

Cabinet

28 January 2025

Budget and Medium-Term Financial Plan Strategy Report (MTFP)

For Recommendation to Council

Cabinet Member and Portfolio:

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 sets out proposals for Dorset Council's 2025/26 revenue and capital budgets and summarises the Medium-Term Financial Plan (MTFP), which covers the following four years to 2029/30. The report also includes the Capital Strategy and the Treasury Management Strategy.

The budget proposals are built around the priorities identified in the Dorset Council Plan and [were] considered by the Dorset Council Scrutiny Committees on 16 and 17 January 2025. This paper contains details of Cabinet's responses to the matters raised by those committees.

This paper also provides an update on funding announced in the Local Government Finance Settlement issued on 18 December 2024.

A summary of the key components of the budget is as follows:

The Council is proposing a net budget for 2025/26 of £416m which is an increase of £39m from 2024/25. In setting the budget the Council is facing rising cost of service delivery of £83.4m, which has been met through identifying £44.5m of savings, efficiencies, grants and income and £39m of increased funding, mostly reliant upon changes to Council Tax.

Rising cost of service delivery includes £34m of increasing need within Adults & Housing and Children's driven by increasing numbers of people from the communities needing to access council services to receive vital support. The Governments change to employer National Insurance Contributions is forecast to cost an additional £6m and discontinued Government Grant changes have also resulted losing funding of £5m.

Savings and efficiencies include new service grants and income £12m, managing and meeting need differently £14m, as well as reducing 3rd party spend of £3m and operating more efficiently as a Council £14.4m.

Recommendations:

Cabinet is asked to agree and to recommend to Council:

1. the Revenue Budget summarised in Appendix 1;
2. the increase in general Council Tax of 2.9953% and 1.9969% in the Social Care Precept, providing a Band D Council Tax figure for Dorset Council of £2,101.05; an overall increase of 4.9921%;
3. to note the Council Tax base of 160,793 band D equivalents (186,917 households in total) agreed by the S151 Officer earlier in this budget setting process;
4. to note the continuation of the unchanged scheme of Local Council Tax Support;
5. the Capital Strategy set out in Appendix 3 and approve changes to the programme in section 3 [available for Cabinet];
6. the Treasury Management Strategy set out in Appendix 4 [available for Cabinet];
7. to note the assumptions used to develop the Budget Strategy and Medium-Term Financial Plan (MTFP), as set out throughout this report;
8. the recommended balances on earmarked reserves and on general funds, including the minimum level of the general fund.
9. in making these recommendations, Cabinet is requested to consider and agree the responses to the recommendations and comments made by the scrutiny committees as part of the budget scrutiny process (Appendix 6) [available for Cabinet];
10. recommendations 1-5 from the 4th December 2024 Harbours Advisory Committee meeting regarding fees and charges, budgets and asset management plans (Appendix 7);
11. agree and recommend to Council the flexible use of additional £3.3m of capital receipts (Appendix 8) [available for Cabinet];

Reason for Recommendation

The Council is required to set a balanced revenue budget, and to approve a level of Council Tax as an integral part of this. A balanced budget is essentially one where all expenditure is funded by income without unsustainable use of one-off or short-term sources of finance.

The Council is also required to approve a Capital Strategy, a capital programme and budget, and a Treasury Management Strategy, each of which are included with this report.

The draft budget proposals have been considered by the Place and Resources Scrutiny Committee and by the People and Health Scrutiny Committee and their recommendations are set out in Appendix 6 for Cabinet consideration.

2. Financial implications

All covered within the report.

3. Well-being and health implications

None specifically identified in this report.

4. Natural Environment, Climate & Ecology Implications

Included in Appendix 5.

5. Other Implications

Nothing specific.

6. Risk assessment

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

Current Risk: High
Residual Risk: High

- 6.2 The Council is required to set a balanced budget. The financial operating environment for Local Government remains extremely challenging, and the risks therefore remain high for all local authorities as we aim to deliver value for money and financial sustainability with a lack of clarity over multi-year funding. This risk is somewhat crystallised with the Local Government Finance Settlement (LGFS) for 2025/26 whereby a number of grants have been ceased, leaving Councils like Dorset with limited time to revise budget options to ensure a balanced budget can be set.

- 6.3 Section 13 of this report shows the impact of the changes which are part of the Governments move towards reforming local government funding. The loss of grant funding for Dorset through this settlement further increases the risk over the medium term.

- 6.4 The Council is currently forecasting an overspend in 2024/25. The Quarter 3 financial management report provides analysis of that estimate and [will be] a separate item on the same Cabinet agenda as this report.
- 6.5 The **provisional** Local Government Finance Settlement was published on 18 December 2024 and, though the Council is still working through the detail of some contained within this, headline conclusions and assumptions are set out in this report. The final settlement is expected in February, a few days before the Full Council meeting.
- 6.6 The short-term nature of the settlement is again a risk and affects our ability to plan for strategic service delivery in the longer term. The recent policy statement from government has stated the intention to implement reform to local government financing and will begin to reform funding through a multi-year settlement in 2026/27.
- 6.7 Despite the mitigations and the governance framework around strategic and financial performance that the Council has in place, the S151 Officer deems the risk still to be high which, despite Dorset's robust financial position relative to others, principally reflects the national picture and economic conditions affecting all local authorities. Pressures continue to build in the Medium-Term Financial Plan (MTFP) and around the High Needs Block (HNB) of the Dedicated Schools Grant (DSG).

7. Equalities impact assessment

- 7.1 The budget is a framework for the Council to achieve its priorities and the requirement to achieve a balanced budget is delivered through a number of key assumptions, and the delivery of programmes of transformational change.
- 7.2 The overall budget framework has not been the subject of a separate equality impact assessment but the programmes and changes upon which delivery of the budget will depend will themselves be assessed.

8. Appendices

1. High-level consolidated revenue budget summary and directorate budget summaries
2. Council Tax resolution (for the Council report only)
3. Capital Strategy 2025-2030 (for the Cabinet and Council reports)
4. Treasury Management Strategy 2025/26 (for the Cabinet and Council reports)
5. Climate Wheel
6. Response to the issues raised by the scrutiny committees (for the Cabinet and Council report)
7. Harbours Advisory Committee budget proposals for 2025/26
8. Flexible use of Capital Receipts Policy for 2024/25-2029/30 [available for Cabinet]

9. Background papers

[Medium term financial plan and budget update to Cabinet 19 November 2024](#)

10. Introduction, context and priorities

- 10.1 The new Dorset Council Plan was agreed by Full Council on 5th December 2024. The plan is underpinned by four key priorities for 2024-2029 and details the steps that will be taken to deliver our vision: Working together to create a fairer, more prosperous and more sustainable Dorset for current and future generations.
- 10.2 The four strategic priorities are:
 1. Provide affordable and high-quality housing
 2. Grow our economy
 3. Communities for all
 4. Respond to the climate and nature crisis
- 10.3 More information about the [Dorset Council Plan 2024 to 2029](#) is available on the Council's website.

11. Core budget assumptions

- 11.1 Since 2021, inflation has proven extremely volatile, which continues to mean it can be extremely difficult to accurately estimate how current and future inflation and other global events will impact local authorities. As we are required by law to set a balanced budget, and we must build our MTFP and Budget Strategy with the best information and knowledge we have available and with clarification around the risks involved and the mitigations supporting them.
- 11.2 It should be noted that these are forecasts of what will happen and are in addition to the base budget that was built for 2024/25.
- 11.3 The approach to inflation for 2025/26 has been to include pay inflation of 2% and to add general inflation of 2%. This is in line with the latest CPI figures. To maintain this, the Council expects a continuation of good contract management practice with suppliers to ensure productivity, efficiency and sustainability are also reviewed at the same time as the scope for price increases. The Council's budgets are essentially cash limited and we cannot therefore afford to award full inflationary uplifts for all service contracts.
- 11.4 As well as general inflation, the budget proposals make provision for further, specific inflation or changes to income and grants. A summary of key changes assumed as part of setting the 2025/26 budget is shown in the table below.

Variable	Latest Assumption 2025/26
Council tax increase	<3%
Council tax base growth (includes second homes)	4.51%
Social Care Precept	<2%
Business rates growth	6.53%
Pay award	2.00%
General inflation	2.00%
Increase in fees & charges	2.50%
Employer pension contribution	0% +£250k

12. Fees and charges

- 12.1 An average increase in fees and charges income has also been estimated at 2.5%, with budgets uplifted accordingly. It is expected that this average increase will be delivered through a mix of price and volume increases, reflecting the Council's ability to influence demand. The average price increase is assumed to be 2.5%. For some services this means the variation in charges will be higher, and in others it will be lower.
- 12.2 The Council's Fees and Charges Policy was implemented for the 2023/24 Budget and is published on the Council website. [Fees and Charges Policy 2023 - Dorset Council](#).
- 12.3 Implementation and subsequent monitoring to ensure the success of policy objectives is a significant step towards the Council recovering more of its costs and placing less demand on general funding. Increasing income also comes with increased risk, however, especially when operating in a competitive market. As revenues grow, so does risk and the resource required to manage new business efficiently.

13. Provisional Local Government Finance Settlement

- 13.1 The [Local Government Finance Settlement for 2025 to 2026](#) was published on 18 December 2024. It followed the publication of the [Local Government finance policy statement](#) on 28 November 2024 that set out the Government's intentions for the Local Government Finance Settlement for 2025/26.
- 13.2 The Council is still working through the detail of the statement, but the headlines and assumptions we are making and including in the Budget Strategy are set out below and throughout the rest of this report.

Core Spending Power (CSP)

- 13.3 The Government has announced that Local Government Core Spending Power (CSP) has been increased by an average of 6%.
- 13.4 This equates to a national CSP uplift of £3.902bn, of which 55% comes from increased Council Tax.
- 13.5 CSP is made up of the following key components.
- 1) Core Settlement - Retained business rates and Revenue Support Grant
 - 2) Council Tax
 - 3) Social Care Grants – e.g., Better Care Fund, Children's Social Care Prevention Grant
 - 4) Other grants - un-ringfenced grants e.g., New Homes Bonus etc.

13.6 Analysis undertaken by LG Futures has identified that, where CSP increases by an average of 6.0%, nationally this consists of £1.743bn (47%) of additional grant and £2.158bn (53%) in additional Council Tax.

13.7 This means the only way to realise this **full** uplift of 6.0% CSP is to take the maximum flexibilities granted when it comes to raising Council Tax, as this is assumed as part of the calculation. The maximum increase allowed varies by authority type.

Source:

[Core Spending Power table: provisional local government finance settlement 2025 to 2026 - GOV.UK](#)

Dorset Council Core Spending Power (CSP) changes

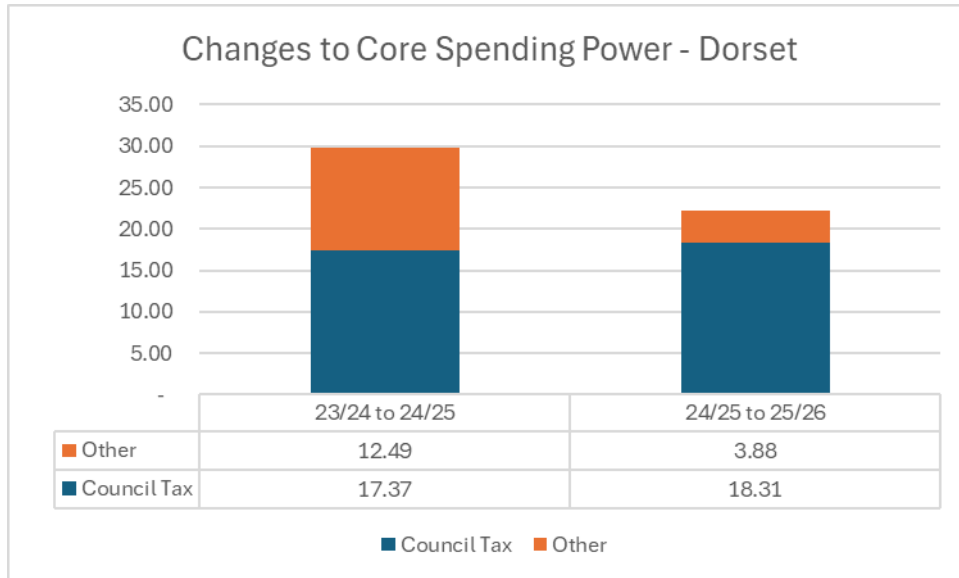
13.8 The table below sets out year-on-year changes in the published CSP figures. The settlement was broadly in line with our expectations.

Component	Illustrative Core Spending Power of Local Government:	2024-25 £ m	2025-26 £ m	Change £ m
Core	Settlement Funding Assessment	48.3	49.7	1.5
Core	Compensation for under-indexing the business rates multiplier	9.7	10.3	0.5
Council Tax	Council tax requirement excluding parish precepts ¹	307.9	326.2	18.3
Social Care	Local Authority Better Care Grant ²	12.5	15.4	2.9
Grant	New Homes Bonus	0.9	3.2	2.3
Grant	Rural Services Delivery Grant	3.2	0.0	(3.2)
Social Care	Social Care Grant	29.7	34.3	4.6
Social Care	Market Sustainability and Improvement Fund ⁵	7.5	7.5	0.0
Social Care	ASC Discharge Fund ²	2.9	0.0	(2.9)
Grant	Funding Guarantee	1.5	0.0	(1.5)
Grant	Services Grant	0.3	0.0	(0.3)
Grant	Domestic Abuse Safe Accommodation Grant ⁶	0.7	0.8	0.2
Grant	Recovery Grant ⁷	0.0	0.0	0.0
Social Care	Children's Social Care Prevention Grant ⁸	0.0	0.8	0.8
Grant	Grants rolled in ⁹	1.0	0.0	(1.0)
	Core Spending Power	426.0	448.2	22.2

13.9 Dorset Council's CSP increases by 5.2%, £22.2m, of which £18.3m (83%) is reliant upon the requirement to raise Council Tax.

