

Agenda

Name of meeting	FULL COUNCIL
Date	WEDNESDAY 28 FEBRUARY 2024
Time	5.00 PM
Venue	COUNCIL CHAMBER, COUNTY HALL, NEWPORT, ISLE OF WIGHT
Members of the committee	All Members of the council
	Democratic Services Officer: Marie Bartlett democratic.services@iow.gov.uk

7. **Budget and Council Tax Setting 2024-2025 and Future Years' Forecasts** (Pages 9 - 16)

1. It is recommended that the Council approve the following:
 - (a) The revised Revenue Budget for the financial year 2023/24 and the Revenue Budget for the financial year 2024/25 as set out in the General Fund Summary (Appendix 1) which includes:
 - (i) Additional spending in Adult Social Care of £6.3m and Children's Services of £5.0m
 - (ii) A Covid Contingency of £5m
 - (iii) No Revenue Contribution to Capital in 2023/24 or 2024/25
 - (b) Any variation arising from the Local Government Finance Settlement 2024/25 or any further savings made in 2023/24 arising at the year-end (after allowing for specific carry forward requests) be transferred to the Revenue Reserve for Capital, Transformation Reserve, and General Reserves with the level of each transfer to be determined by the S.151 Officer.
 - (c) That the level of Council Tax be increased by 2.99% for general purposes in accordance with the referendum threshold^[1] for 2024/25



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announced by Government (as calculated in Appendix 2)

- (d) That the level of Council Tax be increased by a further 2.0% beyond the referendum threshold (as calculated in Appendix 2) to take advantage of the flexibility offered by Government to implement a "Social Care Precept"; and that in accordance with the conditions of that flexibility, the full amount of the associated sum generated of £1,977,705 is passported direct to Adult Social Care
- (e) That the amounts set out in Appendix 2 be now calculated by the Council for the financial year 2024/25 in accordance with Section 31 and Sections 34 to 36 of the Local Government Finance Act 1992
- (f) The S.151 Officer be given delegated authority to implement any variation to the overall level of Council Tax arising from the final notification of the Hampshire Police & Crime Commissioner, Hampshire & Isle of Wight Fire & Rescue Authority and Parish and Town Council precepts, and amend the calculations set out in Appendix 2 accordingly
- (g) The savings proposals for each Portfolio amounting, in total, to £2.75m for 2024/25 and continuing into future years as set out on the next page:

Portfolio	Controllable Budget	Savings Proposal	
	£	£	%
Adult Social Care & Public Health*	57,782,000	919,900	1.6%
Children's Services, Education & Corporate Functions*	41,238,000	207,000	0.5%
Climate Change, Biosphere & Waste	6,777,000	68,000	1.0%
Deputy Leader - Housing & Finance	8,292,000	107,100	1.3%
Economy, Regeneration, Culture & Leisure	3,052,000	24,000	0.8%
Leader - Transport Infrastructure, Highways PFI and Transport Strategy, Strategic Oversight and External Partnerships**	13,658,000	1,167,000	8.5%
Planning, Coastal Protection & Flooding	2,361,000	0	0.0%
Regulatory Services, Community Protection & ICT	11,340,000	257,000	2.3%
Grand Total	144,500,000	2,750,000	1.9%

* Excludes the additional funding passported through to Adult Social Care of £6.3m (which if included would result in an overall increase of 9.4%) and the additional funding for Children's Services, Education & Lifelong Skills of £5.0m (which if included would result in an overall increase of 15.3%)

