Cabinet

10 November 2026

September 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 September 2026, Period 6 of the 2026/27 financial year. It provides Cabinet with an assessment of the forecast revenue outturn, the delivery of savings and transformation plans, collection rates, 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 £8m, representing ~1.7% of the approved net budget of £466m. This is a material pressure, but one that remains within a range that can be managed through focused action, continued budget discipline and the careful use of reserves if ultimately required. The September position is broadly the same as the P4 position (£8.3m) therefore, as per 2025/26, the authority is considering reimplementing spend controls.

1.3. The principal drivers of the forecast overspend are demand-led pressures in services supporting vulnerable adults (£3.3m) and children (£2.3m), alongside delays in the delivery of savings associated with the transformation programme £4m).

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 tolerance (medium) using the new Risk Scoring matrix 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 the additions to the capital programme stated within the recommendations, 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 September 2026 including progress in addressing demand for services and on the transformational and efficiency savings incorporated into the budget.

2.2. Approve an additional capital budget allocation of £482,829 from the Capital Contingency Fund to meet the unforeseen asbestos remediation costs incurred as part of the demolition and site clearance works at Bridport Connect (see section 26)

2.3. Approve an addition to the capital programme: Countryside & Greenspace Mowers and Equipment up to £1.0m (see section 26)

2.4. 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. 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: Tolerance (Medium)

8.3 Residual Risk: Capacity (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's SEND Reform Plan was accepted by government, 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 long-term stability of the High Needs Block (HNB), within 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

11. 11. Background Papers

2025/26 outturn report
2025/26 budget strategy report
2026/27 P4 position

12 Overall projection

12.1 At September (P6), the Council is forecasting a net revenue overspend of £8.056m (1.7%) against the approved budget of £466m. This is a slightly improved position of £0.08m from P4.

12.2 Pressures from delayed transformation savings total £4.000m and there are service pressures within Adult Social Care (£3.3m overspend), Children's Services (£2.3m overspend) and Economy and Environment (£0.456m)

12.3 These pressures are partially offset by underspends across a number of services, most notably Modernisation and Customer Delivery (£0.827m), Capital Financing (£1.403m), Chief Executive's Office (£0.464m) and Resources (£0.320m).

12.4 Service directorates collectively forecast a net overspend of £4.293m (0.9% 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 organisation continues to evolve, for example including the establishment of an All Age Commissioning Service and the centralisation of business support functions. As organisational changes and the associated transfer of responsibilities between directorates are still being implemented, directorate budget allocations are expected to be refined throughout the year to reflect the final operating structure.

The directorate variances are summarised in the table below.

Table 1: September financial position

Directorate	Net Current Budget £'000	Forecast Outturn £'000	Forecast (Overspend)/ Underspend £'000		Change from P4 £'000
Adult Social Care	177,922	181,234	(3,312)	(1.9%)	(290)
Children's Services	106,172	108,494	(2,322)	(2.2%)	726
Economy & Environment	105,434	105,890	(456)	(0.4%)	(73)
Modernisation and Customer Delivery	26,426	25,599	827	3.1%	(316)
Housing, Communities and Prevention	21,033	21,011	22	0.1%	14
Chief Executives Office	13,553	13,089	464	3.4%	112
Assurance & Governance	8,976	8,812	164	1.8%	19
Resources	4,307	3,988	320	7.4%	88
Total Service Budgets	**463,823**	**468,116**	**(4,293)**	**(0.9%)**	**280**
General Funding - including Transformation	(5,618)	(990)	(4,628)	(82.4%)	(628)
Capital Financing	18,804	17,401	1,403	7.5%	403
Contingency	(7,058)	(7,058)	0	0.0%	0
Precepts/Levy	23,607	23,620	(13)	(0.1%)	0
Central Finance	(505,469)	(504,926)	(543)	(0.1%)	0
Retirement costs	1,707	1,689	18	1.0%	24
Whole Authority	**(10,205)**	**(2,149)**	**(8,056)**		**80**
Dedicated Schools Grant budgets	10,205	84,520	(74,315)		(578)

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

13. Adult Social Care

13.1 Adult Social Care is currently forecasting a net expenditure of £181.234m against a budget of £177.922m, resulting in a projected overspend of £3.312m (1.90%). The overspend is primarily due to pressures from increased demand.

Table 2: Adult Social Care September financial position

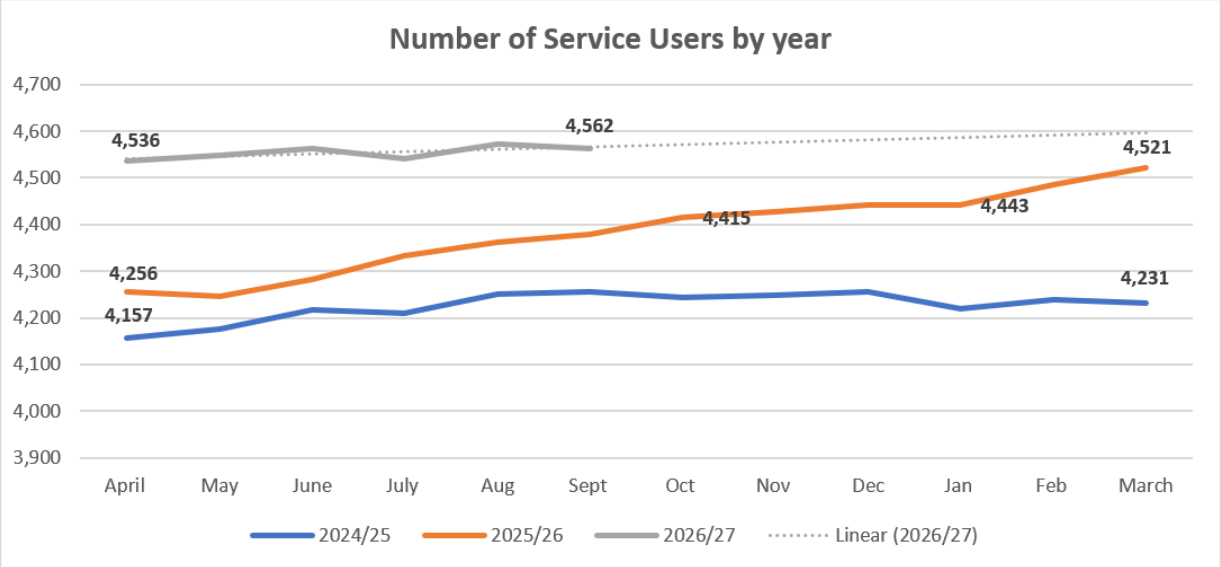
Adult Social Care	Net Current Budget £'000	Forecast Outturn £'000	Forecast (Overspend)/ Underspend £'000		Change from P4 £'000
Adult Care Packages	154,573	159,018	(4,446)	(2.9%)	(281)
Adult Care Operation	21,458	20,311	1,147	5.3%	(9)
Directorate Wide	1,891	1,905	(14)	(0.7%)	(0)
Total Directorate Budget	**177,922**	**181,234**	**(3,312)**	**(1.9%)**	**(290)**

