 **Land Charges** are forecasting an underspend of £34k, the shortfall in forecast income continues to reduce and an underspend in pay driven by holding vacancies and not recruiting maternity cover at this time.
- 10.76 **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

- 10.77 The forecast for central budgets is £397.480m compared with a net income budget of £398.072m, is a forecast overspend of £592k (0.1%).

Central Finance	Net Budget £'000	Forecast Outturn £'000	Forecast (Overspend)/ Underspend £'000		Movement from July (P4) £'000
Our Future Council	(8,622)	0	(8,622)	(100.0%)	0
General Funding	(29,805)	(30,102)	297	1.0%	(86)
Capital Financing	17,775	17,782	(7)	(0.0%)	0
Contingency	(2,319)	(7,089)	4,769	205.6%	(100)
Precepts/Levy	19,438	19,441	(3)	(0.0%)	1
Central Finance	(394,540)	(397,512)	2,972	0.8%	4
<b>Total Central Budgets</b>	<b>(398,072)</b>	<b>(397,480)</b>	<b>(592)</b>	<b>(0.1%)</b>	<b>(181)</b>

## **Our Future Council**

- 10.78 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.
- 10.79 Following the latest progress the full £8.6m will be required to be met from reserves. Further detail of work is contained in section 12 of this report.

## **Contingency**

- 10.80 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**

- 10.81 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.

## **11 Dedicated Schools Grant (DSG)**

- 11.1 2023/24 ended with a £23.6m overspend. At the 30 September 2024, the forecast outturn is a £31.99m overspend for 2024/25. Adding the historic cumulative deficit position, a revised cumulative deficit would be £90.3m as at the end of the 2024/25 financial year. 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 £64.9m after DfE and Council contributions.
- 11.1 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.

- 11.2 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.
- 11.3 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 Government's 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**

- 11.4 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.
- 11.5 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.
- 11.6 To date, the DfE funding received totals £23.75m and Dorset Council contributions equal £15m. As at the 30 September 2024, the DfE contributions for 2023-24 and 2024-25 which total £13m have not yet been received as the review has not yet concluded.
- 11.7 The revised plan is part of the DfE Enhanced Monitoring and Support (EMS) programme and includes allocated DfE advisors.

### **Quality of SEND provision**

- 11.8 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.'*

11.9 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**

11.10 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). From the January 2024 SEN2 return, Dorset's percentage of pupils with an EHCP is 5.3%, compared with a national average of 4.8%. The difference is approximately 370 EHCPs. At the end of March 2024, there were 3,975 children and young people with an EHCP. By the end of September, this had increased by 196 to 4,171 children and young people with an EHCP.

11.11 From analysis at the end of September, 49% of our children and young people are within mainstream provision. Of the net movements since 31 March 2024, there has been a net increase of 47 (24 at June) within the 'Specialist Provision' section, 35 (23 at June) within the Independent Special School placement category

<b>Placement</b>	<b>EHCP</b>	<b>%</b>
Specialist Provision	1,656	40%
Mainstream Provision	2,032	49%
Other Provision	483	12%
<b>30 Sept 2024 - TOTAL EHCP:</b>	<b>4,171</b>	

11.12 Spend on high-cost placements is £7.7m over budget, this includes places at independent special schools and specialist post 16 provision.

11.13 Dorset have 454 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.

## **12 Progress against budgeted savings**

12.1 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.

12.2 Savings carried forwards from prior years increased the total savings required for 2024/25 to £34m.



12.3 More detail on the delivery of the savings is set out below:

### **Savings - Adults & Housing**

- 12.4 The Adults and Housing directorate has a savings programme requirement of £8.581m. At this stage, £3.358m (39%) has been achieved. Below details the progress on each of the programmes.
- 12.5 **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.
- 12.6 **Commissioned care £1.5m** – To date, £0.453m has been delivered, with further active casework underway on continuing healthcare and joint funding.
- 12.7 **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.
- 12.8 **Working age accelerator £0.500m** – To date, £0.405m delivered, it is anticipated that this target will be met.
- 12.9 **Accommodation with care £0.74m** – Extra care scheme opened in October 2024. Monitoring of savings will be reported in the Q3 report.
- 12.10 **Birth to settled adulthood £0.581m** – Whilst cost avoidance savings have been identified there is an underlying overspend within this cohort.

### **Savings – Children’s**

- 12.11 The Children’s Services directorate has a savings programme to deliver £6.235m in 2024/25. To date, £3.342m has been achieved.
- 12.12 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.

- 12.13 **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.
- 12.14 **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.
- 12.15 **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.
- 12.16 **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.

- 12.17 **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.
- 12.18 **Service by Service Review** – the directorate has undertaken this to ensure, where appropriate there is a redirection of services or change of provider where others can deliver as effectively as we can. For example, the music service runs independently and has improved the quality of music education across the county and at the same time reduced the headcount of Dorset Council staff. A recent review of in-house nurseries and after school provision has enabled this to be managed by partners who have extensive experience in early education. The 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**

- 12.19 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.
- 12.20 The savings are within the following services:
- i. Assets and Regeneration £2.022m
  - ii. Place Services £2.229m
  - iii. Economic Growth and Infrastructure £1.193m

12.21 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

12.22 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.

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

12.24 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.

12.25 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.

12.26 Some of the more significant savings that have been achieved, or are on course to be achieved, are as follows:

12.27 The withdrawal from Queen Elizabeth Leisure Centre in Wimborne has a budget saving £331k.

12.28 Increased income for trade waste and Garden Waste services are on track to achieve the £500k uplift as is glass recycling £325k.

12.29 The reduction of the vehicle fuel budget by £250k, based on fuel market prices, looks on track to be achieved.

12.30 Savings through additional vacancy management is on track in the year to date.

## **Savings – Corporate**

- 12.31 The Corporate savings target for 2024/25 is £1.6m, the majority of which, £1.2m, has a green RAG rating and has been achieved.
- 12.32 There are savings within Customer Services £168k, Sundry debt £150k and Libraries £47k that require further work and so have a RAG rating of amber until there is more information that will clarify their status.

## **Savings - Our Future Council**

- 12.33 Earlier this year PwC were commissioned to undertake a review of the transformation programme and identify the required £8.6m of savings in-year. Following the latest update from PwC it is all but confirmed the full £8.6m will be required to be met from reserves.
- 12.34 PwC were asked to support the council to find ways that processes can be streamlined and use technology in smarter ways so the council can deliver sustainable services for Dorset residents.
- 12.35 The outcome of this work is contained within the Our Future Council draft business case report included in this agenda.

## **13 Local Authority Trading Companies (LATC)**

- 13.2 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**

- 13.3 Care Dorset was established in October 2022. The accounting year end for Care Dorset is the 30th September.
- 13.4 Turnover for the company's first year of trading ending 30<sup>th</sup> September 2023 was £29.583m. The company made an operating loss of £0.394m.
- 13.5 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.

- 13.6 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**

- 13.7 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.
- 13.8 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.
- 13.9 The accounting year end for the Dorset Centre of Excellence Ltd is 31 March.
- 13.10 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).
- 13.11 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.
- 13.12 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.

## Connect2Dorset

- 13.13 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.
- 13.14 The long-term aim of Connect2Dorset is to improve the quality of our agency workers, and where suitable convert agency workers to permanent employees.
- 13.15 Commentary on Connect2Dorset's financial performance commentary will be included in future reports.

## 14 Flexible Use of Capital Receipts

- 14.1 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.
- 14.1 As part of the policy it stated the following savings were expected to be delivered which would fund future transformation in those areas.
- 14.2 Where savings are expected recurrently, these will support closing the 25/26 budget gap.

## Assets & Regeneration

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

<b>Assets &amp; Regeneration projects - Expenditure</b>	<b>2023/24</b>	<b>2024/25</b>
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
<b>Total</b>	<b>£492,852</b>	<b>£1,432,206</b>

<b>Assets &amp; Regeneration projects - savings</b>	<b>2024/25</b>
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
<b>TOTAL</b>	<b>£1,288,784</b>

### **Current Status – Assets & Regeneration**

14.4 At the time of writing, £539k has been incurred as spend, over years 2023/24 (£493k) and 2024/25 (47k). No further expenditure or savings are expected. A further update will follow as part of the Quarter 3 report.

14.5 Housing projects were scheduled to payback in two years:

<b>Housing Services projects – expenditure</b>	<b>2024/25</b>
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
<b>Total</b>	<b>£1,505,195</b>

<b>Housing Services Projects - Savings</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
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
<b>Total</b>	<b>£217,800</b>	<b>£1,230,200</b>	<b>£346,200</b>	<b>£225,000</b>



## **Current Status – Housing**

- 14.6 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.
- 14.7 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.
- 14.8 Spend to the end of September was £0.401m with a forecast spend of £1.063m resulting in a forecast underspend of £0.442m due to delays in recruitment.
- 14.9 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.

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

- 15.1 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.

15.2 Based on the revenue forecast as at the end of 2024/25 there will be a requirement for the following use of reserves:

	Balance 31 March	2024/25 Adjustment s	Estimated balance 31 March
	2024		2025
	£'000	£'000	£'000
<b>General Fund</b>			
(a) Financial strategy	18,622	(10,622)	8,000
(b) PFI Reserves	5,976	(625)	5,351
(c) Insurance Reserve	2,325		2,325
(d) Trading Account Reserves	332		332
(e) Transformation Fund	3,314	(3,314)	-
(f) Other Reserves	11,744	(883)	10,861
(g) Repairs & maintenance	754		754
(h) Unused Grant Funds	36,622	(11,053)	25,569
(i) Infrastructure related	9,747	(1,000)	8,747
(j) Innovation	236	(236)	-
<b>Sub-total</b>	<b>89,672</b>		<b>89,672</b>
(k) Section 31 Grant Reserve	16,637	(4,598)	12,039
(l) Public Health inc Covid funding	2,663	(1,759)	904
(m) DSG recovery plan funding	12,900	(12,900)	-
(n) Covid	-		-
<b>Total Revenue Reserves</b>	<b>121,872</b>	<b>(46,990)</b>	<b>74,882</b>
<b>General Fund</b>	<b>37,686</b>	<b>(15,048)</b>	<b>22,638</b>
<b>Total General Fund and Earmarked Reserves</b>	<b>159,558</b>	<b>(62,038)</b>	<b>97,520</b>

15.3 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 6.18%. 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 it's general fund would be 5%.

## 16 Capital programme and financing

- 16.1 The capital strategy and capital programme for the MTFP period, which totalled almost £373m, was agreed by Cabinet in February 2024.
- 16.2 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.
- 16.3 This, along with the approved budget and updates since that date, mean a programme of £364.5m 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	31,909	9,749	138	0	0	41,796
Partial external funding	52,413	0	0	0	0	52,413
Partial external funding	14,845	52,652	17,982	0	0	85,479
Council funded	37,981	28,926	21,179	(7,877)	(17,269)	62,940
Funded from other Reserves	0	0	0	0	0	0
Capital Receipts Applied	5,800	9,900	1,000	1,000	1,000	18,700
Minimum Revenue Provision	11,241	12,972	14,122	16,019	16,269	70,623
Self Funded	10,408	9,933	9,932	2,350	0	32,623
<b>Total funding</b>	<b>164,597</b>	<b>124,132</b>	<b>64,353</b>	<b>11,492</b>	<b>0</b>	<b>364,574</b>

- 16.4 The spend and commitments against the programme of £164.5m at 30 September 2024 was £47.3m (29%). 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 reprofiled within the overall programme.
- 16.5 Based on spend so far it is expected that the Q3 report will have a significant reprofiling to be more in line with the previous spend which has been circa £80m.
- 16.6 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	10,626	828	9,798	8%
Children's	15	36,011	5,370	30,641	15%
Place	120	106,774	39,434	67,340	37%
Corporate	10	11,186	1,711	9,475	15%
<b>Total</b>	<b>161</b>	<b>164,597</b>	<b>47,343</b>	<b>117,254</b>	<b>29%</b>

16.7 The movements in the project budgets since quarter 1 are shown in the table below.

Directorate	Q1 Budget	Adjustments	Re-profiling	New funding	Q2 Budget
	£,000	£,000	£,000	£,000	£,000
Adults & Housing	9,998	16,000	-16,114	742	10,626
Children's	22,907	0	0	13,104	36,011
Place	107,795	2,620	-5,780	2,139	106,774
Corporate	9,896	1,290	0	0	11,186
<b>Total</b>	<b>150,596</b>	<b>19,910</b>	<b>-21,894</b>	<b>15,985</b>	<b>164,597</b>

16.8 Changes to the Capital scheme since the 2024/25 quarter 1 report include the following items.

16.9 There have been adjustments to the capital programme of £20m. This includes an additional £16.0m for the Adults Care Home project approved by Cabinet and a funding adjustment of £3.9m for the Highways Corporate Funding (EAP).

16.10 There has been re-profiling of £21.9m into future years to more accurately reflect the timing of works, and therefore spend incurred. This includes Adults Care Home £16.0m; Dorset Waste Infrastructure - Blandford site £3.4m; Weymouth Relief Road of £1.3m and West Bay Harbour Wall Emergency Works £0.9m.

16.11 There has been new external funding of £16.0m confirmed, most significantly £13.1m relating to the SEND Capital Strategy and an additional £2.0m for the Local Transport Plan programme of works.

16.12 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.

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

## **17 Capital Projects – for Cabinet approval**

### Sewerage Treatment Services Improvement Works B - £3.45m

- 17.1 Dorset Council owns and, therefore, is responsible for managing and maintaining thirty-three Sewage treatment assets. These are in east Dorset and service small villages and hamlets. Sites range in type, from septic tanks to sewerage treatment plants.
- 17.2 Septic tanks are small, simple and low maintenance sites, which do not require electricity or any mechanical equipment. The larger sewerage treatment plants are more sophisticated and technologically complex, each consist of number of treatment processes and require electricity as well as mechanical & electrical equipment, to function.
- 17.3 There are thirteen treatment plants of which eleven are in a poor or very poor condition and are in urgent need of upgrade and replacement. Dysfunctional treatment plants are a pollution and health risk, and sewerage treatment is a highly regulated sector with large fines for environmental discharge breaches.
- 17.4 This business case seeks spend approval of the £3,450,000 allocation that was agreed by the Capital Strategy and Asset Management Group on 7 October 2024.
- 17.5 The full business case is set out in Appendix C.

