

AGENDA ITEM 5 - BUDGET & COUNCIL TAX SETTING 2017/18 AND FUTURE YEARS FORECASTS

Amendment to Executive recommendations attached.

Amendment proposed by the Independent Group

BUDGET & COUNCIL TAX SETTING 2017/18 AND FUTURE YEARS FORECASTS

That the recommendations of the Executive of 9 February 2017 minute 80 (16/17) on "Budget & Council Tax Setting 2017/18 and Future Years Forecasts be amended as follows:-

Recommendation 5(a) be amended to:

5(a) The revised Revenue Budget for the financial year 2016/17 and the Revenue Budget for the financial year 2017/18 as set out in the General Fund Summary (attached as Appendix A amended) which includes the changes listed in the tables below, but Members note that:

the responsibility of the Council is to approve the overall Budget and the associated cash limits of its Portfolios; it is not the responsibility of the Council to approve any individual savings or additions within those Portfolios, that responsibility is reserved for Executive Members. The budget savings and additions in the tables below are therefore indicative only.

i) **Additional Savings - Reductions to Budget Estimates**

Indicative Portfolio Savings Proposal	Impact on Level of Service & Service Outcomes	2017/18	2018/19 & Future Years
		£	£
Environment Fire & Local Engagement			
New	Acceleration of proposals to develop new beach hut facilities across the Island	(33,000)	(33,000)
Resources & Children's Services			
New	Reduction in Contingency due to the reduced level of risk arising from the re-instatement of savings	(200,000)	(200,000)
59	Acceleration of Corporate Governance and Organisational Change Service staffing reduction	(23,400)	(23,400)
Total Additional Savings		(256,400)	(256,400)

ii) **Transfers from Earmarked Reserves**

Transfers from Earmarked Reserves		2017/18	2018/19 & Future Years
		£	£
New	Appropriation from the Highways PFI Maintenance Reserve	(600,000)	0
New	Appropriation from the Highways PFI Cash Flow Reserve - Equivalent Capital Payments to be funded from the Capital Programme	(1,370,000)	0
Total Transfers from Earmarked Reserves		(1,970,000)	0

iii) Additional Costs - Additions to Budget Estimates

Saving Ref No	Increases to Portfolio Budgets - Deletion of Indicative Savings	2017/18	2018/19 & Future Years
		£	£
<u>Adult Social Care & Public Health</u>			
1	Re-instate 50% - A re-alignment of funding for care packages between those receiving their care organised by the Council and those organising their own care but funded directly with a Direct Payment. (Physical Disability)	200,000	200,000
2	Re-instate 50% - A re-alignment of funding for care packages between those receiving their care organised by the Council and those organising their own care but funded directly with a Direct Payment. (Mental Health)	20,000	20,000
3	Re-instate 50% - Stage the introduction of individual pricing for residential care for people with a learning disability (modelled on at least 5% gains in efficiency).	100,000	100,000
4	Re-instate 50% - A review of personal budgets for people with Learning Disability and the introduction of a Dynamic Purchasing System together with the development of the supply of Personal Assistants.	700,000	700,000
<u>Contract Management & Car Parking</u>			
11	No Introduction of an administration fee for replacement waste containers	12,800	12,800
12	Retain current opening hours and times at both Lynnbottom and Afton	84,500	84,500
<u>Planning Tourism Recreation & Culture</u>			
36	No increase in Floating Bridge charges	80,000	80,000
New	Increase in resources for Planning Enforcement	25,000	25,000
new	Increase in resources for Planning Development	26,700	26,700

Saving Ref No	Increases to Portfolio Budgets - Deletion of Indicative Savings	2017/18	2018/19 & Future Years
		£	£
<u>Resources & Children's Services</u>			
46	Reduce to a reduction of 5% - Early Help 0-19 Contract. 15% reduction in contract value (Family Centres).	136,000	136,000
50	Short Breaks efficiency savings - retain current provision	18,000	18,000
51	Re-instate 50% - Re-provision of Youth Offer from April 2017. Increased emphasis on targeted support for vulnerable groups.	96,000	96,000
Total Additions / Re-instatements		1,499,000	1,499,000

Recommendation 5 (e) be amended to:

