

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

1. **Minutes** (Pages 11 - 18)

To confirm as a true record the Minutes of the meeting held on 17 January 2024.

2. **Declarations of Interest**

To invite Members to declare any interest they might have in the matters on the agenda.

Please note that the Monitoring Officer on 21 January 2022 granted all councillors a four year full dispensation under section 33 (2) of the Localism Act 2011 to remain in the meeting room and to speak and to vote on the budget including setting the council tax or a precept under the Local Government and Finance Act 1992 (or any subsequent legislation), notwithstanding the existence of any disclosable pecuniary interest(s). For clarity this dispensation relates to disclosable pecuniary interests only and does not affect a councillor's obligation under section 106 of the Local Government Finance Act 1992 to declare and not vote if they are two months or more in arrears with their council tax at the time of the meeting on setting the council' budget.



Details of this and other Council committee meetings can be viewed on the Isle of Wight Council's [website](#). This information may be available in alternative formats on request. Please note the meeting will be audio recorded and the recording will be placed on the website (except any part of the meeting from which the press and public are excluded). Young people are welcome to attend Council meetings however parents/carers should be aware that the public gallery is not a supervised area.

3. **Public Question Time - Maximum 15 Minutes for Written Questions and 15 Minutes for Oral Questions**

Questions may be asked without notice but to guarantee a full reply at the meeting, a question must be put including the name and address of the questioner by delivery in writing or by electronic mail to Democratic Services at democratic.services@iow.gov.uk, no later than two clear working days before the start of the meeting. Normally, Full Council is held on a Wednesday, therefore the deadline for written questions will be Friday, 23 February 2024.

4. **Chairman's Official Announcements**

To receive the Chairman's official announcements.

5. **Leaders Update Report (20 minutes) (Pages 19 - 20)**

- a) To receive the Leader's update report (5 minutes maximum).
- b) Members questions on the Leader's update report (15 minutes maximum).

6. **Report of the Deputy Leader and Cabinet Member for Housing and Finance**

- (a) Council Tax Premiums on Second Homes and Empty Properties (Pages 21 - 48)

7. **Budget and Council Tax Setting 2024-2025 and Future Years' Forecasts**
(Pages 49 - 160)

- 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 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

8. **Report of the Deputy Monitoring Officer**

- (a) Appointment of Independent Remuneration Panel Member (Pages 161 - 164)
- (b) Appointment - Local Pension Board (Pages 165 - 168)

9. **Report of the Deputy Leader and Cabinet Member for Housing and Finance**

- (a) Discretionary Rate Relief Policy (Pages 169 - 226)

10. **Report of the Cabinet Member for Children's Services, Education and Corporate Functions**

- (a) Pay Policy (Pages 227 - 300)

11. **Motions Submitted under Part 4, Procedure Rule 9 of the Council's Constitution**

- (a) By Councillor M Lilley

Stop Sewage Being Released in the Sea around and from the Isle of Wight!

IW council resolves to acknowledge that the volume of sewage ending up in our waters is unexceptionable. From March 2022 to March 2023 there were 16787 hours when sewage was discharged into our waters. In October to November 2023 there was a single duration event of raw sewage release lasting 681 hours at Sandown.

IW council resolves to ensure that any solutions or programs put forward to help solve sewage pollution are adopted and installed without unnecessary barriers.

IW council resolves to work with all interested parties and organisations to implement sustainable urban drainage at every opportunity. For horizontal integration of sustainable urban drainage to be placed in all ongoing development across the Isle of Wight.

IW Council resolves to work with all stakeholders ensuring that sewage releases into the sea surrounding the Isle of Wight are zero by 2030.

- (b) By Councillor J Lever

Under Part 4B(8) – Notice to rescind decision

That the decision made by Full Council on 17 January 2024 to discontinue the current exceptional hardship policy be rescinded.

The Exceptional Hardship Fund (EHF) is an integral part of the Local Council Tax Support (LCTS) scheme that provides additional financial relief for LCTS claimants facing 'exceptional hardship'. A decision which included discontinuing this aspect of the Local Council Tax Support scheme was made by full council on 17th January 2023.

This council notes that:

- The cost of living crisis has had a devastating impact on individuals and households, many of which are facing unprecedented financial pressures.
- From April 2023 and as of December 2023, 150 Islanders were successful in their application for the EHF.
- This equates to £44,292 of a total £50,000 fund; the Council is expected to exceed that fund total by the end of this financial year, as it did the last financial year.
- The number of successful EHF applicants and total EHF funds paid out have been increasing every year since the fund started in the 2016/17 financial year, clearly demonstrating there is a growing need for this fund.
- Discontinuing the EHF without a direct and suitable alternative would likely have adverse financial impacts on a growing number of Islanders that would have otherwise needed it. As a result the potential increases for negative health consequences for individuals and thus – unnecessarily – having wider reaching impacts on services, like our NHS.
- The decision to discontinue the EHF will result in an increased financial burden to the Isle of Wight Council should the Council use a suggestable alternative to the EHF, such as the Council Tax Discretionary Reductions (CDTR) scheme, as the costs of alternate schemes are not spread across preceptors but wholly that of the Isle of Wight Council.
- This motion does not seek to rescind the part of the previously made decision by full council that would see an uplift in the LCTS from 70% to 75%.

Council therefore resolves to:

That the decision made by Full Council on 17 January 2024 to discontinue the current exceptional hardship policy be rescinded.

12. Member Questions to the Leader and to any other Cabinet Member (30 minutes)

To receive a reply to a question asked during Members' Question Time to the Leader or Cabinet Member, a question must be submitted in writing or by electronic mail to Democratic Services no later than 5pm on Thursday, 22 February 2024. A question may be asked at the meeting without prior notice but in these circumstances there is no guarantee that a full reply will be given at the meeting.

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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Minutes

Name of meeting	FULL COUNCIL
Date and Time	WEDNESDAY 17 JANUARY 2024 COMMENCING AT 6.00 PM
Venue	COUNCIL CHAMBER, COUNTY HALL, NEWPORT, ISLE OF WIGHT
Present	Cllrs C Critchison (Chairman), K Love (Vice-Chairman), D Adams, D Andre, J Bacon, M Beston, E Blake, P Brading, G Brodie, V Churchman, I Dore, R Downer, W Drew, S Ellis, P Fuller, A Garratt, S Hendry, C Jarman, P Jordan, J Lever, M Lilley, K Lucioni, J Medland, C Mosdell, J Nicholson, M Oliver, T Outlaw, L Peacey-Wilcox, M Price, R Quigley, C Quirk, Redrup, J Robertson, P Spink, I Stephens, N Stuart and I Ward
Apologies	Cllrs R Redrup

52. **Minutes**

RESOLVED:

THAT the minutes of the meeting held on 15 November 2023 be approved subject to the additional wording in minute number 51 (Cllr Jarman's question) that the Monitoring Officer advised he would provide the information in writing.

53. **Declarations of Interest**

Councillor K Love declared an interest in minute number 63a for legal reasons, he would leave the room during the item.

54. **Public Question Time - Maximum 15 Minutes for Written Questions and 15 Minutes for Oral Questions**

A question was asked by Mr O Goodwin on behalf of Green Bembridge Harbour regarding the role of the planning process on sewage discharge and requested the motion include a commitment through the Island Plan, the Cabinet Member for Planning, Coastal Protection and Flooding advised that he would provide a written response, he understood this was an important issue and policies needed to be in place to protect waterways.

Ms C Courtney asked what plans the Council had to manage storm water on estates, buildings and car parks etc. The Leader (with responsibility for Transport and Infrastructure, Highways PFI and Transport Strategy, Strategic Oversight and

External Partnerships) advised that there was a potential Memorandum of Understanding with Southern Water, there were sustainable drainage schemes being introduced in Newport and Ryde he confirmed a written response would be provided.

Cllr M Smith from Newport and Carisbrooke Community Council asked what the council were doing in response to the Citizen Advice not working properly, the Deputy Leader and Cabinet Member for Housing and Finance advised that he had been approached with similar concerns and he would investigate the issues over the next week.

Cllr Smith advised that professionals such as GP's were sending patients to Pan Together due to the lack of service at Citizens Advice, the Deputy Leader and Cabinet Member advised that a meeting had been arranged.

Cllr Brodie declared an interest as he was a trustee at Pan Together.

55. Chairman's Official Announcements

The Chairman advised that she had continued to attend Citizenship ceremonies. A visit to Coburg to celebrate 40 years of the twinning agreement had been attended, this included tours of the council offices, royal palace and museums, a visit to the childhood home of Prince Albert was also included. She had also attended the opening of Cowes Police station and the installation of a new vicar for Chale, Niton, Whitwell and St Lawrence churches.

56. Leaders Update Report (20 minutes)

The Leader introduced his report and expressed his thanks to Hampshire County Council Children's services throughout the ten year partnership, which had helped the Island achieve a good OFSTED rating and left the service in a good place. The new Director of Children's Services would start on 1 February 2024.

A question was asked regarding the importance of ensuring the Military Road is kept open, being an important strategic road and following the recent landslide in Bonchurch. The Leader advised that there was a contractual obligation and work on potential solutions to the issues with the Military Road continued. Landowners had been contacted and discussions were continuing.

The Leader was asked to confirm if the timeframe relating to the town bid and key projects in Ryde were achievable and if the money could be better used for affordable housing. The Leader advised that plans were in place, the money would be used for works to the Town Hall and community safety, he was not aware of affordable housing being part of the funding, however he would investigate.

A question was asked regarding the resources to ensure jobs were not lost following the recent landslide in Bonchurch which had resulted in limited access into Ventnor impacting businesses. Free parking was suggested, the Leader advised that conversations with Ventnor Town Council would need to take place regarding free parking as this could have an impact on their car park income within the town.

A number of Councillors also thanked the work undertaken by Hampshire County Council and asked as some of the services could be bought back could the Leader confirm this would be in place for 1 February 2024, the Leader confirmed this would be in place.

Is there a planned review for Public Health Services contract between the Isle of Wight and Hampshire and would the relevant Committees be involved, the Leader advised that a review would take place with the Policy and Scrutiny for health being informed.

A question was asked regarding the education standards of children on if the Island had improved, and was the Leader confident children were in a better place. The Leader advised that he was confident improvements had been made, and that the new Director of Children's Services would provide and produce ongoing improvements to education.

Concern was raised regarding the money being offered to help flood households; this was supposed to be quick however there were people still waiting for the money. The Leader advised that there had been some delay and misunderstanding regarding the criteria, applications were being processed as quickly as possible.

57. Update from the Future Governance Working Group

The Chairman of the Future Governance Working Group (FGWG) asked that Full Council note the framework recommendations made to the Audit and Governance Committee in December 2023, the recommendations were circulated to all Councillors.

The intention was to bring to a future Full Council meeting, by 1 May 2024 at the latest a report recommending a politically proportionate Committee system to be implemented by 15 May 2024.

To achieve this the FGWG would work with the Monitoring Officer and relevant senior officers on constitutional changes to enable the transition. A progress report would be provided to Full Council in March 2024.

RESOLVED:

- i. THAT Full Council note the framework recommendations made to the Audit and Governance Committee
- ii. THAT the Future Governance Working Group work with the Monitoring Officer and Senior officers on constitutional changes
- iii. THAT a progress report be provided to Full Council in March 2024.

58. Report of the Deputy Leader and Cabinet Member for Housing and Finance

58a Local Council Tax Support

The Deputy Leader and Cabinet Member for Housing and Finance summarised the report and advised that a consultation had been undertaken and the responses had been included within the report.

A Local Council Tax Support exceptional hardship fund was available to those who might be faced with genuine hardship.

A motion was put forward to accept the recommendations as proposed in the report and was duly seconded.

An amendment to option one of those recommendations was proposed and duly seconded as follows:

THAT Full Council adopts the proposed scheme changes to the maximum level of support for working age cases, to 75 per cent, allowing for minor changes to applicable amounts.

An amendment to option two was made as follows:

That Full Council discontinues the current exceptional hardship policy.

Both the proposer and seconded of the first amendment accepted the amendment to option two.

A short adjournment was called.

Following further debate in accordance with the Council's Constitution (Part 4B – Procedure Rules Governing how Full Council, Cabinet, Committees, Sub Committees and Boards Operate section Voting) a named vote was requested by four councillors, the result of which was:

For (22)

Cllrs D Adams, M Beston, E Blake, P Brading, V Churchman, W Drew, S Ellis, A Garratt, S Hendry, C Jarman M Lilley, J Medland, C Mosdell, J Nicholson, M Oliver, T Outlaw, M Price, C Quirk, J Robertson, P Spink, N Stuart, I Ward

Against (15)

Cllrs D Andre, J Bacon, G Brodie, C Critchison, I Dore, R Downer, P Fuller, J Jones-Evans, P Jordan, J Lever, K Love, K Lucioni, R Quigley, S Redrup, I Stephens

RESOLVED:

THAT the amendment was carried.

A vote was then taken on the substantive motion the result of which was:

RESOLVED:

- i. THAT Full Council adopts the proposed scheme and changes to the maximum level of support for working age cases, to 75 per cent, allowing for minor changes to applicable amounts.
- ii. That Full Council discontinues the current exceptional hardship policy.

59. **Report Cabinet Member for Children's Services, Education and Corporate Functions**

59a **Review of Polling Places and Districts**

The Cabinet Member for Children's Services, Education and Corporate Functions advised that the polling places review was undertaken due to the need to amend a number of polling districts, due to the introduction of revised electoral divisions for the Island in 2021.

The recommendation was duly seconded and a vote was taken, the result of which was:

RESOLVED:

THAT the Isle of Wight Council adopts the scheme of polling districts and polling places as set out in Appendix 2 (attached). This resolution is to be effective for the purposes of proceedings preliminary or relating to any election to be held on or after 1 February 2024.

60. **Report of Cabinet Member for Regulatory Services, Community Protection and ICT**

60a **Approval of the Statement of Licensing Policy January 2024 - January 2029**

The Cabinet Member for Regulatory Services, Community Protection and ICT advised that there was requirement to determine the policy every five years, a consultation had been undertaken with local businesses, Town, Parish and Community Councils and a full public consultation had been made available.

It was noted that the Licensing Committee had discussed the policy document and suggested some changes, which had been made.

The recommendation was duly seconded and a vote was taken, the result of which was:

RESOLVED:

THAT Full Council adopt the revised Statement of Licensing Policy 2024 – 2029.

61. Report of the Monitoring Officer

61a Review of Political Proportionality, Alternative Arrangements, Nominations and Appointments

The Deputy Monitoring Officer advised that this report was triggered due to the recent by election, he had received no notification of any other nominations.

A question was asked regarding vacancies on Committees that had not been filled by a group and what mechanism could be used to fill the vacancy, the Deputy Monitoring Officer advised that he would check the regulations and provide a response.

The recommendations were proposed and duly seconded, a vote was taken the result of which was:

RESOLVED:

- i. THAT the review of political proportionality be agreed as set out in Appendix 1.
- iii. THAT the appointments set out in Appendix 2 be agreed.

62. Motions Submitted under Part 4, Procedure Rule 9 of the Council's Constitution

Councillor K Love left the room, for this item.

62a By Councillor K Lucioni

Councillor K Lucioni moved the following motion which was duly seconded:

The intimidation and abuse of councillors, in person or otherwise, undermines democracy; preventing elected members from representing the communities they serve, deterring individuals from standing for election, and undermining public faith in democratic processes.

This council notes that increasing levels of toxicity in public and political discourse is having a detrimental impact on local democracy and that prevention, support and responses to abuse and intimidation of local politicians must improve to ensure councillors feel safe and able to continue representing their residents.

Equally, officers, staff and contractors working for this council should be free to go about their duties without fear of threat and intimidation. The recent assault on a member of our parking team is not acceptable. This council puts people first and will not tolerate abuse of any kind. We appreciate at times services may fall below the standards residents are reasonably entitled to expect. This is why we have a robust complaints procedure where residents can raise concerns, and we will work with them to seek to ensure services are delivered to a high standard.

This council commits to challenge the normalisation of abuse against councillors, officers, staff, and the contractors who work with us and uphold exemplary standards of public and political debate in all it does.

The council will uphold the values of the debate not hate and raise public awareness of the role of councillors and staff in their communities, encourage healthy debate and improve the responses and support for local politicians and staff facing abuse and intimidation.

Resolution: This council agrees to sign up to the Local Government Association's Debate Not Hate campaign. The campaign aims to raise public awareness of the role of councillors in local communities, encourage healthy debate and improve the response to and support those in public life facing abuse and intimidation.

A vote was then taken, the result of which was:

RESOLVED:

THAT This council agrees to sign up to the Local Government Association's Debate Not Hate campaign. The campaign aims to raise public awareness of the role of councillors in local communities, encourage healthy debate and improve the response to and support those in public life facing abuse and intimidation.

62b **By Councillor M Lilley**

Due to time constraints this item was not considered.

63. **Member Questions to the Leader and to any other Cabinet Member (30 minutes)**

Due to time constraints this item was not considered, however it was agreed that the written response to the written question submitted by Councillor M Lilley to the Cabinet Member for Children's Services, Education and Corporate Functions. (MQ 02/24) would be provided.

CHAIRMAN

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Committee Report

ISLE OF WIGHT COUNCIL

Date	28 February 2024
Title	LEADER'S UPDATE REPORT
Report of	LEADER OF THE COUNCIL

Saturday 27 January 2024 saw the Island's first event that celebrated and recognised the vital role of local care and support workers across the whole health and care system. The council worked closely with the Isle of Wight NHS Trust to develop a dedicated day, offering development and wellbeing opportunities, to those who support some of most vulnerable people in our Island communities. The event was open to all those who provide direct care from all IOW organisations including those employed by the Isle of Wight Council, the IOW NHS Trust, private care homes, nursing homes and those who deliver care and support in peoples own homes. The day was a great success and is set to return as an annual event.

The theme for this year's National Apprenticeship Week (5 to 11 February) was #Skillsforlife. The week reflected on how apprenticeships can help individuals to develop the skills and knowledge required for a rewarding career. There was also lots going on throughout the week with several events scheduled for managers and staff alike to meet with apprenticeship training providers, for managers to understand the responsibilities required in supporting an apprentice and also a celebration day where the apprenticeship team were on the road visiting various council sites promoting the apprenticeship scheme.

Sarah Teague the strategic manager for learning and development spoke at the Association for Public Service Enterprise Health and Social care forum promoting our commitment to being an age friendly employer. Over the past year we have worked hard to develop age-friendly recruitment practises, creating career paths for all roles, recognising the value that older people can bring to the workforce and the important life skills they have to offer.

Isle of Wight Council welcomes the government announcement to protect the health of children and young people through a ban on disposable vapes and a restriction on vape flavours and marketing. The council's advice on vaping is clear: if you don't smoke, don't vape; if you smoke, vaping can be a useful tool to help you quit but they are not risk free. We will continue to lead work for a smokefree generation through our multi-agency Tobacco Control Group, including working with schools, parents, and carers to prevent smoking and vaping in children and young people, and supporting people to quit through our commissioned stop smoking service.

January saw the Benefits team receive the highest number of new claims in the 2023/24 year. This is a common trend, as people often struggle financially after the festive period, and seasonal work dies down. The Benefits team continue to assess new applications for housing and local council tax support within 13 days and changes in circumstance within 4 days. To date £186k of discretionary housing payments have been paid to residents facing difficult financial circumstances to ensure they can remain in their homes. The speed of processing such payments has been instrumental in supporting residents during the winter and the cost-of-living crisis.

The Council's children's services partnership arrangements with Hampshire ended on 31 January, and our new independent children's services department came into being. The service is led by Ashley Whittaker, the Strategic Director of Children's Services, and he is supported by two Service Directors, one covering education, inclusion and access, and the other children's social care. The launch of this new service is an opportunity to refocus attention on improving outcomes for children, young people and families on the Island, and ensure that children's services are fully embedded within the wider council operations. Priorities include implementing the learning from last year's Ofsted inspection of children's services and addressing the relatively low number of children in many of our primary schools.

As part of the council's ongoing climate strategy, and in response to the Climate Emergency, the IWC ensures that social and environmental impacts are considered when selecting products and procuring them. By selecting Nokia phones as our standard replacement handset, we have recently ensured the planting of 3,250 trees by Ecologi in a [Mangrove Planting at Kandranay in Madagascar](#). Based on our recent and historic purchases of Nokia phones from HMD Global and their work with Ecologi on our behalf the IWC has now planted more than 5000 trees.

The government's grant funding scheme to support those residents and businesses affected by Storm Babet closed at the end of January with 191 community recovery grants being awarded at a value of £95,500 and 37 business recovery grants equating to £92,500.

Finally, could I take this opportunity to remind residents to renew their Garden Waste Service subscription. The service re-opened on the 16 January and is extremely popular with over 2,000 one off card payments being received to date and over 7,000 set to renew by direct debit. The service currently has a large waiting list, with any remaining spaces available to be opened to new subscribers from the 20 February.

Contact Point: Cllr Phil Jordan, Leader of the Council, 📞 821000 e-mail phil.jordan@iow.gov.uk



Purpose: For Decision

Full Council Report

ISLE OF WIGHT COUNCIL

Date	28 FEBRUARY 2024
Title	COUNCIL TAX PREMIUMS OF SECOND HOMES AND EMPTY PROPERTIES
Report of	DEPUTY LEADER, CABINET MEMBER FOR HOUSING AND FINANCE

1. Executive Summary

- 1.1 The Levelling-up and Regeneration Bill was given its first reading in the House of Commons on 11 May 2022, its aim to devolve power and give local leaders and communities, the tools they need to make better places.
- 1.2 This bill has now received Royal Assent and is set in legislation in the Levelling-up and Regeneration Act 2023.
- 1.3 This legislation empowers councils to apply a council tax premium of up to 100 per cent on any home left empty for longer than a year, rather than two thereby encouraging more empty homes back into productive use.
- 1.4 The legislation also recognises the impact that high levels of second home ownerships can have in some areas and will introduce a new discretionary council tax premium on second homes of up to 100 per cent.
- 1.5 Billing authorities wishing to adopt any changes arising from the legislation are required to make a council resolution confirming their requirements at least 12 months prior to the financial year in which the changes will come into effect. This means that in order to implement the changes from 1 April 2025, the resolution must be made before 1 April 2024.
- 1.6 This paper seeks to establish Cabinet's recommendation to Full Council as to the options available.

2. Recommendation(s)

2.1 That Cabinet recommends to Full Council the following:

To adopt, commencing the billing period starting 1 April 2024, a council tax premium of 100 per cent for all long-term empty properties as defined by amendments to the Local Government Finance Act 1992 in force on that date:

To adopt, commencing the billing period starting 1 April 2025, a council tax premium of 100 per cent for all dwellings occupied periodically as defined by amendments to the Local Government Finance Act 1992 in force on that date (second homes); and

That the Draft Council Tax Policy for Second Homes, Long Term Empty Properties and determining discounts for certain dwellings be adopted and that the council's Section 151 Officer delegated authority to amend the council's policy of premiums in line with secondary legislation and/or statutory guidance, as and when published in conjunction with the Revenues and Benefits Managers.

3. Background

- 3.1 The government encourages all billing authorities to adopt council tax premiums on empty properties with a view to incentivising property owners to bring those properties back into use. Premiums can be charged currently where properties are left unoccupied and unfurnished for periods exceeding two years.
- 3.2 In May 2022 the government published the Levelling Up and Regeneration Bill which has now been enacted as the Levelling-Up and Regeneration Act 2023. This includes provisions which address empty properties through the application of council tax premiums, in addition to measures that recognise the impact that high levels of second home ownership can have in some areas.
- 3.3 The legislation allows local authorities to:
 - 3.3.1 Reduce the minimum period for the implementation of a council tax premium for empty properties from two years to one year; and
 - 3.3.2 Allow councils to introduce a council tax premium of up to 100 per cent in respect of second homes
- 3.4 The changes outlined above will become effective from 1 April 2024 at the earliest. Local authorities are required to make a resolution confirming their intentions on the application of the premiums at least 12 months prior to the financial year in which the changes will come into effect.
- 3.5 This report seeks a decision from Full Council to agree the proposals relating to council tax premiums as set out by the legislation.
- 3.6 Recent years have seen an increase in second home/holiday home ownership and a rise in 'staycations' and short-term lets. These factors have reduced the availability of housing on the Island. Second home ownership across the Island is significant and is recognised to have a negative impact in terms of the supply of homes available to meet local housing needs.

Exceptions from the premiums (empty homes premiums and second homes premium)

- 3.7 For information, government issued a consultation paper entitled; '*Consultation on proposals to exempt categories of dwellings from the council tax premiums in England*'. The consultation (which has now ended), sought views on possible categories of dwellings which should be dealt with as exceptions to the Council Tax premiums. It covers the empty homes premium, and also the second homes

premium, provisions for which are included within the Levelling-up and Regeneration Act 2023

3.8 The consultation proposes that there will be circumstances where either premiums will either not apply or be deferred for a defined period of time. These are as follows:

- **Properties undergoing probate** - the government proposes that these properties should be exceptions to both the second homes and empty homes premiums for 12 months. The exception would start once probate or letters of administration is granted. This does not affect the Class F exemption or the ability for billing authorities to charge the normal rate of council tax following the expiry of the Class F exemption;
- **Properties that are being actively marketed for sale or rent** - the government proposes that this exception would apply for up to a maximum of 6 months from the date that active marketing commenced, or until the property has been sold or rented, whichever is the sooner. It will be essential that the Council will need to determine in its policy, what evidence will be required to support any exception;
- **Empty properties undergoing major repairs** - time limited to 6 months - the government proposes that empty properties undergoing major repair works or structural alternations should be an exception to the premium for up to 6 months once the exception has been applied or when the work has been completed, whichever is the sooner. The exception could be applied at any time after the property has been empty for at least 12 months, so long as the Council is satisfied that the necessary repair work is being undertaken;
- **Annexes forming part of, or being treated as, part of the main dwelling** - the government proposes that such annexes should be an exception to the Council Tax premium on second homes;
- **Job related dwellings** - currently, there is a Council Tax discount of up to 50% for properties which are unoccupied because the owner is required to live elsewhere for employment purposes. The discount applies where the dwelling is provided for the better performance of the duties of the employment, and it is one of the kinds of employment in the case of which it is customary for employers to provide dwellings for employees. The government proposes that the dwelling should also be an exception to the second homes premium. The exception will not apply to cases where someone chooses to have an additional property to be closer to work while having a family home elsewhere or where an individual is posted to a new location but maintain their previous address;
- **Occupied caravan pitches and houseboat moorings** - the government proposes that these caravans and boats should be an exception to the Council Tax premium on second homes; and
- **Seasonal homes where year-round or permanent occupation is prohibited or has been specified for use as holiday accommodation or prevents occupancy as a person's sole or main residence** - the government proposes that properties that have restrictions or conditions preventing occupancy for a continuous period of at least 28 days in any 12-month period, or specifies its use as a holiday let, or prevents occupancy as a person's sole or main residence, should be an exception to the second homes premium.

3.9 It is understood that regulations or guidance (which has to be followed in accordance with the Levelling-up and Regeneration Act) will be in line with government's proposal in the above consultation, however no such regulations have been published at the time of this paper. In view of this, the Council will need to ensure that any charging policy is in line with legislation. It is therefore

recommended that the Council's Section 151 Officer is granted delegated powers to amend the Council's policy of premiums in line with legislative or government requirements, as and when received in conjunction with the Revenues and Benefits Managers.

- 3.10 Full details of the premiums can be found in the draft Isle of Wight Council's Council Tax Policy for Second Homes, Long Term Empty Properties and determining discounts for certain dwellings, at Appendix 2.
- 3.11 Initial analysis shows that the application of a 100 per cent premium on second homes could generate in excess of £4.2m (from 1 April 2025) and £88k for empty properties (from 1 April 2024) in **additional council tax revenue** for the council as detailed in the tables below.
- 3.12 Table 1: Potential **additional** council tax revenue generated from a 100% premium on second homes (figures correct as at November 2023)

Properties	Number of properties	Current Council Tax Charge £	Value with 100% premium £
Band A	383	1,211.74	464,096.42
Band B	527	1,413.7	745,019.9
Band C	535	1,615.65	864,372.75
Band D	566	1,817.61	1,028,767.26
Band E	439	2,221.52	975,247.28
Band F	246	2,625.44	645,858.24
Band G	175	3,029.35	530,136.25
Band H	23	3,635.22	83,610.06
Sub total			5,337,108.16
Total	2894		£4,269,686*

*The above excludes second homes which are likely to be exempt and makes adjustments for further exemptions and losses of 20%

- 3.13 Table 2: Potential **additional** council tax revenue generated from a 100 per cent premium on properties empty more than one year but less than two years (figures correct as at November 2023)

Properties	Number of properties	Current Council Tax Value £	Value with 100% premium £
Band A	14	1,211.74	16,964.36
Band B	10	1,413.7	14,137
Band C	17	1,615.65	27,466.05
Band D	11	1,817.61	19,993.71

Band E	7	2,221.52	15,550.64
Band F	3	2,625.44	7,876.32
Band G	3	3,029.35	9,088.05
Band H	0	3635.22	0
Sub total			111,076.13
Total			£88,860*

*The above excludes second homes which are likely to be exempt and makes adjustments for further exemptions and losses of 20%

- 3.14 For the financial year 2023/24, the council tax precept was approximately broken down as follows: -
- Isle of Wight Council – 81 per cent
 - Hampshire and Isle of Wight Police and Crime Commissioner – 11 per cent
 - Hampshire and Isle of Wight Fire Authority 3 per cent
 - Town, parish, and community councils – 5 per cent.
- 3.15 Income generated from the premium would be shared across all preceptors for the benefit of the Island.
- 3.16 A number of concerns have been raised in regard to whether the application of a second homes premium might encourage council tax ‘avoidance’, for instance by the owners of such properties transferring the property to business rates. Given that the council tax rates for second homes mirror those of main residences, there may also be issues with the current classification of properties within each district’s council tax system, and the application of a second home premium may prompt owners to reclassify properties for genuine reasons; reducing the potential revenue that might be derived from the premium and the figures quoted in the tables detailed above. Paragraphs 3.17 and 3.18 below provide further detail on the checks that are in place to ensure that the classification of properties remains accurate according to its use and therefore is charged appropriately.
- 3.17 Properties available to let for more than 20 weeks (140 days) in a calendar year can be rated as business rates by the Valuation Office Agency (VOA). From April 2023, these claims must be supported by evidence of an advertisement for let for the property. The owners must demonstrate that the property was available to let for more than 20 weeks in the previous year as well as evidence that the property was actually let for short periods totalling at least 70 days. The burden of providing evidence to support future changes will be the owner’s and will be verified by the VOA. This change should ensure that any properties transferring from council tax to business rates relate to genuine circumstances where the property is being utilised for business purposes.
- 3.18 Another concern that has been mooted is that couples who own second homes may claim that they are living separately and are single occupants of each respective property. If such cases arise, there will be mechanisms available to the council to check the circumstances giving rise to any discount or exemption claimed, including single person discounts. These circumstances can be verified against the information that has been supplied to the council to claim the reduction. Financial penalties can be imposed where false information is provided and will assist in ensuring that data held is accurate.

- 3.19 Legislation to apply a 100 per cent premium on second homes was introduced in Wales in 2017/18 and the premium was applied to 24,873 properties in the 2021/22 year. This number has increased across Wales by 2,005 from the number recorded at the outset of the scheme in 2017/18. Some areas, which historically had the highest number of second homes have seen a downward adjustment to the number of recorded second homes and the maximum recorded reduction in any area is 9 per cent. It is uncertain whether these downward trends have been triggered by avoidance loopholes or are evidence that the premiums have achieved one of the intended outcomes of bringing second homes back into use as mainstream housing provision.
- 3.20 The second homes figures in Wales suggest that regardless of any avoidance issues that might remain within the system there should be sufficient incentive for the council to consider a council tax premium on second homes in order to help address the issues caused by second home ownership within the area.

4. Corporate Priorities and Strategic Context

Provision of affordable housing for Island Residents

- 4.1 The Island faces a housing crisis. Since the onset of the Covid-19 pandemic, over 80 per cent of its private rented stock has become unavailable for long term lets. Approximately 15,000 households struggle to accommodate themselves in the local housing market. Those on the lowest incomes and highest needs struggle to afford current market rents and prices, well below the Government's accepted standard definition of affordable housing. Hence, by reducing the amount of time a property can be empty and introducing a premium on second homes, the council can encourage the empty properties back into use sooner and increase the charge for second homes thereby discouraging their use and the impact it has on local residents' housing needs.

Responding to climate change and enhancing the biosphere

- 4.2 The proposed draft Council Tax Policy for Second Homes, Long Term Empty Properties and determining discounts for certain dwellings aligns with socio-economic factors including the reduction of poverty on the Island by assisting in the equal access for people in poverty to have affordable homes which they could rent. By applying a premium to empty properties and second homes, it discourages owners from leaving them empty, thus freeing them up for local people to rent or buy.
- 4.3 A Climate and Sustainable Development Impact Assessment (CSDIA) has been completed in full for the proposed draft Council Tax Policy for Second Homes, Long Term Empty Properties and determining discounts for certain dwellings with the score visible below. As described above, there is a positive outcome for the socio-economic area of No Poverty. The full rationale and scoring can be found at Appendix 3.

Impact Assessment

Socio-economic Outer Ring	Scores
No Poverty	5
Zero Hunger	3
Good health and wellbeing	3
Quality Education	3
Gender Equality	3
Clean Water and Sanitation	3
Affordable and clean energy	3
Decent work and economic growth	3
Industry, Innovation and Infrastructure	3
Reduced inequalities	3
Sustainable cities and communities	3
Responsible consumption and production	3
Climate Action	3
Life below water	3
Life on land	3
Peace, justice and strong institutions	3
Partnerships for the Goals	3

Environment Inner Ring	Scores
Transport	3
Energy	3
Housing	3
Environment	3
Offset	3
Adaptation	3



Economic Recovery and Reducing Poverty

- 4.4 The council intends to take full advantage of the power within legislation to gain additional revenue to fund services for Island communities in order to support its most vulnerable residents. Many of these residents are affected by the limited rental housing market on the Island and are experiencing financial difficulty in trying to find suitable affordable rented accommodation.

Impact on Young People and Future Generations

- 4.5 A decision to implement the council tax premiums on empty homes and second homes would have an impact on young people who may be entering the rental housing market in the future as it is designed to assist with properties being left vacant and unused, therefore creating opportunities for future generations to rent on the Island.

Corporate Aims

- 4.6 Application of these council tax premiums aligns with the council's core value of being community focused and putting the needs of our residents first, wherever possible. The council tax premium would assist with the housing needs of Island residents.
- 4.7 It also aligns with the council's aspirations to keep the council solvent and take all measures to improve the financial position of the council and to invest as much council money on the Island as possible. The council tax premium would generate income for the council which could be used towards providing services to local residents.
- 4.8 The premium also relates to providing greater support to those on low incomes, as these residents are often those with housing needs.
- 4.9 The council also aspires to prioritise truly affordable housing for Island residents and wherever possible, bring appropriate empty buildings back into use for affordable housing, in line with its Empty Property Strategy.

5. Consultation And Engagement

5.1 There is no requirement for any consultation to take place.

6. Financial / Budget Implications

6.1 Implementing the powers provided by the new legislation will increase revenue. So far, it is currently estimated that:

6.1.1 The implementation of a 100 per cent premium for properties empty for more than one year but less than two will result in an increase of council tax in the sum of £88k per year; and,

6.1.2 Applying a second home premium of 100 per cent is estimated to generate additions income in excess of £4.2m per year.

7. Legal Implications

7.1 The Local Government Finance Act 1992 makes provision, amongst other things, for the payment and liability for council tax.

7.2 The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 enabled local authorities to charge a premium on long-term empty dwellings that were empty and unfurnished more than 2 years.

7.3 Under amendments to the Local Government Finance Act 1992, made by the Levelling-up and Regeneration Act 2023 which come into force on 1 April 2024, the definition of long-term empty property is changed to one year instead of two. The Act provides that from 1 April 2024, a property can be charged an empty homes premium of 100% after one year, even if it becomes empty before 1 April 2024.

7.4 Where the recommendations are accepted, a resolution is to be made by Full Council. The decision needs to be published in at least one local newspaper within 21 days of the date the decision is made and must be done before the start of the new financial year.

7.5 Due to the changes in the legislation, the Council will be required by statute to be mindful of any guidance issued by the Secretary of State and any secondary legislation relevant to the powers. At the date of this paper no regulations or statutory guidance were published.

8. Equality And Diversity

8.1 An Equality Impact Assessment can be found at Appendix 1.

9. Property Implications

9.1 There are no property implications for the council if the recommended council tax premiums are applied.

10. Options

10.1 The options for Cabinet to consider recommending to Full Council are as follows:

OPTION 1 - To adopt, commencing the billing period starting 1 April 2024, a council tax premium of 100 per cent for all long-term empty properties as defined by amendments to the Local Government Finance Act 1992 in force on that date;

OPTION 2 - To adopt, commencing the billing period starting 1 April 2025, a council tax premium of 100 per cent for all dwellings occupied periodically as defined by amendments to the Local Government Finance Act 1992 in force on that date (second homes);

OPTION 3 - To adopt council tax premium/s at a lower percentage rate;

OPTION 4 - To adopt council tax premium/s commencing a different billing period;

OPTION 5 – Not to adopt a council tax premium as provided in the Levelling-up and Regeneration Act 2023;

OPTION 6 – That the draft Council Tax Policy for Second Homes, Long Term Empty Properties and determining discounts for certain dwellings be adopted and that the council's Section 151 Officer be delegated authority to amend the council's policy of premiums in line with secondary legislation and/or statutory guidance as and when published in conjunction with the Revenues and Benefits Managers.

11. Risk Management

11.1 By not taking advantage of the legislation afforded to the council to increase council tax collection, it is not maximising the opportunity to collect further income to fund local services to meet the needs of its residents. The financial implications of such a decision are detailed at paragraph 6 of this report.

11.2 There is the risk that liable parties for council tax will try and avoid these premiums, but there are processes and checks in place to ensure that fraud is not being committed.

11.3 There is a risk that if council does not adopt this power before 1 April 2024, it will not be able to apply the empty property premium until 1 April 2025 and the second home premium until 1 April 2026 at the earliest.

12. Evaluation

12.1 The Levelling-up and Regeneration Act 2023 has granted additional powers for councils to implement premiums for empty properties and second homes in order to improve outcomes for local people by means of providing more housing or to generate more income to support local services where empty properties and second

homes are retained. It would be remiss of the council not to take advantage of the ability to raise additional revenue for the good of Island residents.

13. Background Information

[Consultation on proposals to exempt categories of dwellings from the council tax premiums in England](#)

14. Appendices Attached

Appendix 1 – Equality Impact Assessment

Appendix 2 – Draft Council Tax Policy for Second Homes, Long Term Empty Properties and determining discounts for certain dwellings

Appendix 3 – Climate and Sustainable Development Impact Assessment tool

Contact Point: Erin Rhodes, Benefits Manager, ☎ 821000 e-mail [*erin.rhodes@iow.gov.uk*](mailto:erin.rhodes@iow.gov.uk)

Chris Ward
Director of Finance

COUNCILLOR IAN STEPHENS
*Deputy Leader, Cabinet Member for
Housing and Finance*

Equality Impact Assessment Template

Before carrying out an Equalities Impact Assessment (EIA), you should familiarise yourself with the [guidance](#). This document should be in **plain English**, include **Stakeholder** involvement and be able to stand up to **scrutiny** (local and/or court) if/when challenged to ensure we have met the councils public sector equality duty.

An Equality Impact Assessment (EIA) should be completed when you are considering:

- developing, reviewing or removing policies
- developing, reviewing or removing strategies
- developing, reviewing or removing services
- developing, reviewing or removing a council function/system
- commencing any project/programme

Assessor(s) Name and job title:	
Erin Rhodes, Benefits Manager	
Directorate and Team/School Name:	
Corporate Services, Council Tax	
Name, aim, objective and expected outcome of the programme/ activity:	
Name: Council Tax Premiums Policy Aim: To implement changes to the existing empty homes premium regimes and implement new premiums on second homes Objective: To bring empty properties back into use and to encourage the use of dwellings as a main residence.	
	Reason for Equality Impact Assessment (tick as appropriate)
This is a new policy/strategy/service/system function proposal	
This is a proposal for a change to a policy/strategy/service/system function proposal function (<i>check whether the original decision was equality impact assessed</i>)	X
Removal of a policy/strategy/service/system function proposal	
Commencing any project/programme	

Equality and Diversity considerations

Describe the ways in which the groups below may be impacted by your activity (**prior to mitigation**). The impact may be negative, positive or no impact.

Protected Characteristic	Negative, positive or no impact (before mitigation/intervention) and why?	Does the proposal have the potential to cause unlawful discrimination (is it possible that the proposal may exclude/restrict this group from obtaining services or limit their participation in any aspect of public life?)	How will you advance the equality of opportunity and to foster good relations between people who share a protected characteristic and people who do not.	What concerns have been raised to date during consultation (or early discussions) and what action taken to date?	What evidence, analysis or data has been used to substantiate your answer?	Are there any gaps in evidence to properly assess the impact? How will this be addressed?	How will you make communication accessible for this group?	What adjustments have been put in place to reduce/advance the inequality? (<i>Where it cannot be diminished, can this be legally justified?</i>)
Page 32 Age (restrictions/difficulties both younger/older)	No impact because the legislation would affect any person liable for council tax on an empty or second home, and therefore does not impact any protected characteristics specifically.	No	N/A	There is no requirement for any consultation as this change is subject to a change in legislation.	N/A	If the council wishes to utilise its powers under the legislation at the earliest opportunity, this will not allow time for a public consultation.	N/A	N/A
Disability a) Physical b) Mental health	No impact because the legislation would affect	No	N/A	There is no requirement for any	N/A	If the council wishes to utilise its	N/A	N/A

(must respond to both a & b)	any person liable for council tax on an empty or second home, and therefore does not impact any protected characteristics specifically			consultation as this change is subject to a change in legislation.		powers under the legislation at the earliest opportunity, this will not allow time for a public consultation		
Race (including ethnicity and nationality)	No impact because the legislation would affect any person liable for council tax on an empty or second home, and therefore does not impact any protected characteristics specifically	No	N/A	There is no requirement for any consultation as this change is subject to a change in legislation.	N/A	If the council wishes to utilise its powers under the legislation at the earliest opportunity, this will not allow time for a public consultation	N/A	N/A
Page 33 Religion or belief (different faith groups/those without a faith)	No impact because the legislation would affect any person liable for council tax on an empty or second home, and therefore does not impact any protected characteristics specifically	No	N/A	There is no requirement for any consultation as this change is subject to a change in legislation.	N/A	If the council wishes to utilise its powers under the legislation at the earliest opportunity, this will not allow time for a public consultation	N/A	N/A
Sex (Including Trans and non-binary – is your language inclusive of	No impact because the legislation would affect any person liable for	No	N/A	There is no requirement for any consultation	N/A	If the council wishes to utilise its powers	N/A	N/A


trans and non-binary people?)	council tax on an empty or second home, and therefore does not impact any protected characteristics specifically			as this change is subject to a change in legislation.		under the legislation at the earliest opportunity, this will not allow time for a public consultation		
Sexual orientation (is your language inclusive of LGB groups?)	No impact because the legislation would affect any person liable for council tax on an empty or second home, and therefore does not impact any protected characteristics specifically	No	N/A	There is no requirement for any consultation as this change is subject to a change in legislation.	N/A	If the council wishes to utilise its powers under the legislation at the earliest opportunity, this will not allow time for a public consultation	N/A	N/A
Page 34 Pregnancy and maternity	No impact because the legislation would affect any person liable for council tax on an empty or second home, and therefore does not impact any protected characteristics specifically	No	N/A	There is no requirement for any consultation as this change is subject to a change in legislation.	N/A	If the council wishes to utilise its powers under the legislation at the earliest opportunity, this will not allow time for a public consultation	N/A	N/A
Marriage and Civil Partnership	No impact because the legislation would affect any person liable for council tax on an empty	No	N/A	There is no requirement for any consultation as this	N/A	If the council wishes to utilise its powers under the	N/A	N/A

	or second home, and therefore does not impact any protected characteristics specifically			change is subject to a change in legislation.		legislation at the earliest opportunity, this will not allow time for a public consultation		
Gender reassignment	No impact because the legislation would affect any person liable for council tax on an empty or second home, and therefore does not impact any protected characteristics specifically	No	N/A	There is no requirement for any consultation as this change is subject to a change in legislation.	N/A	If the council wishes to utilise its powers under the legislation at the earliest opportunity, this will not allow time for a public consultation	N/A	N/A

H: Review

Page 3 of 5

H: Sign-off

Head of Service/Director/Headteacher sign off & date:	Name: Sharon Betts 
Legal sign off & date:	Name: Danielle Harris Date: 24 January 2024

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**Empty Homes and
Second Homes Premium
Policy**

2024-25

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	Version	Amended by
January 2024	1.1	ER – Benefits Manager

1. Introduction and background

- 1.1 The following policy outlines the Council's approach to the levying of empty homes premium and second homes premiums.
- 1.2 Premiums were also introduced by government from 1 April 2013 with a view to encouraging homeowners to occupy homes and not leave them vacant in the long term.
- 1.3 The legislation introducing premiums is S.11B of the Local Government Finance Act 1992 was inserted by the Local Government Finance Act 2012.
- 1.4 Initially premiums could only be charged on long-term empty dwellings. An empty dwelling is one which is 'unoccupied' and 'substantially unfurnished.' The definition of long-term is where the dwelling has been empty for a continuous period of at least two years.
- 1.5 Initially the maximum level of premium was set by government at 50 per cent of the amount of Council Tax chargeable. Each council could determine the level of premium up to the maximum and this is charged in addition to the amount determined by the council as payable for an empty dwelling.¹
- 1.6 In 2018 the Rating of Property in Common Occupation and Council Tax (Empty Dwellings) Act allowed authorities to increase the level of premiums on empty dwellings with effect from 1 April 2019 as follows.
 - 1.6.1 Dwellings left unoccupied and substantially unfurnished for two years or more:
From 1 April 2019 a premium can be levied up to one hundred per cent
 - 1.6.2 Dwellings left unoccupied and substantially unfurnished for five years or more:
From 1 April 2020 a premium can be levied up to two hundred per cent
 - 1.6.3 Dwellings left unoccupied and substantially unfurnished for ten years or more:
From 1 April 2021 a premium can be levied up to three hundred per cent
- 1.7 It should be noted that premiums are charged in addition to the one hundred per cent Council Tax payable on empty premises.
- 1.8 Government, together with local authorities (including the Council) has unfortunately seen a rise in the number of empty homes together with a growth in second homes.
- 1.9 Inconsistencies in the legislation have also been identified whereby a premium can be avoided by the taxpayer merely furnishing an empty premises, when it would become a 'second home' which currently has a maximum charge of 100 per cent with no premium.
- 1.10 In order to address these inconsistencies, and also to bring more dwellings into use, government has introduced sections within the Levelling-up and Regeneration Act 2023 (the Act).

¹ Under the Council Tax (Prescribed Classes of Dwelling)(England) Regulations 2003 and amended by the Council Tax (Prescribed Classes of Dwelling)(England)(Amendment) Regulations 2012 – Classes C & D.

- 1.11 This policy details the Council's approach in the charging of premiums as allowed within the new legislation.
- 1.12 The continued pressure on local authority finances (both the Council and the Major Preceptors) together with the need to encourage all owners of domestic premises to bring them back into use, makes it essential that the Council changes its approach to empty homes. The new legislation for second home premiums will encourage the use of dwellings as primary residences.

2. Empty homes premiums (from 1 April 2024)

- 2.1 Section 79(1)(b) of the Levelling-up and Regeneration Act 2023 permits the Council to impose an empty homes premium after one year instead of two years. Section 80 of the Act provides that from 1 April 2024, a property can be charged an empty homes premium at one hundred per cent after one year, even if it became empty before 1 April 2024.
- 2.2 The Council has resolved to implement the change with effect from 1 April 2024.
- 2.3 The legislation requires the Council to be mindful of any guidance or further regulation in relation to the implementation of the premiums and this is detailed in Section 4 of this policy.

3. Introduction of premiums for second homes (from 1 April 2025)

- 3.1 The definition of a second home for Council Tax purposes is a dwelling which has 'no one resident' but is 'substantially furnished.'
- 3.2 Section 80(2) of the Act inserts a new section 11C into the Local Government Finance Act 1992. This permits the Council to apply a premium on second homes. The maximum Council Tax charge in these cases would be a standard one hundred per cent charge plus a premium of one hundred per cent, making a total Council Tax charge of two hundred per cent.
- 3.3 Unlike empty dwellings, there is no requirement for a property to have been used as a second home for a fixed period of time before the premium applies.
- 3.4 As with other changes introduced by the Act, Section 11C(3) requires that the first decision to impose this class of premium must be taken at least twelve months before the financial year to which it would apply. In effect this means that the premiums for second homes will not take effect until the 2025-26 financial year at the earliest.
- 3.5 The Council has resolved to charge second home premiums and has given the required notice.
- 3.6 The Act provides that a dwelling cannot be subject to both a second homes premium and an empty homes premium imposed under Section 11B of the 1992

Act, and that an existing empty homes premium would cease to apply to a property which became subject to a second homes premium.

4. Exceptions from the premiums (empty homes premiums and second homes premiums)

4.1 At the time of writing this policy, government has issued a consultation (which has now ended), seeking views on possible categories of dwellings which should be dealt with as exceptions to the Council Tax premiums. Regulations are expected to cover the exceptions for both empty homes premium, and also the second homes premiums.

4.2 The Council has included the proposed exceptions below; however, it should be noted that these MAY CHANGE when the new regulations are commenced.

4.3 The consultation proposes that there will be circumstances where either premiums will either not apply or will be deferred for a defined period of time. These are as follows:

4.3.1 Properties undergoing probate – the government proposes that these properties should be exceptions to both the second homes and empty homes premiums for a **maximum of twelve months**. The exception would start once probate or letters of administration is granted. This will not affect the Class F Council Tax exemption or the ability for the Council to charge its determined rate of Council Tax following the expiry of the Class F exemption.

4.3.2 Properties that are being actively marketed for sale or rent – the government proposes that this exception will apply for a **maximum of six months** from the date that active marketing commenced, or until the property has been sold or rented, whichever is the sooner. The Council, in determining whether this exemption applies will require the following evidence:

4.3.2.1 Evidence that the dwelling is being **actively** marketed for sale or rent through a recognised agent (evidence can include contracts with agents, advertisements in recognised newspapers or marketing websites);

4.3.2.2 Where the premises are being self-marketed by the owner or landlord, evidence that the premises is being **actively** marketed (evidence can include advertisements in recognised newspapers or letting websites);

4.3.2.3 Where for sale, evidence that the premises are being sold at a true market level for the size and type of dwelling within the area in which it is situated. Where the dwelling is for let, that the rent requested is at a true market level for the size and type of dwelling within the area in which it is situated.