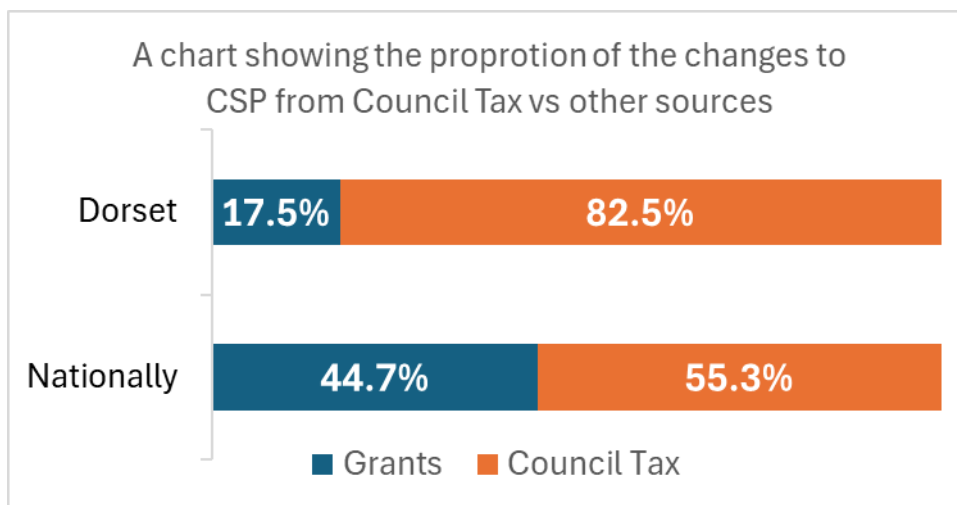
13.10 The Local Government Finance Policy Statement, and subsequent draft LGFS refers to grants such as the 'recovery grant' being targeted towards places where, weighted by population, deprivation outweighs council tax raising ability. There is also equalisation applied to the social care grant which is to equalise the impact of the distribution of the adult social care council tax precept. The methodology, and changing approach to funding means that Dorset is missing out on funding due to its relatively high Council Tax base.

13.11 When looking at the changes to CSP for Dorset from 23/24 to 24/25 and then into 25/26 the impact of the funding methodology can be seen, whereby in the first bar, the changes to CSP are much more evenly distributed between Council Tax and other funding from Government, where as the second bar, shows that 83% of CSP is reliant upon Council Tax rises.



13.12 In essence this analysis shows that grants that Dorset Council did receive in prior years which have now been removed (e.g. Rural Services Delivery Grant), the new grants announced (e.g. Recovery Grant) did not see funding flow to Dorset.

13.13 When comparing where the changes to Core Spending Power come from, Dorset compared to the national allocation further demonstrates the dependence on raising council tax.



13.14 The LGF Policy Statement set out a commitment to Local Government Finance reform. If the methodology and relative weighting of funding when setting the 2025/26 LGFS is indicative of the approach that will be taken for 2026/27 and beyond, then Dorset looks set to see further resources moved away from Dorset, and further dependence upon taking the maximum council tax rises.

13.15 The redistribution of funding repeatedly drawing funds away from Dorset will form part of lobbying in response to the provisional LGFS and ahead of the Spending Review.

Settlement Funding Assessment (SFA)

13.16 SFA is comprises of two parts:

1. the local share of business rates - £48m
2. Revenue Support Grant (RSG) - £1.7m

13.17 Members will recall that Dorset Council started to receive Revenue Support Grant (RSG) from 2023/24 financial year. For the 2024/25 settlement the amount was £698k. The RSG now has additional grants rolled into the RSG which were previously received as separate grants totalling £1.044m; Transparency code, Electoral Integrity, Tenant satisfaction measures and Extended Rights to Schools Transport.

13.18 After adjusting for grants rolled in, the total uplift on RSG is £7,729.10.

Business rates

13.19 The small business rates multiplier is being frozen at 49.9p and the standard multiplier will be uprated by Septembers CPI from 54.6p to 55.5p. Councils will be compensated through the s31 grant where these increases are not passed on to the ratepayer. Referred to as compensation for under-indexing the business rates multiplier' in the Core spending power table shown earlier in this report. Dorset's allocation is £10.3m.

13.20 When setting the budget for Business Rates income the Council prepares its own calculations based on local circumstances. These calculations are supported by external validation and modelling to ensure these key aspects of the Council budget are robust. Dorset Council has allowed for around £6.177m increase in the business rates yield in 2025/26.

Council tax

13.21 The LGFS confirmed that the limit for a local referendum remains at 3% – so a proposal to increase Council Tax by 3% or more requires a local referendum. There is also provision for councils with social care responsibilities to raise the adult social care precept by up to a further 2%. As stated earlier in this report, the headline increase of Core Spending power is only achieved if Councils make full use of these powers to increase Council Tax.

13.22 These budget proposals include a core Council Tax increase of 2.9953% and an adult social care precept increase of 1.9969%. The proposed total increase is therefore 4.9921%, which results in an annual band D Council Tax charge of £2,101.05. This is an increase of around £1.91 per week on the 2024/25 charge. The Council Tax charges proposed for each band for 2025/26, for Dorset Council only, are set out in the table, below.

2025/26	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
Core	£1,188.90	£1,387.05	£1,585.20	£1,783.35	£2,179.65	£2,575.95	£2,972.25	£3,566.70
Social Care Precept	£211.80	£247.10	£282.40	£317.70	£388.30	£458.90	£529.50	£635.40
Total	£1,400.70	£1,634.15	£1,867.60	£2,101.05	£2,567.95	£3,034.85	£3,501.75	£4,202.10

13.23 Some further facts about the composition of our Council Tax base which help understand the makeup of households and respective bills are as follows:

- 51% of households in Dorset are in Bands A – C which means the for the majority of households the increase equates to less than 24.3p per day.
- This is increased to 71% of households when looking at Bands A – D
- The number of households receiving Local Council Tax Support (LCTS) are 21,713 out of a total of 186,917 households.
- This includes 9,503 Pensioners on LCTS.
- Single Person Discount applies to 60,003 households.
- There are also a range of other reliefs and disregards which provide support depending on who lives in the property, e.g. 1,336 band reductions are awarded where there is a disabled resident.

13.24 Councils set their Council tax based on the number of 'Band D equivalent properties'. The Council has calculated its tax base as 160,793.0 band D equivalent properties, compared with 152,849.7 for the previous year, an increase of 4.51%. This includes the growth for the Second Homes Premium.

Core Spending Power (CSP) Grants

13.25 The next part of this report details a range of grants which form part of Dorset's Core Spending Power. National and local allocations are included in the earlier table.

Social Care Grant - £34.3m

13.26 Nationally, £5.9bn is being made available. More details on Dorset Council's share of the fund are included in the earlier table, which outlines changes to Dorset's Core Spending Power. Dorset's allocation of this grant is £34.3m. For context Dorset Council spends £233.1m on Social Care.

13.27 The uplift between from 2024/25 to 2025/26 is £4.6m. This is broken down into two elements:

1. Element used to equalise for 2% ASC precept flexibility for 2025/26 £0.097m.
2. Additional funding through existing ASC Relative Needs Formula for 2025/26 £4.5m

Local Authority Better Care Grant - £15.4m

13.23 £2.6bn in 2025/26 is being made available nationally. Funds will be pooled through the Better Care Fund (BCF) process. The Adult Social Care Discharge Grant has been rolled into this grant. This grant has not received an uplift of funding to meet inflationary pressures and remains the same as the 2024/25 allocation with the grants being rolled together.

Ringfenced grant to Market Sustainability and Improvement Fund (MSIF) - £7.5m

13.24 Nationally, £1bn in 2025/26 is being provided in a separate grant for Market Sustainability and Improvement in Adult Social Care. This grant has not received an uplift of funding to meet inflationary pressures and remains the same as the 2024/25 allocation.

New Homes Bonus - £3.2m

13.25 The New Homes Bonus will continue for one further year in 2025/26. Dorset Council's allocation is based on the number of new properties added to the taxbase. For 2025/26 the allocation is £3.24m in 2025/26.

Discontinued Grants

13.26 The following grants have been discontinued as part of the 2025/25 LGFS.

Grant	Purpose	2024/25 Value
<u>Rural Services Delivery Grant</u>	to provide un-ringfenced funding in recognition of the possible additional costs of delivering services in sparsely populated areas”	£3.2m
<u>Minimum Funding Guarantee</u>	to ensure that all local authorities in England will see a minimum 4% increase in Core Spending Power before local council tax decisions”.	£1.5m
<u>Services Grant</u>	to provide funding to all local authorities in England in recognition of the vital services they deliver. It will continue to be distributed through 2013-14 Settlement Funding Assessment shares.	£0.28m
	Total impact of Grants discontinued	£4.98m

13.27 Loss of these grants is equivalent to a 1.5% Council Tax rise.

13.28 As mentioned earlier in the report, these grants have been used to introduce new grants (e.g. Recovery Grant) which Dorset Council has not benefited from.

13.29 Dorset Council has lost £4.98m across discontinued grant streams.

New Grants

Grant	Purpose	National Allocation	Dorset Share 2025/26
Recovery Grant	Distributed to places with greater need and demand for services (we have used deprivation as a proxy for this), and which are least able to fund their own services locally. This technical note provides a full explanation of the methodology underpinning the Recovery Grant.	£600m	£0.0m
CSC Prevention Grant	To account for differences between local authorities in the rates of activity for children and family services	£250m	£0.775m

13.30 The DfE have confirmed that Dorset Council's Families first for children pathfinder funding will be reduced by the value received from MHCLG via the CSC Prevention Grant.

13.31 Whilst this 'mainstreaming' of the pathfinder funding is welcome as it will hopefully enable the benefits sought from the pathfinder programme to be replicated nationally, the reduction in funding from DfE therefore means **Dorset Council will not benefit from any of the new grants that make up Core Spending Power.**

Public sector pay

13.32 Local authority pay is negotiated nationally by the National Joint Council (NJC). For 2024/25 there was an additional £1,290 increase from spinal column 2 up to spinal column point 43, and an additional 2.5% increase from spinal column point 44.

13.33 As noted earlier, for 2025/26 the assumed pay increase is 2%, which amounts to approximately £3.9m.

13.34 The national living wage (NLW) will increase by 6.7% to £12.21 per hour from 1 April 2025. It will apply to people aged 21 and above. It is anticipated that, as in the last two years, the nationally negotiated pay award means that staff on spinal column point (SCP) 1 will continue to be above the national living wage.

13.35 The government announced in the autumn statement that from April 2025 Employers National Insurance would increase from 13.8% to 15%. The secondary threshold will also be reduced from £9,100 a year to £5,000 a year. On the council's pay costs this is expected to be an additional cost of £4.3m. It had been expected that this would be fully funded by the government. Whilst the financial settlement does not provide detailed figures of the compensation at the present time, it is expected that the council will not receive the full funding to meet this additional costs which will mean a shortfall to the council of an estimated £1.5m.

Dedicated Schools Grant (DSG)

13.36 The Dedicated School Grant (DSG) is a ring-fenced grant, the majority of which is used to fund individual schools' budgets in local authority-maintained schools and academies in Dorset, early years nursery entitlement and provision for pupils with high needs, including those with Education Health & Care Plans (EHCPs) in special schools, special provision and mainstream schools in Dorset and out of county. Part of the DSG, the Central Services Schools Block (CSSB), provides funding for Dorset Council to carry out central functions on behalf of pupils in state-funded maintained schools and academies in England.

13.37 Dorset's DSG provisional allocation for 2025/26 is £370m before recoupment. There are four blocks within the DSG:

- Schools Block (SB) £262.6m
- High Needs Block (HNB) £60m
- Early Years Block (EYB) £45.5m
- Central Services Schools Block (CSSB) £2m.

13.38 The 2024/25 Q2 DSG forecast overspend is £31.9m, of which 100% is related to the HNB, meaning spend on the HNB is 53% higher than the funding available.

13.39 The 2024/25 forecast overspend increases the cumulative forecast deficit to £90.3m before Safety Valve partner contributions. Adjusting for partner contributions from the DfE and Dorset Council, the cumulative deficit is forecast to be £64.9m.

13.40 The Government previously announced the extension to the statutory override for the DSG from 2023/24 to 2025/26. In practical terms this means that the cumulative overspend on the DSG will not fall to be funded from the Council's reserves but will instead continue to be treated as a separate, negative reserve on the Council's balance sheet.

13.41 The following was issued as part of the LGFS:

"The government intends to set out plans for reforming SEND system in further detail next year. This will include details of how the government will support local authorities to deal with their historic and accruing deficits and

any transition period from the current SEND system to the reformed system. This will inform any decision to remove the statutory override.”

13.42 As reported as part of the Quarterly finance reports, the Council has entered into a Safety Valve agreement and is now engaged in discussion as part of the ‘Enhanced Monitoring and Support’ programme. The deal and ongoing activity aims to reduce the cumulative overspend over time.

13.43 Dorset Council submitted a plan in the Autumn 2024 and the latest contact with the DfE Funding policy unit advised on 4 December 2024 that they do not yet have ministerial steer relating to the EMS programme and that an update will be provided in due course.

14 Local Council Tax support (LCTS) scheme

14.1 Each year the Council is required to review its Council Tax Reduction (CTR) Scheme in accordance with the requirements of the schedule 1A of the Local Government Finance Act 1992 and to either maintain the scheme or replace it.

14.2 Following significant changes approved in February 2024 the current LCTS will be maintained. More information about the scheme is available here: [Council Tax Support - Dorset Council](#)

15 Flexible use of capital receipts

15.1 Capital receipts are the money councils receive from asset sales, the use of which is normally restricted to funding other capital expenditure or paying off debt. The receipts cannot usually be used to fund revenue costs. The direction introduces a new restriction that authorities may not use the flexibility to fund discretionary redundancy payments, i.e. those not necessarily incurred under statute. This does not affect other types of severance payments and, to be clear, does not restrict, including pension strain costs, which may still be qualifying expenditure.

15.2 As part of setting out the Local Government Finance Policy Statement the Government has committed to extending flexibilities that allow authorities to use the proceeds from asset sales to fund the revenue costs of projects that will reduce costs, increase revenue or support a more efficient provision of services.

15.3 The LGF Policy Statement committed to extending this to 2030.

15.4 Appendix 8 [Available for Cabinet] details seeks approval for Dorset Council's approach to use of capital receipts and contains details of the proposed work.

16 MTFP process and budget development

16.1 The budget approved in February 2024 showed there was a MTFP gap, including pre-planned savings, of £50.861m from 2025/26 to 2028/29, of which £13.409m arose in 2025/26. Following on from a review of our assumptions and accumulating cost and demand pressures, the budget gap moved on as summarised in the table below, which was presented to Cabinet on 19 November 2024.

Budget gap as at 13/02/2024	£13,408,590
Adults and Housing pressures	£20,849,555
Our Future Council, Capital and LG Pension Scheme pressures	£14,813,492
Childrens pressures	£4,100,376
Place pressures	£4,085,220
Increase in Children's growth	£2,756,097
Corporate pressures	£2,489,660
Public Health pressures	£2,000,000
Reduction in grant funding	£1,570,039
Reduction in Children's savings	£1,000,000
Increase in Adults growth	£771,919
Reduction of rental income	£100,000
Increase in Corporate savings	(£311,181)
Reduction in inflation	(£344,110)
Reduce Public Health Pressure	(£1,500,000)
Reduction in Travel growth	(£2,590,000)
Increase in Adults & Housing savings	(£3,113,585)
Business rates increase/growth	(£7,584,355)
Council increase/growth (includes Second Homes)	(£17,449,872)
Budget gap as at 28/10/2024	£35,051,845

16.2 It was clear that rising demands were having an impact on the MTFP and increased the budget gap from £13m to £35m.

16.3 Over the time since then, officers have put in an enormous amount of work to identify further savings and transformation options and crucially assess the deliverability of these options to meet the council's legal duty to set a balanced budget. This information was shared with all members at informal briefing in December 2024.

