Cabinet

29 January 2026

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

For Decision

Cabinet Member:
Cllr S Clifford, Finance & Capital Strategy

Local Councillor(s): **All**

Senior Leadership Team:
S Cremer, Corporate Director, Section 151 Officer

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Statutory Authority: Section 151 of the Local Government Act 1972

Report status: Public Choose an item.

Executive Summary:

This report sets out proposals for Dorset Council's 2026/27 revenue and capital budgets and summarises the Medium-Term Financial Plan (MTFP), which covers the following five years to 2020/31. 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 **[will be]** were considered by the Dorset Council Scrutiny Committees on 21 and 22 January 2026. 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 17 December 2025.

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

The Council proposes a net budget of £482.6m for 2026/27, an increase of £18.9m from 2025/26. Rising service delivery costs of £37m are being addressed though £18m of savings, efficiencies, grants and income and £18.9m of increased funding, which based on government funding, is almost entirely reliant upon changes to Council Tax.

Rising cost of service delivery includes £29m 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. New savings and efficiencies include: new service grants and income £16m, managing and meeting need differently £10m.

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 2.9985% and 1.9919% in the Social Care Precept, providing a Band D Council Tax figure for Dorset Council of £2,205.90; an overall increase of 4.9904%;
3. to note the Council Tax base of 163,765.1 and Band D equivalents (188,374 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 and note the revised income tables following the Department for Work and Pensions (DWP) uplift of benefits by 3.8%;
5. the Capital Strategy set out in Appendix 3 and approve changes to the programme contained within the appendix;
6. the Treasury Management Strategy set out in Appendix 4;
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. ***[Available for Cabinet]*** 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);*
10. recommendations 1-5 from 4 December 2024 Harbours Advisory Committee meeting regarding fees and charges, budgets and asset management plans (Appendix 7);

1. Reason for Recommendation

The Council has to set a balanced revenue budget each year, and this includes deciding the level of Council Tax. A balanced budget means the Council can afford all its planned spending using its regular, reliable income not by depending on one-off money or short-term sources of finance that can't be repeated.

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.

[Placeholder until Cabinet] 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

3.1 This report signals Dorset's ongoing commitment to the wellbeing of its residents through prevention and partnership approaches with our communities. This is to mitigate the forecast growth in the numbers of people needing support from our services, and the complexity of needs.

4. Natural Environment, Climate & Ecology Implications

4.1 The report highlights the ongoing commitment to delivering the priorities of the council plan. Responding to the climate and nature crisis is one of the 4 priority areas of the council. This budget continues to support the delivery and leadership required to deliver on this ambition and deliver the associated benefits of warmer homes, cleaner air and job creation for the residents of Dorset.

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 legally 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.

6.3 The **provisional** Local Government Finance Settlement was published on 17 December 2025 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 subject to consultation, which closes on 14 January 2026. As a result, the final settlement figures are expected in February, a few days before the Full Council meeting.

6.4 For the first time in a decade the Government has set out a multi-year settlement (MYS) for Local Government for which the first year of funding is 2026/27. The MYS removes some uncertainty over future funding and at the same time has delivered significant change to the funding landscape for Local Government. A number of grants have been rolled into core funding, and changes to the underlying formula, notably how rurality has been accessed have impacted Dorset's funding. Focus since 17 December 2025 has been on understanding the implications for the 2026/27 budget setting process but will shortly move to focus on developing plans for the subsequent 2 years to take advantage of the three-year window.

6.5 Looking ahead, further pressure on the Council's reserves comes from the cumulative deficit on the Dedicated Schools Grant (DSG), which is expected to exceed the total reserves held by the council by March 2026. The override has been extended until March 2028, however, on 22 October 2025 the Government announced delays to the SEND reform, which was expected in Autumn 2025 and is now anticipated 'early in the new year'. Without changes to funding or policy this would mean that many councils - including Dorset – may have to face a section 114 notice when the statutory override ends in March 2028. There is more detail on the DSG later in this report.

6.6 This report outlines the impact of the changes which are part of the Government's move towards reforming local government funding. The loss of grant funding for Dorset as a result of this settlement further increases the risk over the medium term.

6.7 **[This paragraph is draft for scrutiny as this is ahead of Q3 report being published]**The 2025/26 quarter 3 finance management report will be presented to Cabinet in January 2026 alongside this paper, providing the latest detail on the financial matters affecting the 2025/26 budget. Where service overspends cannot be mitigated, this will have a consequential impact on the financial position for 2026/27 and future years. This sets out that Dorset Council is anticipating:

1. fully using its budgeted contingency in the current year (2025/26),
2. requiring use of reserves to meet the forecast overspend
3. requiring use of reserves to meet the costs of investment in our transformation programme as set out in the October 2025 Cabinet Transformation Report.

6.8 Any use of reserves puts further pressure on the revenue budget as the increased reliance on external borrowing increases the amount of interest paid by the Council.

6.9 Taking into account both the local and national operating context, the acting S151 Officer, the Council's Chief Finance Officer, has assessed the current financial risk level as high. Readers of this report should therefore anticipate that achieving a balanced budget will likely require a reprioritisation of service delivery to maintain long-term financial sustainability.

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 **(available for the Council report only)**
3. Capital Strategy 2025-2030 **(available for the Cabinet and Council report)**
4. Treasury Management Strategy 2025/26 **(available for the Cabinet and Council report)**
5. Climate Wheel
6. Response to the issues raised by the scrutiny committees **(available for the Cabinet and Council report)**

7. Harbours Advisory Committee budget proposals for 2026/27 **(available for the Cabinet and Council report)**

8. Proposed fees and charges for 2026/27 **(available for the Cabinet and Council report)**

9. Background papers

Medium Term Financial Plan and budget update to Cabinet 11 November 2025

10. Introduction and priorities

Introduction

10.1 Local government finance is a dynamic and complex field, shaped by evolving national policies, demographic trends, and the imperative to deliver essential public services within constrained resources. This report presents Dorset Council's proposed revenue and capital budgets for the fiscal year 2026/27, alongside a comprehensive Medium-Term Financial Plan (MTFP) that extends through to 2029/30. The document details how the Council intends to allocate resources, manage risks, and pursue its priorities in the face of significant financial and social pressures.

10.2 At its core, the budget strategy reflects the Council's commitment to four key priorities: providing affordable and high-quality housing, fostering economic growth, supporting inclusive communities, and responding to the climate and nature crisis. These priorities are embedded across Dorset Council and inform the financial planning process. The report also addresses the implications of recent changes in national funding formulas, notably the introduction of Fair Funding 2.0, which has fundamentally altered the distribution of government grants and results in an increased reliance on local taxation.

10.3 For Dorset Council the changes result in seeing almost no growth in government grants as funding is redirected to other parts of the country and the reset of business rates sees the council's retained business rates reduced by around 15%. Changes to funding formula to assess need e.g. how remoteness is factored in means Dorset receives less funding and remains reliant on Council Tax.

10.4 The financial environment for local authorities remains challenging. Dorset Council faces rising costs of service delivery, driven by inflation, demographic shifts—such as an aging population—and increasing demand for social care and education services. The Council's approach to balancing its budget involves a combination of efficiency savings, transformation initiatives, and prudent management of reserves, all underpinned by robust governance and risk management frameworks.

Priorities

10.5 The Dorset Council 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.

10.6 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

10.7 The priorities form a key part of our delivery focus, creating a 'strategic framework' that will ensure that the actions required to meet the aspirations of the council plan are aligned with our change programmes, place-based work, governance and the resources required to accelerate delivery.

10.8 More information about the Dorset Council Plan 2024 to 2029 is available on the Council's website.

11. Financial context - 2025/26 current year position

11.1 **[This paragraph is draft because the two meetings of scrutiny committees take place ahead of Q3 report being published]** The Quarter 3 2025/26 financial management report to Cabinet sets out a forecast **over/underspend** for the current year of **[TBC]**. See the Cabinet agenda pack for more information on the in-year position.

11.2 Any overspend in the current year will require use of reserves. Where the underlying cause of the overspend is expected to be recurrent there will be an impact on the base budget for 2026/27 as a permanent funding arrangement is required. As part of setting the budget we will also review the sustainability of any short-term or non-recurrent savings which have been made this year to help offset those that fall short. Whilst this is sound, in-year financial management, the base budget impact for future years also needs to be understood.

12. Provisional Local Government Finance Settlement (LGFS)

National context

12.1 On 17 December 2025, the Minister of State for Local Government and Homelessness at the Ministry for Housing, Communities and Local Government (MHCLG) Alison McGovern MP, delivered a written statement to Parliament on the provisional LGFS. The supporting papers for the provisional LGFS 2026-2027 to 2028-2029 were also published on the same day.

12.2 The Local Government Finance Settlement sets the total funding and a range of parameters such as council tax limits, business rate multipliers and policy decisions which are then distributed to Local Government. These inputs are aggregated through Core Spending Power, which sets the resource envelope for each Local Authority. (more on this later)

12.3 The provisional settlement marks the first time in a decade that the Government has illustrated multiple years' worth of provisional allocations. This allows for more accurate financial planning to be undertaken. However, it should be noted that the settlement remains an annual event and figures for future years are subject to change until they are 'locked in' by their own settlement.

13. Changes for 2026/27 onwards

Updated data to measure deprivation

13.1 Funding takes into account the latest data on deprivation published in 2025. Previously deprivation data from 2019 was being used for some funding. Within the 2025 data set there are 7 domains of deprivation, which combine to create the Index of Multiple Deprivation (IMD25):

1) **Income:** Measures the proportion of the population experiencing deprivation relating to low income.
   Income Deprivation Affecting Children Index: Measures the proportion of all children aged 0 to 15 living in income deprived families
   Income Deprivation Affecting Older People Index: Measures the proportion of those aged 60+ who experience income deprivation
2) **Employment:** Measures the proportion of working age population involuntarily excluded from the labour market.
3) **Education:** Measures the lack of attainment and skills in the local population.
4) **Health:** Measures the risk of premature death and impairment of life quality through poor physical/mental health.
5) **Crime:** Measures the risk of personal and material victimisation at local level.
6) **Barriers to housing and services:** Measures the physical and financial accessibility of housing and local services.
7) **Living environment:** Measures the quality of both the 'indoor' and 'outdoor' local environment.

13.2 More information on the English indices of deprivation available here.

Updated formula & consolidation of grants

13.3 In last year's settlement (2025/26) the formulas used were last updated in 2013-14, some of which include data from 2001. The Government's updated formula following the fair funding review 2.0 consultation has made a number of significant changes to simplify grant streams and has changed some of the formula used to distribute grants.

13.4 Sixteen funding streams have been brought together worth £21.5 billion over the multi-year Settlement, alongside which grants have been rolled into the Revenue Support Grant. An overview of the grants is below with further reading on the funding simplification explanatory note also available.

Consolidated Grant & Total 2026-27 to 2028-29	Previous individual grant streams & individual total 2026-27 to 2028-29
Children, Families and Youth Grant £3.1bn	1 Children's Social Care Prevention Grant £0.81bn 2 Supporting Families £0.76bn 3 Holiday Activities and Food Programme £0.62bn 4 Post-16 Pupil Premium Plus Programme £0.04bn 5 New funding for children's social care reform: £0.32bn & £0.55bn
Crisis and Resilience Fund £2.49bn	6 Household Support Fund 7 Discretionary Housing Payments
Homelessness, Rough Sleeping and Domestic Abuse Grant £2.46bn	8 Prevention and Relief element of the former Homelessness Prevention Grant £1.09bn 9 Rough Sleeping Accommodation Programme 10 Rough Sleeping Prevention & Recovery Grant *(9 & 10 total £0.88bn)* 11 Domestic Abuse Accommodation Support £0.5bn
Public Health Grant £13.45bn	12 Public Health Grant Yes – consolidation announced at the local government finance policy statement £12.08bn 13 Drug and Alcohol Treatment and Recovery Improvement Grant £1.05bn 14 Local Stop Smoking Services and Support Grant £0.2bn 15 Individual Placement and Support Grant £0.07bn 16 Swap to Stop programme £0.05bn

Impact for Dorset

13.5 The multi-year settlement for Dorset was largely in line with the modelling assumptions and as such there were "no surprises" for 2026/27. Looking ahead over the 3-year period Dorset sees grant funding reducing during the period 2026/27 to 2029/30 by £6m. These changes maintain the reliance upon Dorset Council making full use of the Council Tax flexibilities to meet rising costs of service delivery. Whilst reducing grant funding over the long term is disappointing to see, the advance notice does provide a greater degree of certainty to enable the Council to factor this into future planning. More detail of the component parts of the settlement is set out throughout this report.

14 Core Spending Power (CSP)

14.1 Core Spending power aggregates the funding totals and parameters set out in the LGFS to identify the total resource envelope for each Local Authority.

14.2 MHCLG describe CSP as:
"a measure of the resources available to local authorities to fund service delivery. It sets out the money that has been made available to local authorities through the Local Government Finance Settlement (LGFS)"

14.3 At the risk of stating the obvious it must be noted that the term "made available" does constitute to mean the same as given, awarded, funded, provided, allocated. For Dorset Council almost all of the new resources *made available* rely on local decisions to realise i.e. decisions around how much to raise Council Tax levels.

Core spending power nationally

14.4 As part of the settlement nationally the Local Government CSP has been increased by an average of 5.7%.

14.5 This equates to a national CSP uplift of £4.2bn, of which £2.5bn (61%) is from increased Council Tax. For 2025/26 the increase derived from Council Tax was 55%, showing a trend of increasing reliance on local taxes to fund local government.

14.6 This means the only way to realise this **full** uplift of 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.

14.7 CSP has been overhauled and for 2026/27 onwards is made up of the following components:

1) Fair Funding Assessment
2) Business rate retention
3) Council Tax
4) Specific and consolidated government grants

<u>Dorset Council Core Spending Power (CSP) changes</u>

14.8 The table below sets out year-on-year changes in the published CSP figures.

Illustrative Core Spending Power of Local Government	2025-26 £m	2026-27 £m	Change £m	Component total £m	Proportion of change in CSP
Fair Funding Allocation	**0.0**	**133.0**	**133.0**		
of which: Baseline Funding Level	*0.0*	*56.8*	*56.8*		
of which: Revenue Support Grant	*0.0*	*60.8*	*60.8*		
of which: Local Authority Better Care Grant	*0.0*	*15.4*	*15.4*		
Legacy Funding Assessment	**131.0**	**0.0**	**(131.0)**		
of which: Legacy Business Rates	*66.0*	*0.0*	*(66.0)*		
of which: Legacy Grant Funding	*49.7*	*0.0*	*(49.7)*		
of which: Local Authority Better Care Grant	*15.4*	*0.0*	*(15.4)*	**2.0**	**8%**
Council tax requirement	**337.8**	**362.0**	**24.1**	**24.1**	**93%**
Homelessness, Rough Sleeping and Domestic Abuse	2.4	3.2	0.7		
Families First Partnership	1.9	3.5	1.6		
Total Transitional Protections	0.0	0.0	0.0		
of which: 95% income protection	0.0	0.0	0.0		
of which: 100% income protection	0.0	0.0	0.0		
of which: Fire and Rescue Real-terms floor	0.0	0.0	0.0		
Grants rolled in to Revenue Support Grant	2.6	0.0	(2.6)		
Recovery Grant	0.0	0.0	0.0		
Recovery Grant Guarantee	0.0	0.0	0.0		
Mayoral Capacity Fund	0.0	0.0	0.0	**(0.3)**	**-1%**
Core Spending Power	**475.7**	**501.6**	**25.9**	**25.9**	**100%**

Source: [Core Spending Power table:2026 to 2029]

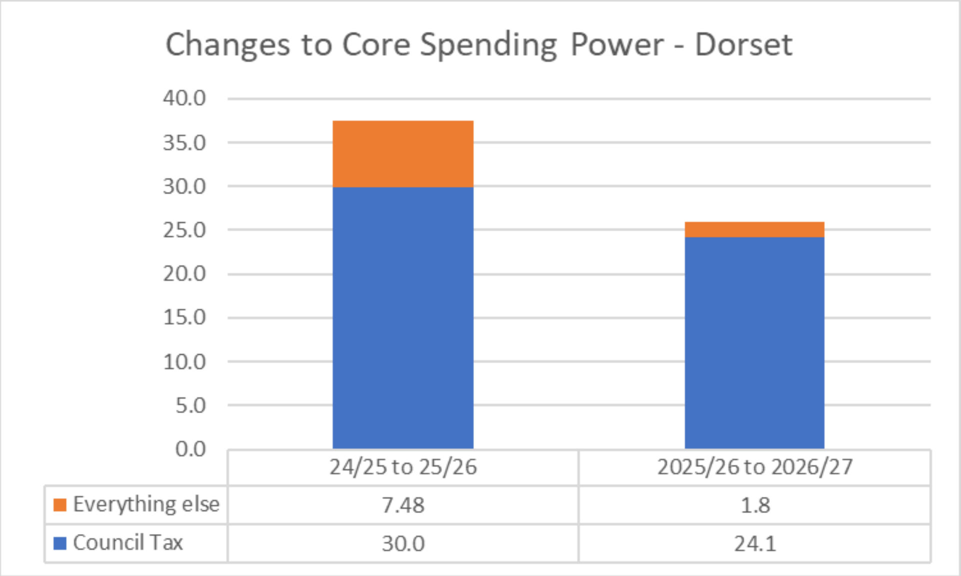
14.9 Dorset Council's CSP increases by 5.7%, £25.9m which is in line with the national average. Of this £25.9m, £24.1m (93%) is reliant upon the requirement to generate additional Council Tax revenue. Last year's CSP increase was 83% reliant upon Council Tax.