4.3.2.4 The above list is not exhaustive, and the Council reserves the right to request further evidence to support any claim for exception. The exception will apply once to any taxpayer or taxpayers if they are jointly and severally liable;

4.3.3 Empty properties undergoing major repairs – this is time-limited to six months. The government proposes that empty properties undergoing major repair works or structural alterations should be an exception to the premium for up to six months once the exception has been applied or when the work has been completed, whichever is the sooner. The exception will be applied at any time after the property has been empty for at least twelve months, so

as long as the Council is satisfied that the necessary repair work is being undertaken. As with all other exceptions to the premiums, the Council will require the taxpayer to provide such evidence as is required to support their application;

- 4.3.4 **Annexes forming part of, or being treated as, part of the main dwelling** – the government proposes that such annexes should be an exception to the Council Tax premium on second homes;
- 4.3.5 **Job-related dwellings** – currently, there is a Council Tax discount of up to fifty per cent for properties which are unoccupied because the owner is required to live elsewhere for employment purposes. The discount applies where the dwelling is provided for the better performance of the duties of the employment, and it is one of the kinds of employment in the case of which it is customary for employers to provide dwellings for employees. The government proposes that the dwelling should also be an exception to the second homes premium. **The exception will not apply to cases where someone chooses to have an additional property to be closer to work whilst having a family home elsewhere or where an individual is posted to a new location but maintain their previous address;**
- 4.3.6 **Occupied caravan pitches and houseboat moorings** – the government proposes that these caravans and boats should be an exception to the Council Tax premium on second homes; and
- 4.3.7 **Seasonal homes where year-round or permanent occupation is prohibited or has been specified for use as a holiday accommodation or prevents occupancy as a person's sole or main residence** – the government proposes that properties that have restrictions or conditions preventing occupancy for a continuous period of at least twenty-eight days in any twelve-month period, or specifies its use as a holiday let, or prevents occupancy as a person's sole or main residence, should be an exception to the second homes premium.

4.4 It is understood that regulations will be issued before April 2024 and the Council will need to ensure that any charging policy is in line with legislation and regulations. Therefore, the Council's Section 151 Officer is granted delegated authority to amend the council's policy of premiums in line with secondary legislation and/or statutory guidance, as and when published in conjunction with the Revenues and Benefits Managers.

5. Outcome expected and 'safety net'.

5.1 The expected outcomes of this policy are as follows:

- 5.1.1 Taxpayers will be encouraged, through the implementation of the premiums, to bring empty properties into use and to revert the use of second homes to primary residences.
- 5.1.2 The reduction of empty homes and second homes within the Council's area in line with the Council's Empty Property Strategy; and
- 5.1.3 Increased Council Tax income from empty homes and second homes.

5.2 There may be circumstances where the implementation of these changes may cause exceptional hardship to a taxpayer. In such cases, the Council will consider applications for a reduction in liability under its Section 13A(1)(c) of the Local Government Finance Act 1992 – Reduction in Council Tax Liability Policy.

5.3 Where such an application is received, it will be considered on an individual case basis taking into account the circumstances of the taxpayer and the situation regarding the level of Council Tax charged. Should the taxpayer be aggrieved by any decision of the Council, a further right of appeal will be with the independent Valuation Tribunal.

6. Legislation

6.1 The legislation that covers this report and the recommendations made is as follows:

6.1.1 S11A & S11B of the Local Government Finance Act 1992

6.1.2 S11C of the Local Government Finance Act 1992 (as introduced by the Levelling-up and Regeneration Act 2023)

6.1.3 The Levelling-up and Regeneration Act 2023

6.1.4 S13A(1)(c) Local Government Finance Act 1992 (reduction in liability)

6.2 Due to changes in the legislation, the Council will be required to amend this policy, at any time, in line with statute.

7. Finance

7.1 Any amount of premium received will be part of the Council's Collection Fund and will be shared between the Council and Major Precepting authorities in line with their share of the Council Tax

7.2 Any reduction granted under S13A(1)(c) will be financed through the Council's general fund and do not form part of the Collection Fund.

8. Notification

8.1 Where a taxpayer is granted an exemption, a revised demand notice will be issued. Where an exception is applied for, but not granted, the Council will provide a notification of its decision.

9. Appeals

9.1 Appeals against the Council's decision may be made in accordance with Section 16 of the Local Government Finance Act 1992.

9.2 The taxpayer must in the first instance write to the Council outlining the reason for their appeal. Once received the council will then consider whether any additional information has been received which would justify a change to the original decision and notify the taxpayer accordingly.

9.3 Where a taxpayer remains aggrieved, a further appeal can then be made to the Valuation Tribunal. This further appeal should be made within two months of the decision of the Council not to grant any exception or reduction. Full details can be obtained from the Council's website or from the Valuation Tribunal Service website.

10. Delegated Powers

- 10.1 This policy for the Council Tax premiums has been approved by the Council. However, the Section 151 Officer is authorised to make amendments in conjunction with the Revenues and Benefits Managers to ensure it meets the criteria set by government and the Council.

11. Fraud

- 11.1 The Council is committed to protecting public funds and ensuring that premiums are charged correctly.
- 11.2 A taxpayer who tries to reduce their Council Tax liability by falsely declaring their circumstances, providing a false statement or evidence in support of their application, may have committed an offence under the Fraud Act 2006.
- 11.3 Where the Council suspects that such a fraud may have been committed, this matter will be investigated as appropriate and may lead to criminal proceedings being instigated.

12. Complaints

- 12.1 The Council's complaints procedure (available on the Council's website) will be applied in the event of any complaint received about this policy.

Rationale Template

Update the score(s) in the following tables only.

Outer Wheel Socio-Economic Impact Areas	Score	Link
<u>No Poverty</u>	5	Click here to view
<u>Zero Hunger</u>	3	Click here to view
<u>Good health and wellbeing</u>	3	Click here to view
<u>Quality Education</u>	3	Click here to view
<u>Gender Equality</u>	3	Click here to view
<u>Clean Water & Sanitation</u>	3	Click here to view
<u>Affordable and clean energy</u>	3	Click here to view
<u>Decent work and economic growth</u>	3	Click here to view
<u>Industry, Innovation and Infrastructure</u>	3	Click here to view
<u>Reduced inequalities</u>	3	Click here to view
<u>Sustainable cities and communities</u>	3	Click here to view
<u>Responsible consumption and production</u>	3	Click here to view
<u>Climate Action</u>	3	Click here to view
<u>Life below water</u>	3	Click here to view
<u>Life on land</u>	3	Click here to view
<u>Peace, justice and strong institutions</u>	3	Click here to view
<u>Partnerships for the Goals</u>	3	Click here to view

Inner Wheel Environmental Impact Areas	Score	Link
<u>Transport</u>	3	Click here to view
<u>Energy</u>	3	Click here to view
<u>Housing</u>	3	Click here to view
<u>Environment</u>	3	Click here to view
<u>Offset</u>	3	Click here to view
<u>Adaptation</u>	3	Click here to view

Once complete, please save as a **PDF** (File → Export → Create PDF/XPS Document) and attach as a supporting appendix for your Cabinet paper. Note: make sure 'Save as type' is set to **PDF** when exporting the document.

Outer Wheel Socio-Economic Impact Areas

No Poverty

Score: 5

The draft *Council Tax Policy for Second Homes, Long Term Empty Properties and determining discounts for certain dwellings* would have a long-term positive impact on Island residents because the policy seeks to encourage empty properties to be brought back into use, creating available homes for residents, including those who may currently be in temporary or unsuitable accommodation.

Equally, by charging a premium on the council tax accounts of empty and second homes, it will generate more income for the council to be able to spend on providing services in the long-term for Island residents, assisting with ongoing poverty-related issues.

Zero Hunger

Score: 3

Good health and wellbeing

Score: 3

Quality Education

Score: 3

Gender Equality

Score: 3

Clean Water & Sanitation

Score: 3

Affordable and clean energy

Score: 3

Decent work and economic growth

Score: 3

Industry, Innovation and Infrastructure

Score: 3

Reduced inequalities

Score: 3

Sustainable cities and communities

Score: 3

Climate & Sustainable Development Impact Assessment (CSDIA) Tool

Responsible consumption and production

Score: 3

Climate Action

Score: 3

Life below water

Score: 3

Life on land

Score: 3

Peace, justice and strong institutions

Score: 3

Partnerships for the Goals

Score: 3

Inner Wheel Environmental Impact Areas

Transport

Score: 3.

Energy

Score: 3

Housing

Score: 3

Environment

Score: 3

Offset

Score: 3

Adaptation

Score: 3

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Full Council Report

ISLE OF WIGHT COUNCIL

Date	28 FEBRUARY 2024
Title	BUDGET AND COUNCIL TAX SETTING 2024/25 AND FUTURE YEARS FORECASTS
Report of	THE LEADER OF THE COUNCIL AND CABINET MEMBER FOR TRANSPORT AND INFRASTRUCTURE, HIGHWAYS PFI AND TRANSPORT STRATEGY, STRATEGIC OVERSIGHT AND EXTERNAL PARTNERSHIPS

EXECUTIVE SUMMARY

1. Since May 2021, the Administration has listened and responded to the many challenges the Council faces to deliver a positive future for the Island and its community. The Administration's stated priority is to work together openly with the community to support and sustain our economy, environment and people.
2. The Cabinet's aspiration for the Council's spending plans remains to reverse the annual cycle of cuts in the Council's budgets and reinvest in the services the community would like to see. However, the absence of funding keeping pace with inflation and pressures in Social Care has made that impossible. In fact, over the past 13 years the Council has had to find savings of £97m.
3. Despite the extreme financial pressures, there are proposals by the Cabinet to re-invest in services for the community generally as well as supporting small business innovation being the "heartbeat" of the Island economy. The Cabinet's proposals include the following two funds:
 - i) Community Capacity and Resilience Fund - £0.25m

This is intended to strengthen overall community capacity and resilience, working with partners and the voluntary sector and building on the good work that has been achieved through government funded programmes (Household Support Fund/Family Hubs etc.). It should be used to enable the voluntary and community sector to intervene where there are gaps in provision and supporting individuals and families to become self-sustaining; to empower residents to have better control over their lives.
 - ii) Place/Towns Initiative Fund - £0.2m

This is a fund to support the delivery of the place plans that have been or are being delivered in areas across the Island; providing capital investments to support local initiatives identified in these local plans. It is intended that the fund will work alongside the other funding opportunities that communities can access and will provide pump priming for local projects. The aim is to support an improvement in the prosperity of the Island's communities.

4. The Local Government financial envelope set by the Government in their Comprehensive Spending Review 2021 for the period 2022/23 to 2024/25 did not foresee the elevated and prolonged levels of inflation of the past 2 years.
5. Within 6 months of the Comprehensive Spending Review being set in the Autumn of 2021 and just 1 month before it came into effect, the financial environment changed rapidly precipitated by the war in Ukraine and other economic factors causing inflation to escalate rapidly across the globe. The enduring impact of elevated inflation has led to unavoidable and unplanned cost increases in the delivery of Council Services as well as a "cost of living crisis" for residents which, in turn, has increased the demand for Council Services. These effects are being experienced in the current year and illustrated by the reported overspendings particularly across the Care Services and will endure into next year and beyond.
6. Despite this climate of increased cost and demand, the funding envelope for local government has remained unchanged. Consequently, the Budget setting process over this period has been some of the most challenging that the Council has experienced and has rendered the aspirations of the Administration to avoid savings impossible. In stark contrast, the financial position of the Council, prior to the recent announcement of additional funding was such that the Council faced a Budget Deficit for 2024/25 of £8.5m. This deficit being after applying an increase in Council Tax of 4.99% in accordance with the Government's own assumptions.
7. Rising cost pressures and constrained funding is a feature across Local Government as a whole, with services such as Adults Social Care, Children's Services and Homelessness experiencing the most severe increases in price, demand and therefore cost and resulting in all councils needing to continue to make substantial budget savings.
8. For 2024/25, additional spending of £11.3m in Children's Services and Adult Social Care alone is required next year simply to maintain services at existing levels. This increase is represented by the inflation and demand "hangover" of the current year of £4.9m carrying through into next year plus further inflation and demand pressures for next year itself; the most significant of which relates to the 9.8% increase in the National Living Wage (a further £4m) which is passed over to providers of care supporting those residents whose care is paid for by the Council.
9. Until the recent announcement of £600m of additional funding to Local Authorities by the Secretary of State on 24 January 2024, the Government had adhered to the Comprehensive Spending Review 2021, and not provided any relief for the extraordinary inflation and demand pressures being experienced by Councils over this 3 year period up to and including 2024/25.

10. Prior to the announcement of the £600m, the Provisional Local Government Finance Settlement, provided an increase in funding for Social Care generally of £3.1m, this was pre-announced and part of the Comprehensive Spending Review and intended to cover the new burdens associated with "Market Sustainability and Fair Cost of Care" set out in the white paper "People at the Heart of Care". In addition, the funding was provided to enable the Council to support Hospital Discharge, which itself therefore added costs to the Council. The funding was not provided for general increases in cost and demand.
11. Of the announced increase in funding, £500m is ringfenced for Adult and Children's Social Care. The written statement of the Secretary of State set out that:

"It will enable councils to continue to provide crucial social care services for their local communities, particularly for children"

"Where possible, councils should invest in areas that help place children's social care services on a sustainable financial footing, whilst being mindful of the level of adult social care provision. This includes investment in expanding family help and targeted early intervention, expanding kinship care, and boosting the number of foster carers. This increase in funding will be reflected in the local authority allocations published at the final Local Government Finance Settlement."

"This funding, in turn, will reduce pressures on other areas of children's services such as home to school transport, where we recognise there has been a significant increase in pressures for special educational needs and disability services."

12. For the Council the increase in Social Care funding has been confirmed at £1.6m, resulting in total Social Care funding from Government of an additional £4.7m in 2024/25.
13. Whilst funding from Government for Social Care generally has increased by £4.7m, the Cabinet are proposing to increase spending in Adult and Children's Social Care by £11.3m, resulting in a Social Care Funding Gap of £6.6m. The increase of £11.3m will just maintain current service levels and ensure that the financial position of these services remains robust in the short and medium term.
14. The Settlement also confirmed the flexibility to increase Council Tax by an additional 2% (over the 3.0% limit for general purposes) for Adult Social Care and amounting to £2.0m, providing some limited relief to the £6.6m Social Care Funding Gap.
15. The recent announcement by the Secretary of State also mentioned additional funding for the Isle of Wight Council specifically as follows:

"In recognition of the unique circumstances facing our island authorities, and their physical separation from the mainland, we will be increasing funding to the Isle of Wight and Isles of Scilly. We will set out full details at the final Settlement."

The Final Settlement was announced on 05 February 2024 and it has been confirmed that the additional sum for the Council is £3m (taking the total funding received relating to physical separation to £4m).

16. It was originally anticipated that the Council's Budget Savings requirement for 2024/25 would be £2m. Given the financial distress being experienced particularly in Adult and Children's Social Care in the current year, the S.151 Officer reported to the Corporate Scrutiny Committee on 07 November that to avoid the Council entering the following year 2024/25 with a "Structural Deficit", the Council would need financial relief from a combination of the following:
- i) Additional funding for Social Care
 - ii) Further funding to accommodate the additional costs of providing council services due to physical separation
 - iii) Manage and mitigate the Budget pressures being experienced.
17. Following the announcement of the provisional Local Government Settlement on 18 December 2023, the Council's S.151 Officer advised the Corporate Scrutiny Committee on 09 January 2024 that:

"It is also deeply concerning that the increased funding for Social Care is significantly lower than the cost pressures that the Council will face next year in those Services."

18. *"Due to the significant increase in costs of Social Care as well as inflation more generally experienced across the current year and continuing into future years, it is inevitable that the savings requirements for 2024/25 will need to amount to at least £3m."*
19. In summary, and subject to final confirmation of the final Local Government Finance Settlement, the proposed Budget for 2024/25 has been prepared on the following basis:

Budget	2024/25 £m
Deficit (prior to funding announcement 24 January 2024 and assuming a 4.99% Increase in Council Tax)	8.5
Additional Social Care Funding	(1.6)
Additional Islands Funding	(3.0)
Savings Proposals 2024/25	(2.7)
Structural Deficit - To be met from General Reserves	1.2

Despite the additional funding from Government, an increase in Council Tax of 4.99% and savings proposals amounting to £2.75m, the Council will still enter 2024/25 with a "Structural Deficit" and needing to draw on General Reserves of £1.2m.

20. The level of savings at £2.75m has incorporated the financial impact of the Council's recent decision to increase the maximum support through the Local

Council Tax Support scheme to 75% and to remove the exceptional hardship fund. For the second year in succession, the S.151 Officer reminds the Council that to demonstrate the rationality of its decisions, exercise proper financial governance and not place the Council at undue risk, those decisions must be properly informed and cognisant of the Council's financial position and as exemplified earlier in this report. These are key determinants when considering the rationality of decisions. This decision by the Council was taken in the absence of:

- i) An understanding of both the financial implications to the Council and the impact that compensating savings would have on the delivery of Council services
- ii) Whether in fact, the decision to remove the hardship fund would render the scheme inchoate or not whole given its primary purpose.

The rationality of decisions made in such circumstances would be a key consideration should the Government ever be minded to commission a Best Value inspection of the Council.

21. In this regard, it is imperative that in considering the Budget for 2024/25 any proposals (including amendments) are mindful of the Council's overall financial capacity and the ability to continue to deliver services on a sustainable basis. Good financial governance requires that any proposals that are made are only considered following proper due diligence involving sufficient analysis and evaluation of risk and legality. Failure to do so will put the Council at risk.
22. The Social Care pressures of £11.3m plus a further £8.2m of unavoidable costs across all other Council Services resulting from the substantial and prolonged financial impact of inflation has culminated in total additional costs for the Council of £19.5m in 2024/25. These are the driving factors behind the challenges of setting a Budget for 2024/25 which requires the Council to make such a significant withdrawal from Reserves to balance the Budget.
23. In proposing this Budget to Full Council, significant reliance is still being placed on the Covid Contingency to manage current and future Budget Pressures and Risks associated with Adult Social Care in particular but also for the Leisure Service. The Covid Contingency was established on the basis that Covid related costs would "wind out" over time and the use of the Reserve would match the costs until they ceased. Associating costs with the Covid pandemic is becoming subjective and it is becoming increasingly unclear whether Covid related costs will "wind out" or if they have become embedded within the Council's cost base. It is anticipated that the remaining funding within the Covid Contingency of £5m will be sufficient to support the Council's budget for the next 2 years at which time it will be exhausted.
24. The Council must be narrowly, if not singularly, focussed on addressing its medium term Budget Deficit if it is to plan responsibly for the future delivery of the Councils' statutory duties. The imperative is for the Council to maintain a record of responsible financial management and to achieve a "structurally balanced" Budget in the future. Looking ahead to 2027/28 it is forecast that the Council will have a 3 Year Deficit of £3m and assuming:

- i) An "Island Funding" award of an additional £3m (i.e. £4m in total)
- ii) Budget Savings in 2024/25 of £2.75m
- iii) Assumed Council Tax increases of 4.99% per annum, representing 2.99% for general purposes and 2% for Adult Social Care in 2024/25 and an equivalent 4.99% for all future years of the Forecast
- iv) Adoption of a 100% Council Tax premium for second homes amounting to £4.2m from April 2025.

The combination of these factors has substantially improved the Council's future forecast financial position and mitigated the scale of the future Budget Deficit upon which savings are based.

Based on these assumptions, the Council is forecast to achieve a "structurally balanced" Budget in 2025/26 although the Council's General Reserves will have been reduced to £10.9m in 2024/25, leaving "headroom" above the minimum level of reserves (£8m) for financial risk of just £2.9m.

- 25. The Council should take every opportunity to restore its General Reserves "headroom" to £4m or more to guard against known uncertainty and financial shocks such as those experienced over the past 2 years and which rapidly saw the Council experience over £30m of unplanned financial pressures. Underlying General Reserves at £10.8m over the medium term are extremely modest and represents just 2.5% of total gross expenditure.
- 26. Whilst the £3m Deficit is a "central base case" assumption for the Council's future forecast, there remains risk attached to this forecast which could vary between +/- £5m due to cost risks and funding uncertainty. The most significant risks are:
 - i) The impact on Council Services of the prolonged elevated levels of inflation both on its own costs and in demand for Council Services
 - ii) Unavoidable cost pressures that may arise, particularly in Care Services
 - iii) The level of successful business rate appeals arising from the revaluation in 2023/24
 - iv) The impact of the review of Local Government Funding described below.

Taking these risks together, the Forecast Budget Deficit has the potential to vary by between +/- £5m, which when spread over 3 years, would therefore amount to annual savings requirements of £1m p.a. (central base case annual sum) +/- £1.67m per annum.

- 27. Given the uncertain nature of the Forecast Budget Deficit for future years, the forecast of £1m savings for the years 2025/26, 2026/27 and 2027/28 must be considered as indicative at this stage.
- 28. The review of Local Government Funding is now anticipated to take place in 2026/27 at the earliest and has the potential to adversely affect the Council's funding level. The funding review covers the following:

- The "Fair Funding Review", (to determine a new formula methodology which will set each Local Authority's baseline funding level and creating "winners and losers")
 - The Retained Business Rates system, which involves the removal of all existing growth retained to date (amounting to £4m) and re-distributing that growth nationally according to relative need (rather than where it was generated).
29. The Council's proposed Budget for 2024/25 will inevitably carry substantial risk seeking to accommodate the uncertain inflationary environment, the continuing pressures in Social Care and the increasing demands for Council Services arising from the "cost of living crisis", all making a compelling case for maintaining the minimum level of General Reserves to be held of £8m.
30. During this unprecedented level of uncertainty, it is imperative that the Council continues to exercise financial restraint and manage its cost base carefully if it is to remain well placed to respond to any inflation and service demand volatility as well as the review of Local Government Funding. Equally, the Council should seek to restore its General Reserves to a level of at least £12m, providing a more prudent level of "headroom" for risk against the minimum level of £8m.
31. Capital funding is particularly constrained for 2024/25, previously relying on contributions from the Revenue Budget which have been unavailable due to the imperative to meet the substantial cost of inflationary pressures experienced during the year. The Capital Programme makes proposals for new Capital Expenditure of £9.3m, of which just £1.4m is provided from Corporate Capital Resources with external funding amounting to £7.9m.
32. Key additional investments proposed in this Capital Programme include:
- £2.1m for Schools Capital Maintenance
 - £1.8m for adaptations to disabled residents' homes to enable them to remain in their own homes
 - £0.8m for vehicle fleet replacement to electric vehicles
 - £0.5m provision for structure and drainage works associated with Osborne Steps
 - £0.4m for improvements at a council re-ablement facility providing support for older people to return to an independent life in their own homes
 - £0.4m for Highways Drainage schemes to reduce flooding
 - £0.4m for Rights of Way to renew the network and for reinstatement works after the recent flooding and storm events
 - £0.3m for Coastal Protection
 - £0.2m for a Place / Town Initiatives Fund.
33. The key proposals within this report are for a balanced Budget for 2024/25 which provides for:

- The full financial impact of the extra-ordinary inflation and associated demand related cost pressures experienced over the past year and extending into 2024/25
 - £2.75m of savings to meet:
 - i) The Council resolution of 22 February 2023 - £2m
 - ii) The extra-ordinary Budget Pressures driven by the Social Care Funding Gap that the Council has been unable to mitigate
 - iii) The financial impact of the Council's preference to increase the maximum support to the Council's Local Council Tax Support Scheme, offset by the removal of the Exceptional Hardship Fund - £0.25m
 - A Council Tax increase of 4.99% (2.0% of which is raised specifically to be passported to Adult Social Care)
 - Increased spending in Adult Social Care of £6.3m and increased spending in Children's Services of £5.0m, (totalling £11.3m) being greater than the funding provided by the Adult Social Care precept and the additional Social Care Grant from Central Government (totalling £6.7m)
 - Draw down from General Reserves of £1.2m
 - A Covid Contingency of £5m, sufficient to support the Budget and Adult Social Care spending for the next 2 years
 - A forecast £3m Budget Deficit for the 3-year period to 2027/28 but which could vary between +/- £5m
 - A minimum savings requirement for 2025/26 of £1m but with any future year's savings beyond 2025/26 subject to review at next year's Annual Budget Meeting (February 2025)
 - "Structural Budget Balance" anticipated to be achieved in 2025/26 but predicated upon implementing a 100% Council Tax premium on second homes from April 2025 and the continuation of the "Island Funding" at £4m in total
 - New Capital Investment on the Island of £9.3m
 - A level of General Reserves over the period of the 3-year forecast of circa £11m (but recognising the substantial uncertainty faced by the Council over that period).
34. Finally, the Council will continue to make the case to Central Government to fully recognise the additional costs of providing Council Services on the Isle of Wight due to its physical separation from the mainland. The latest estimates made by the Council, based on national data sets, are that it costs an additional £23.7m to provide services across the Council's major spending areas compared to the average of the Council's statistical neighbours. Government are yet to be convinced that the full extent of those additional costs arise as a direct result of physical separation. The current uplift in funding of £4m therefore is considered by the Council as an initial starting point for future discussions with Government.
35. A Cabinet Summary of these key points and others is set out on the next page:

CABINET SUMMARY

Context

- ❖ Since 2011/12, savings of £97m will have already been made (over 40% of controllable spend) due to the combination of government funding reductions and increasing demographic cost pressures
- ❖ Adult Social Care and Children's Services represent almost 70% of controllable spend, provide services to the most vulnerable, experience the greatest cost pressures, are the hardest in which to manage demand and have historically received significant protection from savings - resulting in proportionally higher savings across other Council Services
- ❖ Funding levels (e.g. Government Funding, Council Tax and Business Rates) have not kept pace with the cost pressures arising from prolonged levels of inflation and the ensuing "cost of living crisis"
- ❖ The Council's Medium Term Financial Strategy (MTFS) continues to deliver necessary savings through income generation, economic regeneration and efficiency measures before considering service reductions as a last resort
- ❖ The Council continues to operate in a climate of uncertainty created by prolonged inflation and its volatility, cost of living related increases in demand for services and the forthcoming review of the Local Government Funding system.

Revised Budget 2023/24

- ❖ A Balanced Budget for 2023/24 but requiring a contribution from General Reserves of £0.9m
- ❖ Provision for Covid costs and income losses as follows:
 - Adult Social Care - £2.1m
 - Leisure Services - £0.3m
- ❖ Provision for forecast overspendings (excluding Covid related costs) as follows:
 - Children's Services - £3.9m
 - Adults Social Care - £3.3m

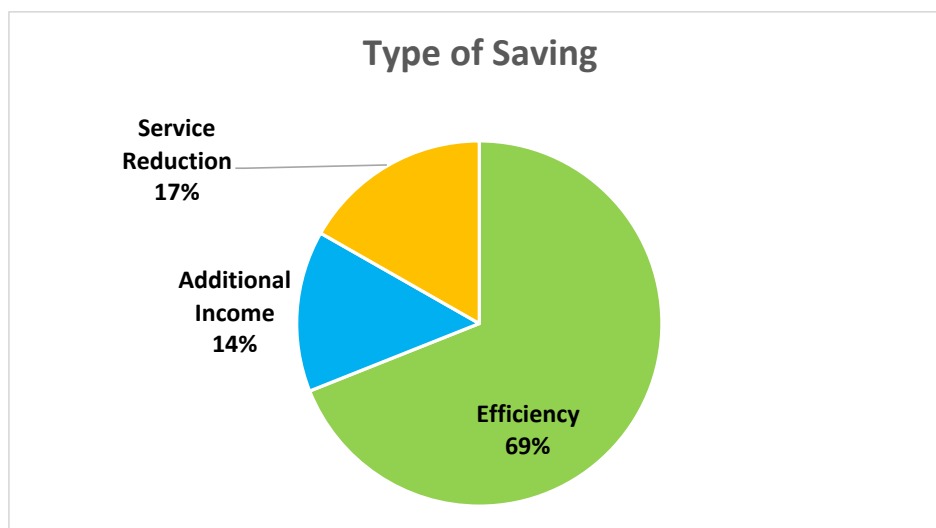
Budget 2024/25

- ❖ Planned in accordance with Medium Term Financial Strategy (MTFS), containing an interdependent package of measures to achieve financial balance and sustainability over the medium term (see next page)

CABINET SUMMARY (Continued)

Budget 2024/25 (continued)

- ❖ A Balanced Budget but requiring a withdrawal of £1.2m from General Reserves
- ❖ Total Savings of £2.75m necessary to offset the extraordinary costs of inflation and demand related pressures and a reduction in Council Tax of £0.25m arising from the preference to increase Local Council Tax Support from a maximum of 70% to 75%
- ❖ 83% of the £2.75m Savings are delivered through Efficiencies and Income Generation and 17% achieved through service reductions. This analysis is presented as follows:



- ❖ Additional Spending in Adult Social Care of £6.3m (to cover the uplift in the National Living Wage of 9.8% that will be passported to care providers as well as all other cost and inflationary pressures)
- ❖ Additional Spending in Children's Services of £5.0m (to cover existing overspendings and other unavoidable cost pressures)
- ❖ An inflationary uplift for all Services to maintain "steady state" provision amounting to £2.9m (excluding Adult Social Care and Children's Services above)
- ❖ Additional Government Funding of £6.8m for 2024/25, with £4.7m provided for Social Care, £3.0m of additional Island Funding but a cut for all other services of £0.9m (plus no funding for inflation for other services which is running at 4%)
- ❖ Creation of a £0.25m Community Capacity and Resilience Fund
- ❖ A Council Tax increase of 4.99%, of which:
 - 2.99% is for general council services (at lower than inflation which peaked at 8.7% and is currently at 4%)
 - 2.0% (amounting to £2.0m) is to be passported directly to Adult Social Care
- ❖ An overall Social Care Funding Gap of £4.6m between Adult Social Care and Children's Services unavoidable costs of £11.3m and the funding available of £6.7m (i.e. **2% Adult Social Care Council Tax Precept of £2.0m plus additional Social Care Grants of £4.7**).
- ❖ A Covid Contingency of £5m, sufficient to support the Budget and Adult Social Care spending for the next 2 years
- ❖ General Reserves falling to £10.9m.

CABINET SUMMARY (Continued)

Future Forecast - 2025/26 to 2027/28

- ❖ The Council must be narrowly, if not singularly, focussed on addressing its medium term Budget Deficit if it is to plan responsibly for the future delivery of the Councils' statutory duties
- ❖ The new forecast for the new 3 Year Period to 2027/28 of a £3m Deficit but predicated on:
 - The Budget proposals in 2024/25 for £2.75m savings and a 4.99% increase in Council Tax
 - Continuation of the additional "Island Funding" award of £3m p.a. (£4m p.a. in total)
 - Council Tax increases of 4.99% per annum, representing 2.99% for general purposes and 2% for Adult Social Care
 - Adoption of a 100% Council Tax premium for second homes amounting to £4.2m from April 2025
- ❖ A minimum Budget Savings amount for 2025/26 of £1m
- ❖ Indicative Budget Savings of a further £1m p.a. for 2026/27 and 2027/28
- ❖ Potential for the "Forecast Deficit" of £3m to vary between +/- £5m due to the considerable uncertainty associated with inflation, unavoidable cost pressures (particularly in Care Services), business rate appeals and the forthcoming review of Local Government Funding
- ❖ Future forecasts provide for some modest contributions towards future necessary Capital Investment requirements but do not provide for the replenishment of the Transformation Reserve, making the recommendations to use any additional funding received / year end savings for these purposes absolutely critical to the success of the MTFS
- ❖ General Reserves are maintained over the period at not lower than £10.8m (**and assume the £1.0m p.a. savings are achieved**), providing a very modest level of headroom to be able to respond to the risks associated with the future cost and funding uncertainty
- ❖ Balanced approach to savings if the forecast proves to be too pessimistic or too optimistic. With General Reserves at proposed levels, savings of £1.0m p.a. ensure that for any improvement in the forecast, the Council has not prematurely made a level of savings that could have been avoided and for any deterioration, good progress towards the necessary savings will be made.

Reserves

- ❖ The minimum level of Reserves required by the Council is £8.0m based on its risk profile, and crucially the £2.75m savings proposed within this report.
- ❖ If General Reserves fall below £8.0m, a S.114 notice is likely to be served
- ❖ A draw from General Reserves in 2023/24 of £0.9m
- ❖ A draw down on General Reserves in 2024/25 of £1.2m
- ❖ Reserves in 2024/25 reduced to £10.9m (providing "headroom" of just £2.9m above minimum levels) and remaining broadly constant by 2027/28 but at a time when the risks of the Fair Funding Review and Business Rate "reset" will arise
- ❖ Planned Reserves at £10.9m for 2024/25 represent just 2.5% of total gross expenditure
- ❖ Underlying General Reserves over the medium term at £10.8m are extremely modest.

CABINET SUMMARY (Continued)

Capital Programme

- ❖ Total proposed new Capital Investment of £9.3m including:
 - £2.1m for Schools Capital Maintenance
 - £1.8m for adaptations to disabled residents' homes to enable them to remain in their own homes
 - £0.8m for vehicle fleet replacement to electric vehicles
 - £0.5m provision for structure and drainage works associated with Osborne Steps
 - £0.4m for improvements at a council re-ablement facility providing support for older people to return to an independent life in their own homes
 - £0.4m for Highways Drainage schemes to reduce flooding
 - £0.4m for Rights of Way to renew the network and for reinstatement works after the recent flooding and storm events
 - £0.3m for Coastal Protection
 - £0.2m for a Place / Town Initiatives Fund

- ❖ Looking forward, there remains a substantial "Capital Gap" between funding and Capital Investment needs.

Conclusion

- ❖ Balanced Budgets for 2023/24 and 2024/25 but with a "structural gap" which is not resolved until 2025/26
- ❖ Financial volatility (inflation and demand for services) is likely to continue into 2024/25
- ❖ The increase in funding from the "Island Funding" of £3m and increase in Council Tax from the second homes premium of £4.2m has substantially improved the Council's financial position and mitigated the scale of the future Budget Deficit
- ❖ The Council's financial health is currently fragile but stable and the proposals provide for a level of financial resilience that will enable the Council to be able to respond in all but exceptional circumstances
- ❖ Future uncertainty for Local Government funding remains a substantial risk.
- ❖ The Council will continue to pursue additional funding from the Government to recognise the additional costs of providing services due to physical separation.

RECOMMENDATION

36. 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 threshold¹ for 2024/25 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

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

- (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)

37. 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 income² 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)

BACKGROUND

- 38. The primary purpose of this report is to set the Council's overall Budget for the forthcoming year 2024/25 and the associated level of Council Tax necessary to fund that Budget.
- 39. The report makes recommendations on the level of Council spending for 2024/25 and the level of Council Tax in the context of the Council's Medium Term Financial Strategy (MTFS).
- 40. The recommended Budget for 2024/25 has been prepared on the basis of the following:
 - The requirement to meet savings amounting to £2.75m, that being £0.75m greater than the Council resolution of 22 February 2023 that set an overall savings requirement of £2.0m; the additional savings being necessary to:

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

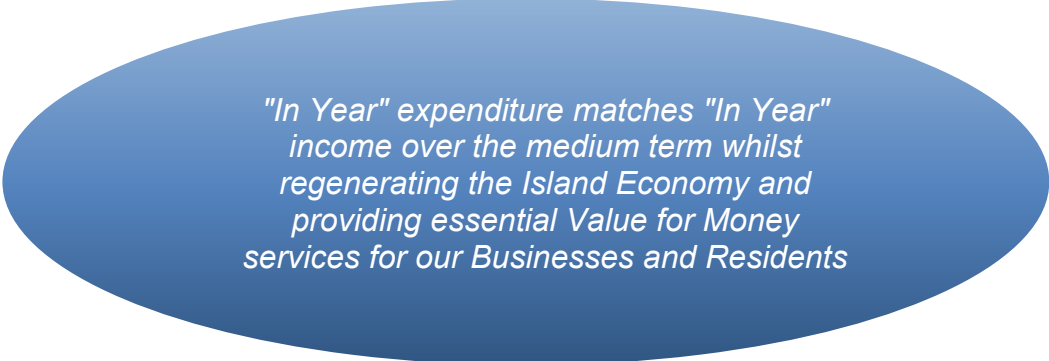
- i) Meet the substantial cost pressures being driven by extra-ordinary levels of inflation and service demand
 - ii) The additional cost of the Local Council Tax Support scheme
 - iii) The imperative to minimise the Council's "structural budget deficit" for 2024/25 caused by i) and ii) above.
 - An increase in the level of Council Tax for 2024/25 for general purposes of 2.99%
 - The flexibility to increase the level of Council Tax for an "Adult Social Care Precept", within the limits set by Central Government at 2.0%, and the direct passporting of that additional funding to Adult Social Care to provide for otherwise unfunded cost pressures including the 9.8% increase in the National Living Wage.
41. This report also provides a comprehensive revision of the Council's rolling 3 year future financial forecast for the new period 2025/26 to 2027/28 (i.e. compared to the previous forecast covering 2024/25 to 2026/27, this forecast now replaces the forecast for the previous 3 year period).
42. The new forecast considers the future outlook for both spending and funding, and in that context, wider recommendations are made regarding the levels of reserves to be maintained and additional contributions to the Capital Programme in order to meet the Council's aspirations for the Island as well as maintaining the Council's overall financial resilience throughout this uncertain period.
43. In particular, this report sets out the following:
- (a) The impact of the dramatic change in the financial environment over the past 2 years and how that legacy translates into the financial challenges now presented for 2024/25 and beyond
 - (b) A brief summary of the MTFs for achieving the necessary savings as approved in the report to Council in October 2016
 - (c) The Revised Revenue Budget for the current year 2023/24
 - (d) The Local Government Finance Settlement for 2024/25
 - (e) The Business Rate income for 2024/25 and future years
 - (f) The Council Tax Base and recommended Council Tax for 2024/25
 - (g) The proposed Revenue Budget for 2024/25
 - (h) The financial forecast for the new 3 year period and consequent Savings Requirements for 2025/26, 2026/27 and 2027/28
 - (i) Estimated General Reserves over the period 2023/24 to 2027/28
 - (j) The forecast Collection Fund balance as at 31 March 2024 for both Council Tax and Business Rates
 - (k) The detailed indicative savings (Appendix 3) that could be made by each Portfolio in meeting its overall savings amount in order to provide the Council with the assurance necessary to approve the recommended savings amount for each Portfolio

(l) The statement of the Section 151 Officer on the robustness of the budget in compliance with the requirements of the Local Government Act 2003.

(m) The Capital Programme for 2023/24 to 2028/29.

MEDIUM TERM FINANCIAL STRATEGY (MTFS)

44. The Council approved a Medium Term Financial Strategy (MTFS) in October 2016 to guide the Council towards financial sustainability.
45. The Council has been required to make £97m in savings, efficiencies and service reductions (representing over 40% of controllable spending) over the past 13 years in order to balance the Budget, ensuring that spending remains in line with income and funding levels.
46. The financial environment has changed dramatically over the last 2 years characterised by a fixed Local Government financial envelope set by the Government in their Comprehensive Spending Review 2021 (CSR 21) up to the period ending 2024/25 and elevated and prolonged levels of inflation that CSR 21 did not foresee. The enduring impact of elevated inflation has led to unavoidable and unplanned cost increases in the delivery of Council Services as well as a "cost of living crisis" for residents which, in turn, has increased the demand for Council Services.
47. During 2023/24 and continuing into 2024/25, the Council continues to experience the "hang-over" of the heightened levels of inflation of the past 2 years, causing the Council to now suffer a "structural deficit" as it enters 2024/25.



"In Year" expenditure matches "In Year" income over the medium term whilst regenerating the Island Economy and providing essential Value for Money services for our Businesses and Residents

48. Accordingly, the Council's MTFS is designed to resolutely maximise the deployment of the resources that it does have (Revenue, Capital, Property and Staff) towards driving additional income / funding and cost savings to secure Services for the future.
49. The overall aim of the MTFS is illustrated here:

50. The 6 Themes of the MTFS are described below.

SHORT TERM

Theme 1 Create Financial and Operating Capacity to Transform
Theme 2 Increasing Efficiency and Effectiveness

SHORT TO MEDIUM TERM

Theme 3 Entrepreneurial, Commercial and Collaborative Activities
(with managed risk)
Theme 4 Withdraw from or offer Minimal Provision for Low Impact
Services
Theme 5 Improving the Island Economy

MEDIUM TO LONGER TERM

Theme 6 Public Service Transformation

51. The themes within the MTFS have been designed as a comprehensive and complementary package of measures to support the Council to navigate through the financial challenge that it faces. Theme 1, "Create Financial and Operating Capacity to Transform" remains the critical building block to enable all other activities to take place. Without financial resilience and sufficient general reserves, the Council will not be able to:
- i) Take a proportionate and managed approach to the implementation of the Council's Savings Requirements and the "smoothing out" of savings over longer time periods will not be an available option resulting in larger and deeper service reductions
 - ii) Cushion the impact on services from any "financial shocks"
 - iii) Take advantage of opportunities that may arise (e.g. additional external funding) which requires a Council contribution and would contribute to the future financial sustainability of the Council.
52. Without financial resilience, the remainder of the Council's MTFS is compromised and the ability of the Council to provide sustainable public services in the future is placed at risk.

REVISED BUDGET 2023/24

53. The Original Revenue Budget approved by the Council in February 2023 was £178,802,800 with no reliance on a draw down from General Reserves indicating a "structurally balanced budget".
54. The Cabinet has received regular quarterly Budget Monitoring reports on the 2023/24 Budget throughout the year. Those forecasts have consistently reported that the Budget remains under pressure with Adults and Children's care services showing signs of financial distress amounting to £9.1m. These

cost pressures are being compensated mainly by additional savings and interest income from the Council's Treasury Management Activities. The current forecast as at the end of quarter three indicates a forecast overspend of £5.3m and a balanced budget at year end can only be achieved by:

- i) Drawing down from the Council's Covid Contingency to accommodate the Covid related additional costs and income losses associated with the following:
 - (a) Adult Social Care residential care - £2.1m
 - (b) Leisure Services income losses - £0.3m
 - ii) Relying on the Use of the Corporate Contingency of £2.0m
 - iii) Drawing on General Reserves by £0.9m.
55. The legacy impact of the prolonged period of extraordinary levels of inflation and ensuing "cost of living" crisis have been the defining factors affecting the Budget in the current year and will continue to do so into 2024/25. Whilst the additional costs have been substantial, the combination of improved returns from the Council's Treasury Management activities plus the funding provided by the Council's Covid Contingency and Corporate Contingency has minimised the amount required from General Reserves to balance the Budget for 2023/24.
56. The Original Budget has now been comprehensively revised, now requiring a contribution from General Reserves of £928,400 versus the budgeted contribution to the General Reserve of £7,300 a difference of £935,700.
57. The proposed Revised Revenue Budget of £178,988,200 is set out in the General Fund Summary (Appendix 1).

REVENUE BUDGET 2024/25

Overall Strategy

58. The overall aim of the Council's Medium Term Financial Strategy (MTFS) is to match "In Year" spending with "In Year" income and funding over the medium term with the use of General Reserves to "smooth out" any necessary fluctuations between years. This is consistent with being a financially sustainable Council providing quality public services.
59. The Council's MTFS, contains an interdependent package of measures to achieve financial balance and sustainability over the medium term which includes:
- Targeted draw down of the £40m "over provision" for debt repayments over a 5 year period, now complete
 - Lobbying Government for additional Island Funding to reflect the additional costs associated with providing Council Services due to physical separation
 - Savings levels following a "smooth profile" (facilitated by drawing / contributing to General Reserves) to enable necessary savings to be implemented in a managed way

- Gradual repair of the Council's General Reserves to levels that can provide financial resilience for uncertainty and potential "financial shocks"
 - A financial framework that supports responsible spending and removes financial obstacles to the delivery of strong Spend to Save schemes.
60. The Council's approved MTFs and Savings Requirements accommodates the repair of its General Reserves over time. It is vital that the Council maintains its General Reserves at the levels set out in this report if it is to continue to have the facility to "smooth out" necessary savings over time.
61. General Reserves are forecast to remain relatively constant over the next 4 years with just a modest level of "headroom" of £2.8m above the minimum levels. The Council should take every opportunity to restore its "headroom" to £4m or more to guard against known uncertainty and financial shocks such as those experienced over the past 2 years, and which rapidly saw the Council experience over £30m of unplanned financial pressures. Underlying General Reserves at £10.8m over the medium term are extremely modest.
62. The Administration undertakes an annual Budget Consultation, using it to inform spending and savings priorities as well as its Council Tax proposals.

Budget Consultation

63. The Council published its online budget consultation survey on 18 December 2023 which closed on 26 January 2024 with 824 responses (1,092 responses last year).
64. A summary of the results is set out below and has been considered by the Cabinet in setting out their Revenue Budget, Council Tax and Capital Investment proposals:
- Council Tax Increase for General Purposes:
 - 62% of respondents opted for an increase of 1%, 2%, 3% or more than 3%
 - The most popular increase was for a 3% increase (25% of respondents)
 - Support for an Adult Social Care Precept on council tax of 2%:
 - 45% of respondents supported raising a levy of 2%
 - Fees & Charges for Specific Services:
 - 71% of respondents would prefer to see an increase in charges for services to maintain them. The most popular choice was for a modest increase (36% of respondents)
 - Priorities for remaining funds:
 - 37% ranked ensuring older people and vulnerable adults are looked after and supported to live independently as their priority.
 - The second ranked priority was maintaining our roads, parks and open spaces (13%)
 - Spending on "one-off" projects:
 - 63% ranked investing in sea defences and flood protection within their top priorities.
 - 48% ranked improving the road network within their top priorities.

Funding - Summary of the Local Government Finance Settlement

65. The Local Government Finance Settlement is the term used to describe the main non-ring-fenced Revenue and Capital grant funding allocations from Government.
66. In overall terms the Local Government Settlement has provided additional grant funding in 2024/25 of £6.8m as follows:
- i) Increase in Social Care Grant (for Adults and Children) - £3.7m
 - ii) Social Care market sustainability & improvement - £0.4m
 - iii) Support for hospital discharge - £0.6m
 - iv) Assumed increase in Island Funding - £3.0m
 - v) Reduction in Grants for all other Services £0.9m

Note:

The Local Government Finance Settlement includes £1.6m of additional Social Care Funding and £3.0m of additional "Island Funding" for the Isle of Wight Council relating the announcement of an additional £600m for Local Authorities made by the Secretary of State on 24th January 2024

67. Set against the new funding of £4.7m of funding from Social Care (Adults & Children) are the existing and known Budget Pressures across those Services of £11.3m, leaving a Social Care Funding Gap of £6.6m. Therefore, further funding from the Adult Social Care Precept of £2m will also be required to narrow the gap between these cost pressures and the funding available.
68. Other features of the Settlement include:
- A 1 year Settlement for 2024/25
 - No increase in the Improved Better Care Fund, therefore remaining "cash flat"
 - Council Tax increase thresholds of:
 - 3.0% or £5 for Shire District Councils
 - 3.0% for Upper Tier and Unitary Councils
 - 2.0% for Adult Social Care (Upper Tier Authorities only)
 - 3.0% for Fire & Rescue Authorities
 - £13 for Police and Crime Commissioners
 - No announcement regarding the future of the Household Support Fund although it is anticipated that it will be tapered out over 2024/25.
69. It has now been 8 years since the Government first announced that it would consult and implement a Local Government Funding Review. The Funding Review has been further delayed and is not expected to be implemented until 2026/27 at the earliest. The Funding Review covers the following:

- The "Fair Funding Review", (to determine a new formula methodology which will set each Local Authority's baseline funding level and creating "winners and losers")
- The Retained Business Rates system which involves the removal of all existing growth retained to date (amounting to £4m) and re-distributing that growth nationally according to relative need (rather than where it was generated) and in accordance with the "Fair Funding Review formula (above).

70. Whilst the Local Government Finance Settlement is a significant factor in determining the Council's overall financial position and therefore any necessary savings, other significant factors that will affect the Council's future Savings Requirements include Business Rates income, Council Tax income, inflation, interest rates and any new unfunded burdens passed down from Government. These are described in the paragraphs that follow.

Retained Business Rates - 2024/25 & Future Forecasts

71. The Retained Business Rates system is complex and subject to a significant degree of inherent risk. The current national system is characterised by a complex formula which includes the following:
- i) Retention of 50% of all business rates received and which is affected by the value of successful appeals, the number of mandatory reliefs (e.g. charitable relief) and the overall collection rate (i.e. how much is uncollectable and written off)
 - ii) Increased by a fixed amount "top up" which increases annually by the rate of inflation
 - iii) Compensation through S.31 Grants for national government initiatives which have the effect of reducing Business Rates to the Local Authority such as business rate capping for small businesses
 - iv) A "safety net" set at 7.5% below a pre-determined baseline below which retained Business Rates will not fall.
72. In total, for 2024/25, Retained Business Rates are estimated at £43.8m³, which includes a deficit relating to previous years of £1.6m arising mainly from higher than anticipated successful business rate appeals.
73. Future years' forecasts of Business Rates are limited to inflation related uplifts and with flat growth in the business rate base.
74. The estimation of Retained Business Rates receipts is extremely complex, with the potential to be volatile and with many of the factors outside this Council's control. In particular, the Valuation Office Agency will both determine whether a rating appeal is successful, and the level of reduction granted with the Council having no right of challenge. To help mitigate against this risk, the Council

³ Includes Retained Business Rates of £17.5m, "Top Up" of £12.8m, S.31 Grants of £15.0m and a Collection Fund deficit of £1.6m.

maintains a modest reserve to provide the Council with a degree of funding stability in the event of fluctuations within and between years.

75. Despite the complications and risks associated with appeals, there remains the financial incentive within the system for many Local Authorities (including the Isle of Wight Council⁴) to generate economic growth and job creation. Irrespective of the financial incentive, the Council's Medium Term Financial Strategy (MTFS) is aimed at improving the Island Economy to generate growth and productivity (which improves the Council's Business Rate Base) as well as reducing the demand for Council Services generally.
76. From 2026/27, there is expected to be a review of the Business Rate Retention Scheme, the details of which are not yet known. The review will include a "Reset" which will remove all current business rate growth currently being enjoyed by authorities and which for the Council amounts to £4m.
77. The Business Rate growth enjoyed by all councils will be removed from councils, aggregated and then re-distributed based on "Need" through the Fair Funding review. If the Council's "Relative Needs" have increased by more than the average of all other Councils, then the Council will be a "winner " in terms of the re-distribution and vice versa.

