Cabinet

8 September 2026

July 2026 financial management report 2026/27

Portfolio Holder:
Cllr S Clifford, Finance & Capital Strategy

Local Councillor(s):
All

Senior Leadership Team:
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Report Status: Public

1. Executive Summary:

1.1. This report sets out Dorset Council's financial position at the end of July 2026, Period 4 of the 2026/27 financial year. It provides Cabinet with an assessment of the forecast revenue outturn, the delivery of savings and transformation plans, the main financial risks facing the Council, and the capital programme changes requiring approval.

1.2. At this stage of the year, the Council is forecasting a net revenue overspend of £8.136m, representing 1.7% of the approved net budget of £466m. This is a material pressure, but one that remains within a scale that can be managed through focused action, continued budget discipline and the careful use of reserves if ultimately required. The priority is therefore to reduce the forecast through in-year controls.

1.3. The principal drivers of the forecast overspend are demand-led pressures in services supporting vulnerable adults and children, alongside delays in the delivery of savings associated with the Our Future Council transformation programme. Children's Services is forecasting an overspend of £3.048m, primarily linked to the cost and availability of external residential and specialist placements for children in care. Adult Social Care is forecasting an overspend of £3.022m, driven principally by higher activity and increasing average package costs. In addition, £4.000m of savings linked to transformation are currently forecast as delayed with some benefits now expected to be achieved in future years.

1.4. These pressures are partly offset by forecast underspends across a number of areas, including Modernisation and Customer Delivery, Capital Financing, the Chief Executive's Office and Resources. The forecast therefore reflects both the structural cost pressures affecting local government nationally and the Council's continuing capacity to manage elements of its own cost base through vacancy management, service-level controls and active financial oversight.

1.5. The financial position should be interpreted in the context of a wider operating environment in which local authorities continue to experience sustained growth in demand, market price pressures and uncertainty around future funding. The current risk is assessed as medium because the forecast overspend is below 2% of the net budget and remains potentially manageable. However, the residual risk is assessed as high, reflecting the continuing structural pressures in adult social care, children's social care, SEND and the Dedicated Schools Grant.

1.6. Cabinet is asked to note the forecast financial position and associated risks, including progress on savings and transformation delivery. Cabinet is also asked to approve additions to the capital programme for the Wimborne Community Sports Hub and Lyme Regis Environmental Improvement Scheme Phase 5, and to note the number and extent of contract exemptions. The position will continue to be monitored through monthly Directorate and Senior Leadership Team budget management arrangements, with further reporting to Cabinet as the year progresses and as the Medium-Term Financial Plan is updated.

2. Recommendation

Cabinet is asked to:

2.1. Note SLT's forecast as July 2026 including progress in addressing demand for services and on the transformational and efficiency savings incorporated into the budget.

2.2. Approve the addition of the Wimborne Community Sports Hub capital budget (£2.289m) to the Capital Programme (Business case in Appendix C).

2.3. Approve the addition of the Lyme Regis Environmental Improvement Scheme Phase 5 (The Cobb) capital budget (£8.365m) to the Capital Programme.

2.4. Note the decision to extend the Mosaic contract which required a retrospective update to a September 2023 Cabinet record of decision (Appendix B)

2.5. Note the number and extent of contract exemptions. (Appendix B)

3. Reason for Recommendation:

3.1. Although the report is primarily for noting the outturn position, Cabinet approval is required for the changes to the Capital programme.

3.2. The report does not seek Cabinet approval of the forecast of the financial position at 31 July 2026. The information contained in this report is critical in informing the refresh of the Medium-Term Financial Plan (MTFP) and the development of the 2027/28 and 2028/29 budget strategy.

3.3. It is important for Cabinet to review the risks the organisation now faces and to consider areas where it wishes to make strategic investments and/or to repurpose and prioritise its reserves to facilitate these aims.

3.4. It is also important for Cabinet to understand the developing financial performance and projected position this year. This ensures that resources are deployed to deliver the Council's services in line with the Council Plan priorities, and so that the organisation remains in good financial health and that service delivery remains sustainable. The Council makes a significant contribution in supporting employment, training and economic prosperity, as well as being a provider and commissioner of critical public services. Balancing all of these strategic, and often, competing priorities is a responsibility taken extremely seriously.

4. Financial Implications

4.1 Financial implications are covered within the body of this report.

5. Climate Implications

5.1 The forecast includes revenue and capital spend which support the delivery of the Council's climate and ecology strategies.

6. Well-being and Health Implications

6.1 The Council has total service budgets of £466m of which £304m (65%) is spent within the directorates responsible for adult social care, children social care and housing which aims to improve aspects of well-being and health across Dorset. Further resources are available through the Public Health Ring Fenced Grant allocation of £18.130m.

7. Other Implications

7.1 None specific.

Risk Assessment

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

8.2 Current Risk: Medium

8.3 Residual Risk: High

8.4 Despite the mitigations and governance framework around strategic and financial performance that the Council has in place, the S151 Officer deems the current risk to be **medium.** The current risk reflects that

a) the Council's local position of a forecast overspend less than 2% of the net budget which is within a range which could be managed down through continued diligence in managing spend across the Council. In the event that this overspend falls to reserves, this level of overspend would not be "high risk" given the Council's overall reserve position.

b) Dorset has successfully submitted a SEND Reform Plan, which is a key milestone in securing a 90% write off of the cumulative DSG overspend.

8.5 This situation will remain under close supervision and is discussed with SLT at the monthly budget management meetings.

8.6 The residual risk being **high** principally reflects the national picture and economic conditions affecting all local authorities. Pressures continue to build in the Medium-Term Financial Plan (MTFP) for demand led service delivery to support vulnerable Adults and Children and around the High Needs Block (HNB) of the Dedicated Schools Grant (DSG). Sustainable funding for these services continues to lag behind the rate at which need continues to grow.

8.7 The context of these risks is detailed later in this report.

9. Equalities Impact Assessment

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

10. Appendices

Appendix A – Climate Wheel
Appendix B – Contract Exemptions
Appendix C – Capital bid - Wimborne Community Sports Hub

11. 11. Background Papers

[2025/26 outturn report]
[2025/26 budget strategy report]

12 Overall projection

12.1 At Period 4, the Council is forecasting a net revenue overspend of £8.136m (1.7%) against the approved budget of £466m.

12.2 Pressures from delayed OFC/ Transformation savings total £4.000m and there are service pressures within Children's Services (£3.048m overspend) and Adult Social Care (£3.022m overspend)

12.3 These pressures are partially offset by underspends across a number of services, most notably Modernisation and Customer Delivery (£1.143m), Capital Financing (£1.000m), Chief Executive's Office (£0.352m) and Resources (£0.232m).

12.4 Service directorates collectively forecast a net overspend of £4.573m (1.0% of budget), reflecting continued demand-led pressures, particularly in social care services.

12.5 SLT are developing mitigation to help support services most affected by demand and the extent to which reintroducing spend control measures around discretionary spend is more closely managed collectively. This will build on the current budget control measures managed within directorate budgets and aiming to arrive on budget by March 2027. Without mitigation the current forecast would require use of reserves.