### Foster Carers Adaptations - £1.0m

- 17.6 Dorset Council is committed to supporting a child's right to a family life so to address housing related barriers, a £1m business case has been prepared to invest in foster carers and kinships homes. Having this fund in place will allow the Fostering and Adoption teams to work differently with existing and new recruited foster carers to meet the needs of children and families.
- 17.7 It is expected that a variety of proposals in different circumstances will be developed, as all families and children's needs are different and that these will test the effectiveness of this fund in practice in Dorset and its impact on the placement budgets.
- 17.8 The full business case is set out in Appendix C.

### Weymouth Harbour Walls F&G – project uplift £2.8m

- 17.9 The project is co-funded between the Department of Levelling Up, Housing and Communities (now MHCLG) and Dorset Council; and the arrangement is governed by a Memorandum of Understanding (MOU). An amount of £8.46 million was allocated from the LUF funding towards the harbour walls project. According to the MOU, Dorset Council is obliged to cover the rest of the project costs over and about the grant received.
- 17.10 The scheme was originally forecast to cost £11m the latest scheme costs are forecast to increase total spend to £13.8m with funding contributions as follows.

Element	Amount
LUF – construction & professional fees Walls F&G	£6,825,000
LUF – construction & professional fees Wall 4	£1,000,000
Weymouth Harbour & Esplanade FCRM Scheme	£485,000
Weymouth Peninsula including harbour walls (W&PBC)	£540,000
Weymouth Flood Defences CIL Strategic Funds	£2,000,000
Weymouth s106 flood defence funds	£168,633
<b>Previously approved total scheme costs</b>	<b>£11,018,633</b>
New funding: Harbour Reserve	£1,478,502
New Funding: Dorset Council Capital contingency	£1,300,000
<b>Revised total scheme costs</b>	<b>£13,797,135</b>

- 17.11 A further breakdown of the costs and funding is available in appendix C
- 17.12 Thus far the project has been progressed with the LUF funding and is already in an advanced stage. It is currently in a tender phase and programming puts contractor appointment and construction commencement in the early part of 2025.
- 17.13 If the necessary funding is not secured the project will have to be halted and disruption to the project will result in considerable additional costs. The walls are in a very poor condition and due to public safety concerns an exclusion zone has been in place for the last 3-4 years. The project also enjoys high prominence because of its Levelling Up Funding backing, as well as its location.

## Reallocation of Parkdean budget to Greenhill – £0.160m

17.14 At Greenhill the wall condition was far worse than what could be determined during pre-construction investigations; and it collapsed during repairs. As a result, the costs have gone up considerably and a budget shortfall has developed. Although the site is stabilised, the work cannot be deferred for an indefinite period of time. During the Park Dean project, the CRM team effected some cost savings through making use of internal resources, and through design and scope development. CRM would like to make use of this savings of £160k, by using it to cover the shortfalls on the Greenhill project.

## **18 Statement of Accounts**

### **Accounts and Audit (Amendment) Regulations 2024**

- 18.1 In England the backlog in the publication of audited accounts of local bodies has reached an unacceptable level. The number of outstanding opinions peaked on 30 September 2023 at 918. At a national level the system partners have been working to develop a solution involving 'backstop dates'.
- 18.2 The first backstop will help clear the backlog and enable a focus on recent accounts. Five further backstops will enable auditors to rebuild assurance over several audit cycles rather than in a single year, reducing the risk of the backlog re-emerging.
- 18.3 To meet the 'backstop dates' two slightly unusual things will happen; some local authorities will need to publish financial accounts with less confidence than usual. [This is not the case for Dorset]  
some auditors will need to issue audit opinions by the deadline, without obtaining the usual level of evidence. [This is the case for Dorset]
- 18.4 As a result of the backstop dates, it is likely hundreds of financial statements will be published with 'modified' opinions, which vary depending on the extent to which the auditor lacked evidence or found material misstatements, and whether these issues were limited to specific areas or affected the accounts more broadly.

18.5. Modified opinions in one year affect the accounts preparation and audit of subsequent years, which normally take assurance from the unmodified opinion. The more extensive the modified opinion in the previous year, the greater the impact on the following year, requiring more extensive work to address and recover the situation.

18.6 The Accounts and Audit (Amendment) Regulations 2024 were laid in parliament on 9 September 2024 and came into force on 30 September 2024. The statutory backstop dates are as follows:

<b>Financial year</b>	<b>Statutory backstop date</b>
2022/23 and before	13 December 2024
2023/24	28 February 2025
2024/25	27 February 2026
2025/26	31 January 2027
2026/27	30 November 2027
2027/28	30 November 2028

18.7 For Dorset Council 2021/22, 2022/23 and 2023/24 accounts are currently open to audit and must be completed by the relevant date or will receive a modified opinion.

18.8 Audit & Governance committee oversee the audit process and have been receiving regular updates on the progress of the audit. A summary of the status of each years audit is as follows:

- 2021/22 – expected full audit to be completed with an unqualified opinion.
- 2022/23 – full audit is not expected to be completed due to national issues affected the completion of 2021/22, which in turn has meant Deloitte have not been able to resource this to meet the deadline. 2022/23 is expected to have a disclaimed opinion due to essentially running out of time.
- 2023/24 – a full audit is expected to be completed and work with the Councils new auditors, Grant Thornton, is progressing. Due to the disclaimer for 2022/23 it is expected that the accounts will face a disclaimed opinion in respect of the opening balances due to having an incomplete 2022/23 audit affecting the level of assurance carried over into this new year audit, in particular assurance on the opening balances. The level of assurance will gradually be restored over coming years audits.



## 19 Sundry debt management

### New invoices for 2024/25

19.1 The total value of debts (invoices) raised between 1 April 2024 and 30 September 2024 is £135.6m, a breakdown by directorate is shown below:

<b>Total debt raised</b>	<b>2024/25</b>
	<b>£'000</b>
Adults & Housing	36,999
Children's Services	5,051
Place	30,920
Corporate	62,644
<b>Total</b>	<b>135,614</b>

### Overall amounts owed

19.2 Looking at debt across all years, the balance of sundry debt outstanding at 30 September 2024 was £43.4m.

19.3 The breakdown of the current sundry debt is as follows:

<b>Total Debt</b>					
<b>Directorate</b>	<b>Total due</b>	<b>Less than</b>	<b>30-90 days</b>	<b>90-365</b>	<b>Over</b>
	<b>£'000</b>	<b>30 days</b>	<b>£'000</b>	<b>days</b>	<b>365 days</b>
		<b>£'000</b>		<b>£'000</b>	<b>£'000</b>
Adults & Housing	32,815	6,712	2,375	10,090	13,638
Children's Services	978	166	155	516	142
Place	6,761	1,687	768	1,097	3,209
Corporate	2,919	300	2,100	301	219
<b>Grand Total</b>	<b>43,473</b>	<b>8,864</b>	<b>5,398</b>	<b>12,004</b>	<b>17,207</b>

19.4 £32.8m of the £43.4m of outstanding debt is within Adults & Housing. Of which, some relates to deferred payment arrangements, or care provided through gross without prejudice.

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

<b>Collectable Debt</b>					
<b>Directorate</b>	<b>Total due £'000</b>	<b>Less than 30 days £'000</b>	<b>30-90 days £'000</b>	<b>90-365 days £'000</b>	<b>Over 365 days £'000</b>
Adults & Housing	20,987	6,394	1,357	5,643	7,593
Children's Services	978	166	155	516	142
Place	6,761	1,687	768	1,097	3,209
Corporate	2,919	300	2,100	301	218
<b>Total</b>	<b>31,646</b>	<b>8,546</b>	<b>4,380</b>	<b>7,558</b>	<b>11,162</b>

### **Prior year performance**

19.6 At the end of 2023/24 the Collectable Debt arrears were £46.0m and to date £32.5m (71%) has been collected.

19.7 The next table breaks down performance for prior year debts.

<b>Prior year arrears</b>	<b>Amount owed 31/03/2024 £,000</b>	<b>Collected in year £,000</b>	<b>Amount outstanding 30/09/2024 £,000</b>	<b>% collected</b>
Adults & Housing	17,028	7,314	9,715	43%
Children's Services	2,164	1,925	239	89%
Place	13,171	9,909	3,261	75%
Corporate	13,643	13,362	281	98%
<b>Total</b>	<b>46,005</b>	<b>32,510</b>	<b>13,496</b>	<b>71%</b>

### **Deferred payments**

19.8 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.

<b>Deferred Payments</b>					
<b>Directorate</b>	<b>Total due £'000</b>	<b>Less than 30 days £'000</b>	<b>30-90 days £'000</b>	<b>90-365 days £'000</b>	<b>Over 365 days £'000</b>
Adults & Housing	3,840	16	412	1,276	2,135

## Gross without prejudice

- 19.9 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	Total due £'000	Less than 30 days £'000	30-90 days £'000	90-365 days £'000	Over 365 days £'000
Adults & Housing	7,988	302	606	3,170	3,910

## Write-offs

- 19.10 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 (0.32%).

Debts written off	2024/25 £'000
Adults & Housing	91
Children's Services Place	0
Corporate	49
	0
<b>Total</b>	<b>140</b>

## 20 Council tax and business rates debt management

### Council tax

- 20.1 The value of council tax debt raised in 2024/25 is £393.4m and £221.2m has been collected to date. The collection rate at 30 September 2024 is 56.24%, which is broadly in line with the corresponding position from the previous year, which was 56.47%.

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

- 20.2 The value of business rates debt raised in 2024/25 is £103.9m and £63.3m has been collected to date. The collection rate at 30 September 2024 is 60.96%, which is an improvement on the corresponding position from the previous year, which was 59.22%.

### Write offs

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

<b>Debts written off</b>	<b>2024/25 £'000</b>
Council tax	1
Business rates	1
Housing Benefit overpayments	14
<b>Total</b>	<b>16</b>

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

- 21.1 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.
- 21.2 The MTFP is being presented to Cabinet on 19 November 2024 on the same agenda as this paper, and so provides more information.

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

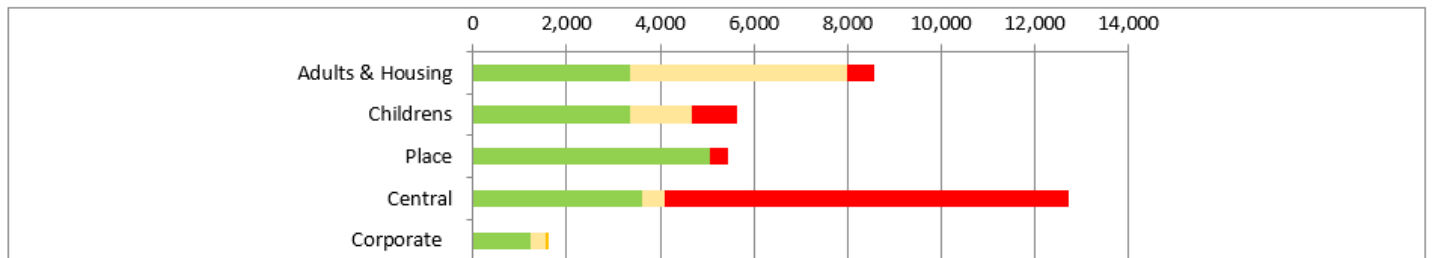
- 22.1 2024/25 continues to be an extremely challenging time for local government, with inflationary and demand pressures impacting on income and expenditure. There remains a large degree of financial uncertainty and, having reviewed expenditure for the first four months of the year, Dorset Council's prudent financial forecast is a £13.2m budget pressure.
- 22.2 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

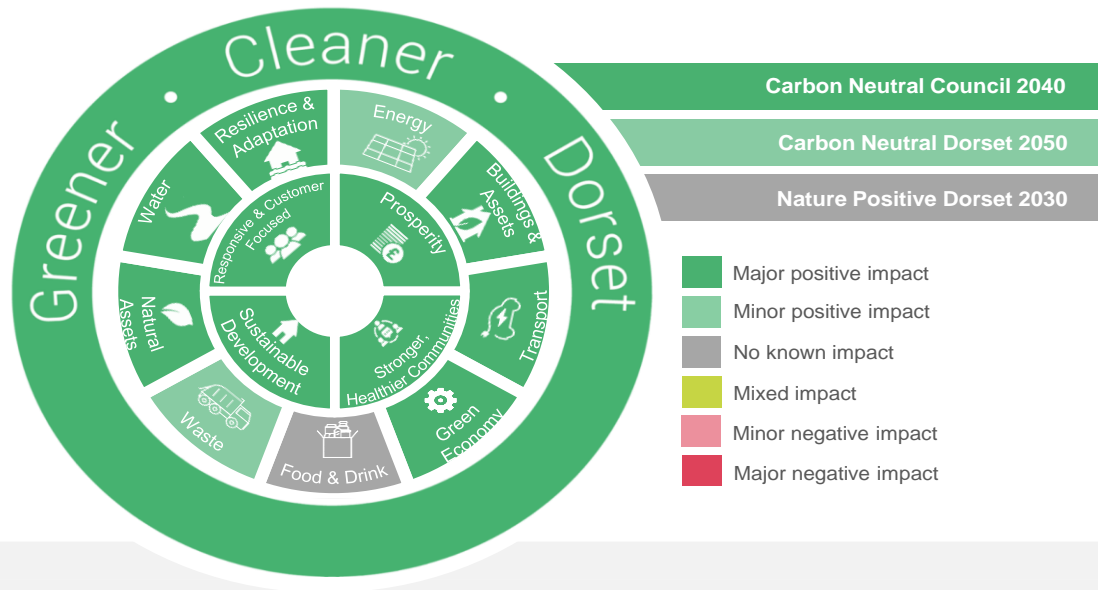
**Executive Director - Corporate Development (S151 Officer)**

## Appendix A

2024/25 Savings Plans	Officer assessment on savings target				Red
	Green	Amber	Amber 2	Red	
	£000's	£000's	£000's	£000's	£000's
Adults & Housing	8,581	3,358	4,642	0	581
Childrens	5,654	3,342	1,343	0	969
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
<b>Total Savings Plans</b>	<b>34,009</b>	<b>16,612</b>	<b>6,803</b>	<b>47</b>	<b>10,547</b>



**Appendix B**



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

**ACCESSIBLE TABLE SHOWING IMPACTS**

<b>Natural Environment, Climate &amp; Ecology Strategy Commitments</b>	<b>Impact</b>
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

<b>Corporate Plan Aims</b>	<b>Impact</b>
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	

**Appendix C – Capital Business Cases**

*Note: There are numerous business case models that can be used to demonstrate the need for your project to a commissioner. This business case template is designed according to HM Treasury's Five Case Model. For further information, please see the detailed Green Book supplementary guidance by clicking [here](#).*

# **Dorset Council**

## **Business Case**

### **Sewerage Treatment Services**

### **Major Upgrade Works**

**September 2024**

**Version 1**



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## Document Control

Document Title	Sewerage Services Business Case
Version	V1.1
Author	Jessica Maskrey, Sarah Cairns, Matthew Penny, Mark Branson
Date	September 2024
Further copies from	PSP AMG Teams Channel

## 1. Executive Summary

Dorset Council owns and, therefore, is responsible for managing and maintaining thirty-three Sewage treatment assets. These are in east Dorset and service small villages and hamlets. Sites range in type, from septic tanks to sewerage treatment plants.