Council Tax - 2024/25 & Future Forecasts

Collection Fund Balance (Council Tax Element) 2023/24

78. The Collection Fund is the account into which paid amounts are collected in respect of Council Tax, and out of which are paid the Council Tax precepts to:
 - Isle of Wight Council, including town and parish precepts (85.3% share)
 - Hampshire Police & Crime Commissioner (11.1% share)
 - Hampshire & Isle of Wight Fire & Rescue Authority (3.6% share).

In the event that actual Council Tax income receivable is different from the estimated income (informed by the calculation of the Council Tax Base) upon which the precepts are based, then a surplus or deficit will arise.

79. For 2023/24, it is estimated that the Collection Fund will be in surplus by £1,483,500. The Isle of Wight Council element of that is £1,265,500. This surplus is factored into the Council Tax income estimates for 2024/25.

Council Tax Amount 2024/25

80. Council Tax is expected to represent 54% of the Council's total revenue funding next year and as Government funding has reduced, this has become an increasingly more important and dependent funding source for the Council.
81. Council Tax for the average Council Tax payer on the Isle of Wight (Band C) currently amounts to £1,910.66 (excluding parish precepts), of which £1,615.65

⁴ Applies to Local Authorities that, in general, remain above the safety net threshold over time.

(84.6%) is the Isle of Wight Council element. Not all residents are subject to the full amount of Council Tax with many benefitting from exemptions and discounts (such as the single person discount) and a significant number of residents receiving Local Council Tax Support bringing the level of Council Tax payable to an assessed affordable level. After discounts, exemptions and Local Council Tax support is taken into account, circa. 64% of all properties are subject to the full level of Council Tax.

82. The Local Government Finance Settlement for 2024/25 confirmed a Council Tax increase limit for general purposes (i.e. referendum threshold). Any increase beyond the 2.99% threshold can only be implemented following a "Yes" vote in a local referendum.
83. The additional flexibility to apply a Council Tax increase for the Adult Social Care Precept has been provided in recognition of the extreme cost pressures facing Adult Social Care, both through the increase in the National Living Wage (which has increased by 9.8% and affects the Council's contracts with Care Providers for Adults) as well as the elevated levels of inflation generally and the demographic pressures from general aging and a "living longer" population.
84. Given the extraordinary demand and inflationary pressures on the Council and having due regard to the results of the Budget Consultation, it is proposed that:
 - i) The Council Tax for General Purposes be increased by 2.99% for 2024/25, representing 93p per week for a Band C tax payer and yielding £2.9m
 - ii) Adult Social Care precept be increased by 2.0% for 2024/25, representing 62p per week for a Band C tax payer and yielding £2m to be passported direct to Adult Social Care.
85. It is vital that the flexibility of the Adult Social Care (ASC) Precept is taken for the following reasons:
 - The Service is already experiencing Budget Pressures in the current year of £5.4m
 - The cost and demand related pressures for 2024/25 (including the National Living Wage increase of 9.8%) amount to £6.3m
 - Additional funding from Government to cover both Adults & Children's Services unavoidable cost pressures results in an overall funding shortfall of £6.6m⁵
 - The alternative to not applying the ASC Precept would be to increase the level of savings required by the Service, presenting risks to the wider health system on the Island.
86. The Council could elect not to increase the level of Council Tax by 2.99% but if it chose to do so, would need to identify additional savings of £1m for every 1% of Council Tax foregone if it is to achieve a Balanced Budget. Over the course of the Council's future forecast, a 1% reduction in Council Tax would equate to a cumulative loss of funding amounting to £4.3m.

⁵ Children's Services cost pressures £5.0m, Adults Social Care cost pressures £6.3m less increase in Social Care Grants £4.7m

Council Tax Base 2024/25

87. The Council Tax Base (i.e. the number of Band D equivalent properties paying the full Council Tax) has been determined as **54,407.3** for 2024/25.
88. The Council Tax Base has been determined at a level that accommodates the Council's decision to increase the maximum level of support for working age cases to 75% (from the current maximum level of 70%). The financial impact of this is to add £0.25m to the Isle of Wight Council's Budget Deficits and to reduce Council Tax income to other preceptors by £66,000 (Police, Fire and Town & Parish Councils). This in turn may result in those preceptors increasing their level of Council Tax to compensate for their reduced income.
89. In acceding to the Council's decision to increase the thresholds in the Local Council Tax Support Scheme, the Cabinet have proposed to extend the scale of its originally planned savings from £2.5m to £2.75m.

Total Council Tax Income 2024/25 & Future Years

90. Considering the Council Tax increase, Council Tax Base and surplus on the Collection Fund, the total Council Tax income for 2024/25 is estimated at £105,095,855.
91. As Government funding reduces, rises in Council Tax income are fundamental to the Council's future financial position and therefore the future sustainability of Council Services. The Council's Medium Term Financial Forecast (MTFS) assumes that Council Tax Income will rise to £124,855,524 by 2027/28 and is based on the following assumptions:
 - Annual increase in the amount of Council Tax of 4.99% for 2024/25 and each year thereafter (including 2% p.a. for the Adult Social Care Precept)
 - An increase of £4.2m due to the adoption of a policy to introduce a 100% Council Tax Premium on Second Homes from April 2025.

Funding Summary

92. Over the following 3 year period of the Council's forecast, funding is anticipated to rise by 12.2% (or an average of 3.9% p.a.⁶), reflecting:
 - Increases in Council Tax of 4.99% per annum and the introduction of a 100% Premium on Second Homes
 - Government Funding rising in line with inflation
 - Inflation related rises in Business Rate income.

Spending Proposals 2024/25

93. In the current financial year, several Portfolios are exhibiting signs of financial stress largely relating to the effects of the high inflation / high demand environment, the impact of which is expected to endure into 2024/25 and

⁶ 3.9% increases on a compounded basis equates to a total increase of 12.2% over 3 years

beyond. At the mid-point of the year (September 2023) the Consumer Price Index (CPI), the main measure of inflation, was 6.7% versus the Office of Budget Responsibilities central assumption of 5.5% and pay increased by 6.6% versus a budget assumption of 4.0%. Inflation and demand in the Care Services specifically were at levels significantly greater than budgeted.

94. These pressures emanating in 2023/24 and their ongoing impact plus all other inflationary and unavoidable Budget Pressures have been factored into the Budget for 2024/25. The Budget proposal for 2024/25 represents an increase in spending of £16.3m over the Original Budget for 2023/24 and includes additional costs, inflationary pressures and savings as follows:
- Additional Spending in Adult Social Care of £6.3m (to cover the uplift in the National Living Wage of 9.8% that will be used to support care providers as well as all other cost and inflationary pressures)
 - Additional Spending in Children's Services of £5.0m (to cover inflation, existing overspendings on placements)
 - Other cost and inflationary pressures across all other Services to maintain "steady state" provision amounting £8.2m (excluding Adults & Children's Services above)
 - Other unavoidable net reductions - £0.4m
 - Budget Savings of £2.75m.
95. Other Budget items are set out under the headings below:

Revenue Contributions to Capital

96. Due to the scale of the demand and inflationary pressures that the Council are experiencing, the Council has been unable to afford any contribution towards new Capital Investment either from the 2023/24 Budget or from the 2024/25 Budget. Consequently, the Cabinet has had to restrict its ambitions to essential Capital Investment only that is required to continue to deliver the current level of services on a sustainable basis. A modest £9.3m of new Capital Investment is proposed.
97. Budget affordability constraints are expected to continue in the future. To address both the Cabinet's aspirations and the Council's future statutory obligations, future Revenue Contributions to the Capital Programme will inevitably be required. Whilst bidding for external capital funding will always form part of the strategy to fund Capital Investment requirements, not all investments will be either eligible or successful.
98. Given that this Capital Investment is necessary for the Council's statutory obligations, support to transform the Island's economic potential as well as the Cabinet's priorities (particularly to provide housing affordable to Island residents), it is vital that the Council makes provision for Revenue Contributions to Capital wherever possible. To fulfil even some of the future obligations and aspirations, further revenue contributions to capital will be required in future years and will need to be embedded within the Council's financial planning process.

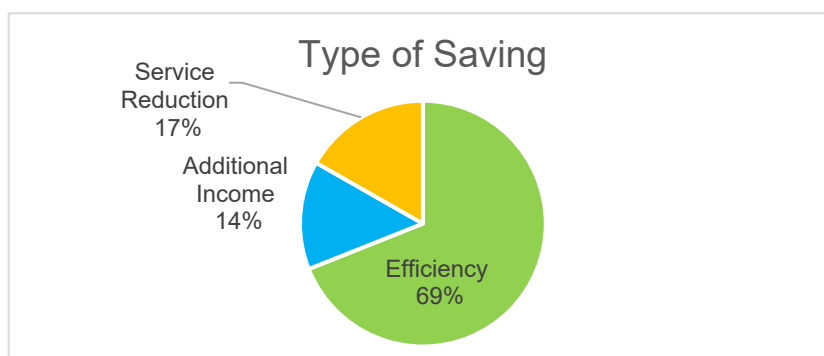
99. It is vital therefore that the "standing recommendation" continues that any savings arising at the year-end be transferred to Capital Resources to provide funding for known and potential future commitments.

Transfer to the Transformation Fund

100. Similarly, due to affordability constraints, there is no proposed transfer to the Transformation Fund either from the Revised Budget 2023/24 or the Budget 2024/25. A withdrawal from the Transformation Reserve is proposed for 2024/25 in the sum of £0.25m to create a Community Capacity and Resilience Fund. Ultimately, this is anticipated to be transformative for the local community, providing self-sustaining community-based services and to address gaps in services that currently exist. In turn, it is expected that such prevention activity will reduce the financial burden on Council Services in the future.
101. The overall aim of the Community Capacity and Resilience Fund is described above, and the detailed design, eligibility and evaluation criteria will be the subject of a separate report to Cabinet in 2024/25.
102. Looking forward, replenishment of the Transformation Reserve is vital if it is to continue in its capacity to be a vehicle to enable Spend to Save and Invest to Save initiatives to contribute towards the delivery of savings in the future. The Reserve currently contains a modest uncommitted balance of £3.2m and historically sums of between £1m to £2m annually have been required to support the delivery of budget savings and the genuine transformation of services.
103. In the absence of a planned programme of replenishment, it is important that the "standing recommendation" continues to be adopted to enable savings arising at the year-end be made available to "top up" the Reserve.

Savings Proposals 2024/25

104. As in previous years, the Medium Term Financial Strategy (MTFS) has advocated an "Avoidance to Cuts" approach wherever possible. The Cabinet are committed to maximising this approach and with a very strong emphasis on efficiency and income generation. The exceptional circumstances currently being experienced have required a heavier reliance of service reductions for the coming year.
105. In overall terms, the proposed £2.75m of savings are illustrated below with 83% of all savings expected to be derived from Additional Income and Efficiency Savings:



106. A summary of the overall total savings proposals by Portfolio, is set out in the table below.

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%

107. Inevitably, there are a number of financial risks contained within the proposals for making savings of the scale of £2.75m on the back of making over £97m in savings over the past 13 years. The risks are unavoidable. For those risks with the highest likely impact, such as Children's Services and Adult Social Care, mitigation strategies and contingency provisions have been made.

108. It is important to note that the Council's responsibility is to set the overall Budget of the Council and determine the individual Budget for each Portfolio / Service. It is not the responsibility of the Council to approve the detailed savings that need to be made for the Portfolio / Service to meet its own Budget. The Council do need to have the confidence that the recommended savings for each Portfolio are deliverable and what the likely impact of delivering those savings might be. Indicative savings that are likely to be necessary in delivering the overall Portfolio savings are attached at Appendix 3 and whilst the detailed savings are not a matter for the Council to decide, they are presented to inform the decision of Council relating to the savings to be made by each Portfolio / Service.

109. For savings proposals that require consultation, the actual method of implementation or their distributional effect will not be determined until the results of that consultation have been fully considered. Following consultation,

the relevant Portfolio Holder may alter, amend or substitute any of the indicative savings proposal(s) set out in Appendix 3 with alternative proposal(s) amounting to the same value.

Summary of Proposed Revenue Budget 2024/25

110. The proposed Budget for 2024/25 has been prepared to include the following:

Spending 2024/25:

- Cost and Inflationary Pressures of £19.5m
- No Revenue Contribution to the Capital Programme
- The £2.75m savings proposals as set out in Appendix 3.
- A Community Capacity and Resilience Fund of £0.25m anticipated to be transformative for the local community
- Core contingency provision to cover known and anticipated financial risks of the Council amounting to £4.2m, especially those relating to increases in demand for Adult Social Care and Children's Services, Inflation volatility, Emergency Repairs risks and the delivery of budget savings more generally.

Funding 2024/25:

- An increase in funding from Government of £6.8m with £4.7m provided for Social Care and assuming an increase of £3.0m for "Island Funding" but a cut for all other services of £0.9m
- Underlying Business Rate income for 2024/25 is an increase of 9.7% largely reflecting an inflationary uplift
- An overall increase in Council Tax of 4.99%, yielding £4.9m
- An increase in the Council Tax base equivalent 320.3 Band D properties resulting in additional Council Tax income £0.6m
- A "one-off" surplus on the Council Tax Collection Fund of £1.3m
- A "one-off" deficit on the Business Rate Collection Fund of £1.6m

111. The combination of the spending and funding proposals in the proposed Budget for 2024/25 above combine to provide a balanced, but not "structurally balanced" Budget for 2024/25 which requires a withdrawal General Reserves of £1.2m.

112. The proposed Budget for 2024/25, including the main changes described above results in net spending of £195,101,200. This amounts to a net increase in spending of £16,298,400 or 9.1% over the Original Budget 2023/24 and is recommended for approval.

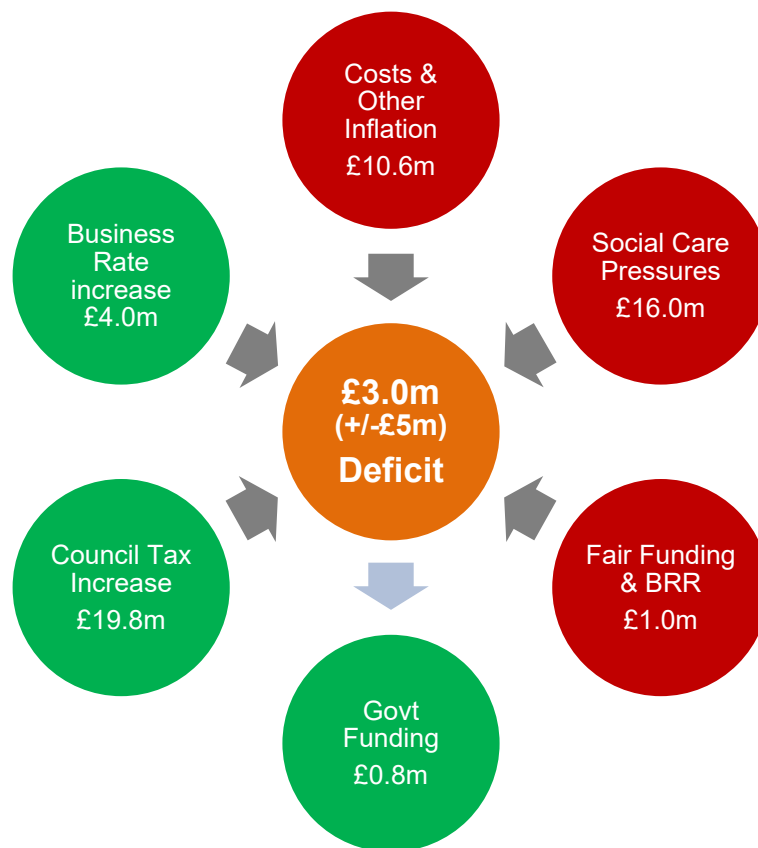
REVENUE FORECASTS 2025/26 TO 2027/28

113. A new medium term forecast has now been completed and "rolled on" a further year to cover the period 2025/26 to 2027/28. All of the financial assumptions

have been comprehensively revised and a savings requirement for the new period determined.

114. The previous medium term forecast estimated that savings of £6.0m would be required across the 3 year period 2024/25 to 2026/27. The extraordinary level of inflationary and demand pressures experienced throughout the current year flowing through into 2024/25 and the Social Care Funding Gap have naturally caused the forecast deficit to increase but this has been mitigated by the additional award of "Island Funding", the increase in Council Tax from the second homes premium and the additional proposed savings of £0.75m beyond the originally anticipated £2.0m.
115. The new medium term forecast comprehensively revises all cost and funding assumptions and incorporates a forecast for the additional year 2027/28. Crucially, the forecast includes:
 - i) Budget Savings in 2024/25 of £2.75m
 - i) A Council Tax increases of 4.99% for 2024/25
 - ii) That the Council will receive £4m p.a. for "Island Funding" in total on an ongoing basis (i.e. including the additional £3m p.a. anticipated in 2024/25)
 - iii) Assumed Council Tax increases of 4.99% per annum, representing 2.99% for general purposes and 2% for Adult Social Care in 2024/25 and a similar increase of 4.99% for all future years of the Forecast
 - iv) Adoption of a 100% Council Tax premium for second homes amounting to £4.2m from April 2025.
116. It is now estimated that the savings required for the new 3 year period 2025/26 to 2027/28 will now be £3.0m. The "smoothing" and "spreading" for the future deficit over 3 years is only made possible by holding "headroom" in General Reserves above their minimum levels.

117. The Budget Deficit for the new 3 year period is £3.0m and is described in the paragraphs that follow.



118. The most significant assumptions in the medium term future forecasts for the period 2025/26 to 2027/28 are described below:

Spending:

- Cost and inflationary pressures in both Adult Social Care and Children's Services of £16.0m (including future uplifts to the National Living Wage in accordance with OBR Forecasts)
- Cost and inflationary pressures in all other Services of £10.6m covering all pay and prices (assuming pay awards, specific contract inflation and CPI/RPI increases in line with the forecasts from the OBR)
- Modest Revenue Contributions to Capital re-commencing in 2025/26
- No further contributions to the Transformation Reserve
- An assumption of a steady state for all budgets.

Funding:

- A net loss in Government funding, mainly arising from the Fair Funding Review and Business Rate Retention scheme of £1.0m, phased in from 2026/27 onwards (**Note: the Business Rate "Reset" will remove £4m of growth which may not be fully re-distributed through the Fair Funding Review**)
- Continuing "Island Funding" of £4m p.a.

- An overall increase in Council Tax Income of £19.8m which incorporates:
 - Increases of 4.99% per annum for 2025/26 to 2027/28 (including 2% p.a for the Adult Social Care Precept)
 - 100% Council Tax premium for second homes amounting to £4.2m from April 2025
- An inflation based increase in Government Grants of £0.8m
- Indexation uplifts on retained Business Rates of 2% for 2025/26, 1.6% for 2026/27 and then 1.4% for 2027/28
- An underlying zero growth assumption for changes in Business Rates from 2025/26 onwards, to reflect the uncertainty relating to appeals and mandatory reliefs
- That any loss of business rates income arising from National Business Rate reduction/capping initiatives will continue to be recompensed by Government via S.31 grant funding.

119. Future funding from Government from 2026/27 onwards is heavily dependent on the outcome of the Fair Funding Review and Business Rate Retention scheme review. It must be recognised that the outcome of these reviews remains uncertain.

120. It is also important to recognise that this forecast extends beyond the Fair Funding Review and the revised Business Rate Retention Scheme expected to be implemented in 2026/27. It moves a year beyond these events and makes broad assumptions at the macroeconomic level pending any indicative information at the local level. Inflation assumptions are also potentially volatile and therefore a significant level of uncertainty remains surrounding the "Balanced Forecast" which could realistically vary by +/- £5m.

121. Due to the uncertain nature of the future years' forecasts, it is imperative that the Council continues to manage its cost base carefully if it is to remain well placed to respond to the review of Local Government Funding.

122. It is proposed that the Council takes an evenly managed approach to addressing the £3.0m of savings required over the next 3 years by phasing those savings evenly, as set out below, in order to provide reasonable time for plans and the necessary proposals to be prepared and implemented.



123. Due to the uncertain nature of the future years' forecasts, it is imperative that the Council plans for at least £1.0m of savings per annum as well as seeking to increase General Reserves over time. This is a balanced approach,

appropriate to an eventuality where the Council's forecasts are either too pessimistic or too optimistic. For example, in the event that the 3 year forecast improves, the Council has not prematurely made a level of savings and service reductions that could have been avoided and it allows more time for savings initiatives to take effect. If the forecast deteriorates, the Council will have made good progress towards the necessary savings and have sufficient General Reserves to avoid significant "spikes" in Savings Requirements in any single year in the future.

124. Crucially this savings strategy, as described above, can only work if the Council retains General Reserves and the Covid Contingency at the levels set out in this report as well as retaining the Transformation Reserve to be available to support the delivery of future savings. Should the Council elect to follow an alternative savings profile, the Council's financial risk will increase, and this will necessarily need to be reflected in the assessment of the minimum level of General Reserves (now determined to be required to be maintained at £8.0m) that the Council must hold to maintain its financial resilience.
125. In summary, the overall forecast budget deficit and therefore savings requirement, has been reduced to £3.0m as a consequence of the Cabinet's Budget 2024/25 proposals, the anticipated increase in "Island Funding" and the adoption of a 100% Council Tax premium on second homes. The forecast has been "rolled on" to now include the financial year 2027/28 and the overall forecast budget deficit and savings requirement for the 3 year period is forecast to be £3.0m. Importantly, this level of budget deficit can only be maintained if the Council approves the proposed £2.75m of savings as well as the increase in Council Tax of 4.99% for 2024/25.
126. The medium term financial forecasts are set out as part of the General Fund Summary in Appendix 1.
127. The fundamental aim of the Medium Term Financial Strategy is for in-year expenditure to equal in-year income, excluding items of a "one-off" nature to achieve "structural balance".

ESTIMATED RESERVES 2023/24 TO 2027/28

128. In general, maintaining adequate reserves is a measure of responsible financial management and strong financial health. They are required to be able to respond to "financial shocks" without having to revert to the alternative of quick and severe services reductions. Equally, they can be a vehicle to take advantage of any opportunities that may arise which are in the financial interests of the Council (for example, matched funding opportunities which could lever in additional funding for the Island). Importantly, they also enable differences between expenditure and funding levels to be "smoothed out" and "spread out" in a managed and planned way over time.
129. Operating at a minimum level of reserves, and an over reliance on the use of reserves in any one year, has the effect of delaying savings from one year and adding them to the following year's savings requirement. This results in a level of savings required in the following year that are likely to be extremely difficult to achieve and with a corresponding drastic reduction in services. It also places the Council in a potential chaotic environment where any unforeseen financial

pressures arising in the year would need to be met by equivalent further savings in the same year. This can have a de-stabilising effect on Council services, shifting the focus from driving through efficiencies, income generation and regeneration activities, to one that is focused on cuts in services which can be achieved more readily within the timescales.

130. In accordance with Best Practice, a review of the Council's reserves and balances has been undertaken as part of the budget process. The review considers the Council's potential financial risks over the next few years to determine the prudent level of balances that should be retained, based on the Council's risk profile. The assessment of the minimum level of General Reserves takes account of, but is not limited to, the following:
- The current relatively low level of General Reserves representing just 2.5% of Gross Expenditure
 - The required level of future savings necessary to remedy the forecast deficit of £3.0m
 - The susceptibility of the Council's forecast to vary by +/- £5m due to inflation and demand volatility plus the outcome of the Fair Funding Review and the Business Rate Retention "reset"
 - The increasing susceptibility to budget pressures generally given the magnitude of savings that have been made in the past (i.e. £97m)
 - Potential for Council Tax and Business Rates collection to reduce associated with the legacy of the covid pandemic as well as the cost of living crises
 - The inherent volatility of the Business Rate Retention system (previously described) both now and in the future
 - Potential liabilities for some substantial disputes against the Council.
131. Predicated on the approval of £2.75m Budget Savings for 2024/25 and a Council Tax increase of 4.99% it is considered, given the weight of financial risk being carried by the Council and the other reserves that are maintained for specific purposes, that the minimum General Reserves that should be maintained is £8.0m.
132. The statement below gives details of the General Reserves in hand at 01 April 2023, together with the proposed use of reserves in 2023/24 and 2024/25 arising from the Budget proposals contained within this report. The forecast balances from 2025/26 onwards assume that the £3.0m savings requirements set out in the previous section are achieved according to the profile described.

General Reserves Forecast – Up to 2027/28					
Financial Year	Current Year £m	Forecast 2024/25 £m	Forecast 2025/26 £m	Forecast 2026/27 £m	Forecast 2027/28 £m
Opening Balance	13.0	12.1	10.9	11.0	10.8
In Year Surplus / (Deficit)	-0.9	-1.2	0.1	-0.2	0.0
Forecast Balance	12.1	10.9	11.0	10.8	10.8

133. The level of balances held over the period will be higher than the minimum level recommended in the short term. This prudent approach is being taken for a number of specific reasons, which include:
- The susceptibility of the Council's 3 Year Forecast to vary by +/- £5m due to the risks previously described
 - The strategy to "smooth out" and "spread out" the Council's necessary savings over longer periods of time, relying on the use of Reserves in some years whilst Savings requirements "catch up"
 - The continuing risks associated with the financial sustainability for both Adult Social Care and Children's Services. For example, should the recommended £2.75m savings not be achieved in 2024/25, General Reserves would be close to minimum levels during the year.
 - The balances are predicated on further savings (as yet unidentified) of £3.0m being achieved over the following 3 years. If those savings are not made, balances would be below minimum levels by March 2027.
 - The uncommitted balance available in the Transformation Reserve of just £3.2m (see below) means there are only limited funds available to fund the implementation costs of future efficiency savings.
134. General Reserves are anticipated to fall to £10.8m over the next 4 years. As previously described, it has been a key feature of the Council's MTFs to repair and gently build General Reserves so that they are available to draw on and "smooth savings" at lower levels but over a longer period of time as well as being available for financial shocks should they arise. It is crucial that the Council now seeks to take opportunities to restore General Reserves to provide additional protection from financial risk.
135. In addition to General Reserves, the Council has established a Transformation Reserve which has a current uncommitted balance of £3.2m. This reserve was established as one of the Council's primary vehicles to deliver savings. Often, transformation schemes aimed at significant cost reduction or income generation in line with the Cabinet's aspirations will be of a scale and complexity that require up front resources, especially if they are to proceed at pace.
136. It is anticipated that there will be a need to provide up-front funding from this reserve particularly for the savings and cost avoidance measures in Adult Social Care to support their delivery.
137. Maintaining the Transformation Reserve at sufficient levels to support savings delivery through "Spend to Save", "Invest to Save" and "Invest to earn" schemes is vital to the success of the MTFs and the Council's future Savings Requirements. Accordingly, a strategy for its replenishment is a necessity if this Reserve is to continue to deliver against its intended purpose.
138. Due to the serious financial constraints of the Council, the Council's future forecasts do not plan for any replenishment of the Reserve. It is advisable therefore, that should any further savings be made by year end, consideration be given at that time to any necessary replenishment.

139. The Council maintains a number of other reserves, many of a modest nature, in order to provide for known liabilities in the future. These include:
- The Highways PFI Reserve
 - Insurance and Risk Reserve
 - Repairs and Renewals Reserve
 - Business Rate Retention Reserve.
140. For the Council to meet the overall aim of its MTFS, it is important to strike the optimum balance between its key drivers of:
- Delivering savings (income, efficiencies and service reductions) over a manageable period of time which is consistent with maintaining good quality essential services
 - Provide sufficient funding for Spend to Save, Invest to Save and Invest to Earn, initiatives through the Council's Transformation Reserve
 - Ensure that the Capital Programme is sufficiently funded over the medium term to stimulate the Island Economy and improve the Council's overall financial position
 - Maintaining General Reserves at levels that ensure strong financial resilience and financial health to provide a stable platform for all the above.
141. To support this aim and ensure that maximum resources are available for the delivery of necessary savings, it is proposed that any further savings for 2023/24 that are made by year-end (after allowing for specific carry forward requests) be transferred to the Transformation Reserve, Revenue Reserve for Capital (to increase the Capital Resources available) and General Reserves (to improve overall financial resilience), with the level of each transfer determined by the S.151 Officer.

CAPITAL PROGRAMME 2023/24 TO 2028/29

Overall Strategy

142. As described in the Medium Term Financial Strategy (MTFS), the strategy is to maximise the capital resources available and then target the investment of those resources to areas that will enable the Council to meet its statutory responsibilities, stimulate the Island Economy and improve the Council's overall financial position.
143. The development of a Capital Strategy considers investments that will be made in the acquisition, creation, or enhancement of tangible or intangible fixed assets, to yield benefits to the council for a period of more than one year. It also considers how stewardship, value for money, prudence, sustainability and affordability will be secured. The Capital Strategy therefore has 3 core aims:

Aim 1 - To support a Medium Term Outlook

- allocating known resources to future years for critical capital investment, ensuring that in years where capital resources are limited, critical investment can continue to be made;
- aligning known resources and spending, ensuring that uncertain or forecast resources are not applied to current investment, thus leaving potentially unfunded obligations in the future; and
- smoothing out any significant gaps between capital investment needs and capital resources available by utilising contributions from revenue.

Aim 2 - To Maximise the Capital Resources available and the flexibility of their application

- setting aside capital funding for "match funding" opportunities, where these are aligned with the Council's strategic objectives in order to take advantage of "free" funding;
- reviewing contractually uncommitted schemes against newly emerging capital investment priorities;
- avoiding ring-fencing of capital resources, except where such ring-fencing is statutory; and
- using prudential borrowing for "Invest to Save" schemes, or schemes which generate income.

Aim 3 - Targeted Capital Investment

- annual review of all contractually uncommitted capital schemes which rely on non-ring-fenced funding is undertaken to ensure that they remain a priority in the context of any newly emerging needs and aspirations;
- investment in programmes of a recurring nature that are essential to maintain operational effectiveness; and
- invest in specific schemes that:
 - have a significant catalytic potential to unlock the regeneration of the Island;
 - are significant in terms of the Council strategies that they serve;
 - are significantly income generating or efficiency generating; and
 - if not implemented would cause severe disruption to service delivery.

Capital Resources

144. Capital resources available for 'new starts' in 2024/25 and onwards have been reviewed and the amount available to be allocated has been determined as £9.3m. This figure includes reallocated resources as a result of a review of contractually uncommitted schemes and the reprioritisation of projects.

145. Additionally, a small contingency has been retained to mitigate the risk of capital receipts and grants being lower than anticipated and some funding has been held back to meet unavoidable increases in costs to approved schemes and to support match funding bids for additional external funding.

146. The total capital resources available to the Council for 'New Starts' in 2024/25 and onwards are described below.

Corporate Capital Resources

147. This includes all non-ring-fenced capital resources such as underspends from current capital schemes, capital receipts, and revenue contributions. This has provided a very modest £1.4m for new capital schemes.

Ring-fenced & Passported Capital Funding

148. Ring-fenced capital funding includes the following:

- Funding of £2.3m is ring-fenced to the Better Care Fund which is targeted at Disabled Facilities Grants and wider Social Care programmes. This is required to be prioritised by the Council and the Isle of Wight Integrated Care Board

149. Passported Capital Funding is funding that whilst not ring-fenced is provided on the basis that it is targeted towards specific services and includes the following:

- Grant funding of £2.8m from the Department for Transport Integrated Transport Block (ITB) funding towards various network integrity schemes
- Schools capital maintenance grant targeted at the improvement of school's estate of £2.2m.

Prudential Borrowing

150. Prudential Borrowing is only available for a Council's "Primary Purpose for Investment" which must be "consistent with statutory provisions, proportionate to service and revenue budgets and consistent with effective treasury management practice".

151. The arrangements for Prudential Borrowing were strengthened following growing concerns over Local Government commercial property investments and taking on disproportionate levels of commercial debt to generate yield. Borrowing for "debt-for-yield investment" is not permissible under the Prudential Code, as it does not constitute the primary purpose of investment and represents unnecessary risk to public funds.

152. Prudential Borrowing is available for "Invest to Save" schemes only where those savings must accrue directly to the Council on a sustained basis. Prudential Borrowing is governed by the Prudential Code and its associated tests of affordability, sustainability and prudence. Prudential borrowing is what is termed "unsupported borrowing" and means that the Government does not provide any revenue support through government grant for the repayment of that debt (neither principal nor interest).

153. The Affordability test dictates that the Council must be able to demonstrate that it can afford the debt repayments over the long term. Given the future forecast deficits of the Council, prudential borrowing is only available for Invest to Save schemes where there is a demonstrable case that the capital expenditure

incurred will result in savings (i.e. cost reduction or additional income) that at least cover the cost of borrowing. Also, that those savings accrue directly to the Council and will be available on a sustained basis over the lifetime of any borrowing.

154. No new prudential borrowing has been included in the programme.

Capital Investment Proposals ("New Starts") – 2024/25

155. Proposals for the allocation of the Council's 'new start' capital resources of £9.3m are set out in Appendix 4 for approval. This includes allocations of indicative grant funding amounts for 2024/25 and 2025/26 relating to both Transport and Education, allowing those services to plan with more certainty over a 2 year period. With a larger capital allocation, it provides the ability to take a more strategic approach to capital investment over a longer time horizon.

156. The Capital Investment proposals comprise a balanced set of proposals which:

- Provide some assurance and funding security for essential core services and facilities
- Complements the existing capital programme and further supports the council's financial viability for the medium term
- Invests in Schools
- Invests in care facilities including adaptations to peoples' homes
- Invest in highways network works, the public realm and rights of way
- Provides for a Place / Towns Initiative Fund, the overall aim being to pump prime local projects to improve prosperity to the Island's communities.

The detailed design, eligibility and evaluation criteria of the Place / Towns Initiative Fund will be the subject of a separate report to Cabinet in 2024/25.

Proposed Capital Programme 2023/24 to 2028/29

157. The overall Capital Programme, including all existing schemes which have been reviewed and considered as a continuing priority, and proposed new schemes is set out in Appendix 5 for approval.

Future Capital Obligations, Priorities and Aspirations

158. The proposals for capital investment contained within this report complement the existing Capital Programme and provide further solidity to secure the Council's financial viability for the medium term. Nevertheless, the Council will inevitably face future obligations of a statutory nature as well as wish to further develop its priorities and aspirations for future capital investment to meet its overall aim of financial and public service sustainability.

159. Known obligations and aspirations, in line with the MTFS, for future capital investment once further capital resources become available include:

Statutory Obligations:

- Essential maintenance obligations for schools
- Provision of additional Disabled Facilities Grants
- Requirements to improve road safety, disabled access and air quality
- Improvements to rights of way and coastal protection

Improving the Island Economy:

- Further development of key employment, housing and regeneration sites
- Developing the Digital Island
- Coastal protection schemes to protect homes and businesses
- Improvements to road transport infrastructure as a means of supporting new business growth and productivity generally, as well as the protection of the tourism economy.

Public Service Transformation:

- Developing the Digital Council
- Further supported living facilities for Adult Social Care clients
- Use of technology to provide greater personal independence for those with care needs
- Developing the Council's commitment to work with partners and central government to ensure that the Island's net carbon emissions can be reduced to zero by 2030 as part of its climate emergency resolution.

160. The scale of the funding required for these obligations and aspirations is such that it far outstrips the annual capital funding which may be available. With minimal core capital funding, there is a significant shortfall ("Capital Gap") to be met. All the ring-fenced and passported grants have obligations attached to them. £2.3m is ringfenced to the Better Care Fund and the remainder, although not ringfenced, is expected to be targeted at schools and highways. The overall implication being that there is virtually no routine annual funding available for Capital Investment beyond those items described above.

161. Given the scale of the "Capital Gap" described above, the necessity to supplement the Capital Resources available remains an explicit feature of the Council's approved MTFS so that the Council can continue to fund essential services but also fund Regeneration and Income Generation schemes aimed at improving the overall financial sustainability of the Council and the economy of the Island. For this reason, it is recommended that the S.151 Officer be given delegated authority to transfer all or part of any further savings made in 2023/24 arising at the year-end to supplement the Capital Resources available for future years.

STATEMENT OF THE SECTION 151 OFFICER IN ACCORDANCE WITH THE LOCAL GOVERNMENT ACT 2003

162. Section 25 of the Local Government Act 2003 ("the Act") requires the Chief Financial Officer to report to the Council on the following matters:

- The robustness of the estimates included in the Budget made for the purposes of setting the Council Tax; and
- The adequacy of proposed financial reserves.

163. Section 25 of the Act concentrates on uncertainties within the budget year rather than the greater uncertainties in future years. In the current economic climate, there continue to be uncertainties in both the current and future years i.e. beyond 2024/25. Particular uncertainties exist regarding:

- The volatility and elevated levels of inflation
- The increased levels of demand for Council Services being driven by the "cost of living crisis"
- The continuing impact of the Covid pandemic, its impact on costs, Council Tax and Business Rate income levels
- The general uncertainty surrounding Business Rate income from the recent revaluation and the extent of successful appeals and mandatory reliefs, all of which affect Retained Business Rates
- Government Funding levels (including the outcome of the Fair Funding Review and the Business Rate Retention scheme review expected in 2026/27)
- The ability of the Council to continue to make necessary savings at the required scale and pace
- The likely demographic cost pressures arising in demand driven services such as Adult Social Care, Children's Services and Housing
- The extent to which new policy changes will be funded.

All of these uncertainties increase the need for adequate reserves and balances to be maintained in current and future years.

164. A minimum level of revenue reserves must be specified within the Budget. The Council must take full account of this information when setting the Budget Requirement.

165. Should the level of reserves fall below the minimum approved sum of £8.0m as proposed in this report, either arising from an overspend in the previous year or the current year, the S.151 Officer has a duty to report this to the Council with recommendations as to the actions that should be taken to rectify the shortfall. In the most extreme of circumstances, the S.151 Officer can issue a S.114 notice, imposing spending controls until a balanced budget is approved by the Council.

Robustness of the Budget

166. In setting the Budget, the Council should have regard to the strategic and operational risks facing the Council. Some of these risks reflect the current economic climate and the national issues surrounding Local Authority funding levels.

167. Estimates and forecasts have been prepared to include all known significant financial factors over the medium term in order to inform spending decisions.
168. Assumptions for the Budget and forecasts for future years are considered to be sound and based on the best available information. These are set out in detail under the Section entitled "Revenue Forecasts 2025/26 to 2027/28" and use the following sources as their evidence base:
- Government funding as set out in the Settlement for 2024/25
 - An assumption that the overall outcome of the Fair Funding Review and Business Rate Retention scheme review will lead to a net reduction in funding of £1.0m
 - An assumption that the additional £3m p.a. (£4m p.a in total) of "Island Funding" will be ongoing
 - A "no growth" assumption for Retained Business Rates from 2025/26 onwards, on the basis that any income arising from growth will be offset by appeals, reliefs and change of use
 - An assumption that the value of successful appeals against the 2023 rating list will be based on the most up to date information from the Valuation Office Agency
 - Increases in Council Tax based on what is likely to be acceptable and within expected referendum limits
 - Inflation on Retained Business Rates and prices in accordance with inflation estimates from the OBR
 - Specific provisions for increases in demand for both Adult Social Care and Children's Services based on current trends
 - Prudential borrowing requirements based on approved Capital Schemes
 - Revenue contributions to Capital based on known commitments and estimates of future needs
 - Balances and contingencies based on a risk assessment of all known financial risks.
169. Savings contained within the Budget are those where Portfolio Holders and Directors assess the confidence level of achievement as medium and above. Savings proposals will also be subject to scrutiny by Members. Responsibility and accountability for delivering the savings rests with the relevant Portfolio Holders and Directors and progress will be monitored throughout the year as part of the Budget Monitoring process.
170. The most volatile budgets are those of Adult Social Care and Children's Services. Budget provision has been made available to cover these risks both directly within the Service Budget as well as within the Council's overall contingency provision.
171. The forecasts prepared for the forthcoming and future years are robustly based and illustrate the expected costs the Council will incur to deliver current levels of service.

172. Portfolio Holders will be given regular budget updates by Directors to ensure that action to address any potential variance is taken promptly and quarterly budget monitoring reports will continue to be presented to the Cabinet.
173. Prudential Indicators are accurately calculated based on the Council's audited Balance Sheet, notified income streams and in-depth financial appraisals of proposed capital schemes. These are published and reviewed on a regular basis to ensure that the Council complies with the concepts of Affordability, Prudence, and Sustainability. The Council can only consider Prudential Borrowing for "Spend to Save Schemes", as it is currently unaffordable for any other purpose given the forecast budget deficits in 2025/26 and future years.
174. Future years' budgets will remain challenging due to inflation and demand volatility, the uncertainties associated with the overhaul of Local Government Funding and the continuing demographic pressures on Care Services.

The Adequacy of Proposed Financial Reserves

175. The Council's General Reserves have been proposed at levels that are consistent with the Council's financial risks over the medium term and take account of the level of the Council's Corporate Contingency as well as other earmarked reserves that are set aside for risk events such as the Insurance Reserve, Repair and Renewals Reserve and the Business Rate Retention Reserve.
176. Reserves provide a buffer against unexpected costs such as pay awards, inflation, shortfalls in income and overspends and enable the Council to manage change without undue impact on the Council Tax or immediate reductions to services. They are a key element of strong financial standing and resilience as they mitigate risks such as increased demand and other cost pressures.
177. The level of General Reserves held will be higher than the minimum level required. This approach is in accordance with the approved MTFS in order to "smooth out" and "spread out" the necessary savings to meet the future forecast budget deficits in a planned and managed way. The current financial environment and the pace at which £11m of unplanned Budget Pressures for 2024/25 (and circa. £30m over the past 2 years) has arisen has exposed the susceptibility of Council's overall financial resilience, making the compelling case for maintaining General Reserves beyond the minimum and the importance of the MTFS to gently increase General Reserves over time. The position will continue to be reviewed and reported to Members on an annual basis.
178. The Transformation Reserve is the Council's primary vehicle for funding Spend to Save and Spend to Avoid Cost Initiatives and Feasibility Studies, and currently stands at just £3.2m. For this Reserve to continue in this capacity, it will be necessary to replenish it from any further savings, transfers from other reserves no longer required, or alternatively, from the Revenue Budget in future years.
179. The Council's Covid Contingency is also critical for managing the Council's future risk. At the current level of £5m, it provides sufficient support for the next

2 years, over which time it is expected that such costs will either reduce or plans can be made for a managed reduction in funding.

180. The Council maintains several other Earmarked Reserves for specific purposes, all of which are at the levels required to meet known future commitments.
181. The Council's core contingency provision for 2024/25 has been set on a risk basis at £4.2m and reflects anticipated calls on the budget where the timing and value is not yet known. The use and application of the contingency will be exercised tightly.
182. At the proposed levels, the Council reserves are reasonably expected to be sufficient to accommodate the Council's financial risks and maintain the Council's overall financial health.

STRATEGIC CONTEXT

183. The Council's Budget for 2023/24 and 2024/25, the level of Council Tax and the Capital Programme 2023/24 to 2028/29 represent the Council's detailed plan for 2024/25 and set the direction for the medium term. They are set within the context of the Council's approved Corporate Plan and Medium Term Financial Strategy (MTFS).

CONSULTATION

184. The proposals set out in this report have been prepared in consultation with the Cabinet.
185. The Portfolio savings amounts proposed within this report will inevitably impact on service provision. Appendix 3 describes the indicative savings that might (or are likely) to be made in order to achieve the proposed savings amounts. Whilst some are likely to be implemented, there will be others that require consultation and appropriate Equality Impact Assessments to be considered before any implementation can take place. For this reason, any savings proposal set out in Appendix 3 can be altered, amended or substituted with an alternative proposal following appropriate consultation.
186. An Island-wide budget consultation took place over the period 18 December 2023 to 26 January 2024 as previously described. The Scrutiny Committee will also review the proposals contained within this report and have the opportunity to make their representations to the Cabinet.

FINANCIAL / BUDGET IMPLICATIONS

187. All of the financial implications arising from the recommendations are contained within the body of the report and its appendices.

LEGAL IMPLICATIONS

188. The council will need to set a lawful and balanced budget and Council Tax level for 2024/25 by the statutory deadline of 11 March 2024. In developing any

proposals for budget changes, the necessary Equality Impact Assessments and any consultation processes will need to be followed.

189. Section 106 of the Local Government Finance Act 1992 makes it an offence for a Councillor in council tax arrears (with at least two months unpaid bills) to vote at a meeting of the Council where financial matters relating to council tax are being considered. It is also an offence if any such Councillor present, who is aware of the arrears, fails to disclose that they are in arrears of council tax. Members must therefore ensure that if they have such arrears, that they disclose this to the meeting.

EQUALITY AND DIVERSITY

190. The Council has to comply with Section 149 of the Equality Act 2010. This provides that decision makers must have due regard to the elimination of discrimination, victimisation and harassment, advancing equalities, and fostering good relations between different groups (race, disability, gender, age, sexual orientation, gender reassignment, religion/belief and marriage/civil partnership).
191. The savings proposals set out within this report are proposals only for the purposes of setting Portfolio Cash Limits and the overall Council Budget. Whilst most are likely to be implemented, there will be some that require further consultation and appropriate Equality Impact Assessments to be considered before any implementation can take place. For this reason, Portfolio holders have the discretion to alter, amend or substitute any proposal with an alternative proposal following appropriate consultation. An Equality Impact Assessment will be annexed to the report to Full Council but in the context that those savings proposals are indicative only.

PROPERTY IMPLICATIONS

192. The property implications contained within this report seek to improve the sufficiency, condition and efficiency of the Council's existing property estate. Proposals for land acquisitions are intended to provide sites for regeneration and employment and will only be purchased after full and proper due diligence. Any potential new build or property acquisition proposals will be the subject of a full financial appraisal and proper due diligence.

OPTIONS

193. The proposed Budget for 2023/24 and 2024/25, associated Savings Requirements, use of General Reserves and the Capital Programme have been prepared in accordance with the Council's approved Medium Term Financial Strategy (MTFS). These proposals are presented as a cohesive and interrelated package of measures aimed at providing the maximum opportunity to meet the financial challenge faced by the Council. The options available within a cohesive Financial Strategy are:

A. In respect of the Revenue Budget 2024/25:

- i) Approve the recommendations set out in this report

- ii) Reduce the proposed increase in Council Tax and increase the level of savings noting that every 1% reduction in Council Tax will require an increase in savings of £988,900
- iii) Increase the use of General Reserves used in 2024/25 and reduce the level of savings accordingly, acknowledging that:
 - (a) In doing so, the level of savings in 2025/26 and future years will increase providing an uneven profile of savings, which is contrary to the approved MTFs, and the Council's financial resilience will reduce at a time of unprecedented inflationary volatility, service demands arising from the rising cost of living and uncertainty for the future of Local Government funding
 - (b) The minimum level of Reserves to be maintained will need to be increased in response to the increase in financial risk
- iv) Amend the allocation of Savings Requirements between Portfolios by reducing savings in one or more Portfolios and providing replacement savings of equivalent value in one or more other Portfolios
- v) A combination of options (ii) to (iv) above
- vi) Set a Council Tax for General Purposes at a level above 4.99% and undertake a local referendum.

B. In respect of the Capital Programme 2023/24 to 2028/29 as set out in Appendix 5:

- i) Approve the recommendations set out in this report
- ii) Amend the proposed "New Start" Capital Schemes by reducing / deleting proposed Capital Schemes and replacing with alternative Capital Schemes of equivalent value
- iii) Amend the proposed "New Start" Capital Schemes by reducing / deleting Capital Schemes and retaining the amount of Corporate Capital resources available for future Capital Programmes
- iv) Amend the proposed "New Start" Capital Schemes by reducing / deleting Capital Schemes and reducing the funding provided from Corporate Reserves and retaining those funds in General Reserves to provide additional financial resilience to the Council.

RISK MANAGEMENT

194. The financial challenge is the single biggest risk to sustainable public services on the Island. Accordingly, the Council needs to resolutely maximise the deployment of the resources that it does have (Revenue, Capital, Property and Staff) towards driving additional income / funding and cost savings to secure Council Services for the future. The Budget and Council Tax proposals set out in this report are part of a cohesive plan which conforms to the Council's approved Medium Term Financial Strategy (MTFS). The strategy provides both structure and direction to achieve the financial challenge in a way that is aligned with the Council's corporate objectives and minimises cuts to essential services.

195. The key risk is that the Council does not approve a Revenue Budget for 2024/25 and a Capital Programme that conforms to its MTFs, and as a consequence the approach to cost savings / additional income / funding is disorderly with sub optimal decisions taken which lead to greater than necessary cuts to essential services. Furthermore, that proposed amendments relating to reductions in the level of Council Tax or increases in the use of General Reserves are "unbalanced" which ultimately compromise the financial health and resilience of the Council and as a consequence jeopardise the future of Council Services.
196. The robustness of the Budget and Adequacy of Reserves is described in the section entitled "Statement of the Section 151 Officer in Accordance with the Local Government Act 2003".
197. Key risks relating to the Capital Programme are any amendments to the proposed programme to:
- Delete or reduce operationally essential schemes which have the potential to compromise IT system integrity and support and create serious disruption to Council Services
 - Delete or reduce operationally essential schemes which have the potential to close buildings from which Council Services operate
 - Delete or reduce schemes which are of a critical Health & Safety nature
 - Delete or reduce schemes of a cost avoidance, income generating or regeneration nature which could compromise the future financial viability of the Council and delivery of essential services
 - Delete or reduce Coastal Defence schemes, jeopardising external investment from the Environment Agency and therefore place homes and businesses at risk.

EVALUATION

198. Option **A (i)** and **B (i)** are recommended. The Budget and Council Tax proposals set out in this report are part of a cohesive plan which conforms to the Council's approved Medium Term Financial Strategy (MTFS) and is consistent with the Council's Corporate Plan. In particular:
- It proposes a Budget that is Balanced, albeit relying on General Reserves totalling £1.2m but moving towards "Structural Balance" in 2025/26
 - It provides £11.3m of additional funding for Adult Social Care and Children's Services, bringing financial stability to those essential services at a critical time
 - An increase in Council Tax of 4.99% avoids further cuts to essential services to residents and improves the funding base for the future
 - It reduces the overall Savings Requirements for future years to £1.0m per annum and evenly phased
 - It provides for a "smoothing" and "spreading" of future savings over a planned period enabling the Council to maximise its operational capacity to implement initiatives aimed at increasing income / funding and reducing costs and providing time for the "alternative to cuts" initiatives to take effect

- Seeks to minimise deterioration in the overall financial resilience of the Council at a time of financial and economic volatility and unprecedented uncertainty in terms of both future cost and funding, enabling the Council to guard against more immediate and deeper savings
- Ensures that sufficient funding is available to enable, or "pump prime" Spend to Save (Revenue) and Invest to Save (Capital) schemes as one of the primary vehicles to address future savings requirements
- Provides £9.3m Capital Investment, which in particular, will enable the Council to improve school facilities, provide further support to vulnerable residents to stay in their home safely and meets essential transport safety and highway improvements.