** Excludes £19.4m of PFI grant funding, on a gross expenditure basis the saving amounts to 3.5%

- (h) Directors be instructed to start planning how the Council will achieve the savings requirements of £3.0m for the 3 year period 2025/26 to 2027/28 and that this be incorporated into Service Business Plans
 - (i) The minimum level of Revenue Balances as at 31 March 2025, predicated on the approval of £2.75m savings in 2024/25 be set at £8.0m to reflect the known and expected budget and financial risks to the Council
 - (j) Members have regard for the "Statement of the Section 151 Officer in accordance with the Local Government Act 2003"
 - (k) The Capital Programme 2023/24 to 2028/29 set out in Appendix 5 which includes all additions, deletions and amendments for slippage and re-phasing
 - (l) The new Capital Investment Proposals ("New Starts") - 2024/25 set out in Appendix 4 be reflected within the recommended Capital Programme 2023/24 to 2028/29 and be funded from the available Capital Resources
 - (m) The allocation of Disabled Facilities Grants be made to the Better Care Fund, and reflected within the recommended Capital Programme 2023/24 to 2028/29
 - (n) The S.151 Officer be given delegated authority to determine how each source of finance is used to fund the overall Capital Programme and to alter the overall mix of financing, as necessary, to maximise the flexibility of capital resources used and minimise the ongoing costs of borrowing to the Council
 - (o) That the S.151 Officer in consultation with the Leader of the Council be given delegated authority to release capital resources held back for any contingent items that might arise, and for any match funding requirements that may be required of the Council in order to secure additional external capital funding (e.g. bids for funding from Government or any other external source).
 - (p) The Capital Strategy 2024/25, including the Minimum Revenue Position Statement contained therein (Appendix 6)
 - (q) The Investment Strategy (Non-Treasury Investments) 2024/25 (Appendix 7)
2. It is recommended that the Council note the following in respect of the Council's Budget:
- (a) The Revenue Budget 2024/25 as set out in Appendix 1 has been prepared on the basis of a 4.99% increase in Council Tax, any reduction from the overall 4.99% Council Tax increase proposed will require additional savings of £988,900 for each 1% reduction in order for the Budget 2024/25 to be approved
 - (b) The Revenue Forecasts for 2025/26 onwards as set out in the section

entitled "Revenue Forecasts 2025/26 to 2027/28" and Appendix 1

- (c) The estimated Savings Requirement of £3.0m for the three year period 2025/26 to 2027/28, for financial and service planning purposes, be phased as follows:

Financial Year	In Year Savings Requirement £m	Cumulative Saving £m
2025/26	1.0	1.0
2026/27	1.0	2.0
2027/28	1.0	3.0

- (d) The Transformation Reserve held to fund the upfront costs associated with Spend to Save Schemes and Invest to Save Schemes holds a very modest uncommitted balance of £3.2m and will only be replenished from contributions from the Revenue Budget and an approval to the transfer of any further savings at year end
- (e) Should the Council elect to reduce the level of savings below £2.75m in 2024/25 (and £1.0m p.a. thereafter), the Council's financial risk will increase and therefore the minimum level of General Reserves held will also need to increase in order to maintain the Council's financial resilience
- (f) The Council Tax base for the financial year 2024/25 will be 54,407.3 [item T in the formula in Section 31 B(1) of the Local Government Finance Act 1992, as amended (the "Act")].
- (g) The Council Tax element of the Collection Fund for 2023/24 is estimated to be in surplus by £1,483,500 which is shared between the Isle of Wight Council (85.3%) and the Police & Crime Commissioner (11.1%) and the Hampshire & Isle of Wight Fire & Rescue Authority (3.6%)
- (h) The Business Rate element of the Collection Fund for 2023/24 is estimated to be in deficit by £3,354,365 of which is shared between the Isle of Wight Council (49%), the Hampshire & Isle of Wight Fire & Rescue Authority (1%) and the Government (50%)
- (i) The Retained Business Rate income^[2] for 2024/25 based on the estimated Business Rate element of the Collection Fund deficit as at March 2024, the Non Domestic Rates poundage for 2024/25 and estimated rateable values for 2024/25 has been set at £43,763,020.
- (j) The Equality Impact Assessment (attached at Appendix 8)

^[1] Council Tax increases beyond the referendum threshold can only be implemented following a "Yes" vote in a local referendum.

^[2] Includes Retained Business Rates of £17,546,907, "Top Up" of £12,834,713, S.31 Grants of £15,025,039 a Collection Fund deficit of £1,643,639

CHRISTOPHER POTTER
Monitoring Officer
Tuesday, 20 February 2024

Interests

If there is a matter on this agenda which may relate to an interest you or your partner or spouse has or one you have disclosed in your register of interests, you must declare your interest before the matter is discussed or when your interest becomes apparent. If the matter relates to an interest in your register of pecuniary interests then you must take no part in its consideration and you must leave the room for that item. Should you wish to participate as a member of the public to express your views where public speaking is allowed under the Council's normal procedures, then you will need to seek a dispensation to do so. Dispensations are considered by the Monitoring Officer following the submission of a written request. Dispensations may take up to 2 weeks to be granted.