Septic tanks are small, simple and low maintenance sites, which do not require electricity or any mechanical equipment. The larger sewerage treatment plants are more sophisticated and technologically complex, each consist of number of treatment processes and require electricity as well as mechanical & electrical equipment, to function.

There are thirteen treatment plants of which eleven are in a poor or very poor condition and are in urgent need of upgrade and replacement. Dysfunctional treatment plants are a pollution and health risk, and sewerage treatment is a highly regulated sector with large fines for environmental discharge breaches.

Funding for upgrade and replacement of these 13 treatment plants was allocated in the capital programme 2023/2024 approved by [cabinet on 28 March 2023](#).

Sewerage Treatment Services Major Upgrade Works. Total of £3,450,000 over four years. Consisting of £686,000 in 23/24, £518,000 in 24/25, £1,308,000 in 25/26 and £938,000 in 26/27.

**This business case seeks approval of the £3,450,000 allocation and draw down of the funds.**

The business case also seeks approval to reprofile the spend as follows:

24/25	150,000
25/26	1,100,000
26/27	1,200,000
27/28	1,000,000
TOTAL	£3,450,000

## 2. Business Case details

<b>Project Name</b>	Sewerage Treatment Services Improvement Works - Capital Investment
<b>Project Sponsor</b>	Ken Buchan/Matthew Penny
<b>Project Manager</b>	Mark Branson
<b>Service description</b>	Sewerage Services
<b>Partner organisation(s)</b>	NA
<b>Project Reference</b>	TBC

## **3. Strategic Case**

### **3.1 The proposal**

Dorset Council owns and, therefore, is responsible for managing and maintaining thirty-three Sewage treatment assets. These are in east Dorset and service small villages and hamlets. Sites range in type, from septic tanks to sewerage treatment plants.

There are thirteen treatment plants of which eleven are in a poor or very poor condition and are in urgent need of upgrade and replacement. Dysfunctional treatment plants are a pollution and health risk, and sewerage treatment is a highly regulated sector with large fines for environmental discharge breaches.

The following works will be undertaken at the various sites.

- Mechanical and electrical equipment upgrades: New installations and upgrades of Mechanical & Electrical equipment at various sites
- Upgrades to civil engineering and built structures: Upgrades and replacement of civil and built structures at various site. This will include building new structures to expand/add treatment processes where necessary.
- New sewerage pumpstations: Building and commissioning of pump stations to reroute flow and decommission old/obsolete infrastructure, to gain network efficiencies.
- Replacement of prefabricated package plants: Some of the prefabricated package plants that have reached the end of their life and need replacement. Replacements will either be like-for-like; or where appropriate and cost effective, with built structures.

### **3.2 The case for change**

#### **3.2.1 Alignment with commissioner objectives/priorities**

Capital expenditure will be used to bring the plants and assets to a standard of performance where environmental pollution risk and health risks are successfully mitigated or eliminated. In turn this will greatly reduce Dorset Council's exposure to potential legal action, by bringing performance within regulatory requirements.

#### **3.2.2 Fit with national policy**

The Environment Act 2021 received Royal Assent on 9 November 2021. It imposed “a new duty on government to produce a statutory plan to reduce discharges from storm overflows and their adverse impact, and report to Parliament on progress”

The Government has published a plan to work with water companies, sewerage asset owners and regulators to stop the harm caused by raw sewage from overflows. The overflows discharge reduction plan was published on 26 August, as a requirement of the Environment Act 2021 and sets policy for England only.

#### **3.2.3 Customer user needs – current and future**

Noting the customer is defined as the organisation funding the service, as referenced above the improvements will greatly reduce Dorset Council's exposure to potential legal action, by bringing performance within regulatory requirements. The

improvement works will also reduce the risk of harm to the environment and the householders and schools who benefit from this service, so by reducing the exposure of Dorset Council to the risk of any future legal actions.

### 3.2.4 Improvement of current service delivery arrangements

The current revenue budget of £245,000 is allocated for the emptying and disposal of sewerage from the assets owned by Dorset Council. In addition to this budget householders who benefit from the sewerage disposal are charged a fee that does not cover the cost of this service, and members have previously accepted this to be the case. The level of this fee was agreed between the former East Dorset District Council and the householders.

The sewerage emptying and disposal work is contracted out and this work is currently being retendered.

### 3.2.5 Potential scope for further development/scalability

The potential for these sewerage assets in the former East Dorset District Council area to be transferred to the local water company, as happened in all the other former District and Borough areas in the Dorset Council area, has been explored. Unfortunately, due to the condition and cost of maintaining these assets Wessex Water has declined the potential asset transfer and is under no legal obligation to do so.

### 3.2.6 Benefits and risks

#### Benefits

Benefit Category	Description	Decision-maker / Customer / Market	Financial year benefit is expected to be achieved
Financial benefits	<ul style="list-style-type: none"> <li>Reduction in future asset maintenance revenue budget</li> <li>Intervention works now will reduce future capital burden</li> </ul>	Dorset Council	2027
Economic benefits	None		
Climate / environmental benefits	<ul style="list-style-type: none"> <li>Reduced risk of environmental pollution</li> <li>Significantly improved levels of quality of treated effluent being discharged to surface and groundwater.</li> </ul>		2027
Customer benefits	<ul style="list-style-type: none"> <li>Efficient sewerage disposal from the houses and schools within the system</li> </ul>		2027
Efficiency benefits	<ul style="list-style-type: none"> <li>Improved operating performance resulting in improved optimisation of contractor maintenance and tankering.</li> </ul>		2027
Equalities benefits			
Other			

#### Risks

<b>Risk</b>	<b>Mitigation</b>
Risk of legal action if performance of sewerage services not brought in line with regulatory requirements	Undertake capital works
Supplier delays due to Ukraine conflict / Brexit / COVID / HGV driver shortage / shipping container shortage.	Contingency built into budget
Overspend due to increased cost of building supplies or other as yet unidentified issues.	Contingency built into budget
Disruption to services whilst work is undertaken	Phased works enable services to continue to operate from building during works

### 3.2.7 Constraints and dependencies

Release of funding allocated in capital programme

The potential for these sewerage assets in the former East Dorset District Council area to be transferred to the local water company, as happened in all the other former District and Borough Council areas within the Dorset Council area has been explored. Unfortunately, due to the condition and cost of maintaining these assets, Wessex Water has declined the potential asset transfer and is under no legal obligation to do so.

The capital investment in these assets will reduce the future maintenance burdens at the sites where improvements take place.

The householders who financially contribute to the waste disposal will receive a better service for their contribution and will reduce the risks to their health of living with a failing sewerage system.

## 4. Economic Case

### 4.1 Appraisals of costs and benefits

The main benefit is to the householders and schools who are part of the existing failing sewerage system inasmuch that they will have a functioning system that reduces the risk to their health.

The Environment Agency, as the Government body responsible for environmental pollution, will benefit by having reduced risk of pollution in the Dorset Council area as well as significantly improved quality of discharge back into both surface water and ground water.

At the moment attempts to quantify the benefits in investment terms of Payback Period or Internal Rate of Return, will not be accurate. The assets do generate an income through sewerage tariffs being levied, but those tariffs have to be revised. Capital expenditure will result in a reduction in repairs spending, while prolonging the life of the assets. In addition, capital expenditure will immediately mitigate risks of financial loss through environmental fines. Failure of assets, due to aged components and infrastructure, may lead to environmental fines that can be quite substantial. All capital expenditure will certainly contribute to the protection of the environment against pollution, as well as the health of the community.

These benefits include the following:

- Protection of the natural environment against sewage pollution
- Protection of community health against sewage pollution
- Quality of living is improved through improved sanitation services

Performance indicators will be introduced following completion of the capital investment to measure how the success of this investment. It is proposed that the following KPIs are used:

- **Number of sewerage assets operating at 80% efficiency**
- **Number of discharge consent conditions met at 100%**

### 4.2 Critical success factors to achieving the Economic Case

Release of capital funding

Construction of improved sewerage systems

### 4.3 Risk assessment

There is a significant risk to Dorset Council if the funds are not released as the assets are currently not meeting their statutory compliance requirements and the EA are increasing the number of inspections completed on companies providing this service. A team is now in place to manage these assets and a contractor is in place for the tankering and maintenance but in order to meet the statutory obligations the assets must be upgraded.

## **5. Commercial Case**

### **5.1 Procurement strategy**

Given the value of construction works involved with the project, either the Highways term contract or an open tender would be used. Each of the sites being upgraded will be managed as an individual project within this overall project. Potential savings from tendering all works together rather than individually will be explored at the start of the project.

Pricing mechanism:

Competition between contractors within the given Lot, to include assessment on value for money and quality.

Benefits:

Range of contractors available to tender within the given lot.

Risks:

Recent inflation increases are likely to result in material costs and framework rates being higher than the agreed priced schedule of rates.

### **5.2 Contractual arrangements**

Once the successful contractor has been awarded the work, construction contracts will be prepared and signed by the successful contractor and the Council as Employer.

The project will follow a NEC Contract without quantities.

Instructions and payments will be made through the NEC contract as and when required to ensure the smooth running of the project when on site.

### **5.3 Charging mechanism**

Once the contract has been signed by all parties, the construction works will follow a typical construction pathway. Works will be valued on a monthly basis by the project administration team and valuation certificates will be prepared based on the works completed on site at that stage.

Payments will then be made from the allocated project account to the main contractor.

The project will also carry a project contingency and optimism bias to ensure that any unknowns or risks can be funded should funds be required.





<b>Total</b>													

<b>Balance of funding requested</b>				
	<b>Year 1 2024/25</b>	<b>Year 2 2025/26</b>	<b>Year 3 2026/27</b>	<b>Year 4 2027/28</b>
<b>Total</b>	150,000	1,100,000	1,200,000	1,000,000

### 6.3 Impact on income and expenditure account

### 6.4 Financial benefits

#### 6.4.1 Financial benefits table

Description	Benefit	Benefit	Benefit	Benefit	Cost Centre / Budget affected?	Who is the current budget holder?	Has the budget holder agreed to the saving? (Y/N)
Please include:	Year 1	Year 2	Year 3	Year 4			
<ul style="list-style-type: none"> <li>How the saving is calculated</li> <li>Whether the saving is revenue or capital</li> </ul>	2023/24	2024/25	2025/26	2026/27			

#### 6.4.2 Requirements in order to realise savings

It is not anticipated that there will be any savings

### 6.5 Non-financial benefits

The [Dorset Council Plan 2022-2024](#) identifies 5 strategic priorities, of which this project contributes to:

- [Creating stronger healthier communities](#)

The risk of pollution to householders and schools is greatly reduced by having a functioning and well-maintained sewerage system

The risk of ill health to householders and teaching staff and children is greatly reduced by having a functioning and well-maintained sewerage system

- [Protecting our natural environment, climate and ecology](#)

The risk of pollution to the surrounding environment, eco-systems and water courses is significantly reduced by having a functioning and well-maintained sewerage system

This will be monitored by Performance indicators that will be introduced following completion of the capital investment to measure how the success of this investment. It is proposed that the following KPIs are used:

- **Number of sewerage assets operating at 80% efficiency**
- **Number of discharge consent conditions met at 100%**

## 7. Management case

The management case demonstrates that the project is capable of being delivered successfully, in accordance with recognised best practice.

This section requires the project to demonstrate that there are robust arrangements in place for project management, change management and contract management, the delivery of benefits and the management and mitigation of risk (you could include a risk and benefits register as appendices).

It also requires the project team to specify the arrangements for monitoring during implementation and for post implementation evaluation, and the contingency plans for risk management.

### 7.1 Programme and project management plans

A project delivery team will be established including colleagues from Sewerage Services Management team, Assets & Regeneration and IT.

A project manager will report into a project sponsor (FCERM Service Manager), project highlight reports will be supplied to EWB HoS and Place Services Board. Where appropriate project risks and issues will be escalated to PSP AMG.

### 7.2 Change management arrangements/requirements

n/a

### 7.3 Approach to management and delivery of benefits

The project manager will maintain a project delivery plan, with milestones, which they will report against in regular project highlight reports to the project sponsor, EWB HoS and Place Services Board.

## 7.4 Approach to risk management

The project manager will maintain a risk register and issues log and will report against these in regular project highlight reports to the project sponsor. Where appropriate risks and issues will be escalated via the project highlight report process to A&R SMT, and PSP AMG as necessary.

## 7.5 Monitoring during implementation

The project manager will maintain a project delivery plan, with milestones, along with a budget tracker and a project pack which they will report against in regular project highlight reports to the project sponsor, EWB HoS and Place Services Board.

## 7.6 Post implementation evaluation arrangements

Performance indicators will be introduced following completion of the capital investment to measure how the success of this investment. It is proposed that the following KPIs are used:

- **Number of sewerage assets operating at 80% efficiency**
- **Number of discharge consent conditions met at 80%**

## 7.7 Contingency arrangements/exit strategy

N/A for this type of investment

# 8. Conclusions and salient issues for further consideration

## 8.1 Conclusions

Dorset Council inherited failing sewerage infrastructure from the former East Dorset District Council that has reached the end of its useful life. If capital is not invested to upgrade this infrastructure, resident's health is at risk, as is the risk of polluting the surrounding ground water.

**This business case seeks approval of the £3,450,000 allocation in the capital programme 24/25 to 27/28, and draw down of the funds.**

## 8.2 Salient issues for consideration

If Dorset Council does not upgrade the sewerage systems that it owns there is a very high risk of a fine being imposed by the Environment Agency.

Dorset Council has a Statutory obligation to maintain this sewerage infrastructure

# **Dorset Council**

## **Business Case**

# **Greenhill Seawall Reconstruction**

**05/11/2024**

**1.0**

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## Document Control

Document Title	Greenhill Seawall Reconstruction Business Case
Version	1.0
Author	Antonio España Zamora
Date	05/11/2024
Further copies from	N/A

## 9. Executive Summary

Dorset Council is responsible for coastal infrastructure renewal in many coastal conurbations, both as landowner and as Coastal Protection Authority. Much of the coastal infrastructure protects properties and businesses from flood or erosion risk, yet is aging and in need of renewal or significant repair. The coastline also suffers repeated damage from the effects of storm events that are either emergency or urgent works; and require swift action to stabilise and prevent failure of coastal defences.