APPENDICES ATTACHED

199. The following appendices are attached:

- Appendix 1 - General Fund Summary
- Appendix 2 - Council Tax 2024/25 (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, and to be updated for Town and Parish Precepts once they are available)
- Appendix 3 - Indicative Savings 2024/25
- Appendix 4 - New Capital Schemes starting in 2024/25
- Appendix 5 - Capital Programme 2023/24 to 2028/29
- Appendix 6 – Capital Strategy 2024/25
- Appendix 7 – Investment Strategy (Non-Treasury Investments) 2024/25
- Appendix 8 – Equality Impact Assessment

BACKGROUND PAPERS

200. The following background papers have been relied upon in preparing this report.

- (a) The Council's approved Medium Term Financial Strategy can be found at:
- [Medium Term Financial Strategy Report](#)
 - [Strategy](#)

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CHRIS WARD
Director of Finance (S.151 officer)

COUNCILLOR PHIL JORDAN
Leader of the Council

COUNCILLOR IAN STEPHENS
*Deputy Leader and Cabinet
Member for Housing and Finance*

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GENERAL FUND SUMMARY - 2023/24 TO 2027/28

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			(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

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APPENDIX 2**Calculation of the Council Tax for the Financial Year 2024/25****(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 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")].
2. The Council calculates that the Council Tax requirement for the Council's own purposes for 2024/25 (excluding Parish and Town Council precepts) is **£103,830,347**.
3. That the following amounts 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:

(a)	To be determined by the S.151 Officer following notification of the final Parish and Town 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 Parish and Town 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 Parish and Town 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 Parish and Town 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 Parish and Town precepts	Being the aggregate amount of all special items (Parish and Town Council precepts) referred to in Section 34(1) of the Act
(f)	£1,908.39	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 Parish and Town Council precepts)

(g) Valuation Bands (Isle of Wight Council)

A £	B £	C £	D £	E £	F £	G £	H £
1,272.26	1,484.30	1,696.35	1,908.39	2,332.48	2,756.56	3,180.65	3,816.78

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 2024/25 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 £
174.31	203.36	232.41	261.46	319.56	377.66	435.77	522.92

5. That it be noted that for the financial year 2024/25 for the Hampshire and Isle of Wight Fire & Rescue Authority it is estimated that the following amounts for the precept 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 and Isle of Wight Fire & Rescue Authority)

A £	B £	C £	D £	E £	F £	G £	H £
55.23	64.43	73.64	82.84	101.25	119.66	138.07	165.68

6. That having calculated the aggregate in each case of the amounts at 3(g), 4 and 5 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 2024/25 for each of the categories of dwellings shown below:

Valuation Bands (Total Council Tax)

A £	B £	C £	D £	E £	F £	G £	H £
1,501.80	1,752.09	2,002.40	2,252.69	2,753.29	3,253.88	3,754.49	4,505.38

7. 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 2024/25, which represents a 4.99% increase, is not excessive in accordance with the principles approved by the Secretary of State under Section 52ZC of the Act: and it be noted that:
 - i) The 4.99% increase includes a 2.0% increase to support the delivery of Adult Social Care
 - ii) As the billing authority, the Council has not been notified by a major precepting authority (the Police and Crime Commissioner for Hampshire or the Hampshire and Isle of Wight Fire & Rescue Authority) that its relevant basic amount of Council Tax for 2024/25 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.

8. 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 and Hampshire and Isle of Wight Fire and Rescue Authority precepts.

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INDICATIVE SAVINGS PROPOSALS 2024/5

Saving Number	Service Area	Saving Proposal	Impact on Service User	Saving 2024/25 £
ADULT SOCIAL CARE & PUBLIC HEALTH				
1.	Adult Social Care	Increase in respite offer at The Gouldings and The Adelaide	Better access to respite care	63,100
2.	Adult Social Care	Withdrawal of grant funding for Raising Standards Training for private care providers	None - training has been in place for 4 years and uptake is now low. Continued support will be made available through quality assurance engagement with local providers	80,000
3.	Adult Social Care	Cancellation of Care Cubed Contract	None - termination of contract for back office digital tool that is no longer required.	12,000
4.	Adult Social Care	Review of Market Supplement paid to Approved Mental health Practitioners	No direct impact on service users	62,000
5.	Adult Social Care	Reduction in fleet budget for Adelaide and Gouldings	None - Relinquish the use of minibuses for Adelaide and Gouldings and replace with a smaller passenger vehicle. No capital investment required	4,300
6.	Adult Social Care	Reconfiguration and allocation of internal care home maintenance	None - The use of the Maintenance Operatives from the Adelaide and Gouldings across all internal services to reduce property call out costs	1,800
7.	Adult Social Care	Increase in Deputyship income	Positive impact as greater number of local people will be able to benefit for support from the deputyship.	20,000
8.	Adult Social Care	Wightcare Restructure (continuation of 2023/2024 savings)	Balance of savings to bring service to breakeven position (Impact as per 2023/2024 budget). Inflationary increase in fees payable.	55,000
			Sub-total	298,200
CHILDREN'S SERVICES, EDUCATION & CORPORATE FUNCTIONS				
9.	Children & Families	Reduction in Administration staff	No indirect impact on service users	92,000
10.	Contact Centre	The Contact centre is currently open 8am to 6pm Monday to Friday and 9-1pm on a Saturday. Proposal is to open at 9am .	Service users will have the ability to seek support and guidance from contact centre advisors between the hours of 9-6pm Monday to Friday and 9 - 1pm on a Saturday	10,500
11.	Contact Centre	Reduce weekly opening hours of The Contact centre, closing at 5pm as opposed to 6pm.	Service users will have the ability to seek support and guidance from contact centre advisors.	10,500
12.	Contact Centre	Reduced opening hours for the contact centre. Proposal is to close the Saturday service which is currently open 9-1pm.	Service users will have the ability to seek support and guidance from contact centre advisors during the week but not at the weekend.	8,400
13.	Post Room	Vacancy management - removal of staffing budget not utilised since 2022.	No direct impact on service users	7,500
14.	Revenues Collection	Increasing court costs from £110.50 to £124.50 will allow the income target to be increased by £20k and will cover the costs incurred by the council for recovery activity.	The application for costs when a liability order is granted provides the debtor with the ability to pay over a longer period of time to suit individual financial circumstances.	20,000
15.	Ryde Help Centre	Seek partner contribution for delivery of the service.	No direct impact on service users	3,100
16.	Mileage costs	The council operates a flexible working policy and there is a reduced need for staff to claim a mileage allowance .	No direct impact on service users	5,000
17.	Legal Services	Reduction in cost of subscriptions through re-procurement of the contract.	No direct impact on service users	6,000
18.	Fleet Income generation	Increase income from providing driver training and the hire of vehicles.	Increased fees	5,000

Saving Number	Service Area	Saving Proposal	Impact on Service User	Saving 2024/25 £
19.	Human Resources	Increase income from improved services for schools.	Increased fees	5,000
20.	Democratic Services	Manage need for Printing/postage for committee papers.	No direct impact on service users	1,000
21.	Democratic Services	Reduce budget for Member development budget by continuing to promote alternative methods of learning.	No direct impact on service users	5,000
22.	Democratic Services	Reduction in officer support to Cabinet.	No direct impact on service users	15,000
23.	Council-wide	Reduction in general printing costs.	No direct impact on service users	3,000
24.	Legal Services	Increase in the fixed fee for unilateral undertakings from £150 to £250	Increased fees	8,000
25.	Legal Services	Increase in the commercial rate for developer charges, section 106 agreements etc	Increased fees	2,000
			Sub-total	207,000
CLIMATE CHANGE, BIOSPHERE & WASTE				
26.	Parks	Additional income from partner to support management of parts of Esplanade - Eastern Gardens and Ashley Gardens	No direct impact on service users	5,000
27.	Waste and Recycling Service	6% inflation related rise on collection plus service - new fee of £4.00	Increased fees	900
28.	Waste and Recycling Service	6% inflation related rise on bulky Waste Service	Increased fees	5,100
29.	Waste and Recycling Service	6% inflation related rise on Collection of Schools Waste (do not charge schools treatment costs)	Impacts on schools overall budget	3,800
			Sub-total	14,800
DEPUTY LEADER, HOUSING & FINANCE				
30.	Housing	Cessation of provision of external court desk service for housing	Service to be provided in-house	70,000
31.	Org Change	Deletion of 1 graduate trainee post for which contracts end on 31/03/2024.	Part vacancy management, no direct impact on service users	37,100
			Sub-total	107,100
ECONOMY, REGENERATION, CULTURE & LEISURE				
32.	Libraries/Heritage	Restructure of the Libraries and Heritage Service	No direct impact on service users	24,000
			Sub-total	24,000
LEADER, TRANSPORT & INFRASTRUCTURE, HIGHWAYS PFI, TRANSPORT STRATEGY, STRATEGIC OVERSIGHT & EXTERNAL PARTNERSHIPS				
33.	Transport	Increase cost of replacement concessionary bus passes by 50%. Charge is currently £10 and has remained uncharged for a number of years.	Increased fees	3,000
34.	Floating Bridge	Deletion of vacant post of floating bridge supervisor	No direct impact on service users	4,200
35.	Harbours	Transfer of Whitegates to Cowes Harbour Commission (completed)	No direct impact on service users	1,100
36.	Harbours	Additional income from joining Harbour East pontoon with Greene King pontoon - creating additional walk ashore pontoons.	Positive impact as it will improve the facilities	3,500

Saving Number	Service Area	Saving Proposal	Impact on Service User	Saving 2024/25 £
37.	Harbours	Saving from outsourcing the management of Ventnor Harbour - which include the responsibility for seaweed removal	No direct impact on service users	38,000
38.	Highways	Phase 3 savings - net of increased staff costs. Subject to confirmation after external legal advice.	None	90,000
39.	Transport	Reduce concessionary fares budget in line with actual spend for the last three years. This is basis of returning to a direct reimbursement on actual concessionary journeys from April 2024.	No direct impact on service users	500,000
40.	Transport	Staffing underspend - unused provision for pension not taken up and posts not at top of grade	None	36,000
41.	Communications	Reduction of Publications & Professional Services budget	No direct impact on service users	5,000
42.	CX	Deletion of contingency for feasibility studies and match-funding opportunities	No direct impact on service users	431,500
			Sub-total	1,112,300
REGULATORY SERVICES, COMMUNITY PROTECTION & ICT				
43.	Bereavement Services	6% inflation related rise on crematorium fees and charges	Increased fees	100,000
44.	Registration Services	6% inflation related rise on all marriage fees including wedding venues licence fees	Increased fees	37,000
45.	ICT	Reduction in mobile telecom contract costs, following re-procurement of provider services	No direct impact on service users	100,000
46.	ICT	Reduction in desktop equipment revenue budget to fund ad-hoc repairs following allocation of Capital Programme.	No direct impact on service users	20,000
			Sub-total	257,000
			Total New Savings Initiatives	2,020,400
			Savings Already Approved	729,600
			Grand Total	£2,750,000

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NEW CAPITAL SCHEMES FOR APPROVAL IN 2024/25

REF NO	SCHEME DESCRIPTION	SCHEME DETAIL	RESOURCES ALLOCATED FROM			
			CORPORATE RESOURCES	RINGFENCED GRANTS AND CONTRIBUTIONS	PRUDENTIAL BORROWING	TOTAL
			£	£	£	£
Leader, Transport & Infrastructure, Highways PFI & Transport Strategy, Strategic Oversight & External Partnerships						
5	Design costs	This allocation allows for schemes to be ready for construction phase of highway projects by undergoing advance design. In order to ensure project delivery, a resource plan is in discussion with Island Roads.	0	100,000	0	100,000
6	PFI Off Project network works	Funds will be used to enhance highway assets under the control of council, with the funding for 2024-25 likely to be devoted to assets prioritised over the next 6-12 months.	0	703,187	0	703,187
7	Active Travel	This budget allocation is being used to support minor active travel schemes with a priority list being undertaken.	0	100,000	0	100,000
8	Bus Infrastructure	Island Roads makes recommendations on improving bus infrastructure for improved accessibility. Approximately 20 improvements are allocated on a priority basis, based on Island Roads' assessment of safety scores and approved by the Client Management Team.	0	105,000	0	105,000
9	Equality Act	The budget allows for approximately 50 disabled bays to be installed each year. As well, an agreed programme is being finalised between Island Roads and Client Management Team for the upcoming financial year, allowing for approximately 30 type 2 adjustments under the 2010 Equality Act.	0	100,000	0	100,000
10	Drainage	Island Roads and the Client Management Team are currently reviewing drainage schemes to reduce flooding. The budget allocation will be aligned with proposed drainage schemes.	0	375,000	0	375,000
11	HSIR Minor Safety schemes	As part of the Highway Safety Improvement Register, areas are identified where upgrades to the road network can be made, primarily involving the improvement of signage and small improvements at junctions.	0	100,000	0	100,000
12	Speed Review	In the Speed Review, an allocation of £250k was dedicated to construction work. Based on similar projects, this is expected to cost between £500k and £600k; this funding allows for these implementation costs.	0	325,000	0	325,000
13	Rights of Way	Due to flooding and Storm events 25 ROW closures have been required. 2024-25 allocation to reinstate network through resurfacing and other works to reopen network. 2025-26 will be used to allocate for renewal of network on a priority basis.	0	351,759	0	351,759
14	Osborne Steps	Retaining structure and drainage works associated with Osborne Steps, Shanklin.	0	500,000	0	500,000
18	Colwell Bay Car Park	Car park exit reconfiguration.	0	11,054	0	11,054
19	Lugley Street Car Park Wall	Rebuild of car park wall.	0	12,000	0	12,000
31	Folly Moorings	Connection to pontoon, linked to income target.	17,500	0	0	17,500
38	Rights of Way	Annual rights of way capital maintenance programme.	0	75,000	0	75,000
		Sub-Total	17,500	2,858,000	0	2,875,500
Deputy Leader, Housing & Finance						
49	Disabled Facilities Grants (DFG)	Adaptations to support individuals in their own homes.	0	1,832,305	0	1,832,305

NEW CAPITAL SCHEMES FOR APPROVAL IN 2024/25

REF NO	SCHEME DESCRIPTION	SCHEME DETAIL	RESOURCES ALLOCATED FROM			
			CORPORATE RESOURCES	RINGFENCED GRANTS AND CONTRIBUTIONS	PRUDENTIAL BORROWING	TOTAL
			£	£	£	£
51	Strategic Assets Annual Programme of Capital Maintenance Works	Budget provision for 2025/26 for reactive maintenance of the Councils whole property estate. Essential works for Council owned buildings.	250,000	0	0	250,000
53	CCTV at Somerton Stores	CCTV to protect facility and contents which includes other organisations records, contributing towards income streams.	40,000	0	0	40,000
55	County Hall Car Park Resurfacing	Re-surfacing and lining for health & safety purposes.	30,000	0	0	30,000
58	Technology Forge Replacement	Replacement of the property asset register software.	51,300	0	0	51,300
59	Franking Machine Purchase	Purchase of franking machine following cessation of lease arrangement, contributing towards revenue savings.	11,601	0	0	11,601
		Sub-Total	382,901	1,832,305	0	2,215,206
Adult Social Care & Public Health						
61	Residential & Community Care Equipment	Annual replacement programme future years funding. 2024/25 already provided for in the existing programme.	0	100,000	0	100,000
64	Adelaide Window Replacement	Replacement of windows at Adelaide Care Home to improve energy efficiency and appearance for clients needing reablement support to return to independence.	0	400,000	0	400,000
65	Electronic Care Planning Hand Held Devices	Moving away from paper based records in line with CQC recommendations.	0	15,000	0	15,000
68	Adult Social Care Vehicle Replacement	Vehicle Replacement Programme for ASC as part of wider Fleet Management Replacement Programme.	0	473,000	0	473,000
		Sub-Total	0	988,000	0	988,000
Children's Services, Education & Corporate Functions						
73	Capital Maintenance Programme	2025/26 annual programme of capital maintenance.	0	2,172,759	0	2,172,759
81	Fleet Vehicle Replacement	Continuation of programme for 2025/26	280,000	0	0	280,000
		Sub-Total	280,000	2,172,759	0	2,452,759
Regulatory Services, Community Protection & ICT						
84	Seaclose Refurbishment (Coroner related)	Refurbishment of building to provide Coroners Court facilities.	86,000	0	0	86,000
86	GSCx Govt Security Requirements	Maintaining compliance with the PSN code of connection and keeping up to date with improvements and enhancements to improve resilience to cyber threats. Note that budget for 24/25 has already been approved.	80,000	0	0	80,000
		Sub-Total	166,000	0	0	166,000
Planning, Coastal Protection & Flooding						
95	Coastal Defences	Works identified to meet the Shoreline Management Plan which sets out those areas where the Council will maintain and protect.	255,000	0	0	255,000
		Sub-Total	255,000	0	0	255,000

NEW CAPITAL SCHEMES FOR APPROVAL IN 2024/25

REF NO	SCHEME DESCRIPTION	SCHEME DETAIL	RESOURCES ALLOCATED FROM			
			CORPORATE RESOURCES	RINGFENCED GRANTS AND CONTRIBUTIONS	PRUDENTIAL BORROWING	TOTAL
			£	£	£	£
Economy, Regeneration, Culture and Leisure						
124	Place/Towns Initiative Fund	This is a fund to support the delivery of the place plans that have been or are being delivered in areas across the Island; providing capital investments to support local initiatives identified in these local plans. It is intended that the fund will work alongside the other funding opportunities that communities can access and will provide pump priming for local projects. The aim is to support an improvement in the prosperity of the Island's communities.	200,000	0	0	200,000
		Sub-Total	200,000	0	0	200,000
Climate Change, Biosphere & Waste						
129	Public Realm	Continuation of programme for 2025/26 replacing end of life items for safety or service delivery, such as fences, gates, warning notices, play equipment, litter bins, benches or replacement of damaged structures.	100,000	0	0	100,000
		Sub-Total	100,000	0	0	100,000
	Total New Programme		1,401,401	7,851,064	0	9,252,465

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COMPLETE CAPITAL PROGRAMME INCLUDING NEW SCHEMES

CAPITAL SUMMARY 2023/24 to 2028/29	FORECAST 2023/24 £	ESTIMATE 2024/25 £	ESTIMATE 2025/26 £	ESTIMATE 2026/27 £	ESTIMATE 2027/28 £	ESTIMATE 2028/29 £	ESTIMATE TOTAL £
Summary Programme							
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	20,421,928	6,550,000	0	0	0	31,599,244
Climate Change, Biosphere & Waste	2,151,738	4,108,418	100,000	0	0	0	6,360,156
Total capital programme	38,727,415	64,111,991	24,943,419	52,197,840	2,932,400	3,049,047	185,962,112
Summary of Capital Resources							
Unsupported borrowing	5,847,581	30,898,124	18,750,000	14,466,966	0	0	69,962,671
Corporate Resources (including capital receipts)	13,174,907	15,649,596	6,073,419	6,820,874	2,932,400	3,049,047	47,700,244
Ringfenced Grants	18,326,763	17,345,242	120,000	30,910,000	0	0	66,702,004
External Contributions	1,378,163	219,030	0	0	0	0	1,597,193
Total resources available	38,727,415	64,111,991	24,943,419	52,197,840	2,932,400	3,049,047	185,962,112

REF NO	CAPITAL PROGRAMME 2023/24 to 2028/29	FORECAST 2023/24 £	ESTIMATE 2024/25 £	ESTIMATE 2025/26 £	ESTIMATE 2026/27 £	ESTIMATE 2027/28 £	ESTIMATE 2028/29 £	ESTIMATE TOTAL £
Leader, Transport & Infrastructure, Highways, PFI & Transport Strategy, Strategic Oversight & External Partnerships								
1	Solent Transport Bike Share	111,780	0	0	0	0	0	111,780
2	Highways PFI Additional Street Lighting	95,000	0	0	0	0	0	95,000
3	PFI Contract Costs	766,310	852,320	1,093,210	1,557,840	2,194,000	3,049,047	9,512,727
4	Newport Junctions	1,553	1,205,639	0	0	0	0	1,207,192
5	Design costs	45,484	50,000	50,000	0	0	0	145,484
6	PFI Off Project network works	194,740	100,946	602,241	0	0	0	897,927
7	Active Travel	0	0	100,000	0	0	0	100,000
8	Bus Infrastructure	120,877	55,000	50,000	0	0	0	225,877
9	Equality Act	75,000	50,000	50,000	0	0	0	175,000
10	Drainage	335,775	175,000	200,000	0	0	0	710,775
11	HSIR Minor Safety schemes	8,000	50,000	50,000	0	0	0	108,000
12	Speed Review	218,981	225,000	100,000	0	0	0	543,981
13	Rights of Way	0	200,000	151,759	0	0	0	351,759
14	Osborne Steps	179,028	500,000	0	0	0	0	679,028
15	Traffic Regulations Orders	246,414	0	0	0	0	0	246,414
16	Wroxall St Johns Road	150,000	0	0	0	0	0	150,000
17	Niton Undercliff	30,000	0	0	0	0	0	30,000
18	Colwell Bay Car Park	0	11,054	0	0	0	0	11,054
19	Lugley Street Car Park Wall	0	12,000	0	0	0	0	12,000
20	Advanced Design	33,000	0	0	0	0	0	33,000
21	DfT Local Transport Capital Funding	970,000	0	0	0	0	0	970,000
22	Binstead Flood Alleviation	0	170,000	0	0	0	0	170,000
23	Car Parking Contactless	139,621	0	0	0	0	0	139,621
24	Safety Schemes	264,532	460,000	0	0	0	0	724,532
25	Safer Roads Scheme	640,000	1,881,000	0	0	0	0	2,521,000
26	Transforming Cities Fund Ryde	4,911,318	338,350	0	0	0	0	5,249,668
27	Local Electric Vehicle Infrastructure	26,148	1,625,000	0	0	0	0	1,651,148
28	Floating Bridge 6	60,766	0	0	0	0	0	60,766
29	Newport Harbour Walls Emergency Works	31,500	563,644	0	0	0	0	595,144
30	Whitegates Pontoon	85,000	0	0	0	0	0	85,000
31	Folly Moorings	0	17,500	0	0	0	0	17,500
32	Safer Streets - Ryde CCTV	4,133	0	0	0	0	0	4,133
33	Safer Streets - Newport CCTV	30,837	0	0	0	0	0	30,837
34	Active Travel - Mews Lane	127,562	0	0	0	0	0	127,562
35	Active Travel - Scarrots Lane	0	79,200	0	0	0	0	79,200
36	Active Travel - Ryde Pedestrianisation	0	668,350	0	0	0	0	668,350
37	West Wight Greenway	80,558	400,000	0	0	0	0	480,558

REF NO	CAPITAL PROGRAMME 2023/24 to 2028/29	FORECAST 2023/24 £	ESTIMATE 2024/25 £	ESTIMATE 2025/26 £	ESTIMATE 2026/27 £	ESTIMATE 2027/28 £	ESTIMATE 2028/29 £	ESTIMATE TOTAL £
38	Rights of Way	197,711	75,000	75,000	75,000	0	0	422,711
39	England Coastal Path Establishment	27,584	0	0	0	0	0	27,584
	Total	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							
40	Howard House	60,000	0	0	0	0	0	60,000
41	RSAP Purchase of Flats	103,618	0	0	0	0	0	103,618
42	Emergency Housing HMO	480,000	200,000	0	0	0	0	680,000
43	Housing Equity	0	1,894,950	0	0	0	0	1,894,950
44	Community Housing Fund	248,186	1,000,000	0	0	0	0	1,248,186
45	Medina Avenue	0	629,340	0	0	0	0	629,340
46	Affordable Housing	1,150,000	12,500,000	12,500,000	13,000,000	0	0	39,150,000
47	Refugee Housing	2,179,000	0	0	0	0	0	2,179,000
48	Brownfield Land Release Programme	561,639	1,014,765	0	0	0	0	1,576,404
49	Disabled Facilities Grants	1,794,931	1,832,305	0	0	0	0	3,627,236
50	Housing Renewal and Well Being Grants	110,452	100,000	0	0	0	0	210,452
51	Strategic Assets	180,518	250,000	250,000	0	0	0	680,518
52	County Hall CCTV & Security	17,500	0	0	0	0	0	17,500
53	CCTV at Somerton Stores	0	40,000	0	0	0	0	40,000
54	County Hall Windows, Toilets & Lifts	676,302	0	0	0	0	0	676,302
55	County Hall Car Park Resurfacing	0	30,000	0	0	0	0	30,000
56	County Hall UPS & Generator	42,001	0	0	0	0	0	42,001
57	Server Room Air Conditioning	249,388	0	0	0	0	0	249,388
58	Technology Forge Replacement	0	51,300	0	0	0	0	51,300
59	Franking Machine Purchase	0	11,601	0	0	0	0	11,601
60	Salix Decarbonisation / Energy Management	321,381	100,000	0	0	0	0	421,381
	Total	8,174,916	19,654,261	12,750,000	13,000,000	0	0	53,579,176

	Adult Social Care and Public Health							
61	Residential & Community Care Equipment	84,629	50,000	50,000	50,000	0	0	234,629
62	Gouldings	1,568,718	500,000	0	0	0	0	2,068,718
63	Adelaide	0	331,964	0	0	0	0	331,964
64	Adelaide Window Replacement	0	400,000	0	0	0	0	400,000
65	Electronic Care Planning Hand Held Devices	0	15,000	0	0	0	0	15,000
66	Community Equipment Stores	198,258	0	0	0	0	0	198,258
67	Supported Independent Living	0	1,400,000	0	0	0	0	1,400,000
68	Adult Social Care Vehicle Replacement	0	403,000	70,000	0	0	0	473,000
69	Carisbrooke House	54,918	0	0	0	0	0	54,918
70	Wightcare Digital Switchover	100,910	0	0	0	0	0	100,910
	Total	2,007,432	3,099,964	120,000	50,000	0	0	5,277,396

REF NO	CAPITAL PROGRAMME 2023/24 to 2028/29	FORECAST 2023/24 £	ESTIMATE 2024/25 £	ESTIMATE 2025/26 £	ESTIMATE 2026/27 £	ESTIMATE 2027/28 £	ESTIMATE 2028/29 £	ESTIMATE TOTAL £
	Children's Services, Education & Corporate Functions							
71	Priority Schools Building Programme	267,304	0	0	0	0	0	267,304
72	Devolved Formula Capital	1,134,568	263,456	0	0	0	0	1,398,024
73	Capital Maintenance Programme	3,784,856	3,231,163	2,172,759	0	0	0	9,188,779
74	Primary Behaviour Support	134,606	0	0	0	0	0	134,606
75	Queensgate MUGA	101,534	0	0	0	0	0	101,534
76	Special Educational Needs & Disabilities (SEND)	21,318	890,317	0	0	0	0	911,635
77	Foster Carer Adaptations	0	19,030	0	0	0	0	19,030
78	Beaulieu House	128,208	0	0	0	0	0	128,208
79	East Cowes Family Centre	8,836	0	0	0	0	0	8,836
80	Family Hubs	55,330	0	0	0	0	0	55,330
81	Fleet Vehicle Replacement	511,194	47,000	280,000	0	0	0	838,194
82	Electric Vehicle Charging Points	62,677	60,000	0	0	0	0	122,677
	Total	6,210,433	4,510,965	2,452,759	0	0	0	13,174,157

	Regulatory Services, Community Protection, and ICT							
83	Crematorium Refurbishment	98,309	0	0	0	0	0	98,309
84	Seaclose Refurbishment (Coroner related)	0	86,000	0	0	0	0	86,000
85	ASB and Community Safety CCTV	249	0	0	0	0	0	249
86	GSCx Govt Security Requirements	84,226	80,000	80,000	0	0	0	244,226
87	ICT Equipment Programme	1,078,827	620,300	28,450	450,000	0	0	2,177,577
88	Backup Server/Storage & Firewall Replacement	36,284	0	0	0	0	0	36,284
89	Corporate Applications Update	50,804	60,000	0	0	0	0	110,804
90	Switches in Data Centre	261,986	0	0	190,000	290,400	0	742,386
91	Data Centre Infrastructure	89,000	452,750	120,000	0	0	0	661,750
92	Cyber Security	78,678	0	0	175,000	448,000	0	701,678
	Total	1,778,364	1,299,050	228,450	815,000	738,400	0	4,859,264

	Planning, Coastal Protection and Flooding							
93	West Wight Coastal Defences Match Funding	0	241,833	0	0	0	0	241,833
94	EA Coastal Defences Match Funding	3,500,000	547,000	0	36,700,000	0	0	40,747,000
95	Coastal Defences	68,006	463,568	220,000	0	0	0	751,574
	Total	3,568,006	1,252,401	220,000	36,700,000	0	0	41,740,407

REF NO	CAPITAL PROGRAMME 2023/24 to 2028/29	FORECAST 2023/24 £	ESTIMATE 2024/25 £	ESTIMATE 2025/26 £	ESTIMATE 2026/27 £	ESTIMATE 2027/28 £	ESTIMATE 2028/29 £	ESTIMATE TOTAL £
	Economy, Regeneration, Culture and Leisure							
96	East Cowes Landslip	16,388	0	0	0	0	0	16,388
97	BAE ERDF Regeneration	14,698	0	0	0	0	0	14,698
98	Medina Valley Venture Quays East Cowes	2,499,496	6,000,000	5,000,000	0	0	0	13,499,496
99	Branstone Farm	47,026	0	0	0	0	0	47,026
100	Nicholson Road Ryde	48,727	0	0	0	0	0	48,727
101	Newport Harbour Regeneration	0	3,750,000	1,250,000	0	0	0	5,000,000
102	Pier Street Toilets	0	1,558,000	0	0	0	0	1,558,000
103	Medina Valley (KMP)	0	500,000	0	0	0	0	500,000
104	Heritage High Street (Ryde/Newport)	115,550	800,000	0	0	0	0	915,550
105	Other Regeneration Schemes	0	2,110,381	0	0	0	0	2,110,381
106	Camp Hill Infrastructure	175,333	250,000	0	0	0	0	425,333
107	Changing Places	76,000	0	0	0	0	0	76,000
108	Shared Prosperity - Town Centres & High Streets	46,469	0	0	0	0	0	46,469
109	Browns Clubhouse	90,871	0	0	0	0	0	90,871
110	Sandown Town Hall	617,902	2,244,288	0	0	0	0	2,862,190
111	Dinosaur Isle Museum	0	180,000	0	0	0	0	180,000
112	BAE Sheds	75,000	461,049	0	0	0	0	536,049
113	Lord Louis Library	386,843	0	300,000	0	0	0	686,843
114	New Cultural Centre	150,000	0	0	0	0	0	150,000
115	Ryde Cultural Venue	50,000	1,862,895	0	0	0	0	1,912,895
116	Beach Huts	0	85,316	0	0	0	0	85,316
117	Cowes - The Cut	60,000	0	0	0	0	0	60,000
118	Appley Tower	40,000	0	0	0	0	0	40,000
119	Cothey Bottom Roof	0	250,000	0	0	0	0	250,000
120	Shanklin Lift Painting & Canopy	0	170,000	0	0	0	0	170,000
121	Downside Recreation Ground Drainage	12,085	0	0	0	0	0	12,085
122	Medina Leisure Combined Heat and Power systems	15,295	0	0	0	0	0	15,295
123	Sales and marketing equipment	89,632	0	0	0	0	0	89,632
124	Place/Towns Initiative Fund	0	200,000	0	0	0	0	200,000
	Total	4,627,315	20,421,928	6,550,000	0	0	0	31,599,244

125	Climate Change, Biosphere & Waste							
126	Waste Contract Capital Payments	1,963,794	4,008,418	0	0	0	0	5,972,212
127	Green Bin Service	67,858	0	0	0	0	0	67,858
128	AONB Removing Barriers	1,788	0	0	0	0	0	1,788
129	Public Realm	118,297	100,000	100,000	0	0	0	318,297
	Total	2,151,738	4,108,418	100,000	0	0	0	6,360,156

	Total	38,727,415	64,111,991	24,943,419	52,197,840	2,932,400	3,049,047	185,962,112
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Isle of Wight Council Capital Strategy

2024-25

1. Document Information

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Status:	Draft
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1.0	05 February 2024	First draft – template review, & 24/25 budget implications.

2. Contents

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3. Context and Purpose of Policy

In October 2021, the Council's Alliance Administration published [the current corporate plan](#) outlining its strategic priorities and direction for the period 2021 to 2025. The Alliance priorities are set against a clear aim to work together openly and with our communities to support and sustain our economy, environment, and people. The key areas of activity that will be our main focus for the lifetime of the plan and which will need to be central to everything we do as a Council are:

Provision of affordable housing for island residents - We will work to increase the rate of affordable housing. We will need to use public and private assets to increase the availability of housing across the Island. We will work to bring empty properties back into use, including compulsory purchases, encourage housing associations to increase their rate of delivery of new homes and we will look to secure investment that will allow the Council to promote the delivery of affordable homes.

Responding to climate change and enhancing the biosphere - In 2019 the council declared a climate emergency and committed to working towards achieving a net-zero carbon status for the Isle of Wight by 2030. Following further work the climate change strategy, which came into effect in 2021, revised these targets to be net-carbon zero as a council by 2030, across the school estate by 2035 and as an Island by 2040. An action plan has been introduced to guide the work needed to achieve these targets. Over and above this, going forward, every decision taken must have regard to the need to reduce the council's and the Island's carbon footprint.

We will need to both support and exploit our position as a UNESCO Biosphere Reserve to lever in funding and support for the work we must do, including achieving our net zero aspirations. We will work closely with town, parish, and community councils to support them in helping to deliver our aspirations and we will challenge the utility companies and our partners to support us in making the Island a sustainable place to live and work. In so doing we will look to also address issues of fuel poverty and health inequalities by making homes more energy efficient and by creating new opportunities for local people to make better use of the landscape to support their health and wellbeing.

As such, every decision we take will not only need to have regard to our climate change strategy but must also have regard to supporting, sustaining, and enhancing our biosphere status.

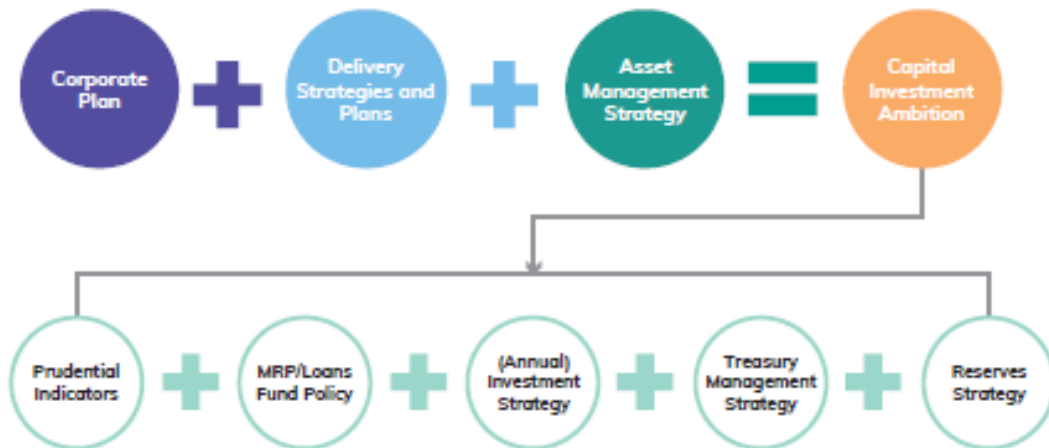
Economic recovery - The core strengths of the Island economy remain as a platform for recovery, the investment in high-speed broadband, the increased interest in the quality of life, open green space and the highly connected attractions of island life all combine to enable continued promotion of the Isle of Wight as great place for business.

Having good premises and a strong local skills pool are also key factors in helping realise our regeneration ambitions. Our investments with partners in the provision of high-quality business accommodation, which reflects the new more flexible requirements of a post pandemic workplace, further supports the Island’s “offer”. Growing our skills base and retaining our workforce in key sectors, such as hospitality and social care will be a key challenge for the next five years as will helping those who have lost time from education to recover and achieve their personal goals. These will be key aspects of our Island skills plan.

Progressing this ambitious agenda will require investment if the administration is to deliver on its major commitments. In such a diverse environment and with so many competing needs, there will be pressure on the resources available to deliver our priorities. It is therefore crucial that, when capital investment decisions are made, decision makers have a clear and informed view of the resources available, any long-term affordability implications and any potential risks to which the Council is exposed. The capital strategy aims to present that information in a clear and accessible format to support transparent decision making.

4. Driving our Capital Investment Ambition

Capital investment is investment that will result in the acquisition, creation, or enhancement of fixed assets that will yield benefits to the Council for a period of more than one year. As well as our corporate plan, our wider framework of internal strategies and plans play a fundamental role in driving our capital investment ambitions. These strategies and plans are under constant review as needs change with the current environment but are summarised in the diagram below:



Projects for inclusion in the capital programme also arise from a variety of other sources, some of them internally generated and some arising from external factors. The more significant of these external and internal drivers are summarised below:

Internal	External
Regular, programmed works required to property assets like schools, leisure centres, libraries and Council run care facilities which ensures they remain fit for purpose and ensure service continuity.	Government funded programmes, for example disabled facilities grants where the Government provides the funding to meet the costs of this activity.
Vehicle, plant and equipment replacements that enable us to continue to provide services or respond to changing service needs.	Government and regional policies and plans which aren't directly or fully funded but which Councils are expected to fund and implement.
ICT investment as a result of technological progress and in reaction to external factors such as cybercrime.	Public expectation that works should be carried out or services should be provided.
Invest to save projects which may generate income or efficiencies which support the Council's financial position.	Works required to Council property to comply with legislation like disabled access and health and safety.
Unforeseen emergency works like coastal protection and land movement.	Projects resulting from partnership activity.

5. Balancing Priorities and Resources

Given the uncertainty around resources and the number of factors influencing capital investment priorities, it is not surprising that investment proposals may find themselves competing for limited resources, and priorities may not always line up. In an ideal world, the capital strategy would be based on evidence of need as expressed by all the influencing factors outlined in the previous sections, but this would almost certainly exceed the available resources, making it unaffordable and creating expectations which cannot be met.

Rising cost pressures and constrained funding is a feature across Local Government as a whole, with services such as Adults Social Care, Children's Services and Homelessness experiencing the most severe increases in price, demand and therefore cost and resulting in all councils needing to continue to make substantial budget savings.

Despite this climate of increased cost and demand, the funding envelope for local government has remained unchanged. Consequently, the Budget setting process over this period has been some of the most challenging that the Council has experienced and has rendered the aspirations of the Administration to avoid savings impossible. In stark contrast, the financial position of the Council, prior to the recent announcement of additional funding was such that the Council faced a Budget Deficit for 2024/25 of £8.5m. This deficit being after applying an increase in Council Tax of 4.99% in accordance with the Government's own assumptions.

The Final Local Government Settlement provided an additional £600m of funding nationally including £500m ringfenced to social care. For the Council this resulted in additional resources of £1.6m for social care, resulting in total Social Care funding from Government of an additional £4.7m in 2024/25 but set against increased costs of Adult Social Care and Children's Services of £11.3m. The Settlement also confirmed the flexibility to increase Council Tax by an additional 2% (over the 3.0% limit for general purposes) for Adult Social Care and amounting to £2.0m, providing some limited relief to the £6.6m Social Care Funding Gap.

The Final Settlement also confirmed an addition £3m of funding for the Council due to the additional costs of providing services on the Island due to physical separation, taking the total funding received to £4m.

Despite the additional funding from Government, an increase in Council Tax of 4.99% and savings proposals amounting to £2.75m, the Council will still enter 2024/25 with a "Structural Deficit" and needing to draw on General Reserves of £1.2m.

The Social Care pressures of £11.3m plus a further £8.2m of unavoidable costs across all other Council Services resulting from the substantial and prolonged financial impact of inflation has culminated in total additional costs for the Council of £19.5m in 2024/25. These are the driving factors behind the challenges of setting a Budget for 2024/25 which requires the Council to make such a significant withdrawal from Reserves to balance the Budget.

Due to the scale of the demand and inflationary pressures that the Council are experiencing, the Council has been unable to afford any contribution towards new Capital Investment either from the 2023/24 Budget or from the 2024/25 Budget. Consequently, the Cabinet has had to restrict its ambitions to essential Capital Investment only that is required to continue to deliver the current level of services on a sustainable basis. A modest £9.3m of new Capital Investment is proposed of which just £1.4m is provided from Corporate Capital Resources with external funding amounting to £7.9m.

Budget affordability constraints are expected to continue in the future. To address both the Cabinet's aspirations and the Council's future statutory obligations, future Revenue Contributions to the Capital Programme will inevitably be required. Whilst bidding for external capital funding will always form part of the strategy to fund Capital Investment requirements, not all investments will be either eligible or successful.

Given that this Capital Investment is necessary for the Council's statutory obligations, support to transform the Island's economic potential as well as the Cabinet's priorities (particularly to provide housing affordable to Island residents), it is vital that the

Council makes provision for Revenue Contributions to Capital wherever possible. To fulfil even some of the future obligations and aspirations, further revenue contributions to capital will be required in future years and will need to be embedded within the Council's financial planning process.

Given the scale of the "Capital Gap" described above, the necessity to supplement the capital resources available remains an explicit feature of the Council's approved Medium Term Financial Strategy (MTFS) so that the Council can continue to fund essential services but also fund regeneration and income generation schemes aimed at improving the overall financial sustainability of the Council and the economy of the Island. For this reason, it is recommended that the Section 151 Officer be given delegated authority to transfer all, or part of any further savings made in 2023/24 arising at the year-end to supplement the capital resources available for future years.

Balancing the wish to deliver the agenda and provide support to residents in such difficult times and operating in the financial environment as outlined above continues to be a challenge. The Council's approach to planning tries to ensure we are still able to respond to opportunities when they present themselves and we can still plan for the longer term. Our approach to our capital planning therefore continues to have 3 core aims:

Aim 1 - To support a medium term outlook

- Allocating known resources to future years for critical capital investment, ensuring that in years where capital resources are limited, critical investment can continue to be made.
- Aligning known resources and spending, ensuring that we do not apply uncertain or forecast resources to current investment, thus leaving potentially unfunded obligations in the future.
- Smoothing out any significant gaps between capital investment needs and capital resources available by utilising contributions from revenue.

Aim 2 - To maximise the capital resources available and the flexibility of their application

- Setting aside capital funding for "match funding" opportunities, where these are aligned with the Council's strategic objectives in order to take advantage of "free" funding.
- Reviewing contractually uncommitted schemes against newly emerging capital investment priorities.
- Avoiding ring-fencing of capital resources, except where such ring fencing is statutory.
- Using prudential borrowing for "invest to save" schemes, or schemes which generate income.

Aim 3 - Targeted capital investment

- Investment in programmes of a recurring nature that are essential to maintain operational effectiveness.
- Investment in specific schemes that:
 - o Have a significant catalytic potential to unlock the regeneration of the Island.
 - o Are significant in terms of the Council strategies that they serve.
 - o Are significantly income generating or efficiency generating.
 - o If not implemented would cause severe disruption to service delivery.

In order to achieve these aims the capital planning process begins early in each financial year and works through a timeline involving Councillors, services and other stakeholders to review and prioritise proposals before bringing a set of recommendations to Full Council each February for approval.



6. Planned Capital Investments

The [overall Capital Programme recommended to Full Council](#) for approval includes all existing schemes which have been reviewed and considered as a continuing priority, and the [proposed 'new start' schemes](#) to comprise a balanced set of proposals which:

- Provide some assurance and funding security for essential core services and facilities
- Complements the existing capital programme and further supports the council's financial viability for the medium term
- Invests in Schools
- Invests in care facilities including adaptations to peoples' homes
- Invest in highways network works, the public realm and rights of way
- Provides for a Place / Towns Initiative Fund, the overall aim being to pump prime local projects to improve prosperity to the Island's communities.

The detailed design, eligibility and evaluation criteria of the Place / Towns Initiative Fund will be the subject of a separate report to Cabinet in 2024/25.

The Council does not plan to undertake any investments for the primary purpose of financial return. Further details on investments are in the appendices and report on budget setting taken to Full Council.

Table 1 - Prudential Indicator: Estimates of Capital Expenditure in £ millions.

	2023/24 Forecast	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate	TOTAL
Leader, Transport & Infrastructure, Highways, PFI & Transport Strategy, Strategic Oversight & External Partnerships	10.21	9.77	2.52	1.63	2.19	3.05	29.37
Deputy Leader, Housing and Finance	8.17	19.65	12.75	13.00	0.00	0.00	53.58
Adult Social Care and Public Health	2.01	3.10	0.12	0.05	0.00	0.00	5.28
Children's Services, Education & Corporate Functions	6.21	4.51	2.45	0.00	0.00	0.00	13.17
Regulatory Services, Community Protection, & ICT	1.78	1.30	0.23	0.82	0.74	0.00	4.86
Planning, Coastal Protection and Flooding	3.57	1.25	0.22	36.70	0.00	0.00	41.74
Economy, Regeneration, Culture & Leisure	4.63	20.42	6.55	0.00	0.00	0.00	31.60
Climate Change, Biosphere & Waste	2.15	4.11	0.10	0.00	0.00	0.00	6.36
TOTAL	38.73	64.11	24.94	52.20	2.93	3.05	185.96

7. Financing the Capital Programme

All capital investments must be financed, and the Council has several funding streams available to do this:

Capital Grants – Most capital grants are ‘ringfenced’ meaning they can only be spent on delivering the projects for which they were awarded. This leaves very little choice in how this funding is spent. Our policy is that where grants are not ringfenced they will be available to finance the overall capital programme in order to achieve maximum flexibility.

Other External Contributions - the Council may be able to deliver its priorities and better manage its risks by entering into partnerships or joint ventures where the Council can provide land or buildings, with other parties contributing funding. Wherever possible and subject to the usual risk assessments, the Council looks for innovative ways of extending the number of capital schemes which are completed on a jointly funded or partnership basis.

Capital Receipts – the Council may be able to generate funding for its priorities by selling surplus assets and generating capital receipts. Once an asset is deemed to be surplus to requirements, the Council’s policy is to evaluate, through an options appraisal, whether to transfer, sell or re-develop the site seeking to find the optimum

balance between the economic and social return to the Island and the financial return to the Council. The Council's policy is to allocate any capital receipts from sales of assets to the financing plan for capital investments, and should receipts exceed that amount in year, the Council will consider extending the capital programme or using the opportunity to reduce prudential borrowing and make revenue savings. The Council does not plan to utilise Government guidance updated in August 2022 for flexibility around use of capital receipts to fund transformational revenue projects but will keep this under review.

Reserves or Revenue Contributions - the Council has historically funded some capital expenditure from the Revenue Budget in order to meet any "gap" arising between needs and the financing available. Additionally, invest to save bids are built around additional income generation or savings which pay for the capital investment and a reserve (built up from revenue budget allocations) has been established to facilitate this and can be used to contribute towards capital investment. Finally, a revenue reserve for capital has been established as approved in the Medium-Term Financial Strategy and the Section 151 Officer has delegated authority to transfer year end savings to this reserve which is available to finance new capital investment.

Borrowing – Prudential Borrowing is only available for a Council's "Primary Purpose for Investment" which must be "consistent with statutory provisions, proportionate to service and revenue budgets and consistent with effective treasury management practice".

The arrangements for Prudential Borrowing were strengthened following growing concerns over Local Government commercial property investments and taking on disproportionate levels of commercial debt to generate yield. New borrowing for "debt-for-yield investment" is not permissible under the Prudential Code, as it does not constitute the primary purpose of investment and represents unnecessary risk to public funds.

Prudential Borrowing is only available for schemes where savings or revenue returns accrue directly to the Council on a sustained basis. Business cases in line with the Government's Green Book and 5 case model, are prepared for any investments which require borrowing and the Section 151 Officer makes an assessment of the overall prudence, affordability and sustainability of the total borrowing requested. The impact of this borrowing is reported in the Treasury Management Strategy alongside the Prudential Indicators required by CIPFA's Prudential Code for Capital Finance.

The planned financing of our capital investments is as follows:

Table 2 - Capital financing in £ millions

	2023/24 Forecast	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate	TOTAL
Unsupported borrowing/debt	5.85	30.90	18.75	14.47	0.00	0.00	69.96
Corporate Resources (including capital receipts)	13.17	15.65	6.07	6.82	2.93	3.05	47.70
Ringfenced Grants	18.33	17.35	0.12	30.91	0.00	0.00	66.70
Other External Contributions	1.38	0.22	0.00	0.00	0.00	0.00	1.60
TOTAL	38.73	64.11	24.94	52.20	2.93	3.05	185.96

8. Minimum Revenue Policy Statement

Where the Council finances capital expenditure by debt, it must put aside revenue resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as the Minimum Revenue Provision (MRP). The Local Government Act 2003 requires the Council to have regard to the former Ministry of Housing, Communities and Local Government's Guidance on Minimum Revenue Provision (the MHCLG Guidance) issued in 2018.

The broad aim of the MHCLG Guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

The Council changed the basis of MRP from a straight line to an annuity basis for capital expenditure funded by borrowing to March 2016. The total overpayment at March 2016 was £39.9 million and this reduced MRP in later years. The final £3.9 million of this overpayment was drawn down in 2021/22.

The MHCLG Guidance requires the Council to approve an Annual MRP Statement each year and recommends several options for calculating a prudent amount of MRP. The Council has adopted the following principles for the charging of the Minimum Revenue Provision (MRP):

- The annuity method for capital expenditure will ensure the repayment of the debt better reflects the consumption of these assets financed. MRP will be determined by charging the expenditure over the expected useful life of the relevant asset. This being equal to the principal repayment on an annuity with an annual interest rate

equal to the average relevant PWLB rate for the year of expenditure, starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years.

- For finance leases and the Highways PFI contract, the MRP charge will be equal to the repayment of the liability in year, in line with the Council’s accounting policy.
- The duty to make MRP extends to investment properties where their acquisition has been partially or fully funded by an increase in borrowing or credit arrangements. For all historical Investment Properties, MRP will be provided from 2024/25 to fully provide for the historic financed element of any purchases using the annuity method with an annual interest rate equal to the PWLB rate at start of financial year, up to a maximum period of 50 years. Upon sale of a property, the capital receipt received will be used to repay any outstanding debt; where there is a shortfall, MRP will be charged for the difference. A consultation by government is expected to be communicated in March 2024 where it is anticipated the regulations will be updated to require a prudent MRP linked to the whole CFR.
- For capital expenditure loans to third parties and subsidiaries, no MRP will be charged as the principal repayments will be used to repay outstanding debt. The Council estimates impairments annually to determine if there is a likelihood of loans not being repaid in full. Where the impaired loan value falls below borrowing undertaken, MRP will be provided over remainder term of loan using annuity method with an interest rate equal to the relevant PWLB rate at the start of year.