12.6 The directorate variances are summarised in the table below.

Directorate	Net Current Budget £'000	Forecast Outturn £'000	Forecast (Overspend)/ Underspend £'000	
Children's Services	105,434	108,481	(3,048)	(2.9%)
Adult Social Care	177,753	180,775	(3,022)	(1.7%)
Housing, Communities and Prevention	20,876	20,868	8	0.0%
Economy & Environment	105,528	105,910	(383)	(0.4%)
Chief Executives Office	12,739	12,387	352	2.8%
Resources	8,061	7,829	232	2.9%
Modernisation and Customer Delivery	26,999	25,856	1,143	4.2%
Assurance & Governance	8,964	8,818	145	1.6%
Total Service Budgets	**466,353**	**470,925**	**(4,573)**	**(1.0%)**
General Funding - including Our Future Council	(10,118)	(6,118)	(4,000)	(39.5%)
Capital Financing	18,992	17,992	1,000	5.3%
Contingency	(5,155)	(5,155)	0	0.0%
Precepts/Levy	23,607	23,620	(13)	(0.1%)
Central Finance	(505,469)	(504,926)	(543)	(0.1%)
Retirement costs	1,707	1,713	(6)	(0.4%)
Whole Authority	**(10,084)**	**(1,949)**	**(8,136)**	
Dedicated Schools Grant budgets	10,084	83,821	(73,737)	

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

13. Children's Services

13.1 The Children's Services forecast is £108.5m compared with a net budget of £105.4m an overspend of £3.0m (2.9%).

Childrens Services	Net Current Budget £'000	Forecast Outturn £'000	Forecast (Overspend)/ Underspend £'000	
Quality Assurance	4,387	4,286	101	2.3%
Care & Protection	65,305	68,768	(3,463)	(5.3%)
Commissioning and Partnerships	6,605	6,758	(153)	(2.3%)
Director's Services	3,193	2,733	460	14.4%
Education and Learning	15,247	15,240	6	0.0%
DSG recharges	0	0	0	0.0%
Birth to Settled Adult	10,697	10,696	1	0.0%
Total Directorate Budget	**105,434**	**108,481**	**(3,048)**	**(2.9%)**

Dedicated Schools Grant budgets	10,084	83,821	(73,737)	

13.2 The forecast continues to be driven primarily by the cost of placements for Children in Care (CiC), particularly external residential and specialist placements where market demand, complexity of need and placement availability continue to exert significant financial pressure.

13.3 The largest pressure remains within Care & Protection, which is forecasting an overspend of £3.5m against a budget of £65.3m. This reflects continued reliance on high-cost external residential placements and specialist provision for children with complex needs. Financial pressures arising from external placements are partially offset by favourable variances within in house residential provision, fostering services and other placement budgets.

13.4 Quality Assurance is forecast to underspend by £0.1m, largely due to timing between the recruitment of apprentice social workers and the subsequent movement of staff into substantive social work roles.

13.5 Commissioning and Partnerships is forecasting an overspend of £0.15m. This position is driven primarily by the Outdoor Education Service, which is forecasting a pressure of approximately £0.35m, partially offset by underspends elsewhere within the service.

13.6 Director's Services is forecast to underspend by £0.46m, reflecting a combination of lower than budgeted premature retirement costs and additional

Home Office funding received in relation to Chickerell Camp. The forecast also assumes delivery of savings associated with the Dorset Children Thrive programme and therefore remains subject to ongoing review as implementation progresses.

13.7 Education and Learning (Dorset Council budgets) is reporting a broadly balanced position, with only a marginal forecast underspend. Vacancy management has contributed positively to the forecast, although the full financial implications of the Thrive operating model are still being assessed.

13.8 Overall, the Children's Services Directorate is forecasting a net overspend of £3.05m. Underlying financial position remains highly sensitive to placement activity, with a small number of additional complex placements capable of materially affecting the forecast.

Children in care

13.9 As mirrored nationally, pressure on external placements for our children in care population continues. Increasing numbers of Children in Care not only impact placement budgets, but non-placement budgets are also affected including assessment costs, legal, interpreter fees and travel costs.

13.10 The Children in Care placements budget is currently forecast to overspend by £4.6m, this includes fostering and in house residential provision.

13.11 An overspend is reported for supporting our children in care, and this is mainly driven by three factors: our children’s needs increasing in complexity, rising costs and an external residential placement market that isn’t functioning effectively.

13.12 There were 441 Children in Care (excluding unaccompanied asylum seeking children) at the end of July 2026, an increase of 11 from June 2026 (430), but still 9% lower than the September 2020 baseline of 475. Whilst overall numbers remain below historic levels, the mix of placements continues to generate significant financial pressure.

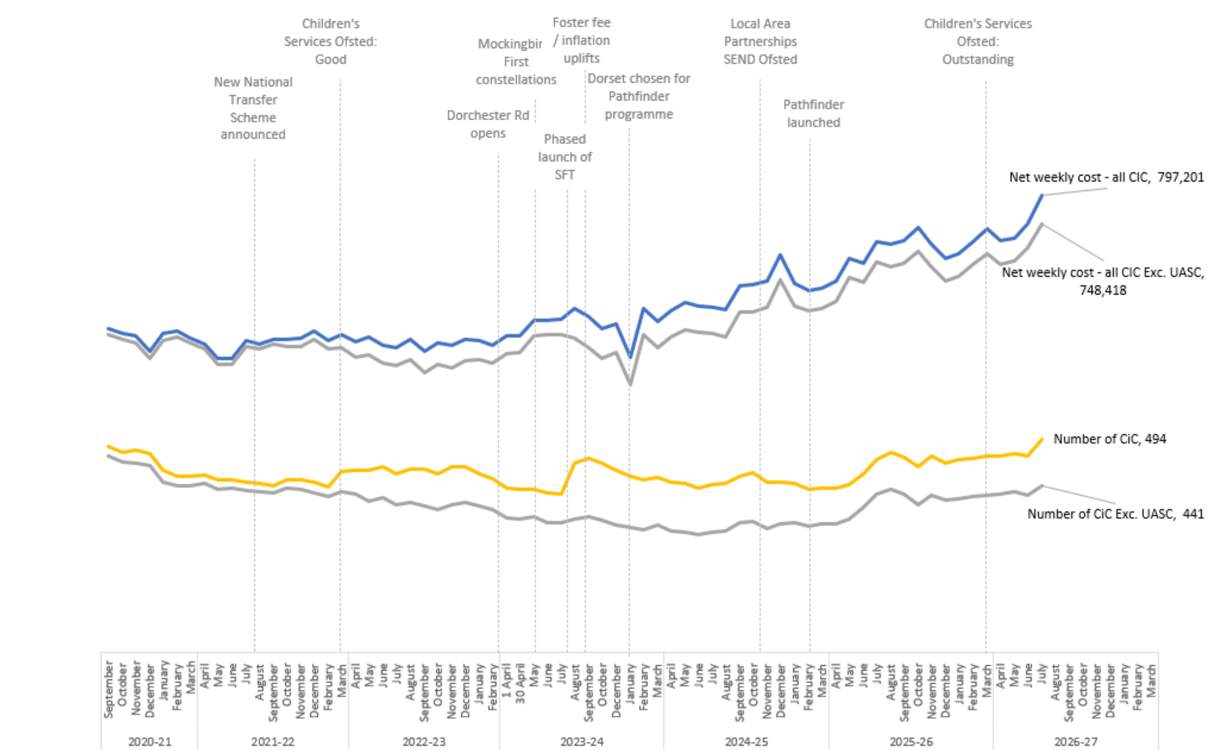
13.13 The number of children in external residential placements increased to 56 in July 2026, compared with 54 in June 2026 and 51 in April 2026. At the same time, the average weekly cost of external residential placements has risen to £6,870 per week (£360k per year), representing a 72% increase since September 2020. High-cost supported accommodation placements remain a key area of financial pressure, with average weekly costs reaching £3,906 per week (£203k per year), 51% higher than the September 2020 baseline.

13.14 Encouragingly, Dorset Council's in-house fostering provision remains strong, with 215 children placed with Dorset Council foster carers in July 2026, broadly consistent with recent months and slightly above the September 2020 position.

Alongside relatively stable costs within Dorset Council residential provision, this continued reliance on in-house placements helps to offset some of the budget pressures arising from the external placement market.

13.15 Despite an overall reduction in Children in Care numbers since 2020, rising placement costs, particularly within the external residential and supported accommodation sectors, along with a growing number of Children in Care continue to be the primary driver of financial pressure within the placement budget.

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



13.16 If the number of children in care (exc. our unaccompanied children) had remained at 475, at July averages, it is estimated an additional £3.0m of annual cost would be incurred.