The council has a statutory responsibility to maintain these assets as the coastal protection and harbour authority.

Greenhill beach is located along Weymouth seafront, between The Bandstand (southern end) and Greenhill Groyne (northern end). The area can be found using coordinates: E368370, N080134. Nearest post code is DT4 7RN. Location can be seen in Figure 1.



Figure 1. Works Location.

Initially constructed around the late 1800s or early 1900s, the current seawall is beyond its design life. After many decades exposed to wave action and marine environment, its condition progressively deteriorated. Routine repairs and reinforcing works have taken place over the years, but the wall could not sustain the last iteration of works.

In March 2024, the seawall suffered catastrophic damage leading to its partial collapse. Dorset Council acted quickly and secured the area for the summer months to ensure that both visitors and residents could still enjoy the area, while no more damage was caused in the vicinity. However, the site needs to be brought back into a fit permanent state and reinstatement of the 145 meter section is now necessary.

The works will comprise the replacement of existing temporary arrangements with the installation of precast concrete units that will secure the area for the future. Beach reprofiling will also take place. The works will take approximately 5 weeks to complete.

Existing arrangements are displayed on Figure 2.



Figure 2. Current situation (14/10/2024) .



## 10. Business Case details

<b>Project Name</b>	Greenhill Seawall Reconstruction
<b>Project Sponsor</b>	Ken Buchan
<b>Project Manager</b>	Antonio España
<b>Service description</b>	Coastal Protection
<b>Partner organisation(s)</b>	DC Highways
<b>Project Reference</b>	2024WEY01

## 11. Strategic Case

### 8.3 The proposal

To undertake reinstatement works comprising the following in line with the council's statutory responsibility as the coastal protection and harbour authority:

- Removal of unsuitable temporary arrangements
- Supply and install of precast concrete wall units.
- Infilling and surfacing of the promenade behind the wall
- Beach reprofiling.

The proposed works will sustain the condition of the seawall for the future.

### 8.4 The case for change

#### 8.4.1 Alignment with commissioner objectives/priorities

Dorset Council is responsible for coastal infrastructure renewal in many coastal conurbations, including Weymouth, both as landowner and as Coastal Protection Authority.

The council has a statutory responsibility to maintain these assets as the coastal protection and harbour authority.

Failure to undertake the reconstruction works at Greenhill Seawall will result in the diminishing of the capacity of the coastal defences to fulfil their function. Should the defences be breached during a storm, the promenade and properties. This area is also considered part of the working Weymouth Harbour

#### 8.4.2 Fit with national policy

##### National Legislation

Dorset Council is established as a Coastal Risk Management Authority, a Flood Risk Management Authority and as a Competent Harbour Authority, by the following acts.

- Coast Protection Act 1949
- Flood and Water Management Act 2010
- Pilotage Act 1987

As such the council has a statutory responsibility to maintain coastal, flood and harbour infrastructure as the competent authority. The proposed works will fall within this category of responsibility.

##### Shoreline Management Plan

The Shoreline Management Plan is a national policy and plan, which dictates the level of intervention to be undertaken by management authorities along the coast. For Weymouth frontage, the policy dictates a **Hold the Line** level of intervention. This means that Dorset Council has the responsibility to maintain the sea defences and infrastructure in that policy area.

The proposed construction works therefore completely align with the national policy intentions.

#### 8.4.3 Customer user needs – current and future

Noting the customer is defined as the organisation funding the service, as referenced above the improvements will greatly reduce Dorset Council's exposure to potential legal action, by fulfilling the council's statutory obligations.

The improvement works will also reduce the risk of damage to residential, commercial properties and businesses that would otherwise be at increased risk of coastal erosion. Thereby reducing the exposure of Dorset Council to the risk of any future legal actions.

The works will also reduce the likelihood of future damage that can cause health and safety problems to the residents and/or visitors.

#### 8.4.4 Improvement of current service delivery arrangements

The improvement works will reduce the risk of damage to residential, commercial properties and businesses that would otherwise be at increased risk of coastal erosion.

#### 8.4.5 Potential scope for further development/scalability

The whole Weymouth frontage needs seawall replacements in the short to medium term. A comprehensive business case is being developed for that purpose. This section of wall requires immediate action.

#### 8.4.6 Benefits and risks

Benefit Category	Description	Decision-maker / Customer / Market	Financial year benefit is expected to be achieved
Financial benefits	<ul style="list-style-type: none"> <li>Reduction in future asset maintenance revenue budget</li> <li>Intervention works now will reduce future capital burden</li> <li>Stabilisation of Harbour and leaseholders of kiosks</li> </ul>	Dorset Council	24/25
Economic benefits	<ul style="list-style-type: none"> <li>Reduced risk of erosion damage to properties and businesses in the vicinity of the area</li> </ul>	Customer / Market	24/25
Climate / environmental benefits	<ul style="list-style-type: none"> <li>Reduced risk of coastal erosion</li> </ul>	Customer / Market	24/25
Customer benefits	<ul style="list-style-type: none"> <li>Reduced risk of erosion damage to properties and businesses in the vicinity of the area.</li> <li>Better beach condition for residents and/or visitors</li> </ul>	Customer / market	24/25
Efficiency benefits	<ul style="list-style-type: none"> <li>None</li> </ul>		
Equalities benefits	<ul style="list-style-type: none"> <li>Improved beach condition to aid the transient of sight impaired people.</li> </ul>	Customer / market	24/25
Other			

Risk	Mitigation
Risk of damage to residential, commercial and business premises	Undertake capital works
Risk of injury / death due to coastal erosion	Undertake capital works
Disruption to the use of the beach as an amenity asset	Undertake the works during Winter
Reputational risk to DC due to existing condition of their asset.	Undertake capital works
Risk of injury due to trip hazards caused by the existing condition	Undertake capital works
Reputational risk to Dorset Council of failing to act	Undertake capital works
Overspend due to increased cost of building supplies or other as yet unidentified issues.	Contingency built into budget

#### 8.4.7 Constraints and dependencies

Release of funding allocated in capital programme.

FCERM colleagues are liaising with Weymouth Town Council that manage Greenhill Beach as an amenity asset to ensure they are informed on when the area will be reinstated.

## 12. Economic Case

### 9.1 Appraisals of costs and benefits

The costs of the works are as follows:

Greenhill Seawall Reconstruction	
Professional/Consulting Fees	£ 11,000.00
Construction	£ 120,000.00
Risk Contingency	£ 29,000.00
<b>TOTAL EXPENDITURE</b>	<b>£ 160,000.00</b>

The project is fully costed and agreed with the appointed contractor (DC Highways). As such, no significant contingency has been built into the project. Weather conditions may impact the delivery programme.

The benefits of undertaking the works include:

- The material protection of residential, commercial properties and businesses that would otherwise have been at increased risk of Coastal Erosion.
- Protection of commercial and tourism activities that will be allowed to continue and grow.
- Quality of living and community will be preserved and promoted.
- Promotion of the safety and confidence of the public, when using the public spaces in which the infrastructure is situated.
- Cut back on revenue expenditure. Should capital funding not be approved, it would increase the demand on revenue maintenance spend, to mitigate some of the required work. However, revenue budgets cannot adequately cover the required improvement costs and therefore asset decline will continue as a result. Capital expenditure would increase the life of the asset by reinstating existing damages and halting further decline. Benefit is therefore derived both from an increased useful life, as well as the decrease in the need for revenue maintenance expenditure.

Performance indicators

- Measure technical work against the designs and specifications
- Track budget and expenditure
- Project management

### 9.2 Critical success factors to achieving the Economic Case

Release of capital funding  
Completion of emergency works

### 9.3 Risk assessment

See section 3.2.6. A project risk register has also been included in Appendix A.

## **13. Commercial Case**

### **10.1 Procurement strategy**

The consulting services were procured through Comensura and Ramboll was appointed.

Main contractor is DC Highways. They started the reinforcement works back in March and have been kept engaged to ensure that the construction is completed in the most efficient manner.

### **10.2 Contractual arrangements**

Contractual arrangements with Ramboll are defined by the standard terms and conditions defined on the Comensura framework.

No special contractual arrangements with DC Highways as it is an internal department. DC Highways will employ members of their supply chain to deliver the works. Instructions and payments will be made through the Highways standard contract as and when required to ensure the smooth running of the project when on site.

### **10.3 Charging mechanism**

DC Highways will recharge their expenditure through the standard internal process. Payments will then be made from the allocated project account to the contractor.

## 14. Financial Case

### 11.1 Capital and revenue requirements

Description	Value	Start date	End date
Capital Investment—Greenhill Wall Reconstruction (capital budget transfer from M-EN-600135)	£160,000	Jan 25	Feb 25

### 11.2 Resource requirements

Total funding required				
What is it for? (equipment, facilities, external expertise etc)	When is the cost incurred?			
	Year 1 2024/25	Year 2 2025/26	Year 3 2026/27	Year 4 2027/28
Professional / consulting fees	£11,000			
Construction	£120,000			
Contingency	£29,000			
<b>Total</b>	£160,000			

Funding currently secured (if any)				
Where is it from? (Grant, revenue budget, capital budget – include cost centres if known)	When will the money be available?			
	Year 1 2024/25	Year 2 2025/26	Year 3 2026/27	Year 4 2027/28
Total	£50,000			

Staff Resources				
		When are new staff needed?		
		Year 1	Year 2	Year 3

Service Area/Function	FTEs	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Total</b>													

Balance of funding requested				
	Year 1 2024/25	Year 2 2025/26	Year 3 2026/27	Year 4 2027/28
<b>Total</b>				

### 11.3 Impact on income and expenditure account

### 11.4 Financial benefit

#### 11.4.1 Financial benefits table

Description	Benefit Year 1	Benefit Year 2	Benefit Year 3	Benefit Year 4	Cost Centre / Budget affected?	Who is the current budget holder?	Has the budget holder agreed to the saving? (Y/N)
Please include: <ul style="list-style-type: none"> <li>How the saving is calculated</li> <li>Whether the saving is revenue or capital</li> </ul>	2013/14	2014/15	2015/16	2016/17			

#### 11.4.2 Requirements in order to realise savings

It is not anticipated that there will be any savings, however the project will produce significant cost avoidance, as doing nothing will result in further expenditure should further sections of the wall fail.

### 11.5 Non-financial benefits

The [Dorset Council Plan 2022-2024](#) identifies 5 strategic priorities, of which this project contributes to:

[Driving economic prosperity - Dorset Council](#)

Failure to address the required emergency works will result in a negative impact on economic prosperity in West Bay.



[Protecting our natural environment, climate and ecology](#)

Should the wall fail, this would have a negative impact on the natural environment.

[Becoming a more responsive, customer focused council - Dorset Council](#)

Failure to address the required emergency works will negatively impact on Dorset Council residents. Failure to act would not contribute to the ambition of being responsive to our customers (be these individuals or businesses).

## **15. Management case**

### **12.1 Programme and project management plans**

The project team comprises of key roles as defined on the Construction Design and Management Regulations 2015:

- Principal Contractor: DC Highways
- Principal Designer: Ramboll
- Client: DC FCERM

A project manager representing the client will report into a project sponsor (Head of Service). Project manager will also liaise with key stakeholders and DC communications.

### **12.2 Change management arrangements/requirements**

N/A

### **12.3 Approach to management and delivery of benefits**

The project manager will maintain a project delivery plan, with milestones, which they will report against in regular project meetings and highlight any concerns to the Head of Service.

### **12.4 Approach to risk management**

The project manager will maintain a risk register and issues log and will report against these in regular project meetings. Where appropriate risks and issues will be escalated to the Head of Service.

### **12.5 Monitoring during implementation**

The project manager will maintain a project delivery plan, with milestones, which they will report against in regular project meetings and escalate to the Head of Service where appropriate.

### **12.6 Post implementation evaluation arrangements**

Key Performance Indicators

- Measure technical work against the designs and specifications
- Track budget and expenditure
- Project management

### **12.7 Contingency arrangements/exit strategy**

Current temporary works are the contingency arrangements until the permanent works are implemented. Weather shall be monitored to ensure that the works are not carried out during storms or adverse weather.

## **16. Conclusions and salient issues for further consideration**

### **13.1 Conclusions**

This business case describes essential reinstatement works to keep the efficacy of current coastal erosion defences. The works are considered relatively urgent.

This business case seeks approval to use £160,000 of funds currently allocated to a completed capital project under code M-EN-600135.

### **13.2 Salient issues for consideration**

*Note: There are numerous business case models that can be used to demonstrate the need for your project to a commissioner. This business case template is designed according to HM Treasury's Five Case Model. For further information, please see the detailed Green Book supplementary guidance by clicking [here](#).*

# **Dorset Council**

## **Business Case**

### **Children's Social Care Residential Sufficiency**

**January 24**

**Foster and Kinship Carers Adaptations Capital  
Fund**

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## Document Control

Document Title	Foster and Kinship Carers Adaptations Capital Fund
Version	V5 for inclusion in the Cabinet paper
Author	Jo Twine
Date	5 <sup>th</sup> November 24
Further copies from	Jo Twine

### 1. Executive Summary

This report sets out the business case for a £1M capital fund to be created by Dorset Council for the financial year 24/25 to invest in foster carers and kinship homes to address housing related barriers to children having “a loving, safe and stable home”\*, to keep families together\*\*and for social care placement cost avoidance.

This business case addresses a need that is not in scope of any other existing or emerging business case across Dorset, so has been brought forward as a discrete business case for consideration as part of 24/25’s capital budget setting. Having this fund in place, will allow the Fostering and Adoption teams to work differently with existing and newly recruited foster carers, kinship carers and adopters to meet the needs of children and families from the date of approval as it will

take some time to develop specific proposals and finalise the optimum commercial arrangements with colleagues in finance, procurement and legal.

It is expected that a variety of proposals in different circumstances will be developed, as all families and children's needs are different and that these will test the effectiveness of this fund in practice in Dorset and its impact on the placements budget before any further investment might be made by Dorset. Many other authorities have had funds to achieve this outcome for some years and so there is learning in the sector that Dorset can benefit from. Capital can be spent on land, construction works, vehicles and ICT hardware.

Assets and capital can create the settings needed to achieve Dorset's ambition to keep children with their families and extended families. The pace and scale of supporting Dorset residents to adapt and extend their property to meet the needs of their extended family and Dorset's children and young people must be increased. Assets and capital can also reduce running costs and so save revenue in two ways – firstly through carbon and energy efficiency and secondly, fitness for purpose as safe accommodation and appropriately designed accommodation, reduces the risk of harm to children and young people and the staff or family help needed to meet need.