Members are reminded that it is a requirement of the Code of Conduct that they should also keep their written Register of Interests up to date. Any changes to the interests recorded on that form should be made as soon as reasonably practicable, and within 28 days of the change. A change would be necessary if, for example, your employment changes, you move house or acquire any new property or land.

If you require more guidance on the Code of Conduct or are unsure whether you need to record an interest on the written register you should take advice from the Monitoring Officer – Christopher Potter on (01983) 821000, email christopher.potter@iow.gov.uk, or Deputy Monitoring Officer - Justin Thorne on (01983) 821000, email justin.thorne@iow.gov.uk.

Notice of recording

Please note that all meetings that are open to the public and press may be filmed or recorded and/or commented on online by the council or any member of the public or press. However, this activity must not disrupt the meeting, and if it does you will be asked to stop and possibly to leave the meeting. This meeting may also be filmed for live and subsequent broadcast (except any part of the meeting from which the press and public are excluded).

If you wish to record, film or photograph the council meeting or if you believe that being filmed or recorded would pose a risk to the safety of you or others then please speak with the democratic services officer prior to that start of the meeting. Their contact details are on the agenda papers.

If the press and public are excluded for part of a meeting because confidential or exempt information is likely to be disclosed, there is no right to record that part of the meeting. All recording and filming equipment must be removed from the meeting room when the public and press are excluded.

If you require further information please see the council guide to reporting on council meetings which can be found at <http://www.iwight.com/documentlibrary/view/recording-of-proceedings-guidance-note>

All information that is recorded by the council is held in accordance with the Data Protection Act 2018. For further information please contact Democratic Services at democratic.services@iow.gov.uk

Arrangements for Submitting Oral Questions at Meetings of Council and Cabinet:

The front desk “opens” for public wishing to attend the meeting half an hour before the meeting.

In the circumstances that a member of the public wishes to ask an oral question, they should approach the front desk and notify them of their intention. They will be given a form to complete which details their name, town/village of residence, email address and the topic of the question (not the question in full, unless they wish to provide this).

These forms will be numbered in the order they are handed back.

The time for registering questions will be for a 20 minute period (up to 10 minutes prior to the start of the meeting). After that time expires the forms will be collected and given to the Chairman of the meeting.

If time allows after dealing with any written questions, the Chairman will then ask those who have submitted a form to put their question. These will be in the order they were received. As the subject matter is known, the Chairman should be able to indicate which member will reply. If time permits the Chairman may accept further questions.

The option to ask a supplementary question will be at the Chairman’s discretion.

Once the defined period of time allowed for questions has passed (and assuming the Chairman has not extended this) then all remaining oral questions are left unanswered.

No oral question will receive a guaranteed written response, unless the member responding indicates as such.

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AGENDA ITEM 7 - BUDGET & COUNCIL TAX SETTING 2024/25 & FUTURE YEARS FORECASTS

Budget Amendment Proposals from the Liberal Democrat Group

Preface

The Liberal Democrat group broadly supports the Budget proposed by the Cabinet. The targeted investment towards affordable housing is particularly welcomed as an essential contribution to meeting the overarching commitment in the Corporate Plan to address poverty. As part of delivering affordable housing we are keen to see encouragement of community-led schemes.

We welcome the establishment of the Community Capacity and Resilience Fund. Funds with similar objectives have been previously proposed in past Budget Amendments put forward by the Liberal Democrat group. We will particularly press for significant priority to be given to initiatives that:

- address poverty, noting both the overarching commitment in the Corporate Plan, and the resolution of Full Council in March 2023 on child poverty
- allow grant funding of voluntary sector work in support of mental health
- provide peer support for women moving on after trauma

In support of this we would redirect funding under the heading of “Place/Towns Initiative Fund” to the Community Capacity and Resilience Fund, along with a further modest withdrawal of £50,000 from the Transformation Reserve. We welcome the recognition that investment from this reserve in this way can be transformative. In line with this fund, we would encourage working with local councils on place plans that can contribute to building community resilience.

Data shows that the customer contact centre continues to provide a vital service for many Islanders. Therefore, we would not proceed with indicative savings relating to the contact centre until this data has been scrutinised at member level with any decision made by Cabinet (or, if governance arrangements change, by a relevant committee).

We welcome the freezing of parking charges and floating bridge charges this year as part of recognising cost of living pressures. In one area, we believe the council should test the market by significantly lowering the cost of traders' permits to establish if price has been a deterrent to take up.