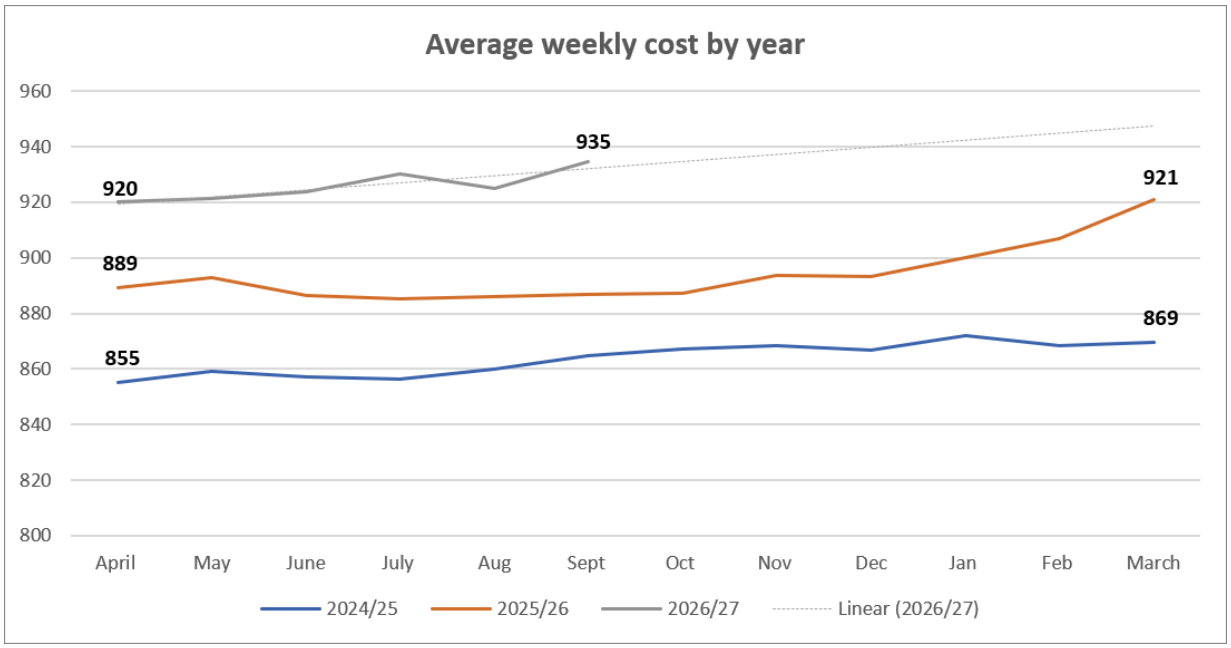
Adult care packages

13.2 The 2026/27 budget assumed 4,415 people would be supported at an average weekly cost of £887. Additional contingency funding of £3.5m was allocated in Q1 to support the cost of rising demand since the budget was set.

13.3 Demand has continued to grow during the first six months of the year. As at 1 September, the number of people being supported had increased to 4,562, while the average weekly cost had risen to £935 per week. This represents an increase of 26 individuals being supported and a £15 increase in the average weekly cost since April. Since Q1, activity levels have remained broadly stable, with the number of individuals supported unchanged, although the average weekly cost has increased by a further £11. The combination of higher-than-budgeted activity levels and increasing package costs continues to place pressure on the budget and remains the primary driver of the forecast overspend.

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





13.5 The Directorate continues to face pressures arising from changes to health funding arrangements, currently estimated at £0.924m, an increase of £0.176m since Q1. These pressures relate primarily to jointly funded packages that are no longer eligible for health funding and to Continuing Healthcare (CHC) cases that have transferred back to the Council.

13.6 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.

Table 3: Whole authority CHC and Jointly Funded Packages

	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	9	769,510
Joint Funded packages no longer eligible	0	-	30	568,582	5	154,639
Total	**26**	**1,178,443**	**48**	**1,089,484**	**14**	**924,149**

13.7 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.

13.8 Significant progress has been made in vacancy management, with vacancy factor savings currently delivering 68% 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 £1.147m, which is offsetting the pressure on placement costs.

14. Children's Services

14.1 The Children's Services forecast is £108.5m compared with a net budget of £106.2m an overspend of £2.3m (2.2%).

Table 4: Children's Services September Financial Position

Children's Services	Net Current Budget £'000	Forecast Outturn £'000	Forecast (Overspend)/ Underspend £'000		Change from P4 £'000
Quality Assurance	5,077	4,946	131	2.6%	30
Care & Protection	73,010	75,376	(2,366)	(3.2%)	1,097
Commissioning and Partnerships	5,564	5,609	(45)	(0.8%)	109
Director's Services	3,684	3,224	460	12.5%	0
Education and Learning	8,271	8,553	(282)	(3.4%)	(288)
DSG recharges	0	0	0	0.0%	0
Birth to Settled Adult	10,566	10,787	(220)	(2.1%)	(222)
Total Directorate Budget	**106,172**	**108,494**	**(2,322)**	**(2.2%)**	**726**
Dedicated Schools Grant budgets	10,205	84,520	(74,315)		(578)

14.2 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.