Risks and mitigations

13.17 The forecast remains subject to a number of significant risks and uncertainties:

a) Further Children in Care placement activity, particularly external residential or specialist placements, could materially increase the forecast overspend.
b) Delivery of the remaining Children in Care savings programme remains challenging and is dependent upon sustained reductions in high-cost placement expenditure.
c) Demand for support packages within the Birth to Settled Adulthood service may increase during the year.
d) The full financial impact of organisational changes associated with the Dorset Children Thrive model is still being evaluated.
e) Ongoing inflationary pressures within the residential care market may further increase placement costs.
f) SEND-related expenditure continues to present a significant risk, particularly where increased demand for specialist provision. SEND pressures are felt in the revenue budgets as well as the DSG.
g) Future health funding arrangements and partner contributions remain uncertain

13.18 Overall, while the forecast position represents a 2.9% overspend, the directorate continues to face significant demand-led pressures, particularly in relation to Children in Care placements and SEND services, and close monitoring of expenditure and savings delivery remains essential throughout the remainder of the financial year.

14. Adult Social Care

14.1 Adults Social Care is currently forecasting a net expenditure of £180.775m against a budget of £177.753m, resulting in a projected overspend of £3.022m (1.70%). The overspend is primarily due to pressures from increased demand.

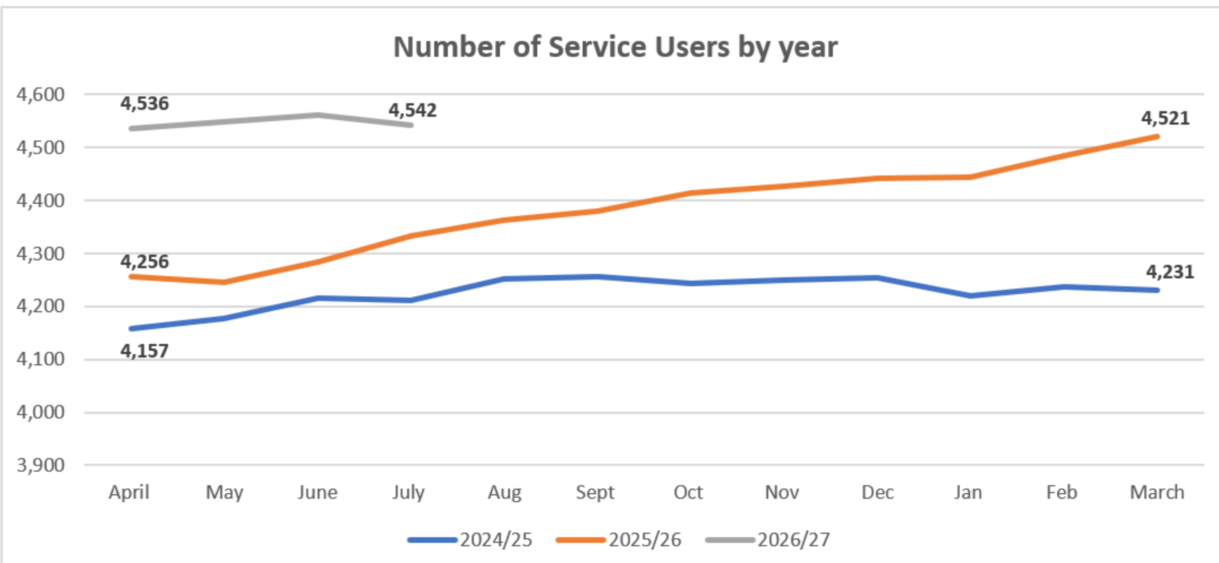
Adult Social Care	Net Current Budget £'000	Forecast Outturn £'000	Forecast (Overspend)/ Underspend £'000	
Adult Care Packages	153,995	158,159	(4,164)	(2.7%)
Adult Care Operation	21,570	20,414	1,156	5.4%
Directorate Wide	2,188	2,202	(14)	(0.6%)
Total Directorate Budget	**177,753**	**180,775**	**(3,022)**	**(1.7%)**

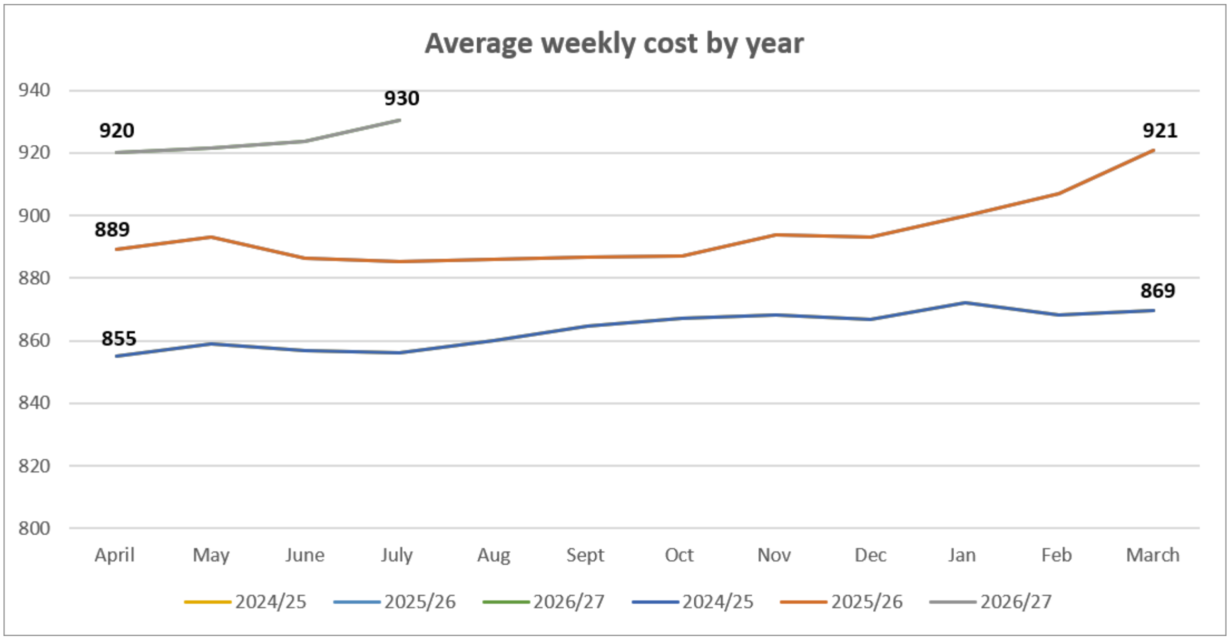
Adult care packages

14.2 The 2026/27 budget assumed 4,415 people would be supported at an average weekly cost of £887. That activity level had already been exceeded by the start of the year, with 4,536 people receiving support and the average weekly cost increasing to £921. This represented 121 more people than budgeted for and a £34 increase in the average weekly cost before the year had commenced. Additional contingency funding of £3.5m has been allocated to support the cost of rising demand since the budget was set.

14.3 Demand has continued to grow during the first four months of the year. As at July, the number of people being supported is now 4,542, while the average weekly cost has risen to £930 per week. The combination of the higher than budgeted activity levels and increasing package costs continues to place pressure on the budget and is the primary driver of the forecast overspend.

14.4 The below charts show number of services users by year and average cost.





14.5 The Directorate continues to experience pressures from health-related funding changes, currently estimated at £0.748m, arising from jointly funded packages that are no longer eligible for health funding and from Continuing Healthcare (CHC) hand backs.

14.6 Care packages continue to be reviewed under the oversight of Corporate Directors, in line with the scheme of delegation. Existing system-wide activity is focused on reviewing packages for appropriateness, exploring joint funding opportunities, and assessing eligibility for continuing healthcare. These efforts are being factored into the forecasting process to improve accuracy and financial control.

14.7 Significant progress has been made in vacancy management, with vacancy factor savings currently delivering 65% of the total vacancy target. It is anticipated that the Directorate will exceed the vacancy factor target, generating additional savings and contributing to the forecast underspend of £1.156m, which is offsetting the pressure on placement costs.

14.8 **Contributions from Partners**

14.9 Below is a summary of health contributions.

	2024/25	**2025/26**	**2026/27 forecast**
Health contributions	14,249,095	16,059,347	18,483,635

14.10 This includes our Continuing Healthcare (CHC), Joint Funding income as well as pooled budget contributions. It is important to note that, although some Health funding streams have reduced such as CHC and Joint Funding, demand within pooled budgets, including Section 117, Valuing People Now and Moving on from Hospital Living, has increased. As a result, shared contributions from both the Council and Health partners have increased.