We have appreciated the engagement by the administration of our group in the development of its Budget. We would continue to encourage publication of proposals for savings and income generation earlier than has been usual, as we believe this provides for much more informed public discussion as part of the wider budget consultation.

A summary of the Amendment is described below

Summary – this is for information only

Ref No	CHANGES IN SPENDING & COUNCIL TAX	2024/25 £	Future Years £
New Revenue Expenditure			
	Increase Community Capacity & Resilience Fund	250,000	
	Sub Total	250,000	0
TOTAL AMOUNT TO BE FUNDED		250,000	0

Ref No	REDUCTION IN SPENDING & RESERVES	2024/25 £	Future Years £
Withdrawal from Transformation Reserve			
	Sub Total	(50,000)	0
Capital Programme Reductions			
124	Delete Place/Towns Initiative Fund	(200,000)	
	Sub Total	(200,000)	0
TOTAL REDUCTIONS - REVENUE, CAPITAL & RESERVES		(250,000)	0

Amendment proposed by the Liberal Democrat Group

BUDGET & COUNCIL TAX SETTING 2024/25 & FUTURE YEARS FORECASTS

Recommendation 36(a) be amended to:

36(a) The revised Revenue Budget for the financial year 2023/24 and the Revenue Budget for the financial year 2024/25 as set out in the General Fund Summary (attached as Appendix 1) which includes:

- (i) Additional spending in Adult Social Care of £6.3m and Children's Services of £5.0m
- (ii) A Covid Contingency of £5m
- (iii) No Revenue Contribution to Capital in 2023/24 or 2024/25

Appendix 1 includes the following changes listed in the tables below:

i) Additional Savings - Reductions to Budget Estimates

Indicative Portfolio Savings Proposal	Impact on Level of Service & Service Outcomes	2024/25	2025/26 & Future Years
		£	£
Deputy Leader, Housing & Finance			
New	Withdrawal from Transformation Fund	(50,000)	0
New	Transfer From Revenue Reserve for Capital	(200,000)	0
	Total	(250,000)	0

ii) **Additional Costs - Additions to Budget Estimates**

Increases to Portfolio Budgets	2024/25 £	2025/26 & Future Years £
Deputy Leader, Housing & Finance		
Increase Community Capacity & Resilience Fund	250,000	0
Total	250,000	0

Recommendation 36(k) be amended to:

The Capital Programme 2023/24 to 2028/29 set out in Appendix 5 (Amended) which includes all additions, deletions and amendments for slippage and re-phasing

Recommendation 36(l) be amended to:

The new Capital Investment Proposals ("New Starts") - 2024/25 set out in Appendix 4 be reflected within the recommended Capital Programme 2023/24 to 2028/29 and be funded from the available Capital Resources, be amended to reflect the following changes:

Scheme Description - Reductions & Additions		Increase / (Decrease) in Corporate Resources	Total Corporate Resources Allocated
		£	£
Reductions / Deletions to Proposed Capital Schemes:			
124	Place/Towns Initiative Fund - Deletion	(200,000)	0
Total Overall Change		(200,000)	

Recommendation 36(r) to be added:

That delegated authority be given to the S.151 Officer to make any necessary changes to either the Investment Strategy or the Capital Strategy in accordance with the proposed changes to the capital programme set out in this Amendment

Recommendation 36(s) to be added:

The Cabinet are requested to examine the case for significantly lowering the cost of traders' parking permits to establish if price has been a deterrent to take up, potentially through a pilot scheme across a specific geographical area

SECTION 151 OFFICER'S COMMENTS

Under Recommendation 36(j), 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 2024/25.

The Amendment does not present any additional financial risk to the Council and the sustainability of Council Services in the medium term.

It draws down a further £50,000 from the Transformation Reserve, seeking to use it for its intended purpose and in accordance with the Medium Term Financial Strategy. It does however reduce the Transformation Reserve to a sum less than that advised by the S.151 Officer, leaving less available for other transformational initiatives that may deliver a greater payback and therefore improve the financial sustainability of the Council in the medium to long term. In that regard, the Amendment is less prudent than the Cabinet's Budget proposals.

LEGAL IMPLICATIONS

It is within the Council's powers to approve the Amendment as set out above.