16.4 As a result the budget gap to be closed as follows.

Budget gap as at 19/11/2024	£35,051,845
Adults and Housing pressures	(£5,452,583)
Central Finance pressures	£10,455,885
Childrens pressures	£1,527,202
Place pressures	£4,238,154
Corporate pressures	£504,936
Increase in grant funding	(£3,665,501)
Increase in Children's savings	(£4,457,000)
Increase in Central Finance savings	(£21,900,000)
Increase Place savings	(£5,061,500)
Increase in Corporate savings	(£2,356,068)
Reduction in Travel growth	(£396,000)
Increase in Adults & Housing savings	(£7,483,415)
Business rates increase/growth	(£111,958)
Council increase/growth (includes Second Homes)	(£893,997)
Budget gap as at 19/12/2024	£0

17 Setting a balanced budget

17.1 The November 2024 budget report to Cabinet reflected that all budget work needs process and method, and these must be structured around a framework – in this case, a draft statement of principles – to be used in developing the budget. The principles were intended to be constructed as helpful language to be used to describe how we would do our work to balance the budget and take difficult decisions about how to deliver the priorities and outcomes in the Council Plan. The principles are:

- i) we will not balance the Budget Strategy by using reserves.
- ii) resource allocation will be driven by the Dorset Council Plan and priorities.
- iii) services should be protected where possible but clearly demonstrate value for money and improved efficiency.
- iv) we should seek to maximise the savings from becoming a unitary council.
- v) we will develop short-term and long-term transformational savings plans.
- vi) we will continue to take an increasingly commercial approach.
- vii) we will use best practice around business cases for our decision making and we will be open to invest to save opportunities.
- viii) budgets should be realistic to achieve the objectives of the Council and we must hold ourselves to account for their delivery and sound financial management.

18 Summary budget proposals

18.1 Analysis of budget movements and savings is set out in the individual Directorate/Service sections of this report and in the appendices. If adopted, this Budget Strategy will deliver a balanced budget in 2025/26 and the following gaps, still to be resolved, for the following years of the MTFP. The MTFP sets out the gap based on what is known at the current time. In March 2025 the Government is expected to deliver Spending Review 2025 (SR25) which is expected to set out a multi-year settlement for Local Government for 2026. As a result the MTFP and assumptions which underpin it, will need to be updated to reflect the expected funding reform.

Medium Term Financial Plan summary						
	Previous Year Budget 2024-25 £m	MTFP Yr1 2025-26 £m	MTFP Yr2 2026-27 £m	MTFP Yr3 2027-28 £m	MTFS Yr4 2028-29 £m	MTFP Yr5 2029-30 £m
Council tax	307.876	340.734	350.559	363.765	377.474	391.697
Business rates (NDR funding)	63.976	70.153	58.271	59.145	59.145	59.145
Other grants treated as general funding	4.838	4.986	1.749	1.749	1.749	1.749
Total funding	376.690	415.872	410.580	424.659	438.369	452.591
Budget requirement	376.690	415.872	447.167	479.087	509.889	536.819
Budget gap (cumulative)	0.000	0.000	(36.587)	(54.428)	(71.520)	(84.228)

18.2 As a result of the budget proposals the directorate budgets are as follows.

	Adjusted base budget 24/25	Draft base budget 25/26	Increase in base after adjustments	%
Adults & Housing	£152,781,940	£168,290,384	£15,508,444	10%
Childrens	£84,854,865	£87,786,743	£2,931,878	3%*
Corporate	£46,178,589	£47,227,433	£1,048,844	2%
Place	£103,877,520	£111,871,723	£7,994,203	8%
Central Finance	(£11,002,666)	£696,022	£11,698,688	N/A
Total	£376,690,248	£415,872,305	£39,182,057	10%

Council Tax, Business Rates and Central Grants Funding	(£376,690,248)	(£415,872,305)	(£39,182,057)	10%
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			£0	0%
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18.3 Note, this table shows before the Our Future Council savings have been applied. An indicative allocation and impact on directorate budgets is shown in Appendix 1i.

18.4 More detail on the directorate budgets is available in the next section.

19 Directorate-level context updates

19.1 This section of the report deals with the budget contexts for each of the Council's directorates.

19.2 Appendix 1 contains a reconciliation of the growth, savings and changes for each Directorate.

Adults & Housing Services

19.3 The net budget proposed for Adults and Housing Services is an increase of £15.508m, to £168.29m, a net increase of 10%. *Note, these figures are before the Our Future Council savings have been applied. An indicative allocation and impact on directorate budgets is shown in Appendix 1i.*

19.4 There has been a reliance in the last two years on additional grants and NHS funding to support the increased demand and costs within Adult Social Care. This year there have been limited increases in grants and reduction in NHS funding requiring the Directorate to seek growth from within the Council. Adult Social Care and Housing have seen an increase in the number of people being supported in the last two years, in line with national trends.

19.5 Specific budget increases cover Adult Social Care packages including growth for 2025/26 totalling (£6.947m, 4.5%), right sizing packages of care and growth within 2024/25 (£11.132m, 7.3%), funding to support Housing which was funded through Capital receipts in 2024/25 (£1.5m, 1%), additional budget to support contractual increases (£1m, 1%) and pressures relating to service need including growth in the equipment service and delivery of statutory services (£0.973m, 0.6%). Adult Social Care and Housing have established transformation plans to deliver improved outcomes and greater financial sustainability to manage future demand and market sustainability continues to be developed and has been an integral part of the budget setting process. The programme looks to deliver prevention, short term care, quality, and sustainability.

19.6 Budget increases centre on two main themes for 2025/26; pressures that impact all council services, such as pay inflation, general inflation and cost of increments and pay awards (£4.552m); and specific budget increases for Adults and Housing, totalling £21.553m.

19.7 The above pressures have been offset by 2025/26 transformation savings which are detailed in appendix 1.

19.8 There are risks within all budgets, particularly those demand led services that sit within Adults and Housing services. All modelling and strategic budget planning has been based on the best information and projections available. However, pressures and demands are subject to change, and this can have a significant budgetary impact.

Children's Services

- 19.9 The overall budget proposed for Children's Services is an increase of £2.9m, to £87.78m, an increase of 3%. For context, the 2024/25 increase was 9% or £6.7m. *Note, these figures are before the Our Future Council savings have been applied. An indicative allocation and impact on directorate budgets is shown in Appendix 1i.*
- 19.10 The national Children's Services context is important to understand, predominantly involving both demand, cost increases and potential legislative changes. Dorset, through rebalancing the system with early help, Pathfinder and the five-year transformation programme are not seeing all the pressures below and is neither immune to the national context of rising demand and reducing availability of alternatives to residential children's homes, particularly involving external markets and increasing complexity.
- 19.11 Budget increases centre on two main themes for 2025/26; pressures that impact all council services, such as pay inflation, general inflation and cost of increments and pay awards (£2.9m); and specific budget increases for Children's services, totalling £8.9m. The main reasons for the increases centre on marketplace cost increases, increasing complexity, contract changes and increasing demand.
- 19.12 The Directorate's ambitious, five-year transformation plan is a key component of the 2025/26 budget, along with the Dorset Children Thrive locality model and closer working with partners from various agencies, delivering six priorities, Pathfinder, including all children and young people within Dorset having the best start to life.
- 19.13 This is year five of the transformation programme and the new Children's Services transformation programme (from 2026/27), reflecting the anticipated benefits of a rebalanced system focused on early help is being developed. The current transformation programme is required to deliver £4.9m in 2025/26.
- 19.14 Children's Services, as all the directorates within the council, identified other savings to help balance the 2025/26 budget. This is not without risk with careful planning required to avoid duplication or to push cost into the system, for example by holding Early Help vacancies and therefore not preventing escalation of need.

Families first for children pathfinder (FFCP)

- 19.15 On the 20 December the DfE wrote to the Council confirming the allocation for 2025/26 funding. Based on the Council's costed plan of £3.3m for 2024/25 delivery, the DfE have provided a FFCP Grant of £2.58m
- 19.16 This clearly falls short of the costed plan, which the DfE communication suggests that the new MHCLG CSC Prevention Grant of £0.77m is to be used to bring the Council up to the total required to deliver the costed plan.

19.17 The total Pathfinder funding envelope (£3.3m) is less than current anticipated Pathfinder costs for 2025/26, and a significant service reshape will potentially be required. This would potentially jeopardise the deliverability of other savings and Dorset's involvement with the Pathfinder project. Discussions with the DfE and MHCLG will be required to ensure the implications of this change to the funding model are clearly understood.

19.18 Transformation savings are primarily based on reducing the Children in Care cohort, as per the previous four years. This is through investing in early help to prevent escalation of need. Numbers may reduce and this may not reduce spend as costs could increase through National Living Wage increases, National Insurance changes, inflation and other factors beyond the LAs control. It is also important to recognise the external placements marketplace, as stated by the Competition Market Authority, "*prices and profits in the sector are above the levels we would expect in a well-functioning market*". The national market dynamics is largely outside Dorset's control.

19.19 The full savings table for Children's is available in appendix 1.

Place Directorate

19.20 The overall budget proposed for the Place Directorate is an increase from £103.877m (adjusted base budget for 2024/25) to £111.871m in 2025/26, an increase of circa £8m or 8%. *Note, these figures are before the Our Future Council savings have been applied. An indicative allocation and impact on directorate budgets is shown in Appendix 1i.*

19.21 The main components of the budget increase are:

a)	pay related adjustments	£2.7m
b)	general inflation allowance at 2%	£1.45m
c)	increased fees and charges income	(£1.2m)
d)	service specific pressures	£9.0m
e)	service specific budget reductions	(£5m)
f)	grant changes	£0.541m
g)	other changes	£0.271m

19.22 Within the service specific pressures, the significant numbers are as follows:

a)	Dorset Travel growth incl. SEND transport	£2.318m
b)	Additional property Repairs and Maintenance requirements	£2.0m
c)	Realignment of Assets and Property budgets	£1.456m
d)	Realignment of waste budgets	£1.3m
e)	Highways projects	£0.384m
f)	Digital Place strategy	£0.374m
g)	Cessation of DFE funding for joint use leisure centres	£0.288m
h)	Cost pressure for dealing with Planning enforcement	£0.240m

These are explored in more detail below.

Dorset Travel

19.23 Dorset Travel budgets – and in particular, SEND Transport – has been subject to significant national problems in recent years which have been well documented. Since the pandemic, cost increases have increased by 20% to 30% in this sector nationally, largely due to driver shortages and fuel costs. The current year budget was uplifted by £12m to reflect this situation, and is currently projected to remain within budget, with spend to year end expected to be in the region of 6% to 7% higher than the previous year. Whilst this rate of cost increase is significant, and considerably above the inflation rate, it is the lowest increase in recent years, as can be seen in the table below.

Growth in Spend year on year			
Financial Year	Actuals £'m	Increase on previous year £'m	Increase on previous year (%)
2021/22	24.57	2.399	11%
2022/23	30.554	5.983	24%
2023/24	34.679	4.125	14%
Q2 Forecast – 2024/25	38.855	4.176	12%

19.24 This makes accurate budget setting for future years very difficult. There are two considerable risks to this budget line going forward:

- Vehicle fuel has returned to more stable levels, this is likely to remain volatile as the price fluctuates based on international factors such as the ongoing global conflict in many of the countries in the oil supply chain.
- The effect of the increase in Employers National Insurance on the provider market.

19.25 There is concern about the potential for worsening prices, based on evidence sighted at Dorset Council as well as national observations by organisations such as the Society of Unitary Treasurers.

19.26 After careful consideration of the above, budget growth of £2.318m has been included in the proposed budget. This is a reduction from an original assumption of £5.4m growth, an estimate that was calculated before seeing the improvements in the current year, with further improvements expected to be reported in Quarter 3 of 2024/25.

Additional property R&M requirements

19.27 The proposed budget includes an increase of £2m in the property R&M budget. This work is needed to keep property safe and legal and was identified in the survey work and assessments done as part of the “Compliance” programme. The original budget was not sufficient to ensure that the Council’s estate was kept in a safe and compliant condition.

DfE funding

19.28 Joint use leisure centres are partly funded by the Department for Education (DfE). In the current year, DfE has reduced its financial contribution and indicates that it will continue to reduce the funding going forward. Therefore, assuming that operating costs remain the same, Dorset Council could be facing a shortfall of circa £289k in DfE contributions. Discussions with DfE are not finalised at the time of writing and officers have submitted an application to DfE which if accepted would mitigate the impact.

Planning Enforcement

19.29 A one-off sum of £0.240m is included in the proposed budget for dealing with a backlog of Planning enforcement issues. This arises following the review of Planning enforcement as part of the agenda for Place and Resources Scrutiny Committee 24th October 2024.

Place – savings

19.30 Savings are included in the budget proposals. A full list is included in appendix 1. The savings can be summarised by type as follows:

Increased income	-2,039,000
Reduction in staffing	-845,500
Change in service delivery	-788,000
Reduction in third party spend	-876,000
Reduced assets costs	-415,000
Reduced miscellaneous expenditure	-78,000
Reduced grants expenditure	-20,000
Total Place net budget savings	-5,061,500

19.31 It should be acknowledged that the budget as proposed has uncertainty in some areas, meaning that it is not risk-free. The major issues for volatility remain unchanged:

- a) Income via fees and charges are often dependant on the wider economic landscape.
- b) SEND Transport costs will be subject to volumes of children in the system as well as their specific requirements.
- c) Recyclate waste is a global commodity and is subject to market fluctuation, with our costs pegged on a monthly basis.

- d) The proposed budget includes a vacancy factor of £1.567m. Achievement of this saving will be subject to the ability to pause recruitment sufficiently long enough to achieve vacancy targets. This might equate to holding circa 33 posts vacant all year.
- e) Income uplifts are not always achievable where there are existing contractual/legal arrangements which conflict.
- f) Limiting inflation uplifts to 2% across the board may not always be achievable.

Public Health Dorset

19.32 Public Health Dorset has been a shared service established to provide public health functions to the two unitary authorities, Dorset Council and BCP Council. From 2025/26 two separate Public Health teams will exist supporting each of the local authorities.

19.33 To fulfil statutory duties to improve health and wellbeing, and reduce inequalities in health, Dorset Council receives a ring-fenced grant from the Department of Health and Social Care. The grant must be used to provide mandated public health services. The grant can also be used to support wider interventions to improve health and wellbeing.

19.34 Dorset Council retains part of the grant to enable services which are delivered by other council services in line with the grant conditions.

19.35 At this stage the grant allocations for 2025/26 have not yet been announced and we are working on the assumption that it will remain the same as 2024/25. The new interim structure for the Dorset Council team has been costed and is affordable within the Grant we will receive in 2025/26, as are the current contract commitments. Additional funding in 2024/25 and 2025/26 has been provided by the Department of Health and Social Care to mitigate the potential pressure from NHS pay awards which are passed through in contracts.