14.10 So, whilst the Government has "*made available*" £25.9m very little of this increased funding comes from Central Government.

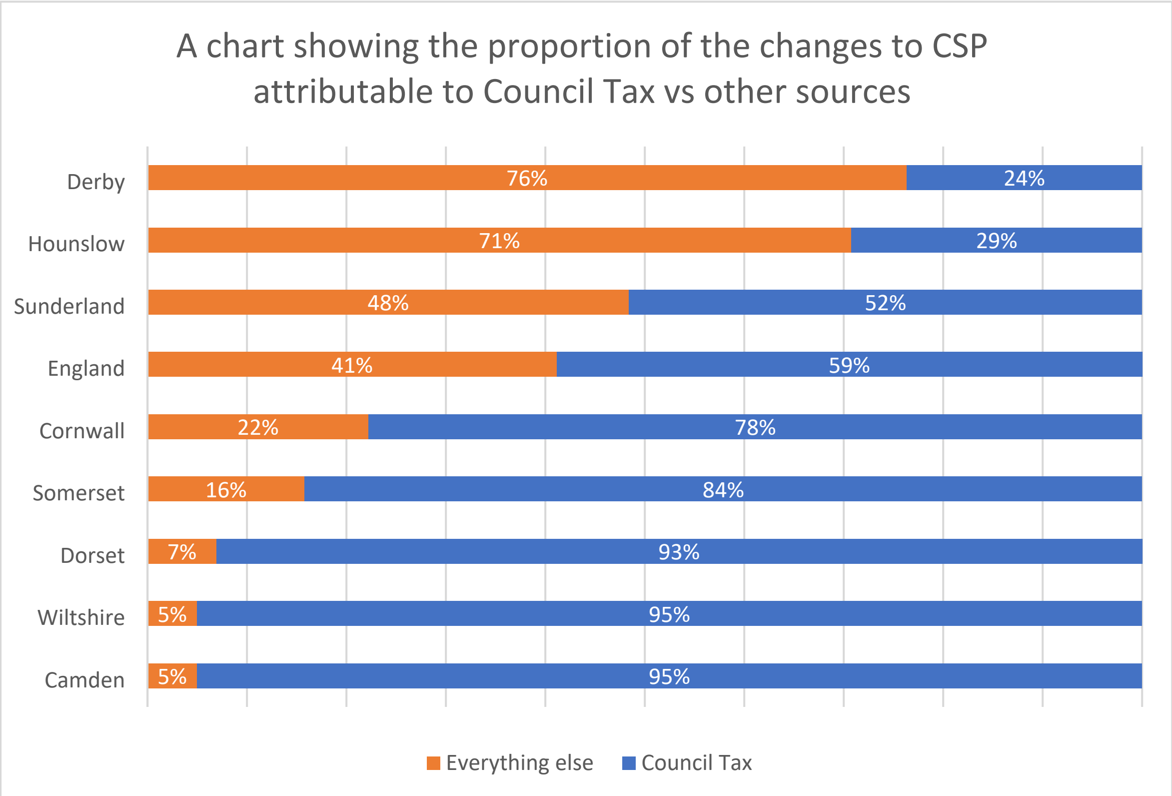
14.11 Part of the reason for the weighting between funding components is that Fair Funding 2.0 has introduced significant changes to the Formula Funding allocations and fundamentally changed the assessment of Relative Need and Resources. Where the assessment of relative need is greater than resource, more government funding is directed. Where the government assess that a council has sufficient resources to meet its need, government funding has been redirected elsewhere. This is shown in the increasing reliance on Council Tax for Dorset Council.

Historic trend

14.12 When looking at the changes to CSP for Dorset over the last 2 years the impact of the funding methodology can be seen as government grant increases are reducing.



14.13 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.



14.14 Dorset Council principally loses out on funding due to the changes to the relative needs formula that have been introduced for 2026/27 onwards. The government assessment of relative needs vs relative resources results in the distribution shown in the previous graph. Changes to remove remoteness from all but Adult Social Care Funding also means Dorset's assessed need has changed

Provisional Future Trend

14.15 Based on the provisional multi-year settlement Dorset Council will see overall resources (which includes those within Core Spending Power) increases over the 3 year period.

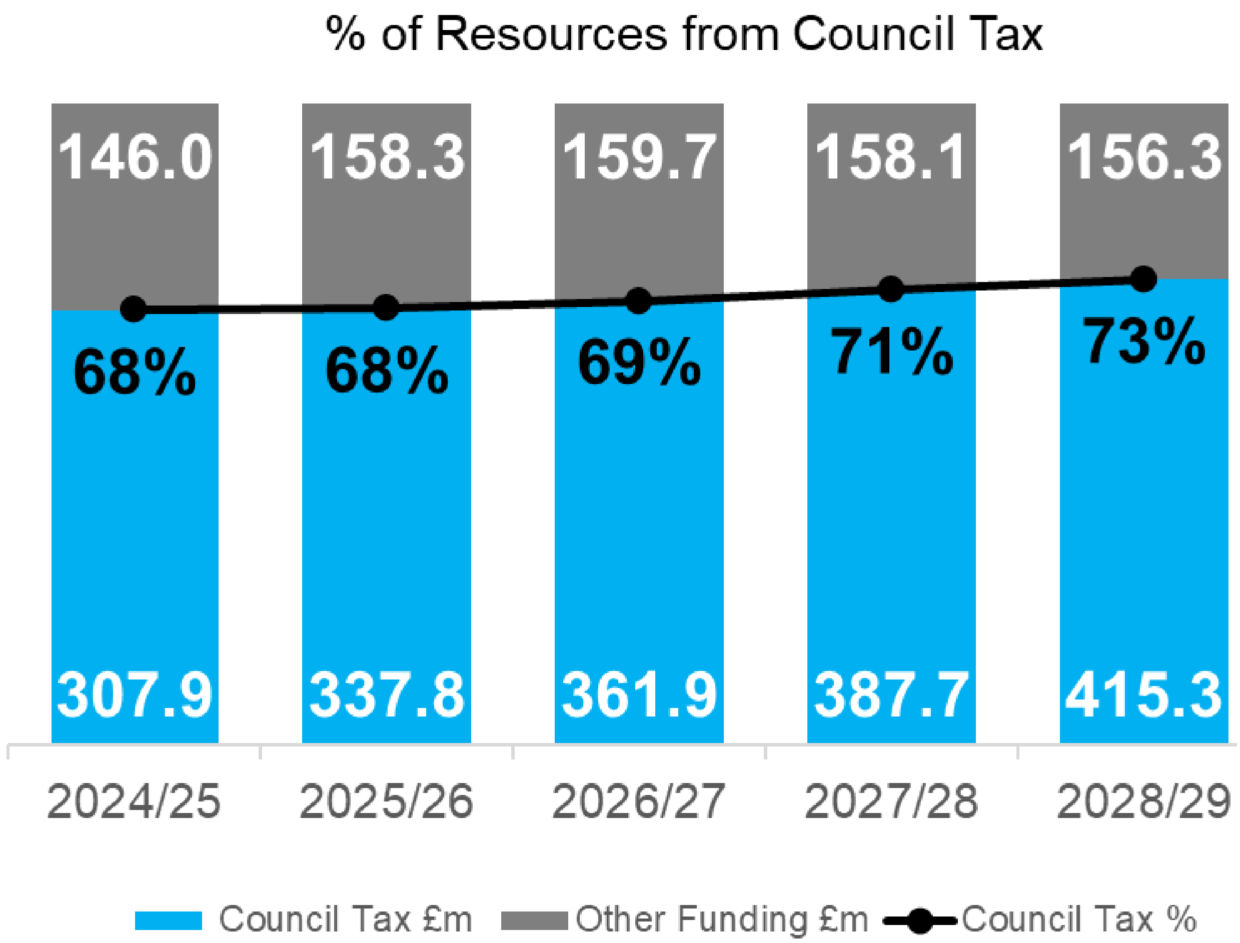
	2025/26	2026/27	2027/28	2028/29	Change across MYS 26/27 to	
	£m	£m	£m	£m	£m	%
Business Rates	73.1	57.9	59.5	60.7	2.8	5%
Council Tax	337.8	361.9	387.7	415.3	53.4	15%
Grants	85.2	101.8	98.6	95.6	(6.2)	-6%
Total Resources	**496.1**	**521.6**	**545.7**	**571.5**	**50.0**	**10%**
Annual % change		***5.1%***	***4.6%***	***4.7%***		

Source: LG Futures MTRR dated 29 December 2025.

14.16 The table above shows:

1) Dorset Council's funding increase from £521.6m in 2026/27 to £571.5m in 2028/29. An increase of £50m +10%
2) Of which Council Tax drives £53m of the growth, offset by £6.2m of reduced grants.

14.17 As a result the multi-year settlement bakes in the continued reliance upon Council Tax for Dorset Council, with Council Tax increasing from 69% to 73% across the multi-year settlement. The historic and future trend is shown visually in the next graph.



14.18 The analysis above may look different to in previous years. This is caused by the way in which the Government has reorganised grant funding as part of the Fair Funding Review 2.0. The provisional LGFS for 2026/27 sees a number of previously separately identifiable grants consolidated. These changes see the amount of Revenue Support Grant (RSG) increase from £1.8m in 2025/26 to £60.8m 2026/27 with the majority of the increase coming from consolidating these grant streams not NEW funding. With the exception of the analysis presented in this report , as a result of the changes to Government funding historical comparison of tables showing budgets in this report, compared to previously published tables risks being inaccurate.

CSP component: Fair Funding Assessment (FFA)

14.19 The FFA replaces the Settlement Funding Assessment (SFA) used in recent years. The FFA is comprises of two parts:
1. Business Rates Retention
2. Revenue Support Grant (RSG) which also includes the Local Authority Better Care Grant (LABCG)

14.20 Dorset Council receives £155.2m from FFA an increase of £1m (0.66%) on the legacy funding assessment used for 25/26.

CSP Component: Business rates

14.21 Business rates reduces from 2025/26 to 2026/27 by £15.2m. This is driven by a Business Rates "reset" and realignment of funding to redistribute local government resources to be targeted where the Government assesses they are needed the most. This takes into account the assessment of relative need and local resources. The impact of this reduction is offset partially by increased grants for 2026/27 which can be seen to reduce over the MYS.

14.22 As well as being a revaluation for 2026/27 the current multipliers used to calculate business rates bills are being replaced by the following from April 2026.

Category	Rateable Value	Multiplier
Small Business Retail Hospitality & Leisure (RHL)	Under £51,000	38.2p
Small Business	Under £51,000	43.2p
Standard Retail Hospitality & Leisure (RHL)	£51,000 to £499,999	43p
Standard Multiplier	£51,000 to £499,999	48p
High Value Multiplier	Over £500,000	50.8p

14.23 Note the Council does not play a role in establishing the rating list, this is currently the responsibility of the Valuation Office Agency (VOA) which is set to become part of HMRC in the future.

CSP Component: Council tax

14.24 The [**provisional**] 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. These limits are in place for the 3 years covered by the settlement.

14.25 These budget proposals include a core Council Tax increase of 2.9985% and an adult social care precept increase of 1.9919%. The proposed total increase is therefore 4.9904%, which results in an annual band D Council Tax charge of £2,205.90. This is an increase of around £2.02 per week on the 2025/26 charge. The Council Tax charges proposed for each band for 2026/27, for Dorset Council only, are set out in the table, below.

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

1) 51% of households in Dorset are in Bands A – C which means the for the majority of households the increase equates to less than 25.3p per day.
2) 71% of households are in Bands A – D
3) The number of households receiving Local Council Tax Support (LCTS) are 21,709 out of a total of 188,210 households.
4) This includes 9,259 pensioners on LCTS.
5) Single Person Discount applies to 60,566 households.
6) A range of other reliefs and disregards available, such as 1,349 band reductions for properties with a disabled resident.

14.27 Councils set their Council tax based on the number of 'Band D equivalent properties'. The Council has calculated its tax base as 163,765 band D equivalent properties, compared with 160,793 for the previous year, an increase of 1.85%. This includes the growth for the Second Homes Premium.

14.28 The council is also anticipating a small surplus on the council tax collection fund for 2025/26. This estimate is factored into the 2026/27 budget as one-off funding.

High Value Council Tax Surcharge (HVCTS)

14.29 A newly announced High Value Council Tax Surcharge (HVCTS) was confirmed as part of the government budget in November 2025. HVCTS is a new charge on owners of residential property in England worth £2 million or more in 2026, taking effect in April 2028. A public consultation on details relating to the surcharge will be held in early 2026.

14.30 Homeowners, rather than occupiers, will be liable to the surcharge and will continue to pay their existing Council Tax alongside the surcharge. Social housing will not be in scope.

14.31 The Valuation Office will conduct a targeted valuation exercise to identify properties above £2 million and therefore in scope. Fewer than 1% of properties in England are expected to be above the £2 million threshold. Revaluations will be conducted every five years.

14.32 The government has recognised that under the current system, the average band D charge for a typical family home across England is £2,280. That is £250 more per year than a £10 million property in Mayfair, based on the band H charge in the City of Westminster, currently pays. This surcharge will change that, implementing a significant reform to improve fairness within England's property tax system.

14.33 Properties above the £2 million threshold will be placed into bands based on their property value. Charges will increase in line with CPI inflation each year from 2029-30 onwards.

Threshold	Charge from 2028/29
£2.0-2.5m	£2,500
£2.5-3.5m	£3,500
£3.5-5.0m	£5,000
£5m+	£7,500

14.34 The HVCTS will be administered alongside existing Council Tax by Local authorities, who will collect this revenue on behalf of central government. This is a significant change as previously the total level of Council Tax was decided locally and retained locally. Whether this approach of directing local authorities to collect further tax on behalf of central government remains to be seen as part of future government budgets.

14.35 Councillors will be reassured that local authorities will be fully compensated for the additional costs of administering this new tax through new burdens funding – for Dorset there are 8,890 (4.77%) properties in Band G & H which could be the type of property may be reviewed by the Valuation Office Agency (VOA) to assess eligibility. However this data is only as a very rough proxy and any charges are subject to the property valuation.