That the level of Council Tax be increased by a further 2.0% beyond the referendum threshold as calculated in the attached appendix (Appendix B amended) to take advantage of the flexibility offered by Government to implement a "Social Care Precept"; but that the equivalent of a 3% increase in the Council Tax of £2,182,200 continues to be passported direct to Adult Social Care

Recommendation 5(h) be amended to:-

The savings proposals for each Portfolio amounting, in total, to £6.2574m for 2017/18 as set out below:

Portfolio / Service	Savings Proposal	
	£	% Budget
Adult Social Care & Public Health (Adult Social Care)*	2,064,100	4.4%
Adult Social Care & Public Health (Public Health)	397,000	5.8%
Contract Management & Car Parking**	792,000	18.5%
Environment, Fire & Local Engagement (Environment)	47,000	2.3%
Environment, Fire & Local Engagement (Fire & Rescue Service)	350,000	5.3%
Planning, Tourism, Recreation & Culture	305,400	5.1%
Regeneration, Housing & Transport	103,000	9.6%
Resources & Children's Services (Children's Services)	946,200	3.7%
Resources & Children's Services (Resources)	1,252,700	10.1%
Grand Total	6,257,400	5.6%

* Excludes the additional funding passported to Adult Social Care of £2.2m and additional funding for the Care Act of £0.2m.

** Excludes £19.4m of PFI Grant funding, on a Gross expenditure basis the saving amounts to 3.3%

Recommendation 5(i) be amended to:-

Directors be instructed to start planning how the Council will achieve the savings requirements of £20.2m for the 3 year period 2018/19 to 2020/21 and that this be incorporated into Service Business Plans

Recommendation 5(l) be amended to:-

The Capital Programme 2016/17 to 2021/22 set out in the attached appendix (Appendix E amended) which includes all additions, deletions and amendments for slippage and re-phasing

Recommendation 5(m) be amended to:-

The "Funded Schemes" as described in Appendix D is amended to reflect the following changes and the changes also be reflected in the Capital Programme 2016/17 to 2021/22 as set out in the attached appendix (Appendix E amended) and be funded from the available Corporate Capital Resources

Scheme Description - Reductions & Additions		Increase / (Decrease) in Corporate Resources	Total Corporate Resources Allocated
		£	£
Reductions / Deletions to Proposed Capital Schemes:			
17	Signage for implementation of 20pmh speed limit initiative	(100,000)	0
85	Heights / Medina / Westridge - replacement of cardio vascular equipment	(172,000)	128,000
35	Council Property Portfolio works	(200,000)	1,100,000
54	County Hall (New Building) - windows, toilets and lifts	(250,000)	530,000
55	County Hall (Old Building) - windows, toilets and lifts	(250,000)	0
56	Guildhall essential capital maintenance works	(50,000)	0
57	Core Network Infrastructure	(98,000)	232,000
59	Fleet Vehicle Replacement Programme	(100,000)	300,000
61	Server Replacement	(250,000)	858,000
Additional Capital Scheme Proposals (New):			
64	Rights of Way	100,000	150,000
New	Contractual Capital Payments to the Highways PFI Contractor for Core Investment Works - releasing equivalent sums from the Highways PFI Cash Flow Reserve	1,370,000	
Total Overall Change		0	

That the revised Appendix B attached to this amendment be approved (attached as Appendix B amended).

That the following recommendations be added:

Recommendation 5(s)

That the Executive investigate the potential savings that could be made from the re-financing of the highways PFI contract as a means to contribute towards the Council's future savings requirements

Recommendation 5(t)

That the Executive explore further grant funding opportunities to improve the sports and leisure facilities across the entire Island to complement the replacement of cardio vascular equipment in the proposed Capital Programme. This is aimed at improving the financial sustainability of sports and leisure provision on the Island as well as improving the health and wellbeing of Island residents of all ages.

Recommendation 5(u)

That the Executive identify commercial and investment opportunities to either generate income for the Council or reduce its costs, opportunities to explore to include:

- Alternative Adult Social Care facilities that improve client independence and are more cost effective
- The delivery of market, affordable and/or social housing within an appropriate corporate structure
- A development company to acquire / build and lease employment space
- Making the use of Branstone farm more financially sustainable by using it as both an education and tourism resource

Recommendation 5(v)

That the Executive consider the case and opportunity for the co-location of blue light services onto a single Council owned site (including any associated external funding) in order to improve both the cost effectiveness and responsiveness of those services.