14.11 The table below summarises the Continuing Healthcare (CHC) and Jointly Funded packages that have been handed back to the Council and associated costs. Costs like this passed from the NHS to the Council represent a significant cost pressure and are difficult to predict.

	2024/25		2025/26		2026/27 YTD actuals	
	No. Packages	Cost in year	No. Packages	Cost in year	No. Packages	Cost in year
CHC Handbacks	26	1,178,443	18	520,902	6	593,519
Joint Funded packages no longer eligible	0	-	30	568,582	5	154,639
	26	**1,178,443**	**48**	**1,089,484**	**11**	**748,158**

15. Housing, Communities and Prevention

15.1 Housing, Communities and Prevention is currently forecasting a net expenditure of £20.868m against a budget of £20.876m, resulting in a projected underspend of £0.08m (0.0%).

Housing, Communities and Prevention	Net Current Budget £'000	Forecast Outturn £'000	Forecast (Overspend)/ Underspend £'000	
Regulatory Services	4,324	4,424	(101)	(2.3%)
Housing & Community	9,244	9,162	82	0.9%
ASC Commissioning	7,271	7,244	27	0.4%
PH Joint Partnership	0	0	0	0.0%
LiveWell Dorset	1,108	1,008	101	9.1%
Public Health	17,060	17,161	(101)	(0.6%)
Public Health Grant	(18,130)	(18,130)	0	0.0%
Total Directorate Budget	**20,876**	**20,868**	**8**	**0.0%**

15.2 The July forecast indicates that the Directorate is currently projected to achieve a balanced outturn position. However, an adverse variance of £0.101m is forecast within Regulatory Services, relating to a staffing saving target. Delivery of this saving is unlikely to achieved, and the position will continue to be monitored as part of the Directorate's budget management arrangements.

16. Economy and Environment directorate

16.1 The overall forecast for the Directorate as at the end of July is a projected adverse position (an overspend) of £0.383m (0.4%), with a projection of £105.9m net spend against a net budget of £105.5m.

Economy and Environment	Net Current Budget £'000	Forecast Outturn £'000	Forecast (Overspend)/ Underspend £'000	
Highways	4,418	4,385	33	0.8%
Dorset Travel	44,129	43,133	995	2.3%
Flood & Coastal Erosion Risk Management (FCERM)	1,100	1,150	(50)	(4.5%)
Greenspace	3,171	3,246	(75)	(2.4%)
Health & Activity	125	119	6	4.7%
Commercial Waste & Strategy	17,879	18,177	(299)	(1.7%)
Waste - Operations	18,214	18,394	(180)	(1.0%)
Fleet	182	95	87	48.0%
Weymouth 2040 Ancilliaries	841	841	0	0.0%
Economic Development	738	828	(90)	(12.2%)
Harbours	16	20	(4)	(28.0%)
Leisure, Arts & Cultural Services	3,408	3,349	59	1.7%
Directors Office	438	473	(35)	(8.0%)
Assets & Property	6,901	6,901	(0)	(0.0%)
Planning	3,969	4,799	(829)	(20.9%)
Total Directorate Budget	**105,528**	**105,910**	**(383)**	**(0.4%)**

16.2 The Economy & Environment directorate budget includes a built-in saving target in relation to staff turnover broadly equivalent to a 3% vacancy factor, although some services are exempt (notably waste operations). It is currently assumed that this will be found in full. This is subject to ongoing monthly monitoring.

16.3 Commentary on the specific services where the variance is over £0.100m is provided as follows.

Highways

16.4 The Highways budget is forecast to be underspent by £0.033m, made up as follows:

- Network Operations are expecting to be £0.375m favourable, as a result of higher than budgeted FPN income.

- Parking Services are expecting to be £0.309m overspent, of which £0.125m is a shortfall in income and the remainder is pressure on expenditure budgets, in particular rates which have seen some revaluations. It should be noted that income is 5% up on last year, but overall volume is down for the first four months in comparison to the previous 12 months (i.e. fewer car park spaces occupied, but they are occupied for longer and therefore pay more).

Dorset Travel

16.5 Overall, Dorset Travel is projecting a £0.995m underspend on a net budget of circa £44m. There are two main aspects to this:

16.6 Public transport is projecting an adverse variance of circa £1m, in respect of concessionary fares. This assumption is based on actual usage (and therefore expenditure) incurred last year. This will continue to be monitored on a monthly basis.

16.7 SEND transport has seen increases in expenditure in recent years. The table below is a reminder of that volatility.

Financial Year	Expenditure £'000	Increase £'000	Increase £'000
2020/21	10,179		
2021/22	11,270	1,091	10.72%
2022/23	16,281	5,011	44.47%
2023/24	19,031	2,750	16.89%
2024/25	19,731	699	3.68%
2025/26	20,224	494	2.50%
2026/27 Forecast	22,489	2,265	11.19%

16.8 The volatility in SEND transport is caused by a mixture of increases in numbers of children being transported (and mitigated, where possible, through actions such as sharing transport) and the costs of the market at any particular point in time (notably, issues such as driver shortages and fuel costs).

16.9 It can be seen that 2025/26 had the lowest increase in expenditure in recent history. This is considered to be partly due to the stability of the market place, and partly due to efforts by Dorset Travel to maximise efficiency opportunites.

16.10 The costs for SEND transport remain fluid until each September, when a significant volume of contracts come up for renewal in line with the start of the new academic year. This makes forecasting difficult prior to this point.

16.11 Nonetheless, at this stage, the forecast assumes an underspend of circa £2m. This reflects the success seen in the last financial year, and the stable market conditions, and assumes that any uplift in costs can be contained. This will be revisited after the 26/27 academic year has commenced.

Commercial Waste and Strategy

16.12 An overspend of £299k is predicted. This is a combination of three headline items:

i. Recyclate price is lower than budgeted (details not given here due to commercial sensitivity)
ii. Overall tonnages being lower than budgeted.
iii. Absorbing the cost of the new HRC contract which comes into place from 28th August 2026.

16.13 This budget line is volatile and needs to be kept under constant review.

Waste Operations and Fleet

16.14 There are projected variances of £0.180m adverse in Waste Operations and £0.087m favourable in Fleet. The main cause of the overspend was the higher prices around vehicle fuel seen earlier in the year. Diesel prices have fluctuated dramatically in response to global events and so price remains volatile. However, approximately 75% of the DC fleet uses HVO fuel, and whilst this provides some buffer, demand for this fuel source has seen price rise higher than budgeted. Again, this budget line is volatile and needs to be kept under constant review.

Planning

16.15 Overall, a £0.829m adverse variance is projected. The biggest issue is poor planning income received in the year to date in the Development Management area, being approximately £0.300m below budget for the first four months. The forecast of £0.829m assumes an improving position over the remaining eight months, however income is very difficult to accurately predict.

16.16 The government have just announced a new charging policy which includes increases to some fees set nationally to take effect from early December 2026.

The implications of the new policy have yet to worked through.

17. Chief Executive’s Office

17.1 The Chief Executive’s Office forecast is £12.387m compared with a net budget of £12.739m, showing a £352k underspend.

Chief Executives Office	Net Current Budget £'000	Forecast Outturn £'000	Forecast (Overspend)/ Underspend £'000	
People & Workforce	2,551	2,432	119	4.7%
Strategy, Performance and Sustainability	3,987	3,915	72	1.8%
Business Support	5,563	5,403	160	2.9%
Chief Executive's Office	637	637	0	0.0%
Total Directorate Budget	**12,739**	**12,387**	**352**	**2.8%**

17.2 **People & Workforce** is forecasting an underspend of £119k. The position is primarily driven by pay savings from vacancies, vacant hours, scale point changes and holiday purchase arrangements, which are offsetting income shortfalls and service savings requirements. Risks remain around income generation and Occupational Health staffing costs, but these are currently expected to be managed within existing budget provisions.