15 Financial modelling assumptions and the initial budget gap

15.1 As part of setting a budget the Council is required to make a number of assumptions, these are set out in the table below. It should be noted that these are forecasts of what will happen and are in addition to the base budget that was built for 2025/26.

15.2 Under Section 25 of the Local Government Act 2003, the Chief Financial Officer (CFO) is required to report to Full Council when it considers the budget and sets Council Tax for the upcoming financial year. This report must address the robustness of the financial estimates and the adequacy of reserves included in the budget proposals, ensuring that Members have access to professional and authoritative advice to inform their decisions.

15.3 Members are required to take this report in account when making decisions in relation to the budget and the setting of council tax. The financial modelling assumptions outlined in this section form a critical basis for the CFO's assessment of the reliability of the estimates and the sufficiency of reserves.

15.4 In preparing the budget proposals for 2026/27, a range of assumptions were built into the MTFP model for 2026/27 and beyond. These assumptions will need to be reviewed and refined on an ongoing basis as new information becomes available, up to the point at which the budget is formally set.

15.5 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 2026/27 budget is shown in the table below.

Variable	2026/27
Council tax increase	3%
Council tax base growth	1.24%
Social Care Precept	2%
Business rates growth	-15%
Pay award	3.20%
General inflation	3.20%
Increase in fees & charges	5.00%
Employer pension contribution – Primary	-1%
Employer pension contribution – secondary	+£1m

15.6 These assumptions are examined further throughout this report.

16 Fees and Charges

16.1 An average increase in income from fees and charges income has also been estimated at 5%, with budgets uplifted accordingly. It is expected that this average increase will be delivered through a mix of both price and volume increases. In response to the budget gap discretionary fees and charges will be reviewed to ensure the full cost of the service is being recovered through the current level of fees and charges. Where fees are set by the government or already defined in legal agreements e.g. commercial rent, these sources of income are treated differently.

16.2 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.

16.3 The Council recovering more of its costs and placing less demand on general funding remains key to securing financial sustainability

17 Pay assumptions

Local Government Pay award

17.1 The pay and conditions of employment for local government services employees are determined by the National Joint Council (NJC), which comprises representatives from Trade Unions (58) and Employers (12).

17.2 The 2025/26 NJC pay award was agreed at 3.2% and for the 2026/27 financial year the MTFP currently assumes the same again, a 3.2% increase in pay inflation, reflecting anticipated ongoing national pay trends.

National Living Wage

17.3 From 1 April 2026, the National Living Wage is forecast to increase by 4.1% to £12.71 per hour for workers aged 21 and over. The National Minimum Wage for 18–20-year-olds is expected to increase to between £10.55 and £10.75 per hour and for under-18s and apprentices is expected to rise to around £8.20-£8.40 per hour. The government has reiterated its commitment to aligning pay more closely across age groups. This may be revised in future Government budgets.

17.4 All Council staff are paid at an hourly rate which is above the national living wage.

National Insurance

17.5 No changes to national insurance were announced in the 2025 Autumn Statement.

Pay inflation

17.6 Where the council commissions services, for example within the care sector these employers may be impacted the most by the rises in national living wage and so may seek support from the commissioner (the Council) with meeting the cost. Inflation requests are being managed consistently through an officer group chaired by a member of the Councils Senior Leadership Team (SLT).

Local Government Pension Scheme (LGPS)

17.7 Every 3- years the Pension Fund undertakes an actuarial valuation. This is the formal process carried out by qualified actuaries to assess the financial health of a pension fund. It involves estimating the current value of the pension scheme's assets and comparing this to the projected liabilities—the future payments the scheme is expected to make to its members. Actuaries use various demographic, financial, and economic assumptions, including life expectancy, salary growth, investment returns, and inflation rates, to forecast both the future outgoings and the likely income from investments.

17.8 The results of the valuation help determine the level of employer contributions required to ensure the fund can meet its future obligations.

17.9 The results of the 2025 Valuation mean that Dorset Council will see a 1% reduction to primary contribution rates, and a £1m increase to secondary contribution. This results in a £1m saving.

17.10 MHCLG held a consultation on whether Mayors and Councillors should regain access to the LGPS. This access was originally removed in 2014. The consultation closed on 22 December 2025 and there is a possibility the outcome of the consultation would take effect from 1 April 2026. If this happens there will be an annual cost of £0.3m if all 82 members joined, and remained in the scheme.

18 Dedicated Schools Grant (DSG)

18.1 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.

18.2 Dorset's DSG provisional allocation for 2026/27 is £387m before recoupment. There are four blocks within the DSG:

Block	£m
Schools Block	269
High Needs Block	65
Early Years Block	50.5
Central Services Schools Block	2

18.3 The 2025/26 quarter 2 DSG forecast overspend is £54.279m; the majority within the High Needs Block and supporting children and young people with Special Educational Needs and Disabilities.

18.4 The 2025/26 forecast overspend increases the cumulative forecast deficit to £148.59m before Safety Valve partner contributions. Adjusting for partner contributions from the DfE and Dorset Council, the cumulative deficit is forecast to be £112.3m.

18.5 The Government has announced the extension to the statutory override for the DSG from 2025/26 to March 2028. 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.

18.6 Whilst the statutory override remains in place, the cost of servicing a forecast £155m deficit as at March 2026 is around £5m per year. A cost borne by local taxpayers in Dorset, and money which otherwise would be available to invest in local priorities.

18.7 Dorset Council are part of the Safety Valve and Enhanced Support and Monitoring programmes. The Settlement is not clear regarding the continuation of these programmes.

18.8 The government announced on the 11 December a £3bn investment in specialist SEND placements. This includes 70 places at Osprey Quay, Portland.

DSG – Medium term outlook

18.9 Contained with the settlement consultation documents the following text in respect of DSG under section 1.5

1) The extension to the DSG Statutory override was extended for a further 2 years to support local authorities to manage these impacts.
2) The government will bring forward a full Schools White Paper early in the new year. This will set out substantial plans for reform of special educational needs provision to deliver a sustainable system which – first and foremost – supports children and families effectively, and which is also financially sustainable.
3) The 2025 Autumn Budget set out that once the Statutory Override ends at the end of 2027-28, funding will be managed within the overall central government DEL envelope.
4) Local authorities will of course be expected to manage the system effectively and where this is the case we would not expect local authorities to need to fund future special educational needs costs from general funds.
5) We recognise that the size of deficits that some councils may accrue while the Statutory Override is in place may not be manageable with local resources alone and will bring forward arrangements to assist with them as part of broader SEND reform plans.
6) Whilst we do not expect local authorities to plan on the basis of having to meet deficits in full, any future support will not be unlimited. Councils must continue to work to keep deficits as low as possible. To support local authorities to do this, we are disseminating best practice and case studies from previous programmes focussed on efficient spending, such as Safety Valve and Delivering Better Value, and providing all local authorities with advisers to help consider how these learnings can be applied.

18.10 Point 4 and 6 in the above lead to a level of concern as Dorset received the highest (best) possible outcome of the Local Area SEND inspection. At the same time remain under review for the safety valve programme with payments frozen and no tangible support or recommendations to change practice to deliver the level of financial savings required to achieve in-year balance. It is therefore unclear how these commitments are any different to what has already been put in place across Dorset.

18.11 Dorset receives one of the lowest High Needs Block allocations per EHCP compared with our statistical neighbours, and roughly £4,700 less per high needs pupil than the national average.

18.12 Further disparity is seen on the education funding for which Dorset Council receives some of the lowest levels of education funding out of all local authorities.

18.13 Dorset continue to call for fair funding that acknowledges the current and very real needs of our communities and reflects the significant costs rural authorities.

20 Setting a balanced budget

20.1 The November 2025 MTFP 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.

20.2 Dorset's budget principles, outlined below, are proposed for Cabinet's continued endorsement and will guide the remaining work on the budget strategy.

1) **No reliance on reserves** – The budget will not be balanced by drawing on reserves.
2) **Priority-led resource allocation** – Funding decisions will be aligned with the Dorset Council Plan and its strategic priorities.
3) **Protect and improve services** – Services will be safeguarded where possible but must demonstrate value for money and improved efficiency.
4) **Maximise unitary council benefits** – We will continue to seek savings and efficiencies from our status as a unitary authority.
5) **Adopt a commercial mindset** – The Council will pursue opportunities to operate more commercially where appropriate.
6) **Evidence-based decisions** – Business cases will underpin key decisions, and we will consider 'invest to save' opportunities.
7) **Realistic and accountable budgeting** – Budgets must be achievable and aligned with the Council's objectives, with clear accountability for delivery and sound financial management.
8) **Transformation in progress** – We are implementing both short-term and long-term transformational savings plans as part of our ongoing strategy to deliver sustainable financial improvements.
9) **Work within the financial strategy** – All resource allocation must align with the overarching financial strategy approved by Cabinet.
10) **Target new Government funding** – Where possible, new Government funding will be directed towards existing spending pressures and priorities

21 MTFP process and budget development

21.1 The budget approved in February 2025 showed there was a MTFP gap, including pre-planned savings, of £37.9m for 2026/27 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 in November 2025.

Budget Gap - Feb 2025	£37,867,735
Change in inflation	£5,702,518
Supporting DSG	£2,550,000
Place	£1,553,235
Adults & Housing	£8,775,503
Corporate	£1,793,080
Children's	£1,561,198
B2SA	£1,300,000
Public Health and Protection	£611,984
Change in grant funding	(£55,696)
Reduction in Central Finance Pressures	(£3,327,000)
Increase in Business Rates	(£5,374,277)
Increase in Council Tax	(£8,530,459)
Budget Gap - 11/11/2025	**£44,427,821**

21.2 It was clear that rising demands were having an impact on the MTFP and increased the budget gap £44.4m.

21.3 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.

21.4 As a result the budget gap of £44m is to be closed as follows.

Budget Gap - Feb 2025	£44,427,821
Central Finance	(£17,595,571)
Adults & Housing	(£6,789,779)
Place	(£5,449,645)
Council wide	(£4,171,100)
Council Tax	(£3,451,732)
Capital Finance	(£2,500,000)
Change in inflation	(£2,249,441)
Children's	(£1,937,345)
Business Rates	(£472,000)
Corporate	£65,041
B2SA	£123,750
Budget Gap - 6/01/2026	**£0**

22 Summary budget proposals

22.1 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 2026/27 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.

22.2 The provisional LGFS and muti-year settlement result in a draft MTFP for 2026/27 to 2029/30 as follows:

Medium Term Financial Plan summary	Previous Year Budget 2025-26 £m	MTFP Yr1 2026-27 £m	MTFP Yr2 2027-28 £m	MTFP Yr3 2028-29 £m	MTFS Yr4 2029-30 £m	MTFP Yr5 2030-31 £m
Council tax	342.014	362.840	382.120	404.195	427.545	452.255
Business rates (NDR funding)	70.153	58.926	59.788	60.993	60.993	60.993
Other grants treated as general funding	4.985	60.843	72.383	69.258	69.258	69.258
Total funding	**417.152**	**482.609**	**514.291**	**534.446**	**557.796**	**582.506**
Budget requirement	417.152	482.609	531.844	568.082	605.460	643.988
Budget gap (cumulative)	(0.000)	0.000	(17.552)	(33.636)	(47.664)	(61.482)

22.3 As a result of the proposed directorate budgets are as follows:

Dorset Council	Restated base budget 25/26 £'000	Proposed base budget 26/27 £'000	Increase/ (Decrease) in base after adjustments £'000	%
People - Children's	89,950	95,124	5,174	5.8%
Birth 2 Settled Adulthood	9,008	10,674	1,666	18.5%
People - Adults & Housing	179,282	191,174	11,891	6.6%
Public Health & Prevention	3,999	4,312	313	7.8%
Place	106,003	105,421	(582)	(0.5%)
Corporate Development	56,369	56,294	(75)	(0.1%)
Service Budgets	**420,376**	**438,763**	**18,387**	**4.4%**
Central Budgets	19,081	19,609	529	2.8%
Total Budget	**463,693**	**482,609**	**18,916**	**4.5%**
Council Tax, Business Rates and Central Grants Funding	(463,693)	(482,609)	(18,916)	4.5%
Budget Gap			**0**	

22.4 More detail on the directorate budgets is available in the following sections.

23 Directorate-level context updates

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

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

Adults & Housing Services

23.3 The net budget proposed for Adults and Housing Services is an increase of £11,891m, to £191.174m, a net increase of 7%.

Context

23.4 Adult Social Care nationally faces significant pressures driven by rising demand, workforce shortages, and escalating costs. Requests for support have increased year on year, with working age adults showing the sharpest growth. Providers report severe financial strain, largely due to National Living Wage uplifts and recruitment challenges, while local authority budgets remain insufficient to meet demand. Delays in hospital discharge linked to social care capacity continue to impact the wider health system.

Budget

23.5 The budget pressures centre around two main themes:

1. Pressures that impact all council services	£m
Pay inflation, increments and employer's pension contribution adjustment	0.786
General inflation, utilities	5.765
Increased fees and charges	(3.623)
Movements to other directorates, for example OFC	(1.656)

2. Pressures that impact Adults and Housing	£m
Adult Care Package Growth	11.405
Increase in Safeguarding resource	0.140
Increase in Mental Capacity Act resource	0.250
Prevention contract	0.444
Adult Social Care prior year pay savings	0.950
Housing resource	0.214
Reallocation of Public Health grant – Community Safety	0.284

23.6 The growth within Adult Social Care has been challenged and refined during the budget setting process. The budget supports 4415 people with packages of care at an average cost of £887.11 per week. Care packages include care home placements, home care support, supported living, extra care, and direct payments.

23.7 Investment has been made in reablement at the front door, which refers to short-term, intensive support provided when someone first approaches Adult Social Care. The aim is to help individuals regain independence and reduce the need for long-term care, thereby supporting savings delivery.

23.8 The FutureCare programme, a Dorset-wide initiative launched in early 2025 to transform urgent and emergency care (UEC) and intermediate care, continues into 2026/27. Led by the ICS partnership—including Dorset Council, BCP Council, NHS Dorset, and hospital trusts—it aims to create a more integrated, people-centred care system by 2027. This programme of work will also continue to support the delivery of savings and manage demand through improved patient flow, reduced hospital stays, and more efficient use of resources.

23.9 During the year, the council has seen changes in health support funding, with Continuing Health Care (CHC) and Joint Funding packages being handed back from the NHS. When individuals no longer meet CHC or Joint Funded eligibility, responsibility shifts to the local authority, which is means-tested. These changes are included in the growth request and currently cover 34 care packages at a full-year cost of £1.793m, and this figure continues to rise. This trend is increasing due to stricter NHS eligibility criteria and regular reviews that move more cases from health to social care funding.

23.10 The above pressures have been offset by 2026/27 transformation savings which are detailed in appendix 1.

Savings

23.11 Adults and Housing savings for 2026/27 total £4.724m, summarised in the following table. Further detail can be found in Appendix 1:-

Adults and Housing 2026/27 savings	£m
Transport Offer	0.200
Working Age Accelerator	0.750
Future Care Programme	2.900
Provision of careline subscriptions	0.200
Self-Funder Offer	0.075
Vacancy Factor increase to 3%	0.599

23.12 There are inherent risks within all budgets, particularly in demand led services such as Adults and Housing. All modelling and strategic budget planning has been based on the best available information and projections. However, pressures and demand are subject to change, which can have a significant impact on the budget.

Children's Services

23.13 The overall budget proposed for Children's Services is an increase of £5.174m, to £95.124m, an increase of 6%.

Context

23.14 Children's Services nationally continue to face significant pressures primarily driven by rising need, demand and escalating costs. The government's reform agenda, including The Families First Partnership (FFP) programme, seeks to rebalance the system by prioritising early intervention, family-based care, and reducing reliance on residential placements. This includes keeping children at home, strengthening kinship and foster care, improving market stability, and addressing profiteering within external provision.

23.15 The government expect all authorities to have started The Families First Partnership reforms during 2025/26.

23.16 Dorset have helped shape national reforms and the Families First Partnership programme by being a Families First for Children Pathfinder authority and have tested and adopted many of the programme's requirements since July 2024. Dorset will be fully compliant with the Families First Partnership guidance by March 2026.