Recommendation 5(w)

That the Executive consider revisions to the Cowes floating bridge charges so that the parents of primary school children do not have to pay to travel when accompanying their child to school.

SECTION 151 OFFICER'S COMMENTS

Under Recommendation 5(k), Members must have regard to the Statement of the Section 151 Officer in accordance with the Local Government Act 2003. The Section 151 Officer advises as follows:-

The proposals contained within this amendment are legal and present a balanced budget for 2017/18.

The amendment is not considered to be financially prudent over the medium term and is contrary to the Council's recently approved Medium Term Financial Strategy in the following respects:

- i) It serves to increase the Council's overall forecast financial deficit over the period 2018/19 to 2020/21 from £19m to £20.2m, an increase of £1.2m
- ii) It does not provide for a managed and even profile of savings to be made in future years
- iii) It results in a level of savings required in 2018/19 of £10.3m (compared with the approved Medium Term Financial Strategy of £7.5m) which is less achievable than those proposed within the Administration's proposal

The S.151 Officer reminds the Council that the Local Council Tax Support scheme is available to residents and is accompanied by an Exceptional Hardship Policy. The scheme is means tested and provides financial support to those who can least afford to pay Council Tax.

LEGAL IMPLICATIONS

The Head of Legal Services is satisfied that it is within the Council's powers to approve the amendment as set out, and supports the advice of the Section 151 Officer given above.

EQUALITY AND DIVERSITY

The Head of Legal Services is satisfied that the amendment does not alter the content or conclusions set out in the Equality Impact Statement at Appendix G

GENERAL FUND SUMMARY - 2016/17 to 2020/21

NET REQUIREMENTS OF PORTFOLIOS	Revised Budget 2016- 17 £	Original Budget 2017- 18 £	Forecast 2018-19 £	Forecast 2019-20 £	Forecast 2020-21 £
Adult Social Care & Public Health	49,081,236	48,811,347	52,619,336	55,478,668	55,828,668
Environment, Fire & Local Engagement	8,811,962	8,605,370	8,655,370	8,706,370	8,706,370
Planning, Tourism, Recreation & Culture	2,383,635	1,788,932	1,790,971	1,793,014	1,793,014
Regeneration, Housing & Transport	6,042,766	6,563,654	6,063,654	6,063,654	6,063,654
Resources & Children's Services	55,457,922	65,205,925	78,526,567	95,104,717	78,750,455
Major Contract Management & Car Parking	23,337,754	20,754,082	10,199,311	-2,428,314	20,375,849
Transfer from Reserves	0	-1,970,000	0	0	0
Savings to be identified	0	0	-10,270,395	-15,719,532	-20,218,954
Portfolio Expenditure	145,115,275	149,759,310	147,584,814	148,998,577	151,299,056
FINANCED BY:					
Contribution (to)/from Balances & Reserves	-2,256,077	3,571,944	481,340	-391,398	-1,079,857
Revenue Support Grant	19,169,993	12,718,346	8,552,023	4,446,679	4,446,679
Business Rates Retention	29,596,188	31,868,114	34,145,365	35,359,919	37,024,202
Other General Grants	26,538,121	25,454,893	25,344,750	26,952,522	26,207,377
Collection Fund (Council tax)	72,067,050	76,146,013	79,061,336	82,630,855	84,700,655
Total Financing	145,115,275	149,759,310	147,584,814	148,998,577	151,299,056
BALANCES & RESERVES					
Balance brought forward at 1 April	7,297,687	9,553,764	5,981,820	5,500,480	5,891,878
(Deficit)/Surplus for year	2,256,077	-3,571,944	-481,340	391,398	1,079,857
Balance carried forward at 31 March	9,553,764	5,981,820	5,500,480	5,891,878	6,971,735
Minimum level of balances	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Underlying Budget Deficit/(Surplus) - assuming future savings are met	-2,256,077	3,571,944	481,340	-391,398	-1,079,857

APPENDIX B amended

Calculation of the Council Tax for the Financial Year 2017/18

(In accordance with Section 31 and Sections 34 to 36 of the Local Government Finance Act 1992)