Based on the Council’s latest estimate of its Capital Financing Requirement (CFR), the budget for MRP has been set as follows:

Table 3 – Estimate of MRP in £ millions

	31.03.2025 Estimated CFR	2024-25 Estimated MRP
Capital expenditure before 01.04.2008	144.7	1.9
Capital expenditure after 01.04.2008	180.3	4.6
Leases and Private Finance Initiative	89.5	6.2
Loans to other bodies repaid in instalments	1.0	0.0
Total General Fund	415.5	12.7

Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue (MRP). Alternatively, capital receipts may be used to replace debt finance. Planned MRP and use of capital receipts are as follows:

Table 4: Replacement of prior years' debt finance in £ millions

	2023/24 Forecast	2024/25 Budget	2025/26 Budget	2026/27 Budget
Capital resources	-	-	-	-
Revenue resources	11.2	12.8	13.8	14.4
TOTAL	11.2	12.8	13.8	14.4

The CFR measures the Council's cumulative need to borrow for capital purposes, i.e., its borrowing requirement. The CFR is the amount of capital expenditure that has not yet been financed by capital receipts, capital grants or contributions from revenue. The CFR is expected to increase by £26.0 million during 2024/25. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Table 5: Prudential Indicator: Estimates of Capital Financing Requirement in £ millions

	31.3.2024 Forecast	31.3.2025 Budget	31.3.2026 Budget	31.3.2027 Budget
General Fund services	383.6	376.7	401.7	406.1
Capital investments	6.0	38.8	18.8	14.5
TOTAL CFR	389.6	415.5	420.5	420.6

The Council will adopt the new IFRS 16 Leases accounting standard with effect from April 2024. The main impact on lessees is to remove the distinction between finance leases and operating leases and requires all substantial leases to be accounted for as finance leases. This means that most existing operating leases will need to be brought onto the Council's balance sheet as an asset, together with a liability to pay for the asset acquired. The initial estimate is a recognition of assets in the region of £7.9 million which has been provided for within the MRP calculation.

9. Links to Treasury Management

Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. Cash surpluses can be offset against capital financing shortfalls to reduce overall borrowing.

a. Borrowing

Due to decisions taken in the past, the Council currently (31/01/2024) has £179.9 million borrowing at an average interest rate of 3.32% and £22.0 million treasury investments at an average rate of 5.33%.

The Council’s main objectives when borrowing is to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between low-cost short-term loans and long-term fixed rate loans where the future cost is known but higher.

Statutory guidance is that debt (which comprises borrowing, Private Finance Initiative (PFI) liabilities, leases and transferred debt) should remain below the capital financing requirement, except in the short-term. As can be seen from table 6 below, the Council expects to comply with this in the medium term.

Table 6: Prudential Indicator: Gross Debt and the Capital Financing Requirement in £ millions

	31.3.2024 Forecast	31.3.2025 Budget	31.3.2026 Budget	31.3.2027 Budget
Debt (incl. PFI & leases)	253.5	282.3	283.0	282.7
Capital Financing Requirement	389.6	415.5	420.5	420.6

To compare the Council’s actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes that cash and investment balances are kept to a minimum level of £10 million at each year-end, as required by the Treasury Management Strategy to maintain sufficient liquidity and minimise credit risk. This benchmark is currently £175.7 million and is forecast to increase to a maximum of £216.2 million during the next three years. Table 7 below shows that the Council expects to remain borrowed below its liability benchmark.

Table 7: Borrowing and the Liability Benchmark in £ millions.

	31.3.2024 Forecast	31.3.2025 Budget	31.3.2026 Budget	31.3.2027 Budget
Forecast borrowing	165.7	192.8	199.8	206.2
Liability benchmark	175.7	202.8	209.8	216.2

The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

Table 8: Prudential Indicators: Authorised limit and operational boundary for external debt in £ millions

	2023/24 Limit	2024/25 Limit	2025/26 Limit	2026/27 Limit
Authorised limit – borrowing	410.0	450.0	460.0	470.0
Authorised limit – PFI and leases	130.0	210.0	200.0	190.0
Authorised limit – total external debt	540.0	660.0	660.0	660.0
Operational boundary – borrowing	324.0	359.0	371.0	379.0
Operational boundary – PFI and leases	105.0	168.0	162.0	154.0
Operational boundary – total external debt	429.0	527.0	533.0	533.0

Further details on borrowing will be updated in the Treasury Management Strategy which is considered by the Audit & Governance Committee for approval.

b. Treasury Investments

Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management. The Council's policy on treasury investments is to prioritise security and liquidity over yield, that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy, and the Council may request its money back at short notice.

The effective management and control of risk are prime objectives of the Council's treasury management activities. The treasury management strategy therefore sets out various indicators and limits to constrain the risk of unexpected losses and details the extent to which financial derivatives may be used to manage treasury risks. The treasury management indicators will be updated in the Treasury Management Strategy which goes to Audit & Governance Committee for approval.

10. Non-Treasury Service Investments

Local Authorities have the powers to make investments to assist local public services, including making loans to, and buying shares in local service providers, local small businesses to promote economic growth, and the Council's subsidiaries that provide services. In light of the public service objective, the Council is willing to consider such

investments based on a business case and risk assessment looking particularly at affordability, prudence, and proportionality in respect of the Council's overall financial capacity (i.e. whether plausible losses could be absorbed in budgets or reserves without unmanageable detriment to local services). The Council would expect such investments to break even or generate a profit after all costs. Most loans and shares are capital expenditure and purchases will therefore be proposed, assessed and approved as part of the capital programme.

Existing investments for service purposes are currently valued at £1.4m which relates mainly to the Council's investment under a loan agreement in Perpetuus Tidal Energy Centre Ltd (PTEC). In September 2020, the Council agreed to authorise PTEC to raise funds required to renew consenting licences by selling up to two thirds of the Council's shareholding in the company. In addition, the Council's original loan term was extended for 5 years and is now repayable alongside the other loan which capitalised the company and the Council released its position on the PTEC Board. Although this means that the Council will be foregoing its ability to 'direct' the work of the company and also the benefit of any future dividends from its shares, the Council recognised that there is no likelihood of any dividend should the project fail at this juncture. These changes were also made in the spirit of the original intent for PTEC to create jobs and investment and put the Isle of Wight at the forefront of the renewable energy agenda.

Further details on service investments can be found in the [investment strategy](#) approved by Full Council.

11. Non-Treasury Commercial Investments

The Council's medium-term financial strategy, which was designed to help improve the Council's financial sustainability, originally made provision for up to £100 million to be available for a commercial property acquisition fund, subject to the approval of a commercial property acquisition strategy. This was approved by Full Council at its meeting on 20 September 2017 and has been used as the framework for all historic acquisitions. The strategy included strict criteria to be used when determining which properties to acquire. Those criteria included the following:

- a balanced commercial property portfolio that provided long term rental returns and growth.
- a portfolio of property assets with a view to diversification on individual assets by sector (industrial, offices and retail), location and risk.
- core assets being the best property for the sector in an ideal location with long term income to high quality tenants.

- all investments must initially provide income (yield) equal to, or above, the Council's required rate of return.
- priority to be given to properties that yield optimal rental growth and a stable income.
- protect capital invested in acquired properties.
- location to be dictated by opportunity to acquire investments that meet the strategy, with proximity to the Isle of Wight being a deciding factor when all other attributes are equal.

In 2018, the fund acquired four separate property investments comprising thirteen lettable units with nine tenants. Portsmouth City Council (PCC), as commissioned by Isle of Wight Council (IWC), was managing the property investment fund since its inception until 1 April 2021, after which time responsibility for management of the properties transferred to IWC's Property Services department. The fund has now settled into a management phase and in line with changes to the Prudential Code the Council is not able to invest for the primary purpose of financial return.

The primary objective for the Council is to protect its capital base where possible, maximise income and create a long-term sustainable income stream. As the fund matures over the coming years and rental income grows, the impact of initial acquisition costs on overall performance should decrease. The fund is valued annually on 31 March by an external valuer. A [regular report on returns and values](#) is made to the Council's Audit & Governance Committee.

12. Other Liabilities

In addition to debt of £179.9 million detailed above, the council is committed to making future payments to cover its PFI liabilities and finance leases. Any new liabilities will be approved by full council. Further details on liabilities and guarantees can be found in the [council's annual statement of accounts](#).

13. Revenue Budget Implications

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs. This is compared to the net revenue stream i.e., the amount funded from Council Tax, business rates and general government grants.

Table 9: Prudential Indicator: Proportion of financing costs to net revenue stream.

	2022/23 Actual	2023/24 Forecast	2024/25 Budget	2025/26 Budget	2026/27 Budget
Financing costs (£ millions)	17.4	16.9	22.3	22.9	22.0
Proportion of net revenue stream	11.01%	9.44%	11.43%	11.18%	10.44%

14. Risk Management

Major regeneration and school's projects constitute the majority of the Council's medium term capital portfolio with significant longer-term investment in coastal protection projects which will be delivered by external agencies. These inherently carry risk, most of which is outside of the Council's control. The Council's planning and governance processes are developed and implemented in such a way as to mitigate these risks. This table sets out the key risks and mitigations:

Risk	Mitigation
Revenue budget	The cost of borrowing is an element of the revenue budget that we are committed to before we have delivered any services or incurred any other costs. As the Council's revenue budget reduces, the Council seeks to ensure that the ratio of capital financing to available revenue resources doesn't become disproportionate.
Inflation	Capital delivery costs are vulnerable to inflation. In costing the projects, a level of contingency has been built into each scheme to mitigate this risk as well as negotiating fixed price contracts wherever possible. Close monitoring of the programme seeks to ensure that inflationary pressures are identified early on and can be managed within the overall financial provisions.
Legislative	Changes in statute and regulations will impact on both the scope and costs of capital projects as they must comply with legislation. The Council must horizon scan and remain aware of any changes in the pipeline which might affect projects and makes amendments accordingly.
Procurement	The Council's procurement strategy ensures that the principles and practices associated with procuring works, goods and services consistently achieves value for money and actively contributes to the

	Councils priorities. It also ensures that legislative requirements are met.
Market	The programme is complex, and the successful delivery of various aspects depends to a large extent on the commercial market. In particular, income from capital investments and capital receipts may be affected. Professional advice and valuations are sought to mitigate this risk.
Externally Led Projects	Increasingly, major projects are funded, led and delivered by or in partnership with developers, neighbouring authorities, or Government departments. Whilst such funding and projects can support the delivery of our objectives, the Council strives to ensure that any commitment to such projects does not detract from our ability to fund and prioritise smaller local investment on the Island.
Internal capacity	The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field to ensure that the Council has access to knowledge and skills commensurate with its risk appetite. For large complex projects, professional external advice and services including project management, surveyors and valuers are used to undertake due diligence to understand risks and inform decision making.
Contractor capacity	It is recognised that the capacity of Island based contractors is limited and the delivery of one significant project can often impact on capacity to deliver others. Similarly, off island contractors can be unwilling to commit to relocating or accommodating staff, transport of goods and materials etc, or they may price contracts to reflect these resulting in significantly higher costs. These issues have been well documented as the 'island factor' and the Council continues to argue its case for differential funding to account for this.
Contractor Failure	Our reliance on a limited number of contractors either based on the island or willing to work on the island, could lead to project delays or additional and abortive costs should a contractor fail. This is particularly the case where works or materials are of a specialist

	nature. The Council's procurement process seeks to ensure that suitable financial checks are completed before contract award, but the current financial climate impacts on the reliability of any such information.
Pandemic	The Council seeks to build in contingencies for such events into timescales but recognises that such factors may ultimately lead to delays and additional costs.

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Isle of Wight Council Investment Strategy (Non-Treasury Investments) 2024-25

Document Information

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1 Introduction

- 1.1 The council invests its money for three broad purposes:
- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as treasury management investments),
 - to support local public services by lending to or buying shares in other organisations (service investments), and
 - to earn investment income (known as commercial investments where this is the main purpose).
- 1.2 This investment strategy meets the requirements of statutory guidance on local authority investments issued by the government in January 2018 and focuses on the second and third of these categories.
- 1.3 The statutory guidance defines investments as “all of the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily or partially to generate a profit; for example, investment property portfolios.” The council interprets this to exclude:
- a) trade receivables which meet the accounting definition of financial assets but are not investments in the everyday sense of the word and;
 - b) property held partially to generate a profit but primarily for the provision of local public services. This aligns the council’s definition of an investment with that in the 2021 edition of the CIPFA Prudential Code, a more recent piece of statutory guidance.

2 Treasury Management Investments

- 2.1 The council typically receives its income in cash (e.g., from taxes and grants) before it pays for its expenditure in cash (e.g., through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of other local authorities. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments is expected to average £18.4 million during the 2024/25 financial year.
- 2.2 **Contribution:** The contribution that these investments make to the council’s objectives is to support effective treasury management activities.

- 2.3 **Further details:** Full details of the council’s policies and its plan for 2024/25 for treasury management investments are covered in a separate document, the treasury management strategy.

3 Service Investments: Loans

- 3.1 **Contribution:** The council lends money to local businesses to support local public services and stimulate local economic growth, and in the past small loans have been made to local residents. These include loans for, but are not limited to, a sustainable energy generation scheme, the promotion and development of housing affordability, the promotion of tourism, and the development of local employment and regeneration.
- 3.2 **Security:** The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the council, upper limits on the outstanding loans to each category of borrower have been set as follows:

Table 1: Loans for service purposes

Category of Borrower	31.03.2023 actual			31.03.24	2024/25
	Balance Owing £m	Loss Allowance £m	Net Figure in Accounts £m	Forecast Net Figure £m	Approved Limit £m
Subsidiaries	-	-	-	-	25.0
Local Businesses	1.3	-	1.3	1.4	10.0
TOTAL	1.3	-	1.3	1.4	35.0

- 3.3 Accounting standards require the council to set aside a loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the council’s statement of accounts are shown net of this loss allowance. However, the council makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.
- 3.4 **Risk assessment:** The council assesses the risk of loss before entering into and also whilst holding service loans. This is done by ensuring that all loan applications are subject to a business case review to assess how it contributes to the council’s corporate plan objectives. It is then presented to Cabinet for their approval. Whilst the council does not have any explicit credit criteria, once this approval of the business case has been obtained, proper due diligence is undertaken, using third party external advisors if there is insufficient staff knowledge and skills. That due diligence will include an evaluation of the company’s financial standing using

standard ratio analysis as well as an in-depth analysis of future financial forecasts using principles such as Debt Service Cover Ratios and other techniques such as sensitivity analyses. Finally, following the completion of the due diligence the Director of Finance and Section 151 Officer will confirm whether the loan will proceed.

4 Service Investments: Shares

- 4.1 **Contribution:** The council invests in the shares of local organisations that meet the council's strategic objectives, especially in the areas of sustainable energy and social housing.
- 4.2 **Security:** One of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recovered. In order to limit this risk, upper limits on the sum invested in each category of shares have been set as follows.

Table 2: Shares held for service purposes.

Category of Company	31.03.2023 actual			31.03.2024	2024/25
	Balance Owing £m	Loss Allowance £m	Net Figure in Accounts £m	Forecast Net Figure £m	Approved Limit £m
Subsidiaries	-	-	-	-	10.0
Suppliers	-	-	-	-	2.0
Local businesses	-	-	-	-	2.0
TOTAL	-	-	-	-	14.0

- 4.3 **Risk assessment:** The council assesses the risk of loss before entering into and whilst holding shares by applying the following procedure. All investments in shares are subject to a business case which assesses how it contributes to the council's corporate plan objectives and then it is presented to Cabinet for their approval. Whilst the council does not have any explicit credit criteria, once this approval to the business case has been obtained, proper due diligence is undertaken, using third party external advisors if there is insufficient staff knowledge and skills. That due diligence will include an evaluation of the company's financial standing using standard ratio analysis as well as an in-depth analysis of future financial forecasts using principles such as debt service cover ratios and other techniques such as sensitivity analyses. Finally, following the completion of the due diligence the Director of Finance and Section 151 Officer will confirm whether the investment will proceed.

- 4.4 **Liquidity:** Any investment in shares would be undertaken for the purpose of regeneration, the provision of additional employment or affordable housing which are all for long term investment and are not subject to liquidity considerations.
- 4.5 **Specified investments:** The Council defines these as being sterling investments of a maturity period of not more than 364 days, or those which could be for a longer period but where the Council has the right to be repaid within 364 days if it wishes. These are low risk assets where the possibility of loss of principal or investment income is negligible. These include investments with:
- The UK Government (such as the Debt Management Office, UK Treasury Bills or a Gilt with less than one year to maturity).
 - Supranational bonds of less than one year's duration.
 - A local authority, parish council or community council.
 - An investment scheme that has been awarded a high credit rating by a credit rating agency (this covers a money market fund rated by Standard and Poor's, Moody's or Fitch rating agencies).
 - A body that has been awarded a high credit rating by a credit rating agency (such as a bank or building society). The Council defines "high credit quality" organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds "high credit quality" is defined as those having a credit rating of A- or higher.
- 4.6 **Non-specified Investments:** Any investment not meeting the definition of a specified investment is classed as a non-specified investment. The council does not intend to make any investments denominated in foreign currencies.
- 4.7 Shares or investments with high credit quality, as defined by specified investments above, are the only non-specified investment type that has been identified by the council that it is proposed to undertake. The limits above on share investments are therefore also the council's upper limits on non-specified investments. The council has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.

5 Commercial Investments: Property

- 5.1 **Contribution:** The Council invests in UK commercial property with the intention of making a return that will be spent on local public services.

Table 3: Property held for investment purposes.

Property	Actual	31.03.2023 Actual			31.03.2024 Expected	
	Purchase Cost £m	Brought forward	Gains or (Losses) £m	Value in Accounts £m	Gains or (Losses) £m	Value in Accounts £m
Salford	11.4	13.7	(1.4)	12.3	-	12.3
Aylesford	9.2	10.7	(1.7)	9.0	-	9.0
Oxford	10.6	12.2	(2.7)	9.5	-	9.5
Southampton	3.9	4.9	(0.9)	4.0	-	4.0
TOTAL	35.1	41.5	(6.7)	34.8	-	34.8

The properties were all acquired during the year 2018-19. These assets are required to be valued annually in accordance with CIPFA Code of Practice, with the next valuation in March 2024. Although the value of investments can potentially change, there is no indication currently that the value is expected to change.

- 5.2 **Security:** In accordance with government guidance, the council considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.
- 5.3 A fair value assessment of the council's investment property portfolio has been made in the past twelve months, and the underlying assets provide security for capital investment. Should the 2023-24 year-end accounts preparation and audit process value these properties significantly below their purchase cost, then an updated investment strategy will be presented to full council, with the annual report on the performance of the commercial property investment portfolio detailing the impact of the loss on the security of investments and any revenue consequences arising therefrom.
- 5.4 **Risk assessment:** The council assesses the risk of loss before entering into, and whilst holding, property investments by applying the principles laid out in [TMP13 Non-Treasury Investment Practices](#). These include the assessment of the financial strength of any tenants and good portfolio management in order to mitigate the risks.

- 5.5 **Liquidity:** Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice and can take a considerable period to sell in certain market conditions. To ensure that the invested funds can be accessed when they are needed, for example to repay capital borrowed, the council has produced a commercial investment strategy which can be found [here](#) which details the procedures to mitigate this risk.

6 Loan Commitments and Financial Guarantees

- 6.1 Although not strictly counted as investments, since no money has exchanged hands yet, loan commitments and financial guarantees carry similar risks to the council and are included here for completeness.
- 6.2 The council has not held any loan commitments or financial guarantees since April 2019 and has no plans to undertake any new commitments or guarantees in the period of this strategy.

7 Proportionality

- 7.1 The council plans that profit generating investment activity will assist in achieving a balanced revenue budget. Table 4 below shows the extent to which the expenditure planned to meet the service delivery objectives is dependent on achieving the expected net profit from investments over the lifecycle of the Medium-Term Financial Strategy.

Table 4: Proportionality of Investments

	2022/23 Actual £m	2023/24 Forecast £m	2024/25 Budget £m	2025/26 Budget £m	2026/27 Budget £m
Net service expenditure	158.1	179.0	195.1	204.8	210.8
Gross investment income	1.8	1.9	2.0	2.1	2.1
Proportion	1.14%	1.06%	1.03%	1.03%	1.00%

- 7.2 Should the council fail to achieve the expected net profit, the council has contingency plans for continuing to provide these services as described below, recognising however at these low proportions any service impact is likely to be small:

- In general, the council undertakes a review of all financial risks facing the council on an annual basis, and based on this assessment the overall level of Corporate Contingency and the General Reserves are planned. This enables the council to be able to continue services as planned in the short-term whilst any other remedial or mitigating actions are implemented e.g. such as increasing the council's savings requirements in future years.
- The council maintains a specific earmarked reserve which is being built over time to a level sufficient to provide a safeguard against any difference in the fair value of the assets versus acquisition cost, any potential loss of rental income and future improvement works to properties.

8 Borrowing in Advance of Need

- 8.1 The Government guidance is that council's must not borrow more than, or in advance of, their needs purely to profit from the investment of the extra sums borrowed.
- 8.2 The council had previously approved the purchase of commercial investments within a portfolio of up to £100 million, but since the issue of the updated Government guidance the council does not intend to increase the size of its commercial property investment portfolio beyond the current holdings detailed above.
- 8.3 An earmarked reserve will exist to guard against any reduction in the fair value of the property assets and to cover the costs of rental voids.
- 8.4 The council maintains general reserves and contingencies at levels that have been based on all known and expected financial risks and their likelihood of occurrence.

9 Capacity, Skills and Culture

- 9.1 **Elected members and statutory officers:** The Full Council agreed to the establishment of a commercial [property](#) fund in September 2017. The authorisation of expenditure from this fund was delegated by the council to the Chief Executive, the Director of Finance and Section 151 Officer and the Cabinet Member for Housing and Finance. Any decisions will only be made once the due diligence has been carried out and reviewed.
- 9.2 All investments considered for purchase will have to undergo both qualitative and quantitative appraisal in order to determine whether they are suitable to be

included into the portfolio. The portfolio was created through an agreement with Portsmouth City Council to provide the services of their property investment team. This team has private sector fund investment experience and has a network of specialists that are able to provide advice as and when required.

- 9.3 All property acquisitions required a business case which included a full financial appraisal. The detailed business case and financial appraisal included building surveys, environmental surveys and valuations in accordance with the Red Book. In addition, properties continue to be revalued on an annual basis.
- 9.4 There are no further planned commercial property acquisitions and the fund has now settled into a management phase for which responsibility has transferred from a contractual arrangement with Portsmouth City Council to the Isle of Wight Council's in-house Property Services department who have the necessary knowledge and training.
- 9.5 **Corporate governance:** The council has established a set of Practices ([TMP13 Non-Treasury Investment practices](#)) that detail out how the investment in other financial assets and property is to be undertaken.
- 9.6 On an annual basis the Full Council will receive a Capital Strategy as well as this Investment Strategy, which will detail all the non-treasury investments.
- 9.7 On an annual basis the Audit & Governance Committee receives a report from the property services team in which they provide details of the current investment property portfolio including the current performance as well as looking at the medium to long-term strategy.
- 9.8 Service investments are not provided with financial performance targets directly. These will contribute towards council objectives such as the provision of affordable housing and additional employment. There will be an inherent benefit in that these will alleviate pressures on other council services such as homelessness which can contribute towards savings targets.

10 Investment Indicators

- 10.1 The council has set the following quantitative indicators to allow elected members and the public to assess the council's total risk exposure as a result of its investment decisions.
- 10.2 **Total risk exposure:** The first indicator shows the council's total exposure to potential investment losses. This includes amounts the council is contractually

committed to lend but have yet to be drawn down and guarantees the council has issued over third-party loans.

Table 5: Total investment exposure

Total investment exposure	31.03.2023 Actual £m	31.03.2024 Forecast £m	31.03.2025 Forecast £m
Treasury management investments	27.0	12.8	10.1
Service investments: Loans*	1.3	1.4	35.0
Service investments: Shares**	-	-	14.0
Commercial investments: Property	34.8	34.8	34.8
TOTAL INVESTMENTS	63.1	49.0	93.9
Commitments to lend	-	-	-
Guarantee issued on loans	-	-	-
TOTAL EXPOSURE	63.1	49.0	93.9

* As per Table 1 above

** As per Table 2 above

- 10.3 **How investments are funded:** Government guidance is that these indicators should include how investments are funded. Since the council does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the following investments could be described as being funded by borrowing. The remainder of the council's investments are funded by usable reserves and income received in advance of expenditure.

Table 6: Investments funded by borrowing.

Investments funded by borrowing	31.03.2023 Actual £m	31.03.2024 Forecast £m	31.03.2025 Forecast £m
Service investments: Loans	1.3	1.4	35.0
Service investments: Shares	-	-	14.0
Commercial investments: Property	34.8	34.8	34.8
TOTAL FUNDED BY BORROWING	36.1	36.2	83.8

- 10.4 **Rate of return received:** This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a

proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

Table 7: Investment rate of return (net of all costs)

Investments net rate of return	2022/23 Actual	2023/24 Forecast	2024/25 Forecast
Treasury management investments	1.69%	5.33%	5.43%
Service investments: Loans	2.63%	4.65%	4.66%
Commercial investments: Property	2.81%	2.91%	3.42%
TOTAL INVESTMENTS	3.24%	5.41%	5.82%

- 10.5 **Other investment Indicators:** Other indicators that explain the extent to which the Council is exposed to the cost of servicing the debt associated with its investments and the value of debt compared to the value of property assets are described below:

Debt to Net Service Expenditure

An indicator of the financial strength and ability of the Council to repay its debts. This ratio is falling over time, as the council plans to repay some of its current outstanding debt using existing short term invested cash.

Commercial Income to Net Service Expenditure Ratio:

Represents the reliance by the Council on commercial income to fund services.

Interest Cover Ratio:

Indicates the extent to which the net income from investment properties will cover the debt that financed the properties.

Loan to Value Ratio:

Indicates whether the market value of the properties is likely to be sufficient to repay the debt that financed them.

Table 8: Other investment indicators

Indicator	2022/23 Actual	2023/24 Forecast	2024/25 Forecast
Debt to net service expenditure	125.4%	101.9%	88.2%
Commercial income to net service expenditure ratio	1.12%	1.05%	1.05%
Interest cover ratio	233.8%	238.8%	277.2%
Loan to value ratio	100.0%	100.0%	100.0%

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Assessor(s) Name(s):	Chris Ward / Kerry Hubbleday
Directorate:	Council wide
Date of Completion:	February 2024

Name of Policy/Strategy/Service/Function Proposal
Budget and Council Tax setting 2024/2025 and Future Years Forecasts

The Aims, Objectives and Expected Outcomes:

The revenue and capital budget and council tax for 2024/2025 will be set at the Council meeting on 28 February 2024.

The key proposals within are for a balanced Budget for 2024/25 which provides for:

- the full financial impact of the extra-ordinary inflation and associated demand related cost pressures experienced over the past year and extending into 2024/25;
- A Council Tax increase of 4.99% (2.0% of which is raised specifically to be passported to Adult Social Care);
- Increased spending in Adult Social Care of £6.3m and increased spending in Children’s Services of £5.0m being greater than the funding provided by the Adult Social Care precept and the additional Social Care Grant from Central Government (totalling £6.6m)
- £2.75m of savings in 2024/25 are required in order to meet: The Council resolution of 22 February 2023 - £2m; The extra-ordinary Budget Pressures that have not been met through additional Government Funding or Council Tax and that the Council has been unable to mitigate and the financial impact of the Council's preference to increase the maximum support to the Council's Local Council Tax Support Scheme offset by the removal of the Exceptional Hardship Fund - £0.25m
- Draw down from General Reserves of £1.2m
- A Covid Contingency of £5m, sufficient to support the Budget and Adult Social Care spending for the next 2 years
- A forecast for the 3 year period beyond 2024/25 will require a further £3.0m in savings or £1.0m p.a.

"Structural Budget Balance" is anticipated to be achieved in 2025/26 but predicated upon implementing a 100% Council Tax premium on second homes from April 2025 and the continuation of the "Island Deal" funding at £4m in total.

Future years' deficits arise mainly from forecast demographic and inflationary pressures in Care Services not matched by funding increases

The budget provides for a level of General Reserves over the period of the 3 year forecast at

c £10.8m (but recognising the substantial uncertainty faced by the Council over that period).

The most significant risks to the Forecast Deficit of £3.0m (for the three year period 2025/26 to 2027/28) are the extent to which: The impact on Council Services of the prolonged elevated levels of inflation both on its own costs and in demand for Council Services; unavoidable cost pressures that may arise, particularly in Care Services; the level of successful business rate appeals arising from the revaluation in 2023/24; the impact of the review of Local Government Funding.

Taking these risks together, the Forecast Deficit has the potential to vary by between +/- £5m, which when spread over 3 years, would vary the annual savings requirements by +/- £1.67m per annum.

Given the uncertain nature of the Forecast Budget Deficit for future years, the forecast of £1m savings for the years 2025/26, 2026/27 and 2027/28 must be considered as indicative at this stage.

During this unprecedented level of uncertainty, it is imperative that the Council continues to exercise financial restraint and manage its cost base carefully if it is to remain well placed to respond to any inflation and service demand volatility as well as the review of Local Government Funding. Equally, the Council should retain reserves at the levels proposed in the report to secure the necessary financial resilience to be able to respond in all reasonable circumstances.

The Council's proposed Budget for 2024/25 will inevitably carry substantial risk seeking to accommodate the uncertain inflationary environment, the continuing pressures in Social Care and the increasing demands for Council Services arising from the "cost of living crisis", all making a compelling case for maintaining the minimum level of General Reserves to be held of £8m.

Since 2011/12, savings of £97m will have already been made (over 40% of controllable spend) due to the combination of government funding reductions and increasing demographic cost pressures.

The Cabinet's aspiration for the Council's spending plans remains to reverse the annual cycle of cuts in the Council's budgets and reinvest in the services the community would like to see. However, the absence of funding keeping pace with inflation and pressures in Social Care has made that impossible.

In overall terms, 83% of the proposed £2.75m of savings are delivered through Efficiencies and Income Generation and 17% achieved through service reductions.

It is important to note that it is the responsibility of the Council 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 Cabinet Members. The budget savings are indicative only. It is therefore a matter for the Portfolio Holder and Service to have due regard to the equality duties as set out in the Equalities Act 2010 and where required to undertake an EIA assessment to determine the impact of each saving as they are taken forward.

Please delete as appropriate:

This is a proposal for the budget and council tax setting for 2024/25.

Key Questions to Consider in Assessing Potential Impact	
Will the policy, strategy, service or council function proposal have a negative impact on any of the protected characteristics or other reasons that are relevant issues for the local community and/or staff?	This will be determined by separate EIAs as actual savings items are taken forward
Has previous consultation identified this issue as important or highlighted negative impact and/or we have created a “legitimate expectation” for consultation to take place? A legitimate expectation may be created when we have consulted on similar issues in the past or if we have ever given an indication that we would consult in such situations	An overarching Budget consultation through an on-line survey took place between the 18 December 2023 and 26 January 2024 with 824 responses (1092 last year). The results of the Budget Consultation are set out in the body of the report and the recommendations are broadly aligned with the consultation response. The need for additional consultation will be considered as each savings item is taken forward
Do different groups of people within the local community have different needs or experiences in the area this issue relates to?	This will be determined by separate EIAs as actual savings items are taken forward
Could the aims of these proposals be in conflict with the council’s general duty to pay due regard to the need to eliminate discrimination, advance equality of opportunity and to foster good relations between people who share a protected characteristic and people who do not?	This will be determined by separate EIAs as actual savings items are taken forward
Will the proposal have a significant effect on how services or a council function/s is/are delivered?	This will be determined by separate EIAs as actual savings items are taken forward
Will the proposal have a significant effect on how other organisations operate?	This will be determined by separate EIAs as actual savings items are taken forward
Does the proposal involve a significant commitment of resources?	This will be determined by separate EIAs as actual savings items are taken forward
Does the proposal relate to an area where there are known inequalities?	This will be determined by separate EIAs as actual savings items are taken forward

If you answer **Yes** to any of these questions, it will be necessary for you to proceed to a full Equality Impact Assessment after you have completed the rest of this initial screening form.

If you answer **No** to all of these questions, please provide appropriate evidence using the table below and complete the evidence considerations box and obtain sign off from your Head of Service.

Protected Characteristics	Positive	Negative	No impact	Reasons
Age				This will be determined by separate EIAs as actual savings items are taken forward
Disability				This will be determined by separate EIAs as actual savings items are taken forward
Gender Reassignment				This will be determined by separate EIAs as actual savings items are taken forward
Marriage & Civil Partnership				This will be determined by separate EIAs as actual savings items are taken forward
Pregnancy & Maternity				This will be determined by separate EIAs as actual savings items are taken forward
Race				This will be determined by separate EIAs as actual savings items are taken forward
Religion / Belief				This will be determined by separate EIAs as actual savings items are taken forward
Sex (male / female)				This will be determined by separate EIAs as actual savings items are taken forward
Sexual Orientation				This will be determined by separate EIAs as actual savings items are taken forward

Are there aspects of the proposal that contribute to or improve the opportunity for equality?	
This will be determined by separate EIAs as savings items are taken forward	

Evidence Considered During Screening
The Budget consultation survey, information provided by services and the budget information

Head of Service Sign off:	Chris Ward
Advice sought from Legal Services (Name)	Justin Thorne
Date	February 2024

A signed version is to be kept by your team and also an electronic version should be published on the council's website (follow the link from the EIA page on the intranet)
Summary

Date of Assessment:	February 2024
Signed off by Head of Service/Director	Chris Ward

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Purpose: For Decision

Full Council Report

ISLE OF WIGHT COUNCIL

Meeting	FULL COUNCIL
Date	28 FEBRUARY 2024
Title	APPOINTMENT TO THE INDEPENDENT REMUNERATION PANEL
Report of	DEPUTY MONITORING OFFICER

Executive Summary

1. The purpose of this report is to consider appointing Dr Angela Wright to the Independent Remuneration Panel (IRP) to ensure the future membership of the IRP remains quorate.
2. Following an advertising campaign, the Appointments and Employment Committee met informally to consider any applications received and to make any recommendations for appointment to Full Council.

Recommendation

- | |
|--|
| 3. That Dr Angela Wright be appointed to serve on the Independent Remuneration Panel for a term of 3 years |
|--|

Background

4. An independent remuneration panel (IRP) is a statutory panel established, in essence, to provide independent recommendations to the Council on the Scheme of members' allowances (and the amounts to be paid under such a scheme).
5. The statutory functions of an IRP are set out in full in the Local Authorities (Members' Allowances) (England) Regulations 2003.
6. Guidance has also been issued by the Secretary of State about independent remuneration panels (including the selection and appointment process). The current guidance from the Secretary of State can be found on the HM Revenues and Customs (HMRC) website - <https://www.gov.uk/hmrc-internal-manuals/employment-income-manual/eim65960>
7. By law an independent remuneration panel must have at least three members. In the last appointment report to full council on 24 February 2021, it appointed four

new independent members of the IRP, this being believed to be the optimum number. Shortly after appointment, one of the panel members stepped down from the role, leaving the statutory three to continue to undertake the required functions.

8. Following the departure of one of the three remaining appointed IRP members in November 2023, due to a conflict of interest, it was necessary to re-advertise a vacancy on the IRP, seeking to attract suitable independent applicants to return the membership to the statutory minimum.
9. One application was received, and they were invited to attend for interview on 5 February 2024 with officers and members of the Appointments and Employment Committee. The informal panel all agreed that Dr Wright was a suitable candidate to recommend for appointment.
10. It is proposed to continue to advertise for a further panel member so that there are 4 appointed to ensure the IRP remains quorate when another either is absent or steps down.

Corporate Priorities and Strategic Context

11. Within the [Corporate Plan 2021 – 2025](#) there are key areas of activity that will be the council's main areas of focus for the lifetime of the plan.
12. Good governance arrangements are essential to the delivery of the council's services and the decision-making process that support this.
13. This appointment will support the Corporate Plan value "Being Fair and Transparent – making decisions based on data and evidence and in an open and accountable way".

Consultation

14. None other than with the informal interview panel.

Financial / Budget Implications

15. There are no additional costs associated with the proposals contained in this report. The recommendations accord with the resources available within the overall budget agreed by Full Council in February 2024.

Legal Implications

16. The Council has a legal duty under regulation 20 (1) of the Local Authorities (Members' Allowances) (England) Regulations 2003 to establish an independent remuneration panel to exercise the statutory functions specified in regulation 21 of the 2003 Regulations.

Equality and Diversity

17. The council as a public body is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good

relations between people who share a protected characteristic and people who do not share it. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

18. It is not considered that the content of this report has any negative impact on any of the protected characteristics.

Options

19. **Option 1:** That Dr Angela Wright be appointed to serve on the Independent Remuneration Panel for a term of 3 years.
20. **Option 2:** To not appoint and to undertake a further recruitment exercise.

Risk Management

21. The recommendations are to ensure that the council meets its corporate governance requirements and responds to changing requirements and demands. These should lessen the risks arising from any challenge to the decision-making process by way of judicial review or other such legal action.

Evaluation

22. Council must establish and maintain an independent remuneration panel which consists of at least 3 persons.
23. An effective governance system for the council is essential to enable business to be transacted openly and in a timely manner. The appointment of members to the IRP supports this.

Contact Point: Justin Thorne, Deputy Monitoring Officer,
☎ 821000 e-mail justin.thorne@iow.gov.uk

CLAIRE SHAND
Director of Corporate Services

COUNCILLOR JONATHAN BACON
*Cabinet Member for Children's Services,
Education and Corporate Functions*

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Purpose: For Decision

Full Council Report

ISLE OF WIGHT COUNCIL

Meeting	FULL COUNCIL
Date	28 FEBRUARY 2024
Title	APPOINTMENT - LOCAL PENSIONS BOARD
Report of	DEPUTY MONITORING OFFICER

Executive Summary

1. Administering Authorities are required, under legislation to establish and operate a Local Pensions Board, to assist the Administering Authority in its role as scheme member of the LGPS pension fund.
2. The broad role of the Local Pensions Board is to ensure legislative, regulatory compliance and the proper administration of its affairs.
3. The Local Pensions Board is not an ordinary committee of the Council. Its Terms of Reference are outlined in the [Council's Constitution](#) in Part three (Section 6. Terms of Reference of Committees and Boards). These require the Local Pensions Board to have a minimum of four members and a maximum of eight Members constituted of Scheme Members and Employer Representatives. Of the latter category, at least one member must currently be an elected member of the Council. This report seeks the appointment of the one elected Councillor member vacancy.

Recommendation

- | |
|---|
| 4. It is agreed that Cllr Paul Fuller is appointed to the Local Pensions Board as the elected member appointee in the employer representative category. |
|---|

Background

5. The Isle of Wight Council is the administering authority and scheme manager of the Isle of Wight Local Government Pension Scheme (LGPS). The Public Services Pensions Act 2013 established a Local Pension Board for the Local Government Pension Scheme (LGPS). The 2013 Act specifies that there must be an equal number of scheme member and employer representatives, together with an Independent Chair.

6. For the Isle of Wight Council, the Local Pension Board membership currently comprises three scheme member representatives, three employer representatives and an Independent Chairman.
7. There is a vacancy for an employer representative (an elected councillor) on the Local Pension Board. There is a constitutional requirement that the vacancy on the Local Pensions Board is filled as soon as possible. The nomination for the Local Pension Board vacancy cannot be a currently serving member on the Pension Fund Committee.
8. The Local Pension Board meets quarterly, and a detailed pre-existing knowledge of the Local Government Pension Scheme is not a requirement as training and support will be given. It is NOT a political appointment and so the elected councillor would be expected to act in a way that represents the interests of all scheme members and employers within the fund.
9. Councillor Paul Fuller has indicated that he is willing to serve on the Local Pensions Board. He will not remain as a member of the Pensions Committee which would not be allowed should he be appointed to the Local Pensions Board.
10. Full Council could choose to appoint another elected Councillor should nominations be received before or at the Full Council meeting.

Corporate Priorities and Strategic Context

11. Within the [Corporate Plan 2021 – 2025](#) there are key areas of activity that will be our main areas of focus for the lifetime of this plan which will need to be central to everything we do as a council. Appointing to the Local Planning Board will ensure statutory compliance and help ensure the effective stewardship of the LGPS Pension Fund.

Responding to climate change and enhancing the biosphere

12. None arising directly arising from this report.

Economic Recovery and Reducing Poverty

13. This is a report recommending the appointment of an Elected member to ensure constitutional and regulatory compliance. There will be no direct impacts under this heading arising from this report.

Impact on Young People and Future Generations

14. Ensuring that the Pensions fund is effectively and efficiently administered will help ensure that the LGPS fund effectively supports current and future generations of members of the LGPS.

Corporate Aims

15. The appointment to the Local Pensions Board will ensure statutory and constitutional compliance and the proper administration of Council affairs.

Consultation

16. No external consultees.

Financial / Budget Implications

17. There are no additional costs associated with the proposals contained within this report.

Legal Implications

18. These are contained within the body of the report. In addition, the local authority as the Administering Authority for the local government pension scheme has the power under regulation 107 of the Local Government Pension Scheme Regulations 2013 to appoint to the Local Pension Board. This is not an ordinary committee of the Council.

Equality and Diversity

19. The Council as a public body is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. There are no specific equality impacts arising from the recommendation in this report.

Property Implications

20. None specifically. This report is seeking simply to appoint an elected member to the Local Pensions Board.

Options

21. Option 1 - That Councillor Paul Fuller be appointed to the Local Pensions Board

Option 2 – that Councillor Paul Fuller is not appointed to the Local Pensions Board

Option 3 – that another nomination for appointment to the Local Pensions Board is made and agreed by Full Council.

Risk Management

22. The Constitution requires one member of the Local Pensions Board to be an elected member of the Council. Ensuring that the Local Pensions Board is properly constituted reduces the risk of challenge and helps ensure operational and legal compliance.

Background Papers

23. The Constitution (published). No other specific papers.
24. Contact Point: Justin Thorne, Deputy Monitoring Officer: ex 821000; e-mail *Justin.Thorne@jow.gov.uk*

CLAIRE SHAND
Director of Corporate Services



Purpose: For Decision

Full Council Report

ISLE OF WIGHT COUNCIL

Date **28 FEBRUARY 2024**

Title **NON-DOMESTIC RATES - DISCRETIONARY RATE RELIEF**

Report of **DEPUTY LEADER CABINET MEMBER FOR HOUSING AND FINANCE**

EXECUTIVE SUMMARY

1. The report recommends changes to the council's Non-Domestic Rating Discretionary Rate Relief Policy (DRR) in line with the changes made by the Non-Domestic Rating Act 2023.
2. The Non-Domestic Rating Act 2023 makes changes to the provisions of Section 47 of the Local Government Finance Act 1988 in terms of; the effective start date of any relief; and changes to the notices and period of notice to be given to ratepayers who receive discretionary relief.
3. As this is a change to the Non-Domestic Rating Discretionary Rate Relief provisions, the council is required to determine its approach to granting relief with effect from 1 April 2024. This paper addresses the need for the council to determine its approach to the backdating of discretionary rate reliefs.

RECOMMENDATIONS

4. That Cabinet recommends that Full Council adopts Options 1 and 4 within this report, namely that:

OPTION 1: Backdating provisions which mirror the current legislative backdating rules are adopted within the Discretionary Rate Relief Policy. Awards will be considered from the date the application is received. In exceptional circumstances consideration may be given to awarding rate relief for a retrospective period where the ratepayer can demonstrate good cause for not submitting the application earlier, subject to the following constraints relating to discretionary awards:

- i. If the application is received by 30 September, the award can be backdated to 1 April of the previous financial year.
- ii. If the application is received after 30 September, the award can only be backdated to 1 April of the current financial year.

- iii. that relief can be amended or ceased by the Council at any such time (determined on a daily basis) as the Council considers that the ratepayer no longer meets the criteria for receiving the relief.

OPTION 4: That any future changes required to the Discretionary Rate Relief Policy are passed for delegated decision to the Deputy Leader and Cabinet Member for Housing and Finance and the s151 Officer, in conjunction with the Monitoring Officer, if appropriate.

BACKGROUND

5. Non-Domestic Rating has a large number of reliefs divided basically into two types, mandatory and discretionary. Mandatory are dictated by legislation and the Isle of Wight Council will be obliged to implement those in full. In the case of discretionary relief, these are themselves broadly divided into three types as follows:
- (a) **Discretionary relief which is defined by legislation and borne by the Council and Government under the Business Rates Retention provision (50 per cent/50 per cent).**
- The basic provisions for these reliefs are laid down by legislation (S47) but the decision whether to grant relief is at the discretion of each Council. Councils are required to develop their approach to granting within the legislative framework.
- (b) **Discretionary relief which is wholly defined by the Council and borne by the Council and Government under the Business Rates Retention provision (50 per cent/50 per cent)**
- Each Council has full discretion to develop its own policy for these reliefs and relief can be awarded to any ratepayer.
 - Relief under this provision is wholly determined by each Council. This relief is commonly known as the localism provisions and allows authorities to grant up to 100% relief to any ratepayer that meets the Council's defined policy.
- (c) **Discretionary relief which is wholly defined and reimbursed by the Government under a S31 Grant.**
- Government has for a considerable time developed schemes which are expected to be adopted by Councils. These are normally in response to economic events such as the financial crisis or the recent pandemic.
 - In these cases, where Councils adopt the suggested approach, the full amount of relief is reimbursed by means of a S31 grant. It is therefore obvious, that with these reliefs, all billing authorities currently adopt Government guidance in full.
6. For completeness, details of these reliefs have been included within the proposed policy document. (Appendix 1)

Changes due to the Non-Domestic Rating Act 2023

7. Crucially, under the new Act, the approach currently taken by the Council in granting discretionary rate relief will remain as at present but, as required under the new provisions, the Council now has freedom to decide when relief should commence when a new application for relief is received.

Effective start date of the relief

8. Currently when granting relief, the regulations (the Non-Domestic Rating (Discretionary Relief) Regulations 1989) require that the authority commences the relief from the beginning of the financial year in which the decision is made.
9. The current regulations also allow for an authority's decision to be backdated up to six calendar months. In effect, this means that the Council can decide up to 30th September of any year to backdate their decision into the previous financial year. This would allow relief to be granted from the commencement of that (the previous) financial year.
10. The Government will, ahead of billing for the 2024/25 financial year, revoke the Non-Domestic Rating (Discretionary Relief) Regulations 1989 to give billing authorities full flexibility in this area from 1 April 2024 and this will allow the Council to decide when any relief should commence. There will be no limitation or restriction. The date from which relief is granted will be solely a matter for the Council.

Cancellation or amendment of the relief

11. In addition to allowing flexibility on the commencement date of relief, the revocation of the regulations will allow the Council to determine when relief should end or be amended. Currently a period of one year's notice has to be given when changing or cancelling any entitlement of relief and relief can only be ceased at the end of a financial year. With effect from 1 April 2024, the Council will be able to determine when relief will end.

CORPORATE PRIORITIES AND STRATEGIC CONTEXT

12. The changes proposed will have no effect on the Council's support to ratepayers who currently already receive Discretionary Rate Relief.
13. The council's policy on Discretionary Rate Relief has been adjusted to allow for the new powers given under the Non-Domestic Rating Act 2023, and the draft policy can be seen at Appendix 1.
14. The policy continues to meet corporate aims, as detailed below.

ECONOMIC RECOVERY AND REDUCING POVERTY

15. The core strengths of the Island economy remain as a platform for recovery and restoring Island business growth following the pandemic and the subsequent cost of living crisis, as well as existing businesses expanding on the Island to create jobs and wealth for the Island's community as it looks to recover.

16. The new provision to backdate discretionary reliefs will help to support Island businesses in assisting them to recover from these unprecedented events over the last few years.
17. Backdating discretionary reliefs on premises aligns with the Corporate Plan as it helps businesses maintain a stable premises, which will in turn help to realise the council's regeneration ambitions.
18. Any award of discretionary rate reliefs provide support to local business; however, the cost of awards needs to be borne in mind as 50 per cent is taken from the total of business rates monies collected.

IMPACT ON YOUNG PEOPLE AND FUTURE GENERATIONS

19. The backdating of DRR will provide support to local business and in turn to their workforce and families through assisting with financial stability. Maintaining businesses' financial stability means that there may be job prospects for Island residents and future generations.

RESPONDING TO CLIMATE CHANGE AND ENHANCING THE BIOSPHERE

20. Adopting the discretionary rate relief policy will have no impact on climate change.
21. A CSDIA has been completed in full for Discretionary Rate Relief scheme with the score visible below. The full rationale and scoring can be found at Appendix 2.



Socio-economic Outer Ring	Scores
No Poverty	3
Zero Hunger	3
Good health and wellbeing	3
Quality Education	3
Gender Equality	3
Clean Water and Sanitation	3
Affordable and clean energy	3
Decent work and economic growth	3
Industry, Innovation and Infrastructure	3
Reduced inequalities	3
Sustainable cities and communities	3
Responsible consumption and production	3
Climate Action	3
Life below water	3
Life on land	3
Peace, justice and strong institutions	3
Partnerships for the Goals	3

Environment Inner Ring	Scores
Transport	3
Energy	3
Housing	3
Environment	3
Offset	3
Adaptation	3

CORPORATE AIMS

22. The Discretionary Rate Relief policy needs to be considered in the context of the council's overall financial position, budget strategy and the ability to continue to deliver public services on a sustainable basis.
23. It also needs to be consistent with, and balance this with the Corporate Plan priorities that seek to ensure the following:
 - Keeping the council solvent and take all the measures we can to improve the financial position of the council.
 - The council will need to ensure that backdating of DRR is considered through a fair and transparent process which takes into account the council's finances.

- Covid-19 recovery will be integral to everything we do for residents and Island businesses.

Backdating of DRR will support local businesses to regain economic stability following the pandemic and other recent unprecedented events.

Many of the businesses considered eligible for DRR are smaller local businesses who may be struggling financially.

FINANCIAL / BUDGET IMPLICATIONS

24. Most discretionary reliefs are funded by local authorities and central government in equal shares. The provision to backdate these reliefs would therefore have an impact on the council's finances, which is why the recommended option amends the council's policy to allow backdating from the beginning of the financial year in which the application is received, or the date of occupation of the hereditament by the ratepayer, whichever is the latter.
25. However, there are certain reliefs which are fully funded through a government section 31 grant. It is being recommended to amend the council's policy to allow these reliefs to be granted as far back as eligibility rules allow because the funding for them can be fully reclaimed from government.
26. The costs of discretionary rate relief will remain largely as at present if the recommended Option 1 is adopted because the backdating provision mirrors the current approach under the legislation.