23.17 However, the Dorset is not immune to the national context. Demand and need pressures persist, external placement markets remain constrained, and costs continue to rise, reflecting the broader systemic issues affecting Children's Services across the country. This is likely to continue until national reforms and local transformation programmes are embedded and the Children in Care placement volume and mix changes.

Budget

23.18 Budget increases centre on two main themes:

1. Pressures that impact all council services	£m
Pay inflation, increments and employer's pension contribution adjustment	1.02
General inflation, utilities	0.918
Increased fees and charges	0.181
Movements to other directorates, for example OFC	(3.549)

2. Pressures that impact Children's services	£m
Children in Care	5.070
Removing unachieved savings target	1.622
Fostering: Increasing capacity	1.483
Increased SEN Provision / Legal fees	0.500
Increased in-house residential capacity	0.445
Other changes (Individually <£0.5m)	0.600

Further information

23.19 Supporting Children in Care accounts for over a third of the directorate spend. In line with national reforms, the directorate has committed to early help and prevention, and additionally future projects will seek to reduce and change the placement mix for our Children in Care.

23.20 Children's services have engaged external support to model then reduce and change the placement mix for our Children in Care. This commenced during 2025/26 and should be fully operational for the new year. In summary:

- £5.1m is the extra funding requirement for 2026/27 based on the October 2025 Children in Care population and trend analysis.
- £4.2m is the estimated savings achieved through changing the number of Children in Care and the placement mix.

To deliver the estimated Children in Care savings requires:

- Embedding the ways of working recommended by external support
- Increase funding and support into fostering teams, including increasing rates with the aim to have circa 250 children in Dorset foster care placements during 2026/27
- Increasing the number of families who can offer foster placements, through a targeted foster care recruitment campaign (TVI project)
- Increase our Dorset Council run residential provision. £0.445m to release an estimated £0.57m

23.21 Other Children's Services savings total £1.5m, summarised in the following table:

Children's Services 2026/27 savings	£m
A change to our locality model to both improve outcomes for children, young people and families and create efficiencies.	0.500
The use of AI will help us to improve the quality and timeliness of EHCP (Education Health and Care Plan) application process which means we do not need to employ additional workers.	0.300
Section 17 funding helps children who need extra support to stay safe and healthy but we do not need to spend as much this year as previous years.	0.200

Children’s Services 2026/27 savings	£m
Continue to adapt the Outdoor Education Service so that the income it generates pays for its running costs.	0.122
Other changes, predominantly budget adjustments <£0.1m identified during the budget process	0.426

23.22 £0.212m of budget is being reallocated from Children’s Services to Birth to Settled Adulthood. This adjustment ensures the budget aligns with actual expenditure, such as the Head of Service salary and contributions from partner organisations.

23.23 The full savings table for Children’s is available in appendix 1.

23.24 Children’s Services, as all the directorates within the council, identified other savings to help balance the 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) and funding

23.25 For the previous two years, the DfE have provided £4.6m to support Dorset’s Families First for Children Pathfinder work. The largest element of the funding, the FFC Pathfinder grant totalled £2.7m. This was not enough to fund the entire project and the Social Care grant was used to bridge the gap.

23.26 During 2025/26, the Children and Young People’s Services (CYPS) formula was announced and used within the multi-year financial settlement to support Children’s Social Care reforms. The FFC Pathfinder grant is not part of the new funding formula

23.27 The formula works by estimating each local authority’s level of predicted need for children and family services, by identifying the number of children with characteristics that most accurately predict whether a child will interact with children’s social care services. These include child-level factors such as age, sex, and eligibility for Free School Meals, alongside neighbourhood factors like deprivation. The formula uses this combination of characteristics to estimate how levels of need vary across the country.

23.28 This approach ensures that local authorities are funded based on their anticipated need for children’s services, rather than historic service use. As a result, funding allocations are in no way influenced by individual local authority practices or the number of children who have previously interacted with the social care system. This means there is no financial incentive to categorise more children as Children Looked After or Children in Need, supporting the Government's commitment to improve effective early intervention and preventative services.

23.29 The change in formula will reduce funding received by Dorset, not because of the preventative work undertaken, but the removal of historic service use.

23.30 Councils that have invested in prevention and reduced the number of children requiring acute services are not penalised. Historical spending patterns or numbers of Children in Need or Children Looked After have no bearing on funding allocations. Instead, the formula allocates resources based on an accurate assessment of the level of need in each area.

23.31 The introduction of CYPS, along with the decision to combine grants and roll some grants into Core Spending Power and the uncertainty whether the FFC Pathfinder grant will continue, the estimated 2026/27 position is:

	2025/26 £m	2026/27 £m
FFC Pathfinder grant	2.710	-
Children's and Families grant (the Supporting Families grant of the five grants that make up the overall grant)	1.082	-
Children's Social Care Prevention grant	0.839	-
Childrens, Families and Youth grant (Family First Partnership element of the three grants that make up the overall grant)		3.492
TOTAL	4.631	3.492
Reduced funding		1.139

23.32 Recognising the reduced funding, Children's Services leadership began conversations with the DfE in December 2025 highlighting the significant risk for Dorset to continue as a successful 'Pathfinder' authority, successfully leading reforms and showcasing the effectiveness of the reform model to the rest of the country.

23.33 The reduced funding also jeopardises the saving realised through the revised operating model to comply with Families First Partnership programme.

23.34 Presently, it is unclear whether the revised funding will come with any additional responsibilities. The remaining elements of the Children's and Families Grant (Supported Accommodation Reforms - New Burdens to LAs, Staying Put, Virtual School Heads Extension for Previously Looked After Children, Leaving Care Allowance uplift, Personal Advisors) totalling £0.876m are now part of the Revenue Support Grant.

Birth to Settled Adulthood

23.35 The Birth to Settled Adulthood (B2SA) service is a joined-up approach to supporting children and young people with complex additional needs. By bringing together health, social care, and education, B2SA supports children and young person to receive consistent, coordinated support from birth through to adulthood.

23.36 The overall budget proposed for Birth to Settled Adulthood is an increase of £1.666m, to £10.674m, an increase of 18%.

23.37 The budget is centred around two main themes:

1. Pressures that impact all council services	£m
Pay inflation, increments and employer's pension contribution adjustment	0.865
General inflation, utilities	0.156

2. Pressures specific to Birth to Settled Adulthood	£m
Unachieved savings	1.000
Increased need	0.700

23.38 The integrated Birth to Settled Adulthood budget was formed in 2025/26 and continues into 2026/27. Integrated the Children's and Adults together reflect the way teams work and provides oversight of total spend. Over the past year, demand for services has increased significantly, which has resulted in a higher growth requirement within the 2026/27 budget.

Saving

B2SA 2026/27 savings	£m
Internally operated short breaks home scheduled for opening in the year. Funding has already been secured.	0.09

23.39 £0.212m of budget is being reallocated from Children's Services to Birth to Settled Adulthood. This adjustment ensures the budget aligns with actual expenditure, such as the Head of Service salary and contributions from partner organisations.

Place Directorate

23.40 The overall budget proposed for the Place Directorate is a decrease from £106.003m to £105.421m in 2026/27, a decrease of £0.582m or circa 0.5%.

23.41 The main components of the budget changes are as follows.

1. Pressures that impact all council services	£m
Pay inflation, increments and employer's pension contribution adjustment	1.204
General inflation, utilities	2.040
Increased fees and charges	(2.538)
Increase vacancy factor requirement	(0.741)
Movements to other directorates, for example OFC	(2.775)
Total	**(2.809)**

2. Pressures that impact Place Directorate	£m
Realignment of waste budgets	0.931
Dorset Travel growth incl. SEND transport	0.750
Economic Regeneration	0.450
Final cessation of DFE funding for joint use leisure centres	0.189
Total	**2.320**

3. Place Directorate 2026/27 savings	£m
Permanent removal of posts already taken place	0.864
SEND transport reviews	0.500
Further permanent removal of posts	0.450
Reduction in streetlighting energy costs	0.412
Reduction in temporary staff	0.240
Increased commercial waste income	0.175
Increased garden waste income	0.091
Reduction in arts/culture/sports expenditure	0.075
Reduction in cross border waste costs	0.060

3. Place Directorate 2026/27 savings	£m
Total	**2.868**

23.42 These are explored in more detail below.

23.43 Setting aside the transfer of £2.775m from the Place budget to other budget centres due to OFC, the like for like comparison of the Place budget between the 2025/26 budget and the proposed 2026/27 budget is £106m in 2025/26 compared with £105.4m in 2026/27. However, this disguises the continuing drift of the wider Place budget into Dorset Travel. With Dorset Travel removed, the budget for the universal Place services reduces from £61.5m in 2025/26 to £60.9m in 2026/27.

Dorset Travel

23.44 Dorset Travel budgets – and in particular, SEND Transport – has been subject to significant national problems in recent years which have been well documented. After the pandemic, costs increased by 20% to 30% in this sector nationally, largely due to driver shortages and fuel costs. Since that time, cost increases have reduced but tend to remain higher than baseline rates of inflation. The table below shows the volatility in costs over recent years, for Dorset Travel as a whole, across the full range of services including SEND transport, mainstream school transport and public transport.

Dorset Travel - year on year actual spend increases			
Financial Year	**Actuals/ £m**	**Increase on previous year/ £m**	**Increase on previous year (%)**
2020-21	22.172		
2021-22	24.571	2.399	11%
2022-23	30.554	5.983	24%
2023-24	34.679	4.125	14%
2024-25	36.424	1.745	5%
forecast Q3 2025-26	40.375	3.951	11%

23.45 This makes accurate budget setting for future years an exercise in risk appetite rather than modelling known variables, due to the lack of clarity on expected costs. This is further exacerbated by the procurement cycle, which means that costs/contracts change at the beginning of the academic year in September, mid-way through the Council’s financial year.

23.46 After careful consideration of the above, budget growth has been included in the proposed budget, consisting of “default” inflationary uplift on costs plus a specific further sum of £0.7m. The takes the total Dorset Travel budget from an expected spend of £40.4m in the current year to circa £44.6m of budget in 2026/27, which equates to allowing for increased costs of circa 10%. The original assumption for growth in the MTFP was circa £2m higher, but actions taken to control costs (for example, by reducing the numbers of solo travellers from 25% to 15%) have curtailed this expected trajectory of costs.

23.47 In addition to the above, specific savings initiatives are included in the draft budget proposals for ongoing school transport/SEND transport reviews (£0.5m) and additional resourcing to boost the numbers in the team undertaking this work (£0.050m).

23.48 During 2026/27, some mainstream school transport contracts are to be renewed after a period of some time. The budget allows for the usual inflationary uplift, but there is always risk with major re-procurements that the financial impact on renewed prices is above and beyond existing budgets. These contracts (OOSO, or One School, One Operator) were last reprocured before the pandemic and before the war in Ukraine, so prices may be returned at rates higher than inflation.

Regeneration and Economic Development

23.49 The economic regeneration programme in Weymouth and the work of the Dorset Clean Energy Super Cluster centred around Portland Port and Chickerell have not previously had an allocation of revenue funding. During 2025/26 the Executive Director for Place reallocated funding from within existing Place funds to provide necessary funding for expenditure on these priority projects.

23.50 This budget proposes the allocation of a further £0.450m to these projects, which are core to the agenda for regeneration, growth and social mobility in the most economically-deprived areas of Dorset.

DfE funding at joint use leisure centres

23.51 Joint use leisure centres are partly funded by the Department for Education (DfE). Previously, DfE has reduced its financial contribution and in 2026/27 will remove all remaining funding, circa £0.2m. However, costs for DC, in operating the leisure centres, remains unchanged and therefore the DC budget will need to increase to compensate for the lost funding.

Realignment of waste budgets

23.52 A one-off sum of £0.930m is included in the proposed budget for dealing with the realignment of waste budgets. Specific items include:

1) Reassessment of the recyclate cost
2) Reassessment of glass cost
3) Realignment to prior year contractual inflation
4) Reassessment of expected volumes arising of all waste streams
5) Costs being incurred in relation to dealing with POPs (persistent organic pollutants) due to recent legislative change
6) Reassessment of cross border charges being incurred

Place – savings

23.53 Major savings items over £250k are as follows:

1) £0.865m of posts have been permanently removed from the Place Directorate base budget, in an exercise carried out since March/April 2025.
2) An additional vacancy factor of £0.741m has been added to the Place Directorate base budget, to bring the total level to 3%.
3) School transport and SEND transport reviews savings are included at a value of £0.5m.
4) Another exercise to permanently remove posts from the base budget in 2026/27, included here at a value of £0.450m.
5) The street lighting energy budget is reduced by £0.412m, reflecting the estimated price in 2026/27, however this is subject to energy price renewals in autumn.

23.54 It should be acknowledged that "business as usual" means uncertainty in the Place Directorate, meaning that it is not risk-free. The major issues of volatility remain unchanged:

a) Income via fees and charges are often dependant on the wider economic landscape and even weather (affecting services such as leisure centres, garden waste volumes, country parks, car parking income etc).
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 3% or circa £2m. Achievement of this saving will be subject to the ability to pause recruitment sufficiently long enough to achieve vacancy targets.
e) Income uplifts are not always achievable where there are existing contractual/legal arrangements which conflict.
f) Limiting inflation uplifts to 3% across the board may not always be achievable.

Public Health and Prevention

23.55 Dorset Council's Public Health team focuses on improving population health and reducing inequalities. It delivers statutory services such as sexual health, NHS Health Checks, and children's public health nursing, and commissions additional services like drug and alcohol support and smoking cessation. The service also provides health protection (e.g., outbreak management), health improvement initiatives, and strategic advice to the NHS and local partners. Its work is data-driven, targeting prevention and early intervention to reduce long-term demand on health and social care systems.

23.56 The Public Health grant allocations have been confirmed for the next three years, consistent with the council's funding allocation. The 2026/27 Public Health grant is £18.9m, an increase of £2.3m compared to 2025/26. This increase comprises £0.5M real terms increase to the Grant, with the remainder of the increase due to consolidation of S31 grants that previously were separate to the ring-fenced grant. Specific activity is ringfenced within the grant, including smoking cessation (£0.9m) and drugs and alcohol (£5m). National guidance highlights strengthened assurance requirements for the consolidated Public Health grant, which must be used exclusively for Public Health purposes.

23.57 The overall budget proposed for Regulatory Services is an increase from £3.999m to £4.312m in 2026/27, an increase of £0.313m (8%).

23.58 The main components of the budget changes are as follows

1. **Pressures that impact all council services**	**£m**
Pay inflation, increments and employer's pension contribution adjustment	0.098
General inflation, utilities	0.052
Increased fees and charges	(0.187)

2. **Pressures that impact Regulatory Services**	**£m**
Bereavement Services maintenance cost increase	0.022
Bereavement Services income lower than expected	0.080
Planned savings in Regulatory Services were not delivered	0.070
Market Cornhill reduced income from rentals	0.060
Market legacy savings target unmet	0.067
Anticipated savings target was not delivered for 2025/26	0.050

Corporate Services

23.59 The overall budget proposed for the Corporate Directorate is a decreased from £56.369m to £56.294m in 2026/27, a decrease of £0.075m (0.1%).

23.60 The main components of the budget changes are as follows.

Pressures that impact all council services	£m
Pay inflation, increments and employer's pension contribution adjustment	1.568
General inflation, utilities	0.123
Increased fees and charges	(0.340)
Increase vacancy factor requirement	(0.500)
Movements to other directorates, for example OFC	5.965

Pressures that impact Corporate Directorate	£m
Increase in running costs for Customer Services out of hours service	0.141
Communications restructure and investing in supporting the Armed Forces Covenant	0.114
Additional legal resource for adult court of protection cases	0.100
Reduction in procurement income and savings projections	0.100
End of contractual rebate income from schools	0.062
Reduction in Archives Service savings projections	0.050
Increase in cost for software to process invoices	0.018
Additional cost to cover statutory purchasing templates	0.012
Professional procurement services to schools has ended	0.012

Corporate Directorate 2026/27 savings	£m
Debt Management	0.481
Software to automate council tax within back-office systems	0.211
Planned changes with elements of the people and workforce function	0.100
Review and rationalisation of digital systems across the organisation	0.085
Automation of financial assessments	0.050
Planned changes within elements of the finance team	0.035

23.61 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.