1. The S.151 Officer has determined that the Council Tax base for the financial year 2017/18 will be **52,137.1** [item T in the formula in Section 31 B(1) of the Local Government Finance Act 1992, as amended (the "Act")].
2. The Council calculates that the Council Tax requirement for the Council's own purposes for 2017 18 (excluding Parish and Town Council precepts) is **£75,646,013**
3. That the following amounts be now calculated by the Council for the financial year 2017/18 in accordance with Section 31 and Sections 34 to 36 of the Local Government Finance Act 1992:

(a)	To be determined by the S.151 Officer following notification of the final Town and Parish precepts	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish and Town Councils.
(b)	To be determined by the S.151 Officer following notification of the final Town and Parish precepts	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
(c)	To be determined by the S.151 Officer following notification of the final Town and Parish precepts	Being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B(1) of the Act.
(d)	To be determined by the S.151 Officer following notification of the final Town and Parish precepts	Being the amount at 3(c) above (Item R), all divided by Item 1 above (Item T), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year (including Parish and Town Council precepts).
(e)	To be determined by the S.151 Officer following notification of the final Town and Parish precepts	Being the aggregate amount of all special items (Parish and Town Council precepts) referred to in Section 34(1) of the Act
(f)	£1,450.91	Being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by 1 above (Item T) calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year (excluding Town and Parish Council precepts)

(g) Valuation Bands (Isle of Wight Council)

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
967.27	1,128.48	1,289.69	1,450.91	1,773.33	2,095.75	2,418.18	2,901.81

Being the amounts given by multiplying the amount at 3(f) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in Valuation Band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings in different valuation bands.

4. That it be noted that for the financial year 2017/18 the Hampshire Police & Crime Commissioner is consulting upon the following amounts for the precept to be issued to the Council in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of the dwellings shown below:

Valuation Bands (Hampshire Police & Crime Commissioner)

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
110.31	128.69	147.08	165.46	202.23	239.00	275.77	330.92

5. That having calculated the aggregate in each case of the amounts at 3(f), and 4 above, the Council, in accordance with Sections 31A, 31B and 34 to 36 of the Local Government Finance Act 1992 as amended, hereby sets the following amounts as the amounts of Council Tax for the financial year 2017/18 for each of the categories of dwellings shown below:

Valuation Bands (Total Council Tax)

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
1,077.58	1,257.17	1,436.77	1,616.37	1,975.56	2,334.75	2,693.95	3,232.73

6. The Council determines in accordance with Section 52ZB of the Local Government Finance Act 1992 that the Council's basic amount of Council Tax for 2017/18, which represents a 3.99% increase, is not excessive in accordance with the principles approved by the Secretary of State under Section 52ZC of the Act.

The 3.99% increase includes a 2% increase to support the delivery of Adult Social Care.

As the billing authority, the Council has not been notified by a major precepting authority (the Police and Crime Commissioner for Hampshire) that its relevant basic amount of Council Tax for 2017/18 is excessive and that the billing authority is not required to hold a referendum in accordance with Section 52ZK of the Local Government Finance Act 1992.

APPENDIX E amended

CAPITAL PROGRAMME 2016/17 - 2021/22 - INCLUDING NEW SCHEMES

Summary of Portfolios	FORECAST						
	SPEND	ESTIMATE	ESTIMATE	ESTIMATE	ESTIMATE	ESTIMATE	ESTIMATE
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	TOTAL
	£	£	£	£	£	£	£
Adults and Public health	635,775	1,278,776	0	0	0	0	1,914,551
Regeneration, Housing and Transport	10,067,565	6,988,088	650,000	100,000	0	0	17,805,653
Resources and Childrens	6,266,358	9,082,669	3,528,900	375,000	0	0	19,252,927
Planning, Tourism, Recreation and Culture	3,910,344	1,331,135	204,000	0	0	0	5,445,479
Environment, Fire and Local Engagement	2,003,566	1,067,786	50,000	108,000	200,000	351,633	3,780,985
Contract Management and Car Parking	3,287,156	46,033,533	928,738	0	0	0	50,249,427
Property Investment	0	50,000,000	50,000,000	0	0	0	100,000,000
Total Capital Programme	26,170,764	115,781,987	55,361,638	583,000	200,000	351,633	198,449,022
Total Financing	26,170,764	115,781,987	55,361,638	583,000	200,000	351,633	198,449,022