14.3 The largest pressure remains within Care & Protection, which is forecasting an overspend of £2.3m against a budget of £73m. 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 budgets.

14.4 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.

14.5 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 includes delivery of savings associated with the Dorset Children Thrive programme.

14.6 Education and Learning (Dorset Council budgets) is reporting a £0.28m overspend, due to continuing the employment of agency colleagues in the SEN team to meet additional demand and the delayed implementation of new technology.

14.7 Overall, the Children's Services Directorate is forecasting a net overspend of £2.3m, an improved position of £0.7m since P4. Underlying financial position remains highly sensitive to placement activity, with a small number of additional complex placements capable of materially affecting the forecast. Recruitment challenges, therefore vacancies, is partially offsetting the children in care homes overspend.

Children in care

14.8 As mirrored nationally, pressure on external placements for our children in care population continues. A recent LGA report stated "Spending on providing support for children in care is rising at a rate of £1 billion a year" Increasing numbers of Children in Care not only impact placement budgets, but the associated costs such as assessment costs, legal, interpreter fees and travel costs.

14.9 The Children in Care placements budget is currently forecast to overspend by £4.6m (£4.6m in P4), this includes fostering and in house residential provision. Expenditure for external homes is forecast to overspend by £6.4m. 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.

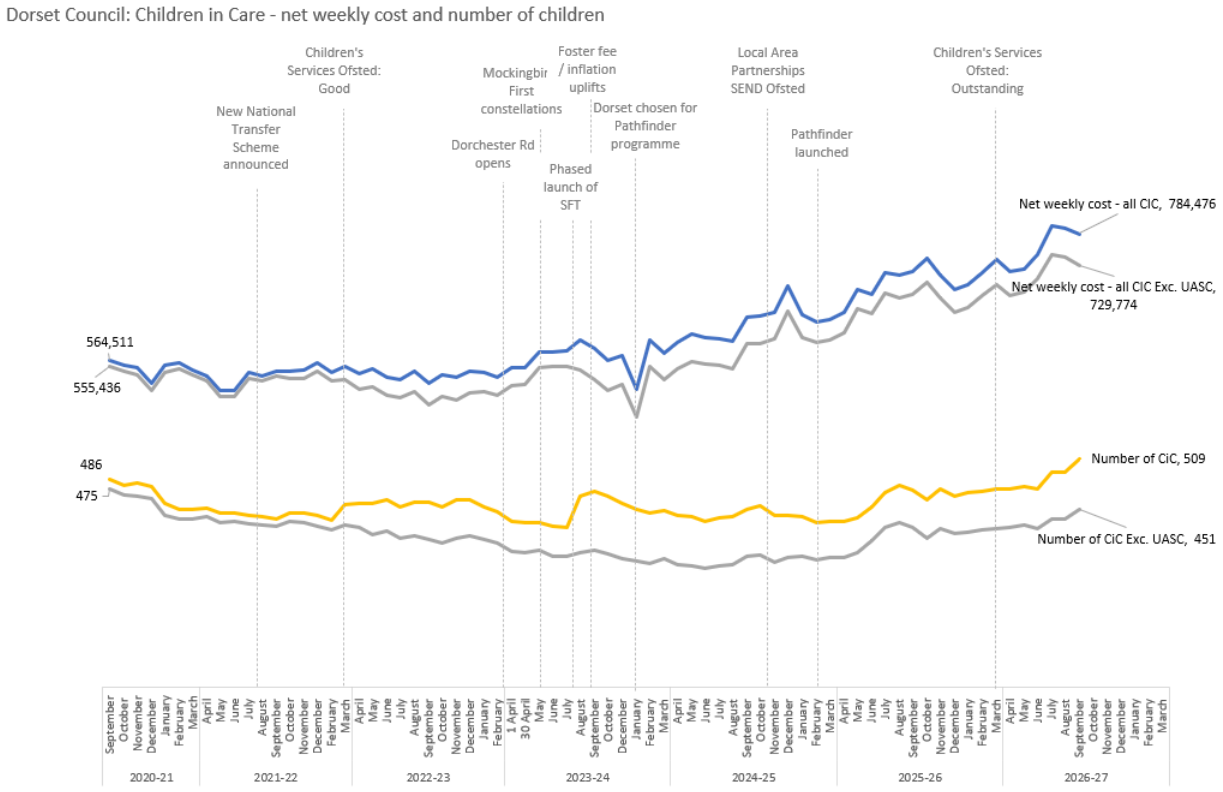
14.10 There were 451 Children in Care (excluding unaccompanied asylum seeking children) at the end of September 2026, an increase of 10 from July 2026 (441), and this is 15% higher than April 2025. Whilst overall numbers remain below historic levels (475 in September 2020), the volume and mix of placements continues to generate significant financial pressure.

14.11 The number of children in external residential placements increased to 54 in September 2026, compared with 44 in in April 2025. At the same time, the average weekly cost of external residential placements has risen to £6,825 per week (£355k per year), representing a 71% increase since September 2020. High-cost supported accommodation placements remain a key area of financial

pressure, with average weekly costs reaching £3,300 per week (£172k per year), 27% higher than the September 2020 baseline.

14.12 Encouragingly, Dorset Council's in-house fostering provision remains strong, with 219 children placed with Dorset Council foster carers in (215 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.

14.13 Despite an overall reduction in Children in Care numbers since 2020, rising placement costs and volume, 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.



14.14 If the number of children in care (exc. our unaccompanied children) had remained at 475, at September averages, it is estimated an additional £2.0m of annual cost would be incurred.

Risks and mitigations

14.15 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) Ongoing inflationary pressures within the residential care market may further increase placement costs.
e) 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.
f) Future health funding arrangements and partner contributions remain uncertain

14.16 Overall, while the forecast position represents a falling 2.2% 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.