23.62 The role of Corporate Services is fourfold:

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

24 Transformation and savings opportunities

24.1 For 2026/27, we will deliver £7.4m of savings through the Our Future Council (OFC) programme. Cabinet confirmed in October that OFC remains our main plan for changing how the whole council works so we can provide modern, reliable and affordable services.

24.2 For 2026/27 the focus is on practical changes that make the organisation simpler and more efficient. This includes redesigning services around customer needs, replacing our HR and Finance system, improving our contact centre, reducing duplication, using automation and AI where it makes sense, and tightening how we buy and manage external contracts. Together, these changes form a single programme of work to help us operate as **one council** and support a sustainable financial future.

24.3 During 2025/26, savings were delivered through restructuring customer services, business support, and the transformation management office, supported by voluntary redundancies, and vacancy management. The full year effect of these workforce changes will be realised in 2026/27, totalling £2.63m. These actions remain aligned to the Our Future Council business case approved by Cabinet in January 2025, which sets out plans to deliver £18.8m of recurring annual savings in future years.

24.4 In addition, further Our Future Council changes for 2026/27 will realise:

1) £2.5m from further changes in the new customer hub and changes to the council's strategic and enabling (corporate) functions. This will include changes to services that have moved into the customer hub in addition to the redesign of further functions to work within the new hub. As described in previous reports, the timelines for these changes are aligned to the implementation of a new HR and Finance system which is being replaced during 2026/27.
2) £2m following the continued review of third party spend and rationalisation of contracts.
3) £0.3m from the rationalisation of telephony contracts as a result of more modern contact centre telephony implemented through the Our Future Council programme

24.5 The delivery roadmap for all transformation initiatives delivering savings of over £0.5m in 2026/27 is included in appendix 5.

19 Local Council Tax support (LCTS) scheme

19.1 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.

19.2 No changes to LCTS are planned, meaning the highest award remains 100%, and is not limited to 2 children. More information about the scheme is available here: Council Tax Support - Dorset Council

19.3 The Department for Work and Pensions (DWP) have confirmed an uplift of benefits for working age claimants by 3.8%. As set out in the policy, this means the weekly income tables used to award the agreed level of relief are revised as follows;

	Household composition									
Award band	SINGLE		COUPLE		1 CHILD		2 CHILD		3 OR MORE CHILD	
	FROM	TO	FROM	TO	FROM	TO	FROM	TO	FROM	TO
1 - 100%	£0.00	£98.00	£0.00	£154.00	£0.00	£180.00	£0.00	£249.00	£0.00	£318.00
2 - 80%	£98.01	£135.00	£154.01	£196.00	£180.01	£222.00	£249.01	£291.00	£318.01	£359.00
3 - 60%	£135.01	£171.00	£196.01	£238.00	£222.01	£265.00	£291.01	£333.00	£359.01	£402.00
4 - 40%	£171.01	£209.00	£238.01	£280.00	£265.01	£306.00	£333.01	£376.00	£402.01	£444.00
5 - 20%	£209.01	£245.00	£280.01	£323.00	£306.01	£349.00	£376.01	£417.00	£444.01	£486.00
6 - 0%	£245.01		£323.01		£349.01		£417.01		£486.01	

25 Flexible use of capital receipts

25.1 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.

25.2 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. This flexibility is in place until 2030.

25.3 Flexible use of capital receipts can be used to fund the costs of some transformation. With this in mind a refresh to the Councils flexible use of capital receipts policy will come forward once more detailed business cases are developed for invest to save projects which will be able to draw upon the capital receipts pipeline approved at the October 2025 Cabinet.

26 Risk

26.1 Setting a budget is an exercise rooted in forecasting, which inevitably involves making a series of informed assumptions and scenario planning. Forecasting budgets is inherently risky because it requires making predictions about future conditions based on current information, historical data, and informed assumptions. However, the future is shaped by a complex mix of variables—such as changing government policies, economic fluctuations, demographic shifts, and unforeseen local events—that can quickly alter anticipated needs and costs. Even with careful scenario planning, the unpredictability of external factors means budget estimates are always subject to uncertainty, making it difficult to guarantee accuracy and stability in financial planning.

26.2 As a result, inherent risk is built into the budgeting process. Dorset Council, therefore, must remain agile, continually monitoring actual performance against budget and being prepared to implement mitigation measures if risks start to materialise or assumptions prove incorrect. This ongoing scrutiny and adaptability are essential to managing the volatility and uncertainty that underpin public sector financial planning.

<u>Risk: Inherent volatility in the level of need for services</u>

26.3 The inherent volatility in the level of need for services for vulnerable people who rely on councils stems from a range of unpredictable and interrelated factors. Demand can fluctuate rapidly due to demographic changes, such as an ageing population or shifts in family structures, as well as sudden economic pressures or public health crises. Additionally, localised events—like changes in benefit entitlements, or new legislative requirements—can all lead to unexpected increases in the number of residents requiring support. This volatility makes it challenging for councils to accurately forecast service needs and allocate resources efficiently, necessitating flexible and responsive planning to meet the evolving requirements of vulnerable individuals in the community.

26.4 The continued economic uncertainty means there remains considerable risk around our planning assumptions for growth in the levels of need 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 grow more quickly than the resources available.

Risk: Demographics

26.5 Dorset in particular face significant demographic pressures compared to the rest of England which drives an ongoing reliance on adult social care services. Alongside this, councils across the Southwest face rising levels of need for children's services and significant inflationary pressures continue to be felt across all commissioned service areas

26.6 For context, as an example, 31.0% of Dorset's current population is 65 and over (the highest of any unitary authority). This is significantly higher in comparison to the national picture, where 18.9% of the national population is aged 65 or over. The 80 and over population is currently 9.4% of Dorset's population, almost one in ten. The number of people 80 and over is expected to increase by 36% over the next 10 years, creating significant and sustained demand on its adult social care services. Dorset's proportion of population over 50 years old also could impact labour supply to our economy as health issues such as diabetes and hypertension may have the dual impact of reliance on health and care support, as well as reducing the local labour supply.

Risk: Transformation and savings

26.7 Included within the proposals are a significant range of savings required to be delivered through transformation across all services as well as the council wide OFC programme. As mentioned earlier in the report there is an inherent risk in any transformation programme which relies upon sound planning, to ensure the required work can and is completed in sufficient time to realise the required savings.

26.8 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.

Risk: Inflation

26.9 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.

26.10 There is also still significant inflationary pressure in the economy with recent increases to inflation. The November 2025 inflation rate (CPI) was 3.2%.

26.11 Our approach to inflation to provide directorates with funding for general inflation at 2.5% with the requirement for services to manage inflationary uplifts within this envelope. Uplift requests will remain centrally co-ordinated by a senior officer group which will have some scope to mitigate where inflationary uplifts exceed the general provision.

26.12 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.

Risk: High Needs Block

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

26.14 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.

26.15 The delays to the Government whitepaper on SEND and lack of clarity on how cumulative and future DSG deficits will be managed means there remains a significant risk for Dorset.

26.16 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 to finance the ongoing level of need nationally, the Council must therefore plan for the known situation, which is the ending of the override in March 2028. This is a position that many upper tier councils are in nationally; it is not unique to Dorset.

Risk: Future national strategy implementation

26.17 As referenced earlier in the report, when looking at how the mix of grant vs council tax funding has changed for Dorset grants previously received by the Council have been discontinued or have a different method of calculation. Nationally this has meant that more funding is going to other parts of the Country and the pressures of delivering services across a rural county are less impactful on the settlement.

26.18 There is a risk that this redistribution of resources continues to poorly serve Dorset and so is a major risk to long term financial sustainability.

Risk management and reporting

26.19 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.

27 Reserves, balances, contingency and resilience

General funds

27.1 As reported in the 2024/25 outturn report General Fund reserves were £31.6m with earmarked reserves totalling £114m.

27.2 In 2018 the Shadow Council commissioned an independent report from the Charted 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 that this approach is continued for 2026/27 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 £24.131m.

27.3 Due to the sustained level of financial pressure faced in recent years is likely to require to draw upon its reserves to manage emerging overspends. However, it is important to note that the preferred approach remains to mitigate such pressures from within service budgets wherever possible, rather than relying on reserves. This strategy not only supports long-term financial resilience but also encourages a culture of cost control and efficiency within individual services.

27.4 **[Draft paragraph until Cabinet papers are published]** As mentioned earlier in this report the Quarter 3 finance report on the Cabinet agenda for January 2026 flags that the current level of overspend could mean the Council is required to use its General Fund reserve, resulting in a balance of **[TBC for Cabinet]**

27.5 A further update on the General Fund position as at 31 March 2026 will be included in the 2025/26 outturn report presented to Cabinet in the summer of 2026.

Other reserves and reserves strategy

27.6 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.

27.7 As with the general fund reserve, reserve balances will be reduced as a result of the overspend. To protect the general fund, a review of earmarked reserves may need to take place.

Contingency budget

27.8 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.

27.9 For 2025/26, held the following contingencies

Title	Value	Purpose	2025/26 Status
General contingency	£4.9m	This reserve provided funding for the pay award and general offset against overspends. This is forecast to be fully deployed.	Fully used
National Insurance / Inflation	£4.5m	Provided funding to offset complexities of inflation due to demand and government changes to national insurance.	Fully used
Council Plan & Cost of Living	£1.5m	£1m support delivery of the Council Plan £500k for continuing the Cost of Living Fund	Fully used
Extended Producer responsibilities	£2.1m	To meet the new cost of changes to service delivery.	Fully used

27.10 For 2026/27 the Council has £8.5m in contingency.

Title	Value	Purpose
General contingency	£5.0m	Providing funding for the pay award and general offset against overspends. This is forecast to be fully deployed. and provided for some fairly specific risks around inflation and pay award costs being in excess of funding provided in services own base budgets.
Inflation	£2.5m	To offset inflationary pressures.
Council Plan & Cost of Living	£1.0m	£0.5m to support delivery of the Council Plan. (Note: £0.5m remains held in Contingency after allocating £0.5m recurrently to services) £0.5m for continuing the Cost of Living Fund.

Resilience

27.11 The general fund level, earmarked reserves, and contingency budget all strengthen resilience through a well-structured budget process.

27.12 The Council continues to enhance its value for money framework, regularly reporting to the Audit & Governance Committee. This principle is vital to effective governance and must guide financial decisions, especially as financial pressures and rising costs impact the Council's cash-limited budgets while maintaining quality services for residents.

28 Capital programme (The Capital Programme section is draft ahead of the Q3 Finance management paper being presented to Cabinet)

28.1 A review of the capital programme has been undertaken to ensure that it remains deliverable and aligned with strategic priorities, it is essential to right-size the programme to match realistic delivery capacity. Limiting the annual capital programme to achievable levels reduces the risk of overcommitment, under-delivery, and misalignment with organisational objectives. This approach promotes effective resource management and strengthens confidence in delivery outcomes.

28.2 To support robust governance and accountability, the introduction of three formal gateways for capital projects is recommended: (1) Business case approval by Cabinet, (2) Budget allocation by Cabinet, and (3) Procurement approval by Cabinet or delegated authority. These checkpoints will provide clear oversight, ensure projects are properly scoped and funded, and maintain control throughout the delivery lifecycle.

28.3 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. Any further projects or requests requiring Council finance which is achieved through borrowing will need to be funded within that ceiling by deprioritising existing projects.

28.4 There are opportunities to deliver additional projects through exploring the following options:

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.

2) **Increased capital receipts** – the capital programme assumes £12.9m 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.

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 6%. 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.

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.

28.5 The latest capital strategy and capital programme for the MTFP period, which totalled almost £550m, was agreed by Cabinet in February 2025.

28.6 Following the capital programme review, the current approved projects result in a total programme of £316.0m over five years, as summarised in the table below.

Capital Programme	**Total Budget**					
	2025/26	**2026/27**	**2027/28**	**2028/29**	**2029/30**	**Total Budget 25/26-29/30**
Full external funding	38,402	29,204	33,440	36,856	42,700	180,602
Partial external funding	14,843	0	0	0	0	14,843
Partial external funding	15,220	14,658	3,011	1,460	0	34,349
Council funded	9,065	9,536	10,659	(14,715)	(14,513)	32
Funded from other Reserves	0	0	0	0	0	0
Capital Receipts Applied	9,900	1,000	1,000	1,000		12,900
Minimum Revenue Provision	11,241	12,972	14,602	16,499	16,749	72,063
Self Funded	1,596	0	0	0	0	1,596
Total funding	**100,267**	**67,370**	**62,712**	**41,100**	**44,936**	**316,385**

28.7 In addition to the agreed programme, there is a pipeline of emerging projects that have not yet progressed through the required gateway approvals.

Capital Programme Pipeline	**Total Budget**					
	2025/26	**2026/27**	**2027/28**	**2028/29**	**2029/30**	**Total Budget 25/26-29/30**
Full external funding	585	0	0	0	0	585
Partial external funding	17,127	38,839	14,463	0	0	70,429
Partial external funding	0	0	15,230	22,396	17,687	55,313
Council funded	16,593	50,391	41,674	35,292	19,008	162,958
Self Funded	698	4,174	4,174	3,850	3,850	16,746
Total funding	**35,003**	**93,404**	**75,541**	**61,538**	**40,545**	**306,031**

28.8 Appendix 3 contains full list of projects.

28.9 This, along with the approved budget and updates since that date, mean a programme of £616m for the next five years, as summarised in the table below. Increases in the Minimum Revenue Provision budget (MRP) and Interest Paid budget have been factored into the 2026/27 revenue budget to meet the needs of the capital programme set out.

28.10 There are likely to be further requests for projects and programmes that arise during the year through funding from external resources. The Capital Strategy and Asset Management Group (CSAMG) which is chaired by the Executive Director for Place will review business cases for all projects before seeking approval in accordance with the Councils scheme of delegation. Given the pressures faced over the life of this MTFP CSAMG will need to be mindful of the revenue implications of all projects and act accordingly.

29 Engagement with and scrutiny of the budget [Draft section for scrutiny committees which will be updated based on actual scrutiny feedback ahead of Cabinet]

29.1 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.

29.2 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 2025. Following this, was a good level of member engagement before during and after the three informal briefing events that took place between October 2025 and January 2026 prior to the meeting of the People and Health Scrutiny Committee and the Place and Resources Scrutiny Committee in January 2026. Feedback from both Committees along with Cabinet responses is set out in [Appendix 6 available for Cabinet] for consideration and recommendation to full Council in February 2024.

30 Consultation & engagement

30.1 The 2026/27 budget proposals are driven by the new Dorset Council Plan and priorities

Public engagement

30.2 Dorset Council undertook an engagement exercise in November 2025 to help inform the decision making. This exercise provided an online budget simulator tool which residents could use to have a go themselves at setting an illustrative version of the council's budget, including making allocations for different services and setting the level of council tax. 745 residents submitted responses and a report summarising these responses has been published on the council's website and shared with members.

Consultation

30.3 The process of setting Council Tax involves consultations with:

1) **major precepting authorities:** including the Office of the Police and Crime Commissioner, the Dorset and Wiltshire Fire and Rescue Service,
2) **local precepting authorities:** such as town and parish councils.

30.4 During this, 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.

30.5 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.

30.6 The Executive Director for Place and their management team also regularly engage and consult 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.

31 S151 Officer assurance

[This section is draft until final report presented to Council]

Statutory context

31.1 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.

31.2 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.

31.3 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.