In addition, it is proposed that the evaluation of impact of this fund will be included in the Families First for Children Pathfinder (FFfCP) programme. The FFfCP programme will seek a capital contribution for local authorities from government in future for this purpose. The Dorset £1M capital fund will demonstrate the impact on children, young people and families that this investment can have and the cost avoidance in each case too.

**The key issues for this business case are:**

- **How to deliver investment at speed to foster carers to meet need as it arises – time is of the essence when keeping families together, especially at times of crisis, so governance must be robust and at pace. Adopting a similar approach as currently used for the Disabled Facilities Grant, which is an outsourced service that delivers £5M pa of grant funding.**
- **How to protect Dorset Council's investment in foster carers properties in a proportionate, enforceable, and timely way and consider how to avoid attracting VAT liabilities to the Council.**
- **How we will use this Dorset commitment to seek additional funding from the DfE, DLUHC and Innovate UK funding as part of the Families First for Children programme.**

\*The Families First for Children Pathfinder programme was announced in February 2023 as part of the government's children's social care implementation strategy, [Stable homes, built on love](#).

It responds to recommendations from the [Independent review of children's social care](#), the Child Safeguarding Practice Review Panel report on [child protection in England](#) and the [Competitions and Market Authority's market study of children's social care provision](#). The pathfinder will test delivery of key strategy commitments.

\*\*The Safeguarding Families Together programme.

There is much existing activity across Dorset Council to address housing, including the list below which this paper has been coordinated with.

Existing programmes:

- Foster Carers Adaptations Policy, approved by CSLT in December 23 as the basis of this business case. Attached at Appendix 1 of this business case.
- Kinship carers accommodation
- Children's Services Residential Sufficiency programme 2024-27
- Permanence Strategy

- Mockingbird programme
- Housing Strategy
- Supported Accommodation capital programme.
- Birth to Settled Adulthood programme.
- Building Better Lives programme.
- Children and Adult Mental Health services (Tier 3.5 in partnership with the NHS).
- Single homeless accommodation bid that has been submitted
- Supported Lodgings
- Shared Lives programme

## Introduction and purpose of this strategy

Dorset Council is committed to supporting a child's right to family life and we are focused on providing homes, settings, and services that:

- Support families to care for their own children preventing the need for children to enter the care system.
- Support extended families to care for children through kinship care arrangements.
- Support children to live in a family setting wherever possible when in care.
- Provide loving and stable homes for children while they are in our care.
- Provide high quality and safe accommodation for care leavers.

The Children's Services' family includes Dorset's children, young people and their families who need suitable and affordable housing to provide "a loving, safe and stable home"\* and to keep families together \**Families First for Children programme*. As children grow up into young adults and to keep siblings together it is important to address housing related barriers.

This might be foster carers or kinship carers who need additional space in their homes to keep siblings together for example. The parents, families and carers provide the love, but a safe and stable home is also crucial. Poor and inappropriate housing or homelessness always results in poor outcomes for children and their families. While the Families First for Children programme will address the carers and the process, the housing issues must be addressed at the same time if the outcomes of the programme are to be achieved.

The protected characteristic in Dorset's equalities assessments of being a care-leavers are testament to challenges these young people have faced. This programme and investment that will allow foster carers and adopters to keep children in their homes, will result in better outcomes for children currently in care when they become care leavers. Their life chances will be improved because of the stability this fund will provide and they will cost Dorset less. Any parent of a teenager for example, will know how important that second bathroom, or garage, or garden, or loft space is to promote independence, while still providing support as young people mature and learn about life. If a child or young person has any Special Educational Needs and/or Disabilities then adapting homes to promote independence is especially important to support their transition into adulthood.

Work on the residential sufficiency strategy is ongoing with children, young people and carers and partners such as health, third sector and the private sector. The residential strategy may make additional proposals in due course, but this business case is concerned only with the foster and kinship carers' adaptations capital programme.

The development of the residential sufficiency strategy will include a thorough study of existing Dorset capital programmes to strengthen and increase collaborative working that already exists with adults, housing and the other programmes as

set out above. In addition, the strategy will develop creative asset and capital-based models that self-fund, avoid cost or raise income for consideration to fund any future needs identified for residential sufficiency. It is acknowledged that there is no additional capital available without being self-funding or providing an evidence-based return on investment.

The purpose of this capital investment is to meet the needs of children in care in a loving, safe and stable home. This approach is tried and tested across the country, but to be delivered quickly enough to have the impact needed, lessons can be learned about the approach to the commercial elements of the transaction from elsewhere. A high level of trust is placed in our foster carers when they provide a home for a Dorset child, so a light touch is proposed with this fund that is both quick and reflects the trust and commitment between us.

## 2. Business Case details

<b>Project Name</b>	Foster and Kinship Carers homes adaptations
<b>Project Sponsor</b>	Theresa Leavy
<b>Project Manager</b>	Jo Twine
<b>Service description</b>	Social care placements cost avoidance
<b>Partner organisation(s)</b>	Individual kinship and foster carers and supply chain partners
<b>Project Reference</b>	5 <sup>th</sup> November 24

## 3. Strategic Case

The Strategic Case demonstrates that the proposed investment fits with the strategic direction of meeting the needs of children in care. The strategic case is based on a robust and evidence-based case for change where children stay in kinship arrangements, or if in care are fostered in family settings, rather than in children’s homes. These foster carers also live in Dorset, which also avoids placements outside of Dorset, sometimes long distances away. Dorset staff must travel to support these children and care leavers, wherever they may have been placed. The change from children’s homes to kinship arrangements and fostering is required as the outcomes for children in care and care leavers are not good enough. Having the loving, safe and stable home that the Families First for Children Pathfinder also requires can be achieved through this investment. It is anticipated that with this investment children will be happier, healthier and achieve and attain more. The full residential business case can evaluate and measure the full societal impact of these proposals.

### 3.1 The proposal

The proposal is for a £1M capital fund to be created by Dorset Council for the financial year 24/25 to invest in foster carers homes to address housing related barriers to children having “a loving, safe and stable home”\*, to keep families together, including in kinship arrangements\*\*and for social care placement cost avoidance.

This business case addresses a need that is not in scope of any other existing or emerging business case across Dorset, so has been brought forward as a discrete business case for consideration as part of 24/25’s capital budget setting. Having this fund in place, will allow the Fostering and Adoption teams to work differently with existing and newly recruited foster carers and adopters to meet the needs of children and families from the date of approval as it will take some time to develop specific proposals. It is expected that a variety of proposals in different circumstances will be developed, as



all families and children's needs are different and that these will test the effectiveness of this fund in practice in Dorset and its impact on the placements budget before any further investment might be made by Dorset. Many other authorities have had funds to achieve this outcome for some years and so there is learning in the sector that Dorset can benefit from.

In addition, it is proposed that the evaluation of impact of this fund will be included in the Families First for Children Pathfinder (FFfCP) programme. The FFfCP programme will seek a capital contribution for local authorities from government in future for this purpose. The Dorset £1M capital fund will demonstrate the impact on children, young people and families that this investment can have and the cost avoidance in each case too.

**The key issues for this business case are:**

- **How to deliver investment at speed to foster carers to meet need as it arises – time is of the essence when keeping families together, especially at times of crisis, so governance must be robust and at pace. Adopting a similar approach as currently used for the Disabled Facilities Grant, which is an outsourced service that delivers £5M pa of grant funding.**
- **How to protect Dorset Council's investment in foster carers properties in a proportionate, enforceable, and timely way and consider how to avoid attracting VAT liabilities to the Council.**
- **How we will use this Dorset commitment to seek additional funding from the DfE, DLUHC and Innovate UK funding as part of the Families First for Children programme.**

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\*\*The Safeguarding Families Together programme.

## 3.2 The case for change

### 3.2.1 Alignment with commissioner objectives/priorities

The new residential sufficiency strategy sets out the Dorset Promise, as set out below, which sets out commissioner objectives and priorities.

"It takes a community to make a difference to the lives of our care experienced children and young people.

In making this promise to you, we share our responsibilities by working with people who can help make this happen.

We will do this by:

- Keeping our word. Being honest, kind and reliable
- Listening to you and involving you
- Working with you
- Helping you to be safe
- Supporting you with your health and wellbeing
- Supporting you to live your life by providing you with opportunities and activities, and celebrating your achievements
- Helping you to have aspirations for your future

- Supporting you to be steady and settled as adult

You can see our full promise on the Council's website [The Dorset Promise - Dorset Council](#).

Dorset Council is committed to supporting a child's right to family life and we are focused on providing homes, settings, and services that:

- Support families to care for their own children preventing the need for children to enter the care system.
- Support extended families to care for children through kinship care arrangements.
- Support children to live in a family setting wherever possible when in care.
- Provide loving and stable homes for children while they are in our care.
- Provide high quality and safe accommodation for care leavers.

Keeping children in care within or as close to Dorset and with families – in kinship arrangements or with foster carers is the priority. Not only does it mean the child is able to retain and gain support from important relationships with people within their community, but also means Dorset staff don't need to travel so far to provide support to Dorset's children in care's needs. This strategy will mean cost avoidance in the short term in terms of staff savings – time and travel costs saved, but more importantly because a care leaver will have grown up in a loving, safe and stable home they will be supported throughout their lives as they grow with their community and will require less Dorset Council help. This cost avoidance over the long term is significant.

### 3.2.2 Fit with national policy

## Our legal duties

There are a range of legal duties associated with an overall 'Sufficiency Duty' on local authorities as part of the Children Act, 1989, to secure accommodation for children in their care within the local authority area:

- Section 17(1) sets out the general duty of a local authority to provide a range and level of services to children in need and their families in a local area that are appropriate to their needs
- Section 20 requires local authorities to provide accommodation for children in need within the area if they appear to require accommodation.
- Section 21 requires a local authority to accommodate certain children who are remanded or who are subject to a criminal court order.
- When deciding on the most appropriate placement, Section 22 requires a local authority to give preference to a placement with a relative, friend or other person connected with the child and who is also a local authority foster parent.
- Section 22C sets out additional factors which must be taken into consideration when deciding the most appropriate placement:
  - Allowing child to live near their home.
  - Not disrupting child's education/training
  - Enabling the child and other sibling to live together.
  - Meeting the needs of disabled children
  - Providing accommodation in the local authority area unless that is not reasonably practicable.
- The Children and Social Work Act 2017, extends the duties on all local authorities to have regard to a set of Corporate Parenting Principles when exercising their functions in relation to children in care and care leavers up to the age of 25.

## National Strategy: Stable Homes Built on Love

Following an [Independent Review of Children's Social Care](#), the government published a new strategy '[Stable Homes Built on Love](#)', which brings forward a range of plans to reform how children's social care is delivered and has changed the national context for social care placement sufficiency. These reforms are being tested through a number of different pathfinders, the most relevant of which to this strategy are the 'Families First' and 'Regional Care Cooperative' pathfinders.

### Families First

Dorset Council has been invited to be a pathfinder authority to implement the reforms under the Families First for Children programme, the key strands of which are:

- Family Help – establishing locally based multi-disciplinary teams that work collaboratively with partners to provide intensive, non-stigmatising and effective support that is tailored to the needs of children and families.
- Child Protection – a more specialised service response involving workforce transformation.
- Family Networks – greater use of family care and support, with earlier use of family group decision-making, with support to enable more children to live at home or to transition into kinship care.
- Safeguarding Partners – greater clarity on multi-agency roles and responsibilities, and an increased role for education providers.

We will work on testing and learning from these new approaches over the next 2 years before wider roll out across the country.

### Regional Care Cooperatives

Regional Care Cooperatives have been recommended to address challenges with care provision across the country. They are described as a model for providing homes for children where responsibility for planning, commissioning and delivery sits at a regional level, rather than with individual local authorities. The government's intended outcome of this approach is improved planning which increases the available number of care placements and enables local authorities to manage the care market. Regional areas have been invited to participate in these pathfinders. Dorset Council, along with 13 other local authorities in the South-West has expressed an interest in becoming a regional care cooperative and have moved to phase 2. Regional Care Collaboratives will be required to focus on the following activities:

1. Carrying out regional data analysis and forecasting future needs of homes for children in care, in partnership with health and justice.
2. Developing and publishing a regional sufficiency strategy setting out current provision and action to fill gaps.
3. Market shaping, working as one customer with providers to address local needs, improve value for money and commission the care places required from external providers. This should include responding to the recommendation from the Child Safeguarding Practice Review Panel report on safeguarding children with complex needs in residential settings "to improve commissioning for children with disabilities and complex health needs", in conjunction with health partners.
4. Recruiting foster parents through a regional recruitment support hub and improving the support offer to both new and existing foster parents. The RCC could also include support for foster parents through involvement of regional health partners, e.g. named nurse for children in care, potentially to help address skills needs around providing trauma-informed care.
5. Developing new regional provision where gaps have been identified.

### 3.2.3 Customer user needs – current and future

## Our Care Family

Snapshot October 2023 (turn into infographic)

- **Our children in care:**
  - 465 children in our care
    - ✦ 399 children from Dorset
    - ✦ 66 unaccompanied children
  - 49 of our children in care have a disability
  - The majority of our children in care (77%) are White or White British with 23% from Black and Minority ethnic groups
- **The care we provide:**
  - Our children in care are most likely to be living with foster carers (310, 67%)
    - 58 children are living with connected carers
    - 53 children are living in residential children's homes
  - Half of our unaccompanied children live in supported accommodation
    - 196 children in care are living outside Dorset (42%)
- **Our Care Leavers**
  - We have 542 care experienced young people in our care leaver family
    - 306 are receiving a service from a Personal Advisor. Of these:
      - ✦ 52 are former unaccompanied children
      - ✦ 139 are male
      - ✦ 164 are female
      - ✦ 33 have a disability
      - ✦ 79% of our care leavers are White or White British with 21% from Black and Minority ethnic groups
      - ✦ 98% of our care leavers are in suitable accommodation
      - ✦ 60% of our care leavers are in Education, Employment and Training

### 3.2.4 Improvement of current service delivery arrangements

The need for care placements is reducing, so Dorset's strategy and services are working for children and families. However, the costs of providing the necessary support and to so many children outside of Dorset is placing a pressure on social care placements budgets. This investment will start to address this budget pressure and is scalable.