EQUALITY AND DIVERSITY

The Amendment does not alter the content or conclusions set out in the Equality Impact Statement at Appendix 8

GENERAL FUND SUMMARY - 2023/24 to 2027/28

APPENDIX 1

NET REQUIREMENTS OF PORTFOLIOS	REVISED BUDGET 2023/24 £	ORIGINAL BUDGET 2024/25 £	FORECAST 2025/26 £	FORECAST 2026/27 £	FORECAST 2027/28 £
Adult Social Care & Public Health	59,539,651	59,692,847	61,696,732	63,821,449	66,479,214
Children's Services, Education & Corporate Functions	43,693,223	48,488,527	49,873,133	51,671,516	53,573,866
Climate Change, Biosphere & Waste	5,489,205	5,968,511	6,513,971	7,050,015	7,582,254
Deputy Leader, Housing & Finance	38,628,198	51,880,957	57,731,965	59,164,912	60,434,179
Economy, Regeneration, Culture & Leisure	2,207,499	2,221,147	2,125,026	2,271,256	2,421,896
Leader, Transport & Infrastructure, Highways PFI & Transport Strategy, Strategic					
Oversight & External Partnerships	19,677,044	17,776,500	18,627,154	19,483,482	20,365,421
Planning, Coastal Protection & Flooding	1,478,227	968,588	1,029,497	1,093,552	1,161,823
Regulatory Services, Community Protection & ICT	8,275,203	8,104,100	8,180,740	8,275,949	8,501,854
Savings to be identified	0	0	(1,000,000)	(2,000,000)	(3,000,000)
Portfolio Expenditure	178,988,250	195,101,178	204,778,218	210,832,131	217,520,506
FUNDED BY:					
Contribution (to)/from Balances & Reserves	928,356	1,179,639	(128,632)	217,190	10,068
Revenue Support Grant	5,356,976	8,645,564	8,738,475	8,814,262	8,883,205
Business Rates Retention	41,242,166	43,763,020	46,312,641	46,053,361	46,727,191
Other General Grants	33,876,632	36,417,100	36,569,597	36,802,832	37,014,518
Collection Fund (Council tax)	97,584,120	105,095,855	113,286,137	118,944,486	124,885,524
Total Financing	178,988,250	195,101,178	204,778,218	210,832,131	217,520,506
BALANCES & RESERVES					
Balance brought forward at 1 April	13,029,062	12,100,706	10,921,067	11,049,699	10,832,509
(Deficit)/Surplus for year	(928,356)	(1,179,639)	128,632	(217,190)	(10,068)
Balance carried forward at 31 March	12,100,706	10,921,067	11,049,699	10,832,509	10,822,441
Minimum level of balances	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Underlying Budget Deficit/(Surplus) - assuming future savings are met	928,356	1,179,639	(128,632)	217,190	10,068

APPENDIX 5 (Amended)

COMPLETE CAPITAL PROGRAMME INCLUDING NEW SCHEMES

	FORECAST 2023/24	ESTIMATE 2024/25	ESTIMATE 2025/26	ESTIMATE 2026/27	ESTIMATE 2027/28	ESTIMATE 2028/29	ESTIMATE TOTAL
	£	£	£	£	£	£	£
SUMMARY OF PORTFOLIOS							
Leader, Transport & Infrastructure, Highways, PFI & Transport Strategy, Strategic Oversight & External Partnerships	10,209,211	9,765,003	2,522,210	1,632,840	2,194,000	3,049,047	29,372,312
Deputy Leader, Housing and Finance	8,174,916	19,654,261	12,750,000	13,000,000	0	0	53,579,176
Adult Social Care and Public Health	2,007,432	3,099,964	120,000	50,000	0	0	5,277,396
Children's Services, Education & Corporate Functions	6,210,433	4,510,965	2,452,759	0	0	0	13,174,157
Regulatory Services, Community Protection, & ICT	1,778,364	1,299,050	228,450	815,000	738,400	0	4,859,264
Planning, Coastal Protection and Flooding	3,568,006	1,252,401	220,000	36,700,000	0	0	41,740,407
Economy, Regeneration, Culture & Leisure	4,627,315	20,221,928	6,550,000	0	0	0	31,399,243
Climate Change, Biosphere & Waste	2,151,738	4,108,418	100,000	0	0	0	6,360,156
Total Capital Programme	38,727,415	63,911,991	24,943,419	52,197,840	2,932,400	3,049,047	185,762,112
Total Financing	38,727,415	63,911,991	24,943,419	52,197,840	2,932,400	3,049,047	185,762,112