Approach to financial management

31.4 The Council has well-developed arrangements for financial monitoring during the year. Budget performance is formally reported quarterly through the Cabinet and scrutinised by several other committees, including Audit & Governance Committee which also receives quarterly reports. 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.

31.5 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.

Budget development

31.6 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.

31.7 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 2026. 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.

Control mechanisms required

26.9 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.

26.10 The 2026/27 budget is reliant on a scale of savings and transformation which the Council has not previously been required to achieve and therefore a scale not previously required to be delivered. 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.

26.11 As a result the spend control measures put in place during 2025/26 in regard to approval of expenditure and recruitment will remain in place during 2026/27 until such a time as there is delivery of the required savings to warrant relaxing these controls.

Impact of settlement

26.12 The Government has set out multi-year settlements allow us to be more certain over funding arrangements beyond the first year of our MTFP. This provides more certainty over the challenges to be faced and has put increased pressure on service redesign and transformation being the route to financial sustainability if Dorset is to avoid service cuts. In anticipation of a challenging multi-year settlement following the review the Council has an earmarked reserve. This can be drawn upon to meet an overspend in 2026/27 and so provides further reassurance of the robustness of the Council's overall financial standing.

26.13 Taking all these factors into consideration, I consider that:

1) the estimates prepared in line with the strategy explained in this report to be robust, including the existence of a contingency budget.
2) 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, with a specific reserve earmarked to support the impact of the settlement.
3) Deferring of the end date of the Regulations around the DSG overspend is helpful in providing this assurance for 2026/27 but the longer-term risk remains.

26.14 It must be noted that this statement is drafted on the presumption that Government will find a solution towards dealing with (and accounting for) the accumulated Dedicated Schools Grant deficit prior to the end of 2027/28, when the current statutory override is due to end. That is a considerable financial risk, and if a resolution to this is not forthcoming (in the financial year 2026/27) then the financial viability of the Council would need to be reconsidered.

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 multi-year settlement provides a fresh opportunity for local government to invest effectively in future service strategy and ensure financial sustainability.

27.2 There are clearly still challenges ahead meaning the Council started planning for 2026/27 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 **[Draft until Cabinet]** 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 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.

Sean Cremer
Corporate Director – Finance and Commercial (Acting Section 151 Officer)

Appendix 1a – Budget summary

Original Budget 2026/27						
	Pay £'000	Non-Pay £'000	Fees & Charges £'000	Grants & Contrib'ns £'000	Reserve Movements £'000	Net Budget £'000
People Services - Adults	**36,821**	**259,282**	**(91,008)**	**(13,210)**	**(261)**	**191,624**
Service user related	124	235,303	(80,212)	(5,059)	0	150,156
Adult Care Ops	22,923	1,179	(1,517)	(106)	0	22,479
Commissioning and Improvement	4,360	14,177	(5,219)	(5,291)	(261)	7,767
Directorate Wide	1,099	1,072	(89)	(45)	0	2,037
Housing and Community Safety	8,315	7,551	(3,972)	(2,708)	0	9,185
Corporate Development	**46,903**	**66,772**	**(12,471)**	**(51,938)**	**(3,951)**	**45,315**
Finance & Commercial	13,836	58,398	(8,053)	(51,605)	(643)	11,933
Workforce & People	3,968	274	(2,067)	0	(417)	1,759
ICT Operations	5,474	5,314	(1,439)	0	(85)	9,264
Directors Office	(659)	19	0	0	0	(640)
Strategy, Performance and Sustainability	12,582	2,493	(776)	(333)	(705)	13,260
Customer Hub	2,087	0	0	0	0	2,087
Business Support	3,110	0	0	0	0	3,110
Chief Executive Office	1,106	211	(84)	0	0	1,233
Transformation, Customer & Cultural Services	5,401	64	(53)	0	(2,101)	3,310
Place	**60,826**	**115,358**	**(65,223)**	**(5,248)**	**(292)**	**105,421**
Highways, Engineering and Transportation	17,358	63,381	(25,224)	(4,728)	(691)	50,096
Waste Reduction and Greenspace	25,963	32,940	(18,636)	(236)	(138)	39,894
Economic Development	1,847	2,896	(3,720)	0	694	1,717
Leisure, Arts & Culture	1,910	3,494	(2,006)	0	8	3,407
Directors Office	(316)	127	(16)	0	0	(206)
Assets and Property	3,247	11,593	(8,181)	0	54	6,713
Planning	10,817	927	(7,441)	(284)	(218)	3,802
People - Children	**51,295**	**63,978**	**(8,269)**	**(11,880)**	**0**	**95,124**
Quality and Assurance	4,732	112	(670)	(19)	0	4,154
Care & Protection	20,824	47,934	(1,159)	(4,976)	0	62,622
Commissioning & Partnerships	5,773	3,921	(2,922)	(270)	0	6,502
Education & Learning	16,461	3,768	(2,543)	(1,741)	0	15,945
Director's	3,506	8,244	(976)	(4,874)	0	5,900
B2SA	**3,208**	**8,307**	**(842)**	**0**	**0**	**10,674**
Team	3,208	66	(279)	0	0	2,994
Childrens	0	5,167	(563)	0	0	4,604
Adults	0	3,075	0	0	0	3,075
Legal & Democratic	**7,271**	**3,437**	**(1,612)**	**0**	**0**	**9,096**

Original Budget 2026/27						
	Pay £'000	Non-Pay £'000	Fees & Charges £'000	Grants & Contrib'ns £'000	Reserve Movements £'000	Net Budget £'000
Assurance	1,252	623	(16)	0	0	1,859
Democratic & Elections Services	1,073	2,248	(50)	0	0	3,271
Land Charges	489	1	(807)	0	0	(318)
Legal Services	3,437	149	(187)	0	0	3,399
Archives	1,021	417	(552)	0	0	885
Public Health & Protection	**9,253**	**15,328**	**(4,702)**	**(15,567)**	**0**	**4,312**
Community and Public Prevention	5,883	2,387	(3,958)	0	0	4,312
Public Health	3,370	12,940	(744)	(15,567)	0	0
Central Finance	**11,092**	**17,309**	**(4,107)**	**(19,252)**	**16,001**	**21,042**
General funding	9,385	0	(47)	(19,153)	774	(9,041)
Capital financing	0	16,463	(4,060)	0	6,673	19,076
Contingency	0	0	0	0	8,554	8,554
Precepts	0	846	0	(100)	0	746
Retirement Costs	1,707	0	0	0	0	1,707
Total Non Schools Budget	**226,670**	**549,772**	**(188,235)**	**(117,096)**	**11,497**	**482,609**
Schools Budget	0	387,230	0	(387,230)	0	0
Budget Requirement	**226,670**	**937,002**	**(188,235)**	**(504,326)**	**11,497**	**482,609**

Funding	
Council Tax	(362,840)
Business Rates	(58,926)
Revenue Support Grant	(60,843)
Total Funding	**(482,609)**

Appendix 1b - Cost type analysis – budget 2026/27

Cost Type	Original Budget 2026/2027 £'000
Internal Charges (Expenditure)	11,615
Authority (Democratic) Costs	2,058
Pay Related Costs	226,670
Premises Related Costs	23,926
Transport Related Costs	38,279
Supplies and Services	530,262
Transfer Payments	132,484
Levies & Precepts	846
Third Party (Contracted Out) Payments	196,525
Net Schools Budget	1,007
Contingency and Movement in Reserves	16,493
Gross Expenditure	**1,180,166**
Government Grants (Specific)	(504,326)
Income, Fees & Charges	(193,231)
Gross Income	**(697,557)**
Budget Requirement	**482,609**
Council Tax	(362,840)
Business Rates	(58,926)
Revenue Support Grant	(60,843)
Total Funding	**(482,609)**

Appendix 1c - Dorset Council restated starting budget summary

	Adjusted base budget 25/26	Movement between Directorates (e.g OFC)	Movement between Directorates of Fairer Funding	Restated base budget 25/26
People - Children's	**£83,522,396**	(£3,336,939)	£9,764,363	**£89,949,820**
Birth 2 Settled Adulthood	**£9,220,600**	(£212,700)	£0	**£9,007,900**
People - Adults & Housing	**£166,466,437**	(£1,655,705)	£14,471,603	**£179,282,335**
Public Health & Prevention	**£3,999,028**	£0	£0	**£3,999,028**
Place	**£108,778,721**	(£2,775,248)	£0	**£106,003,473**
Corporate Development	**£50,404,198**	£5,965,272	£0	**£56,369,470**
Service Budgets	**£422,391,380**	**(£2,015,321)**	**£24,235,966**	**£444,612,025**

Central Budgets	**(£5,239,075)**	£2,015,321	£22,304,356	£19,080,602
Total Budget	**£417,152,305**	**(£0)**	**£46,540,322**	**£463,692,627**

As part of setting the 2026/27 budget there have been two major realignment of service budgets shown in the table above.

The first is the movement of budget between directorate headings for service restructures. For example the OFC changes shown see a number of service areas centralised under Corporate Development. The movement of can be seen in the above table.

The second movement is the realignment of grant funding as a result of changes to the way funding is distributed as a result of the Fair Funding Review 2.0 Consultation. The provisional LGFS for 2026/27 sees a number of previously separately identifiable grants consolidated. As a result this see the amount of Revenue Support Grant (RSG) increase from £1.8m in 2025/26 to £60.8m 2026/27 with the majority of the increase coming from consolidating these grant streams not NEW funding. This realignment of budgets is cost neutral to services in terms of available resources but does have the effect of increasing the net budget shown for the affected Directorates. As a result of the changes to Government funding historical comparison of budgets risks being inaccurate.

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

Adults and Housing

Baseline changes		**Description**
Pay inflation	£1,203,713	Council wide: Forecast impact of 26/27 Pay award
General Inflation	£5,762,201	Council wide: Impact of inflation
Fees and Charges income	(£3,622,692)	Council wide: Impact of the uplift in fees and charges
Gas and Electricity costs	£2,792	Council wide: Impact of forecast changes to utility costs
Cost of increments	£460,000	Council wide: Impact of staffing increments
Grants centralised in Fairer Funding model	£14,471,603	
Pension - employer's contribution adjustment	(£877,790)	The preliminary results of the actuarial valuation has provided some updated contribution rates from 2026/27. This adjustment reflects the reduced primary pension contribution transferring from the directorates back to Central to fund the secondary rate pension contribution.
Our Future Council year 1 workforce changes	(£1,655,705)	This reflects the transfer of employees from directorates to Corporate Services to work in the new Customer Hub, Business Support Hub and Transformation Management Office. Total budget transfer reflects £2.63m savings realised through Our Future Council year 1.
Pressures		
Care Package Growth	£11,405,000	Growth ask to support 4415 people with packages of care at an average cost of £887.11 per week. Care packages include care home placements, home care support, supported living, extra care, and direct payments.
Safeguarding resource	£140,000	Growth request for additional resources to meet increasing demand.
Mental Capacity Act resource	£250,000	Growth request for additional resources to meet increasing demand.
Prevention Contract	£444,000	Proposed reduction in the Prevention contract for 2025/26 was funded as a one-off and scheduled for review in 2026/27. It was determined that reducing the contract would increase costs in other areas of the Directorate, outweighing the intended saving.
Non-achieved Adult Social Care pay saving	£950,000	Prior-year pay savings that have not been permanently offset. Adult Social Care resource is considered critical to maintain service delivery.
Housing resource	£214,000	Growth request for additional funding to support critical unfunded posts within the Housing Directorate.

Redistribution of Public Health Grant funding	£284,233	The Public Health grant must be used for areas within its conditions. Following a review, Community Safety was identified as a statutory service that does not align with these conditions. As a result, funding has been withdrawn, and the grant will instead support other compliant areas within the Council.
Savings		
Transport Offer	(£200,000)	We are reviewing the provision of transport for carers and next of kin who live further away from the care home placement offered to their relative. This work will help us to use our fleet more efficiently and it also links to our future model for day opportunities and supports our ambition to achieve Age-Friendly status, ensuring families remain connected and individuals maintain strong social links.
Working Age Accelerator	(£750,000)	We are undertaking a review of the working age offer to ensure provision is focussed on individual strengths and desired outcomes. The approach promotes independence and choice by considering the least restrictive options, making better use of technology, and supporting positive risk-taking where appropriate.
Future Care Programme	(£2,900,000)	System wide end to end transformation programme with the aim of supporting more people to avoid a hospital stay, or to return home more quickly and to live more independently following a hospital stay
Provision of careline subscriptions	(£200,000)	The Council is reviewing its current offer for Careline subscriptions to ensure it remains affordable, sustainable, and aligned with residents' needs. This review will consider service accessibility, pricing structure, and options for future delivery models to maintain quality and support independence for individuals who rely on Careline services.
Self Funder Offer	(£75,000)	Local authorities are increasingly focused on ensuring fair and sustainable cost recovery for individuals who fund their own care. This includes recovering appropriate charges for services provided to self-funders and managing transitions when individuals' personal resources are depleted and they become eligible for local authority support. The aim is to maintain equity, financial sustainability, and compliance with statutory guidance, while supporting people to access care without disruption.
Vacancy factor increase to 3%	(£599,000)	Vacancy factor increase across Directorate.

Adults and Housing current base budget for 2026/27	**£191,173,791**

Appendix 1e - Children's Services – summary of movements – pressures and savings

Baseline changes		Description
Pay inflation	£1,660,426	Council wide: Forecast impact of 26/27 Pay award
General inflation	£900,472	Council wide: Impact of inflation
Fees and Charges income	(£181,099)	Council wide: Impact of the uplift in fees and charges
Gas and Electricity costs	£17,928	Council wide: Impact of forecast changes to utility costs
Grants centralised in Fairer Funding model	£9,764,363	
Cost of increments	£610,000	Council wide: Impact of staffing increments
Pension - employer's contribution adjustment	(£1,247,985)	The preliminary results of the actuarial valuation has provided some updated contribution rates from 2026/27. This adjustment reflects the reduced primary pension contribution transferring from the directorates back to Central to fund the secondary rate pension contribution.
Our Future Council year 1 workforce changes	(£3,549,639)	This reflects the transfer of employees from directorates to Corporate Services to work in the new Customer Hub, Business Support Hub and Transformation Management Office. Total budget transfer reflects £2.63m savings realised through Our Future Council year 1.
Pressures		
High Needs Block Recharges	£200,000	The High Needs Block is money used to support children and young people with special educational needs or disabilities who require help beyond what schools normally provide. In previous years, some costs have been recharged to the High Needs Block. We are no longer able to do this because the circumstances of those children have changed eg they are older or at different schools, and therefore no longer meet the criteria to recharge.
Increase growth of children in care	£5,070,000	We have been working with an external partner that has predicted an increase in the numbers and costs of children coming into care.
Increased funding to provide additional support for children with special educational needs and disabilities that is not covered by the High Needs Block above	£500,000	There is an increase in the numbers of children and young people who need support and the cost of that support is also increasing so we have to increase our budget accordingly.
Increased funding for residential Children's homes that are run by Dorset Council	£445,740	We are opening an additional children's home so the additional cost is for its operation.
Budget movement from Children's to B2SA	£212,700	The movement of pay and partner contributions from Children's to B2SA, ensuring contributions and expenditure is reflected in the appropriate service.
Fostering: Increased fees, allowances and expected growth	£1,300,000	It is better for our children and better for Dorset Council to use our own foster carers wherever possible rather than those provided by agencies. This includes an inflationary increase for the money we pay to our foster carers and enables us to remain competitive against agency fees. We also plan to increase the number of in-house foster carers.