15. Economy and Environment directorate

15.1 The overall forecast for the Directorate as at the end of September is a projected adverse position (an overspend) of £0.456m (0.4%), with a projection of £105.9m net spend against a net budget of £105.4m. This is a minor change from the previous finance report, which showed a projected adverse position (an overspend) of £0.383m (0.4%).

Table 5: Economy & Environment September Financial Position

Economy and Environment	Net Current Budget £'000	Forecast Outturn £'000	Forecast (Overspend)/ Underspend £'000		Change from P4 £'000
Highways	4,152	4,271	(119)	(2.9%)	(152)
Dorset Travel	44,177	42,425	1,752	4.0%	757
Flood & Coastal Erosion Risk Management (FCERM)	1,085	1,135	(50)	(4.6%)	0
Greenspace	3,183	3,386	(203)	(6.4%)	(128)
Health & Activity	128	122	6	4.5%	(0)
Commercial Waste & Strategy	17,898	18,065	(168)	(0.9%)	131
Waste - Operations	18,214	18,951	(737)	(4.0%)	(557)
Fleet	182	36	146	80.3%	59
Weymouth 2040 Ancillaries	841	841	0	0.0%	0
Economic Development	744	717	27	3.6%	117
Harbours	16	21	(6)	(37.8%)	(2)
Leisure, Arts & Cultural Services	3,411	3,363	49	1.4%	(10)
Directors Office	514	1,326	(812)	(158.1%)	(777)
Assets & Property	6,901	6,901	(0)	(0.0%)	0
Planning	3,989	4,330	(341)	(8.5%)	489
Total Directorate Budget	**105,434**	**105,890**	**(456)**	**(0.4%)**	**(73)**

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

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

Highways

15.4 The Highways budget is forecast to be overspent by £0.119m, made up as follows:

1) The Highways Infrastructure and Network Operations are expecting to be £0.107m favourable, primarily as a result of higher than budgeted income in the Traffic team area.

2) Parking Services are expecting to be £0.226m overspent. Income budgets are on target, and the pressure on expenditure budgets, in particular business rates which have seen some revaluations.

Dorset Travel

15.5 Overall, Dorset Travel is projecting a £1.752m underspend on a net budget of circa £44m. There are three main aspects to this:

15.6 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.

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

Table 6: SEND Transport spend by year

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	22,253	2,029	10%

15.8 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).

15.9 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 opportunities.

15.10 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. Now that the majority of contract changes for September 2026 have been assessed, these have been assessed as being circa £2.2m below the budget.

15.11 Finally, mainstream school transport contracts have also been renewed as of September 2026, and contract prices are circa £0.5m below the budget.

Waste Disposal and Recycling

15.12 An overspend of £0.168m 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.

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

Waste Collection and Fleet

15.14 The projected overspend is now at £0.757m in Waste Collection. This has worsened since the previous Cabinet report due to the worsening of the vehicle fuel price, which is the main cause of the projected overspend here. 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. Overall, the pressure on the fuel budget is circa £0.650m.

15.15 Fleet partially offsets the overspend, with an underspend on parts (£0.146m)

Directors Office

15.16 The Directors Office is showing an adverse projected variance of £0.812m. Approximately £0.550m of this is in relation to a savings proposal to permanently delete posts. This work has been delayed, but will be moving forward in the near future in order to ensure that this is resolved in time for 2027/28. The remaining overspend is in relation to unfunded pressures, primarily around wellbeing and H&S.

Planning

15.17 Overall, a £0.341m adverse variance is projected, significantly improved since the previous report, due to income received improving since that report. Nonetheless, the forecast for income is still insufficient to being the service back to being on budget. It will continue to be carefully monitored.

16. Modernisation and Customer Delivery

16.1 Modernisation and Customer Delivery is reporting a forecast underspend of £0.827m (3.1%) against a net budget of £26.426m. This represents a reduction in the forecast underspend of £0.316m compared with the previous quarter.

Table 7: Modernisation & Customer Delivery September Financial Position

Modernisation and Customer Delivery	Net Current Budget £'000	Forecast Outturn £'000	Forecast (Overspend)/ Underspend £'000		Change from Ap4 £'000
ICT Operations	9,070	8,841	229	2.5%	79
Customer Hub	5,585	5,709	(124)	(2.2%)	(247)
Library Services	4,404	4,417	(12)	(0.3%)	(7)
Revenues & Benefits	3,927	3,221	706	18.0%	78
Transformation, Customer & Cultural Services	3,303	3,274	29	0.9%	(218)
Directors Office	136	136	0	0.0%	0
Total Directorate Budget	**26,426**	**25,599**	**827**	**3.1%**	**(316)**

16.2 ICT Operations is forecasting an underspend of £0.229m, representing an improved position compared with the previous quarter. The improvement is attributable to additional vacancy savings arising from posts remaining unfilled.

16.3 Customer Hub is forecasting an overspend of £0.124m, a reduction of £0.247m from the previous forecast. The overspend reflects £0.143m of Year 1 transformation savings transferred from Central Finance, together with increased demand within the Central Support team and the additional resources required to maintain service standards.

16.4 Transformation, Innovation & Design is forecasting an underspend of £0.029m, representing a reduction of £0.218m in the forecast underspend compared with the previous quarter. The movement in the forecast position reflects £0.288m of Year 1 transformation savings transferred from Central Finance, partially offset by further pay savings.

17. Housing, Communities and Prevention

17.1 Housing, Communities and Prevention is currently forecasting a net expenditure of £20.767m against a budget of £20.870m, resulting in a projected underspend of £0.073m (0.4%).