17.3 **Strategy, Performance and Sustainability** is forecasting a net underspend of £72k. This comprises a £54k underspend within Communications, driven by pay savings partly offset by increased printing, software, subscription and equipment costs.

17.4 **Business Support** is forecasting an underspend of £160k, driven primarily by pay underspends. The position reflects savings arising from Year 1 of the Our Future Council (OFC) programme. Central finance has £600k of OFC year 1 related savings, a proportion of which will be attributed to Business Support where the associated savings have been realised.

18. Resources

18.1 The forecast for Resources is £7.829m compared with a net budget of £8.061m, showing a £0.232m underspend. The forecast underspend of £232k is primarily driven by pay underspends within Accountancy and Operational Finance.

Resources	Net Current Budget £'000	Forecast Outturn £'000	Forecast (Overspend)/ Underspend £'000	
Finance & Commercial	8,061	7,829	232	2.9%
Total Directorate Budget	**8,061**	**7,829**	**232**	**2.9%**

19. Modernisation and Customer Delivery

19.1 Modernisation and Customer Delivery is currently forecasting a £1.143m underspend against a net budget of £26.999m

Modernisation and Customer Delivery	Net Current Budget £'000	Forecast Outturn £'000	Forecast (Overspend)/ Underspend £'000	
ICT Operations	9,084	8,934	151	1.7%
Customer Hub	5,870	5,748	123	2.1%
Library Services	4,404	4,410	(6)	(0.1%)
Revenues & Benefits	3,837	3,208	628	16.4%
Transformation, Innovation & Design	3,566	3,319	247	6.9%
Directors Office	237	237	0	0.0%
Total Directorate Budget	**26,999**	**25,856**	**1,143**	**4.2%**

19.2 **ICT Operations** is forecasting an underspend of £151k. The forecast position is primarily driven by underspends in infrastructure and software. These are partially offset by lower income levels and additional licensing and implementation costs. Pay expenditure is forecast to be on budget overall, and the position assumes delivery of the £85k applications rationalisation saving.

19.3 **Customer Hub** is forecasting an underspend of £123k, primarily driven by pay savings. The position reflects savings arising from Year 1 of the Our Future Council (OFC) programme. Central finance has £600k of OFC year 1 related savings, a proportion of which will be attributed to Customer Hub where the associated savings have been realised.

19.4 **Revenues and Benefits** is forecasting an underspend of £628k primarily due to underspends in pay and the net effect of a reduction in rent allowances and rent rebates paid against the amount of subsidy income received.

19.5 **Transformation, Innovation & Design** is forecasting an underspend of £247k which is related to underspend in pay. The position reflects savings arising from Year 1 of the Our Future Council (OFC) programme.

20 Assurance and Governance

20.1 The Assurance and Governance forecast is £8.818m compared with a net budget of £8.964m, an underspend of £145k (1.6%). This is primarily due to an increase in income in the Land Charges service, offset by small pay related overspends.

Assurance & Governance	Net Current Budget £'000	Forecast Outturn £'000	Forecast (Overspend)/ Underspend £'000	
Assurance	1,825	1,831	(5)	(0.3%)
Democratic & Elections Services	3,155	3,201	(46)	(1.4%)
Land Charges	(332)	(489)	157	47.3%
Legal Services	3,310	3,270	39	1.2%
Archives	1,006	1,006	0	0.0%
Total Directorate Budget	**8,964**	**8, 818**	**145**	**1.6%**

21 Central Finance and Contingency

21.1 The forecast for central finance budgets is £462.664m compared with a net income budget of £466.227m, is a forecast overspend of £3.563m (0.8%).

Central Finance	Net Current Budget £'000	Forecast Outturn £'000	Forecast (Overspend)/ Underspend £'000	
Our Future Council Savings	(7,291)	(3,291)	(4,000)	(54.9%)
General Funding	(2,827)	(2,827)	0	0.0%
Capital Financing	18,992	17,992	1,000	5.3%
Contingency	5,054	5,054	0	0.0%
Precepts/Levy	23,607	23,620	(13)	(0.1%)
Central Finance	(503,763)	(503,213)	(550)	(0.1%)
Total Central Budgets	**(466,227)**	**(462,664)**	**(3,563)**	**(0.8%)**

21.2 **Our Future Council programme** – see section 22.

21.3 **Capital Financing** – The current forecast includes an estimated £1.0m increase in interest income arising from the anticipated receipt of approximately £130m of additional SEND deficit grant funding expected from the autumn. The final amount and timing of the funding remain subject to confirmation and will impact the level of interest income ultimately achieved.

21.4 **Contingency** - The Council's base budget included a contingency budget of £8.554m, consisting of £5.047m for general contingencies, £2.491m to cover inflationary pressures, £0.515m to support delivery of the Council Plan, and £0.500m for Cost-of-Living support initiatives.

21.5 To help meet the costs associated with a higher-than-expected number of Adult Social Care placements, £3.5m has been transferred from the contingency budget to Adult Social Care.

21.6 **Central Finance** - These budgets include income from Council Tax and Business Rates. The current forecast shows a £0.543m shortfall in Business Rates income. This is because the budget was set before the NNDR1 return was completed, when it was expected that more Business Rates income would be collected. The completed NNDR1 has since shown that the amount of income likely to be received is lower than originally estimated. As a result, there is a gap between the budgeted income and the income now expected to be achieved, which has contributed to the forecast overspend.

22 Transformation and savings plans

22.1 **Our Future Council – Whole Council Transformation** The 2026/27 Dorset Council budget includes a portfolio of savings plans across each directorate, alongside the Our Future Council (OFC) whole council transformation programme. OFC is designed to modernise shared functions across the organisation and underpin them with appropriate, enabling technology.

22.2 The approved business case for OFC included a savings requirement of £9.4m for 2026/27.

Progress to Date – July 2026

22.3 Expectations of the savings delivery are shown in the table below

Savings area	Budget	Forecast at P4	P4 confidence	Remainder to deliver	Remainder confidence
Workforce redesign	£2.5m	£1.1m	High	£1.4m	Medium
Third-party spend	£4.0m	£2.0m	Medium	£2.0m	Low
ICT rationalisation	£0.3m	£0m	Low	£0.3m	Low
Full-year effect delivered in 2025/26	£2.6m	£2.0m	High	£0.6m	High
Total	**£9.4m**	**£5.1m**	**High**	**£4.3m**	**Mixed**

Cumulative workforce reduction:

22.4 The Our Future Council programme has identified delivery plans for £1.1m of workforce-related benefits through leadership redesign, the implementation of the Customer Hub and Business Support Hub, workforce reshaping and vacancy management. Of this, £0.1m has already been delivered. There is high confidence that the remaining £0.6m of the full-year effect of the 2025/26 savings programme will be achieved. These savings are reflected in the forecast for the Customer Hub, Business Support Hub and the Transformation Management Office.

Third-Party spend Reduction:

22.5 Current forecasts indicate £2.0m of third-party savings and cost avoidance will be achieved through commercial management, procurement activity and measures to mitigate inflationary and demand-led cost pressures. Delivery plans continue to be developed and refined, and forecasts will be updated as delivery confidence increases.

Savings – Adults

22.6 The Directorate has a savings target of £4.125m for 2026/27. Savings achieved to date total £0.952m, representing (23%) of the annual target. See earlier Adults section for detail

Savings Children's

22.7 The Children's Services directorate has a savings target of £6.582m for 2026/27. Savings achieved to date total £2.411m, representing 36% of the annual target. See earlier Children's section for detail.

Savings – Economy & Environment

22.8 The Directorate budget for 2026/27 includes £2.867m of in-built specific savings targets. This is in addition to in-built vacancy factor targets.

