

REPORT FROM THE LEADER AND EXECUTIVE MEMBER FOR RESOURCES, ORGANISATIONAL CHANGE AND CHILDREN'S SERVICES TO THE MEETING OF FULL COUNCIL ON WEDNESDAY, 20 JULY 2016

Children's Services

Provisional KS2 and KS4 results were published on 5 July. On the face of it the figures do not look good but it must be noted that the government's benchmark of performance, known as the 'National Standard', has been significantly raised this year so across the country fewer children have met that National Standard, namely 53 per cent instead of 80 per cent as was the case before.

A more detailed look at the results does reveal good news however, in particular, for the first time since tests for 11 year olds were introduced, the Island has matched the national average for writing, with 74 per cent achieving the required standard.

Overall the figures show that schools on the Island are making steady progress in improving educational standards and the drop in numbers meeting the national standard does not reflect a drop in performance and effort. The pattern of inspections by Ofsted shows a continuing improvement in the quality of education being provided on the Island. The new National Curriculum isn't bedded in yet and the way that the changes have been made has been very disruptive with children not being given the normal amount of time to study for the tests. However, as the new system beds I hope that, in accordance with the general picture on the Island, we will see rises in the numbers of children meeting the harder expectations.

Resources and organisational change

By the time this report is put before Full Council the recommendations from the Employment Committee will have been considered and their reasoning set out. I hope members will have supported the move to create a regeneration team and the fresh approach to dealing with the financial position we are in. The underlying position for the council has not changed. After months of waiting we have, as previously reported, been told that central government will not provide us with any additional financial assistance so we have had to review how we face up to the position that places us in. For a long time we have wanted to end the process of cuts we were seemingly locked into by the actions of central government and the previous administration and, albeit without the help of central government, we are looking to achieve a position where we can do that.

There has been much comment about the approach to ASDA monies and it may be worth setting out the situation as it now appears to be. Members are aware that a 'deep dive' is underway into all aspects of the council's operation and this, together with the fresh blood in our financial operation, has brought up fresh ideas and approaches to support the administration's desired course of travel. The potential for using the ASDA monies to assist this arises in this way. Each year the council needs, as a result of regulations, to set aside a minimum amount of money for the ultimate repayment of its debt known as the Minimum Revenue Provision (MRP). The sum set aside is placed in a reserve and stored there until such time as any debt

becomes repayable. The reserve cannot be used for any other purpose. This annual sum to be set aside is budgeted for in the revenue budget. The regulations for the use of capital receipts, such as the ASDA monies, state that they can be used for capital expenditure or the repayment of debt. Accordingly it seems that that capital receipt can be used as the sum set aside for the repayment of debt (the MRP). This means that the annual sum set aside into the reserve for the ultimate repayment of the debt remains intact but that the burden on the revenue budget in year has been reduced as the resourcing of the MRP comes from the capital monies and not the revenue budget. Accordingly that saving in the revenue budget can flow into general balances and become available for either capital or revenue use.

It is no way the case that this approach affects the desire to pursue the important projects identified by the ASDA Committee. Subject to the business cases in each instance, these are essential parts of our ongoing revenue position. In the same way that the ASDA money can apparently be redirected, these projects will hopefully still come to fruition through a different route and could well benefit from the regeneration team which can ensure that the necessary business cases are developed to the best advantage of the schemes and their impact on the revenue budget.

As mentioned before, the underlying position has not changed but we work to find more creative ways to address it that will help our position and avoid harm to residents. However the fact the underlying position has not changed means we must still be cautious, in particular it does not mean we can suddenly reverse what has gone before. We will have a mid-term budget review in September at which the ongoing work and its effects, including any potential effect on earlier decisions can and will be properly considered.

At the time of writing we have just learned that a new communities secretary has been appointed by our new Prime Minister, although it is unclear whether issues relating to devolution will pass to him or remain with Greg Clark in his new role. If there is any move in responsibilities I will of course be seeking to speak to the new secretary of state about the Island's position. In any event we are asking questions to determine if the changes in government will bring about any changes in the approach to local authority funding as well as devolution and the particular position of the Isle of Wight.

In relation to devolution, on 14 July the Executive made a decision to proceed to a consultation on the proposed Solent Combined Authority Governance Scheme and the wider issue of devolution is due to be debated at Full Council as a result of motions that have been submitted and, as set out at Executive and noted below, Full Council will be addressing matters substantively in due course.

The Executive has listened closely to the views of the Scrutiny Committee and taken wider soundings. It is abundantly clear and a matter of no surprise that there are mixed views about a Mayoral Combined Authority. Accordingly the best course seems to be to have a full consultation which can get the information and debate out into the wider arena. It has also been made clear that the final decisions in relation to any actual deal will be for Full Council and the results of the consultation will also be for Full Council to consider and make decisions upon.

As members will be aware I requested at the Executive meeting that as much information as possible be provided to members to inform debate. It is inescapable

that there is a lot of information but inexcusable should we not as the decision makers read, digest, consider and question that information as well as such further information as can be provided. A period of consultation allows that to happen and avoids the risk of uninformed decision making or the risk of views being formed on the basis of a lack of information when questions could be raised that may be able to fill in gaps in the picture.

From the information that has been circulated to members I would draw a few key points. Firstly the purpose of the governance review considered by the Executive and which has now been provided to all members, is simply to demonstrate that a proposed combined authority could offer a better solution than the current position in terms of how the proposed local authority members exercise their statutory functions in relation to economic development, regeneration and transport. This better solution is in the context of a proposed devolution deal for the Solent area. Were this deal not on offer then it is conceivable that the outcome of the review would be different. The combined authority will only have powers in relation to the functions being devolved by government to the area. The existing councils will retain their individual sovereignty and statutory responsibilities.

Given the state of flux in central government things may change and indeed may change radically in the coming weeks. However, as things stand it is known that the Treasury has set aside an annual fund of £30 million for the next 30 years (i.e. a total pot of £900 million) to invest in economic growth through a potential Solent devolution deal. The government may offer a devolution deal at any time. As I have stated throughout, and perhaps, even more so in the current situation, staying at the table to see what happens seems the wise thing to do. The changes in government following the Brexit vote could mean that these investment funds are redirected to other government priorities if we are not ready to access them, if, of course, that is what a public consultation and full council wish to do, and there is no certainty about whether any future opportunity of this sort might come back around again. Thus, as I have stated throughout, and perhaps even more so in the current situation, staying at the table to see what happens seems the wise thing to do. We are still not committed to anything and if and when the need to commit arises that will be for Full Council.

Councillor Jonathan Bacon

Leader and Executive Member for Resources, Organisational Change and Children's Services