Table 8: Housing, Communities and Prevention September Financial Position

Housing, Communities and Prevention	Net Current Budget £'000	Forecast Outturn £'000	Forecast (Overspend)/ Underspend £'000		Change from Ap4 £'000
Regulatory Services	4,312	4,433	(121)	(2.8%)	(20)
Housing & Community	8,786	8,794	(8)	(0.1%)	(91)
ASC Commissioning	7,734	7,532	202	2.6%	176
PH Joint Partnership	0	0	0	0.0%	0
LiveWell Dorset	1,108	1,046	62	5.6%	(39)
Public Health	17,060	17,122	(62)	(0.4%)	39
Public Health Grant	(18,130)	(18,130)	0	0.0%	0
Total Directorate Budget	**20,870**	**20,797**	**73**	**0.4%**	**65**

17.2 The Q2 forecast indicates that the Directorate is currently projected to achieve an underspend of £0.73m at outturn an improvement of £0.65m compared to Q1. However, an adverse variance of £0.121m is forecast within Regulatory Services, relating to an unachieved staffing savings target and lower than anticipated income. Delivery of this saving is unlikely to achieved, and the position will continue to be closely monitored through the Directorate's budget management arrangements.

17.3 Significant progress has been made in vacancy management, with vacancy factor savings currently delivering 74% of the total vacancy target.

18. Chief Executive's Office

18.1 The Chief Executive's Office forecast is £13.089m compared with a net budget of £13.553m, an underspend of £464k (3.4%). There has been a positive movement of £112k when compared to the previous quarter.

Table 9: Chief Executive's Office September Financial Position

Chief Executives Office	Net Current Budget £'000	Forecast Outturn £'000	Forecast (Overspend)/ Underspend £'000		Change from Ap4 £'000
People & Workforce	2,551	2,358	193	7.6%	74
Strategy, Performance and Sustainability	4,108	4,005	103	2.5%	30
Business Support	6,257	6,089	168	2.7%	8
Chief Executive's Office	637	637	0	0.0%	0
Total Directorate Budget	**13,553**	**13,089**	**464**	**3.4%**	**112**

18.2 People & Workforce is forecasting an underspend of £193k, an improvement of £74k from the previous forecast. This improved position is primarily due to lower than anticipated recruitment advertising costs and the impact of vacant posts remaining unfilled.

18.3 Strategy, Performance and Sustainability is reporting a forecast underspend of £103k, representing an improved position of £30k. The improvement is attributable to vacancy savings arising from posts remaining unfilled.

19. Resources

19.1 The forecast for Resources is £3.988m compared with a net budget of £4.307m, showing an underspend of £0.320m (7.4%), an improvement of £88k compared to the previous quarter. The forecast underspend of £320k is primarily driven by pay underspends within Accountancy and Operational Finance.

Table 10: Resources September Financial Position

Resources	Net Current Budget £'000	Forecast Outturn £'000	Forecast (Overspend)/ Underspend £'000		Change from Ap4 £'000
Finance & Commercial	4,307	3,988	320	7.4%	88
Total Directorate Budget	**4,307**	**3,988**	**320**	**7.4%**	**88**

19 Assurance and Governance

19.1 The Assurance and Governance forecast is £8.812m compared with a net budget of £8.976m, an underspend of £0.164m (1.8%). This is primarily due to an increase in income in the Land Charges service, offset by small pay related overspends.

Table 11: Assurance & Governance September Financial Position

Assurance & Governance	Net Current Budget £'000	Forecast Outturn £'000	Forecast (Overspend)/ Underspend £'000		Change from Ap4 £'000
Assurance	1,825	1,864	(39)	(2.1%)	(33)
Democratic & Elections Services	3,155	3,205	(50)	(1.6%)	(4)
Land Charges	(332)	(495)	163	49.0%	6
Legal Services	3,310	3,211	99	3.0%	60
Archives	1,019	1,027	(9)	(0.8%)	(9)
Total Directorate Budget	**8,976**	**8,812**	**164**	**1.8%**	**19**

20 Central Finance and Contingency

20.1 The Central Finance budgets are forecast to be £460.055m against a net income budget of £463.818m, resulting in a forecast overspend of £3.763m (0.8%). This represents an increase in the forecast overspend of £0.200m compared with the previous reporting period.

Table 12: Central Finance & Contingency September Financial Position

Central Finance	Net Current Budget £'000	Forecast Outturn £'000	Forecast (Overspend)/ Underspend £'000		Change from Ap4 £'000
Our Future Council Savings	(5,883)	(200)	(5,683)	(96.6%)	(1,683)
General Funding	265	(790)	1,056	397.8%	1,056
Capital Financing	18,804	17,401	1,403	7.5%	403
Contingency	3,151	3,151	0	0.0%	0
Precepts/Levy	23,607	23,620	(13)	(0.1%)	0
Central Finance	(503,763)	(503,237)	(525)	(0.1%)	24
Total Central Budgets	**(463,818)**	**(460,055)**	**(3,763)**	**(0.8%)**	**(200)**

20.2 **Cross-Council Transformation Savings (previously known as Our Future Council)** – see section 21.

20.3 **General Funding** is forecasting an underspend of £1.056m. This position is driven by a £1.000m improvement in the LGPS pension deficit position and additional Education Services Grant income of £0.056m.

20.4 **Capital Financing** is forecasting an underspend of £1.403m, an improvement of £0.403m since the previous quarter. The improved position is driven by a £1.863m reduction in forecast interest payable, partially offset by a £1.460m reduction in forecast interest receivable.

20.5 **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.

20.6 **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.

21 Transformation and savings plans

21.1 **Cross-Council Transformation Savings (previously known as Our Future Council)** The council continues to make progress in delivering its cross-council transformation savings programme, with activity focused on modernising services, improving customer experience, increasing organisational efficiency and supporting the council's long-term financial sustainability. Significant transformation activity is underway across workforce redesign, service integration, digital enablement, commercial improvement and technology rationalisation. Whilst good progress has been made in a number of areas, work continues to deliver the remaining savings requirements and identify further opportunities to support the council's financial position.