Additional Kinship Service Social Workers	£183,000	We would like more children to stay with extended family if they are unable to be with their birth parents. We need to increase the support to kinship carers and enable more assessments to take place.
Youth Fund	£100,000	We are committed to making Dorset the best place to be a child and this money provides a base budget of £200k to support activities for young people.
Services to reduce the risk of children coming into care	£300,000	This funding helps children who need extra support to stay safe and healthy. The council can provide services or financial help to families when it’s essential for a child’s welfare. This might include practical assistance, temporary accommodation, or essential items.
Non-achieved transformational saving	£1,622,000	The initial savings target for digital savings was ambitious and has partly been achieved over the past 4 years. Our future ambitions for digital solutions in Children's services are now included within our whole council transformation programme, including Our Future Council.
Savings		
Various initiatives to reduce the spend on Children in Care, primarily to reduce the number of Children in Care	(£4,200,000)	We are working with our external partner on our transformation programme to manage Children in Care need and reduce the overall costs. We are focused on ensuring children are in the right homes for them.
More places in children's homes run by Dorset Council	(£557,585)	By opening a new children's home, which Dorset Council will run, we will spend less with external providers
Additional income from other councils	(£100,000)	Income that we get from helping other local authorities to set up their programmes of improvement.
Savings made because of a new way of working	(£500,000)	A change to our locality model to both improve outcomes for children, young people and families and create efficiencies.
Introduce AI to support Special Educational Need (SEN) processes	(£300,000)	The use of AI will help us to improve the quality and timeliness of EHCP (Education Health and Care Plan) application process which means we do not need to employ additional workers.
Reduction in costs under section 17	(£200,000)	Section 17 funding helps children who need extra support to stay safe and healthy but we do not need to spend as much this year as previous years.
Overall budget reduction	(£164,000)	There are some non-statutory budget areas which we no longer need to include in our budget.
Additional income	(£162,500)	From partner organisations to meet national legislation and the needs of children
Outdoor Education	(£122,000)	Continue to adapt the Outdoor Education Service so that the income it generates pays for its running costs.
Children's current base budget for 2026/27	**£95,124,217**	

Appendix 1f - Birth to Settled Adulthood – summary of movements – pressures and savings

Baseline changes		**Description**
Pay inflation	£86,570	Council wide: Forecast impact of 26/27 Pay award
General Inflation	£155,516	Council wide: Impact of inflation
Fees and Charges income	£0	Council wide: Impact of the uplift in fees and charges
Gas and Electricity costs	£0	Council wide: Impact of forecast changes to utility costs
Cost of increments	£0	Council wide: Impact of staffing increments
Pressures		
Non-achieved savings target	£1,000,000	Savings targets were originally set for the Birth to Settled Adulthood programme early in its development. As the programme has matured, it has become clear that these savings are not achievable due to rising demand and the complexity of needs being supported.
Increased need	£700,000	Over the past year, demand for services has increased significantly, which has resulted in a higher growth requirement within the 2026/27 budget.
Budget movement from Children's to B2SA	(£212,700)	The movement of pay and partner contributions from Children's to B2SA, ensuring contributions and expenditure is reflected in the appropriate service.
Additional partner contributions	(£187,500)	Reflecting the additional partner contributions expected towards support packages, reflecting the changes in need the service is experiencing.
Savings		
Open internal short breaks provision	(£88,750)	Internally operated short breaks home scheduled for opening in the year. Funding has already been secured. Estimated November opening. (Will save money and will be a good news story for an area of deprivation (Portland) when it opens)

B2SA current base budget for 2026/27	**£10,673,736**

Appendix 1g - Place – summary of movements – pressures and savings

Baseline changes		**Description**
Pay inflation	£1,927,992	Council wide: Forecast impact of 26/27 Pay award
General inflation	£1,808,072	Council wide: Impact of inflation
Fees and Charges income	(£2,538,552)	Impact of council-wide uplift in fees and charges
Gas and Electricity costs	£232,890	Council wide: Impact of forecast changes to utility costs
Cost of increments	£700,000	Council wide: Impact of staffing increments
Pension - employer's contribution adjustment	(£1,423,391)	The preliminary results of the actuarial valuation has provided some updated contribution rates from 2026/27. This adjustment reflects the reduced primary pension contribution transferring from the directorates back to Central to fund the secondary rate pension contribution.
Increased vacancy factor	(£741,000)	Vacancy factor increase to 3%
Our Future Council year 1 workforce changes	(£2,775,248)	This reflects the transfer of employees from directorates to Corporate Services to work in the new Customer Hub, Business Support Hub and Transformation Management Office. Total budget transfer reflects £2.63m savings realised through Our Future Council year 1.
Pressures		
Dorset Travel growth	£700,000	Estimate for costs of SEND in 2026/27 over and above the inflationary uplift (price increases and increased volumes)
Waste cost volatility	£615,700	Estimate for waste disposal based on latest known price information for recyclate, glass etc, tonnages, and inflation correction.
Weymouth 2040	£450,000	Budget required to deliver regeneration, clean energy and economic growth priorities and to attract inward investment
Removal of DFE funding for Joint Use leisure centres	£189,312	Withdrawal of central government funding.
Cost of dealing with POPS (persistant organic pollutants) waste at HRCs	£106,000	Costs passed on from contractor due to legislation.
Additional disposal costs due to expected green waste tonnages	£91,000	Additional disposal costs due to expected green waste tonnages
Somerley Cross Border Usage - costs from Hampshire Council	£60,000	Estimate based on increased costs seen in 2024/25 and 2025/26.

Additional resource on transport analysis	£50,000	
Closed Landfill	£38,000	Estimate for increase in testing / inspection costs based on latest costs seen.
HRC Premises	£20,000	Estimate for increase in rents / rates etc based on latest costs seen.
Savings		
Deleting posts that have remained vacant	(£864,656)	Permanent posts removed March/April 2025.
Reviewing the detail of SEND transport provision such as route optimisation to make it more effective and efficient.	(£500,000)	Further reviews to find efficiencies in SEND transport arrangements
Deleting posts that continue to remain vacant in the financial year	(£450,000)	Further post removals to take place in 2026/27.
Reduce the total grant allocation for sports in the community and arts/culture from £575k to £500k (this does not affect our leisure centres).	(£75,000)	Reduce the total grant allocation for leisure and the arts from £575k to £500k.
Reduction in street lighting costs through procurement	(£412,488)	Estimate based on current expectations of energy prices.
New digital technology for planning enforcement services reducing the need for temporary staff.	(£240,000)	Remove cost of additional temporary staff.
Commercial waste income	(£175,000)	New digital self-serve system will save time and bring in more income.
Increase in garden waste customers is generating more income.	(£91,000)	Increase over and above the corporate uplift, to compensate for expected increase tonnages.
New Household Recycling Centre booking system will reduce cross border usage and save money.	(£60,000)	Reliant upon HRC booking system.

Place current base budget for 2026/27	**£105,421,352**

Appendix 1h - Public Health and Protection – summary of movements – pressures and savings

Baseline changes		Description
Pay inflation	£183,098	Council wide: Forecast impact of 26/27 Pay award
General Inflation	£47,500	Council wide: Impact of inflation
Fees and Charges income	(£186,570)	Council wide: Impact of the uplift in fees and charges
Gas and Electricity costs	£4,937	Council wide: Impact of forecast changes to utility costs
Cost of increments	£50,684	Council wide: Impact of staffing increments
Pension - employer's contribution adjustment	(£135,898)	The preliminary results of the actuarial valuation has provided some updated contribution rates from 2026/27. This adjustment reflects the reduced primary pension contribution transferring from the directorates back to Central to fund the secondary rate pension contribution.
Pressures		
Bereavement Services maintenance cost increase	£22,000	The equipment at Weymouth Crematorium is aging, and as a result, maintenance costs have risen beyond what was planned in the budget.
Bereavement Services income lower than expected	£80,000	Bereavement Services earned less income than forecast, creating a shortfall against the budgeted target for covering operational costs.
Planned savings in Regulatory Services were not delivered	£70,000	The service was due to be restructured, but this was postponed to allow for its transition into the new Public Health & Prevention Directorate.
Market Cornhill reduced income from rentals	£60,000	The budget planned for a certain level of income from Cornhill market stall rentals. However, demand was lower than anticipated, so fewer stalls were rented, resulting in a shortfall in rental income.
Market legacy savings target unmet	£67,300	The income generated from the markets did not fully cover the costs of providing them, leaving some expenses unrecovered. However, it remains important to offer markets as they continue to play an important role for local communities.
Anticipated savings target was not delivered for 2025/26	£50,000	Savings were expected to come from extra income, helping to reduce costs. However, with fewer customers than expected, the income target could not be met, leaving some savings unachieved.

Public Health and Protection current base budget for 2026/27	**£4,312,079**

Appendix 1i - Corporate Development and Legal & Democratic Services – summary of movements - pressures and savings

Baseline changes		Description
Pay inflation	£1,568,005	Council wide: Forecast impact of 26/27 Pay award
General inflation	£140,423	Council wide: Impact of inflation
Fees and Charges income	(£319,801)	Impact of council-wide uplift in fees and charges
Cost of increments	£477,019	Council wide: Impact of forecast changes to utility costs
Pension - employer's contribution adjustment	(£1,070,118)	Council wide: Impact of staffing increments
Increased vacancy factor	(£500,000)	Vacancy factor increase to 3%
Our Future Council year 1 workforce changes	£5,965,272	This reflects the transfer of employees from directorates to Corporate Services to work in the new Customer Hub, Business Support Hub and Transformation Management Office. Total budget transfer reflects £2.63m savings realised through Our Future Council year 1.
Pressures		
Increase in running costs for Customer Services out of hours service	£141,068	Due to changes to employment terms and conditions to our standby, overtime, and call-out rates for staff in the out of hours service.
Additional legal resource for adult court of protection cases	£100,612	Provide additional legal capacity to manage sustained high volume of adult court of protection cases.
Non-achieved procurement income and saving	£100,000	Projected income from commercial and sponsorship opportunities were found to be not feasible and a Supplier Incentive Scheme will be revisited in the future.
Communications restructure and investing in supporting the Armed Forces Covenant	£114,234	Addressing gaps in the council's communications and marketing function so it is ready and able to meet future organisational demand. Investing in resources as part of our ongoing commitment to support the Armed Forces Covenant as well as accommodate upcoming legislative changes that will devolve additional responsibilities to support the Armed Forces family to local government
End of contractual rebate income from schools	£73,800	Previously, income was received as part of contractual arrangements with maintained schools. These arrangements no longer exist largely due to academisation, and as a result, this income stream has ceased.
Non-achieved restructure saving across cultural services	£50,000	A proposed redesign of cultural services had been considered; however, after further analysis, the proposals were not feasible for 2025/26, and the reorganisation did not proceed at this time.
Additional cost to cover statutory purchasing templates	£12,000	The Procurement Act 2023 introduced new statutory requirements for public sector purchasing. To comply with these obligations, specific templates are now mandatory.

Savings		
Collection of income made more efficient through advanced technology	(£481,500)	Using more digital tools to improve the recovery of debt.
Automation of financial assessments	(£50,000)	The introduction of Open Banking is expected to improve efficiency within the Financial Assessments Team.
Software to automate council tax within back office systems	(£211,000)	We will implement software to automate council tax transactions. Current processing is largely manual.
Planned changes with elements of the people and workforce function	(£100,000)	Redesign of services to ensure efficient, future proof and sustainable delivery
Review and rationalisation of digital systems across the organisation	(£85,000)	Ensure that the digital applications used within the authority meet organisational wide needs and are sustainable.
Planned changes within elements of the finance team	(£35,000)	Service redesign across specific elements of the finance team delivered through a review of chargeable services for non-general fund work.
Corporate current base budget for 2026/27	**£56,294,211**	

Appendix 1j - Central budgets – summary of movements

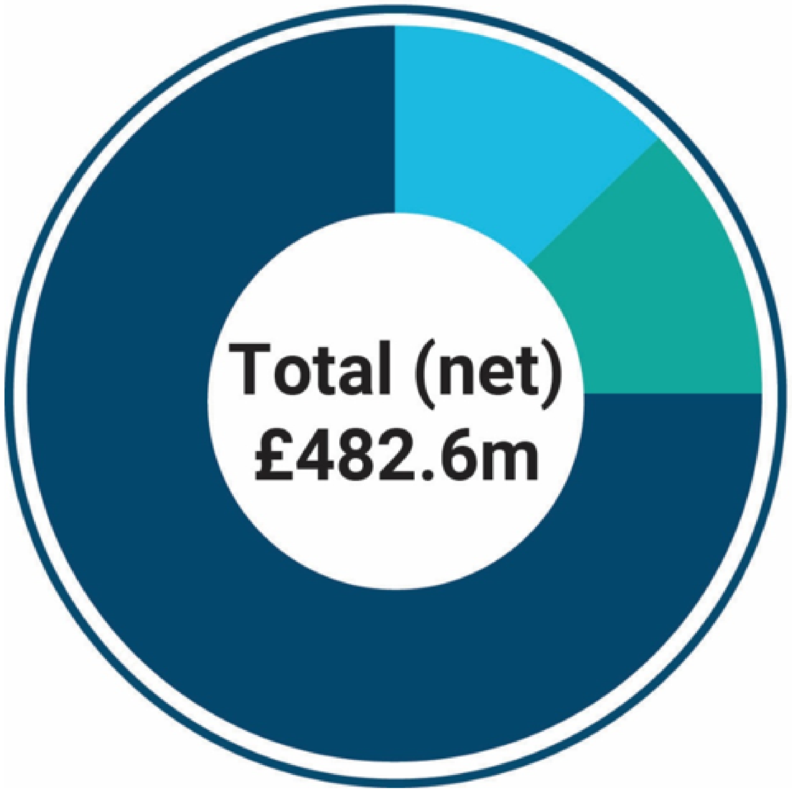
Baseline changes		Description
Pension - employer's contribution adjustment	£4,047,000	This is a budget movement as a result of early results of the pension review that show new contribution rates starting in 2026/27. This change means some pension costs will move from individual directorates back to Central to cover the secondary contribution rate.
Internal Our Future Council (OFC) transformation programme reduction in savings target	£3,600,000	The savings target for the OFC programme has reduced from £10m in 2025/26 to £6.4m in 2026/27.
Interest the council pays for capital programme borrowing	£2,500,000	This reflects the expected increase in borrowing costs for our capital programme.
Grants centralised in Fairer Funding model	£22,304,356	Grants previously shown net within service budgets are now shown centrally due to changes in how the Government provide funding to Councils as these service grants have now been consolidated into fewer grants.
Contingency adjustment - Higher than budgeted 2025/26 pay award increase (set nationally)	£2,500,000	The £2.5m for the additional pay award has been added back to the contingency. Inflation of the contingency budget.
Our Future Council (OFC) adjustment - Full year effect of the first phase OFC restructure	£2,015,321	This is a budget movement to reflect the overall budget saving achieved from the phase 1 restructure that forms part of the OFC programme.
Reduction in homelessness and temporary accommodation benefit subsidy	£1,337,530	This reflects a reduction in the recharge to Housing for non-recoverable homelessness expenditure. Reduction in benefit subsidy.
Discretionary council tax reliefs	£172,473	The discretionary reliefs relating to council tax weren't included in the 25/26 base budget.
Minimum Revenue Provision (MRP) adjustment	(£6,620,000)	A change to how the council calculates its annual charge to repay historic capital borrowing, affecting the timing and level of revenue costs.
Contingency adjustment - Reduction in contingency for inflation	(£1,508,299)	The amount held in the Contingency budget to fund inflationary costs has been reduced as it is anticipated that savings will be achieved through improvements in how we buy services.
Contingency adjustment - Reducing contingency Extended Producer Responsibility Funding	(£2,000,000)	This adjustment reflects the assumption that the EPR funding will continue, but will support the overall budget rather than being allocated to contingency.
Our Future Council - Commissioning & Procurement third party spend.	(£2,000,000)	This is the anticipated savings that will be achieved through reductions in third party spend during 2026/27.
Our Future Council - Future Design including Customer, Business Support, Strategic and Enabling	(£1,000,000)	This reflects the savings that will be achieved through delivering and enabling digital transformation through our contact centre and redesigning ways of working within our customer and strategic/enabling functions

Public Health funding for Voluntary and Community prevention related projects	(£500,000)	Funding from Public Health to support prevention and VCSE contributions.