Corporate Services

19.36 The overall budget proposed for the Corporate Directorate is an increase from £46.2m (adjusted base budget for 2024/25) to £47.2m in 2025/26, an increase of £1.0m (2%). *Note, these figures are before the Our Future Council savings have been applied. An indicative allocation and impact on directorate budgets is shown in Appendix 1i.*

19.37 The budget proposals include:

- a) baseline increase of £2.1m, this is largely related to pay, NI, pension and inflationary changes.
- b) service specific budget pressures of £1.6m, in the main this relates to contractual price increases, cyber security improvements and reductions in some income streams.
- c) service specific savings of £2.6m, these include plans for service reviews, centralisation and automation of processes together with income generation initiatives.

Further details are identified in Appendix 1.

19.38 The Corporate Directorate consists of Finance & Commercial, Human Resources, ICT Operations, Strategy, Performance & Sustainability, Transformation, Customer & Cultural Services and the Legal and Democratic Services teams.

19.39 The role of Corporate Services is fourfold:

- d) to set strategic direction and support performance, strategy and delivery
- e) to provide direct support and services to residents (e.g., Customer Services, Libraries Service, the Revenues and Benefits team and the Land Charges Service)
- f) to support the rest of the organisation so they can provide the best services they can within financial and legal constraints.
- g) to provide those essential corporate & democratic services required of a Council of our size and scale.

20 Transformation and savings opportunities

- 20.1 When setting the 2024/25 budget a savings requirement of £8.6m was approved. It was recognised at the time of budget setting that achievement of these savings in year would be challenging, so a specific earmarked reserve was established to underwrite that risk. It is currently anticipated that this reserve will be fully utilised in 204/25.
- 20.2 As part of setting the 2025/26 budget a saving of £10m is required from the Our Future Council transformation programme. A recent report to the [Joint Overview Committee 9 January 2025](#) section 9 of the report identifies that a £10m recurrent revenue saving will be delivered through reducing spend on employees by £9m and reducing third party spend by £1m. The £9m staffing reductions will be notionally split proportionally across directorates.
- 20.3 As part of setting the budget £3m has been indicatively allocated towards permanently fund the existing and emerging investment required to deliver the transformation plan, which is expected to include technology and resource investment.
- 20.4 The business case for delivery is on the same January Cabinet agenda as this report, and so more information is contained within that report.
- 20.5 The focus on delivering the £10m will be crucial to delivering on the balanced budget once set. *An indicative allocation and impact on directorate budgets is shown in Appendix 1i.*

21 Risk

General uncertainty, the pandemic and a single-year settlement

- 21.1 There is risk in any set of budget proposals. Like every council – and Government itself - we are facing a number of potential scenarios each of which carry varying levels of volatility and uncertainty in our planning assumptions. Whilst Government has provided some policy ambition for 2025/26, these aims will be subject to the regular process of consultation as well as national and global events between now and when the next settlement is announced.
- 21.2 The Council is limited in what can be done at this stage to mitigate much of the environmental and economic risk, but we will remain focused on delivery of the work programmes required to support services to Dorset's residents, within the budget available. Continuous monitoring of the agreed budget will be key to ensuring we keep abreast of the operating environment and make important, well-informed, timely decisions about our activities and their consequences.
- 21.3 As the following risks have been somewhat foreseen, it is crucial that the Council continues to develop and deploy appropriate mitigation measures if these risks, or new risks materialise.

Inherent volatility in demand

21.4 The continued economic uncertainty means there remains considerable risk around our planning assumptions for growth in demand and pressure on costs. The funding proposals set out in this paper provide for reasonable forecasts of growth in demand for Adults' Services and Children's Services but both locally and nationally, demand for people services continues to challenge capacity and budgets

Demographics

21.5 The Southwest and Dorset in particular faces unique demographic pressures compared to the rest of England which drives a concomitant demand and reliance on adult social care services by all Southwest councils. Alongside this, councils across the Southwest face rising demand for children's services and significant inflationary pressures continue to be felt across all commissioned service areas

21.6 For context, as an example, 30.0% of Dorset's current population is 65 and over (the highest of any unitary authority) and the 80 and over population is expected to increase by 45% over the next 10 years, creating significant and sustained demand on its adult social care services. This is significantly higher in comparison to the national picture, where 19.2% of the national population is aged 65 or over.

Transformation and savings risks

21.7 Included within the proposals are a £10m savings requirement to be delivered. As mentioned earlier in the report there is an inherent risk in any transformation programme or other tactical savings plan in ensuring the right work is done in sufficient time to realise savings in line with the plan.

21.8 All transformation and service changes planned will be monitored and supported through a revised transformation framework and governance structure. This will include officer and member boards. oversight through audit and governance (assurance on risk and governance) and our committee process to provide assurance on performance and delivery.

Inflation

21.9 For the purposes of this report, references to inflation are typically referring to the Consumer Prices Index (CPI) produced by the Office for National Statistics (ONS). This tracks how prices have changes in the 12 months prior.

21.10 There is also still significant inflationary pressure in the economy with recent increases to inflation. The November 2024 inflation rate increased to 2.6% and opinion remains divided on when this will reduce. Either way, it is important for the Council to include an element of price increases in its financial plans although we cannot provide for all of this because our budgets are effectively cash limited.

21.11 Inflation has increased and with the increased costs of Employers National Contributions prices are expected to rise, just more slowly. This is a subtle, but significant point when setting a £415.9m budget.

21.12 Our approach to inflation to provide for general inflation at 2% and further specific inflation within service budgets where we know there will be particular pressures. It will be necessary for us to continue to carry out effective contract management so that we ensure that a robust and value for money approach is taken to supplier increases. We cannot afford to simply increase contract prices by inflation. We will work positively with our supply chain to discuss all aspects of contract performance – including pricing – but this must be within the context of overall affordability within the Council's budget. It is also the reason that we are recommending that some of the unallocated funding from the settlement is added to contingency for the time being.

High Needs Block

21.13 Dorset Council, like many other authorities nationally, has an accumulated overspend on the High Needs Block (HNB) of the Dedicated Schools Grant (DSG).

21.14 The Regulations in place to provide for the current accounting treatment of this deficit were due to fall away on 1 April 2023 but this has now been deferred until 1 April 2026. The immediate risk of this overspend falling to the Council to fund has therefore subsided but longer-term risk remains that the overspend will fall to be funded by councils.

21.15 As mentioned earlier in the report the DfE have advised that the support available to Local Authorities with existing safety valve agreements will continue.

21.16 Until March 2026 the deficit is therefore 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.

21.17 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. This is a position that many upper tier councils are in nationally, it is not unique to Dorset.

21.18 This strategy and continued improvement will be key to improving the financial situation.

Future national strategy implementation

21.19 As referenced earlier in the report, when looking at how the mix of grant vs council tax funding has changed between 2024/25 and 2025/26 grants previously received by the Council have been discontinued and Dorset has not benefited from the replacement funding streams.

21.20 The impending spending review in March 2025 and multi-year local government finance settlement are set to reform local authority funding. If the trend seen in how funding has been redistributed in the provisional LGFS continues this is likely to mean that further funding is diverted away from Dorset Council. As a result, it may be unwise to assume that un-ringfenced funding such as the revenue support grant can be expected beyond 2025/26.

Risk management and reporting

- 21.21 The Council has robust governance and reporting processes around risk and concerns around containing expenditure within the budget can be escalated through this framework at any time. The S151 Officer is required to provide assurance as part of the Budget Strategy, and this is set out later in this report.
- 21.22 The S151 Officer has also commissioned SWAP to continue to review the work that has been done to underpin the assurance statement that is given in this budget report and that will be reported to the Audit and Governance Committee in due course.

22 Reserves, balances, contingency and resilience

General funds

- 22.1 As reported in the 2023/24 [outturn](#) report General Fund reserves have increased from £34.753m as at 31st March 2023 to £37.686m as at 31 March 2024.
- 22.2 In 2018 the Shadow Council commissioned an independent report from the Chartered Institute of Public Finance and Accountancy (CIPFA) which recommended that the Council should retain a **minimum of 5%** of its budget requirement as a general fund reserve. The S151 Officer recommends this approach is continued for 2024/25 and with reference to the net budget requirement calculation set out in Appendix 1, Cabinet is recommended to agree a **minimum level** for the general fund of £20.79m.
- 22.3 However, as in previous years with similar risk and volatility of planning assumptions, prudence would suggest a need to hold a higher level of general reserves to provide for risks which are not mitigated through specific, earmarked, reserves. Cabinet is therefore recommended to continue to set a level of general reserve at 10% of its budget requirement. This 10% recommendation sets an operating range therefore be set between £20.795m (5%) to £41.59m (10%). Outside of these parameters, intervention will be required to lower or raise the general fund balance.
- 22.4 The Quarter 2 finance report flagged that the current level of overspend could mean the Council is required to use its General Fund reserve, reducing the balance from 10% of General Fund to £22.6m (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 its general fund would be 5%.
- 22.5 An update on the Q3 position will be available for the Cabinet meeting in January 2025 and a further update on the General Fund position as at 31st March 2025 will be included in the 2024/25 outturn report presented to Cabinet in the summer of 2025.

Other reserves and reserves strategy

- 22.6 As well as the general fund, the Council has other earmarked reserves which are earmarked for a specific purpose. Typically, these are set aside to mitigate against specific risks that may arise during the year or beyond or they are restricted to only being used for a specific purpose e.g. s106 balances. These reserves cannot be repurposed without impacting on the mitigation they provide against the risk profile of the organisation. A fuller narrative on risks and reserves was provided as part of the 2023/24 outturn [report](#) to Cabinet and no change to those reserves is proposed at this stage other than for the general fund.
- 22.7 As with the general fund reserve, the Quarter 2 finance report flagged that reserve balances will be reduced as a result of the overspend. To protect the general fund, a review of earmarked reserves will need to take place.
- 22.8 As reported in the 2023/24 outturn [report](#) earmarked reserves have decreased from £140.905m as at 31st March 2023 to £121.872m as at 31st March 2024.
- 22.9 An update on the reserves position as at 31st March 2025 will be included in the 2024/25 outturn report presented to Cabinet in the summer of 2025. The Q2 forecast reported that earmarked balances were expected to reduce from £121.9m to £74.9m, this is largely due to planned use of earmarked reserves, where essentially they have been deployed in accordance with the reason they were earmarked in the first place.

Contingency budget

- 22.10 It is prudent for any organisation to set a contingency budget to provide for unforeseeable circumstances arising during the year. The key is to set the contingency budget as accurately as possible, so it strikes a good balance between allowing the organisation to manage risk whilst not causing a diversion of material funds away from front line services where there are clearly continuing pressures.
- 22.11 For 2024/25, the contingency budget was set at £4.9m and provided for some fairly specific risks around inflation and pay award costs being in excess of funding provided in services own base budgets.
- 22.12 Due to the current complexities of inflation due to demand and government changes to national insurance an additional £4.5m has been allocated into the contingency budget.
- 22.13 £1m has been allocated to support delivery of the Council Plan and £500k for continuing the Cost of Living Fund.
- 22.14 Following the confirmation of Dorset's allocation of Extended Producer responsibilities £4m has been added to a contingency to meet the cost of delivering service delivery.

Resilience

- 22.15 The proposed level of the general fund, the specific, earmarked reserves available, and the contingency budget all support resilience alongside a robust budget process that has taken place during the budget setting process.
- 22.16 The Council is also continuing to develop its value for money framework and reports are regularly taken to Audit & Governance Committee on this subject. Value for money is a key and continuing cornerstone of good governance and it is essential that it is embedded in every financial decision we make. Given the financial pressures that are building in the system, and continuing price and demand pressures on the Council's budgets, value for money is essential in managing what are essentially cash-limited funds whilst delivering excellent value services for residents.

23 Capital programme

- 23.1 The Council's capital programme has been significantly impacted by inflation in the construction sector which continues to cause delays to work.
- 23.2 Increases in the Minimum Revenue Provision budget (MRP) and Interest Paid budget have been factored into the 2025/26 revenue budget to meet the needs of the existing capital programme. Since the capital programme was set, interest rates have continued to rise which has meant the revenue impact to the capital programme has increased.
- 23.3 At this stage, to help with the 2024/25 and 2025/26 budget position, the S151 Officer is advising that the current capital programme represents the ceiling for capital expenditure, and any further projects or requests will need to be funded within that ceiling by deprioritising existing projects.
- 23.4 Given the finite resources, both in terms of financial resources as well as capacity within staff/contractor resources the Capital programme over the short term is essentially fully committed.
- 23.5 However, there are opportunities to deliver additional projects through exploring the following options:
- 23.5.1 **Self-funding** – projects which deliver future reduced costs or generate income that are at least equal to the financing costs of the delivery are able to be added to the programme without putting further pressure on central financing costs. Examples of this could include housing projects where the cost of spot purchasing short term temporary accommodation is more expensive than the fixed financing costs and ongoing property management costs.
- 23.5.2 **Increased capital receipts** – the capital programme assumes £18.7m of receipts over the 4-year plan. In the event that additional capital receipts are realised, this can be used to fund further capital delivery

without incurring additional interest costs.

23.5.3 Changes to interest rates – The UK is currently experiencing much higher interest rates than have been seen in recent years. At the time of writing 30 year borrowing via PWLB is in excess of 5%. If interest rates were to materially reduce, this would reduce the financing costs associated with capital programmes. This could mean the current budgets for interest payable, could then be allocated to new projects as the Council could afford higher levels of capital spend.

23.5.4 External contributions – projects which are fully or partially funded by external contributions (grants, S106/CIL, developers' contributions etc.) all have reduced financing costs as these external contributions reduce the amount of money required to be borrowed to deliver the scheme.

23.6 The capital strategy and capital programme for the MTFP period, which totalled almost £373m, was agreed by Cabinet in February 2024.

23.7 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.

23.8 This, along with the approved budget and updates since that date, mean a programme of £516.2m 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	30,809	5,576	2,902	2,768	0	42,055
Partial external funding	29,037	59,803	0	0	0	88,840
Partial external funding	0	1,916	52,972	28,737	16,259	99,884
Council funded	17,210	52,691	58,260	26,977	19,370	174,508
Capital Receipts Applied	5,800	9,900	1,000	1,000	1,000	18,700
Minimum Revenue Provision	11,241	12,972	14,602	16,499	16,749	72,063
Self Funded	6,068	4,020	4,432	2,850	2,750	20,120
Total funding	100,165	146,878	134,168	78,831	56,128	516,170

23.9 The budget movements in 2024/25 are outlined in the table below;

Directorate	01/04/2024 £,000	Adjustments £,000	Re-profiling £,000	New funding £,000	31/12/2024 £,000
Adults & Housing	12,790	16,402	-24,610	1,382	5,964
Childrens	29,769	34,250	-65,700	14,798	13,117
Place	109,009	87,545	-173,669	54,171	77,056
Corporate	15,457	33,293	-44,722	0	4,028
Total	167,025	171,490	-308,701	70,351	100,165

23.10 The spend to date against the 2024/25 capital budget is shown below:

Directorate	No. of projects	Project Budget £,000	Spend / Commitments £,000	Variance £,000	% Spent
Adults & Housing	20	5,964	1,497	4,467	25%
Childrens	17	13,117	8,910	4,207	68%
Place	131	77,056	56,815	20,241	74%
Corporate	16	4,028	2,372	1,656	59%
Total	184	100,165	69,594	30,571	69%

23.11 There are likely to be further projects and programmes that arise during the year through funding from external resources, and these will be incorporated into the programme and reported to Cabinet each quarter.