Progress to Date – September 2026

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

Table 13: Transformation September Financial Position

Savings area	Budget	Forecast at P6	P6 confidence	Remainder to deliver	Remainder confidence
Workforce redesign	£2.5m	£1.1m	High	£1.4m	Medium
Third-party spend	£4.0m	£0m	Low	£4.0m	Low
ICT rationalisation	£0.3m	£0m	Low	£0.3m	Low
Full-year effect delivered in 2025/26	£2.6m	£2.6m	High	£0m	High
Total	**£9.4m**	**£3.7m**	**High**	**£5.7m**	**Mixed**

Workforce Redesign and Service Transformation:

21.3 Current forecasts reflect £5.1m of workforce-related savings, comprising £1.1m delivered through workforce redesign activity during 2026/27, £2.6m relating to the full-year effect of transformation activity delivered during 2025/26 with savings realised in 2026/27 and a further £1.4m forecast for delivery during the second half of the financial year. These savings have been achieved through leadership redesign, further development and integration within the transformation office, customer hub and business support hub, workforce reshaping and vacancy management, with further organisational changes planned during the remainder of the year.

21.4 Alongside workforce redesign, the council continues to integrate additional services into established hub models to create economies of scale, improve resilience and reduce duplication. Service redesign activity remains focused on simplifying customer journeys, improving customer experience, reducing avoidable demand and increasing the use of digital services, automation and self-service capabilities. These initiatives are intended to deliver both financial benefits and improved outcomes for residents whilst supporting longer-term sustainability.

Third-Party spend Reduction:

21.5 At P4 there remained confidence that there was a route to achieving up to £2.0m of third-party savings and cost avoidance through commercial activity, procurement interventions and contract optimisation. As plans have matured, confidence in achieving those savings within the current financial year has reduced and, as a result, no third-party savings are currently reflected within the forecast position.

21.6 Activity continues across all directorates to identify savings opportunities. This includes detailed contract portfolio analysis, commercial review and expenditure scrutiny across supplier arrangements and third-party spend to identify opportunities for contract renegotiation, consolidation, re-procurement and improved commercial outcomes. This work remains a significant area of focus, supported through the Commercial Board, and opportunities will continue to be assessed and reflected in forecasts where delivery confidence exists.

Savings

21.7 Savings set in the 2026/27 budget build, and unachieved savings from previous years, are reflected in Table 14.

21.8 Savings categorised as ‘red’ will not be achieved this financial year and are a reason for the financial position, with savings with a category of ‘amber’ at risk of not being delivered in the financial year.

21.9 All savings are subject to ongoing monitoring and review through the monthly budget management process. The savings programme comprises both transformation-led initiatives and directorate-specific savings.

Table 14: Savings delivery September Financial Position

	Total saving 2026/27	Green £	Amber £	Red £
Central Finance	7,401,954	1,718,954	1,400,000	4,283,000
Children's Services	6,582,335	2,658,396	3,225,689	698,250
Adult Social Care	4,125,000	2,918,735	1,206,265	
Economy & Environment	2,945,644	1,413,656	504,488	1,027,500
Resources	566,500	35,000	531,500	
Housing & Prevention	500,000		500,000	
Modern & Customer	296,000		85,000	211,000
Chief Executive's Office	239,660	239,660		
Grand Total	**22,657,093**	**8,984,401**	**7,452,942**	**6,219,750**

22 Dedicated Schools Grant (DSG)

22.1 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.

22.2 Dorset’s SEND Reform plan was accepted in October 2026 with a High Needs Stability Grant totalling £145m due November 2026. This would leave a balance of £3.7m to be funded from the reserve setup to support the Safety Valve programme before the programme was cancelled. This reserve would also be used in the event government do not fully fund any future year DSG cumulative deficit write offs.

22.3 The long-term SEND reforms have yet to be finalised with the government stating:

For deficits that arise in 2026–27 and 2027–28, local authorities can expect that we will continue to take an appropriate and proportionate approach, though it will not be unlimited. Future support will take into account LAs' successful delivery of their approved Local SEND reform plan, including appropriate use of investment funding to establish an Experts at Hand offer.

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

22.5 Dorset's DSG deficit is forecast to be approximately £150m by 31 March 2028.

22.6 The current and future cumulative DSG deficit remains a major risk for the authority:

"Instability in the High Needs Block budget may create an increased deficit in the Dedicated Schools Grant (DSG), resulting in a worsening of Dorset Council's financial position." Risk ID 194

22.7 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, with a cost of circa £6m in interest foregone. This will be mitigated through the receipt of the High Needs Stability Grant; however this will return during the later stages of 2026/27 and 2027/28.

DSG – Current position

22.8 The Dedicated Schools Grant is forecast to overspend by £74.3m in 2026/27, reflecting continuing national pressures within the High Needs Block and ongoing growth in demand for specialist SEND provision.

22.9 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.

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

23 Local Authority Trading Companies (LATC)

23.1 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

23.2 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

23.3 Care Dorset's year to date financial performance is a loss of £0.204m. This position includes an accrued uplift of 3.3%, which is not fully funded and is currently creating an unfunded pressure of £0.143k. Excluding the impact of the unfunded pay award, the underlying financial position would broadly be in line with expectations.

Dorset Centre of Excellence Ltd

23.4 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.

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

23.6 Detailed feedback regarding DCOE's independent financial audit for the financial year 2025/26 is being finalised. Verbal feedback and late drafts of the written report seen are suggesting a highly positive outcome can be expected.

23.7 The 2026/27 financial year is progressing broadly in line with budget with no significant variations, or unexpected costs impacting on performance so far. The Company continues to be committed to representing exceptional value for money to the Dorset community, and its Shareholder.

Connect2Dorset

23.8 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.

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

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

24.1 Any overspend at year-end will require funding from reserves. Based on the current revenue forecast, it is anticipated that £8.0m will need to be drawn from reserves to meet the projected overspend.

24.2 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.

24.3 Earmarked reserves totalled £120m 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 (general fund plus earmarked) are forecast to be approximately £161m as at 31 March 2027.

25 Capital programme and financing

25.1 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.

25.2 As at 30 September 2026, expenditure and commitments against the approved capital programme of £106.025m totalled £52.144m (49%). 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.