Helping extended family to enter into kinship arrangements is Dorset's priority and the recruitment of foster carers is a persistent challenge. This investment will encourage more people to meet the needs of more children if they have the right setting. For example, an Auntie or Uncle may be able to care for a child with space or when foster carers or kinship carers may work from home, they will need a space suitable for the work. If this is considered a barrier to kinship or fostering by someone, then fixing this capital funded need will make a difference. Any parent of a teenager for example, will know how important that second bathroom, or garage, or garden, or loft space is to promote independence, while still providing support as young people mature and learn about life.

### 3.2.5 Potential scope for further development/scalability

This capital investment fund is completely scalable. One of the intentions is to seek capital finding from central government. The same processes would apply irrespective of the scale of investment. The £1M fund could secure 10-15 new kinship or fostering arrangements. A larger fund would secure more kinship or foster care arrangements in a direct proportion to the investment. Following the evaluation of this pilot scheme, it will be possible to consider the impact of scaling up the fund in future years.

### 3.2.6 Benefits and risks

In this section the benefits for Dorset's children are set out - improved life chances and improved mental health. In the economic and financial sections further benefits are set out.

Building trust is a benefit from this capital fund being approved, as well as a risk. A high level of trust is placed in our foster carers when they provide a home for a Dorset child, so a light touch is proposed with this fund that is both quick and reflects the trust and commitment between us.

Cumbersome, slow and expensive protections such as charges on mortgages for small investments is not proportionate and adds to the transaction costs. This undermines the benefits from the social care placement budget if savings made through reducing transaction costs are then replaced by the transaction costs of commercial staff.

The key risks are ensuring that Dorset Council's investment achieves the outcome sought for the period of the agreement – five years and a proportionate transaction cost and process.

### 3.2.7 Constraints and dependencies

There is much existing activity across Dorset Council to address housing, including the list below which this paper has been coordinated with. These have dependencies to this paper.

In terms of constraints the matter of a Housing Revenue Account for Dorset Council is important. This business case does not propose acquiring homes into Dorset Council ownership and so avoids a dependency to this commercial issue.

A further constraint is the treatment of VAT to the capital fund. VAT is not recoverable on grants awarded to families where they deliver the works themselves. This can make a difference of 20% to the total cost of the works. This business case seeks to keep all options open at this early stage of the pilot scheme so we can fully evaluate and assess all the commercial issues in the round. We will bring back an evaluation report to PSP AMG and CSAM within one year to inform any future funding.

Existing programmes:

- Foster Carers Adaptations Policy, approved by CSLT in December 23 as the basis of this business case. Attached at Appendix 1 of this business case.
- Children's Services Residential Sufficiency programme 2024-27
- Permanence Strategy
- Mockingbird programme
- Housing Strategy
- Supported Accommodation capital programme.
- Birth to Settled Adulthood programme.
- Building Better Lives programme.
- Children and Adult Mental Health services (Tier 3.5 in partnership with the NHS).
- Single homeless accommodation bid that has been awarded to us and is in delivery now.
- Supported Lodgings
- Shared Lives programme

For example, there may be a need for more supported accommodation arising from the emerging Residential Sufficiency Strategy, but there is an existing framework with capacity and capital funding in place already, so no need to duplicate at this early stage. If further supported accommodation is needed, then it would be better to increase the capital funding for existing programmes rather than create new duplicate ones.

This investment will result in an increase in the number of Dorset foster carers we are able to recruit. If we are able to show that this fund is in place, we can work proactively with prospective foster carers to remove barriers in keeping children with their foster families.

## 4. Economic Case

This section of the Business Case assesses the economic costs and benefits of the proposal to society as a whole and spans the entire period covered by the proposal. Providing children in care with a loving, safe and stable home will mean care leavers are self-sufficient, resilient, employed and contribute to their communities. This is also a very cost-effective set of outcomes for Dorset Council's placement budget and staff costs and travel expenses.

### 4.1 Appraisals of costs and benefits

This investment proposal aims to fix a 'market' challenge of inadequate foster carers to meet the needs of Dorset's children in care. Sometimes small interventions in the home e.g. a garden room can make a big difference to a family and how they all live together. Especially if siblings are to be fostered together.

Foster care is wanted for children, rather than children's homes and is also much cheaper. You can feel the love in Dorset's children's homes, it is palpable. But some are very large and not fit for purpose, have a certain smell and are not safe enough to promote the levels of independence we want for all Dorset children where appropriate.

The Mockingbird model is in its second year of delivery. Dorset Council's foster families and the young people they look after, have built a resilient and caring community through four Mockingbird constellations across Dorset. Mockingbird is a global award-winning pioneering programme which nurtures the relationships between children and foster families through each constellation of six to ten satellite families. To avoid foster care placements breakdowns, the support provided by others who are in the same position is invaluable. In most birth families, the extended family provides support, care and respite to parents and young people and this model replicates that.

Through Mockingbird, carers receive non-judgmental peer to peer support and advice and young people build a greater sense of identity and belonging. Young people are also provided with an opportunity to build safe, loving and lasting relationships at the same time as being able to spend time with other young people who have had similar life experiences.

This business case will offer these constellations of carers the opportunity to address accommodation and setting barriers to meeting Dorset's children's needs. Across a constellation in carers homes, we will seek to meet the needs of more children and young people. The use of capital in this way is revenue cost avoidance.

### 4.2 Critical success factors to achieving the Economic Case

Foster carers need to remain foster carers or adopters for the full five years of the agreement. The quality and standards of foster care and community support has to be high.

Pace at which projects can be agreed by Dorset Council. This has to be balanced by the rigour with which the due diligence is carried out as the primary basis of protecting the Council's investment. It is too costly to effect charges on mortgages in most cases and a typical investment may be £100,000. It is only for investments over £150,000 that this approach would be pursued. Instead of assuming failure of the foster carer, we can assume success.

There are two approaches that could be adopted to deliver the funding and the key difference relates to VAT treatment, as follows:

- The first approach is to grant the capital directly to families and undertake quality assurance and benchmark rates etc. and inspect the works. This activity can all be funded from the capital pot and be procured with full professional indemnity insurance from a local consultancy firm. This would attract the full VAT liability to Dorset Council, which could not be recovered by the Council. This has lower on-costs, but when you take the VAT position into account, this will be different. It also carries different risks e.g. lack of control or visibility.
- The second approach is to manager and deliver the works through an existing provider and contractor who currently works for Dorset Council and delivers the Disabled Facilities Grant. This would have much higher on-costs but would not attract VAT so may well balance out. This approach would be less risky in commercial aspects but involves Council contractors working with families directly with great sensitivity.

#### 4.3 Risk assessment

Risks include the following:

- Young people who are care experienced have historically had worse outcomes than children who are not. The approach to providing a family home should improve outcomes for care experienced children, but there is a risk that they do not.
- That there are two different ways to deliver the investment with different risks that must be fully evaluated and debated to agree the optimum approach to delivering the scheme.
- That the investment may not secure the length of care that we expect as a return for the investment e.g. five years or as agreed with the foster carers.
- That VAT matters need to be fully explored and understood.
- There being adequate expert and experienced and quality assured local contractors in supply chains able to deliver the works.

## 5. Commercial Case

The Commercial Case demonstrates that the project will result in a viable and well-structured procurement solution as this will only arise when foster carers are fully endorsed and approved to be foster carers. Only then, will families be able to apply to this fund. The home-owner will appoint an approved team to deliver the project complying with all health and safety standards. Procurement will not need to be compliant with public procurement legislation as will be low value and procured directly by the home-owner.

Where the home-owner is a Registered Provider arrangements will be made directly with them to protect the tenancy so as to support permanence for the child or young person.

There are two approaches that could be adopted to deliver the funding and the key difference relates to VAT treatment, as follows:

- The first approach is to grant the capital directly to families and undertake quality assurance and benchmark rates etc. and inspect the works. This activity can all be funded from the capital pot and be procured with full professional indemnity insurance from a local consultancy firm. This would attract the full VAT liability to Dorset Council, which could not be recovered by the Council. This has lower on-costs, but when you take the VAT position into account, this will be different. It also carries different risks e.g. lack of control or visibility.

- The second approach is to manager and deliver the works through an existing provider and contractor who currently works for Dorset Council and delivers the Disabled Facilities Grant. This would have much higher on-costs but would not attract VAT so may well balance out. This approach would be less risky in commercial aspects but involves Council contractors working with families directly with great sensitivity.

The commercial aspects of these two options relate to the capacity, quality and scalability of the local small contractor and specialist contractors' markets in the locations where the works are undertaken. This is an opportunity for Dorset Council to support economic growth and social value through its investments – this could be a home *and a job* for a young person if set up in a circular economy structure. How can we squeeze every opportunity out of the funding we have available to us?

We will need to compare the two approaches to test out how each option meets the following criteria.

- Delivery of value for money
- Optimum social value e.g. employment opportunities too
- Delivery of highest quality standard of finished works and highest levels of health and safety and consideration
- Availability of consultants and contractors in a local area
- Availability of materials
- Supply chain market development opportunities – start-ups and Dorset artisans
- Pace of delivery

### 5.1 Approval Process

As set out above, there are two different approaches which could be adopted to deliver this programme. One approach is to grant the capital and the other is to procure a contract for a contractor to undertake the works on behalf of Dorset Council, just in kinship or foster carers homes. The main considerations as to which process would work best are.

- Each kinship arrangement or foster carers circumstances will be different so the maximum flexibility for commissioners is required – strategic and economic case
- Transaction costs. – financial and management case
- VAT treatment – financial case
- Availability and quality of supply chain in locality – commercial case
- Procurement arrangements for each approach – different in each case – commercial case

Irrespective of the preferred route for delivery, the first stage is always the same.

#### **First Stage**

Where a foster carer has applied for funding towards an extension or adaptation, Dorset Council will arrange for a surveyor to inspect the foster carer's property and assess the feasibility of options for the extension or adaptation and process to be followed.

This part of the process is proposed to out-sourced to Millbrook as an extension to their existing contract. We have met with Elspeth Bridges to discuss this possibility and this works particularly well as the current DFG grant is being reduced from £5M to £4M so this funding retains the same level of spend through this competitively procured contract.



Discussions have been jointly held between Children's Services and the Housing Team with all partners throughout the development of this business case.

Then there are two options as set out below. The financial aspects of these two options are set out in the financial case.

5.1.1 Kinship and Foster Carers being granted the capital directly, which would mean the unrecoverable VAT would have to be funded by Dorset Council and add 20% to the cost of the project. This is not the preferred route for delivery, but commissioners should have the maximum flexibility for the pilot scheme to have the most impact on children and their families.

Where a foster carer has applied for funding towards an extension or adaptation, Dorset Council will arrange for a surveyor to inspect the foster carer's property and assess the feasibility of options for the extension or adaptation and to determine the process to be followed. This surveyors can be a direct Dorset Council employee or from a contracted prover such as Millbrook.

The Fostering & permanency Service Manager will then discuss the available options with the foster carer so that a preferred option can be agreed.

A financial and affordability assessment of the foster carer will be carried out to confirm whether the foster carer can contribute to the cost of the extension or adaptation if the total cost of the building works and associated costs might exceed the maximum contribution which Dorset Council will agree to. Land Registry searches will be carried out in relation to the foster carer's title to the property to check the legal ownership of the property and to identify any registered legal charges or restrictive covenants affecting the property. The Council will not consider contributing funding towards the extension or adaptation if the Council is not satisfied with the outcome of the Land Registry searches or the financial assessment for any reason.

If the Council is satisfied with the outcome of the financial assessment and the result of the Land Registry searches, the application will then be submitted to the Sufficiency Board who will consider the request and the future cost savings associated with increased capacity. There is no guarantee that the foster carer's application or the funding will be approved.

If the Fostering and permanency Service Manager refuses the application, the foster carer will be informed in writing with reasons for the application not being approved. The applicant may appeal to the board within 30 days of written evidence of refusal.

5.1.2 Contract with Millbrook existing provider of the Disabled Facilities Grant as a competitively procured partner already with Dorset and providing high quality and value for money services and works

The second approach is to manager and deliver the works through an existing provider and contractor who currently works for Dorset Council and delivers the Disabled Facilities Grant. This would have much higher on-costs but would not attract VAT so may well balance out. This approach would be less risky in commercial aspects but involves Council contractors working with families directly with great sensitivity.

This business case proposes that kinship and foster carers adaptations be delivered through this existing Dorset contract. This would be through a variation to the existing contract.

A detailed service specification and operating processes will be developed with commissioners and Millbrook if this business case is approved.

## 5.2 Procurement strategy

Under option 1 - The home-owner will appoint an approved team to deliver the project complying with all health and safety standards. Procurement will not need to be compliant with public procurement legislation as will be low value and procured directly by the home-owner.

Option 2 – procured through Millbrook would be a variation to an existing Dorset contract. In addition the DFG is being reduced next year from £5M to £4M and so this retains the planned spend (and so Millbrook can avoid reducing staff) to meet the original value of the procured contract.

## 5.3 Contractual arrangements

If funding is approved in principle at the Sufficiency Board, the kinship or foster carer will be notified of the approval.

Where a housing association is involved, they will be the contractual party to the project.

The kinship or foster carer or the Council's agents (Millbrook) must then obtain and submit to the Fostering and permanency Service within six months of approval (or other timescales which may be agreed with the Council at the Council's discretion). Often pace is crucial in keeping families together and so we would encourage with two months to be the target for this period:

- evidence of all necessary drawings, licences, permissions, and consents relating to the extension or adaptation and the proposed charge which will be registered on the foster carer's property; and
- competitive quotes including schedules of works for the proposed building works from three independent building contractors.
- A suitably qualified advisor with professional indemnity insurance (This would be Millbrook in the out-sourced option).

The Fostering & Permanency Service and the Council's surveyor (to be out-sourced to Millbrook) will review the quotes for the building works. The Fostering & Permanency Service will decide with the kinship or foster carer and the qualified advisor which quote is best value for money taking into consideration price and quality. If the kinship or foster carer identifies a building contractor which is more expensive than other contractors or the surveyors initial estimate of cost but has the funds to pay the additional cost this will be considered, and they will need to commit to providing the additional funds. However, ultimately, the Corporate Director for Care and Protection in collaboration with the Housing Service, may apply discretion regarding which contractors to appoint.

Once a decision has been taken to proceed with the building works, the kinship or foster carer will be required to enter a legally binding contract with Dorset Council before the works may commence and the first instalment of funds will be released. The kinship or foster carer will be given a reasonable amount of time to seek independent legal advice in respect of the contract before entering it.

The amount of capital investment made by Dorset Council will be referenced in the legally binding contract, and be shown as a percentage of the total value of the property.