22.9 Using the definition that Green savings are achieved, and that Amber savings will not be clear until later in the year, the position for savings is as follows:

E&E Directorate 2026/27 budgeted savings status		
	£m	R/A/G
Permanent removal of posts already taken place	£0.864	Green
SEND transport reviews	£0.500	Amber
Further permanent removal of posts	£0.450	Amber
Reduction in Streetlighting energy costs	£0.412	Amber
Reduction in temporary staff	£0.240	Green
Increased Commercial Waste income	£0.175	Amber
Increased Garden Waste income	£0.091	Green
Reduction in Arts/Culture/Sports expenditure	£0.075	Green
Reduction in waste budget re cross border waste costs	£0.060	Amber
	£2.867	

Savings – Core Services

22.10 The Core Services savings target for 2026/27 is £1.17m. To date £0.209m have been achieved, representing (18%) of the annual target. Of the remainder; £0.75m (64%) are amber and require further monitoring and £0.21m (18%) are deemed high risk and are unlikely to be achieved this year

22.11 The high-risk saving is Council Tax Automation within Revenues & Benefits, although this project is progressing the savings are likely to be seen within collection fund through increased collection rates, rather than the Revenues & Benefits Service. However, there are sufficient pay underspends within the service which are covering the savings.

22.12 The vacancy factor of £1.32m has been achieved in full.

23 Dedicated Schools Grant (DSG)

23.1 As of 31 March 2026, cumulative DSG deficit is £148.7m. Any deficit associated with the DSG is kept off council's balance sheets because of the statutory override set out in The Local Authorities Capital Finance and Accounting (England) Regulations. This was extended from March 2026 to March 2028 in June 2025.

23.2 Whilst the deficit is therefore held separately from the General Fund, there is a cashflow pressure resulting from carrying a £148.7m deficit meaning that the Council has access to £148.7m less cash than it would otherwise.

23.3 As a result, interest foregone on the deficit equates to £4.9m of pressure met by the General Fund. This is £4.9m which could otherwise be spent on local service delivery.

23.4 Dorset submitted their Local SEND Reform Plans in June 2026 with outcomes expected to be announced in the Autumn 2026.

23.5 The historical DSG deficit experienced by most upper tier local authorities is a long and well-documented risk stemming from a change in government legislation in 2014. The number of children who require an Education Health and Care Place (EHCP) continues to rise and coupled with Dorset Special Schools reaching capacity, has seen an increase in the use of generally more expensive independent special school places.

23.6 Any reforms will take time to implement and materials from the DfE so far suggest staged implementation of the changes.

DSG - Accounting treatment

23.7 Dorset Council accounts have been produced in accordance with the Schools and Early Years Finance (England) Regulations 2020, which required local authorities to carry forward overspends of Dedicated School Grant (DSG).

DSG – Current position

23.8 The Dedicated Schools Grant is forecast to overspend by £73.7m, reflecting continuing national pressures within the High Needs Block and ongoing growth in demand for specialist SEND provision. This means in the absence of receiving the HNSG the deficit could rise to £223.7m.

23.9 Continued High Needs Block overspends could mean that despite a 90% write off the deficit could reach around £150 million by March 2028. Government support would significantly reduce the current historic deficit (at 31 March 2026), however there is no guarantee that future deficits will receive the same level of support, with Government stating that assistance in 2026/27 and 2027/28 will be provided only on an “appropriate and proportionate” basis and “will not be unlimited”.

23.10 As in previous years, the principal drivers of the deficit remain increasing Education, Health and Care Plan (EHCP) demand, growth in specialist placements, and continued pressures across independent and non-maintained special school provision. These pressures mirror those being experienced by many local authorities nationally. Currently Dorset has ~5,000 children and young people with an EHCP, in 2013, this number was 1,407.

23.11 Further analysis and detail is available in the Dorset Schools Forum monitoring reports: Browse meetings - Schools' Forum - Dorset Council

24 Local Authority Trading Companies (LATC)

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

Dorset Innovation Park Ltd

24.2 As reported previously, the new Company is now set up. The Board and Executive team are in place, and operational responsibility for the Innovation Park is now transferred to the company. The business plan has been approved by Shareholders, and finances are in accordance with the Business Plan, Shareholder Agreement and previous Cabinet decisions.

Care Dorset

24.3 As of 31 March 2026, the company recorded a net surplus of £40,592 for the 18-month period, compared with a surplus of £10,247 in the previous financial year. The outturn remains subject to independent audit, which is expected to be completed by the end of August 2026.

24.4 For Quarter 1, the company is reporting a net deficit of £86,000. This is primarily due to an expected accrual for estimated pay awards in line with the latest NJC negotiations, which are not yet fully funded, together with increased renewal and replacement costs across services.

Dorset Centre of Excellence Ltd

24.5 Coombe House School provides education for children with special educational needs and/or disabilities (SEND). Dorset Centre of Excellence Ltd is a wholly owned company of Dorset Council.

24.6 The Company's purpose is to provide high-quality special school places for Dorset children at a fee significantly below the wider independent market.

24.7 Capacity has deviated from the pupil and staffing growth assumptions set out in the revised five-year Business Plan (March 2024). The plan assumed additional classroom capacity would be available from September 2025 following Dorset Council investment to bring further buildings into school use. This work has not yet progressed and as a result, the school will remain at a maximum capacity of 154 pupil places for the foreseeable future.

24.8 Draft accounts for the year ending 31 March 2026 report a pre-tax surplus for the year of £1.5m. Trading losses brought forward will be fully utilised to offset the corporation tax liability, which is expected to be approximately £100k.

24.9 Audit fieldwork was completed in June 2026 and the statutory financial statements for the year ending 31 March 2026 will be shared with the Board in September 2026 for signing. These will be made available to the Shareholder at the earliest opportunity.

24.10 Reported turnover for 2025/26 was £8.3m, of which £8.1m relates to placement fees paid by Dorset Council. Budgeted turnover for 2026/27 is £8.2m, with £8m expected from Dorset Council placement fees. The placement fee for 2026/27 remains unchanged from 2025/26.

24.11 The Company has budgeted a pre-tax surplus of £512k for 2026/27; the management accounts at 30 June 2026 show no significant variances from budget.

Connect2Dorset

24.12 Connect2Dorset is a joint venture with Commercial Services Group (a company wholly owned by Kent County Council). The new service came into effect at the beginning of April 2024 and provides the Council with contingent agency, contract and interim employees.

24.13 The long-term aim of Connect2Dorset is to improve the quality of our agency workers, and where suitable convert agency workers to permanent employees.

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

25.1 Any overspend at year-end will require funding from reserves. Based on the current revenue forecast, it is anticipated that £8.1m will need to be drawn from reserves to meet the projected overspend.

25.2 The General Fund Balance stood at £35.9m at the end of 2025/26 and is forecast to increase to £40.7m by the end of the current financial year.

25.3 Earmarked reserves totalled £127m at the end of 2025/26. Current planned utilisation indicates that a similar balance will be maintained at the end of 2026/27. Consequently, total reserves are forecast to be approximately £168m as at 31 March 2027.

26 Capital programme and financing

26.1 The capital programme has undergone a comprehensive review to ensure it is appropriately sized to reflect organisational capacity and that all capital investment proposals are supported by robust business cases and clear strategic objectives. The revised programme was approved by Cabinet in June 2026.

26.2 As at 31 July 2026, expenditure and commitments against the approved capital programme of £105.042m totalled £29.278m (28%). The programme remains under continuous review to monitor the progress of approved projects and identify any issues that could affect overall delivery. Where project slippage is identified, budgets will be reprofiled within the overall programme to reflect revised delivery timescales.

26.3 The approved project budgets for the current year are outlined below.

Directorate	No. of projects	Project Budget £,000	Spend / Commitments £,000	Variance £,000	% Spent
Adult Social Care	2	2,148	1,001	1,147	47%
Children’s Services	13	11,440	3,073	8,367	27%
Economy & Environment	50	86,560	24,555	62,005	28%
Housing & Prevention	3	694	161	533	23%
Core Services	5	4,200	489	3,711	12%
Total	**73**	**105,042**	**29,278**	**75,764**	**28%**

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

27 Additions to the capital programme

27.1 **The Wimborne Community Sports Hub** is a significant community sports development being delivered as part of the Quarter Jack Park housing development in Wimborne. The scheme will provide a new sports hub incorporating 3.5 grass pitches and a full-size artificial pitch, alongside a pavilion, car parking and associated landscaping.