23.12 Members may wish to note the proposals to continue with a capital contingency budget and a minor works budget. Both of these currently work well and allow flexibility to address unforeseeable pressures that arise in the year without recourse to Cabinet in advance.

24 Engagement with and scrutiny of the budget [Note, section 24 to be updated post-scrutiny, factoring in committee feedback]

24.1 *The proposals set out in this Budget Strategy and MTFP have been developed and iterated over a considerable period including engagement across the Council both in terms of officers and all members via informal briefings. The Council operates a ten-year, rolling financial model and this is consolidated into a five-year MTFP, the first year of which is the budget. Although the proposals for 2024/25 have therefore been some time in the making, it is in the year of preparation that any budget proposals come under most scrutiny.*

24.2 *In order to make the development of the budget inclusive, there have been a number of cross-party engagement sessions for all members. There are also specific directorate-focused arrangements in place for Portfolio Holders and any member can ask questions or request information about financial management at any point.*

24.3 *As well as quarterly financial reports to Cabinet to keep all members abreast of budget development, there is also a separate and specific paper on early stages of budget process, principles and strategy which went to Cabinet in November 2024. Following this, was a good level of member engagement before during and after the three informal briefing events that took place prior to the meeting of the People and Health Scrutiny Committee and the Place and Resources Scrutiny Committee on 16 & 17 January 2024. Feedback from both Committees along with Cabinet responses [will be] set out in Appendix 6 [Appendix 6 will be available for Cabinet].*

24.4 *Cabinet [will be] receiving all of these, post-scrutiny proposals for consideration and recommendation to full Council in February 2024.*

25 Consultation, communication and equality

- 25.1 *The 2025/26 budget proposals are driven by the new Dorset Council Plan and priorities. The Council Plan was approved at Full Council on 5 December 2024 following engagement with partners and residents across Dorset. More than 700 responses were received through the engagement, and these were used to help shape the new Council's priorities, as reflected in the budget proposals and MTFP.*
- 25.2 *As an integral part of the Council's budget planning, the process of setting Council Tax involves consultations with major precepting authorities, including the Office of the Police and Crime Commissioner, the Dorset and Wiltshire Fire and Rescue Service, and local precepting authorities such as town and parish councils. During this budgetary procedure, the Council engages with these preceptors to thoroughly understand and incorporate their individual budget requirements. These consultations specifically focus on proposed plans for Council Tax levels and the respective precept needs of the preceptors. Of particular focus for 2025/26 is the impact of the council tax premium commonly referred to as the "second homes premium". As well as providing vital funding for Dorset Council, this has a significant impact on all the preceptors too.*
- 25.3 *This collaborative approach ensures that Council Tax rates are set in a manner that aligns not only with the Council's financial strategy but also takes into account the needs of the preceptors within our community.*
- 25.4 *The Executive Director for Place and their management team also hold regular engagement and consultation with the business sector and managers throughout the organisation share information regularly with businesses in the supply chain to ensure they are aware of and can contribute to the conversations around priorities and resources.*

26 S151 Officer assurance [Note this section is DRAFT until presented to Full Council]

- 26.1 Part 2 (Section 25) of the Local Government Act 2003 requires officers with responsibilities under s151 of the Local Government Act 1972 to make a statement regarding the robustness of estimates and the adequacy of reserves at the time the budget is set.
- 26.2 There are also other safeguards aimed at ensuring local authorities do not over-commit themselves financially. These include:
- a) the Chief Financial Officer's powers under section 114 of the Local Government Act 1988, which requires a report to the Cabinet and to all members of the local authority if there is or is likely to be unlawful expenditure or an unbalanced budget;
 - b) the Local Government Finance Act 1992, which requires a local authority to calculate its budget requirement for each financial year, including the revenue costs which flow from capital financing decisions. The Act also requires an

authority to budget to meet its expenditure after taking into account other sources of income. This is known as the balanced budget requirement;

- c) the Prudential Code, introduced under the Local Government Act 2003, which has applied to capital financing and treasury management decisions;
- d) the assessment of the financial performance and standing of the authority by the external auditors, who give their opinion on the Council and the value for money it provides as part of their annual report to those charged with governance.

26.3 The robustness of the budget critically depends on the maintenance of a sound financial control environment including effective financial management in each of the Council's service directorates. Dorset Council's scheme of financial management sets out the responsibilities of all those involved in managing budgets and incurring commitments on behalf of the Council. The revised financial strategy statement is also a key document in setting out financial management arrangements, responsibilities and strategy for the Council.

26.4 The Council has well-developed arrangements for financial monitoring during the year. Budget performance is formally reported quarterly through the Cabinet and scrutinised by a number of other committees, including Audit & Governance Committee which also receives quarterly meetings. The finance team operate as business partners, working alongside service managers to support financial management and control whilst delivering services. The Council's financial management system enables officers with budget management responsibility to interrogate financial information at any point in time.

26.5 Finance business partners routinely report to Directorate Leadership Teams each month and the S151 Officer meets weekly with the Cabinet Member for Finance, Commercial & Capital Strategy. There is also an officer group - Capital Strategy and Asset Management Group (CSAM) - that monitors progress against the current capital programme and deals with the pre-Cabinet governance arrangements for managing the bidding and financing process for all capital expenditure proposals to Cabinet.

26.6 Member involvement in budget development has been extensive again this year, particularly through a series of service review meetings (lead by the Finance Portfolio holder and section 151 officer) with each of the Cabinet Members and their directorate leadership teams.

26.7 The budget itself has also been subjected to all-councillor scrutiny, firstly through briefing sessions, led by Executive Directors, then formally through the People and Health, and the Place and Resources Scrutiny Committees which [were] held in January 2025. These budget proposals have therefore been developed by the Council's officer group, led by the Executive Directors, and with significant input from members, and co-ordination by the finance team. In order to gain further assurance about the affordability of the Council's strategy and plans, each Executive Director is taking personal

responsibility for their budget through a formal sign-off process which will also form part of their performance assessment during the year.

26.10 I also consider the levels of reserves, as set out earlier in this report, to be adequate for the risks that the Council is currently able to anticipate. The deferring of the end date of the Regulations around the DSG overspend is helpful in providing this assurance but the longer-term risk remains and the Council is focused on delivering the conditions of the Safety Valve agreement which will eventually remove this risk.

26.11 Despite the steps taken to gain assurance and the processes, controls and monitoring that the Council has in place, the challenge and complexity of managing activity and associated expenditure within these estimates should not be underestimated. Against the backdrop of the events of the last two and a half years, and our inability to be more certain over funding arrangements beyond the first year of our MTFP, the future will therefore remain challenging and balancing future years' budgets will require sustained transformation. Continued, close monitoring – as referenced in our processes, above - will be required during the year and prompt action will be needed if performance and forecasts vary materially from budget.

27 Summary and conclusions

27.1 The financial climate remains extremely challenging. Progress in many key areas of transformation and service improvement will be crucial, a single-year settlement for local government still hampers our ability to invest effectively in future service strategy.

27.2 There are clearly still challenges ahead meaning the Council started planning for 2024/25 early to develop and implement robust plans to fit within our assumed budget envelope and to keep all members well informed around budget development and strategy.

27.3 Members of the two scrutiny committees have considered the information in the draft budget proposals as part of their scrutiny processes and their feedback and recommendations are set out in [Appendix 6 – available for cabinet] for Cabinet's consideration.

27.4 Whilst I believe these budget estimates to be robust and that reserves are adequate, significant risk remains due to the generally fragile operating environment for local government finance.

Aidan Dunn

Executive Director of Corporate Development

Appendix 1 – Budget summary

Note, these figures are before the Our Future Council savings have been applied. An indicative allocation and impact on directorate budgets is shown in Appendix 1i.

	£'000 Pay	£'000 Non-Pay	£'000 Fees & Charges	£'000 Grants /Funding	£'000 Movement in Balances	£'000 Net Budget (2025-26)
People Services - Adults	37,183	235,400	(79,243)	(24,789)	(261)	168,290
Service user related	109	214,205	(63,460)	(16,734)	0	134,120
Adult Care Ops	22,838	(471)	(4,840)	(106)	0	17,421
Commissioning	5,486	12,171	(5,000)	(4,291)	(261)	8,104
Director Office	1,017	1,699	(872)	(946)	0	897
Housing	7,734	7,797	(5,072)	(2,711)	0	7,748
Corporate Development	41,833	79,893	(13,749)	(65,137)	(3,615)	39,225
Finance & Commercial	12,976	71,553	(9,091)	(64,804)	(308)	10,325
Human Resources	4,081	163	(2,036)	0	(225)	1,984
Digital & Change	2,316	91	(85)	0	0	2,322
ICT Ops	5,413	4,818	(1,350)	0	(76)	8,805
Director	381	147	0	0	(473)	55
BI & Performance	1,467	14	0	0	0	1,481
Comms & Engagement	1,301	159	(44)	0	(75)	1,340
Community Grants	409	965	0	0	0	1,374
Chief Executive Office	1,051	198	(91)	0	0	1,158
Transformation	1,094	0	0	0	(1,064)	30
Climate & Ecological	1,045	24	(83)	0	(839)	148
Customer Services, Libraries and Archives	8,037	1,588	(968)	(333)	(405)	7,919
Organisational Development	2,265	173	(2)	0	(151)	2,285
Place	68,599	114,416	(65,537)	(4,655)	(951)	111,872
Economy, Infrastructure, Growth	26,658	63,448	(29,208)	(4,158)	(1,165)	55,574
Place	36,612	39,060	(28,177)	(497)	161	47,159
Directors Office	678	475	(1)	0	0	1,152
Assets & Regeneration	4,652	11,433	(8,151)	0	54	7,987

	£'000 Pay	£'000 Non-Pay	£'000 Fees & Charges	£'000 Grants /Funding	£'000 Movement in Balances	£'000 Net Budget (2025-26)
People - Children	56,380	61,394	(7,396)	(22,591)	0	87,787
Quality and Assurance	4,597	131	(672)	(19)	0	4,037
Care & Protection	22,245	46,406	(208)	(4,573)	0	63,870
Commissioning & Partnerships	8,933	1,122	(2,895)	(1,259)	0	5,902
Education & Learning	16,260	3,474	(2,557)	(1,831)	0	15,345
Director's	4,345	10,261	(861)	(14,910)	0	(1,164)
DSG Recharge	0	0	(204)	0	0	(204)
Legal & Democratic	6,191	2,867	(1,056)	0	0	8,002
Assurance	1,281	606	(71)	0	0	1,816
Democratic & Electoral	1,162	2,111	(46)	0	0	3,226
Land Charges	505	1	(769)	0	0	(263)
Legal	3,243	150	(171)	0	0	3,222
Public Health	1,939	11,542	0	(13,481)	0	0
Public Health	1,939	11,542	0	(13,481)	0	0
Central Finance	10,425	12,602	(4,697)	(40,639)	23,006	696
General funding	8,723	330	(697)	(40,527)	(5,226)	(37,397)
Capital financing	0	11,458	(4,000)	0	13,301	20,759
Contingency	0	0	0	0	14,931	14,931
Precepts	0	788	0	(112)	0	676
Retirement Costs	1,702	25	0	0	0	1,727
Total Non Schools Budget 2025/26	222,549	518,114	(171,678)	(171,292)	18,180	415,872
Schools Budget	0	326,881	0	(326,881)	0	0
Budget Requirement 2025/26	222,549	844,995	(171,678)	(498,173)	18,180	415,872

FUNDING						
Business Rates Top Up						(70,153)
Revenue Support Grant (RSG)						(1,749)
Council Tax Surplus						(340,734)
New Homes Bonus						(3,236)
Total Funding						(415,872)

Appendix 1b - Cost type analysis – budget 2025/26

Note, these figures are before the Our Future Council savings have been applied. An indicative allocation and impact on directorate budgets is shown in Appendix 1i.

Cost Type	Original Budget 2025/26 £'000
Internal Charges (Expenditure)	13,833
Authority (Democratic) Costs	1,950
Pay Related Costs	222,549
Premises Related Costs	25,688
Transport Related Costs	38,376
Supplies and Services	446,696
Transfer Payments	140,141
Levies & Precepts	788
Third Party (Contracted Out) Payments	176,555
Net Schools Budget	968
Contingency and Movement in Reserves	18,179
Gross Expenditure	1,085,723
Government Grants (Specific)	(498,173)
Income, Fees & Charges	(171,678)
Gross Income	(669,851)
Budget Requirement	415,872
Council Tax	340,734
Business Rates	70,153
New Homes Bonus	3,236
Revenue Support Grant	1,749
Total Funding	415,872

* This includes an estimate for schools and public health budgets

Appendix 1c - Dorset Council summary movements in budget 2024/25 to 2025/26

Note, these figures are before the Our Future Council savings have been applied. An indicative allocation and impact on directorate budgets is shown in Appendix 1i.

	Adjusted base budget 24/25	Draft base budget 25/26	Increase in base after adjustments	%
Adults & Housing	£152,781,940	£168,290,384	£15,508,444	10%
Childrens	£84,854,865	£87,786,743	£2,931,878	3%
Corporate	£46,178,589	£47,227,433	£1,048,844	2%
Place	£103,877,520	£111,871,723	£7,994,203	8%
Central Finance	(£11,002,666)	£696,022	£11,698,688	N/A
Total	£376,690,248	£415,872,305	£39,182,057	10%
Council Tax, Business Rates and Central Grants Funding	(£376,690,248)	(£415,872,305)	(£39,182,057)	10%
			£0	0%

Appendix 1d - Adults Services & Housing – summary of movements – pressures and savings

Note, these figures are before the Our Future Council savings have been applied. An indicative allocation and impact on directorate budgets is shown in Appendix 1i.