If the foster carer ceases to offer placements to children in care prior to 5 years of the completion of the building works, then the monies will be repayable without charge of interest to Dorset Council at Dorset Council's discretion on the following basis:

Year 1 – 100%

Year 2 – 80%

Year 3 – 60%

Year 4 – 30%

Year 5 – 0%

If the foster carer sells their home within 5 years of the completion of the building works then any funds are expected to be paid back in accordance with the profile above.

The monies will not be repayable to Dorset Council in the following circumstances:

- The foster carer has had a child in placement for 5 years or more from the date on which the building works were completed.
- The foster carer has ceased to foster because they have adopted a child in placement; or
- The foster carer ceases to foster because they have obtained a child Arrangement Order or a Special Guardianship Order for a child in placement.
- If a decision is made via the Sufficiency Board if the foster carer has developed significant health issues and can no longer continue to offer placements to children in care.
- ~~And any other circumstances that the Sufficiency Board may consider.~~

#### **5.4 Charging mechanism**

Does not apply.

## 6. Financial Case

The Financial Case demonstrates that the project will result in a fundable and affordable arrangement for the decision-maker. You need to summarise the overall capital and revenue affordability of the project, including any additional funding requirements.

Apart from the impact on outcomes for the children for whom Dorset Council are the parents, this business case can demonstrate cost avoidance to the revenue account.

The key issue for this financial case is the treatment of VAT. Two different approaches to the pilot are proposed for evaluation and more detailed consideration if the capital allocation is approved. If works are delivered by the kinship or foster carer themselves then the Council may have to pay 20% unrecoverable VAT on these works. This may render some projects unaffordable and also affect the Council's Treasury Management Strategy.

### 5.5 Capital and revenue requirements

The capital required is £1M for the 2024/25 year. The on-costs can be capitalised as part of each project delivered. If a project does not proceed then any up front work may need to be returned to revenue, so this should be accounted for. But the aim is to secure the right projects and kinship and foster carers from the outset and see projects delivered as quickly as possible.

### 6.2 Summary of cost to benefit

Description	Value of investment Yr 1	Cost avoidance revenue Yr 1	Net cumulative revenue benefit Yrs 1-5
Capital for one foster carers adaptations for <b>one child</b>	£100k capital	297,388	£1,486,940
Capital to administer foster carers adaptation	£10k capital		
Revenue if say 1 project does not progress?		£10k revenue spend for	
		abortive works	

### 6.3 Resource requirements

Balance of funding requested				
	Year 1 2015/16	Year 2 2016/17	Year 3 2017/18	Year 4 2018/19

<b>Total</b>	£1,000,000			
<b>Capital on costs</b>	£100,000			

- See management case for external provider to be commissioned to undertake a pilot project to deliver the capital investment from an existing supplier who provides the DFG process for adults – Millbrook.

### 6.3.1 Requirements in order to realise savings

The critical thing is for the kinship or foster carer or kinship carer to meet the needs of a Dorset child who is in Dorset Council’s care.

### 6.4 Non-financial benefits

The non-financial benefits include improving life chances and outcomes for children who are care experienced.

## 7. Management case

This management case for foster carers and kinship carers demonstrates that the project is capable of being delivered successfully, in accordance with recognised best practice.

It is proposed to deliver the investment as a pilot scheme to mirror the arrangements currently in place for the Disabled Facilities Grant. Following a procurement process, Millbrook were appointed by Dorset Council’s housing services to deliver the Disabled Facilities Grant. The DFG capital allocation is c.£5M and requires 10 staff in the Millbrook team to deliver. A pilot scheme to deliver £1M in the same way would need c.2 staff for one year. The estimated cost of this is assumed to be £100k for the purposes of this business case to establish the pilot scheme and assess impact.

### Programme and project management plans

A project management plan for the pilot scheme will be developed in partnership with Millbrook. Millbrook have an experienced and expert team who will be able to help us to detail the arrangements and risks involved. This process is scheduled to start w/c 19<sup>th</sup> February and meetings have been arranged with Millbrook and the housing standards service to develop the delivery plan.

### 7.2 Change management arrangements/requirements

This pilot scheme proposes to mirror the Disabled Facilities Grant process and so is not a departure from current practise.

The shift from residential care (Dorset or external) to foster carers and kinship carers is well established in Dorset and is also part of the Families First for Children programme.

### 7.3 Approach to management and delivery of benefits

The benefits are twofold – both in outcomes for children who are care experienced and financial.

### 7.4 Approach to risk management

A detailed risk register will be developed and monitored throughout the programme of delivery. The preferred providers – Millbrook will support the risk management process.

### 7.5 Monitoring during implementation

Following pilot scheme development with Millbrook, a detailed monitoring regime will be established. A bi-annual report can be made to CSAM as required.

### 7.6 Post implementation evaluation arrangements

Following the first year of delivery the impact of the investment will be assessed.

# **Dorset Council**

## **Business Case**

### **Weymouth Harbour Walls**

**November 2024**

**Version 5**

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## Document Control

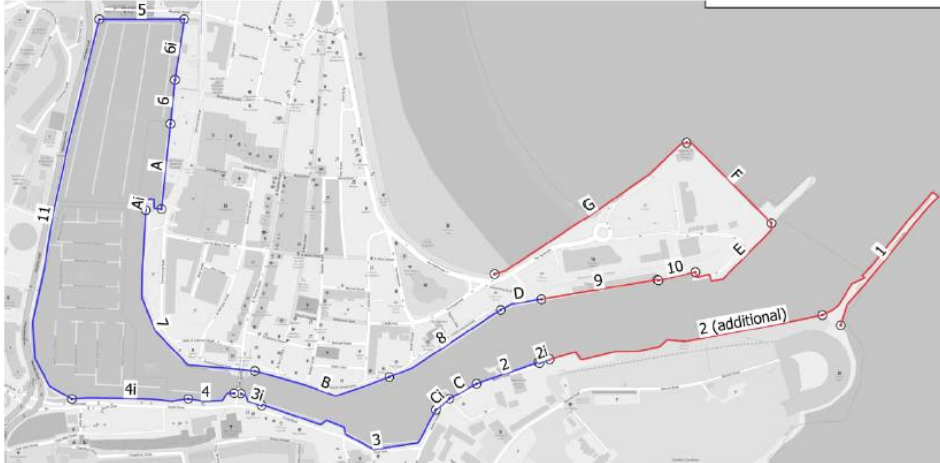
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Version	V5
Author	Jessica Maskrey, Matthew Penny
Date	November 2024
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## 17. Executive Summary

Dorset Council is the harbour authority responsible for Weymouth harbour and as such have a responsibility to maintain the harbour infrastructure.

Walls E, F&G are situated on the outer parts of Weymouth harbour and the peninsula as shown on the below plan. Walls 4&4i (Wall 4) are also shown within the inner harbour along the North Quay frontage. All the walls have reached the end of their design lifetimes and now need replacement or strengthening work to prevent their failure.



Walls F&G: due to the poor condition of the walls, the stability of and carrying capacity of the peninsula is being eroded, and parts of the peninsula is compromised and subject to exclusion zones. Replacement works will prevent erosion and stabilise the peninsula so that those closed off areas can once more be opened for their intended use, including the proposed development of the Peninsula area.

Wall E: is also in a poor condition but deterioration is not as pronounced as Walls F&G. The proposed strengthening works will extend the life of wall, providing improved life expectancy, operational serviceability and mooring capacity. Design work costs are included within the requested funding. The improved design life of the wall will provide a stable quayside area of harbour operations and de-risk the initial phases of the LUF development. Replacement works for this wall can be included within future phases of the proposed Weymouth FCERM Scheme.

Wall 4: the works are complete but minor defects have been identified for remediation. The strengthening works will extend the design life of the wall by 40 years, assuming regular maintenance. The cost of the design works for the strengthening scheme will be significantly covered by the existing LUF allocation.

The Walls F & G works are estimated at **£10,446,135** (the estimated costs include construction, professional fees, public realm improvements, licensing & consents fees, suitable risk contingency amount plus inflation and optimism bias allowances), whilst the Wall E strengthening works are forecast to cost **£1,791,000**. Wall 4 works final costs are forecast to be **£1,560,000**. Resulting in a total capital requirement of **£13,797,135**.

As part of its Levelling Up bid, the council has secured £6.5m, in Levelling Up Funding towards Walls F&G construction (plus monies to cover professional fees associated with the harbour wall repairs of £325,000). The LUF MoU states that Dorset Council must contribute additional funding towards the project as well.

Similarly, Wall 4 is included within the LUF programme and has an estimated cost of £1.5m within the LUF MoU. £1.0m LUF funding is available with a council match funding of £500,000. The cost of the Wall 4 works forecast to rise to £1.55m, above the LUF funding level, thereby requiring council to contribute toward its strengthening. Therefore £560,000 is requested to be added to the capital programme for FY24/25 to cover the council contribution.

The funding that council provides toward the Walls 4, E, F&G works will be of benefit toward the Weymouth FCERM Scheme, because the effective cost of the scheme over the 100-year strategy period will be reduced. The scheme is currently at the outline business case stage of development and will give it a greater chance of success. The Weymouth FCERM Scheme has a cabinet approved [Strategy \(2020\)](#) and [Strategic Outline case \(2021\)](#).

Funding for repairs to Weymouth harbour walls was allocated in the capital programme 2023/2024 to 2026/2027 approved by [cabinet on 28 March 2023](#). (shown in the below table) :

Allocation within 2023/24 capital programme	Allocation year	Allocation Amount	Available Amount
Weymouth Harbour & Esplanade FCRM Scheme	2023/24	£485,000	£485,000
Weymouth Peninsula including harbour walls (W&PBC)	2023/24	£1,450,000	£540,000
Total Available for Contribution			£1,025,000

Of these allocations included within the capital programme, the *Weymouth Harbour & Esplanade FCRM Scheme* is CIL allocation, but the Spatial Planning team have confirmed that it can be used for the purposes of Walls E, F&G construction.

The *Weymouth Peninsula including harbour walls (W&PBC)* budget is already approved and allocated upon the capital programme. £410,000 has already been spent and committed this financial year and another £500,000 is pre-allocated toward essential works for Westham Bridge sluices, Walls 1 & 2 and cavity formation remedial works. Thus, only £540,000 remains unallocated and available for contribution toward this business case.

In addition to the above, there is £1.5m of developer contributions (CIL strategic funds) allocated to Weymouth flood defences. This will increase to £2m, should the annual £500,000 allocation also be included. This business case proposes approval to allocate that £2.0m (and any future allocations) to this project.

Also available to contribute toward the funds is £168,633.45 of legacy Weymouth s106 flood defence funds, of which £141,859.77 is specifically committed to Walls F&G on our s106 commitment record. The Spatial Planning have confirmed that some of the S106 agreements that contribute to the higher balance (£168,633.45) cover specific named improvements included within the *Weymouth Bay Coastal Processes Study*, such as Weymouth Walls B, 7 & 2. However, walls B, 7 & 2 are not due to have significant work undertaken on them for 5-10 years and thus there is a risk that those contributions will be unused and must be returned to the developer. Therefore, it is proposed that the £26,773.68 difference between the two sums also be allocated to Walls F&G as well. This represents a risk for council but is believed to be a pragmatic approach and of best overall benefit to the community of Weymouth.

Therefore, this business case seeks approval to draw down the following:

	Amount
LUF – construction & professional fees Walls F&G	£6,825,000

LUF – construction & professional fees Wall 4	£1,000,000
Weymouth Harbour & Esplanade FCRM Scheme	£485,000
Weymouth Peninsula including harbour walls (W&PBC)	£540,000
Weymouth Flood Defences CIL Strategic Funds	£2,000,000
Weymouth s106 flood defence funds	£168,633
<b>Total</b>	<b>£11,018,633</b>

This business case also requests an additional **£2,778,502** of capital funding (to include the £1.5m contribution required as part of the LUF funding MOU).

## 18. Business Case details

<b>Project Name</b>	Weymouth Harbour Walls 4, E, F & G
<b>Project Sponsor</b>	Ken Buchan / Julian Wain / Matthew Piles
<b>Project Manager</b>	Matthew Penny / Ian Fitz
<b>Service description</b>	Harbours / Regeneration
<b>Partner organisation(s)</b>	n/a
<b>Project Reference</b>	TBC

## 19. Strategic Case

### 13.3 The proposal

To undertake works comprising the following in line with the council's statutory responsibility as the coastal protection and harbour authority:

- Replacement of wall F
- Replacement of wall G
- Strengthening to Wall E
- Strengthening to Wall 4
- Reinstatement of backfilling material, where material has been lost to washing out.
- Biodiversity Net Gain Improvements (Statutory 10% improvement requirement).

The proposed Walls F&G construction works will replace the sheet pile harbour walls and have a design life of up to 50 years. The construction work will bring renewed longevity and serviceability for the walls and adjacent peninsula land, supporting the strategically important LUF development. The proposed Wall E strengthening works is a significant repair and will extend the life of Wall E by a minimum of 20 years for the same purpose and enhance harbour operations as well. There will be the need for regular maintenance requirements to ensure the respective design life of all walls.

The Wall 4 strengthening work will extend the design life of the North Quay frontage by 40 years. As well as a harbour quayside wall, it also retains the adjacent highway and is critical for the proposed North Quay development being progressed by the LUF team. There will also be the need for regular maintenance requirements to ensure the respective design life of all walls.

Biodiversity net gain (BNG) is a statutory responsibility to leave habitats in measurably better state than they were before development, including infrastructure renewal like Walls F&G. Developers must deliver a BNG of 10%. This will require investment that cannot yet be quantified as part of discussions with Natural England.

### 13.4 The case for change

#### 13.4.1 Alignment with commissioner objectives/priorities

The Council is responsible for coastal infrastructure renewal in many coastal conurbations, including Weymouth Harbour, both as landowner and as Coastal Protection Authority.

The council has a statutory responsibility to maintain these assets as the coastal protection and harbour authority.

Failure to undertake the work to Weymouth harbour walls will diminish the harbour's ability to fulfil its functions. Keeping the harbour in a safe and working condition is an obligation that is put on Dorset Council by the Port Marine Safety Code and Pilotage Act 1987.

The works are also key to the council's Levelling Up ambitions for the redevelopment of the peninsula and North Quay areas. The external perimeter of each respective area must be safe and secure to develop the land or continue the current car parking/highway arrangements. Soft market testing has shown that the wall repairs are needed to derisk the Peninsula & North Quay projects and ensure high quality developers are attracted to both prime waterside opportunities.

The funding that council provides toward the Walls 4, E, F&G works will be of benefit toward the Weymouth FCERM Scheme, because the effective cost of the scheme over the 100-year strategy period will be reduced. The scheme is currently at the outline business case stage of development and will give it a greater chance of success. The Weymouth FCERM Scheme has a cabinet approved Strategy (2020) and Strategic Outline case (2021).