LEGAL IMPLICATIONS

27. The Council' has discretion to grant relief in certain situations to non-domestic properties under Local Government Finance Act 1988. Section 47 provides the authority with the power to grant relief in any circumstances provided that it would be reasonable to do so having regard to the interests of council taxpayers in its area.
 - S4 Non-Domestic Rating Act 2023 amended s47 of the 1988 Act which now provides that a billing authority can make a decision to apply rate relief no more than six months after the end of the financial year.
28. Although the use of the power under this legislation is discretionary, the government funds a share of the reliefs using a grant under Section 31 of the Local Government Finance Act 2003, subject to subsidy control rules.

EQUALITY AND DIVERSITY

29. The council as a public body is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it. The protected characteristics are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

30. The proposed recommendations make no change to the eligibility criteria and entitlement of ratepayers who receive discretionary rate relief.
31. The Equality Impact Assessment at Appendix 3 shows that there are no equality and diversity implications.

OPTIONS

32. The Council is required to make the changes outlined given the changes in the legislation effected by the Non-Domestic Rating Act 2023 and must include the provision for backdating of DRR within its local policy.
33. Therefore, the options to consider relate only to the period of time for which reliefs can be backdated to be included within the council's local policy.
34. OPTION 1 – To adopt backdating provisions which mirror the current legislative backdating rules. Awards will be considered from the date the application is received. In exceptional circumstances consideration may be given to awarding rate relief for a retrospective period where the ratepayer can demonstrate good cause for not submitting the application earlier, subject to the following constraints relating to discretionary awards:
 - i) If the application is received by 30 September, the award can be backdated to 1 April of the previous financial year.
 - ii) If the application is received after 30 September, the award can only be backdated to 1 April of the current financial year.
 - iii) that relief can be amended or ceased by the Council at any such time (determined on a daily basis) as the Council considers that the ratepayer no longer meets the criteria for receiving the relief.
35. OPTION 2 – To allow an indefinite period of backdating of discretionary rate relief awards up to 1 April 2023 at the earliest and that relief can be amended or ceased by the Council at any such time (determined on a daily basis) as the Council considers that the ratepayer no longer meets the criteria for receiving the relief.
36. OPTION 3 – To allow no backdating period at all, meaning relief will only apply from the date of application going forward and that relief can be amended or ceased by the Council at any such time (determined on a daily basis) as the Council considers that the ratepayer no longer meets the criteria for receiving the relief.
37. OPTION 4 – That any future changes required to the Discretionary Rate Relief Policy are passed for delegated decision to the Deputy Leader Cabinet Member for Housing and Finance and the s151 officer in conjunction with the Monitoring Officer, if appropriate.

RISK MANAGEMENT

38. Option 1 will manage the financial burden on the council in keeping awards of backdating to a specific period, whereas option 2 will not, and could pose a financial risk to the council if it is not able to fund its share of the relief due to potentially extensive backdating across multiple years being approved. The award

of discretionary rate relief has an impact on Island taxpayers and the collection of revenues for the council.

39. Option 1 provides ratepayers who currently receive relief, the same level of backdating provision.
40. New applicants will still receive relief if they meet the eligibility criteria set within the policy (by council and central government).
41. Applications will continue to be dealt with in a fair and transparent manner as each application is considered on its own merits for the relevant relief to be applied.
42. The risk of adopting Option 3 is that the council would not be acting in line with its corporate objectives to support local businesses with economic recovery.

EVALUATION

43. The original purpose of discretionary reliefs was to provide assistance where a business property does not qualify for mandatory relief, or to 'top up' cases where ratepayers already receive mandatory relief.
44. The Council is obliged to carefully consider every application on its merits, taking into account the contribution that the organisation makes to the amenities of the Island.
45. Allowing a period of backdating will provide additional support to those business who meet the eligibility criteria as defined in the policy and allows for some flexibility of awards.
46. By setting a maximum backdating period in Option 1, it strikes a balance between providing a level of support to local businesses whilst maintaining a consistent approach in financial undertakings of the council.
47. Adopting Option 1 mirrors the current backdating provisions under the legislation, making the new discretionary provisions consistent.

Appendices Attached

- Appendix 1: IWC Discretionary Rate Relief Policy 2024 (Draft)
Appendix 2: CSDIA Rationale
Appendix 3: Equality Impact Assessment

Background Papers

Non-Domestic Rating Act 2023: <https://www.legislation.gov.uk/ukpga/2023/53/enacted>

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**Isle of Wight Council
Policy for the granting of
Discretionary Non-Domestic Rate
Relief**

DRAFT

Version Control

<i>Version</i>	<i>Version date</i>	<i>Revised by</i>	<i>Description</i>
1	27 th December 2016	LM	Policy
2	7 th January 2017	DA	Revisions
3	May / June 2017	LM	Revisions to include new reliefs
4	July 2017	LM	Amendments
5	July 2017	DA	Sign off
6	August 2017	LM	Revisions VG
7	August 2017	LM	Revisions VG
8	August 2017	LM	Revisions VG
9	September 2017	LM	Revisions VG
10	October 2017	LM	Revisions VG
11	August 2018	LM	Revisions to Policies
12	December 2018	LM	Adjustment to Finance (Business Rates Retention)
13	February 2019	LM	Full revision of Policy
14	February 2019	LM	Revisions
15	February 2020	LM	Revisions to include all new reliefs
16	March 2020	LM	Revisions VG
17	June 2020	DA	Revision due to COVID-19
18	March 2021	DA/LM	Revisions for 2021
19	June 2021	DA/LM	Revisions for 2021 Public Convenience relief
20	December 2022	DA/LM	Revisions for 2022 and 2023
21	November 2023	DA/LM	Revisions for 2024

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1.0 Purpose of the Policy

- 1.1 The purpose of this policy is to determine the level of discretionary relief and related areas to be granted to certain defined ratepayers within the Council's area. The policy includes all changes effective from 1 April 2024 and includes all reliefs due to the costs of living crisis. The Council is keen to support businesses during the crisis, as far as possible.
- 1.2 The Local Government Finance Act 1988 and subsequent legislation including the Non-Domestic Rating Act 2023, requires the Council to grant mandatory relief for premises occupied by Charities and similar organisations that own or occupy them wholly or mainly for charitable purposes. Likewise, certain premises situated within a rural settlement area will be eligible for mandatory relief. Powers have also been granted under the Localism Act 2011, which allow for the granting of discretionary rate relief to any premises where the Council feels the granting of such relief would be of benefit to the local community.
- 1.3 Whilst the Council is obliged to grant relief to premises, which fall within the mandatory category, the Council also has powers to grant discretionary relief and reductions to ratepayers subject to certain criteria being met. In the case of new reliefs, guidance has been issued by Central Government outlining actions expected to be taken by local authorities.
- 1.4 This document outlines the following areas:
- Details of the criteria for receiving Discretionary Reliefs for all relevant areas;
 - The Council's policy for granting of all types of Discretionary Reliefs;
 - Guidance on granting and administering the reliefs and reductions; and
 - The Council's Scheme of Delegation.
- 1.5 This document covers all aspects of discretionary rate relief (subject to changes in legislation). Where organisations apply for relief, they will be granted (or not granted) relief or reductions in line with the following policy.

2.0 Mandatory Relief - Legislative Background

Charity Relief

- 2.1 The powers relating to the granting of mandatory¹ and discretionary relief are given to the Council under the Local Government Finance Act 1988². Charities and Trustees for Charities are only liable to pay one fifth of the Non-Domestic Rates that would otherwise be payable where property is occupied and used wholly or mainly for charitable purposes. This amounts to mandatory relief of 80%. For the purposes of the Act a charity is an organisation or trust established for charitable purposes, whether or not it is registered with the Charity Commission. The provision has recently been extended under the Local Government Act 2003 (effective from 1st April 2004) to registered Community Amateur Sports Clubs (CASCs).
- 2.2 The Council has discretion to grant relief of up to a further 20% for these cases under the discretionary provisions.

Rural Rate Relief

- 2.3 From 1st April 2024, under powers originally granted to the Council under the Local Government and Rating Act 1997³, certain types of business in rural settlements, with a population below 3000 may qualify for mandatory rate relief of 100 per cent. Businesses that qualify for this relief are the sole general store and the sole post office in the village, provided it has a Rateable Value of up to £8500; any food shop with a Rateable Value of up to £8500; and the sole pub and the sole petrol station in the village provided it has a Rateable Value of up to £12500.
- 2.4 In addition to this, the Council may decide to give up to 100 per cent relief to any other business (not in receipt of mandatory relief) in such a rural settlement, with a Rateable Value of up to £16,500, if it is satisfied that the business is of benefit to the community and having regard to the interests of its Council Taxpayers.⁴

Mandatory Relief – Public Lavatories

- 2.5 The Non-Domestic Rating (Public Lavatories) Act 2021 (which received Royal Assent on 19th April 2021) has enabled mandatory relief of 100 per cent to be granted for all premises which consist *wholly or mainly* of public lavatories.
- 2.6 As with other areas of Non- Domestic Rating, '*wholly*' means 100 per cent and '*mainly*' means that at least 51 per cent of the hereditament consists of public lavatories.
- 2.7 For any day that the conditions are met, the charge shall be zero.

¹ S43 & S45 Local Government Finance Act 1988

² S47 & S48 Local Government Finance Act 1988

³ LGFA 1988, s.47, as amended by Sch. 1 to the Local Government and Rating Act 1997

⁴ The Rateable Value figures in italics may be subject to change from 1 April 2023, due to the 2023 revaluation

- 2.8 The mandatory relief can be awarded with effect from 1st April 2020, and as it is granted as a mandatory relief, rather than a discretionary relief, it can be awarded to all ratepayers including both Billing and Precepting Authorities.

Mandatory Relief - Improvement relief

- 2.9 Section 1 of the Non-Domestic Rating Act 2023 provides the overarching framework for the relief. The Non-Domestic Rating (Improvement Relief)(England) Regulations 2023 set out detailed the conditions to be met, including the occupation condition and the definition of qualifying works. At the time of writing, these regulations are in draft and subject to consultation.
- 2.10 To receive the improvement relief, ratepayers will need to demonstrate that their property meets 2 conditions:
- (a) the Valuation Office Agency (VOA) must be satisfied that the improvements meet the definition of qualifying works - the 'qualifying works' condition, and
 - (b) the relevant local billing authority must be satisfied that in the period since the qualifying works commenced the property has remained occupied and that the ratepayer has not changed – the 'occupation' condition.
- 2.11 Once the VOA is satisfied that the qualifying works condition has been met then it will issue a certificate of the increase in rateable value which is attributable to any works falling within the meaning of qualifying works. The certificate will specify dates. The Council will then apply the relief using the certificate but only if the occupation condition has been met. The government does not wish any ratepayer who has undertaken qualifying works to see an increase in their bill for 12 months as a result.

Mandatory Relief - Heat Network Relief

- 2.12 Heat networks take heat or cooling from a central source(s) and deliver it to a variety of different customers such as public buildings, shops, offices, hospitals, universities, and homes. By supplying multiple buildings, they avoid the need for individual boilers or electric heaters in every building. Heat networks have the potential to:
- reduce bills;
 - support local regeneration; and
 - be a cost-effective way of reducing carbon emissions from heating.
- 2.13 Heat networks play an important role in decarbonising heat and support delivery of Government's net zero commitments. They are uniquely able to unlock otherwise inaccessible large-scale renewable and recovered heat sources such as waste heat and heat from rivers and mines.
- 2.14 The Non-Domestic Rating Act 2023 inserts into S43 of the Local Government Finance Act 1988 and relief will be granted at 100% where the eligibility conditions are met.

Who is eligible for the relief?

- 2.15 In order to be eligible for Heat Network Relief, the hereditament must be:
- (a) wholly or mainly used for the purposes of a heat network; and
 - (b) the heat is expected to be generated from a low carbon source (irrespective of whether that source is located on the hereditament or on a different hereditament).
- 2.16 For the purposes of this relief, a heat network is a facility, such as a district heating scheme, which supplies **thermal energy from a central source to consumers via a network of pipes for the purposes of space heating, space cooling or domestic hot water.**
- 2.17 Hereditaments wholly or mainly providing heat for a different purpose (such as an industrial process) are not eligible.

3.0 Discretionary Relief – Legislative Background

Introduction

- 3.1 The original purpose of discretionary relief was to provide assistance where the property does not qualify for mandatory relief, or to 'top' up cases where ratepayers already receive mandatory relief.
- 3.2 Over recent years and particularly since 2011, the discretionary relief provisions have been amended to allow authorities the flexibility to provide assistance to businesses and organisations.
- 3.3 The range of bodies, which are eligible for discretionary rate relief, is wide and not all of the criteria laid down by the legislation will be applicable in each case.
- 3.4 Unlike mandatory relief, ratepayers are obliged to make a written application to the Council.
- 3.5 The Council is obliged to carefully consider every application on its merits, taking into account the contribution that the organisation makes to the amenities of the Island. There is no statutory appeal process against any decision made by the Council although as with any decision of a public authority, decisions can be reviewed by Judicial Review.
- 3.6 Granting of the relief falls broadly into the following categories:
- (a) Discretionary Relief – Charities who already receive mandatory relief.
 - (b) Discretionary Relief – Premises occupied by organisations not established or conducted for profit whose main objects are charitable or are otherwise philanthropic or religious or concerned with education, social welfare, science, literature or the fine arts **or** premises occupied by organisations not established or conducted for profit and wholly or mainly used for purposes recreation;
 - (c) Discretionary Relief – Rural Rate relief - premises not receiving mandatory relief but of benefit to the local community and less than £16,500 RV;
 - (d) Discretionary Relief – Granted under the Localism Act 2011 provisions;
 - (e) Local Newspaper Relief (from 1st April 2017 until 2025);

- (f) Supporting Small Business Relief (from 1st April 2023 until 31st March 2026)
- (g) Retail Hospitality and Leisure Relief (from 1st April 2024 until 31st March 2025 for a period of one year);
- (h) Hardship Relief – Granted under Section 49 of the Local Government Finance Act 1988.

3.7 The decision to grant or not to grant relief is a matter purely for the Council.

The Council’s approach to granting Discretionary Relief

3.8 In deciding which organisations should receive discretionary Rate relief, the Council has taken into account the following factors and priorities:

- (a) The policy should support business, charities, organisations, and groups that help to retain services in the Island and not compete directly with existing businesses in an unfair manner;
- (b) Help and encourage business, charities, organisations, groups and communities to become self-reliant;
- (c) Awarding discretionary relief should not distort competition or significantly change the provision of services within the Island;
- (d) Every business/ organisation should contribute something towards the provision of local services within the Island;
- (e) Local organisations will be given priority over national organisations. In particular the organisation will need to supply the Council with clear evidence of the amounts of monies raised and used / invested locally within the Island. This will be particularly important where the organisation is national in nature.
- (f) To support appropriate organisations that deliver outcomes to the community which relate to the priorities of the Council;
- (g) To enable appropriate organisations to start, develop or continue their activities, which deliver outcomes to the community that also relate to the priorities of the Council, which without granting discretionary relief they would be unable to do;
- (h) To support and enable appropriate businesses to start, develop and continue with their operations that deliver outcomes directly related to the Council’s Economic Development Delivery Action Plan; and
- (i) To ensure that the financial impact of awarding discretionary business rate relief is justified in terms of the local outcomes achieved by the organisation receiving it.

3.9 Where any reduction or remission is granted to a ratepayer under S49 Local Government Finance Act 1988 where hardship is proven to the Council, then there will be no requirement to grant Discretionary Rate Relief for that amount.

4.0 Effect on the Council’s Finances

4.1 The granting of discretionary relief will, in the main, involve a cost to the Council. Since the change to the funding for Non-Domestic Rating in April 2013, the effect of the relief is complex.

4.2 Any amounts granted prior to 1st April 2013 and continuing since that date will be included in the Council’s baseline within the Business Rates Retention Scheme. For any amounts granted for similar cases after 1st April 2013, the costs of the relief will be borne in accordance with the Business Rates Retention Scheme share

namely 50% borne by Central Government and 50% by the Council. This also applies where mandatory relief is granted.

- 4.3 Where Central Government leads an initiative, grants are often available through section 31 of the Local Government Act 2003. This is not automatic and Central Government will look to the Council to adopt the recommended approach when granting in these areas
- 4.4 The financial effects of discretionary reliefs covered by this policy are as follows:

Appendix	Relief Type	Granted after 1 st April 2023 (Effective from 1 st April 2023)
	Charity Relief	
A	Discretionary relief granted to Mandatory Relief recipients	50% borne by the Council
B	Non-profit Making Organisations including Sports Clubs and societies	50% borne by the Council
	Rural Rate Relief	
C	Premises within a rural settlement (not receiving Mandatory Relief) under £16500 RV	50% borne by the Council
	Localism	
D	Discretionary Relief granted to ratepayers generally and not covered by any other section	50% borne by the Council
	Local Newspaper Relief	
E	Discretionary Relief granted to local newspapers meeting the criteria (From 1 st April 2017 until 2025)	Section 31 Grant
	Supporting Small Business Relief	
F	Supporting Small Businesses Relief (from 1 st April 2023 for a period of up to three years if conditions are met).	Section 31 Grant
	Retail, Hospitality and Leisure Relief	
G	Retail, Hospitality and Leisure Relief (from 1 st April 2024 for a period of one year)	Section 31 Grant
	Hardship Relief – Section 49	
H	This is a discretionary relief that can be awarded by the Council where a ratepayer is considered to be suffering hardship.	50% borne by the Council

5.0 Administration of Discretionary Relief

- 5.1 The following section outlines the procedures followed by officers in granting, amending, or cancelling discretionary relief and reduction.

Applications and Evidence

- 5.2 All reliefs must be applied for in writing by the ratepayer. Application forms are available online at www.iow.gov.uk/Businessrates or by request.
- 5.3 Organisations are required to provide a completed application form plus any such evidence, documents, accounts, financial statements etc. necessary to allow the Council to make a decision. Where insufficient information is provided, then no relief will be granted.
- 5.4 Applications should initially be made to the Business Rates Section and will be determined in accordance with Section 6 of this policy.

Granting of relief

- 5.5 In all cases, the Council will notify the ratepayer of decisions made.
- 5.6 Where an application is successful, then the following will be notified to them in writing:
- The amount of relief granted and the date from which it has been granted;
 - If relief has been granted for a specified period, the date on which it will end. (It should be noted that reliefs are granted for the period specified in the appropriate Appendix and may vary from a day to a full financial year);
 - The new chargeable amount;
 - The details of any planned review dates and the notice that will be given in advance of a change to the level of relief granted; and
 - A requirement that the applicant should notify the Council of any change in circumstances that may affect entitlement to relief.
- 5.7 Where relief is not granted then the following information is provided, again in writing:
- An explanation of the decision within the context of the Council's statutory duty; and
 - An explanation of the appeal rights (see below).
- 5.8 Discretionary relief is to be granted from the beginning of the financial year in which the decision is made. Where the relief is payable under a Government funded scheme, the Council will consider whether to grant relief from when the eligibility criteria are met in full.
- 5.9 A decision to award discretionary relief and how much relief is given is only applicable to the financial year for which the application is made.
- 5.10 A fresh application for discretionary relief will, if required by the Council, be necessary for each financial year.

Variation of a decision

- 5.11 Variations in any decision will be notified to ratepayers as soon as practicable and will take effect as follows:
- Where the amount is to be increased due to a change in rate charge from the date of the increase in rate charge;
 - Where the amount is to increase for any other takes effect at the expiry of a financial year, and so that at least one year's notice is given;
 - Where the amount is to be reduced due to a reduction in the rate charge from the date of the decrease in rate charge;
 - Where the amount is to be reduced for any other reason takes effect at the expiry of a financial year, and so that at least one year's notice is given
- 5.12 A decision may be revoked at any time and the change will take from the date specified by the Council.

6.0 Scheme of Delegation, Reviews and Appeals

Granting, Varying, Reviewing and Revocation of Relief

- 6.1 Under powers given to the Council by section 223 of the Local Government Act 1992, all permissions for the granting, varying, reviewing and revocation of discretionary relief and reductions are given under the Local Government Finance Act 1988, the Local Government and Rating Act 1997, the Local Government Act 2003, and the Localism Act 2011.
- 6.2 An application will need to be submitted to the business rates section who will undertake the initial first stage assessment to confirm it is valid. They will produce an overall decision sheet and submit it to the Revenues Team Leader , who will review applications and supporting documents and recommend awards to the Business Centre Manager. The Business Centre Manager will review and if satisfied will pass the recommendation, award date and amount to the Director of Finance. The Business Centre Manager has authorisation up to a limit of £2,000 per financial year and with a maximum of £6000; any reductions over this amount will be referred to the Director of Finance or Assistant Director of Finance for any award over £6000 for consideration.
- 6.3 Decisions under the current scheme are delegated to the Chief Finance Officer and Section 151 Officer and it is proposed that under the revised scheme a similar delegation is used. Any application which is considered to be of a significant nature will be subject to consultation with the relevant Cabinet member prior to final determination.
- 6.4 Applications that are refused will be reconsidered if additional supporting information is provided or the refusal is subsequently considered to be based on a misinterpretation of the application.

Reviews

- 6.5 The policy for granting relief will be reviewed annually or where there is a substantial change to the legislation or funding rules. At such time, a revised policy will be brought before the relevant committee of the Council.
- 6.6 The Director of Corporate Services will submit a report on a six-monthly basis to the Chief Finance Officer and S151 Officer and Executive member for Resources summarising the position on applications received, granted and not granted.

Appeals

- 6.7 Where the Council receives an appeal or request for reconsideration of a decision regarding the granting, non-granting or the amount of any discretionary relief, the case will be reviewed by the Director of Corporate Services. Where a decision is revised then the ratepayer shall be informed, likewise if the original decision is upheld.

7.0 Reporting changes in circumstances

- 7.1 Where any award is granted to a ratepayer, the Council will require any changes in circumstances which may affect the relief to be reported as soon as possible and, in any event, not more than 21 days from the happening of the event. This will be important where the change would result in the amount of the award being reduced or cancelled e.g., where the premises comes unoccupied or is used for a purpose other than that determined by the Council as eligible for relief.
- 7.2 Where a change of circumstances is reported, the relief will, if appropriate be revised or cancelled. Where any award is to be reduced, the Council will look to recover the amount from the date the change of circumstances occurred.

8.0 Fraud

- 8.1 Where a ratepayer falsely applies for any relief, or where the ratepayer provides false information, makes false representation, or deliberately withholds information in order to gain relief, prosecutions will be considered under the Fraud Act 2006.

Appendix A
Discretionary Relief – Mandatory Relief recipients

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Discretionary Relief – Mandatory Relief recipients

General Explanation

- A.1 S43 of the Local Government Finance Act 1988 allows mandatory relief (80%) to be granted on premises if the ratepayer is a charity or trustees for a charity and the premises are wholly or mainly used for charitable purposes. No charge is made in respect of unoccupied premises where it appears that *when next in use* it will be used wholly or mainly for those purposes.
- A.2 The legislation has been amended by the Local Government Act 2003 (effective from 1 April 2004) to include registered⁵ Community Amateur Sports Clubs (CASC). These organisations can now receive the mandatory (80%) relief.

Charity registration

- A.3 Charities are defined within the legislation as being an institution⁶ or other organisation established for charitable purposes only or by persons administering a trust established for charitable purposes only.
- A.4 The question as to whether an organisation is a charity may be resolved in the majority of cases by reference to the register of charities maintained by the Charity Commissioners under s.4 of the Charities Act 1960. Entry in the register is conclusive evidence. By definition, under the Non-Domestic Rating legislation, there is no actual need for an organisation to be a registered charity to receive the relief and this has been supported by litigation⁷, however in all cases the organisation must fall within the following categories:
- trusts for the relief of poverty;
 - trusts for the advancement of religion;
 - trusts for the advancement of education; and
 - trusts for other purposes beneficial to the community, but not falling under any of the preceding heads.
- A.5 Certain organisations are exempted from registration generally and are not required to make formal application to the Charity Commissioners these are:
- the Church Commissioners and any institution administered by them;
 - any registered society within the meaning of the Friendly Societies Acts of 1896 to 1974;
 - units of the Boy Scouts Association or the Girl Guides Association; and
 - voluntary schools within the meaning of the Education Acts of 1944 to 1980.
- A.6 The Council would consider charitable organisations, registered or not, for mandatory relief.

⁵ Registered with HMRC as a CASC

⁶ S67(10) Local Government Finance Act 1988

⁷ Income Tax Special Commissioners v Pemsell (1891)

Use of Premises – wholly or mainly used

- A.7 Irrespective of whether an organisation is registered as a charity or not, the premises **must** be wholly or mainly used for charitable purposes. This is essential if any relief (either mandatory or discretionary) is to be granted. In most cases this can be readily seen by inspection but on occasions the Council has had to question the actual use to which the premises are to be put. It will be an essential part of the process of the application for the Council to inspect any premises fully.
- A.8 Guidance from the Department for Levelling Up, Communities and Local Government (DLUHC) has stated that in the case of 'mainly', at least 51% must be used for charitable purposes whether of that charity or of that and other charities.
- A.9 The following part of this section gives details on typical uses where relief may be given plus additional criteria that have to be satisfied. The list is not exhaustive but gives clear guidance on premises for which mandatory relief can be granted *and therefore* premises which could be equally considered for discretionary rate relief.

Offices, administration, and similar premises

- A.10 Premises used for administration of the Charity including:
- Offices
 - Meeting Rooms
 - Conference Rooms

Charity shops

- A.11 Charity shops are required to meet additional legislative criteria if they are to receive mandatory relief. Section 64(10) of the Local Government Finance Act 1988 provides that a property is to be treated as being wholly or mainly used for charitable purposes at any time if, at the time, it is wholly or mainly used for the sale of goods donated to a charity and the proceeds of the sale of the goods (after any deduction of expenses) are applied for the purposes of the charity.
- A.12 In order to ascertain whether an organisation meets these requirements, inspections may be made by an officer of the Council when an application is received.

Charity Relief – Mandatory Relief recipients, the Council's Policy for granting discretionary relief.

- A.13 The Council will consider applications for a discretionary rate relief top up from charities based on their own merits, on a case-by-case basis.
- A.14 In determining the application, the following matters will be taken in to consideration:
1. How the charity supports and links into the Council's corporate vision and priorities;
 2. The purpose of the charity and the specific activity carried out within the premises for which the relief is requested;
 3. Whether the charity operates at a local or national level and where appropriate, the local and national funding streams and financial position of the charity;

A15 The Council is keen to support businesses that have a critical role to play in the local economy and which meet the strategic priorities and direction of the council. The vision is for the Isle of Wight to be an inspiring place in which to grow up, work, live and visit and which:

- Create opportunities for all;
- Deliver economic growth and prosperity;
- Preserve our environment;
- Protect our community;
- Plan for our future needs; and
- Provide sound financial management.

A.16 In the case of registered Community Amateur Sports Clubs, the key criteria in determining the application will be:

1. The ratepayer occupies the whole hereditament;
2. Relief cannot be granted in respect of premises that are occupied by the Council or any Town and Parish Council, although the latter could be a minority tenant of such premises;
3. How the CASC supports and links into the Council's corporate vision and priorities;
4. The membership and fee structure and whether the CASC is accessible to all residents, including whether there are concessions for certain groups, for example people on a low income or young people under 18;
5. Membership numbers and the number and percentage of these members that are Island residents;
6. If the CASC has due regard to equality issues and if it actively encourages members from under-represented groups, for example black and minority ethnic residents, people over 50 and people with disabilities;
7. Whether facilities are available to the wider community regardless of ability. We will also require additional financial information including:
8. If the CASC runs a bar or food provision, the level of income from this activity and how this money is used; and whether the CASC operates at a local or national level and where appropriate, the local and national funding streams and financial position of the CASC.

A17 The Council wishes to support and enable appropriate businesses to start, develop and continue with their operations that deliver outcomes directly related to the Council's corporate plan. In the main this will be done through other means rather than granting discretionary relief. There may be occasions where applications are made for such relief or where a package of measures, including discretionary relief, are appropriate in supporting businesses.

Appendix B

Discretionary Relief – Non-Profit Making Organisations including Recreation.

Discretionary Relief – Non-Profit Making Organisations including Recreation.

General explanation

Non-Profit

- B.1 The legislation⁸ allows the Council to grant discretionary relief where the property is not an *excepted* one and all or part of it is occupied for the purposes of one or more institutions or other organisations none of which is established or conducted for profit and each of whose main objects are charitable or are otherwise philanthropic or religious or concerned with education, social welfare, science, literature, or the fine arts.
- B.2 Relief cannot be granted to any premises occupied by the Council, or any town, parish council or major Precepting Authority (*excepted premises*).
- B.3 A number of issues arise from the term 'not established or conducted for profit'. This requires the Council to make enquiries as to the overall purpose of the organisation although if surpluses and such amounts are directed towards the furtherance or achievement of the objects of the organisation then it does not necessarily mean that the organisation was established or conducted for profit.⁹

Recreation Clubs

- B.4 Ideally all recreation clubs should be encouraged to apply for Community Amateur sports Club (CASC) status, which would automatically entitle them to 80% relief. The relief granted to CASCs is covered earlier within this policy.
- B.5 Recreation Clubs can also apply to the Charity Commissioners for registration as a Charity (thereby falling under the mandatory provisions for 80% relief) where they meet the following conditions:
- (a) The promotion of community participation in healthy recreation and by the provision of facilities for the playing of particular sports; and
 - (b) The advancement of the physical education of young people not undergoing formal education.
- B.6 Where sports clubs do not meet the CASC requirement, and are not registered charities, discretionary relief can be granted (0-100%) where the property is not an *excepted* one, it is wholly or mainly used for purposes of recreation and all or part of it is occupied for the purpose of a club, society or other organisation not established or conducted for profit.

Definition of Recreation

- B.7 Recreation is clearly defined by the Sports Council as any of the following¹⁰

⁸ S47 Local Government Finance Act 1988

¹⁰ Definition last reviewed by Sport England in 2002

Aikido	Croquet	Kabaddi	Real Tennis	Tang Soo Do
American Football	Crossbow	Karate	Roller Hockey	Tenpin Bowling
Angling	Curling	Kendo	Roller Skating	Trampoline
Archery	Cycling	Korfball	Rounders	Triathlon
Arm Wrestling	Disability Sport	Lacrosse	Rowing	Tug of War
Association Football	Dragon Boat Racing	Lawn Tennis	Rugby League	Unihoc
Athletics	Equestrian	Life Saving	Rugby Union	Volleyball
Australian Rules Football	Fencing	Luge	Sailing	Water Skiing
Badminton	Fives	Modern Pentathlon	Sand/Land Yachting	Weightlifting
Ballooning	Flying	Motor Cycling	Shinty	Wrestling
Baseball	Gaelic Football	Motor Sports	Shooting	Yoga
Basketball	Gliding	Mountaineering	Skateboarding	
Baton Twirling	Golf	Movement, Dance, Exercise & Fitness	Skiing	
Biathlon	Gymnastics	Netball	Skipping	
Bicycle Polo	Handball	Orienteering	Snowboarding	
Billiards and Snooker	Hang/Para Gliding	Parachuting	Softball	
Bobsleigh	Highland Games	Petanque	Sombo	
Boccia	Hockey	Polo	Wrestling	
Bowls	Horse Racing	Pony Trekking	Squash	
Boxing	Hovering	Pool	Skater/Street Hockey	
Camogie	Hurling	Quoits	Sub-Aqua	
Canoeing	Ice Hockey	Racketball	Surf Life	
Caving	Ice Skating	Rackets	Saving	
Chinese Martial Arts	Jet Skiing	Raquetball	Surfing	
Cricket	Ju Jitsu	Rambling	Swimming & Diving	
	Judo		Table Tennis	
			Taekwondo	

Access to clubs

- B.8 Guidance issued by the DLUHC also requires the Council to consider access to clubs within the community before granting discretionary relief.
- B.9 Membership should be open to all sections of the community. There may be legitimate restrictions placed on membership which relate for example to ability in sport or to the achievement of a standard in the field covered by the organisation or where the capacity of the facility is limited, but in general membership should not be exclusive or restrictive.
- B.10 Membership rates should not be set at such a high level as to exclude the general community. However, membership fees may be payable at different rates that distinguish the different classes of membership such as juniors, adults, students, pensioners, players, non-players, employed and unemployed. In general, the club or organisation must be prepared to show that the criteria by which it considers applications for membership are consistent with the principle of open access.

- B.11 The Council also asks the following question to help establish the level of access 'Does the organisation actively encourage membership from particular groups in the community e.g., young people, women, older age groups, persons with disability, ethnic minorities' etc.?'

Provision of facilities

- B.12 Clubs which provide training or education are encouraged as are those who provide schemes for particular groups to develop their skills e.g., young people, the disabled, retired people.
- B.13 A number of organisations run a bar. The mere existence of a bar will not in itself be a reason for not granting relief. However, the Council focuses on the main purpose of the organisation. The Council is encouraged to examine the balance between playing and non-playing members.
- B.14 Within this area the Council also considers whether the facilities provided relieve the Council of the need to do so or enhance and supplement those that it does provide.

Discretionary Relief - Non-Profit Organisations including Recreation – the Council's Policy

- B.15 The Council will consider applications for discretionary rate relief from non-profit making organisations on their own merits on a case-by-case basis. In determining the application, the following matters will be taken in to consideration (The list is not exhaustive):
- How the organisation supports and links into the Council's corporate vision and priorities;
 - Whether the facilities provided include education and/or training for members as a whole or for special groups;
 - The extent to which the facilities provided reduce the demand for Council services or produce savings;
 - Any membership and fee structure and whether the facilities are accessible to all residents, including whether there are concessions for certain groups, for example people on a low income or young people under 18;
 - If covered by a membership scheme, membership numbers and the number and percentage of these members that are Island residents;
 - If the organisation has due regard to equality issues and if its facilities are used by all members of the community, for example black and minority ethnic residents, people over 50 and people with disabilities.
- B.16 The Council will also require additional financial information including:
- If the organisation runs a bar or food provision, the level of income from this activity and how this money is used; and
 - Whether the organisation operates at a local or national level and where appropriate, the local and national funding streams and financial position of the organisation.

Appendix C
Discretionary Relief – Premises within Rural Settlements

Discretionary Relief – Premises within Rural Settlements

- C.1 In addition to having the ability to grant discretionary relief to those in receipt of mandatory relief, the Local Government and Rating Act 1997 allows discretionary relief of up to 100% to be granted where the rateable value is £16500 or less and:
- a. Property is used for purposes which are of benefit to the local community, and
 - b. It would be reasonable for the billing authority to award relief, having regards to the Council's Council Taxpayers
- C.2 As with all discretionary relief, part of the cost, is met by Central Government and the balance from local sources.
- C.3 The main criteria for granting discretionary relief in respect of rural rate relief is that premises are used to benefit the local community.

Benefit to the local community

- C.4 Whilst each application for the relief will be considered on its own merits, there are certain factors which weigh heavily in the decision-making process. It is this Council's belief that the spirit of the legislation is to assist businesses and amenities, which contribute significantly to the quality of life of the people who have their main home in the Rural Settlement.
- C.5 To be successful for consideration, a business must show that its existence is a significant benefit to the local community with the majority of local residents directly benefiting from services or facilities provided by that business

Rural Rate Relief – the Council's Policy for granting discretionary relief.

- C.6 The Council will also consider applications for a discretionary rural rate relief from all ratepayers, not entitled to mandatory relief.
- C.7 In determining the application the following matters will be taken in to consideration:
- The granting of any discretionary relief will be essential in ensuring the viability of any business within the rural settlement;
 - The granting of any discretionary relief is proportionate given the level of any business rates charged compared with the overall turnover of the business;
 - The granting of any discretionary relief will assist the business in continuing to be viable and / or prevent the business from failing;
 - The business is considered by the Council to be essential and that any reduction or withdrawal of the business will have a serious detrimental effect on the rural settlement; and
 - The granting of any discretionary relief is reasonable having regard to the effect on taxpayers of the Island.

Appendix D

Discretionary Relief – Localism Act 2011

Discretionary Relief – Localism Act 2011

General explanation

- D.1 Section 69 of the Localism Act 2011 amended Section 47 of the Local Government Finance Act 1988. These provisions allow all Councils to grant discretionary relief in **any** circumstances where it feels fit having regards to the effect on the Council Tax payers of its area.
- D.2 The provisions are designed to give authorities flexibility in granting relief where it is felt that to do so would be of benefit generally to the area and be reasonable given the financial effect to Council Tax payers.

Discretionary Relief – Localism – the Council's Policy

- D.3 Applications will be considered from any ratepayer who wishes to apply however, where a ratepayer is suffering hardship or severe difficulties in paying their rates liability then relief can be granted under the existing provisions as laid down by Section 49 of the Local Government Finance Act 1988. There will be no requirement to grant relief in such cases under the Council's discretionary relief policy.
- D.4 Any ratepayer applying for discretionary rate relief under these provisions and who does not meet the criteria for existing relief (charities, non-profit making organisations or rural premises) must meet **all** of the following criteria and the amount of relief granted will be dependent on the following key factors:
- (a) The ratepayer **must not** be entitled to mandatory rate relief (Charity or Rural Rate Relief);
 - (b) The ratepayer **must not** be an organisation that could receive relief as a non-profit making organisation or as a sports club or similar;
 - (c) The ratepayer **must** occupy the premises (no discretionary rate relief will be granted for unoccupied premises);
 - (d) The premises and organisation **must** be of *significant* benefit to residents of the Island;
 - (e) The premises and organisation **must** relieve the Council of providing similar facilities;
 - (f) The ratepayer **must**;
 - (i) Provide facilities to certain priority groups such as elderly, disabled, minority groups, disadvantaged groups; **or**
 - (ii) Provide *significant* employment or employment opportunities to residents of the Island; **or**
 - (iii) Provide the residents of the area with such services, opportunities or facilities that cannot be obtained locally or are not provided locally by another organisation;
 - (g) The ratepayer **must** demonstrate that assistance (provided by the discretionary rate relief) will be for a *short time only* **and** that any business / operation is financially viable in the medium and long term; **and**
 - (h) The ratepayer **must** show that the activities of the organisation are consistent with the Council's core values and priorities.

- D.5 Where a ratepayer can demonstrate that **all** the above criteria are met, relief will be considered for initially a short period.

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Appendix E
Local Newspaper Relief

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- E.1 This is a relief that will be awarded until 2025 and the Government is not changing the legislation around the reliefs available to these properties. Central Government will reimburse local authorities that use their discretionary relief powers (under section 47(3)) of the Local Government Finance Act 1988 to grant relief in line with the eligibility criteria set out in this guidance.
- E.2 The Council will be compensated by Central Government through a grant under section 31 of the Local Government Act 2003.

Eligibility criteria

- E.3 The scheme will provide a £1,500 relief for office space occupied by local newspapers up to a maximum of one discount per local newspaper title and per hereditament.

Local Newspapers

- E.4 The relief is to be specifically for local newspapers and by that, the Council means what would be considered a “traditional local newspaper.” The relief will not be available to magazines.

Office Space

- E.5 The hereditament **must** be occupied by a local newspaper and wholly or mainly used as office premises for journalists and reporters.

Amount of Relief

- E.6 The amount of relief is limited to a maximum of one discount per newspaper title (e.g., per newspaper name) **AND** per hereditament.

Local Newspaper Relief – the Council’s policy for granting discretionary relief.

- E.7 The Council has decided to grant relief strictly in accordance with Central Government guidelines.

Appendix F
Supporting Small Businesses Relief
(1 April 2023 to 31 March 2026)

General Explanation

- F.1 For 2023/24 to 2025/26, the Government will, in line with the eligibility criteria set out below, reimburse the Council if it uses its discretionary relief powers under section 47 of the Local Government Finance Act 1988 (as amended), to grant 2023 Supporting Small Business relief.
- F.2 It will be for the Council, which administers the 2023 Supporting Small Business relief, to adopt a local scheme and determine in each individual case when, having regard to this guidance, to grant relief under section 47.
- F.3 Central government will reimburse billing authorities and major precepting authorities for the actual cost to them under the rates retention scheme of the 2023 Supporting Small Business relief that falls within the definitions in this guidance.

Who is eligible for the 2023 Supporting Small Business Relief and how much relief will be available?

- F.4 2023 SSBR will help those ratepayers who as a result of the change in their rateable value at the revaluation are losing some or all of their Small Business, Rural Rate Relief or 2017 SSBR and, as a result, are facing large increases in their bills. Charities and Community Amateur Sports Clubs, who are already entitled to mandatory 80% relief, are not eligible for 2023 SSBR.
- F.5 To support these ratepayers, 2023 SSBR will ensure that the increase in the bills of these ratepayers is limited to a cash value of £600 per year. This cash maximum increase ensures that ratepayers do not face large bill increases in 2023/24 after transitional relief and small business rate relief (as applicable) have been applied. In order to simplify the scheme, the 2023 SSBR will not include minimum percentage bill increases (unlike the 2017 scheme).
- F.6 Those on 2023 SSBR whose 2023 rateable values are £51,000 or more will not be liable to pay the supplement (1.3p) to fund small business rate relief while they are eligible for 2023 SSBR.
- F.7 The 2017 SSBR scheme was provided to support small and medium ratepayers who had seen large increases in their bills at the 2017 revaluation. They have, therefore, had 6 years of support to allow them to adjust to their full 2017 bills. Therefore, for those ratepayers receiving 2017 SSB relief in 2022/23, any eligibility for 2023 SSBR will end on 31 March 2024.
- F.8 The Council will ensure this eligibility criteria is clear in the scheme approved and that relief for these ratepayers is awarded for one year only so that the relief can then be withdrawn on 31 March 2024 without further notice.

- F.9 A change of ratepayers will not affect eligibility for the Supporting Small Business scheme but eligibility will be lost if the property falls vacant or becomes occupied by a charity or Community Amateur Sports Club.
- F.10 There is no second property test for eligibility for the 2023 SSBR scheme. However, those ratepayers who during 2022/23 lost entitlement to Small Business Rate Relief (because they failed the second property test) but have, under the rules for Small Business Rate Relief, been given a 12 month period of grace before their relief ended - can continue on the 2023 SSBR scheme for the remainder of their 12 month period of grace.

Sequence of reliefs

- F.11 Hereditaments eligible for charity or Community Amateur Sports Club relief or hereditaments which are unoccupied are not eligible for 2023 SSBR. And, for the avoidance of doubt, small business rate relief or rural rate relief should not be applied to further reduce the bill found under 2023 SSBR (to avoid the double counting of relief – see the detailed rules in section 2). For example:
- a ratepayer eligible for Small Business Rate Relief whose rateable value has increased from £3,000 (paying £0 in 2022/23) to £14,000 would be paying the following in 2023/24 before 2023 SSBR:

Bill before reliefs:	£6,986
Bill after transitional relief:	£1,572
Bill after Small Business Rate Relief (@1/3)	£1,048

- After 2023 SSBR the bill for 2023/24 would be reduced to £600. No further Small Business Rate Relief should be applied to the £600 bill.
- F.12 The same principle applies to properties for which a Section 44A certificate has been granted (apportionment of rateable values for partly occupied properties). The presence of a section 44A certificate should not further reduce the bill found under 2023 SSBR.
- F.13 All other discretionary reliefs, including those funded by section 31 grants, should be considered after the application of 2023 SSBR.

Subsidy control

- F.14 The 2023 SSBR is likely to amount to a subsidy. Therefore, any relief provided by the Council under this scheme will need to comply with the UK's domestic and international subsidy control obligations.
- F.15 To the extent that the Council is seeking to provide relief that falls below the Minimal Financial Assistance (MFA) thresholds, the Subsidy Control Act allows an economic actor (e.g., a holding company and its subsidiaries) to receive up to

£315,000 in a three-year period (consisting of the 2023/24 year and the two previous financial years). MFA subsidies cumulate with each other and with other subsidies that fall within the category of 'Minimal or SPEI financial assistance'. BEIS COVID-19 business grants and any other subsidies claimed under the Small Amounts of Financial Assistance limit of the Trade and Cooperation Agreement should be counted under the £315,000 allowance.

- F.16 In those cases where it is clear to the Council that the ratepayer is likely to breach the MFA limit then the Council will withhold the relief. Otherwise, the Council may include the relief in bills and ask the ratepayers, on a self-assessment basis, to inform the Council if they are in breach of the MFA limit.
- F.17 MFA subsidies above £100,000 are subject to transparency requirements. This is not cumulated per beneficiary but applies per subsidy award. This means that for every individual subsidy provided of more than £100,000, the Council will include details of the subsidy on the subsidy control database.

Recalculations of reliefs

- F.18 As with other reliefs, the amount of SSBR awarded should be recalculated in the event of a change of circumstances. This could include, for example, a backdated change to the rateable value or to the hereditament. This change of circumstances could arise during the year in question or during a later year.
- F.19 Under regulations made under section 47 of the Local Government Finance Act 1988 authorities must give at least 12 months' notice of a revocation or variation of a rate relief scheme the effect of which would be to increase rate bills. Such a revocation or variation can only take effect at the end of a financial year (other than to comply with international agreements). But within these regulations, the Council may still make decisions which are conditional upon eligibility criteria. If a change in circumstances renders a property ineligible, the relevant bill can be amended in the year to reflect the loss of the relief.
- F.20 Therefore, when making an award for SSBR, the Council will ensure the conditions of the award that the relief are subject to the property's continuing eligibility. If the use of the property changes so that it is no longer eligible, the relevant chargeable amount must be recalculated to reflect that fact.
- F.21 The Council will also ensure that the scheme provides that eligibility for those ratepayers previously in the 2017 SSBR scheme in 2022/23 are eligible for one year of relief only and that the relief will then be withdrawn from those ratepayers on 31 March 2024 without further notice.

Supporting Small Business Rates Relief - the Council's policy for granting discretionary relief.

- F.22 The Council has decided to grant relief strictly in accordance with Central Government guidelines.

Appendix G
Retail Hospitality and Leisure Business Rates Scheme
(2024/25)

General Explanation

- G.1. At the Autumn Statement on 22 November 2023 the Chancellor announced the continuation of the rates relief scheme for retail, hospitality, and leisure properties for 2024/24. This will support the businesses that make our high streets and town centres a success and help them to evolve and adapt to changing consumer demands.
- G.2 The 2024/25 Retail, Hospitality and Leisure Business Rates Relief scheme will provide eligible, occupied, retail, hospitality, and leisure properties with a 75% relief, up to a cash cap limit of £110,000 per business.

How will the relief be provided?

- G.3 As this is a temporary measure for 2024/25, Government is not changing the legislation relating to the reliefs available to properties. Instead, Government will, in line with the eligibility criteria set out in this guidance, reimburse the Council if it uses its discretionary relief powers under section 47 of the Local Government Finance Act 1988 (as amended) to grant relief. It will be for the Council to adopt a local scheme and determine in each individual case when, having regard to this guidance, to grant relief under section 47.
- G.4 Government will fully reimburse the Council and major precepting authorities for their loss of income under the rates retention scheme as a result of awarding the relief that falls within the definitions in this guidance, using a grant under section 31 of the Local Government Act 2003.
- G.5 The government expects the Council to apply and grant relief to qualifying ratepayers from the start of the 2024/25 billing year.

Which properties will benefit from relief?

- G.6 Hereditaments which benefit from the relief will be those which for a chargeable day in 2024/25:
- (a) meet the eligibility criteria; and
 - (b) the ratepayer for that chargeable day has not refused the relief for the eligible hereditament.
- G.7 The Council has decided that, for the purposes of section 47 of the 1988 Act, hereditaments where the ratepayer has refused the relief are outside of the scheme and outside of the scope of the decision of which hereditaments qualify for the discount and are therefore ineligible for the relief.
- G.8 In line with the legal restrictions in section 47(8A) of the Local Government Finance Act 1988, the Council may not grant the discount to themselves or precepting authorities

How much relief will be available?

- G.9 Subject to the £110,000 cash cap per business, the total amount of government-funded relief available for each property for 2023/24 under this scheme is:
- (a) For chargeable days from 1 April 2024 to 31 March 2025, 75% of the chargeable amount.
- G.10 The relief will be applied after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied, but before those where the Council has used its wider discretionary relief powers introduced by the Localism Act 2011, which are not funded by section 31 grants. However, as required in the NNDR guidance notes, the former categories of discretionary relief available prior to the Localism Act 2011 (i.e., charitable/CASC/rural etc. top up and not for profit) should be applied first in the sequence of discretionary reliefs and, therefore, before Retail, Hospitality and Leisure relief. Authorities may use their discretionary powers to, at cost to themselves, offer further discounts outside this scheme or additional relief to hereditaments within the scheme. However, where an authority applies a locally funded relief under section 47, this should be applied after the Retail, Hospitality and Leisure relief.
- G.11 The ordering will be applied in following sequence:
- Transitional Relief
 - Mandatory Reliefs (as determined in legislation)
 - S.47 Discretionary Relief in the following order:
 - (i) 2023 Supporting Small Business (SSB)
 - (ii) Former categories of discretionary relief available prior to the Localism Act 2011 (i.e., charitable, CASC and rural top up, not for profit) should be applied first in the sequence of discretionary reliefs, after SSB;
 - (iii) Other discretionary (centrally funded) including, Freeport relief;
 - (iv) 2023/24 Retail Hospitality and Leisure relief scheme; and
 - (v) Other locally funded schemes (such as hardship)
- G.12 Subject to the cash cap, the eligibility for the discount and the relief itself will be assessed and calculated on a daily basis. The following formula should be used to determine the amount of relief to be granted for a chargeable day for a particular hereditament in the financial year 2024/25:
- Amount of relief to be granted = $V \times 0.75$ where:
 - V is the daily charge for the hereditament for the chargeable day after the application of any mandatory relief and any certain other discretionary reliefs in line with the guidance in paragraph 15 above.
- G.13 This will be calculated ignoring any prior year adjustments in liabilities which fall to be liable on the day.
- G.14 Ratepayers that occupy more than one property will be entitled to relief for each of their eligible properties up to the maximum £110,000 cash cap, per business.