Adults and Housing	£
Base budget position 2024/25 after adjustments	£152,781,940

Baseline changes		Description
Pay inflation	£666,875	Council wide: Forecast impact of 25/26 Pay award
General Inflation	£4,117,358	Council wide: Impact of inflation
Fees and Charges income	(£1,025,053)	Council wide: Impact of 2.5% uplift in fees and charges
Gas and Electricity costs	£1,687	Council wide: Impact of forecast changes to utility costs
Cost of increments	£514,083	Council wide: Impact of staffing increments
Increased costs of Employers NI	£741,617	Council wide: Impact of National Insurance rise for Council Staff
Reduction of 2024/25 pay award	(£464,127)	Council wide: Impact of 24/25 pay award settlement being slightly lower than budgeted.
Adults & Housing Pressures		Description
Right sizing packages and assumed growth in 2024/25	£11,132,205	Funding to right size current packages of care.
Growth in Adults - 2025/26	£7,947,605	Funding for growth in demand within 2025/26.
Housing flexible use of capital receipts	£1,500,000	Permanent funding to support Housing transformation resource which was funded via capital receipts in 2024/25.
Strengthening localities to deliver statutory demand and savings activity	£342,921	There are a number of transformation programmes linked to savings which require additional resources. This funding is required to support the delivery of these. Including CQC compliance, demand management etc.
Integrated Community Equipment service budget	£280,273	Integrated Community Equipment Service contract increase – this is a jointly managed contract with the NHS and activity has steadily increased. It is crucial in the work to keep people at home safely, and investment here should offset alternative investments in care services.
Housing debt	£250,000	Funding to cover bad debts which aren't collectable.
Increased revenue to support capital projects	£100,000	There are a number of capital projects planned which require specific revenue funding to support implementation. This will help cover additional fees.

Appendix 1d - Adults Services & Housing – summary of movements – savings

Note, these figures are before the Our Future Council savings have been applied.

Adults & Housing Savings	£	Description
Working Age Accelerator: improving the care offer	(£1,232,000)	For those we support who are living physical or learning disability, or mental health conditions, we want to find better options that support their needs with less restrictive care, closer to home and more often within the county. This will provide better outcomes at lower cost in many cases, and we will undertake a programme of reviews, as well as working with the provider market to develop more appropriate support options. This is an extension of our strengths-based approach to support.
Home First Accelerator: zoning and trusted review	(£450,000)	Against the backdrop of our work on market sustainability, our HomeFirst Accelerator programme has delivered remarkable improvements in the sufficiency and availability of homecare across the county. We have not yet completed the rollout of the work to group providers into zones and support more efficient route planning and care delivery. We have also seen the positive benefits of trusting providers to review and adjust the care delivered to respond to what people want, and we intend to go further with this during the year.
Accommodation with Care: Extra Care Housing	(£264,000)	We have tendered for a partner to develop four new extra care sites, with the recent opening of a new site in Gillingham. All of these developments, plus improvements to how we use existing options, will allow us to divert people from early entry into residential care, and save money on care provision whilst also improving the outcomes for people.
Care Level Decision Making: better social care delivery on the urgent and emergency care pathway	(£962,000)	Working with the local NHS and an external partner, we have put together a comprehensive and well-evidenced case for improvements in how people (particularly older and frail people) flow through the emergency care system and into short- or long-term care support. By using the right short-term interventions in the right places, we will be able to reduce the cost to the Council of meeting people's needs for support to get them back to independence and avoid long-term care costs.
Day opportunities: implementing the new model	(£500,000)	In September 2024, Cabinet agreed a model of day opportunities that will increase the emphasis on supporting people to access activities in the community around them, which will result in less emphasis on delivering services from some buildings. This will have savings attached to the reduced running costs for the stock of day service buildings currently occupied by Care Dorset, whilst also improving outcomes for the people using services and responding to what they told us they want

Appendix 1d - Adults Services & Housing – summary of movements – savings

Note, these figures are before the Our Future Council savings have been applied. An indicative allocation and impact on directorate budgets is shown in Appendix 1i.

Adults & Housing Savings	£	Description
Ops redesign and further efficiencies from use of TEC	(£200,000)	The ASC redesign has a strong focus on supporting independence and delaying entry into care. The plan is to focus the use of technology where it can be used to meet needs effectively. This will be delivered by ensuring assessments and reviews consider technology for both complex work at assessment and review and new people at points of entry. ASC has a specialist Tech Team who research best practice and new technology as well as ensuring the wider service is up to date re opportunities. Independent Living Centres are also an opportunity to promote the use of technology.
Shared Lives	(£200,000)	We have set out strong ambitions for the continued development of our Shared Lives service offer, where people with additional needs live in the home of someone who steps forward to provide support. It is an effective, person-centred but also more efficient way of meeting needs, reducing the need for more restrictive supported living or residential care settings. We anticipate some cost avoidance from the greater use of Shared Lives to meet identified need. To achieve this saving approximately four placements would be diverted from care homes into shared lives placements which is a cheaper alternative and provides better outcomes.
Business Support	(£170,000)	As part of the pre-existing ASC operations redesign it was recognised that there were efficiencies that could be delivered as part of a more effective use of automation, digital and AI tools in the area of Business Support. Vacancies have been held in this service area and the savings will be made through that route. This work has a clear interface with OFC.
Digital strategy resources - reduction	(£82,000)	This would involve the reduction of resource that has supported the delivery of digital strategy for the Adult Social Care function. Its functions will be absorbed into existing transformation, commissioning and policy resources.

Adults & Housing Savings	£	Description
BCF growth reduction	(£785,000)	Each year, the Government sets a level of grant funding and minimum NHS investment into the Better Care Fund. In some years we are able to use this for new schemes or programmes. This year, given the extreme pressure on adult social care funding, we are proposing to use it to offset the growth in care demand.
IBCF reduction	(£129,000)	Similar to the above through the increasing demand for services we are proposing to use it to offset growth in care demand.
Immediate Care Contract	(£247,000)	The Council holds a small contract with Dorset Healthcare NHS Foundation Trust for the provision of reablement and occupational therapy resources, which is a long-standing arrangement. We will cease this arrangement in 25/26 and redirect the money to support the extreme pressures on adult social care support.
50% share of Social Care Grant	(£1,800,000)	The announcement by the Government of £680m for adult social care nationally was originally intended to support the pressures on the sector in each local area. We estimate the share for Dorset to be around £3.6m, shared between children's and adults' social care. Pressures on budgets go some way beyond this allocation, but we intend to use it to offset the shortfall in budget to meet demand.
Block contract efficiency in older people's residential care	(£400,000)	The Council holds a number of block contracts, and is currently adding to this with the Dorset Care Framework tendering process. By working more effectively in our brokerage services, together with operational frontline teams, and supported by our new, clearer Choice in Care Policy, we intend to get efficiencies from the better use of these contracts, and the reduction in void costs for unused beds.
Introduce charging for arrangement of self-funder homecare	(£20,000)	The Care Act allows local authorities to arrange homecare for people who can afford to fund their own care, and to make a charge to them for doing so. Dorset currently does not charge. We would propose to introduce an annual standing charge (planned to be £500), which would allow self-funders access to our support with making and maintaining the arrangements for their care, and access to the rates we have negotiated through our contract frameworks. The Council would need to provide this service to 40 individuals to achieve this saving.

Adults & Housing Savings	£	Description
Review homecare billing arrangements	(£150,000)	Currently, homecare is billed to us on the basis of planned delivery, then adjusted for the actual delivery which takes place. There is always, given the nature of the service delivered, a margin created by rounding the delivery to the nearest quarter of an hour. We would move to a more exact method for tracking actual delivery and reduce this margin.
Commissioning management restructure	(£175,000)	Review operating model to drive efficiencies
VCS support for small levels of care delivery	(£160,000)	There are a significant number of care packages of very small weekly amounts (under £100 pw of homecare), and we propose to work with VCSE partners to look for more effective ways to deliver some of this support than with homecare contracted services. To achieve this saving approximately 42 packages below £100pw would need to be supported in a more effective way.
Review funding source prevention contract	(£444,000)	The Dorset Integrated Prevention Service is a suite of contracts with VCSE partners to provide proactive, flexible and responsive support for people that avoids care costs. In the context of the pressures we are facing, there is an option to reduce the contracts from their current level and reduce the delivery of these services.
Check in service to replace low-level welfare check packages (homecare)	(£150,000)	A number of our lower-value social care packages involve 'welfare checks'. In some areas, partner organisations deliver some of these sorts of calls (Royal Mail, for example, in Somerset) and we will investigate options available to us in Dorset, to reduce reliance on homecare agencies for this work.
Reablement front door delivery (Investment needed)	(£1,400,000)	Currently, reablement services are focused almost solely on those who are coming out of hospital, helping them to get "back on the feet" and live independently. We are creating a reablement offer that will be the first stage when someone approaches adult social care directly, prior to the assessment of their care needs, so that when the assessment takes place it is on the basis of the person being as well and independent as possible. This happens in many other local authorities. We will invest £600k in reablement services, and expect the cost avoidance identified, net of this investment.

Adults & Housing Savings	£	Description
Intensive project to expand Personal Assistant market & shift new business from homecare to DP/PA	(£30,000)	One of the limiting factors for people taking up direct payments is a vibrant market in personal assistants for them to contract to provide their support. Direct payments are more cost-effective for the local authority than contracted homecare (and more flexible and personalised for the person), and we will push PA recruitment with the intention of increasing DP uptake. This saving will be achieved in quarters 3 and 4 of 2025/26 due to the time it takes to increase the PA market. An additional five Direct Payments will achieve this saving in year.
Contribute to broader high cost cases across Social Care and Health	(£55,000)	Housing to support with getting the right accommodation solutions for both Children's and Adults can help save money in high-cost placements. Savings can vary depending on complexity but could be made in one package.
Increase in current DC owned temporary accommodation	(£83,000)	Increase in current DC owned temporary accommodation and an increase in stock rent charges by 6.7% based on 23/24 leased charges and income forecasts. This work is in the current transformation programme and is underway
Elimination of B&B use for temp accommodation	(£370,000)	Elimination of B&B use for temporary accommodation and 50% reduction on current high-cost DC leased temporary accommodation. Approximately 120 people need to be placed in alternative accommodation options rather than bed and breakfast to achieve this saving. By placing people into more permanent housing solutions, it will free up temporary accommodation.
Temporary accommodation void time reduced to 28 days	(£49,000)	Through working more efficiently at managing temporary accommodation and increasing the turnaround of properties to reduce the number of voids. Temporary accommodation void time reduced to 28 days.
Income from new units of temporary accommodation	(£90,000)	Additional income targets following the planned increase in Temporary Accommodation. Project in progress to deliver 11 new units in 24/25. Forecast assumes completion and uses average affordable rents. Weekly income is dependent on the size of the property.
Adults and Housing current base budget for 2025/26	£168,290,384	
Increase in base	£15,508,444	

Appendix 1e - Corporate Development and Legal & Democratic Services – summary of movements

Note, these figures are before the Our Future Council savings have been applied. An indicative allocation and impact on directorate budgets is shown in Appendix 1i.

Corporate Services	£
base position 2024/25 after adjustments	£46,178,589

Corporate Services Baseline changes		Description
Pay inflation	£976,947	Council wide: Forecast impact of 25/26 Pay award
General inflation	£86,657	Council wide: Impact of inflation
Fees and Charges income	(£104,107)	Council wide: Impact of 2.5% uplift in fees and charges
Gas and Electricity costs	£0	Council wide: Impact of forecast changes to utility costs
Cost of increments	£603,339	Council wide: Impact of staffing increments
Increased costs of Employers NI	£1,042,080	Council wide: Impact of National Insurance rise for Council Staff
Reduction of 2024/25 pay award	(£508,079)	Council wide: Impact of 24/25 pay award settlement being slightly lower than budgeted.

Appendix 1e - Corporate Development and Legal & Democratic Services – summary of movements – Pressures

Corporate Services Pressures		Description
External Audit Fees	£157,500	The Public Sector Audit Appointments (PSAA) sets scale fees for local authorities.
HR reduction in income	£160,600	There has been a reduction in income to the Council as a result of the loss of contracts with third party organisations and the conversion of schools to academies.
Apprenticeship Levy	£66,050	The Apprenticeship Levy is a UK government initiative designed to fund apprenticeship training. It is an unavoidable cost linked to the annual pay bill of the Council.
IT loss of income - Public Health and Hampshire	£70,142	The dissolution of agreements between BCP and Hampshire County Council will result in a loss of income.
IT Cyber Security Roles	£277,977	The council is improving its resilience against cyber attacks by increasing resources in this area.
Out of Hours additional funding (part year effect)	£113,000	The council operates an Out of Hours service, which was originally trialled on a temporary basis. This service has now been made permanent and the additional cost has been factored into the base budget.
Security costs for Libraries	£80,000	This is to fund a contract for security services at Weymouth and Dorchester libraries.
Additional Election costs	£76,350	The council is increasing its contribution to reserves in order to fund future elections.
Care Leavers requests and JE increases	£40,000	The volume of Care Leaver Record requests continues to increase additional resources are needed. Following Job Evaluation reviews some of the staff grades have been increased.
Legal loss of income from Fire and Rescue	£38,000	The Legal Team are no longer providing support to the Fire & Rescue Service.
Additional infrastructure/software costs	£539,637	This reflects the annual increase in software and licensing costs for systems across the Council.

Appendix 1e - Corporate Development and Legal & Democratic Services – summary of movements – Savings

Corporate Services Savings	£	Description
Assurance operational efficiencies	(£45,749)	Removal of a vacant scrutiny officer post. This post was approved following a scrutiny peer review, at the request of Scrutiny Chairs, however, following an unsuccessful recruitment campaign, the post has not been filled. There is therefore no detriment to service.
Finance & Commercial operational efficiencies	(£558,000)	In anticipation of permanent savings being brought about from the new ERP system, changes to structures from Our Future Council and further consolidation of similar tasks and therefore roles will provide opportunities to deliver economies of scale.
Finance & Commercial contractual efficiencies	(£120,000)	These efficiencies will be delivered through the re-procurement of contracts, the introduction of an early payment scheme for suppliers and the generation of additional commercial income.
Strategy, Performance and Sustainability operational efficiencies	(£457,000)	These efficiencies will be delivered through the review of the operating model, removal of vacant roles and automation of processes.
Strategy, Performance and Sustainability contractual efficiencies	(£43,500)	These efficiencies will be delivered through the rationalisation of the existing spend commitments.
ICT operational efficiencies	(£638,500)	These efficiencies will be delivered through the review of the operating model, removal of vacant roles and automation of processes.
ICT contractual efficiencies	(£399,500)	These efficiencies will be delivered through the re-procurement of contracts and rationalisation of existing systems.
Transformation, Customer and Cultural Services operational efficiencies	(£405,000)	These efficiencies will be delivered through the review of the operating model, removal of vacant roles and automation of processes.

Corporate current base budget for 2025/26 **£47,227,433**

Increase in base **£1,048,844**

Appendix 1f - Place – summary of movements

Note, these figures are before the Our Future Council savings have been applied. An indicative allocation and impact on directorate budgets is shown in Appendix 1i.