### 13.4.2 Fit with national policy

Dorset Council is established as a Coastal Risk Management Authority, a Flood Risk Management Authority and as a Statutory and Competent Harbour Authority, by the following acts.

- Coast Protection Act 1949
- Flood and Water Management Act 2010
- Harbours Act 1964
- Pilotage Act 1987

As such the council has a statutory responsibility to maintain coastal, flood and harbour infrastructure as the statutory and competent authority. The proposed works fall within this category of responsibility.

### Shoreline Management Plan

The Shoreline Management Plan is a national policy and plan, which dictates the level of intervention to be undertaken by management authorities along the coast. For Weymouth Harbour the policy dictates a **Hold the Line** level of intervention. This means that Dorset Council has the responsibility to maintain the sea defences and infrastructure in that policy area.

The proposed construction works therefore completely align with national policy intentions.

### 13.4.3 Customer user needs – current and future

The improvement works will also reduce the risk of damage to residential, commercial properties and businesses that would otherwise be at increased risk of flooding or coastal erosion. Thereby reducing the exposure of Dorset Council to the risk of any future legal actions.

### 13.4.4 Improvement of current service delivery arrangements

The improvement works will reduce the risk of damage to residential, commercial properties and businesses that would otherwise be at increased risk of flooding or coastal erosion. They also support the delivery of the council's Levelling Up ambitions.

### 13.4.5 Potential scope for further development/scalability

The Levelling Up Fund (LUF) bid included installation of utility infrastructure and repairs to the harbour walls at the Peninsula which will allow proposals from private investors/developers for new residential, commercial and leisure development to be invited.

HGP Architects have designed the preferred option also known as 'Option B' which has been submitted for a pre app with the Dorset Council planning team (18 August 2023) the details of which are:

- 210 residential units (in 11 blocks), a new 70-bed luxury hotel and over 5,500 sqm of commercial space together with 365 parking spaces;
- a new public square, where events such as the local seafood festival can take place (covering the car park below)
- retention and improvement of the Pavilion Theatre, adjoining it with a new commercial offering to create a contemporary cultural district;
- conversion of the pleasure pier into a cafe/restaurant, lit as a beacon at night;
- a pedestrian board walk wrapping the whole perimeter.

### 13.4.6 Benefits and risks

<b>Benefit Category</b>	<b>Description</b>	<b>Decision-maker / Customer / Market</b>	<b>Financial year benefit is expected to be achieved</b>
Financial benefits	Reduction in future asset maintenance revenue budget  Intervention works now will reduce future capital burden	Dorset Council	25/26
Economic benefits	Reduced risk of flood damage to commercial properties and businesses in the vicinity of the harbour  Enables development of the peninsula	Customer / Market	25/26
Climate / environmental benefits	Reduced risk of flooding / coastal erosion  Reduces risk of damage to sensitive marine environment (including protected seagrass beds).	Customer / Market	25/26
Customer benefits	Reduced risk of flood damage to commercial properties and businesses in the vicinity of the harbour	Customer / market	25/26
Efficiency benefits	None		
Equalities benefits	The construction of the proposed development will bring new jobs and once completed increased visitor spending from improved offer of accommodation, and new jobs in leisure.		
Other			

<b>Risk</b>	<b>Mitigation</b>
Risk of injury / death	Undertake capital works
Risk of substantial erosion damage to the peninsula, with possible utility infrastructure losses and loss of income.	Undertake capital works
Risk the location becomes a public safety hazard. This will result in an even larger exclusion zone and is almost certainly to adversely affect the Weymouth Pavilion theatre and its activities. This disruption may extend to the southern part of Weymouth beach as well.	Undertake capital works
Risk what are currently categorised as urgent works will become emergency works, which would complicate the work and escalate costs exponentially.	Undertake capital works
Risk of damage to sensitive marine ecology, most notably protected seagrass beds. Wall failure will dump rubble and debris on the seabed and kill off a large part of that marine environment.	Undertake capital works
Supplier delays due to Ukraine conflict / Brexit / COVID / HGV driver shortage / shipping container shortage.	Contingency built into budget
Overspend due to increased cost of building supplies or other as yet unidentified issues.	Contingency built into budget

Disruption to businesses whilst work is undertaken	Consideration of compensation
Reputational risk to Dorset Council of failing to act	Undertake capital works

#### **13.4.7 Constraints and dependencies**

Release of funding allocated in capital programme.

Impact on Dorset Council leaseholders and other businesses in the vicinity of the works.

Liaison with impacted business owners will be required.

Compensation for impact on businesses may be required.

## 20. Economic Case

### 14.1 Appraisals of costs and benefits

The costs of the works for Walls 4, E, F&G are as follows:

	2023/24	2024/25	2025/26	Total
Professional/Consulting Fees	£128,000	£138,153	£203,738	£469,891
Construction	£504,000	£1,552,950	£11,120,294	£13,177,244
SI, licencing and planning	£112,000	£13,000	£25,000	£150,000
<b>TOTAL EXPENDITURE</b>	<b>£744,000</b>	<b>£1,704,103</b>	<b>£11,349,032</b>	<b>£13,797,135</b>

Please note that optimism bias/contingency is built into the above. The works will be undertaken using well established and well tested construction methods.

The benefits of undertaking the works include:

- Prevention of wall failure and subsequent H&S, operational and reputational risks that could be realised.
- The cost of the works will increase if the wall were to fail.
- The material protection of residential, commercial properties and businesses that would otherwise have been at increased risk of flooding or Coastal Erosion.
- Protection of commercial and tourism activities that will be allowed to continue and grow.
- Quality of living and community will be preserved and promoted.
- Promotion of the safety and confidence of the public, when using the public spaces in which the infrastructure is situated.
- Cut back on revenue expenditure. Should capital funding not be approved, it would increase the demand on revenue maintenance spend, to attempt to mitigate some of the required work. However, revenue budgets cannot adequately cover the required improvement costs and therefore asset decline will continue, resulting in eventual failure. Capital expenditure would increase the life of the asset by repairing existing damages and halting further decline. Benefit is therefore derived both from an increased useful life, as well as the decrease in the need for revenue maintenance expenditure.

Performance indicators

- Measure technical work against the designs and specifications
- Track budget and expenditure
- Project management

### 14.2 Critical success factors to achieving the Economic Case

Release of capital funding

Completion of works

### 14.3 Risk assessment

See section 3.2.6



## **21. Commercial Case**

### **15.1 Procurement strategy**

A Cabinet meeting in January 2024 gave approval to commence procurement for a Walls F&G contractor and materials. The intent is to procure the work through an open tender process using the ProContract E-tendering Portal. Due to the nature of the works, it is recommended that the procurement process is as expedient as possible.

Cabinet approval for the Weymouth Wall E contractor commission will be sought through the September 2024 procurement paper that is due to be presented. Wall 4 has already been tendered and contractor appointed.

Project team to develop contractor scope and Works information package for all construction works.

### **15.2 Contractual arrangements**

Once the successful contractor has been awarded the work, construction contracts will be prepared and signed by the successful contractor and the Council as Employer.

Instructions and payments will be made through standard contract procedures as and when required to ensure the smooth running of the project when on site.

### **15.3 Charging mechanism**

Once the contract has been signed by all parties, the construction works will follow a typical construction pathway. Works will be valued monthly by the project administration team.

Payments will then be made from the allocated project budget to the contractor.

The project will also carry a project contingency and optimism bias to ensure that any unknowns or risks can be funded if required.

## 22. Financial Case

### 16.1 Capital and revenue requirements

Description	Value	Start date	End date
Capital investment – works to Weymouth Harbour Walls 4, E, F & G.	<b>£13,797,135</b>	Jun 2024	Mar 2026

### 16.2 Resource requirements

Total funding required				
What is it for? (equipment, facilities, external expertise etc)	When is the cost incurred?			
	Year 1 2023/24	Year 2 2024/25	Year 3 2025/26	Year 4 2026/27
Professional/Consulting Fees	£128,000	£138,153	£203,738	
Construction	£504,000	£1,552,950	£11,120,294	
SI, licencing and planning	£112,000	£13,000	£25,000	
<b>Total</b>	<b>£744,000</b>	<b>£1,704,103</b>	<b>£11,349,032</b>	

Funding currently secured (if any)				
Where is it from? (Grant, revenue budget, capital budget – include cost centres if known)	When will the money be available?			
	Year 1 2023/24	Year 2 2024/25	Year 3 2025/26	Year 4 2026/27
LUF construction	£616,000	£1,696,000	£5,187,973	
LUF professional fees	£128,000	£138,153	£58,874	
Weymouth Harbour & Esplanade FCRM Scheme M-EN-600144			£485,000	

Weymouth Peninsula including harbour walls (W&PBC) M-EN-600133		£540,000		
Weymouth Flood Defences CIL Strategic Funds			£2,000,000	
Weymouth s106 flood defence funds			£168,633	
<b>Total</b>	<b>£744,000</b>	<b>£2,374,153</b>	<b>£7,900,480</b>	

### Staff Resources

Service Area/Function	FTE's	When are new staff needed?											
		Year 1				Year 2				Year 3			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
None													
<b>Total</b>													

### Balance of funding requested

	Year 1 2023/24	Year 2 2024/25	Year 3 2025/26	Year 4 2026/27
<b>Total</b>	£0	£0	£2,778,502	

### 16.3 Impact on income and expenditure account

See capital workbook

### 16.4 Financial benefits

#### 16.4.1 Financial benefits table

Description	Benefit	Benefit	Benefit	Benefit	Cost Centre / Budget affected?	Who is the current budget holder?	Has the budget holder agreed to the saving? (Y/N)
Please include:	Year 1	Year 2	Year 3	Year 4			
<ul style="list-style-type: none"> <li>How the saving is calculated</li> <li>Whether the saving is revenue or capital</li> </ul>	2023/44	2024/25	2025/26	2026/27			

#### 16.4.2 Requirements in order to realise savings

It is not anticipated that there will be any savings, however the project will produce significant cost avoidance, as doing nothing will result in high expenditure should the wall fail. It will also contribute to income generation as part of the Levelling Up programme.

#### 16.5 Non-financial benefits

The [Dorset Council Plan 2022-2024](#) identifies 5 strategic priorities, of which this project contributes to:

##### [Driving economic prosperity - Dorset Council](#)

Failure to address the required emergency works will result in a negative impact on economic prosperity in Weymouth Harbour

##### [Protecting our natural environment, climate and ecology](#)

Should the wall fail, this would have a negative impact on the natural environment.

##### [Becoming a more responsive, customer focused council - Dorset Council](#)

Failure to address the required emergency works will negatively impact on Dorset Council residents. Failure to act would not contribute to the ambition of being responsive to our customers (be these individuals or businesses).

#### Dorset Harbours Business Plan 2024 – 2029

Following the departure of the ferry service in 2015, much of the commercial port area fell into disuse. As developments are now taking place through the Weymouth Quay Regeneration Project, further opportunities to develop the port areas have been identified within the Dorset Harbours Business Plan 2024 – 2029. The provision of marine services relevant to the users of Weymouth Harbour, such as marine engineers and electricians, the potential installation of a slipway and the subsequent ability to lift out vessels, will provide highly beneficial facilities to all manner of vessels and harbour users, commercial and recreational, and ensure Weymouth remains a popular and thriving harbour for residents and visitors alike.

Further development of the port area and indeed the wider peninsula area is reliant on integrity of Walls E, F & G are the first line of defence in protecting this area of reclaimed land from the sea. During periods of strong easterly winds in particular, these sections of the harbour wall are extremely exposed, and any weakness developing in the walls could prove catastrophic if a collapse allowed the sea to breach into this area. Access to and from the commercial port by a wide range of vehicle traffic is conducted through the Peninsula site, and failure of the road surfaces, the development of

sinkholes or wider surface collapse, could essentially cut off the port area and render it unusable. Consequently, the repair of Walls F & G is of great importance to the continued use and future development of the port.

## **23. Management case**

### **17.1 Programme and project management plans**

A project delivery team is already established including colleagues from FCRM, and relevant stakeholders. Representatives from the appointed contractor will join this team.

A project manager will report into a project sponsor (Head of Service). Project progress meetings are held fortnightly. Where appropriate project updates, risks and issues will be escalated to Head of Service and to the LUF Governance Board.

### **17.2 Change management arrangements/requirements**

Change management will be administered through the construction contract risk management process and significant changes communicated to the project sponsor and governance board.

### **17.3 Approach to management and delivery of benefits**

The project manager will maintain a project delivery plan, with milestones, which they will report against in regular project meetings and highlight any concerns to the Head of Service and the LUF Governance Board.

### **17.4 Approach to risk management**

The project manager will maintain a risk register and issues log and will report against these in regular project meetings. Where appropriate risks and issues will be escalated to the Head of Service, and the LUF Governance Board.

### **17.5 Monitoring during implementation**

The project manager will maintain a project delivery plan, with milestones, which they will report against in regular project meetings and escalate to the Head of Service where appropriate and the LUF Governance Board.

### **17.6 Post implementation evaluation arrangements**

Key Performance Indicators

- Measure technical work against the designs and specifications
- Track budget and expenditure
- Project management

### **17.7 Contingency arrangements/exit strategy**

The site supervisor will formally inform the client officer that the works have been completed. A 12-month defect period will follow where snagging items are resolved and a fee is retained, which will be paid upon successful completion of the defect period. Following works, the usual system of inspections will continue.

## **24. Conclusions and salient issues for further consideration**

### **18.1 Conclusions**

This business case describes works required to Weymouth Harbour Walls, costed at **£13,797,135**

Funding for repairs to harbour walls was allocated in the capital programme 2023/2024 to 2026/2027 approved by [cabinet on 28 March 2023](#).

This business case seeks approval to draw down of the **£1,025,000** of those allocated funds.

Additionally, £7,825,000 LUF funding has been secured.

This business case also seeks approval to allocate **£2,168,633** of CIL strategic & S106 funds to the project.

This business case also requests an additional **£2,778,502** of capital funding (to include the £1.5m contribution required as part of the LUF funding MOU). Of the above £2,779,502, £1.3m will come from Dorset Council capital funding resources and £1.5m from Weymouth Harbour funding resources (subject to Harbours Advisory Committee).

## 18.2 Salient issues for consideration

Development of the Peninsula land is dependent upon the Walls F&G replacement works.

The LUF funding agreement states the council must fund the additional funding requirements for the works.

Weymouth Harbour walls 4, E, F&G are in poor condition and at risk of failure.

## 25. Appendices

Capital workbook