The Cash Cap and Subsidy Control

- G.15 Under the cash cap, no ratepayer can in any circumstances exceed the £110,000 cash cap across all of their hereditaments in England.
- G.16 Where a ratepayer has a qualifying connection with another ratepayer then those ratepayers should be considered as one ratepayer for the purposes of the cash caps. A ratepayer shall be treated as having a qualifying connection with another:
- (a) where both ratepayers are companies, and
 - (i) one is a subsidiary of the other, or
 - (ii) both are subsidiaries of the same company; or
 - (b) where only one ratepayer is a company, the other ratepayer (the “second ratepayer”) has such an interest in that company as would, if the second ratepayer were a company, result in its being the holding company of the other.
- G.17 Furthermore, the Retail Hospitality and Leisure Scheme is likely to amount to subsidy. Any relief provided by the Council under this scheme will need to comply with the UK’s domestic and international subsidy control obligations.
- G.18 To the extent that the Council is seeking to provide relief that falls below the Minimal Financial Assistance (MFA) thresholds, the Subsidy Control Act allows an economic actor (e.g., a holding company and its subsidiaries) to receive up to £315,000 in a 3-year period (consisting of the 2024/25 year and the 2 previous financial years). MFA subsidies cumulate with each other and with other subsidies that fall within the category of ‘Minimal or SPEI financial assistance’.
- G.19 In those cases where it is clear to the Council that the ratepayer is likely to breach the cash cap or the MFA limit then the Council will automatically withhold the relief.
- G.20 MFA subsidies above £100,000 are subject to transparency requirements. This is not cumulated per beneficiary but applies per subsidy award. This means that for every individual subsidy provided of more than £100,000, the Council will include details of the subsidy on the subsidy control database.

Splits, mergers, and changes to existing hereditaments

- G.21 The relief will be applied on a day-to-day basis using the formula set out above. A new hereditament created as a result of a split or merger during the financial year, or where there is a change of use, should be considered afresh for the relief on that day.

Recalculations of relief

- G.22 The amount of relief awarded should be recalculated in the event of a change of circumstances. This could include, for example, a backdated change to the rateable value or the hereditament. This change of circumstances could arise during the year in question or during a later year.

Eligibility for the Retail, Hospitality and Leisure Relief Scheme

G.23 Hereditaments that meet the eligibility for Retail, Hospitality and Leisure scheme will be occupied hereditaments which meet all of the following conditions for the chargeable day:

- (a) they are wholly or mainly being used:
- (i) as shops, restaurants, cafes, drinking establishments, cinemas, or live music venues,
 - (ii) for assembly and leisure; or
 - (iii) as hotels, guest & boarding premises, or self-catering accommodation

The Council considers shops, restaurants, cafes, drinking establishments, cinemas, and live music venues to mean:

i. Hereditaments that are being used for the sale of goods to visiting members of the public:

- Shops (such as: florists, bakers, butchers, grocers, greengrocers, jewellers, stationers, off licences, chemists, newsagents, hardware stores, supermarkets, etc)
- Charity shops
- Opticians
- Post offices
- Furnishing shops/ display rooms (such as: carpet shops, double glazing, garage doors)
- Car/caravan show rooms
- Second-hand car lots
- Markets
- Petrol stations
- Garden centres
- Art galleries (where art is for sale/hire)

ii. Hereditaments that are being used for the provision of the following services to visiting members of the public:

- Hair and beauty services (such as: hairdressers, nail bars, beauty salons, tanning shops, etc)
- Shoe repairs/key cutting
- Travel agents
- Ticket offices e.g. for theatre
- Dry cleaners
- Laundrettes
- PC/TV/domestic appliance repair
- Funeral directors
- Photo processing
- Tool hire
- Car hire

iii. Hereditaments that are being used for the sale of food and/or drink to visiting members of the public:

- Restaurants
- Takeaways
- Sandwich shops

- Coffee shops
- Pubs
- Bars

iv. Hereditaments which are being used as cinemas

v. Hereditaments that are being used as live music venues:

- Live music venues are hereditaments wholly or mainly used for the performance of live music for the purpose of entertaining an audience. Hereditaments cannot be considered a live music venue for the purpose of business rates relief where a venue is wholly or mainly used as a nightclub or a theatre, for the purposes of the Town and Country Planning (Use Classes) Order 1987 (as amended).
- Hereditaments can be a live music venue even if used for other activities, but only if those other activities (i) are merely ancillary or incidental to the performance of live music (e.g., the sale/supply of alcohol to audience members) or (ii) do not affect the fact that the primary activity for the premises is the performance of live music (e.g. because those other activities are insufficiently regular or frequent, such as a polling station or a fortnightly community event).
- There may be circumstances in which it is difficult to tell whether an activity is a performance of live music or, instead, the playing of recorded music. We consider assembly and leisure to mean:

i. Hereditaments that are being used for the provision of sport, leisure and facilities to visiting members of the public (including for the viewing of such activities).

- Sports grounds and clubs
- Museums and art galleries
- Nightclubs
- Sport and leisure facilities
- Stately homes and historic houses
- Theatres
- Tourist attractions
- Gyms
- Wellness centres, spas, massage parlours
- Casinos, gambling clubs and bingo halls

ii. Hereditaments that are being used for the assembly of visiting members of the public.

- Public halls
- Clubhouses, clubs, and institutions

G.24 The Council considers hotels, guest & boarding premises, and self-catering accommodation to mean:

i. Hereditaments where the non-domestic part is being used for the provision of living accommodation as a business:

- Hotels, Guest, and Boarding Houses
- Holiday homes
- Caravan parks and sites

G.25 To qualify for the relief the hereditament should be wholly or mainly being used for the above qualifying purposes. In a similar way to other reliefs (such as charity relief), this is a test on use rather than occupation. Therefore, hereditaments which

are occupied but not wholly or mainly used for the qualifying purpose will not qualify for the relief.

G.26 The list set out above is not intended to be exhaustive as it would be impossible to list the many and varied uses that exist within the qualifying purposes.

G.27 The list below sets out the types of uses that the government does not consider to be an eligible use for the purpose of this discount. Again, it is for the Council to determine for themselves whether particular properties are broadly similar in nature to those below and, if so, to consider them not eligible for the discount under their local scheme.

Hereditaments that are being used for the provision of the following services to visiting members of the public

- Financial services (e.g., banks, building societies, cash points, bureaux de change, short-term loan providers, betting shops)
- Medical services (e.g., vets, dentists, doctors, osteopaths, chiropractors)
- Professional services (e.g., solicitors, accountants, insurance agents/ financial advisers, employment agencies, estate agents, letting agents)
- Post office sorting offices

**Appendix H
Hardship Relief – S49 Reduction of remission of rate
liability.**

Section 49 – Hardship Relief

General explanation

H.1 The Council is able to exercise its discretion under Section 49 of the Local Government Finance Act 1988 to provide either partial or full relief for non-domestic rate payments in cases of hardship where it would be reasonable to do so having due regard to the interests of council tax payers in general.

Section 49 Hardship Relief – the Council’s Policy

H.2 The Council will consider applications for hardship relief from individuals and organisations based on their own merits on a case-by-case basis. The Director of Corporate Services will consider applications. Application forms are available from the Council.

H.3 In making decisions on whether to award the relief the Council considers the following criteria (not listed in any priority):

- Any reduction or remission of rates on the grounds of hardship should be made after applying for any other statutory or discretionary reliefs that are available;
- Hardship relief will be considered the exception rather than the rule;
- Any reduction of the rates must be shown to be significant to the future viability of the business;
- The business must continue to trade;
- Cash flow forecasts for a minimum of the next twelve months must be provided together with a comprehensive Business Plan incorporating a brief history of the business. Further details of information to be supplied are also given below;
- The test of "hardship" is not strictly confined to financial hardship and that this, in itself, is not a deciding factor;
- The loss of the business would reduce amenities of an area or the Island in general, if it is the sole provider of a service in the area;
- The loss of the business would worsen the employment prospects in the area or of the Island in general;
- The interests of the Council Tax payers of the area would be best served by awarding the relief (as required by Section 49 of the Local Government Finance Act 1988);
- The business must demonstrate how it is beneficial to the local community or the Island in general and why it is currently suffering financial hardship;
- The business provides employment to local residents in an area, or to the Island in general, where employment opportunities are limited;
- Independent advice given by banks or financial advisors should be sought to demonstrate the future viability of the business;
- The ratepayer will provide additional information as deemed necessary by the Council to be essential in order for a fair evaluation of the application; and
- The amount of relief awarded may be reviewed in year and may be revised depending on the individual circumstances, appeals and reductions in rateable value.

Applications and Decision Making

- H.4 Hardship relief is intended to provide short term assistance to a business suffering unexpected hardship, financial, or otherwise, arising because of exceptional circumstances or short-term crisis beyond the business' control and outside of the normal risks associated with running a business of that type, to the extent that the viability of the business would be threatened if an award were not made. As the Hardship Relief scheme covers unforeseen events, it is not possible to offer precise definitions. However, a 'crisis' would have to result in a serious loss of trade or have a major effect on the services that can be provided.
- H.5 'Exceptional circumstances' will usually be circumstances that came from outside the business or organisation and are beyond the normal risks faced by businesses and cannot be foreseen or avoided. The effect of strikes within a business or organisation, increased running costs and increased competition would not be considered as 'exceptional circumstances' as they are normal business risks.
- K.6 Applications to reduce or remit the business rate charge will only be considered where the Council is satisfied that the ratepayer would otherwise sustain hardship if no award was made and that it is reasonable to grant relief having regard to the interest of council tax payers who are affected by decisions under this section.
- H.7 Applications for hardship will be examined on a case by case basis by the Director of Corporate Services and each application will be assessed on its individual merits. Other issues or requirements will also be considered in relation to the application as they arise including:
- All applications should be made in writing from the ratepayer, their advocate/appointee or a recognised third party acting on their behalf, preferably using the relevant form, and should contain the necessary information to substantiate the request;
 - All applications are only intended as short-term assistance and will not extend beyond the current financial year, and should not be considered as a way of reducing rate liability indefinitely;
 - The financial interests of the council tax payers will not be the sole overriding factor e.g., the impact on employment and amenities provision will also be considered;
 - The test of 'hardship' is not confined strictly to financial hardship - all relevant factors affecting the ability of a business to meet its liability for rates are considered where readily available. Where the granting of relief will have an adverse effect on the financial interests of the council tax payers, relief may still be granted if the case for relief on balance outweighs the costs to taxpayers; and
 - The test of hardship will include an assessment of the ratepayer's individual accounts to verify that the payment of rates would cause hardship.
- H.8 Upon receipt of a written application, all supporting information must be included for consideration.
- H.9 An application will need to be submitted to the business rates section who will undertake the initial first stage assessment to confirm it is valid. They will produce

an overall decision sheet and submit it to the Director of Corporate Services. The Director of Corporate Services will review the application and supporting details and provide a recommendation of award date and amount to the Director of Finance. The Director of Corporate Services has authorisation up to a limit of £2,000 per financial year and with a maximum of £6000; any reductions over this amount will be referred to the Director of Finance or Assistant Director of Finance for any award over £6000 for consideration.

- H.10 Once a decision has been approved the ratepayer will be advised in writing of the decision.

Review of Decision

- H.11 Under the Local Government Finance Act 1988, there is no right of appeal against the Council's use of discretionary powers. However, on individual applications, the Council will accept a request from a ratepayer for a re-determination of its decision. The Council will consider whether the ratepayer has provided any additional information that will justify a change to its original decision.
- H.12 The Council will notify the ratepayer of its decision within 21 days of receiving a request for a redetermination.

Award of Relief and Period of the award

- H.13 Relief will normally only be awarded retrospectively. However, where the ratepayer can show that the circumstances will remain the same for a period up to the end of the current financial year, relief may be award for the remainder of the year.
- H.14 Hardship Relief would not be granted in respect of an empty property or where there is little expectation of economic survival.
- H.15 It is expected that businesses should have taken prompt action to mitigate any factors giving rise to hardship. Examples of mitigating actions may include seeking business advice; discounts and promotions; reviewing pricing; extending the range of stock or services; and negotiating with creditors etc. Applications may be declined in circumstances where the business is unable to demonstrate that it is taking reasonable steps to alleviate the hardship.
- H.16 In all cases relief will end in the following circumstances:
- At the end of a financial year;
 - A change of ratepayer;
 - The property becomes empty, partly empty or is used for a different purpose;
 - The ratepayer enters any form of formal insolvency; or
 - The ratepayer's financial circumstances significantly change.
- H.17 The ratepayer must inform the Council if their circumstances change. Circumstances may also be reviewed by the Council periodically where awards are made to confirm hardship persists.

Rationale Template

Update the score(s) in the following tables only.

Outer Wheel Socio-Economic Impact Areas	Score	Link
<u>No Poverty</u>	3	Click here to view
<u>Zero Hunger</u>	3	Click here to view
<u>Good health and wellbeing</u>	3	Click here to view
<u>Quality Education</u>	3	Click here to view
<u>Gender Equality</u>	3	Click here to view
<u>Clean Water & Sanitation</u>	3	Click here to view
<u>Affordable and clean energy</u>	3	Click here to view
<u>Decent work and economic growth</u>	3	Click here to view
<u>Industry, Innovation and Infrastructure</u>	3	Click here to view
<u>Reduced inequalities</u>	3	Click here to view
<u>Sustainable cities and communities</u>	3	Click here to view
<u>Responsible consumption and production</u>	3	Click here to view
<u>Climate Action</u>	3	Click here to view
<u>Life below water</u>	3	Click here to view
<u>Life on land</u>	3	Click here to view
<u>Peace, justice and strong institutions</u>	3	Click here to view
<u>Partnerships for the Goals</u>	3	Click here to view

Inner Wheel Environmental Impact Areas	Score	Link
<u>Transport</u>	3	Click here to view
<u>Energy</u>	3	Click here to view
<u>Housing</u>	3	Click here to view
<u>Environment</u>	3	Click here to view
<u>Offset</u>	3	Click here to view
<u>Adaptation</u>	3	Click here to view

Once complete, please save as a **PDF** (File → Export → Create PDF/XPS Document) and attach as a supporting appendix for your Cabinet paper. Note: make sure 'Save as type' is set to **PDF** when exporting the document.

Outer Wheel Socio-Economic Impact Areas

No Poverty

Score: 3

Zero Hunger

Score: 3

Good health and wellbeing

Score: 3

Quality Education

Score: 3

Gender Equality

Score: 3

Clean Water & Sanitation

Score: 3

Affordable and clean energy

Score: 3

Decent work and economic growth

Score: 3

Industry, Innovation and Infrastructure

Score: 3

Reduced inequalities

Score: 3

Sustainable cities and communities

Score: 3

Responsible consumption and production

Score: 3

Climate Action

Score: 3

Life below water

Score: 3

Life on land

Score: 3

Climate & Sustainable Development Impact Assessment (CSDIA) Tool

Peace, justice and strong institutions

Score: 3

Partnerships for the Goals

Score: 3

Inner Wheel Environmental Impact Areas

Transport

Score: 3.

Energy

Score: 3

Housing

Score: 3

Environment

Score: 3

Offset

Score: 3

Adaptation

Score: 3

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Equality Impact Assessment Template

Before carrying out an Equalities Impact Assessment (EIA), you should familiarise yourself with the [guidance](#). This document should be in **plain English**, include **Stakeholder** involvement and be able to stand up to **scrutiny** (local and/or court) if/when challenged to ensure we have met the councils public sector equality duty.

An Equality Impact Assessment (EIA) should be completed when you are considering:

- developing, reviewing or removing policies
- developing, reviewing or removing strategies
- developing, reviewing or removing services
- developing, reviewing or removing a council function/system
- commencing any project/programme

Assessor(s) Name and job title:	
Debbie Vallas, Benefits Manager	
Directorate and Team/School Name:	
Corporate Services, Business Rates	
Name, aim, objective and expected outcome of the programme/ activity:	
Name: Discretionary Rate Relief Policy Aim: Changes to the existing Business Rates Discretionary Rate Relief Policy in line with the Non-Domestic Rating Act 2023 Objective: To ensure that the new policy is in line with changes in legislation - there are NO CHANGES to any ratepayer's current entitlement.	
	Reason for Equality Impact Assessment (tick as appropriate)
This is a new policy/strategy/service/system function proposal	
This is a proposal for a change to a policy/strategy/service/system function proposal function (<i>check whether the original decision was equality impact assessed</i>)	X
Removal of a policy/strategy/service/system function proposal	
Commencing any project/programme	

Appendix 3

Appendix 3

Equality and Diversity considerations

Describe the ways in which the groups below may be impacted by your activity (prior to mitigation). The impact may be negative, positive or no impact.

Protected Characteristic	Negative, positive or no impact (before mitigation/intervention) and why?	Does the proposal have the potential to cause unlawful discrimination (is it possible that the proposal may exclude/restrict this group from obtaining services or limit their participation in any aspect of public life?)	How will you advance the equality of opportunity and to foster good relations between people who share a protected characteristic and people who do not.	What concerns have been raised to date during consultation (or early discussions) and what action taken to date?	What evidence, analysis or data has been used to substantiate your answer?	Are there any gaps in evidence to properly assess the impact? How will this be addressed?	How will you make communication accessible for this group?	What adjustments have been put in place to reduce/advance the inequality? (Where it cannot be diminished, can this be legally justified?)
Age (restrictions/difficulties both younger/older)	No impact	No	N/A	N/A	N/A	N/A	N/A	N/A
Disability a) Physical b) Mental health (must respond to both a & b)	No impact	No	N/A	N/A	N/A	N/A	N/A	N/A
Race (including ethnicity and nationality)	No impact	No	N/A	N/A	N/A	N/A	N/A	N/A
Religion or belief (different faith)	No impact	No	N/A	N/A	N/A	N/A	N/A	N/A

groups/those without a faith)								
Sex (Including Trans and non-binary – is your language inclusive of trans and non-binary people?)	No impact	No	N/A	N/A	N/A	N/A	N/A	N/A
Sexual orientation (is your language inclusive of LGB groups?)	No impact	No	N/A	N/A	N/A	N/A	N/A	N/A
Pregnancy and maternity	No impact	No	N/A	N/A	N/A	N/A	N/A	N/A
Marriage and Civil Partnership	No impact	No	N/A	N/A	N/A	N/A	N/A	N/A
Gender reassignment	No impact	No	N/A	N/A	N/A	N/A	N/A	N/A

H. Review

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I. Sign-off

Head of Service/Director/Headteacher sign off & date:	Name:
Legal sign off & date:	Name: Mrs S Betts Date

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Purpose: For Decision

Full Council Report

ISLE OF WIGHT COUNCIL

Meeting	FULL COUNCIL
Date	28 FEBRUARY 2024
Title	PAY POLICY
Report of	CABINET MEMBER FOR CHILDREN'S SERVICES, EDUCATION AND CORPORATE FUNCTIONS

Executive Summary

1. The pay policy is updated on an annual basis to reflect any changes in the pay and conditions of Council staff. The purpose of the policy is to provide an open and transparent framework that ensures clarity, fairness and consistency in the remuneration of our workforce and in doing so will also meet the requirements of Section 38 of The Localism Act 2011, which requires local authorities to publish a pay policy statement and must be adopted by Full Council by 31 March each year immediately preceding the financial year to which it relates. This policy sets out the council's approach to the pay of its workforce for the financial year 1 April 2024 to 31 March 2025.
2. Full Council is therefore being asked to approve the updated pay policy for the period 2024/25, prior to its publication. The main amendments since the last pay policy are as follows:
 - Premium payments (page 15 of the proposed policy). These have increased by 3.8 percent in line with the 2023 pay award as follows:
 - Sleep in allowance: to be set to £43.63 from 01/04/2023 increasing by 3.88 percent from £42.
 - Standby Allowance: was to be set to £19.11 from 01/04/2023 in line with grade 10 increment C hourly amount with the pay award but the proposal in this paper is to increase the standby allowance to the national rate of £32.11 per session as set out in paragraph 13 below.
 - Separate call-out allowance for adult mental health practitioner (AMHP): currently at £85 per session, increased for the 22/23 award by 4.04 percent to £88.44, then further increased for the 23/24 award by 3.88 percent to £91.87.
 - Adverse working: Currently £105 increasing by 3.88 percent to £109.08.

- New rates of pay for 2023 (page 24 of the proposed policy)
- annual update to employee contribution bands to the Local Government Pension Scheme for 2023 (paragraph 5.17 of the proposed policy)
- Proposal to enable Director approval for current employee's increment to be amended (paragraph 8.2 of the proposed policy)
- Proposal for increment variation in career graded posts (paragraph 8.2 of the proposed policy)
- Clarity in relation to allowances for night workers (paragraph 8.42 of the proposed policy)
- Gender pay gap figures (paragraph 9.5 of the proposed policy) updated to provide the new pay ratios and gender pay gap information, which is the difference between male and female pay which needs to be reported annually.
- Appendix A has been updated to show the 2023-24 pay grades.
- Appendix F of the pay policy has been revised to reflect the make-up of the workforce showing the current number of permanent full-time equivalent posts by grade.

Recommendation

That Full Council approve the updated pay policy as drafted for the period 1 April 2024 – 31 March 2025.

Background

3. The Localism Act 2011 at Chapter 20, part 1 and Chapter 8, sets out the requirement to publish a pay policy each year. the council in line with their statutory requirements has undertaken an annual review since its introduction. The document provides comprehensive overview of all the relevant terms and conditions applied to pay and remuneration and ensures that there is transparency in our approach. The council's current pay policy approved by Full Council at its meeting in January 2023 has been updated to reflect changes in the council's arrangements during the intervening period. The proposed amendments have been included in the revised document shown at Appendix 1 to this paper.

Corporate Priorities and Strategic Context

4. The Localism Act 2011 sets out the statutory requirement for a local authority to establish publish and annually review a pay policy, which is approved by Full Council. Central government's transparency agenda also sets out clear expectations of local authorities to demonstrate their accountability to the local community. In addition, a key component of the council's pay policy is a commitment to equal pay for equal work for all employees and to seek to eliminate

any bias in our pay systems. The production and publication of the pay policy document clearly underpins the delivery of all council priorities. The pay policy falls within the council's vision priority to keep the council solvent and take all the measures we can to improve its financial position.

5. Within the [Corporate Plan 2021 – 2025](#) there are key areas of activity that will be our main areas of focus for the lifetime of this plan which will need to be central to everything we do as a council.

Responding to climate change and enhancing the biosphere

6. The Pay policy directly supports the societal elements of shaping a more sustainable Island life through supporting the principles of gender equality, consideration of the living wage, reduced inequalities and decent work and economic growth for persons living and working within the IW Biosphere.
7. In respect of the Climate and Environment Strategy, the Pay policy supports reducing the number of unnecessary work journeys by car and paying to park at work bases which encourages active travel alternatives (walking and cycling) and the use of public transport.

Economic Recovery and Reducing Poverty

8. Most council employees are also island residents the annual pay policy confirming green book pay for staff therefore contributes to reducing the numbers of residents, and especially children, who are living in poverty (particularly those living in absolute poverty) and also enables skills development.

Impact on Young People and Future Generations

9. The decisions the Council makes now not only affect current residents, but may have long term impacts, both positive and negative, on young people and future generations. These impacts may not immediately be apparent or may not emerge for a number of years or decades. Impacts will be interrelated across the various domains of young people's lives from housing, employment or training, health and the environment. The salaries set now will have a positive impact on employees of the future. It should also be noted that the Council encourages the use of apprenticeships. They're embedded as part of the organisations culture, contributing to succession planning, developing and retaining the current workforce and growing the workforce of the future. Apprenticeship opportunities bring new skills into the Council, attracting a more diverse workforce and helping to develop the skills of local people.

Corporate Aims

10. The pay policy is the mechanism by which the council's terms and conditions are published and formally adopted by Full Council. The pay policy usually reflects the current pay rather than the new pay due to delays in national agreements. This is the case again this year as the 2023 national pay award was only agreed in November 2023 and staff were back paid until April 2023 in their December pay packets. The 2024-25 pay has not yet been nationally agreed and national

discussions are only just starting between the Employer side and the recognised trade unions.

11. This aligns with the Council's corporate plan priority to keep the Island solvent and take all the measures we can to improve the financial position of the council as set out in the key strategic planning document [Corporate Plan 2021 - 2025](#).

Consultation

12. There have been extensive discussions this year with the council's recognised trade unions particularly in relation to standby allowances. No formal consultation is required for the pay policy as this is a document that contains all the necessary information on the council's terms and conditions of employment and addresses the statutory requirements of the Localism Act.
13. Unison proposed an increase in Standby Rates on what they perceive to be the inadequacy of the existing standby payment which is currently set at the hourly rate for Grade 10c. Unison state that there have been particularly strong recent representations from members of the adult social care team, the homelessness Team and from environmental officers who increasingly consider that the current level of standby payment represents a particularly poor reward given the way in which their lives essentially have to be put on hold for the quite significant periods during which they are on call. The only groups undertaking this on a regular basis are some Adult Social Care staff; some members of the Homelessness Team; Environment Officers; and some members of the Communications Team. This paper proposes an increase to £32.81 per session from £19.11 per session. This equates to the national rate. No additional budget will be required as this will be paid for by directorates from staffing savings.

Financial / Budget Implications

14. The Council put aside 3% for 2023-2024 pay increases and the nationally agreed pay award for all staff was an annual increase in pay of £1,925 pro rata for each member of staff up to Grade 13 and a 3.88 % thereafter, has not been budgeted for and therefore is a significant additional cost to the council. This also negatively impacts on school budgets. There is also an increase to allowances of 3.88%. The pay policy for 2024 reflects the current pay for 2023-24 as confirmed above. As confirmed above, following strong representation from Unison, it is proposed that standby allowances should be increased from the current rate of £19.11 per standby session to the NJC national rate of £32.81 per session. The additional money for this will come from within existing staffing budgets and will not require additional budget funding.

Legal Implications

15. Section 38 of the Localism Act sets out the statutory requirements of what is to be included within a pay policy statement each financial year. The statement must set out an authority's policies towards a range of issues relating to the pay of its workforce, particularly its senior staff and its lowest paid employees. Section 39 sets out the requirement for a local authority's pay policy statement to be approved

by a resolution of the authority (through Full Council) before it comes into force, and this must be completed by 31 March immediately preceding the financial year to which it relates. This must be followed by publication on the authority's website.

Equality and Diversity

16. The council as a public body is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
17. Under the Equality Act 2010 we are required to have due regard to our equality duties when making decisions, reviewing services, undertaking projects, developing and reviewing policies. An equality impact assessment was undertaken and offered for consideration by all relevant parties together with recognised trade unions as part of the consultation undertaken for policy introduction in 2012. This revised pay policy does not negatively impact on any protected characteristic and there are no substantive changes since the last pay policy and therefore no further equality impact has been drafted.
18. From 2017, Gender Pay Gap Legislation requires any organisation that has 250 or more employees to publish a report showing how large the pay gap is between male and female employees. The pay gap is the difference between the average (mean or median) earnings of men and women, expressed as the percentage of women's earnings compared to men's earnings. The gender pay gap data within the report was published in March 2023.
19. This report is based on those who were employed on the 31 of March 2021. The pay period used for the calculation of pay was the month of March 2022 as employees are paid monthly. The bonus period covers the period 1 of April 2021 to the 31 of March 2022.

Property Implications

20. There are no property implications for this report

Options

Option 1: To adopt the pay policy as drafted.

Option 2: Reject the pay policy as drafted and refer back for further consideration.

Risk Management

21. The proposed revised pay policy statement sets out a clear framework through which pay spending decisions are taken. The proposed revisions serve to ensure that all relevant aspects of terms and conditions are up to date and accurate for the

public record. All changes to terms and conditions are subject to formal procedural processes and after due consultation with the council's recognised trade unions. There are no substantive changes to any terms and conditions proposed within this report.

22. There has and continues to be much media interest in council spending and there is the potential for considerable reputational damage should it not be possible for the council to justify its decision-making processes with regards to pay and other aspects of remuneration. In addition, there is now a statutory requirement for the publication of a pay policy statement and a failure to do so within the required timescale could lead to potential prosecution and the resulting potential costs. However, it is also within the context of the council's commitment to public accountability and transparency in which it is considered that such a policy approach serves to improve confidence in the council's governance arrangements.
23. This pay policy has only minor proposed changes since the last one was approved in January 2023 and the staff pay is in line with the nationally agreed pay award. The council continues to operate within the parameters set out by its contents and as such it is not considered that there are any identifiable risks to the council in its undertaking.

Evaluation

24. There is a continued legislative requirement under the Localism Act 2011 to establish and publish a pay policy statement which is approved by Full Council each year before the 31 March immediately preceding the year to which it relates. Further revisions have been made to reflect the up-to-date position with regards to the council's pay and reward arrangements. In addition to the statutory guidance, consideration has also been given to the inclusion of detail relating to pay and reward for the whole workforce to offer greater openness and transparency in pay related decisions.
25. The pay policy can be adopted as drafted or rejected. There are no significant changes proposed to the current version. The annual pay award for 2023 was subject to national negotiation with provision having been determined as part of the budget setting process. It is therefore affordable and there are no risks associated with the option. As stated above, the 2024 pay award has not yet been agreed as part of the national collective bargaining process. This is a well-established policy and is reviewed and refreshed in line with legislative requirements on an annual basis to ensure it remains fit for purpose and is updated with any changes that have taken place. It provides a solid and transparent framework through which the council can undertake its decision making with regards to the pay and remuneration of its staff.

Appendices Attached

Appendix 1- proposed pay policy 2024.

Appendix 2- Gender pay gap data published March 2022.

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SHARON BETTS
Director for Corporate Services

COUNCILLOR JONATHAN BACON
*Cabinet Member for Children's Services
and Corporate Functions]*

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Isle of Wight Council

Isle of Wight Council
PAY POLICY
March 2024

Document Information

Title:	Pay Policy
Status:	Draft
Current Version:	13
Author:	Judy Mason judy.mason@iow.gov.uk ☐ (01983) 821000
Sponsor:	Sharon Betts ☐ Sharon.Betts@iow.gov.uk ☎ (01983) 821000
Consultation:	Full Council
Approved by:	
Approval Date:	February 2024
Review Frequency:	Annual
Next Review:	January 2025

Version History		
Version	Date	Description
0.1	June 2011	Approved by Directors Team and submitted for consultation with chief officers
0.2	July 2011	Revised to accommodate Employment Committee comments and feedback
0.3	February 2012	Revised to accommodate Localism Act requirements and published guidance
0.4	March 2012	Revised to accommodate minor amendments proposed by Employment Committee at their meeting of 5 March 2012
1	March 2012	Approved by full Council

Version History		
Version	Date	Description
1.1	January 2013	Revised to accommodate amendments to the Local Government Pension Scheme Discretionary Provisions and additional guidance issued by the Secretary of State for Communities and Local Government and general updating.
2	March 2013	Approved by full Council
3	January 2014	Updated to reflect the Local Government national pay bargaining 1% rise for all employees below chief officer level and to provide clarification on the council's pension policy where employer's consent is required for the early release of pension together with proposed changes to the senior management pay structure.
3.1	May 2014	Updated to reflect the revised senior management structure and changes to the Local Government Pension Scheme Regulations with effect from 1 April 2014.
4	February 2015	Updated to reflect the Local Government national pay bargaining 2.2% rise for all employees except for chief officers who have been awarded 2% with effect from 1 January 2015; changes to the pay structure following implementation of the job evaluation scheme review which will be effective from 1 July 2015.
5	January 2016	Updated to reflect new salary grades, updated job titles and reflect new chief executive role.
6	January 2017	Updated to reflect April 2017 pay award. The premium payments table has been updated to provide further clarification and current pay rates. Update provided on the planned timeframe for implementation of proposed exit payment regulations (recovery and threshold). Chief Officer person specifications have been replaced with the updated generic role profiles. The 'Number of permanent full-time equivalent posts by grade' graph has been updated with this year's figures.
7	February 2018	Updated to reflect the changes to annual leave entitlement as a result of a change to Christmas leave arrangements; current policy with regards to staff car parking permits; current pay bandings for the calculation of pension contributions and clarification of the circumstances where pay protection is afforded.
8	December 2018	Updated to reflect new salary grades and clarification of Living Wage. Addition of gender pay gap information

Version History		
Version	Date	Description
9	January 2020	Update to reflect 2019 salary grades, increase in apprenticeship wage, updated gender pay gap information, clarity on mileage claims and HMRC mileage rates
10	January 2021	Update to reflect 2020 salary grades, pension contributions, staff parking update, and gender pay gap data.
11	December 2021	Update to reflect pension contributions, staff parking update, and gender pay gap data, removal of exit cap regulations, removal of references to fire service.
12	December 2022	Update to reflect pension contributions, pay award, pension contributions, public holiday, annual leave, clarity on pay progression and adverse pay award.
13	December 2023	Update to reflect pension contributions, pay award, clarity on pay progression, uplifts to allowances

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1. Introduction

- 1.1.** The purpose of this policy is to provide an open and transparent framework that ensures clarity, fairness and consistency in the remuneration of our workforce and in doing so will also meet the requirements of Section 38 of The Localism Act 2011, which requires local authorities to publish a pay policy statement which has to be adopted by Full Council by 31 March each year. This policy sets out the council's approach to the pay of its workforce for the financial year 1 April 2024 to 31 March 2025. This policy will be published on the workforce information section of the council's transparency pages on iwight.com and be available as a key document located from the council's A to Z document library as well as being easily located by free search text from www.iow.gov.uk or other web search engines.

2. Equal pay commitment

- 2.1.** We are committed to the principle of equal pay for equal work for all our employees and seek to eliminate any bias in our pay systems.
- 2.2.** As an integral part of our published equality objectives, we understand that equal pay between the nine protected characteristics (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, sex, sexual orientation) is a legal right under the Equality Act 2010 and is one of the key indicators of our ability to demonstrate equality of opportunity to those in our employment.
- 2.3.** It is in our interest as an employer to ensure that we have a fair and just pay system and one that our employees have confidence in the process of eliminating bias. We are committed to working in partnership with our recognised trade unions/employee representatives to take action to ensure that we provide equal pay. We are confident that this significantly contributes to the necessary trust, morale and engagement of a positive employment relationship.
- 2.4.** We believe that in affording openness and transparency in our approach to pay and reward, we are sending a positive message to both our employees and Island residents that we are operating on a basis that is fair and equitable as well as to help us control costs and improve efficiency.
- 2.5.** Our objectives therefore are to:
- be open and transparent in our approach to pay and reward.
 - eliminate any unfair, unjust or unlawful practices that impact on pay.
 - take appropriate remedial action where required.
 - develop and maintain pay and reward equity between staff groups.
 - work in partnership with recognised trade unions/employee representatives in determining and monitoring pay policy decisions
- 2.6.** In delivering the council's vision and key priorities, together with our commitments to equal pay and a reputation as a good employer, we recognise the importance of administering pay in a way that:
- 2.6.1.** attracts, motivates and retains appropriately skilled, knowledgeable and talented people needed to maintain and improve the council's performance and meet future challenges.
- 2.6.2.** is affordable and transparent;

- 2.6.3. reflects the market for comparable jobs, within and outside of local government, with skills and competencies required to meet agreed delivery and performance outcomes.
- 2.6.4. delivers the required levels of competence within an overall workforce strategy within approved budget parameters

3. Definitions

3.1. For the purpose of this policy, the following definitions apply:

- 3.1.1. A chief officer refers to the statutory roles of head of paid service; Strategic Director of children's services; Strategic Director of public health; Strategic Director of adult social services; section 151 officer and monitoring officer together with those officers designated as chief executive, and heads of service together with any other designated post that requires member appointment under the council's constitutional arrangements.
- 3.1.2. The term 'lowest paid employees' refers to those staff earning below the median full time equivalent of £27,567 per annum, including any allowance or other payments made in connection with their role. This is in line with the council's current pay structure which determines that a post is at junior officer level up to this salary point on the pay scale. The actual lowest pay point on the pay scale, excluding apprenticeships is £22,367 as set out in Appendix A. It is possible for a local authority to also apply the Living wage as set by the Living Wage Foundation, at a local level, although this has not been adopted by the Isle of Wight Council at present. The council does however pay all staff at or above the National Living wage as set and reviewed annually by Central Government, except for apprentices who are now paid at the National Minimum wage which is above the National Apprenticeship rate or alternatively for Higher Level Apprentices, the payment will be 80% of the evaluated role.

4. Pay framework

- 4.1. In the main, the pay and terms and conditions of Isle of Wight Council employment are covered either by local agreements (particularly the IWC Terms and Conditions 2012), local policies, or collective agreements negotiated by the National Joint Council (NJC) for Local Government Services. NJC conditions of service are published in what is commonly known as the "Green Book". The Isle of Wight Council has a locally agreed pay framework, as set out in Appendix A.
- 4.2. The terms and conditions of employment for chief officers are determined either by local agreements (particularly the IWC Terms and Conditions 2012), local policies, or collective agreements negotiated by the Joint Negotiating Committee (JNC) for Chief Executives and Chief Officers of Local Authorities.
- 4.3. The above bodies provide an agreed national framework for pay and terms and conditions, but which also contain a number of flexibilities for local modification to suit local service requirements. These are the result of negotiations between trade unions and local government employers.
- 4.4. The School Teachers' Pay and Conditions Document, issued by the Department for Education, contains the statutory requirements for teachers' pay and conditions that maintained schools and local authorities in England and Wales must abide by. The pay and conditions of teachers are not included within this document.

5. Terms and conditions - all staff

5.1. The council operates under the national terms and conditions as set out by NJC and JNC in respect of sick leave and sick pay; maternity leave and maternity pay scheme; shared parental leave and shared parental pay scheme; and paternity leave and paternity pay scheme.

5.2. Core working hours

5.2.1 Annual working hours are 1,633 per annum, full time equivalent, agreed between the employee and their line manager. The timing of working hours depends upon role definition (set out in 5.3 below). Core hours are determined by managers according to the specific needs of the service and will cover a period of 14 hours between 6am and 10pm. Work carried out within core hours is paid at plain time rates unless specified otherwise.

5.3. Role definition

5.3.1. Roles within the council are categorised as either “flexible” or “constrained”.

5.3.2. *Flexible roles* are not normally subject to particular operational times or to regular and frequent immediate reactive response to the service or customers within the community. There is occasional requirement to cover at times other than normal hours, but generally staff are able to choose their working patterns and the freedom to exercise that choice does not, in the main, impact adversely on service delivery to the community.

5.3.3. *Constrained roles* are largely governed by particular working time or patterns because of the needs of the service or demands regular and frequent immediate reactive response to the community or customers’ needs. Staff generally do not have the freedom of choice in their working patterns and to have such would impact adversely on service delivery to the community.

5.4. Pay awards

5.4.1. Pay awards are considered annually for staff and are based on those determined by the national pay bargaining undertaken by the Local Government Employers. Further to the last pay policy the April 2023-March 2024 pay award was agreed nationally and belatedly implemented in February 2022. The pay award detailed in this policy is that agreed nationally up to 31 March 2024 and is an additional £1,925 pro rata per employee per year up to grade 13 and then a pay increase of 3.88% thereafter. In addition to this there is an increase of 3.88% to allowances. There is currently no agreement nationally regarding the pay for 2024-2025. The outcome of this will not be known before this pay policy is approved by full council.

5.5. Appointment

5.5.1. Employees new to the council will normally be appointed to the first point within the salary range within the respective pay grade. Where a candidate’s current employment package would make the first point unattractive or where the employee already operates at a level commensurate with a higher salary, the recruiting manager has delegated authority to appoint at a higher point within the salary range. The candidate’s level of experience and skills must be consistent with those of other employees already employed in a similar role.

5.6. Recovery of Exit Payment on return to any public sector body

- 5.6.1.** The anticipated legislation for the recovery of exit payments has been further delayed by central government and as such this remains an area for consideration of required policy and procedure once a new timetable for implementation is made available.

5.7. Relocation allowance

- 5.7.1.** It is recognised that it may be necessary to compensate, at least in part, the financial costs incurred by a new employee in relocation to the Island or to a location within commutable distance where required (and the successful candidate's existing residence is beyond 50 miles in distance from the Isle of Wight, or outside of a reasonable commuting time) in order to take up their duties. Granting a relocation allowance as part of the recruitment package requires approval as part of the council's recruitment authorisation process. In determining the business case for the granting of a relocation allowance, consideration must be given to whether:

- advertisement within a national/international market is required.
- there is a need to increase the potential of recruiting high calibre staff or within particularly hard to recruit occupations.
- it is a permanent post (although if deemed to be a key post on a fixed term contract of up to two years, consideration can be given to an appropriate level of reimbursement).

- 5.7.2.** The current allowance payable is up to a maximum of £8,000. Full conditions of operation are set out in the council's Recruitment Policy.

- 5.7.3.** Under the council's Relocation Scheme the council also offers new recruits an allowance to cover some of the costs associated with travelling in order to attract potential candidates within commuting distance but who would not wish to relocate to the Island in the current economic climate.

5.8. Market supplements

- 5.8.1.** There are some occupations which are notoriously difficult to recruit and retain within the public sector. Where there is significant evidence pointing to salary levels which are out of line with the market rate for particular skills or recruitment, the payment of a market supplement may be an appropriate solution. Annual review and analysis of available evidence of whether there have been any changes in the job market will inform whether market supplements will continue to be paid. Full conditions of operation are set out in the council's Market Supplement Policy. Currently, a market supplement is paid to social workers working in childcare, out of hours adult mental health practitioners, Lawyers, certain regulatory officers and some leisure staff.

5.9. Additional duties

- 5.9.1.** There may be occasions when an employee is required to undertake the duties of a higher graded post for a continuous period of up to 12 months. In such circumstances, the employee will receive the salary that would apply as if they were promoted to that post. These must be for genuine reasons other than annual leave or the short-term sickness absence of another officer.

- 5.9.2.** In the review undertaken by managers when a post becomes vacant, there may be circumstances when a manager determines not to recruit, but to assign a proportion of the full duties and responsibilities to another employee. Where such a situation arises, payment of a responsibility allowance can be made upon submission of a business case. The rate of allowance payable is dependent upon the percentage of additional

duties required up to a maximum of a 12-month period, unless there are exceptional circumstances for this to be extended. There are three levels of payment 2.5 per cent, 5 per cent and 7.5 per cent of the difference between the substantive and higher graded post for the period during which the additional duties/responsibilities are undertaken. Full conditions of operation are set out in the council's Acting Up and Secondment Policy. The council actively encourages the use of secondments both internally and externally within partner organisations.

5.10. Business travel

5.10.1. For genuine operational needs and where privately-owned vehicles are used for business travel purposes, the council reimburses employees as casual users in line with Her Majesty's Revenue and Customs approved levels as follows:

Business mileage undertaken by staff will be reimbursed at the appropriate HMRC tax-exempt mileage rates;	First 10,000 business miles in the tax year
Vehicle type	
Cars & vans	45p
Motorcycles	24p
Bicycles	20p

5.10.2. Staff who undertake more than 8,500 business miles per annum are classed as essential users and receive an annual lump sum, in accordance with the NJC terms and conditions, payable in monthly instalments. This is in recognition of the additional wear and tear that high mileage incurs. This allowance is removed should any employee change job where business travel is not required or is likely to be below the threshold set out above. Essential car users are paid at the rate of £849 per annum with a mileage rate of 36.09 pence per business mile up to £8,500 claimed and thereafter at a rate of 13.06 pence. There is by local agreement with chief officers, no claiming of on Island business travel expenses.

5.11. Excess travel and mileage claims

5.11.1. Since 1 April 2012 no reimbursement or allowance has been payable to employees whose on Island work base location is changed by the council. Agile working has now been rolled out across the Council All staff have a designated base (agreed with their managers) where they start work and if they are not working there, they are expected to use a work base of the same or less distance from their home. Mileage claims to a work base will not be accepted if they are a greater distance from home than the normal agreed work base. The first and last on island work journey of the day will be counted as commuter mileage and therefore not claimable.

5.11.2. Since 1 April 2012 no reimbursement or allowance has been payable to employees whose on Island work base location is changed by the council.

5.12. Charging for car parking at work

5.12.1. Any member of staff or Councillor who uses a car parking space during the working day which is within a designated area of the Council's parking order is required to either pay

the daily parking charge or purchase a staff parking permit. There are two types of staff parking permit now available. These comprise of a monthly permit at the cost of £15 or £10 for staff paid below Grade 4 (or equivalent before deductions) or a daily permit at the cost of £1.10, or £0.70 for staff paid below Grade 4 (or equivalent before deductions). Both permit types allow unlimited parking in long stay car parks any member of staff or Councillor is working for the Council, subject to terms and conditions. Both permit types must be applied for using the MiPermit system and payment will be taken by credit/debit card. Full conditions of operation are set out in the council's Charging for Car Parking at Work Policy.

5.13. Professional fees

5.13.1. Since 1 August 2011, no reimbursement or payment of professional association membership fees has been made to employees other than those who are appointed into trainee positions and working towards a recognised professional qualification as a requirement of their employment, when payment will be made until they qualify, at which point they will become responsible for the payment of their own fees.

5.14. Re-engagement

5.14.1. Employees whose appointment is terminated on a voluntary redundancy basis, or who accept early retirement, will not normally be re-engaged by the council on a directly employed basis for a period of 6 months or a consultancy basis for a period of two years unless approved on an exceptional basis by the Director of Corporate Services. Managers are required to submit a business case if wanting to re-engage in these circumstances. This is currently under review.

5.14.2. The general rules relating to re-engagement are as follows:

- Any return to the council's employment must be via the normal process of competitive selection.
- The return must not be to the same or a closely related post, as this would call into question the original decision to declare the post redundant.
- The employee must not take up the post (if they are to be directly employed) any sooner than four weeks after the effective date of redundancy or early retirement, or they will forfeit the original redundancy payment and pension entitlement will be affected.
- Anyone who is re-employed will be treated as a new starter and any previous service with the council or other related body will not count towards entitlements to notice periods, sick leave, annual leave, or other benefits dependent upon continuous service.

5.15. Annual leave

5.15.1. From 1 January 2023, all employees operating under the NJC/JNC for Local Government Services are entitled to 32 days or 237 hours per annum (pro-rata if part-time). The leave year operates from 1 January to 31 December.

5.16. Public and extra statutory holidays

5.16.1. All staff are normally entitled to eight days or 59 hours public holidays per annum (pro-rata if part-time) plus 32 days annual leave per annum (pro-rata if part-time) from April 2023

5.17. Pension contributions

5.17.1. All employees whether designated as in permanent employment or on a fixed term contract (where the contract period is for three or more months) are automatically admitted to membership of the Local Government Pension Scheme (LGPS) although they have the right to opt out if they so wish.

5.17.2. Scheme regulations are made under the Superannuation Act 1972. Changes to the rules are discussed at national level by employee and employer representatives but can only be amended with the approval of Parliament. As scheme members, employees pay contributions and the council pays in the balance of the cost of providing accrued benefits after taking into account investment returns. Every three years, an independent actuary calculates how much the council should contribute to the scheme. The amount will vary, but the current level of contribution made by the council is 23.5% per cent.

2023/24 table of employee contribution bands are shown below:

THE COST TO BE A MEMBER OF THE LGPS

In the Local government pension scheme, pay pension contributions each month are based on annual pay. The employer also pays a monthly contribution. The contribution bandings for the 2023/24 financial year are as follows:

2023/24	Main Scheme	50/50 Scheme
Actual Pensionable Pay	Gross rate	Gross rate
Up to £16,500	5.5%	2.75%
£16,501 to £25,900	5.8%	2.9%
£25,901 to £42,100	6.5%	3.25%
£42,101 to £53,300	6.8%	3.4%
£53,301 to £74,700	8.5%	4.25%
£74,701 to £105,900	9.9%	4.95%
£105,901 to £124,800	10.5%	5.25%
£124,801 to £187,200	11.4%	5.7%
£187,201 or more	12.5%	6.25%
Contributions attract tax relief meaning that the net cost is less than the gross cost for taxpayers.		

**The pay band ranges will be increased each April in line with the cost of living. 2024 pay band ranges are not yet available.*

6. Benefits of employment

6.1. The council operates a salary sacrifice scheme for childcare vouchers, where employees can make substantial savings to their childcare costs through the payroll in tax and national insurance payments. Employees who pay for Ofsted registered childcare can have payments made directly from their salary to their childcare provider, subject to a maximum amount per week/month. The scheme covers children up to the age of 15 (16 if disabled). In April 2018 the government introduced a new tax-free childcare scheme, which restricted new members joining the salary sacrifice scheme. No new members of staff can join this scheme, but the scheme remains for existing members.

- 6.2.** All staff have access to an Employee Assistance Programme (EAP) which is an impartial and completely confidential advice and counselling support service which is available 24/7 via a free phone number. Employees also have access to a website where they can seek information and advice on a wide range of topics including work-life, personal life and health and wellbeing
- 6.3.** Other financial benefits include our list of local retailer discounts which contains over 100 Island businesses that are prepared to offer discounts on their products and services to council employees and our list of miscellaneous discounts contains off-Island and web- based businesses which also provides discounts. In addition, there are several sites designed specifically for those who work in the public sector. They are free to access and enable employees to take advantage of special offers and discounts on a whole range of products and services offered by various well-known retailers and other companies.
- 6.4.** As part of our wellbeing strategy, the council's 'One Card' employee scheme offers access to the council's leisure and fitness facilities at Medina Leisure Centre, the Heights leisure centre and Westridge tone zone and squash courts at a reduced rate. Discounts are available off the published price of a 'One Card', and there is a choice of two card options and several different payment methods. The council also has access to the Civil Service Sports Council (CSSC), a not-for-profit organisation that offers a low-rate membership option to a wide range of sport and leisure activities. There are also a range of discounts on public transport. This includes reduction on ticket prices for ferry services to and from the Island with the three operators - Hovertravel, Red Funnel and Wightlink, and a discount on certain Southern Vectis tickets for Island bus travel
- 6.5.** We recognise the importance of investing in the learning and development needs of employees to enable the skills, competencies and behaviours required of staff in their work duties to be carried out effectively and efficiently, to remain safe within their workplace and which enable career development. We also give due consideration to any requests that are made by staff under the Right to Time off for Training legislation. The council also operates a people performance review process (PPM) which sets the expectation that employees will have regular 1-1s with their manager to monitor work performance, establish new work priorities and timescales and the identification of learning needs. Within available resources and according to priority needs, learning and development opportunities may take the form (but not exclusively) of course attendance, distance learning, directed research, e-learning, work shadowing, coaching and/or mentoring. All new staff are required to complete e- learning induction modules and attend the corporate induction programme. The Learning Hub is a one stop digital learning platform which enables all staff to plan for and access digital and face to face learning programmes and to access career pathways. It also enables managers to have visibility of all of their team's learning and development to discuss during regular meetings. Some learning and development activities are mandatory to meet expected personal responsibilities in areas such as health and safety, equality and diversity and safeguarding. The council also has a functional skills programme which staff can access to support the improvement of numeracy and literacy skills. Continuous professional development is also supported by the apprenticeship levy funds which enable staff to access apprenticeship programmes which can lead to nationally recognised qualifications.
- 6.6** An annual celebratory award event formally recognises the significant and/or outstanding contributions that individual or groups of staff make to the community. Long service of 25 and 40 years is also recognised at this event.