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

Table 15: Capital Programme September Financial Position

Directorate	No. of projects	Project Budget £,000	Spend / Commitments £,000	Variance £,000	% Spent
Adult Social Care	2	2,148	1,116	1,032	52%
Children's Services	13	11,189	4,798	6,391	43%
Economy & Environment	54	87,248	45,372	41,876	52%
Housing & Prevention	3	694	248	446	36%
Core Services	6	4,746	609	4,137	13%
Total	**78**	**106,025**	**52,144**	**53,881**	**49%**

25.4 The movements in the project budgets since Q1 are shown in the table below.

Table 16: Capital Programme Budget September Financial Position

Directorate	Q1 Budget £,000	Adjustments £,000	Re-profiling £,000	New funding £,000	Q2 Budget £,000
Adult Social Care	2,148	0	0	0	2,148
Children's Services	11,440	0	(251)	0	11,189
Economy & Environment	86,560	8,780	(8,190)	98	87,248
Housing & Prevention	694	0	0	0	694
Core Services	4,200	546	0	0	4,746
Total	**105,042**	**9,326**	**(8,441)**	**98**	**106,025**

25.5 Changes to the Capital schemes since Q1 include the following items.

25.6 The majority of the adjustments relate to the £8.365m approved for Lyme Regis Environmental Improvement Plan Phase 5, shown within the Economy & Environment area of the table. This amount appears in both the adjustments and reprofiling columns, as £8.365m was approved during the year and £7.865m was subsequently reprofiled into future years.

25.7 The £0.546m in Core services relates to the approval of the Dorset History Centre programme in July Cabinet.

25.8 Other reprofiling within Economy & Environment relates to the Innovation Park capital programme (£0.700m), the movement of £0.485m budget into the current year in respect of Dorset Council's Harbour Walls F&G match funding contribution, and the reprofiling of £0.110m relating to the DCOE element of the Property Improvement Programme.

25.9 Reprofiling within Children's Services includes £0.201m relating to improvements at the Carey Outdoor Education Centre and £0.050m relating to the Children's Residential Sufficiency Programme.

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

26 Additions to the capital programme

26.1 The **Bridport Connect** is a former day centre located on the Flood Lane site in Bridport. The original plan was for the appointed developer to undertake demolition as part of a wider redevelopment scheme. However, following the

failure of the procurement process and the need to reprocure development partners, progress on the site was significantly delayed.

26.2 During this period the vacant building was subject to repeated break-ins, arson attacks and evidence of drug-related activity, resulting in the Council incurring significant ongoing security costs to safeguard the site. To address these issues, it was agreed that demolition would be undertaken in advance of redevelopment. Works commenced in January 2026 and initially encountered a couple of minor asbestos discoveries.

26.3 In May 2026, a significant asbestos discovery was identified and subsequent investigation revealed further asbestos contamination within stockpiled masonry across the site. Given the substantial health and safety risks associated with leaving the asbestos in situ, urgent action was required to undertake its removal. A procurement exemption of up to £257,829 was approved, including a contingency allowance for any further asbestos discoveries, to ensure that remediation works could proceed without delay and the site could be made safe as quickly as possible.

26.4 Following the asbestos discoveries identified in May 2026, further site investigations and soil sampling undertaken in August 2026 revealed more asbestos contamination within the ground. Subsequent testing recommended the removal of contaminated soil to a depth of between 200mm and 300mm, together with the potential removal of an existing slab. The estimated worst-case cost of these remediation works together with additional costs arising from site delays and associated contract impacts is a further £225,000.

26.5 The original demolition budget was £179,280, however, the asbestos removal increased costs initially by £257,829 and the latest estimates require a further £225,000 bringing the total project costs to £662,109. There is sufficient provision within the Capital Contingency Fund to accommodate the additional project costs of £482,829.

26.6 **Countryside and Greenspace Mowers and Equipment** is needed to enable the planned replacement of essential highway verge, arboriculture, countryside, greenspace and grounds maintenance equipment that has reached the end of its operational life. The equipment, including tractors, ride-on mowers and specialist attachments, is critical to the delivery of a wide range of Dorset Council services and statutory functions. The machinery supports the management of over 80 countryside sites, four country parks, nearly 3,000 miles of Public Rights of Way, approximately 5,000 miles of highway verge, 250,000 highway trees, and more than 500 grounds maintenance and arboriculture contracts. Without timely replacement, the Council faces increasing risks of mechanical failure, service disruption, escalating maintenance costs, and reduced capacity to maintain key public assets to the required standard.

26.7 This investment will ensure the continued delivery of frontline services that directly contribute to Dorset Council's corporate priorities of Communities for All, Growing Our Economy, and Responding to the Climate and Nature Crisis. The equipment enables the maintenance of countryside and recreational assets that support tourism, health and wellbeing, biodiversity, sustainable transport, and public access across Dorset. It also supports income-generating grounds maintenance and arboriculture contracts while ensuring compliance with statutory duties relating to highway safety, public rights of way, and tree management. Investment in replacement plant will safeguard service resilience and ensure these important public assets continue to be managed effectively for residents and visitors.

26.8 The replacement programme will also deliver significant operational benefits. Newer equipment will reduce downtime, lower repair and maintenance expenditure, improve reliability, and increase operational efficiency across service areas. In addition, modern plant will provide improved environmental performance through lower fuel consumption and reduced emissions, supporting Dorset Council's carbon reduction objectives.

26.9 The Council's existing Fleet Replacement Programme doesn't currently include the greenspace equipment and machinery. Whilst this programme is reviewed contingency funding of up to £1.0m is requested to ensure that the replacement programme can proceed, protecting critical services and maintaining statutory compliance.

