

## **New Dorset Council faces unbalanced budget as dispute over transfer of debts remains unresolved**

The newly created Dorset Council is facing the possibility of delivering an unbalanced budget next year and has added an additional £2m to its projected budget deficit.

In a warning to the shadow executive, the report ahead of today's budget meeting has warned that the shadow council may not be able to set a balanced budget in February due to the £15.5m projected gap for 2019-2020.

The report states that due to the "complexity" of the situation, with additional cost pressures associated with caring for children with additional needs and ongoing disputes over debts and reserves with other councils, "there remains a risk that at this moment in time there is no clear way to set a balanced budget."

Dorset Council has asked the government to approve the shifting of around £2m of funds between funding allocations with the school's budget to help manage the deficit, but the transfer has yet to receive approval from the Schools Forum and the secretary of state.

The main source of the new additional costs come from additional responsibilities and demand for services for children aged 16-25, with the number of pupils steadily rising and no sign of levelling out.

The local government shake-up in Dorset and its set-up costs have been heavily scrutinised with a **reported £400,000 being spent on temporary staff to oversee the transition** and redundancy costs for executives **displaced by the merger reportedly reaching up to £1m.**

In today's report, the programme director for the council Keith Cheesman revealed that, whilst most of the transitional costs have been around what was expected, the cost of taking on interim staff to carry out projects related to changing to the new council have been far higher than anticipated and need extra funding.

Cheesman's report said that the ongoing dispute between the shadow Dorset Council and Bournemouth Christchurch and Poole Council over the transfer of debts and reserves is yet to be resolved, and also warned that years of reducing employee numbers has left internal employee resources "very limited."

The merger between Dorset County, East Dorset, North Dorset, Purbeck, Weymouth & Portland, and West Dorset district councils **was given the green light back in May**, followed by a lengthy **legal battle with Christchurch Borough Council**. Last week, Christchurch BC - **which will be part of the second new council**, Bournemouth, Christchurch & Poole (BCP) - said **it was still split over the need to contribute £420,000** towards merger costs.