Central Finance current base budget for 2026/27	**£19,609,306**

Appendix 1k
Sources of funding

2026/2027 - Dorset Council sources of funding



Council Tax £362.8m (75.2%)
The money we receive from our residents to pay for the services we provide

Retained Business Rates £58.9m (12.2%)
The money we receive from businesses such as shops, offices, hotels and factories

Revenue Support Grant and Fair Funding Assessment £60.8m (12.6%)
The funding we receive from central government in the form of revenue support grant

Appendix 2

Council tax resolution

(This item requires all preceptors to have set their budgets. Due to the date of the preceptors meetings taking place up until 10 February 2026, this information will be published on the day of the meeting)

Appendix 3

Capital Programme

Project Name	2025/26	2026/27	2027/28	2028/29	2029/30	Total Project Budget (Up to 29/30)
DFT Highways Allocation	26,997	28,005	33,190	36,856	42,700	167,748
Property Improvements Programme (R&M)	7,184	0	0	0	0	7,184
Lyme Regis Environmental Plan phase 4	209	0	0	0	0	209
Portland Underhil to Wyke Regis FCERM Strategy	99	0	0	0	0	99
PHNWS Cliff Monitoring Scheme	74	0	0	0	0	74
Chesil Sea Wall Study	11	0	0	0	0	11
West Bay Sediment Tracer Study	6	0	0	0	0	6
Weymouth Harbour & Esplanade FCRM Scheme	0	485	0	0	0	485
Wimborne Market	123	0	0	0	0	123
Swanage Beach Renourishment Scheme (OBC)	69	0	0	0	0	69
Weymouth FCRM OBC	824	0	0	0	0	824
ITS (Traffic Signals) Asset Replacement	295	251	0	0	0	546
Dorset Waste Infrastructure - Blandford site	8,140	8,057	0	0	0	16,197
Weymouth Quay Regeneration Project WPBC	71	0	0	0	0	71
EDDC Sewage Treatment Works Infrastructure Renewal	80	387	0	0	0	467
A354 Corridor Transport Improvements	0	100	100	772	0	972
B3078 Julian's Bridge, Wimborne – pedestrian and cycle link	26	500	1,769	0	0	2,295
Electric Vehicle charging Infrastructure - on DC Property	200	310	0	0	0	510
Weymouth Swannery Bridge Pedestrian/Cycle Link	90	1,000	1,000	688	0	2,778
Electric Vehicle Charging Points - on public property	373	345	250	0	0	968
Gore Clump Safety Scheme	371	0	0	0	0	371
A351 Wareham Access Improvement	526	850	0	0	0	1,376

Project Name	2025/26	2026/27	2027/28	2028/29	2029/30	Total Project Budget (Up to 29/30)
Upton Safety Scheme	385	237	0	0	0	622
Maumbury Cross Junction Improvement	1,195	0	0	0	0	1,195
Schools Access Initiatives	317	251	0	0	0	568
Dorset Council Fleet Replacement Programme	6,485	2,900	0	0	0	9,385
Waste Containers & Infrastructure	600	650	631	204	0	2,085
Weymouth Harbour Walls (W&PBC)	916	0	0	0	0	916
Acquisition of temporary accommodation (Now Hardy House)	1,230	0	0	0	0	1,230
Aster Hostels	0	14	0	0	0	14
Dinahs Hollow	1,761	5,708	0	0	0	7,469
Crematorium Improvements - Overflow Provision	26	0	0	0	0	26
ICT Minor Capital Works & Projects	1,993	0	0	0	1,536	3,529
Capital Leverage Fund	287	0	0	0	0	287
Investing in cycleways	0	360	360	360	0	1,080
Sewerage Treatment Services Improvement works A	130	20	0	0	0	150
Sea defence works at Sandsfoot Castle, Weymouth	71	0	0	0	0	71
Maintenance of Traffic Control Equipment	423	250	250	320	0	1,243
Streetlighting schemes	731	575	0	0	0	1,306
Former District Council Assets	95	500	0	0	0	595
West Bay Harbour Wall Emergency Works	966	0	0	0	0	966
Sewerage Treatment Services Improvement Works B	35	700	700	700	700	2,835
Dorset Centre of Excellence - Property Improvement Programme (Strategic)	183	0	0	0	0	183
Public Toilets - Footfall Counters	66	0	0	0	0	66
Brackenbury Nursery (Portland)	674	0	0	0	0	674

Project Name	2025/26	2026/27	2027/28	2028/29	2029/30	Total Project Budget (Up to 29/30)
Dorset Centre of Excellence - Phase 2	750	2,289	0	0	0	3,039
Shared Prosperity Fund Capital	268	0	0	0	0	268
Bridport Reablement Centre	1,730	7,720	16,970	1,200	0	27,620
School Streets	37	0	0	0	0	37
Swanage & Durlston Bay Cliff Management	60	54	0	0	0	114
Rural Prosperity Fund	620	0	0	0	0	620
Abbotsbury Road and B3154 Chickerell Road Junction Improvement	8	250	0	0	0	258
Tilly Whim	0	142	142	0	0	284
LUF Weymouth Peninsula	10,871	0	0	0	0	10,871
LUF Weymouth North Quay	807	0	0	0	0	807
LUF Weymouth West Harbour Sites	1,035	0	0	0	0	1,035
Bridport Connect - Demolition	166	0	0	0	0	166
Highways Capital Maintenance Corporate Funding	10,039	3,970	7,100	0	0	21,109
High Angle Battery	8	0	0	0	0	8
Childcare Expansion Capital	459	0	0	0	0	459
Access for All	3	0	0	0	0	3
WADT Melcombe House	542	0	0	0	0	542
Foster Carers Adaptations	417	250	250	0	0	917
Brit Catchment NFM Project	85	65	0	0	0	150
Fairfield Rd, Dorch, Phase 2	49	0	0	0	0	49
SHAP Women's Units 4 Verne Road	11	0	0	0	0	11
SHAP 18-25 Accommodation	476	0	0	0	0	476
Swimming Pool Capital Support	100	0	0	0	0	100
Replacement Parking Attendant Body Cameras	15	0	0	0	0	15

Project Name	2025/26	2026/27	2027/28	2028/29	2029/30	Total Project Budget (Up to 29/30)
Dorset Travel Software Procurement	8	0	0	0	0	8
Local Nutrient Mitigation Fund	3,627	0	0	0	0	3,627
Rough Sleepers Accommodation Programme Phase 2	118	0	0	0	0	118
SHAP Park & Ride Modular Units	19	0	0	0	0	19
Milborne St Andrew Traffic Management	15	0	0	0	0	15
REFCUS S106/CIL	277	0	0	0	0	277
The Cobb - Emergency Repairs	350	0	0	0	0	350
LAHF 3 (REFCUS)	1,774	0	0	0	0	1,774
Verwood Hub Refurb	94	0	0	0	0	94
Redlands 3G Project-BUILD-NEW	667	0	0	0	0	667
Fairfeld Car Park Lighting	50	0	0	0	0	50
23 Penrose Road Refurbishment	175	175	0	0	0	350
Cologne Rd Bovington	200	0	0	0	0	200
Total	**100,267**	**67,370**	**62,712**	**41,100**	**44,936**	**316,385**

Appendix 4

Capital Programme Pipeline

Project Name	2025/26	2026/27	2027/28	2028/29	2029/30	Total Project Budget (Up to 29/30)
Decarbonisation Main Fund	341	0	0	0	0	341
Access improv. Purbeck (Heathland Infra)	45	0	0	0	0	45
Wards Drove / ND Trailway	106	0	0	0	0	106
EDDC Wimborne Riverside LAP	15	0	0	0	0	15
Parley Cross	0	0	354	2,599	0	2,953
Modernising Schools Programme	3,500	4,733	4,700	4,337	0	17,270
Broadband Schemes	437	315	500	500	500	2,252
High Street Fortuneswell	190	0	0	0	0	190
Lyme Regis Environmental Plan phase 5	2,350	89	0	0	0	2,439
North Quay redevelopment	1,332	0	0	0	0	1,332
Building retrofit programme - Energy Efficiency measures	708	400	167	0	0	1,275
Piddlehinton G&T site pitches	308	650	0	0	0	958
Bridport Gateway Pavement Improvements	-10	0	0	0	0	-10
006738 - Dorset Innovation Park, Quadrant 2 - Light Industrial Units	95	0	0	0	0	95
Weymouth Relief Road	1,120	1,120	0	0	0	2,240
North Dorset Business Park	67	0	0	0	0	67
ICT Housing Software	136	0	0	0	0	136
Minor capital works (Property Improvements)	350	600	800	538	0	2,288
SEND capital strategy	3,000	12,214	7,298	7,000	7,000	36,512
Capital Contingency	2,165	2,000	2,000	2,000	934	9,099

Project Name	2025/26	2026/27	2027/28	2028/29	2029/30	Total Project Budget (Up to 29/30)
Car Parking Ticket Machines	150	138	150	150	0	588
Improvements to Carey Outdoor Education Centre	222	0	0	0	0	222
Improvements to Leeson House	203	0	0	0	0	203
Minor Capital Works Coast Protection	1,184	0	0	0	0	1,184
Children's Residential Sufficiency Programme	155	0	0	0	0	155
Weymouth Bowl Acquisition (2021/22 bid)	195	0	0	0	0	195
Climate Schemes	664	500	306	591	0	2,061
Replacement - Upgrading of Sign Shop Equipment	60	0	0	0	0	60
Compliance with EPC Legislation	0	450	0	0	0	450
Greenhill Chalets	300	100	243	0	0	643
Westport House Refurbishment	50	958	0	0	0	1,008
FOH County Hall Capital Works	1,540	0	0	0	0	1,540
Wimborne Developments	500	3,000	2,000	0	0	5,500
Innovation Park Capital Programme	1,500	6,800	894	0	0	9,194
Housing Capital Project Fund	0	1,824	1,824	1,500	1,500	6,648
Capital Funding for Annual Developments (housing)	0	750	750	750	750	3,000
Acquisition of Long Term Empty Properties	400	600	600	600	600	2,800
LAHF - Ukraine & Afghan Refugee Housing	30	0	0	0	0	30
Family Hubs	750	1,263	800	0	0	2,813
Installation of new PV	498	214	0	0	0	712
Low Carbon Dorset	324	0	0	0	0	324
DCIA Wessex	409	0	0	0	0	409
Giddy Green Footpath	8	0	0	0	0	8

Project Name	2025/26	2026/27	2027/28	2028/29	2029/30	Total Project Budget (Up to 29/30)
B2SA Specialist Housing Development Fund	0	1,000	1,000	1,000	1,000	4,000
Dorset History Centre	0	546	0	0	0	546
Purbeck Sports Centre Squash Court Conversion-Accrual	5	0	0	0	0	5
Milldown Nature Reserve	2	0	0	0	0	2
NEW Dorset Centre of Excellence - Coombe House School Phase 3 development	250	3,991	13,565	2,419	0	20,225
NEW Chesil Cove Slope Stabilisation Scheme	1,326	9,157	0	0	0	10,483
NEW Weymouth Harbour & Esplanade FCRM Scheme (Phase 1)	0	1,000	14,278	8,559	9,253	33,090
NEW Swanage Beach Coastal Protection Scheme	650	4,556	0	0	0	5,206
NEW Swanage Town Coastal Defence Project	800	3,575	750	0	0	5,125
NEW Dorset Centre of Excellence - Phase 5	0	7,751	5,452	0	0	13,203
NEW Creating a Community Museum for Weymouth	0	150	0	0	0	150
NEW Application Portfolio Management	0	500	500	500	0	1,500
NEW Essential ICT Infrastructure Maintenance	0	1,250	1,250	1,250	0	3,750
NEW Vehicle Replacement Funding (2025 to 2029)	0	4,658	1,097	2,520	1,687	9,962
NEW Replacement Refuse Collection Vehicle Funding (Five Years)	2,508	5,152	4,830	9,550	5,546	27,586
NEW Investing to Save in Highway Infrastructure Assets in 2028/29 and 2029/30	0	0	0	7,100	7,100	14,200
Flexible Use of Cap Receipts - ERP Replacement	1,600	6,500	3,208	0	0	11,308
NEW Climate Schemes	1,125	4,900	6,225	8,075	4,675	25,000
NEW Match Funding Weymouth Harbour Walls Remediation: Walls F and G urgent works	1,340	0	0	0	0	1,340
Total	**35,003**	**93,404**	**75,541**	**61,538**	**40,545**	**306,031**

Appendix 5

Delivery milestones for all directorate transformation projects over £0.5m

Initiative	25/26 Qtr. 4	26/27 Qtr. 1	26/27 Qtr. 2	26/27 Qtr. 3	26/27 Qtr. 4
Increased in-house residential capacity for children and young people	• Capital works commissioned	• Capital works undertaken • Recruitment of staff • Ofsted application	• Induction, onboarding and training of staff • Children identified for home	• Ofsted registration complete • Home opens and children placed • Half year savings achieved	
Revised children's operating model based on national reforms	• Consultation period ends 12 Jan.	• New structure goes live • Workforce reduction confirmed • Benefits confirmed	• Benefits released following completion of notice period • Recruitment commences for new operational roles	• All operational roles appointed	
Initiatives to reduce the spend on Children in Care, primarily to reduce the number of Children in Care	• Progress cohort 1 • Assessments for cohort 2 • Recruitment of staff • Some benefits realised from cohort 1	• Identify cohort 3 • Induction and training of staff • Integration in Mosaic • Further benefits realised from cohort 1 and early benefits from cohort 2	• Pilot the approach on further cohorts and business as usual • Further benefits realised from cohort 1 & 2 and early benefits from cohort 3	• Further benefits realised from cohort 1, 2 and 3. • Identified benefits from business as usual V-Care approach.	
Adults working age accelerator	• 25/26 benefit release • Capacity review to ensure continuation into 26/27	• Continued project tracking and governance.	• Continued project tracking and governance.	• Continued project tracking and governance.	• Continued project tracking and governance.
Adults Future Care programme	• Programme workstreams continue to deliver. Short, medium and longer term plans defined. Programme leadership across system continue to meet frequently.	• External support from Newton scheduled to withdraw and system take on continued delivery of work.	• Implement delivery plan to move to BAU. Benefits tracking. System visibility supports data and system insights.	• Implement delivery plan to move to BAU. Benefits tracking. System visibility supports data and system insights.	• Implement delivery plan to move to BAU. • Benefits tracking. • System visibility supports data and system insights.

Commissioning & Procurement 3rd party spend	• Analysis of current spend and contract value Full roadmap produced of contracts to be rationalised	• Detailed plans produced Initiate contract changes with suppliers as identified and prioritised.	• Contract changes with suppliers as identified and prioritised. • Benefit release as identified by detailed plans.	• Contract changes with suppliers as identified and prioritised. • Benefit release as identified by detailed plans.	• Contract changes with suppliers as identified and prioritised. • Benefit release as identified by detailed plans.
Our Future Council design across Customer, Business Support, Strategic and Enabling	• Mapping of changes, preparation for consultation • Contact centre initial release of capability • Roadmap for ERP implementation and associated structural design • ERP build begins • Year 2 Customer Experience organisational design • Roadmap for further Customer and Business Support technology • New comms structure go live March 26 • ICT design work	• Year 2 Customer Experience design work • Strategic and Enabling/ERP • Consultation Launch - ICT restructure	• Potential wider consultation commences with the parts of the organisation impacted.	• New structure goes live and notice for those exiting issued	• Workforce benefit release
Review how SEND transport provision is provided.	• Recruit additional review officer resource • Develop detailed delivery plan • Begin to identify high-cost travel cases and commence reviews	• Implement delivery plan • Continue case by case reviews • Reconfigure transport accordingly • Track progress	• Continue to implement delivery plan • Continue case by case reviews • Reconfigure transport accordingly • Track progress	• Continue to implement delivery plan • Continue case by case reviews • Reconfigure transport accordingly • Track progress	