27 Sundry debt management

New invoices for 2026/27

27.1 The total value of debts (invoices) raised between 1 April and 30 September 2026 is £150.7m, a breakdown by directorate is shown below:

Table 17: Total debt raised

Total debt raised	**2026/27**
	£'000
Adult Social Care	£34,656
Children's Services	£35,138
Housing & Prevention	£5,458
Economy & Environment	£18,042
Core Services	£57,381
Total	**£150,675**

Overall amounts owed

27.2 Looking at debt across all years, the balance of sundry debt outstanding at 30 September 2026 was £43.1m, the breakdown is as follows:

Table 18: Total debt by directorate

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	28,536	701	3,392	9,319	15,124
Children's Services	269	240	49	-134 (1)	114
Housing & Prevention	6,970	2,669	281	438	3,582
Economy & Environment	4,097	1,130	427	1,349	1,190
Core Services	3,216	2,283	489	349	95
Grand Total	**43,088**	**7,023**	**4,639**	**11,321**	**20,105**

(1) Negative position due to several small credit balances and a credit note relating to an already paid invoice

27.3 Of the £43.1m outstanding debt, £28.5m 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.

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

Table 19: Collectable debt by directorate

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	16,036	585	2,939	4,833	7,679
Children's Services	269	240	49	-134	114
Housing & Prevention	6,970	2,669	281	438	3,582
Economy & Environment	4,097	1,130	427	1,349	1,190
Core Services	2,046	1,829	79	43	95
Total	**29,418**	**6,453**	**3,776**	**6,529**	**12,660**

Prior year performance

27.5 At the end of 2025/26, collectable debt arrears totalled £44.32m. To date, £28.7m (65%) has been recovered.

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

Table 20: Collection performance by year

Prior year arrears	Amount owed 31/03/2026 £,000	Collected in year £,000	Amount outstanding 30/09/2026 £,000	% collected
Pre 1 April 2019	467	54	413	11%
2019/20	805	42	763	5%
2020/21	1,176	27	1,150	2%
2021/22	1,191	79	1,112	7%
2022/23	1,766	189	1,577	11%
2023/24	2,696	372	2,324	14%
2024/25	4,042	979	3,062	24%
2025/26	32,175	27,001	5,175	84%
Total	**44,318**	**28,743**	**15,574**	**65%**

Deferred payments

27.7 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.

27.8 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.

Table 21: Deferred payments

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	3,989	-144	38	1,493	2,602

Gross without prejudice

27.9 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.

27.10 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.

Table 22: Gross without prejudice

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	8,511	260	415	2,993	4,843

28 Write-offs

28.1 The value total write-offs processed so far this year is £322k against a collectable debt total of £29.4m, see the table below. Sufficient provision has been made to cover these debts, which represent a relatively minor portion of the total outstanding balance (1.09%).

Table 23: Debts written off by Directorate

Debts written off	2026/27 £'000
Adult Social Care	210
Children's Services	1
Housing & Prevention	13
Economy & Environment	98

Core Services	0
Total	**322**

29 Council tax and business rates debt management

Council tax

29.1 The value of council tax debt raised in 2026/27 is £455.3m and £253.3m has been collected to date. The collection rate at 30 September 2026 was 55.62%, compared with 55.87% at the same point in the previous year. This represents a reduction in performance and equates to approximately £1.1m less collected in cash terms.

Table 24: Council tax collection by a period across years

Council Tax collection rates (%)	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
September	56.28	55.96	56.47	56.24	55.87	55.62

Business rates (non-domestic rates – NDR)

The value of business rates debt raised in 2026/27 is £123.2m and £74.2m has been collected to date. The collection rate at 30 September 2026 is 60.24%, which is slightly more than the corresponding position from the previous year, which was 58.72%.

Table 25: Business rates collection by a period across years

NNDR collection rates (%)	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
September	52.34	62.08	59.22	60.96	58.72	60.24

Write offs

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

Table 26: Debts written off

Debts written off	2026/27 £'000
Council tax	52
Business rates	548
Housing Benefit overpayments	23
Total	**623**

30 Financial planning, strategy and the MTFP

30.1 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 or new pressures from 2026/27.

31 Number and extent of contract exemptions

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

31.2 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.

32 Summary, conclusions and next steps

32.1 At the end of September 2026, the Council is forecasting a net revenue overspend of £8.056m, equivalent to 1.7% of the approved net budget of £466m. This represents a marginal improvement of £0.080m since the previous reporting period. The forecast overspend is driven principally by demand-led pressures within Adult Social Care (£3.312m) and Children's Services (£2.322m), together with delays in the delivery of transformation savings. These pressures are being partially offset by underspends across a number of services, including Modernisation and Customer Delivery, Capital Financing, the Chief Executive's Office and Resources. Whilst the forecast remains within a range that is considered manageable, significant risks remain, particularly in relation to social care demand, SEND pressures and the delivery of savings and transformation

programmes.

32.2 The Council will continue to monitor the financial position through monthly Directorate and Senior Leadership Team (SLT) budget review arrangements, supported by enhanced mitigating actions in areas forecasting overspends. In response to the current forecast position, SLT is also considering the introduction of additional spend controls to further strengthen financial management and limit non-essential expenditure for the remainder of the financial year. Focus will remain on managing demand-led expenditure, progressing the delivery of savings and transformation activity, reviewing discretionary and controllable expenditure, and ensuring that emerging financial pressures are reflected within the ongoing refresh of the Medium-Term Financial Plan and development of the 2027/28 budget strategy. Future reports to Cabinet will continue to provide updates on the forecast outturn position, savings delivery, capital programme performance and the key financial risks facing the Council.

Appendix A – Climate wheel



Carbon Neutral Council 2040

Carbon Neutral Dorset 2050

Nature Positive Dorset 2030

- Major positive impact
- Minor positive impact
- No known impact
- Mixed impact
- Minor negative impact
- Major negative impact

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 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.

Commercial Exemptions April to September 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*
Assurance & Governance	1	£170,000
Adult Social Care	0	£0
Children's Services	11	£271,202
Economy & Environment	3	£223,360
Housing & Prevention	0	£0
Core Services	0	£0
Total	**15**	**£664,562**

*Data is correct as submitted by internal stakeholders.

There were eleven exemptions for Children's Services during this period relating to Spot Purchase of Alternative Provision, Families First Partnership Evaluation, SEND Modelling and a children's subscription which provides specialist social work learning resources, legal updates, practice guidance and direct work tools.

There were three exemptions for Economy and Environment during this period relating to extended access at Sherborne Library, Annual Valuations and Weymouth Town Bridge Refurbishment.

There was one exemption for Assurance & Governance during this period relating to Electoral Registration and Election Printing.