27.2 The facility will enable Wimborne Rugby Club and Allendale Football Club to relocate from their existing sites to modern, fit-for-purpose facilities, creating opportunities for increased participation, growth in youth sport, and wider community use. The project also supports the objectives of Dorset Council's Playing Pitch Strategy by addressing identified demand for improved sports provision in the East Dorset area.

27.3 The total cost of the pitch element of the project is estimated at £2.289m. Funding has been secured through a Section 106 agreement with Barratt Homes, which provides £1.689m towards the delivery of the pitches, together with a £600k contribution from the Community Infrastructure Levy (CIL) Fund approved by Cabinet. The development will therefore be delivered primarily through external funding sources, with the CIL allocation providing additional funding and contingency to help manage construction cost pressures. Any funding not required for delivery of the project will be returned to the CIL programme. Full details of the project are shown in Appendix C.

27.4 The **Lyme Regis Environmental Improvement Scheme Phase 5** is the strengthening and improvement project for The Cobb structure. The scheme involves the stabilisation of The Cobb harbour arm, an improved working environment on the fish landing quay, improved utility services to the businesses upon the Cobb and resurfacing at key locations.

27.5 This project was originally brought to Cabinet in April 2022 at a cost of £3.0m, the funding of which was from external grants and S106 contributions. Since that time the scale and cost of the overall project has grown significantly, so this update is to provide an explanation for the changes and ask for approval of the total scheme budget of £8.365m.

27.6 The Lyme Regis Environmental Improvement Scheme Phase 5 is a critical coastal protection and infrastructure project focused on the long-term stabilisation and repair of The Cobb, a Grade I Listed harbour structure that serves as Lyme Regis' principal breakwater, protects the town from coastal erosion and flooding, supports harbour operations and businesses, and provides significant heritage and tourism value. The scheme was originally developed to address progressive structural deterioration, seabed scour and movement within the harbour walls, while also delivering improvements to key operational areas of the harbour estate.

27.7 When the Outline Business Case was approved in 2022, the estimated project cost was approximately £3.0m. Since that time, detailed investigations, design development and ongoing monitoring have identified a substantially greater level of structural deterioration than was previously understood. In particular, rapid undermining of the wall toe at the interface between the Roundabout and Southern Arm has significantly increased the risk to the integrity of the structure and necessitated the development of much more substantial stabilisation and toe protection measures on the seaward side of The Cobb. As a consequence, the scope, complexity and cost of both the design and construction elements have increased considerably beyond the assumptions made in the original estimate.

27.8 The scheme has also evolved in response to the technical and heritage challenges associated with preserving a nationally important historic structure. As design work has progressed in consultation with Historic England, the Environment Agency, the Marine Management Organisation and other statutory bodies, additional engineering, environmental and conservation requirements have been incorporated to ensure that the long-term structural resilience of The Cobb can be achieved while safeguarding its historic and cultural significance.

27.9 In addition to the increased construction scope, the project has been affected by substantial industry-wide construction inflation since 2022, particularly within the marine and coastal engineering sector where specialist materials, plant and contractor resources are required. The project programme has also been extended as a result of statutory consenting and licensing processes. While essential, the involvement of multiple regulatory authorities has increased the duration of the pre-construction phase, resulting in further escalation of design, supervision and construction costs.

27.10 The extended delivery programme has also brought the project within the scope of new legislative and policy requirements, including Biodiversity Net Gain obligations. These requirements were not included within the original 2022 estimate and now require additional assessment, mitigation and funding provision.

27.11 Collectively, the increased extent of structural stabilisation works, enhanced toe protection requirements, heritage and environmental considerations, construction inflation, statutory consenting delays and the incorporation of new Biodiversity Net Gain requirements have increased the total estimated project cost from approximately £3.0m in 2022 to £8.365m. The revised estimate reflects the current understanding of the condition of The Cobb and the level of intervention necessary to secure the long-term future of this nationally significant coastal defence, harbour and heritage asset.

27.12 The timeline and funding is outlined in the table below.

Funding	2026/27	2027/28	2028/29	Total
Grant in Aid			£2,090,000	£2,090,000
DEFRA / EA grant		£375,000		£375,000
Local Levy	£300,000	£200,000		£500,000
CIL / S106		£1,125,315	£4,275,000	£5,400,315
Total	**£300,000**	**£1,700,315**	**£6,365,000**	**£8,365,315**

28 Sundry debt management

New invoices for 2026/27

28.1 The total value of debts (invoices) raised between 1 April and 31 July 2026 is £102.4m, a breakdown by directorate is shown below:

Total debt raised	2026/27
	£’000
Adult Social Care	£22,706
Children's Services	£21,120
Housing & Prevention	£1,114
Economy & Environment	£12,797
Core Services	£44,699
Total	**£102,436**

Overall amounts owed

28.2 Looking at debt across all years, the balance of sundry debt outstanding at 31 July 2026 was £39.7m, the breakdown is as follows:

Total Debt					
Directorate	Total due £'000	Less than 30 days £'000	30-90 days £'000	90-365 days £'000	Over 365 days £'000
Adult Social Care	28,904	3,014	2,246	8,949	14,694
Children's Services	1,512	1,398	160	-144	98
Housing & Prevention	4,522	216	80	692	3,534
Economy & Environment	3,911	877	1,036	817	1,181
Core Services	888	378	358	56	96
Grand Total	**39,737**	**5,883**	**3,880**	**10,371**	**19,603**

28.3 Of the £39.7m outstanding debt, £28.9m relates to Adults & Housing. This includes debt arising from deferred payment agreements and care services provided under gross without prejudice arrangements. A more detailed breakdown of these debts is provided later in this section.

28.4 After excluding these amounts, the remaining balance represents collectable debt, which is currently subject to recovery action.

Collectable Debt					
Directorate	**Total due £'000**	**Less than 30 days £'000**	**30-90 days £'000**	**90-365 days £'000**	**Over 365 days £'000**
Adult Social Care	16,107	2,841	1,519	4,361	7,386
Children's Services	1,512	1,398	160	-144	98
Housing & Prevention	4,522	216	80	692	3,534
Economy & Environment	3,911	877	1,036	817	1,181
Core Services	347	192	4	55	96
Total	**26,399**	**5,524**	**2,799**	**5,781**	**12,295**

Prior year performance

28.5 At the end of 2025/26, collectable debt arrears totalled £44.32m. To date, £27.9m (63%) has been recovered.

28.6 The table below provides a breakdown of collection performance against prior-year debt.

Prior year arrears	**Amount owed 31/03/2026 £,000**	**Collected in year £,000**	**Amount outstanding 31/07/2026 £,000**	**% collected**
Pre 1 April 2019	467	46	421	10%
2019/20	805	40	764	5%
2020/21	1,176	24	1,152	2%
2021/22	1,191	74	1,117	6%
2022/23	1,766	151	1,615	9%
2023/24	2,696	334	2,362	12%
2024/25	4,042	847	3,195	21%
2025/26	32,175	26,386	5,789	82%
Total	**44,318**	**27,902**	**16,416**	**63%**

Deferred payments

28.7 Deferred payments are a form of adult social care debt incurred when Dorset Council provides care services to individuals who own property but may not have sufficient liquid assets to pay for their care immediately. Under the Deferred Payment Scheme, the Council agrees to defer payment for care costs, securing the debt against the individual's property through a legal agreement.

28.8 This arrangement allows the individual to delay payment until a later date—typically when the property is sold—at which point the Council recovers the full amount owed. Because the repayment is expected in the future and is secured, deferred payments are not treated as collectable debt in the same way as invoices that are due and payable now. Instead, they are classified separately as future recoverable debt.