		£
Place base position 2024/25 after adjustments		£103,877,520
Baseline changes		Description
Pay inflation	£1,263,557	Council wide: Forecast impact of 25/26 Pay award
General inflation	£1,457,570	Council wide: Impact of inflation
Extended Rights to School Transport moved to Revenue Support Grant	£740,096	Change to Grant funding methodology
Fees and Charges income	(£1,206,041)	Council wide: Impact of 2.5% uplift in fees and charges
Gas and Electricity costs	£271,244	Council wide: Impact of forecast changes to utility costs
Cost of increments	£694,940	Council wide: Impact of staffing increments
Increased costs of Employers NI	£1,436,057	Council wide: Impact of National Insurance rise for Council Staff
Reduction of 2024/25 pay award	(£634,455)	Council wide: Impact of 24/25 pay award settlement being slightly lower than budgeted.

Appendix 1f - Place – summary of movements – Pressures and Savings

Place Pressures		Description
Dorset Travel Growth	£2,318,000	Growth in volume and costs for SEND transport
Compliance revenue costs	£2,000,000	Costs for building work to keep buildings safe and legally compliant
Facilities - reduction of staffing contribution to capital	£500,000	Budget realignment to recognise that facilities staff reduced time on capital schemes
Rent reviews	£400,000	Budget realignment to realistic levels
Highways projects continuation of funding	£384,000	Work that was previously funded under capital
Digital Place Strategy	£374,000	Resource to implement strategy as approved by Cabinet
HRC contract extension	£368,000	Best value option for HRC third party contract
Street cleansing	£350,000	Budget realignment
Property disposals saving adjustment	£331,000	Budget realignment
Loss of Joint Use Funding	£288,870	Reduction in DFE central government grant for Leisure Centres jointly used by schools
Cross border Somerley, Nuffield, Christchurch and Millhams	£285,000	Anticipated charges for use of other council cross-border waste facilities
Business rates increase	£278,865	Budget realignment to realistic levels
Planning enforcement	£240,000	One-off sum requested to deal with backlog of cases
Dry Mixed Recyclate Price	£200,000	Budget realignment
Tier 3 extension	£200,000	Continued winter tariff pilot in three Tier 3 car parks; Swannery – Weymouth, West Bay Road – West Bay and Charmouth Road – Lyme Regis
Estates income uplift	£125,000	Budget realignment
County Farms budget realignment	£100,000	Budget realignment
Growth in tonnages	£96,000	Budget realignment
Tier 3 car parking charges pilot held at 2024/25 level	£85,000	Budget realignment
Community safety (CCTV and CSAS)	£65,000	Budget realignment
Loss of office rental at County Hall	£44,000	Budget realignment

Appendix 1f - Place – summary of movements – Savings (continued)

Place Savings	£	Description
Place Operating model changes	(£1,025,000)	Review of existing operating model and vacancies
Strategic Asset Review	(£45,000)	Reduction in property costs
Estate Management	(£25,000)	Additional income.
Additional rent at County Hall	(£170,000)	Additional third party rental income
Retendered SEND Home to School Transport Routes	(£319,000)	Based on actual retendered routes for new school year 2024/25
Minor changes to Concessionary travel arrangements	(£30,000)	Applying consistency to DC policy
ADM for Tourism	(£84,000)	Alternative delivery model for Tourism service.
Reducing discretionary spend for development production and tourism production	(£27,000)	Reduction in discretionary spend
Coastal Risk Management capital delivery model	(£95,000)	Anticipation of additional fees earned from capital schemes
Flood Risk Management capital delivery model	(£33,000)	Anticipation of additional fees earned from capital schemes
Increased income target for Lyme Regis Harbour	(£33,000)	Increased income from Lyme Regis Harbour.
Flood risk wastewater inspection, maintenance and tankering contract	(£21,000)	Cost of external contract has reduced.
Reduction in Coastal Risk Management costs	(£10,000)	Consultancy support and training budgets removed.
Reduction in grounds budget	(£154,000)	New contracts and additional income generation.
Legacy Purbeck District Council contract finishing	(£50,000)	External contract finishes, work to be done in-house at lower cost
Changes in catering operating model - Verwood Hub	(£50,000)	Operational improvements including better stock control and less waste and improved offer
Revisions to charges at Durlston Country Park	(£30,000)	Increased car park charges

Place Savings	£	Description
Stop payment to reserves for Dorchester Sports Centre for 3G pitch	(£25,000)	To be replaced by a capital bid in 2029
Reduce arts and culture grant funding	(£20,000)	Reduce grant allocation to third parties.
Upgrade Verwood Hub with new functional area (£95k investment needed)	(£18,000)	Additional membership income
Revenue from Food and Drink Offering - Moors Valley	(£17,000)	Contract reprocurement - will provide increased returns to MVCP.
Development to Moors Valley Railway offering an increased lease	(£16,000)	Additional income generation.
Moors Valley - Golf and H&A income	(£15,000)	Additional income generation.
Enhanced retail offering across all 4 sites	(£12,000)	Collaboration in purchasing to achieve reduced costs and greater income levels.
Moors Valley - Bike Hire	(£7,000)	Procure a 3rd party provider.
Uplift and increase in scope of statutory planning fees	(£340,000)	Expected uplift in central government planning fees.
Release savings on misc. budgets - Planning	(£78,000)	Review of consultancy support and training budgets.
Aligning the scope of CIL related support functions	(£50,000)	Reassess volume and scope of work that should be funded from CIL.
Roll out PPA	(£90,000)	Promote use of PPA and generate additional fee income.
Alignment of CIL related support functions	(£27,500)	Reassess volume and scope of work funded from CIL.
Change the budget assumption for glass to £73.43/tonne	(£517,000)	Glass is a recyclate that is collected and sold separately from other recyclate. The price varies on a monthly basis, linked to an index, as part of our disposal contract. The assumption here is that glass can be sold for a year-round average of £73.43/tonne.
Stretched income target for Trade Waste	(£175,000)	Assumption of growing customer base, increase charges, and reducing costs through route optimisation.
Stretched income target for Garden Waste	(£175,000)	Assumption of growing customer base, increase charges, and reducing costs through route optimisation.
Negotiate new price for food waste contract	(£316,000)	Contract already in place.

Place Savings	£	Description
Increase and enhance the teams efforts to improve the recycle for Dorset Scheme	(£90,000)	Invest to save in additional waste promotion assistants. Savings anticipated to materialise through less black bag volume.
Restrict Wiltshire and Somerset Councils for use of HRC sites	(£60,000)	Requires introduction of booking system to establish base data for charging.
Reduced DIY waste costs	(£200,000)	Reduction to growth pressure budget introduced this year, based on actual experience to date.
Increase Tier 1 and 2 parking charges by CPI inflation backdated to 2023)	(£227,000)	Estimate of the effect of increased charges.
Increased income from charging in CPP	(£100,000)	Assumption of increased income.
Reduction in Coronial budget	(£50,000)	Estimate of reduced partnership costs.
Introduce evening parking charges	(£235,000)	Based on flat rate of £2.50 to park between 6pm and 10pm.
Place current base budget for 2025/26	£111,871,723	
Increase in base	£7,994,203	

Appendix 1g - Children's Services – summary of movements - Pressures

Note, these figures are before the Our Future Council savings have been applied. An indicative allocation and impact on directorate budgets is shown in Appendix 1i.

Children's	£
Base position 2024/25 after adjustments	£84,854,865

<u>Baseline changes</u>	£	Description
Pay inflation	£960,578	Council wide: Forecast impact of 25/26 Pay award
General inflation	£791,281	Council wide: Impact of inflation
Fees and Charges income	(£56,630)	Council wide: Impact of 2.5% uplift in fees and charges
Gas and Electricity costs	£16,260	Council wide: Impact of forecast changes to utility costs
Cost of increments	£690,985	Council wide: Impact of staffing increments
Increased costs of Employers NI	£1,127,202	Council wide: Impact of National Insurance rise for Council Staff
Reduction of 2024/25 pay award	(£610,809)	Council wide: Impact of 24/25 pay award settlement being slightly lower than budgeted.

Appendix 1g - Children's Services – summary of movements - Pressures

Children's Pressures	£	Description
CiC Growth	£4,179,811	Please see the section 'Children in Care 2025/26' from the November MTFP for details. This excludes our unaccompanied young children. In summary, our CiC population has reduced since September 2020 by 16%, however costs have increased by 7%.
B2SA	£1,550,000	<p>Children's Services transformation programme is entering the final year of the five-year journey that was planned to deliver £5.5m of in-year savings. Three of the five transformation projects are on track to deliver, two are high risk and unlikely to deliver the entire original savings target.</p> <p>The two that are high risk are Early Support and Digital Family Offer (formerly ODFO) and Birth to Settled Adulthood.</p> <p>The Birth to Settled Adulthood (B2SA) saving risk is related to timing and the amount. The B2SA service started in April 2024. The 2024/25 saving (£1.55m across) is unlikely to be realised as the service is still in its infancy. The £1m 2025/26 savings target is still planned to be achieved.</p>
High Needs Recharges	£250,000	The School and Early Years Finance (England) Regulations 2022 have been reviewed to identify appropriate expenditure for the HNB recharge. Changes annually.
Grow our own social workers	£120,000	Part of a strategy to have 21 Student Social Worker positions by 2025 to reduce the need for agency social workers and develop our own. This was approved in 2023/24 and 2024/25 and is the final increase.
Teachers pensions increase	£115,200	Dorset Council directly employ teachers, for example our Specialist Teachers. Dorset Council therefore must fund any increase in teacher's pension contributions.
Children who are Disabled (CWAD) increase in demand	£962,000	Increased need in support packages for children with complex needs to live at home. This covers overnight short breaks demand and cost pressures.
Unaccompanied asylum seekers children post 18+	£500,000	Dorset are required to help around 67 unaccompanied minors through the National Transfer Scheme. There is central government funding to support our unaccompanied children and frequently it is not enough to cover all costs. Additionally, funding drops when the child turns 18, leaving Dorset having to fund the gap until young person's Leave to Remain status is established.

Children's Pressures	£	Description
Staying Put growth	£616,000	<p>To continue to fund Staying Close Advisors. These posts are currently funded by a government grant to support a young person leaving care from a children's home. This scheme is designed to be comparable offer to Staying Put.</p> <p>This government grant is due to cease March 2025.</p> <p>Staying Put is the legal right for a young person to stay with their foster families when they reach 18. The funding is the difference between the funding the Local Authority receive from central government, and the cost of a placement with an Independent Foster Agency (IFA).</p>
Fostering – TM & AP & Aspire Interagency fee	£215,000	To continue to further support and increase the number of Mockingbird constellations through a Team Manager and Advanced Practitioner post and honour Aspire Adoption (adoption and special guardianship services pan Dorset) contractual obligations.
B2SA Independent chair	£12,000	Funding required to continue the independent chair role that will provide the support, challenge and leadership to further integrate Children's and Adults services along with planned Health services in Phase 2.
SEND Case Management, Legal Fees for Tribunal	£250,000	<p>Children and Young People with an Education, Health and Care Plan (EHCP) are primarily funded via the Dedicated Schools Grant and not Dorset Council General Fund.</p> <p>There is certain expenditure that is the responsibility of Dorset Council, as defined in The School and Early Years Finance (England) Regulations 2023.</p> <p>This includes tribunal costs, predominantly legal support, an inclusion lead to manage the high-cost placement review process and costs for a computer system to support the SEND process.</p>
Outdoor Education	£200,000	Funding to support the service as it transforms to support the Children and Young People Families Plan 2023 to 20233.

Appendix 1g - Children's Services – summary of movements – Savings

Children's Savings	£	Description
Social Care Grant savings	(£2,175,357)	<p>The purpose of the grant is to provide support to local authorities in England towards expenditure lawfully incurred or to be incurred in respect of meeting adult and children's social care needs.</p> <p>This saving is the additional allocation for 2025/26 that is used centrally.</p>
Continued approach to Safeguarding Families Together	(£1,500,000)	<p>Dorset Children Thrive has created teams of multi-disciplinary professionals that are able to wrap around children and families to provide support for the family.</p> <p>The concept of Safeguarding Families Together takes these principles one step further, by embedding specialist adult service workers (mental health, substance misuse and domestic abuse) alongside children's social workers, with an approach to keeping children safe in the family home that is based on 'whole family working.' This is the figure we expect to save by avoiding more costly interventions elsewhere (eg children being taken into care) because of the work of Safeguarding Families Together</p>
Children's Social Care Grant	(£774,643)	<p>The new £250m Children's Social Care Prevention Grant will help ensure children stay with their families or in safe loving homes where possible as part of a planned overhaul of the system next year.</p> <p>This grant has been used to fund intervention work shown in the pressures list.</p>
Continuation of Family Hubs roll out	(£1,000,000)	<p>The development of Family Hubs is a national government policy priority, they are a network of places in the community where families can get the support they need from others.</p> <p>In Dorset, our vision is to combine our Dorset Children Thrive model with the use of things we have in the community, whether that be buildings or people, to see communities become the best they can be. It will mean that our families, and the communities they live in, can come together with professionals, such as those who work in healthcare or education, to improve life outcomes. This is the figure we expect to save by avoiding more costly interventions elsewhere because families are able to seek early support at their Family Hub.</p>

Children's Savings	£	Description
Continuation of Mockingbird	(£1,000,000)	<p>Mockingbird, a global award winning and pioneering programme led by The Fostering Network in the UK, delivers sustainable foster care. It is based on evidence and structured around the support and relationships an extended family provides.</p> <p>The community of six to ten satellite families is called a constellation. Each is led by a hub home carer and liaison worker.</p> <p>Relationships are central to Mockingbird. The hub home carer builds strong relationships with everyone in the constellation, empowering families to support each other and overcome problems before they escalate, which means the children are better protected from changes to their family set up.</p> <p>The peer support that foster carers get in the Mockingbird model helps with stability which reduces placement disruptions and the need for emergency interventions. The Mockingbird model not only improves the well-being of children and foster families but also leads to cost savings which are set out here.</p>
Continuation of Birth to Settled Adulthood	(£1,000,000)	Dorset Council are making changes to improve the way we support children and young people as they move from Children's to Adult services. This means we are reviewing what support and assistance we provide for children and families who are or will be needing a service from our social and health care teams from birth through to adulthood and how this will be given. This is the figures we expect to save because of a smoother transfer for young people into Adult Services.
Our Family Digital Offer	(£400,000)	The project has evolved since conception though the principle 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. This is the money we expect to save because people can 'self-serve' and find information they need online
Increased vacancy factor in Children's	(£320,000)	Increase vacancy factor to 7% from 5% (exc. Social Workers)
Increase the Early Years Block retention to 4%	(£345,000)	Use the full 4% of the Early Years entitlements (Section 4.3) for "central services or services in-kind, including special educational needs and disability (SEND) services (would reduce EY funding for

Children's Savings	£	Description
		providers)". This figure in 2024/25 is how much we pass onto EY providers that we could retain and is approximately 2%.
Reduce by 50% the Education Board Funding	(£230,000)	The local authority is held to account for the academic outcomes of all children, regardless of whether they are educated in an academy or not. Our ambitious 10-year plan (Best Education for All) and 3-year education strategy seeks to close the attainment gap. Activity is overseen by the Dorset Education Board and projects are commissioned to improve outcomes.
QA review	(£87,000)	Review the Quality Assurance operating model because of reduced Children in Care numbers.
Introduce AI minute taking for appropriate meetings	(£60,000)	More efficient use of business support.
Review grants	(£34,000)	Cease grants to Treads, Rendezvous, and Dorset Youth Association for 0-25 Forum - We will continue to support these organisations financially, but will repurpose funding from other areas rather than giving specific grants.
Review training subscriptions	(£17,000)	Decision to repurpose grants to continue this subscription
Review support to former youth centres	(£14,000)	Some centres have not fulfilled their responsibility as tenants and utility bills have not been paid. By moving responsibility for former youth centres to the Place directorate, we can use the corporate landlord function to be more certain of income and reduce the amount we have to pay out on behalf of former youth centres.