Deferred Payments					
Directorate	**Total due £'000**	**Less than 30 days £'000**	**30-90 days £'000**	**90-365 days £'000**	**Over 365 days £'000**
Adult Social Care	4,248	-205	90	1,667	2,697

Gross without prejudice

28.9 Gross without prejudice debts arise when Dorset Council provides adult social care services before a full Care Act assessment and financial assessment have been completed. These debts are recorded to reflect the potential liability but are not actively pursued until it is determined whether the individual receiving care is financially responsible for contributing to the cost of their support.

28.10 This approach ensures that individuals are not prematurely chased for payment before their eligibility and financial capacity have been properly assessed. As such, these debts are held on record but sit outside the category of collectable debt, which refers to amounts that are confirmed as due and actively recoverable.

Gross Without Prejudice					
Directorate	**Total due £'000**	**Less than 30 days £'000**	**30-90 days £'000**	**90-365 days £'000**	**Over 365 days £'000**
Adult Social Care	8,549	378	637	2,922	4,611

29 Write-offs

29.1 The value total write-offs processed so far this year is £272k against a collectable debt total of £26.4m, see the table below. Sufficient provision has been made to cover these debts, which represent a relatively minor portion of the total outstanding balance (1.03%).

Debts written off	2026/27 £'000
Adult Social Care	159
Children's Services	1
Housing & Prevention	14
Economy & Environment	98
Core Services	0
Total	**272**

30 Council tax and business rates debt management

Council tax

30.1 The value of council tax debt raised in 2026/27 is £455.7m and £172.3m has been collected to date. The collection rate at 31 July 2026 is 37.81%, which is slightly more than the corresponding position from the previous year, which was 37.73%.

Council Tax collection rates (%)	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
July	38.05	37.63	38.07	38.14	37.73	37.81

Business rates (non-domestic rates – NDR)

30.2 The value of business rates debt raised in 2026/27 is £123.3m and £53.2m has been collected to date. The collection rate at 31 July 2026 is 43.19%, which is slightly more than the corresponding position from the previous year, which was 42.88%.

NNDR collection rates (%)	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
July	30.56	38.59	43.88	45.27	42.88	43.19

Write offs

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

Debts written off	2025/26 £'000
Council tax	456
Business rates	6
Housing Benefit overpayments	23
Total	**75**

31 Financial planning, strategy and the MTFP

31.1 The Council has already started the process of refreshing the MTFP and developing the budget strategy for 2027/28 and 2028/29, in line with the Local Government funding settlement which, as well as meeting new pressures, will also need to deal with any ongoing pressures from 2026/27.

32 Number and extent of contract exemptions

32.1 Appendix B includes the number and extent of contract exemptions, and the narrative is included in the appendix.

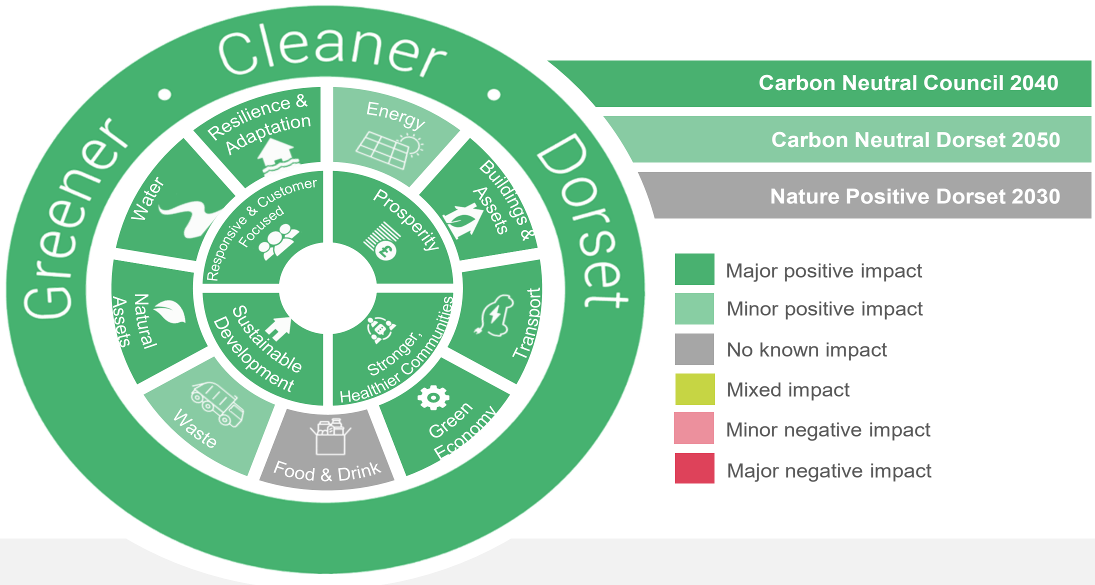
32.2 Contract breaches may occur when suppliers or the council fail to meet agreed terms, such as deadlines or service standards, posing financial, reputational, and legal risks. These breaches are typically operational contract management matters and remain confidential and excluded from standard reporting until they published in accordance with legislation.

33 Summary, conclusions and next steps

33.1 At the end of July 2026, the Council is forecasting a net revenue overspend of £8.136m, equivalent to 1.7% of the approved net budget of £466m. The forecast remains manageable in the context of the Council's overall budget and reserve position, but it is not without risk

33.2 The next steps are to maintain monthly budget monitoring through Directorate and SLT review arrangements; strengthen mitigating actions in areas forecasting overspends; continue to review discretionary and controllable spend; progress delivery of agreed savings and transformation plans; and ensure that emerging pressures are reflected in the next MTFP update and future budget strategy. Further reports will continue to provide Cabinet with an updated view of the forecast outturn, delivery of savings, capital programme changes and the financial risks facing the Council

Appendix A – Climate wheel



Quantitative Impact on CEE targets (if known)

	Unit	Number of units (+/-)
2030 - Natural asset extent & condition	Ha	0
2040 - Operational Emissions	CO_2 (tonnes)	0

ACCESSIBLE TABLE SHOWING IMPACTS

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

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

TABLE OF RECOMMENDATIONS

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

Appendix B – Commercial Exemptions

Contract exemptions, meanwhile, are permitted in accordance with the council's Contract Procedure Rules ("CPR" which apply to the procurement award and management of contracts for goods, services and works). The council's CPR provide for advance approval to depart from the standard rules, where certain criteria are met; for example, to allow a contract to be awarded directly to one supplier, after investigating the market and identifying the only that supplier could perform the contract. Each exemption request and approval or rejection is documented.
A Section 5 (Local Government and Housing Act 1989) report is a formal legal report issued by the council's Monitoring Officer where it appears that any proposal, decision or omission of the council (by committee or officer) has or is likely to be unlawful or amount to maladministration or injustice. Section 5 reports, follow a separate public process and are not included in the paper. The Monitoring Officer has not issued any such reports in 2026/27.

Commercial Exemptions April to July 2026

The table below sets out details of the exemptions granted during the current year, including the number of exemptions by directorate and their associated value.

Exemptions	Number of exemptions*	Total value of exemptions (£)*
Adult Social Care	0	0
Children's Services	5	112,630
Economy & Environment	1	110,660
Housing & Prevention	0	0
Core Services	0	0
Total	**6**	**£223,290**

*Data is correct as submitted by internal stakeholders.

There were five exemptions for Children's Services during this period three relating to Alternative Provision, one relating to Families First Partnership Evaluation and the other is for a children's subscription which provides specialist social work learning resources, legal updates, practice guidance and direct work tools.

There was one exemption for Economy and Environment during this period relating to extended access at Sherborne Library.

Mosaic extension
Mosaic Software is a platform designed for social care professionals, offering case management and finance services. It records and monitors of pathways and provides a single view of an individual's needs and environment.

Ahead of the 4th September 2026 deadline urgent approval was required to trigger two +1 year extensions to the Mosaic contract, totalling £761,155.19, as the amount previously approved by Cabinet in 2023 (£510k) does not match the contract extension amount.

Procurement advised that internal approval is needed for the correct amount, since the original Cabinet approval was a placeholder and only covered the first 18 months, not the full contract period.

Legal compliance has been confirmed as the extensions are included in the original contract, but urgent approval is needed due to time constraints (contract runs to 4th September and Cabinet meets on 8th September).