Children's current base

budget for 2025/26 £87,786,743

Increase in base £2,931,878

Appendix 1h - Central budgets – summary of movements

Note, these figures are before the Our Future Council savings have been applied. An indicative allocation and impact on directorate budgets is shown in Appendix 1i.

Central Finance		£
Base budget position 2024/25 after adjustments		(£11,002,666)
Central Finance Baseline changes		Narrative
Unrealised Our Future Council savings	£8,622,278	2024/25 savings not achieved
Interest paid for capital programme	£1,201,214	Additional interest budget required to support the Capital Programme
Increases in specific grants	(£1,010,689)	Grant for Employers NIC offset but funding Guarantee no longer being funded
MRP Increase	£1,400,000	Additional budget for the charge require to fund repayment of debt for the Capital Programme
Public Health reversal of saving	£500,000	Saving from Public Health not achieved in 2025/26
LGPS Pension deficit contribution	£250,000	Additional pension contribution to fund past deficit on scheme.
Our Future Council Investment	£3,000,000	Additional costs of the Our Future Council Programme
Council Plan	£1,000,000	Additional requirements for the Council Plan
Cost of Living Fund	£500,000	2025/26 allocation for the Cost of Living Fund.
Inflation Fund	£4,462,056	Inflation fund to support market fluctuations.
Extended Producer Responsibility Funding	£4,000,000	Additional cost of implementing the Extended Producer Responsibility Funding
Transfer to reserves	£4,773,829	Additional funding to increase the general fund so that it is not under the minimum level.
Vacancy Factor increase	(£4,000,000)	Saving from vacant posts as part of the Our Future Council Programme
Our Future Council Savings Target	(£5,000,000)	Saving from Our Future Council which is non pay related.
Reduction in contract expenditure	(£1,000,000)	Saving from Our Future Council which is for a reduction in Contract spend.
Extended Producer Responsibility Grant Funding	(£7,000,000)	Additional Funding for Extended Producer Responsibilities
Central Finance current base budget for 2025/26		£696,022
Increase in base		£11,698,688

Appendix 1i - Apportionment of OFC Savings applied to Directorates.

This table shows an indicative allocation and impact on directorate budgets is shown below.

	Adjusted base budget 24/25	Total Pressures	%	Savings, efficiencies, grants and income	%	Draft base budget 25/26	Increase in base after adjustments	%
Adults & Housing + Public Health	£152,781,940	£26,105,444	17%	(£10,597,000)	(6.9%)	£168,290,384	£15,508,444	10.2%
Children's	£84,854,865	£11,888,878	14%	(£8,957,000)	(10.6%)	£87,786,743	£2,931,878	3.5%
Corporate	£46,178,589	£3,716,093	8%	(£2,667,249)	(5.8%)	£47,227,433	£1,048,844	2.3%
Place	£103,877,520	£13,055,703	13%	(£5,061,500)	(4.9%)	£111,871,723	£7,994,203	7.7%
Service Budgets	£387,692,914					£415,176,283	£27,483,369	7.1%

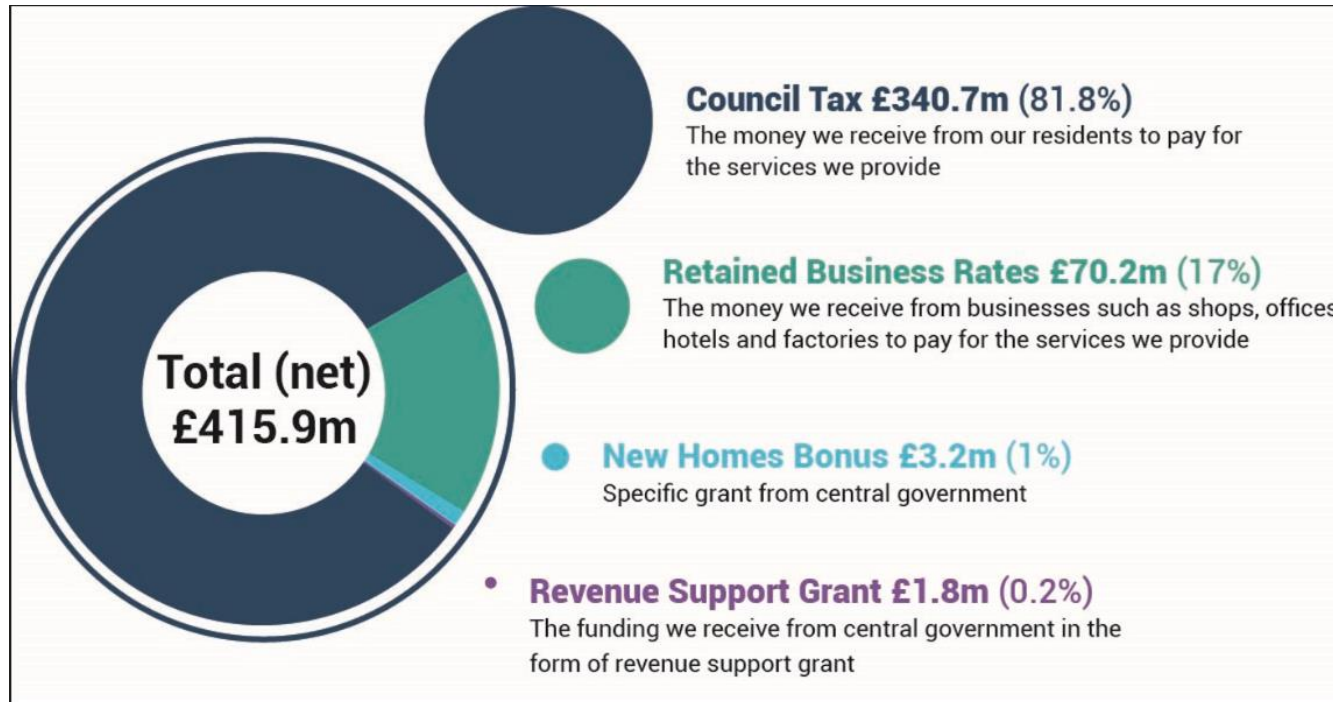
Illustrative OFC Reduction	Illustrative 25/26 Budget	Illustrative change to budget after OFC	%
(£944,160)	£167,346,224	£14,564,284	9.53%
(£1,451,923)	£86,334,820	£1,479,955	1.74%
(£2,745,021)	£44,482,412	(£1,696,177)	(3.7%)
(£3,858,896)	£108,012,827	£4,135,307	3.98%
(£9,000,000)	£406,176,283	£18,483,369	4.77%

Central Budgets	(£11,002,666)	£29,709,377	N/A	(£18,010,689)	N/A	£696,022	£11,698,688	N/A
Total Budget	£376,690,248	£29,709,377	£0	(£18,010,689)	£0	£415,872,305	£39,182,057	10.4%

Council Tax, Business Rates and Central Grants Funding	(£376,690,248)			(£39,182,057)		(£415,872,305)	(£39,182,057)	10.4%
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				Budget gap			£0	0.0%
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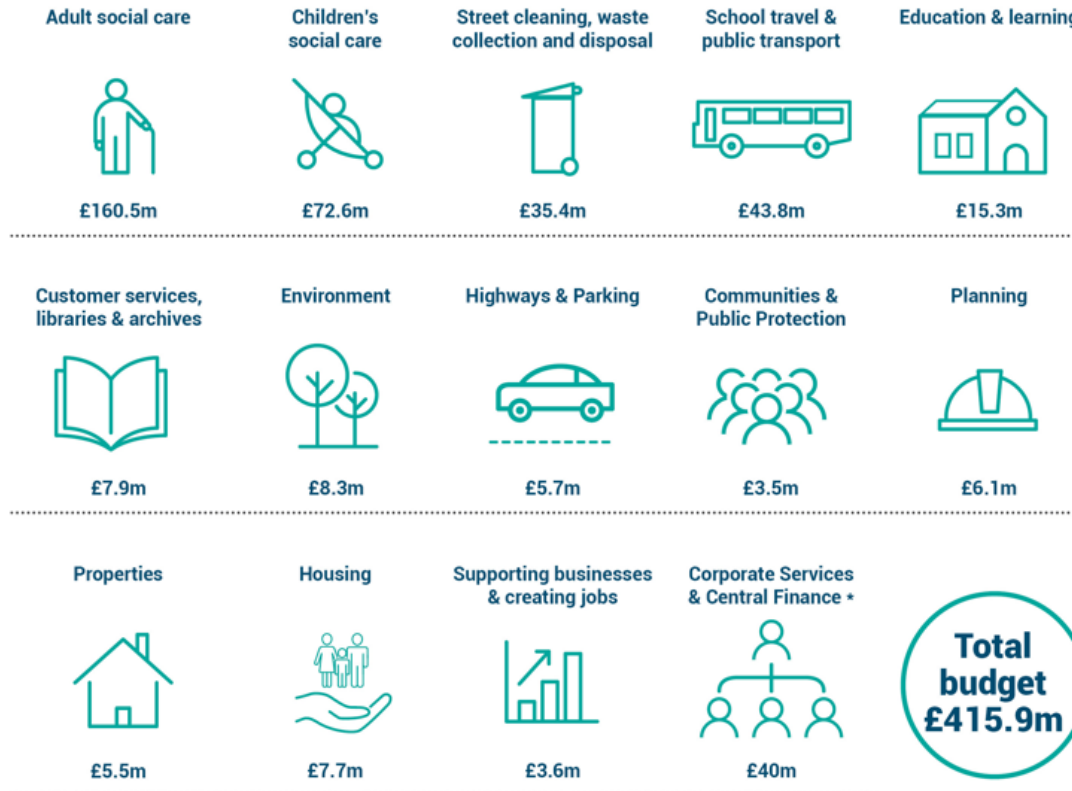
Appendix 1j
Sources of funding



Appendix 1k

How the budget is spent

2025/2026 - How will Dorset Council spend its money?



* Includes Revenues & Benefits, Finance, Procurement, Human Resources, IT, Legal & Democratic Services, and tackling climate change

Appendix 2

Council tax resolution

(for Council paper only, intentionally blank for Cabinet and Scrutiny Committees reports)

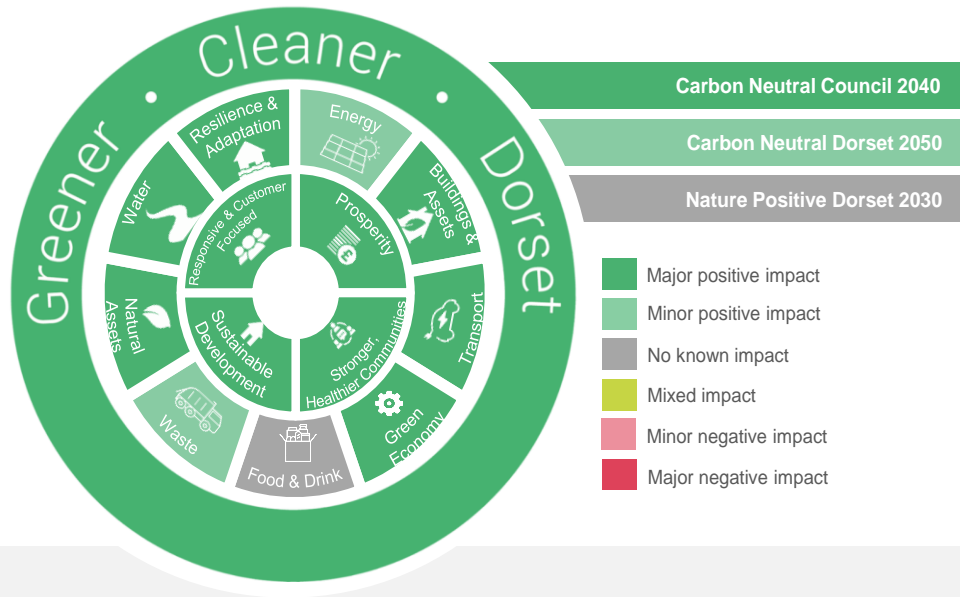
Appendix 3 – Capital Strategy

To be included in cabinet report

Appendix 4 - Treasury management strategy

To be included in cabinet report

Appendix 5 – Climate wheel



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

Natural Environment, Climate & Ecology Strategy Commitments	Impact
Energy	minor positive impact
Buildings & Assets	major positive impact
Transport	major positive impact
Green Economy	major positive impact
Food & Drink	No known impact
Waste	minor positive impact
Natural Assets & Ecology	major positive impact
Water	major positive impact
Resilience and Adaptation	major positive impact

Corporate Plan Aims	Impact
Prosperity	strongly supports it
Stronger healthier communities	strongly supports it
Sustainable Development & Housing	strongly supports it
Responsive & Customer Focused	strongly supports it

TABLE OF RECOMMENDATIONS

Recommendations	Responses -will this be incorporated into your proposal? How? And if not, why not?
Energy	
Find out energy use of buildings that are being brought into the Dorset Council carbon footprint, as this will affect our ability to hit our carbon reduction targets	

Find out energy use of any new build buildings that are being added to the Dorset Council carbon footprint, as this will affect our ability to hit our carbon reduction targets	
Support the acceleration of heating and energy and water efficiency through cavity and solid wall insulation, draught proofing, improved glazing and shading, and high energy and water efficient smart appliances	
Buildings & Assets	
No recommendations found for this category	
Transport	
No recommendations found for this category	
Green Economy	
No recommendations found for this category	
Food & Drink	
No recommendations found for this category	
Waste	
Look at ways to reduce the amount of waste produced	
Natural Assets & Ecology	
No recommendations found for this category	
Water	
No recommendations found for this category	

Resilience & Adaptation	
No recommendations found for this category	

Appendix 6 – Responses raised by Scrutiny Committee

To be included in cabinet report

Appendix 7 – Harbours Advisory Committee

The Harbours Advisory Committee met on the 4 December 2024 and set out the harbours 2025/26 budget considerations. The proposals are based on assumptions and principles that are consistent with those used for the rest of the Dorset Council budget. There are no specific items arising to draw to the attention of Cabinet or Council.

[Dorset Councils Harbours Budget and Setting of Fees 2025-26.dotx](#)

Appendix 8 – Flexible Capital Receipts Policy

To be included in cabinet report