7. Official election duties and fees

- 7.1.** Official duties for the purposes of Parliamentary and national referendums are statutory functions that are separate to any other local government statutory role (such as the section 151, head of paid service or monitoring officer) or any other functional requirements of a local government officer. Fees payable to those who carry out official election duties are set by statute and are reclaimable from central government.

7.2. Official duties for the purposes of local elections are also statutory functions, as set out above, and fees payable to those who carry out official election duties are set by the Hampshire and Isle of Wight election fees working party. The full arrangements and current fee structure is set out in a Hampshire and Isle of Wight elections fee structure.

7.3. In the case of the Isle of Wight Council, returning officer duties are currently undertaken by the Director of Corporate Services who will appoint a number of deputy returning officers.

8. Pay arrangements up to chief executive level

8.1. Pay structure

8.1.1. A new pay structure was introduced on 1st July 2015 following the conclusion of the job evaluation project. Within the overall pay scale there are 20 grades as set out in Appendix A. The grade for each role is determined by a job evaluation process according to the knowledge, skills, effort, responsibilities and demands required of the role. All posts including chief officers are included on the 20 new pay grades, excluding the chief executive. A comparison of the number of permanent full-time equivalent posts by salary grade is set out in Appendix F. There are no arrangements which could be perceived as seeking to minimise tax payments in the terms of remuneration for senior appointments.

8.2. Pay progression

8.2.1. Currently, annual automatic pay progression is in operation between pay points within a pay banding up to the maximum point. Increases are made on 1 April each year. Officers with less than six months' service in the grade by 1 April are granted their first increment six months after their appointment. This was reviewed as a part of the council's current pay structure and job evaluation scheme review. If posts are regraded, they are expected to start at increment A, even if there is no actual salary difference because they will progress up the increments in future years. Officers can be recruited internally or externally on any increment dependent on their experience.

8.2.2. Once employed officers are expected to follow annual automatic progression as described in this policy. However, Strategic Directors have discretion to award additional increments subject to business case and approval by Human Resources. The business case must demonstrate that the employee possesses equivalent and proven experience at that level. Cases based solely on performance, knowledge, or retention risk will not be considered.

8.2.3. Casuals are generally recruited on the bottom increment (point A) and are not subject to pay progression. Managers may increase the increment subject to a business case and funding availability.

8.3. Pay protection.

8.3.1. Where, as a result of job evaluation or redeployment there is a reduction in pay, staff will receive salary protection which will be at least limited to a period equivalent to the period of notice to which they would be entitled under their contract of employment. This will only be applicable in circumstances where the employee has compulsorily had a reduction in pay due to restructure or redeployment and will apply to reductions in contractual pay and allowances.

8.4. Premium payments

8.4.1. The council previously undertook an extensive review of all terms and conditions of employees which saw the rationalisation of allowances and premium rates paid to

employees whose roles necessitate out-of-hours working. These arrangements are determined under local bargaining arrangements with recognised trade unions. The 2023 pay award increases allowances by 3.88%.

8.4.2. Since 1 April 2012, posts designated as constrained (as set out in section 5.3) have attracted the following allowances and are payable to eligible employees up to salary grade 10, point E (£36,307). However, in exceptional circumstances such as the Isle of Wight Festival, plain time rate pay for additional time will be paid in addition to the contracted hours, if there is a valid authorised business case confirming the circumstances and the reasons why staff are unable to take time off in the normal way.

Current rates are set out below:

Element	Enhancement to pay	Description
Adverse work element	£109.08 per annum	Applies where: those working conditions are deemed to be more difficult than reasonably expected in any job i.e. over and above the reasonable expectation for the job, a scheme of Adverse Work Element will apply and an allowance will be payable to staff who qualify. This has been in place since the terms and conditions review but due to the small amount per annum is not often used.
Overtime	Plain time rate	Applies where: (a) there is a contractual requirement to work more than 37 hours per week or (b) Voluntary overtime worked in a constrained post cannot be reasonably taken as time off in lieu.
Night Duty	Plain time plus one third	Applies to hours worked outside of the service's designated core hours. This rate will also apply where shift patterns fall outside the service's designated core hours (see shift allowance below). Night workers will receive an overall allowance of 43% on hours worked overnight outside of the services designated core hours. This is made up of the 10% shift allowance detailed below and the additional 33 percent night shift allowance.
Responsibility Allowance	No automatic entitlement	Responsibility allowances will apply only where a cost-effective business case is made to and approved by the authorisation panel. "Acting up" arrangements will be development opportunities and will be time limited.

Element	Enhancement to pay	Description
Shift Allowance	<p>10% of plain time rate will apply to all hours of working shift patterns whose start / finishing times commence / end beyond the designated core hours for the service.</p> <p>Plain time rates only apply to shifts whose start and finish times fall within designated core hours for the service.</p>	<p>Shifts are defined as regular patterns of work carried out at different times either on a daily or weekly basis.</p> <p>All hours of a particular shift where the start / finishing times commences / end beyond core hours for the service.</p> <p>Additionally, where the hours of a shift fall outside the core hours for the service, the night work rate of a one third enhancement to plain time will apply to those hours.</p>
Weekend Work	Plain time rates	This rate applies to all hours worked within the service's designated core hours.
Standby Allowance	<p>Where staff are required to undertake standby duty, a standby session is paid as a single payment of £32.11 a session.</p> <p>Only payable where the standby is additional to contractual hours per week.</p>	<p>A standby session is 24 hours or part thereof but must exceed four hours duration.</p> <p>Where the needs of the service demand, all posts eligible will participate on standby.</p>
Call-Out	Plain Time Rate	<p>All posts may be reasonably required to be called out at times other than normal working patterns. Where an employee is paid a higher substantive grade than that of the role being covered on call-out, they will be paid at the maximum of the grade for the role being performed on call-out. All hours of call-out work will be paid at plain time rate.</p> <p>Staff graded higher than Grade 10, who are required to be called out, will be paid at their actual rate of pay for time called out.</p>
Public / Bank Holiday Working	<p>Christmas Day (25.12) and / or Boxing Day (26.12): normal pay plus plain time for hours worked plus time off in lieu.</p> <p>All other public and bank holidays -see right.</p>	Work on alternative public holidays when Christmas Day or Boxing Day fall on a Saturday or Sunday and work on all other public holidays will be paid either at normal pay plus time off in lieu, or alternatively at normal pay plus plain time for hours worked (no time off in lieu) where this is a more cost effective approach.
Sleeping In Allowance		Sleep ins paid at £43.63 per night session (9 hours)

Element	Enhancement to pay	Description
Casual Adult mental health practitioners	Call-Out: £91.87 per session	Plain time rate

9. Pay arrangements - chief officers

9.1. Pay structure

9.1.1. Our structure for chief officers is included within the 20 pay grades under the job evaluation pay framework, excluding the chief executive whose salary is a spot salary that has been evaluated through market testing.

9.1.2. The scope of each chief officer's job responsibilities are set out in the council's constitution which is published on the council's website and can be found by using the following links:

<https://iow.moderngov.co.uk/ieListMeetings.aspx?Committeeld=219&info=1&MD=Constitution&bcr=1>

<https://www.iow.gov.uk/Council/Working-for-the-Council/IWC-Workforce-Information/Organisational-Structure-and-Responsibilities>

9.1.3. Generic role profiles have been established for the appointment and performance management of chief officers, which set out the generic requirements to fulfil the duties expected at this level. These can be found at Appendix B and C, and senior management level at Appendix D and E for information.

9.1.4. The Openness and Accountability in Local Pay Guidance under Section 40 of the Localism Act sets out the requirement for Full Council to be given the opportunity to vote before large salary packages are offered in respect of a new appointment. The secretary of state considers that £100,000 is the threshold for this to be undertaken. The pay-scale for chief officer posts is incorporated into the new pay framework following the job evaluation exercise, as set out as Appendix A and the remuneration for the chief executive has been set by Full Council as being up to a maximum ceiling of £150,000 per annum with current salary including pay award at £144,862. Approval by Full Council to this policy document is therefore considered to meet the requirements of the guidance. Should any variation to the pay-scale for chief officers be proposed in any future appointment, including elements of payments made to chief officers engaged under a contract for services, i.e., agency staff then this will be a matter for the Appointments Panel to recommend to Full Council during the authorisation process to recruit to a vacant post. There is currently no performance-related pay or bonuses for chief officers.

9.2. Pay progression.

9.2.1. There is no automatic pay progression for the chief executive as it is a spot salary, although salary will be increased based on national negotiations for annual cost of living pay awards in line with the Joint Negotiating Committee for Chief Officers.

9.2.2. The establishment of annual performance targets for chief officers is a matter for determination by the chief executive and where appropriate in consultation with the lead Cabinet portfolio holder(s).

9.2.3. The establishment of annual performance targets for the chief executive is a matter for determination by the leader of the council in consultation with relevant Cabinet portfolio

holder(s), other group leaders and subject to any other constitutional arrangements for their approval and review.

9.3. Emergency response

9.3.1. Chief officers and strategic managers are required to participate in the council's emergency duty scheme. No additional payment is made for such duty.

9.4. Pay ratio

9.4.1. The proposition by the Prime Minister and Chancellor in commissioning the public sector pay review in 2010 was that there should be no more than a 20:1 pay multiple to demonstrate fairness in pay.

9.4.2. The pay differential between the highest paid and the lowest within the Isle of Wight Council (using the full time equivalent (FTE) base salary as the indicator of measure), and excluding schools, fire service personnel, casuals, trainees and apprentices the following can be identified:

- the highest salary is £144,861 and the lowest salary is £22,367
- the mean salary is £31,930
- the median salary is £27,803

Which represents:

- a ratio of 1: 6.48 between the lowest and highest salary
- a ratio of 1: 4.54 between the mean and the highest salary
- a ratio of 1: 5.21 between the median and the highest salary

Whilst it is not the intention to establish a target reduction in ratio, close monitoring/benchmarking will to be undertaken to allow ongoing monitoring of median/mean workforce earnings.

9.5. Gender Pay gap

9.5.1. From 2017, Gender Pay Gap Legislation requires any organisation that has 250 or more employees to publish a report showing how large the pay gap is between male and female employees. The pay gap is the difference between the average (mean or median) earnings of men and women, expressed as the percentage of women's earnings compared to men's earnings.

9.5.2. The report must be published by the 30th of March each year for the public sector; the information must be displayed on the employers' own website and a designated Government website.

9.5.3. The Isle of Wight Councils Gender Pay Gap information is summarised below and the full report can be found in Appendix 2.

9.5.4 The mean gender pay gap in hourly pay

	Females (£)	Males (£)	Gap (%)
March 2017	12.6	13.93	9.6
March 2018	12.13	13.48	10.1
March 2019	12.80	13.95	8.3
March 2020	13.35	14.94	10.7
March 2021	14.43	16.04	10.0
March 2022	14.18	15.87	10.6

9.5.5 The median gender pay gap in hourly pay

	Females (£)	Males (£)	Gap (%)
March 2017	10.57	12.42	14.9
March 2018	10.44	12.35	15.5
March 2019	10.89	12.61	13.7
March 2020	11.19	13.64	18.0
March 2021	12.20	14.73	17.2
March 2022	12.13	13.89	12.7

9.5.6 The mean bonus gender pay gap

	Females (£)	Males (£)	Gap (%)
March 2017	0	0	
March 2018	1345	0	
March 2019	1704	0	
March 2020	2116	0	
March 2021	3594	0	
March 2022	0	0	

9.5.7 The median bonus gender pay gap

	Females (£)	Males (£)	Gap (%)
March 2017	0	0	
March 2018	1345	0	
March 2019	1704	0	
March 2020	2116	0	
March 2021	3594	0	
March 2022	0	0	

9.5.8 The proportion of males and females receiving a bonus payment

	Females (%)	Males (%)
March 2017	0	0
March 2018	0.05	0
March 2019	0.06	0
March 2020	0.08	0
March 2021	0.1	0

9.5.9 The proportion of people in each quartile within the council's pay framework that are male

and female.

March 2022		
Quartile	Female	Male
Lower quartile	68.3	31.7
Lower middle quartile	76.9	23.1
Upper Middle quartile	67.25	32.75
Top quartile	58.1	41.9

These figures are based on those who were employed on the 31 March 2022. The pay period used for the calculation of pay was the month of March 2022 as employees are paid monthly. The bonus period covers the period 1 April 2021 to the 31 March 2022.

10. Discretionary provisions

10.1 The Local Government Pension Scheme (LGPS) Regulations require the council to publicise a statement on the way certain discretions available under the pension scheme will be applied. This is a management policy, not an employee right and confers no contractual rights. However, the statement does not commit the council to a scheme of automatic exercise of the discretions and any such variation must be considered on its own merit and undertaken within the required corporate governance arrangements. This places a duty upon the council to provide appropriate, documented evidence to justify a variation being made and that the necessary authorisation has been secured. In all such cases, for the decisions to be lawful, there must be a clearly documented rationale agreed by key elected members for a departure from the policy.

10.2 Only the policy which is current at the time a relevant event occurs to an employee will be the one that applies. This statement is applicable to all employees with the exception of those employed in maintained schools who, as LGPS employers in their own right are required to have their own policy on the application of discretions.

10.3 As an employing authority, the Isle of Wight Council's policy as regards available discretions is as follows:

10.3.1. Voluntary redundancy/early retirement from age 55, including the impact of the '85-year rule'

10.3.2. The Isle of Wight Council's current policy is to not "switch on the 85-year rule" where an early retirement application is made between the ages of 55 and 59. This would result in an actuarial reduction to any pension benefits taken by a member aged 55 to 59, regardless of whether the 85 year rule is satisfied. The only exceptions to this rule are redundancy, ill-health and flexible retirements, whereby the 85-year rule, in accordance with pension regulations, is not discretionary and therefore must be honoured in all of these situations.

10.3.3. Early retirement with employer's consent can be applied for between the ages of 60 and Normal Retirement or State Pension Age, whichever is earlier, providing the 85-year rule is not satisfied. Requesting this type of retirement would allow an employee to retire at 60 without actuarial reductions applied to their benefits.

10.3.4. Voluntary and compulsory redundancy has the same effect on pension benefits, whereby no actuarial reduction will be applied to benefits if the redundancy occurs after the pension member's 55th birthday.

10.3.5. The council may not afford employer consent to early retirement or voluntary redundancy, if by leaving local government employment, the resultant loss of skills, knowledge and experience will have a detrimental effect on the service provided by the council. The chief financial officer and Strategic Director of Corporate Services must be satisfied that appropriate savings to meet the capitalised costs associated with release of pension (and payable to the pension fund) can be secured before approval is given. Applications for voluntary redundancy and early retirement with employer's consent must be made in-line with the Isle of Wight Council's policy.

10.3.6. Augmentation of benefits – leavers who have attained age 55 (i.e. a discretion that allows the employer to purchase extra pension benefits for a pension scheme member)

- Our current policy is that we will not grant any additional benefits or pension under this delegation.

10.3.7. Augmentation of benefits – new employees

- Our current policy is that we will not grant any additional benefits under this delegation upon entry to Isle of Wight Council employment.

10.3.8. Transfer values – acceptance of inward transfers

- When a transfer of pension rights from the private or public sector is permissible, we will only accept such a transfer when the request for us to look into it was made within the first 12 months of employment. Requests received after the first 12 months will be refused. We also refuse to accept transfers (other than from within the Local Government Pension Scheme and the Public Sector Transfer Club), that would result in a membership credit in excess of 40 years. When assessing this 40-year limit we take into account all non LGPS and non-club transfers.

10.3.9. Shared Cost Additional Voluntary Contributions (AVCs) and/or Shared Cost Additional Pension Contributions (ie a discretion that allows the employer to pay a percentage of any additional voluntary contributions an employee makes to their pension)

- Our current policy is that we will not grant any additional benefits under this delegation by way of additional contributions on behalf of an employee. This decision does not preclude any employee from effecting an AVC in their own right. The council introduced the AVC salary sacrifice scheme during 2020 for LGPS members, which through its operation affords National Insurance contribution and income tax savings for employees and National Insurance contribution savings for the council as the employer.

11. Redundancy payments

11.1 It is our current policy that redundancy payments will be based on statutory redundancy calculations payable under the Employment Rights Act in terms of the calculation of the number of weeks to be paid based on age and length of continuous local government service. Our current policy is that we will not grant any additional benefits under this delegation for additional compensation under the Discretionary Payment Regulations to be applied. A week's pay will be based on the lesser of:

- An employee's actual contractual pay; or

- The statutory minimum.

Voluntary redundancy requests do not attract any enhanced compensation rates.

11.2 Flexible retirement

11.2.1. In-line with Local Government Pension regulations the Isle of Wight Council currently offers flexible retirement to members over the age of 55 as an option to employees who wish to reduce their working hours or grade before retiring fully. Employer's consent must be obtained for all flexible retirements and full retirement benefits will be paid with immediate effect, notwithstanding the fact that they have not retired from their employment. Flexible Retirement will cause the ongoing accrual pensionable benefits to cease on the date of the effect and therefore any additional service after the date of flexible retirement will not count towards satisfying the '85-year rule'.

11.2.2. For employees who satisfy the 85-year rule at the date of flexible retirement no actuarial reductions will be applied to the resultant pension benefits. The Isle of Wight Council is in no way obliged to grant flexible retirement to members who satisfy the 85-year rule and the same process for approval as voluntary redundancy and early retirement with employer's consent will need to be followed. All applications for flexible retirement must be made in-line with the Isle of Wight Council's Flexible Retirement policy.

11.2.3. The Council may not agree to flexible retirement if by reducing the weekly hours worked or grade, will have a detrimental effect on the service provided by the Council. Where a capitalised cost will be incurred because the applicant satisfies the 85 year rule, the Chief Financial Officer and Director of Corporate Services must be satisfied that appropriate savings to meet the capitalised costs associated with release of pension (and payable to the Pension Fund) can be secured before approval is given. Flexible retirement will normally only be granted where there is no cost to the Local Authority or where due consideration has been given to the cost benefit of agreeing such an approach.

11.3 As an administering authority, the Isle of Wight Council's policy as regards available discretions is as follows:

11.3.1. Re-employed pensioners

- It is our current policy that the pension of those pensioner members who are re-employed within local government will not be abated. (Abatement is the reduction or suspension of a member's pension where a person in receipt of their pension becomes re-employed with an employer who offers the LGPS.)

11.3.2. Spouses pension payable for life

- It is our current policy that there will be continued payment for the whole life of a widow's or widower's pension even where the recipient remarries, enters a civil partnership or cohabitates with another person.

11.3.3. Premature release

- Once a scheme member has attained the age of 55, they may request access to payment of their benefits on a reduced basis. This requires employer's consent to be given. It is current policy that any such request would only be granted where there is no cost to the local authority due to the early release of benefits.

11.3.4. Injury Benefit Scheme

- Under the Local Government (Discretionary Provisions) (Injury Allowances) Regulations 2011, it is our current policy that we will not adopt a discretionary injury benefit scheme which makes provision for a person who has sustained an injury in the course of carrying out their work.

12. Severance Arrangements

12.1 There may be exceptional circumstances that occur from time to time when the most economically advantageous option for the council requires some form of compensation arrangement to be entered into or for a variation to be granted to the discretionary provisions set out above and where for example, a consensual arrangement is required in order to avoid delays, tribunal costs or detriment to key service priorities. In doing this, regard must be had to the losses suffered by the individual, future employment prospects and the overall impact on the council's finances of both reaching and not reaching agreement.

12.2 The necessary procedures must be followed when such arrangements are proposed and/or in circumstances where termination of employment involves any of the following:

- Early release of pension entitlement (other than on ill-health grounds) which requires capitalised costs to be met.
- Payments in excess of the statutory redundancy payment.
- Any other enhancement that requires approval as set out in the Discretionary Provisions.
- A compensatory payment for loss of office that either relates to a chief officer and / or is in excess of £50,000 for any other employee.
- Where a combination of the above for any one individual exceeds £50,000.

12.3 Procedure to be followed:

12.3.1. Whilst it is accepted that there must be public accountability for any severance package granted, it is considered that there is potential to breach employment obligations under a contract of employment by entering into debate about individual severance arrangements at Full Council, and it would not be in the best interests of efficiency or to allow timely conclusion to sensitive and/or complex matters that need to be resolved swiftly when required. The following procedural process therefore sets out the level of scrutiny that is to be undertaken in respect of any authorisation.

12.3.2. In all cases and irrespective of the sums involved, an "Authorisation for Early Release of Pension Benefits/Discretionary Payments" form must be completed then discussed with and authorised by the relevant Strategic Director, Strategic Director of Corporate Services and chief executive. The form must set out all the costs and savings associated with the proposal and must be certified by the section 151 officer or other authorised signatory. The exit cap will be considered as part of this process.

12.3.3. The costs associated with reimbursing the Pension Fund for the capitalised costs of an early retirement must be met from the resultant savings.

12.3.4. Where a settlement relates to a chief officer and/or where for another employee:

- the capitalised costs of reimbursing the pension fund exceed £50,000;
- a compensatory payment for loss of office exceeds £50,000;
- any other discretionary payment exceeds £50,000;
- a combination of the above exceeds £50,000

- 12.3.5.** Then, the leader and Cabinet member for corporate services in consultation with the relevant Cabinet member must be informed in advance of any offer being made or approval being given. It should be noted that this would change with a future move to a committee system.
- 12.3.6.** Where compensatory payments are proposed for loss of office, appropriate legal advice must be taken. This must be secured in writing and also attached to the authorisation form prior to approval. All relevant information utilised in the calculation of a proposed compensatory payment must be retained as evidence on file with the relevant authorisation form.
- 12.3.7.** In any circumstances where pay in lieu of notice is to be considered it must be possible to evidence that one or all of the following criteria can be met:
- that circumstances dictate that it would be untenable or detrimental for the individual to remain at work or to return to work and there is no gainful alternative work during a notice period;
 - occupational health/medical advice indicates that the individual is not fit for work during the notice period.
- 12.3.8.** Where the anticipated termination date is known and it is therefore possible to give due notice, this is not considered appropriate circumstances in which authorisation can be given for pay in lieu of notice.

Appendix A

Pay framework - April 2023 award			
Salary Grade	Salary Point	Hourly Rate	Salary
Grade 1	A	£11.60	£22,367.00
	C	£11.69	£22,552.00
	E	£11.79	£22,737.00
Grade 2	A	£11.79	£22,738.00
	C	£11.85	£22,862.00
	E	£11.92	£22,988.00
Grade 3	A	£11.98	£23,114.00
	C	£12.05	£23,242.00
	E	£12.12	£23,370.00
Grade 4	A	£12.18	£23,500.00
	C	£12.28	£23,696.00
	E	£12.39	£23,893.00
Grade 5	A	£12.59	£24,293.00
	C	£12.70	£24,498.00
	E	£12.81	£24,702.00
Grade 6	A	£12.81	£24,703.00
	B	£12.91	£24,909.00
	C	£13.02	£25,119.00
	D	£13.24	£25,545.00
	E	£13.47	£25,979.00
Grade 7	A	£13.70	£26,421.00
	B	£13.93	£26,873.00
	C	£14.17	£27,334.00
	D	£14.29	£27,567.00
	E	£14.41	£27,803.00
Grade 8	A	£14.82	£28,594.00
	B	£15.17	£29,259.00
	C	£15.52	£29,943.00
	D	£15.89	£30,646.00
	E	£16.26	£31,364.00
Grade 9	A	£16.63	£32,077.00
	B	£16.97	£32,738.00
	C	£17.37	£33,503.00
	D	£17.77	£34,269.00
	E	£18.16	£35,035.00
Grade 10	A	£18.40	£35,488.00
	B	£18.75	£36,174.00

	C	£19.11	£36,860.00
	D	£19.46	£37,546.00
	E	£19.82	£38,232.00
Grade 11	A	£21.54	£41,548.00
	B	£21.90	£42,250.00
	C	£22.27	£42,951.00
	D	£22.63	£43,653.00
	E	£22.99	£44,356.00
Grade 12	A	£22.99	£44,357.00
	B	£23.29	£44,935.00
	C	£23.60	£45,516.00
	D	£23.90	£46,097.00
	E	£24.20	£46,676.00
Grade 13	A	£24.25	£46,772.00
	B	£24.70	£47,643.00
	C	£25.15	£48,513.00
	D	£25.60	£49,381.00
	E	£26.05	£50,251.00
Grade 14	A	£28.52	£55,009.65
	B	£29.05	£56,034.95
	C	£29.58	£57,062.32
	D	£30.11	£58,087.62
	E	£30.64	£59,113.95
Grade 15	A	£32.79	£63,254.61
	B	£33.43	£64,483.51
	C	£34.06	£65,711.37
	D	£34.70	£66,938.19
	E	£35.34	£68,167.09
Grade 16	A	£37.98	£73,266.56
	B	£38.72	£74,696.99
	C	£39.47	£76,136.77
	D	£40.22	£77,576.55
	E	£40.96	£79,016.32
Grade 17	A	£46.66	£90,007.86
	B	£47.54	£91,704.23
	C	£48.42	£93,400.59
	D	£49.30	£95,096.95
	E	£50.18	£96,793.31
Grade 18	A	£50.80	£97,988.97
	B	£51.75	£99,824.52
	C	£52.70	£101,661.12
	D	£53.65	£103,497.72
	E	£54.61	£105,333.28
Grade 19	A	£54.93	£105,967.99

	B	£55.96	£107,945.86
	C	£56.98	£109,923.74
	D	£58.01	£111,903.69
	E	£59.04	£113,881.57
Grade 20	A	£59.07	£113,949.09
	B	£60.17	£116,067.20
	C	£61.27	£118,185.31
	D	£62.37	£120,303.43
	E	£63.46	£122,422.58

Appendix B – Generic Role Profile – Chief Officer (Grade 17)

Job Family	Leadership
Pay Range	Grade 17
Reference	HOS01
Purpose	
To lead and control a major service area to deliver significant operational and /or professional expertise services which support the achievement of the aims and desired outcomes of the Council.	
Service to Customers	
<i>Accountability</i>	<i>End Result</i>
Direct and control the management of the service / professional expertise area for which responsible.	Activities within the service area are directed and controlled to ensure the required outcomes and standards are delivered either directly; through commissioned or funded services; or via community empowerment.
	Consultation informs the design, development, delivery and performance management of the service / professional area.
	Customer and client satisfaction are maximised
	Service quality, efficiency and continuity are maximised.
Strategy and policy formulation and implementation for area of responsibility are aligned to the Councils overall corporate strategy and objectives. Actively contribute to the strategic direction of the council.	Service requirements are identified, and priorities established.
	Service area strategy is developed, agreed and implemented.
	Changing priorities and external requirements are anticipated, assessed and effective responses developed.
Lead the development and oversee the implementation of policy, systems, contracts, processes, performance criteria, standards, governance frameworks, and procedures within area of responsibility which meet strategic / operational requirements, internal and external reporting requirements	Council strategic direction is informed and influenced by recommendations.
	Policies, procedures and controls ensure that the area of responsibility is compliant with all relevant legislation, codes, regulations, guidelines, standards and best practice.
	Governance frameworks have clear accountabilities and effectiveness is measurable.

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and ensure compliance with legislation and regulations.	Compliance is monitored and ensured.
	External inspections are managed effectively.
	Action is taken to resolve any issues identified.
	Policies, systems, frameworks, information management and reporting etc. meet all audit, regulatory and operational requirements.
Advise Strategic Managers, Directors, Members and others on issues relevant to the service area. Provide professional challenge and advice to colleagues, managers and partner organisations.	Expert professional advice, interpretation, information, support and challenge are provided to IWC and external parties on the full range of operational, legislative and strategic issues within the field of expertise.
	Strategic Managers are actively supported, consulted, advised, kept informed and involved in the activities of the service area.
	Responses to major corporate or partner initiatives / complex strategic or operational issues are managed effectively.
Implement a comprehensive risk management programme for the area of responsibility.	Corporate risk management processes are implemented and delivered within the area of responsibility
	Operational, financial, regulatory and political risk are identified and managed in accordance with Local Government and national working practices.
	Mitigation is identified and recommended in prospective high risk areas.
Business Improvement	
Ensure the development and delivery of continuous improvements in all aspects of the service area. Manage and control the planning and implementation of improvements. Ensure that the capacity to respond positively to change is enhanced, "traditional thinking" is challenged and innovative solutions are pursued throughout the area of responsibility.	A culture of continuous improvement is established and embedded throughout the area of responsibility.
	The external market, political and regulatory environment and internal drivers which impact the service area are monitored.
	Strategic and operational issues, implications, change requirements and opportunities are identified.
	Improvement of the service area is focussed and driven to meet strategic objectives and service requirements.
	Targets for improvement are developed and agreed with Head of Service
	Agreed improvements are planned and delivered.

Plan and direct / sponsor major projects and / or service wide and partner based programmes/ initiatives.	Scope and objectives of the project / programme are clearly defined.
	Resources required to deliver the project / programme are secured.
	Projects / programmes have clear and assigned accountabilities and achieve their objectives.
	Transition is managed effectively to ensure minimal disruption to service users.
Colleagues, Self and Partners	
Participate in own self development, in order to improve performance at work.	Participate in the Performance Development Review process.
	Keep records of achievements.
	Undertake learning activities as required.
Actively promote and celebrate diversity	When appropriate seek to eliminate unlawful discrimination, harassment and victimisation
	Advance equality of opportunity between those people who possess a protected characteristic and those who do not
	Foster good relations between those people who possess a protected characteristic and those who do not
Ensure that the skills, knowledge and professional standards within the area of responsibility are developed and that the service area is able to meet all operational and regulatory requirements	Changes which impact learning and development are identified and actioned.
	Realistic self assessments of development needs are made by self and management team.
	Management team are supported, coached and mentored in the delivery of their responsibilities.
	A proactive, customer focussed, "can do" culture is developed and embedded throughout the service area.
	Skills and knowledge within the area of responsibility are developed to meet identified requirements.
	Professional competence and integrity within the area of responsibility is ensured.
	Knowledge sharing is established and embedded throughout area of responsibility / influence.
	The workplace is actively championed as a learning environment.

Develop and manage stakeholder relationships. Proactively build good working relationships, develop links and communicate effectively with all stakeholders including Members and Strategic Managers. Represent and make decisions on behalf of the service. Represent IWC at partnership, public and other high profile events, influencing opinions and actions both internally and externally.	Relationships with key stakeholders are established, promoted, managed and sustained.
	Stakeholder consultation is used to develop and manage the area of responsibility
	Council policies and interests are upheld and promoted within the Council and in all external relationships.
	The reputation of the council is enhanced
	Effective lobbying/influencing is demonstrated.
	Beneficial outcomes are negotiated.
	Effective communications / promotional activities are planned and delivered.
	Stakeholder requirements are met.
Develop opportunities for partnership working both within and outside the council. Lead on relevant partnerships between the Council and other public, private, voluntary and community sector bodies.	Where appropriate, service delivery is achieved / supported through partnerships.
	Responsibilities for the delivery of services are established between the service area and partner organisations.
	Partnership working groups are led effectively.
	Best practice is identified, shared and promoted.
Ensure support is provided in response to a corporate emergency.	Support is provided to meet the identified need.
	Requests made for support are reasonable with regard to both the job and the job holder's circumstances.
Managing Resources	
Provide leadership and direction for the service area, to ensure the delivery of timely and appropriate services to customers.	Leadership of professional teams results in the planning, commissioning and delivery of the services required.
	The service area teams are professional, highly competent, effective, motivated and outcomes focussed.
	Performance and development reviews are completed to the required standards and timescales.
	Deficiencies and underperformance are actively resolved.

	Recruitment, induction development, employee relations and all HR processes and planning are completed to the required standards and timescales.
	Corporate initiatives are actively supported and delivered.
	Effective team meetings take place.
Plan and manage the budgets within area of responsibility. Ensure all financial transactions are authorised, processed and reconciled correctly.	Budgets are developed and agreed with Strategic Manager.
	The service area is delivered within agreed budget.
	Funding from external sources is identified and secured where appropriate.
	Savings and efficiencies are systematically identified and delivered. Value for money is maximised.
	Financial expenditure and procedures are controlled to assure financial integrity, regulatory and Council policy compliance.
Accountable for the strategic and operational planning and delivery of the service area targets and objectives (either directly or through commissioned / managed services). Input to the strategic planning of the wider service and / or organisation. Ensure compliance with all internal and external standards.	Service plan and targets for area of responsibility are developed, agreed and communicated within the required timeframe.
	Robust performance and quality management systems and procedures are in place and meet all requirements.
	Performance, progress against the service plan and contractual compliance are monitored and managed effectively.
	Action plans are developed, implemented and delivered.
	Quality, performance and other management information is produced and published in accordance with council policy, regulations and legislation.
	Compliance with all relevant legislation, policies and procedures is ensured.
Identify, secure, deploy and manage the resources necessary for the service area to meet/exceed its objectives.	Resources are effectively and efficiently deployed to achieve service area objectives.
	Appropriate organisation structures and processes are recommended and agreed with Strategic Managers.
	Agreed structures are implemented.
Ensure the successful implementation of health and safety legislation, policies and practices.	There is a proactive and positive culture of health and safety.
	The organisation meets its statutory health and safety requirements.
	Strategic risks are effectively managed

Knowledge, Skills and Experience
Significant relevant experience of managing a service / professional expertise area in a large public sector organisation (preferably local government).
Substantial experience of service planning and delivery.
Extensive knowledge of local government and wider sector / external influences.
Extensive and comprehensive knowledge and understanding of the service area; the requirements, systems, policy, practices, procedures, legislation and major issues facing it.
Proven track record of effectively managing significant budgets and ensuring the delivery of services within agreed resources.
Proven ability to identify standards and performance requirements for own and partner organisations and deliver effective performance management.
Significant experience of leading and sustaining partnerships both internally and externally.
Authority and credibility to work effectively in a political environment establish positive and productive relationships with stakeholders and engage successfully with colleagues, partners and customers.
Excellent interpersonal and communication and presentation skills, with proven ability to communicate effectively and persuasively to a wide range of audiences both horizontally and vertically throughout the organisation.
Proven track record of managing major projects and policy development.
Proven track record of success in delivering major organisational change.
Proven leadership ability, with evidence of developing a multi - disciplinary team approach, managing staff, inspiring confidence, encouraging, motivating and influencing others.
Proven ability to think innovatively and conceptually and deliver against this.
Evidence of enthusiasm, drive, commitment and energy demonstrated in achieving goals.
Resilient and positive in spite of setbacks.
Demonstrates behaviours which model the Council's values.

Indicative Qualifications
Educated to degree level or equivalent standard.
Post graduate qualification may be required or ability to demonstrate equivalent ability.
Relevant professional qualification may be required.
May require relevant certifications including evidence of fluency in English language.

Appendix C – Generic Role Profile – Chief Officer (Grade 18)

Job Family	Leadership
Pay Range	Grade 18
Reference	HOS02
Purpose	
To act as lead officer providing strategic policy direction and leadership, operational management and financial control for a service or strategic function within the Council. Support the Executive and other Members, Chief Executive and Corporate Management Team, to achieve the aims and desired outcomes of the Council.	
Service to Customers	
<i>Accountability</i>	<i>End Result</i>
Direct, develop and control the service. Responsible for all operational decision making and management of the service.	Activities within the service are directed and controlled to ensure the required outcomes and standards are delivered either directly; through commissioned or funded services; or via community empowerment.
	Member input, community consultation and customer feedback inform the design, development, delivery and performance management of the service.
	Customer and client satisfaction are maximised
	Service quality, efficiency and continuity are maximised.
Service strategy and policy formulation and implementation are aligned to the Councils overall corporate strategy and objectives. Actively contribute to the corporate management and strategic direction of the council as part of the Leadership Group.	Service priorities are established.
	Service strategy is developed, agreed and implemented.
	Changing priorities and external requirements are anticipated and assessed
	Innovative approaches and responses are developed and delivered.
	Council strategy is developed jointly with partners where appropriate.
Ensure the development and implementation of policy, systems, processes, performance criteria governance	Policies and controls ensure that the area of responsibility is compliant with all relevant legislation, codes, regulations, guidelines, standards and best practice.

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frameworks, and procedures within area of responsibility meet strategic / operational requirements, internal and external reporting requirements and ensure compliance with external legislation and regulations.	Governance frameworks have clear accountabilities and effectiveness is measurable.
	Compliance is monitored and ensured.
	Action is taken to resolve any issues identified.
	All internal and external audit and reporting requirements are met.
	Policies, systems, frameworks, information management and reporting etc. meet all strategic, regulatory and operational requirements.
Advise Chief Executive, Directors and Members on issues relevant to the service. Provide challenge and advice to colleagues, managers and partner organisations.	Act as lead professional adviser in area of responsibility.
	Chief Executive, Directors and Executive Members are actively consulted on, supported, advised, kept informed and involved in the plans and activities of the service.
	Strategic advice, critical challenge and moderation are provided in relation to all aspects of the service and wider council / partner activities as appropriate.
Direct and implement a comprehensive risk management programme for the service.	Corporate risk management processes are implemented and delivered within the service.
	Operational, financial, regulatory and political risk are identified and managed in accordance with Local Government and national working practices.
	Mitigation is identified and recommended in prospective high risk areas.
Business Improvement	
Work with Council Members, Chief Executive, Directors, own management team, other Heads of Service and partner agencies to identify and address issues which impact on the service and across the wider council and community.	A culture of continuous improvement is established and embedded throughout the service.
	External market and the political and regulatory environment are monitored.
	Strategic issues, implications and opportunities and internally and externally driven change requirements are identified.
	Strategies for the management and delivery of change are developed and implemented.
Ensure that the capacity to respond positively to change is enhanced, "traditional thinking" is challenged and innovative	Necessary changes to culture and practice are implemented and sustained.
	Conditions for others to perform and to innovate are created.

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solutions are pursued throughout the area of responsibility.	Improvement of the service is focussed and driven to meet strategic objectives and improve service user outcomes.
Plan and direct / sponsor significant strategic programmes, projects and initiatives, both within the service area and across the council / partnerships.	Major change /complex multi-disciplinary programmes are monitored and directional control provided.
	Scope and objectives of the project / programme are clearly defined.
	Resources required to deliver the project / programme are secured.
	Projects / programmes have clear and assigned accountabilities and achieve their objectives.
	Transition is managed effectively to ensure minimal disruption to service users.
Colleagues, Self and Partners	
Participate in own self development, in order to improve performance at work.	Participate in the Performance Development Review process.
	Keep records of achievements.
	Undertake learning activities as required.
Actively promote and celebrate diversity	When appropriate seek to eliminate unlawful discrimination, harassment and victimisation
	Advance equality of opportunity between those people who possess a protected characteristic and those who do not
	Foster good relations between those people who possess a protected characteristic and those who do not
Ensure that the skills and knowledge within the service are developed and that the service is able to meet the challenges it faces. Responsible for professional standards throughout the service. Drive the cultural changes needed to ensure customer focus is at the heart of organisational and individual behaviour	Changes which impact learning and development are identified and actioned.
	Realistic self assessments of development needs are made by self and management team.
	Management team is supported, coached and mentored in the delivery of their responsibilities.
	A proactive, customer focussed, “can do” culture is developed and embedded throughout the service.
	Empowerment of staff and / or the wider community is enabled.
	Skills and knowledge within the service and where appropriate partner

	organisations, are developed to meet identified requirements.
	Knowledge sharing is established and embedded throughout the council and partner organisations.
	Professional competence and integrity within the service is ensured.
	The workplace is actively championed as a learning environment.
Develop opportunities for partnership working both within and outside the council. Lead on relevant partnerships between the Council and other public, private, voluntary and community sector bodies.	Where appropriate, delivery of the service is achieved / supported through partnerships.
	A clear framework of accountabilities for the effective discharge of their respective responsibilities and the delivery of services is established between the service and partner organisations.
	Partnership working is led effectively.
	Best practice is identified, shared and promoted.
Ensure support is provided in response to a corporate emergency.	Support is provided to meet the identified need.
	Requests made for support are reasonable with regard to both the job and the job holder's circumstances.
Managing Resources	
Provide leadership and direction for the service, to ensure the delivery of timely and appropriate services to customers.	Strategic leadership of integrated professional teams results in the planning, commissioning and delivery of the services required.
	The service is led by a professional, motivated and effective management team.
	Performance and development reviews are completed to the required standards and timescales.
	Deficiencies and underperformance are actively resolved.
	Recruitment, induction development, employee relations and all HR processes and planning are completed to the required standards and timescales.
	Corporate initiatives are actively supported and delivered.
	Effective team meetings take place.
Direct and control the financial expenditure and integrity of	Budgets are developed and agreed with appropriate Executive Member(s) /

the service.	Strategic Manager.
	Budgets and financial risk are monitored and managed in compliance with organisational requirements.
	The service is delivered within agreed budget.
	Funding from external sources is identified and secured where appropriate.
	Value for money is maximised.
	Regulatory and Council financial policy and procedural compliance is assured.
Accountable for the strategic and operational planning and delivery of the service targets and objectives. Ensure the service's plan and performance (either directly or through commissioned / managed services) result in the implementation of agreed Council strategies, policies and outcomes. Input to the strategic planning of the wider organisation.	Service strategic and medium term plans support Council objectives.
	Policy direction is translated into service outcomes.
	Service and business plans and targets are developed, communicated, cascaded and monitored.
	Robust performance and quality management systems and procedures are in place and meet all requirements.
	Monitoring / measurement of performance and standards is planned and delivered.
	Performance, quality and contractual compliance are managed effectively.
	Action plans are developed, implemented and delivered.
	Compliance with all relevant legislation, policies and procedures is ensured.
Identify, secure, deploy and manage the resources necessary for the service to meet/ exceed its objectives.	Resources are effectively and efficiently deployed to achieve service objectives.
	Assets within the service are controlled and managed effectively.
	Appropriate organisation structures and processes are developed and implemented to meet changing organisational requirements.
Ensure the successful implementation of health and safety legislation, policies and practices.	There is a proactive and positive culture of health and safety.
	The organisation meets its statutory health and safety requirements.
	Strategic risks are effectively managed

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Knowledge, Skills and Experience	
	Significant experience of leading and managing a related / relevant service area in a large public sector organisation (preferably local government).
	Proven track record of successfully developing and championing a customer focussed service function.
	Extensive and comprehensive knowledge and understanding of the national policy context, requirements and major issues facing the service area.
	Proven track record of effectively managing significant budgets and ensuring the delivery of services within agreed resources.
	Proven ability to deliver effective performance management within own service and understanding of the performance management process in partnership arrangements.
	Understanding of appropriate professional standards and how these can be achieved.
	Significant experience of leading and sustaining partnerships both internally and externally to achieve shared objectives and synergies.
	Authority and credibility to work effectively in a political environment and establish positive and productive relationships with stakeholders.
	Excellent interpersonal and communication and presentation skills, with proven ability to communicate effectively and persuasively to a wide range of audiences both horizontally and vertically throughout the organisation.
Page 274	Proven track record of operating strategically on corporate projects and policy development.
	Proven track record of accountability for and success in delivering major organisational change.
	Proven leadership ability, with evidence of developing a multi - disciplinary team approach, managing staff, inspiring confidence, encouraging, motivating and influencing others.
	Proven ability to think innovatively and conceptually and deliver against this.
	Evidence of enthusiasm, drive, commitment and energy demonstrated in achieving goals.
	Resilient and positive in spite of setbacks.
	Demonstrates behaviours which model the Council's values.
Indicative Qualifications	
	Educated to degree level or equivalent standard.
	Post graduate qualification may be required or ability to demonstrate equivalent ability.
	Relevant professional qualification may be required.
	May require relevant certifications including evidence of fluency in English language.

Appendix D – Generic Role Profile – Senior Manager (Grade 19)

Job Family	Leadership
Pay Range	Grade 19
Reference	SM01
Purpose	
To provide strategic leadership and direction in the management of the Council, working with Council Members, the Chief Executive and other members of the Corporate Management Team, to develop the culture and achieve the aims and desired outcomes of the Council.	
Service to Customers	
<i>Accountability</i>	<i>End Result</i>
Direct and control corporate management of a portfolio of services. Support and assure the leadership and management of these services.	Activities within the portfolio of services are directed and controlled to ensure the required outcomes and standards are delivered either directly; through commissioned or funded services; or via community empowerment.
	Customer and client satisfaction are maximised.
	Member input, community consultation and customer feedback inform the design, delivery and performance management of services.
	Service quality, efficiency, continuity and commercial viability are maximised.
Actively contribute to the formulation and implementation of Council strategies and objectives from the Councils political directives, as a member of the Corporate Management team. Ensure that innovative approaches, which meet the long term needs of the Isle of Wight and its residents, are identified, developed and delivered.	The Councils strategic plans are consistent with the democratically derived political and social intentions.
	Changing priorities and external requirements are anticipated and assessed.
	Innovative approaches and responses are developed and delivered.
	Service strategies deliver the Councils vision and objectives.
Undertake the formal responsibilities required for assigned regulated designations on behalf of the Council.	Policy options for future Council plans are developed.
	All statutory functions as outlined in the relevant legislation are met.
	Constraints and opportunities posed by regulatory changes are identified and incorporated into strategic decision making.

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	Responses to Scrutiny Committee enquiries are led effectively.
Ensure the development and implementation of policy, systems, processes, governance frameworks and procedures meet all strategic / operational requirements, all internal and external reporting requirements and ensure compliance with external legislation and regulations.	Policies and controls ensure that the Council is compliant with all relevant legislation, codes, regulations, guidelines and standards.
	Compliance within the services for which responsible is monitored and ensured.
	Action is taken to resolve any issues identified.
	All internal and external reporting requirements are met.
	Policies, systems, frameworks etc. meet all strategic, regulatory and operational requirements.
Advise Elected Members and Council Committees. Provide challenge and advice to colleagues, partner organisations and Heads of Service.	Members of the Council are actively consulted on, supported, kept informed and involved in the activities of the Council.
	Executive is advised on Council plans and policy and on the achievability of these.
	Executive is advised of the implications of decisions and actions.
	Strategic advice, critical challenge and moderation are provided in relation to own services areas and wider Council / partner activities.
Ensure a comprehensive risk management programme is in place for the services for which responsible	Corporate risk management processes are implemented and delivered across the services.
	Operational, financial, regulatory and political risk are identified and managed in accordance with Local Government and national working practices.
	Mitigation is identified and recommended in prospective high risk areas.
Ensure organisational safeguarding strategies reflect statutory requirements and best practice. Ensure these are understood and implemented within the area of responsibility.	There is a proactive and positive Safeguarding Culture.
	The organisation meets its statutory Safeguarding requirements.
	Strategic risks are effectively managed.
Business Improvement	
Work with Council Members, other Strategic Directors, Heads of Service and partner agencies to identify and	A culture of continuous improvement is established and embedded throughout the organisation.

address issues which impact on Councils services and the wider community.	External political and regulatory environment is monitored.
	Strategic issues / implications and opportunities for “ground breaking” developments are identified.
	Strategies for the management and delivery of change are developed and implemented.
	Improvements are planned and targets set.
Ensure that the capacity to respond positively to change is enhanced, “traditional thinking” is challenged and that risk taking in identifying innovative solutions is encouraged where appropriate.	Innovative changes to culture and practice are identified, assessed, implemented and sustained.
	Conditions for others to perform and to innovate are created.
	Transformation of services and behaviours is focussed and driven to meet strategic objectives.
Plan and direct / sponsor significant strategic or Council-wide programmes, projects and initiatives.	Corporate change programmes are monitored and directional control provided.
	Transformational change to organisational culture, behaviours, practice and process is driven and directed.
	Projects / programmes have clear and assigned accountabilities and achieve their objectives.
Colleagues, Self and Partners	
Participate in own self development, in order to improve performance at work.	Participate in the Performance Development Review process.
	Keep records of achievements.
	Undertake learning activities as required.
Actively promote and celebrate diversity	When appropriate seek to eliminate unlawful discrimination, harassment and victimisation
	Advance equality of opportunity between those people who possess a protected characteristic and those who do not
	Foster good relations between those people who possess a protected characteristic and those who do not
Ensure that skills and knowledge are developed to meet future organisational and regulatory requirements and that	Changes which impact learning and development are identified and actioned.
	Realistic self assessments of development needs are made by self and Heads

<p>the Council is able to meet the challenges it faces. Accountable for the professional standards within the services for which responsible. Drive the cultural changes needed to ensure customer focus is at the heart of organisational and individual behaviour.</p>	of Service.
	Heads of Service are supported, coached and mentored in the delivery of their responsibilities.
	A proactive, customer focussed, “can do” culture is developed and embedded throughout the organisation.
	Empowerment of staff and the wider community is enabled.
	Skills and knowledge across the services and where appropriate partner organisations are developed to meet identified requirements (e.g. commercial, partnership working and commissioning skills)
	Knowledge sharing is established and embedded throughout the Council and partner organisations.
	Professional competence and integrity is ensured.
	The workplace is actively championed as a learning environment.
<p>Manage and develop stakeholder relationships. Ensure the services for which responsible have good relationships with Council Members, other service areas, customers, stakeholders, the public and the media.</p>	Good working relationships with associated and affected interest groups / key stakeholders are established, promoted, fostered and sustained.
	Council policies and interests are upheld and promoted within the Council and in all external relationships.
	Heads of Service use Councillor, employee and public consultation as key integral components of their service management.
	The Council is represented on local, regional and national forums.
<p>Drive innovation in models of service delivery through leading and developing relevant partnerships between the Council and other public, private, voluntary and community sector bodies.</p>	Delivery of services is achieved / supported through partnerships.
	A clear framework of accountabilities is established between services and partner organisations.
	Members are supported in building and sustaining partnerships.
	Best practice is identified, shared and promoted.
<p>Ensure support is provided in response to a corporate emergency.</p>	Support is provided to meet the identified need.
	Requests made for support are reasonable with regard to both the job and the job holder’s circumstances.

Managing Resources	
Provide leadership and direction across the portfolio of services for which responsible.	Strategic leadership in the planning, commissioning and delivery of services is effectively provided.
	The services are led by professional, motivated and effective management teams.
	The performance of the Heads of Service is effectively managed.
	Deficiencies and underperformance are actively resolved.
	Heads of Service and their management teams lead, actively support and deliver corporate initiatives.
	Effective team meetings take place.
Ensure the effective financial management of the services within the portfolio.	Budgets are agreed.
	Services are delivered within allocated budgets.
	Value for money is maximised.
	Regulatory and Council financial policy and procedural compliance is assured.
Ensure the targets and objectives of the services for which responsible, result in the delivery of agreed Council strategies, policies and desired outcomes.	Strategic plans within the services support the Council objectives
	Policy direction is translated into service outcomes.
	Service and business plans are developed, communicated, cascaded and monitored.
	Robust performance and quality management, reporting, governance and audit systems and procedures enable services to be monitored and managed effectively.
	High performance against all external measures is achieved.
	Executive / Executive Members are advised on actual or potential under achievement and plans for improvement.
	Action plans are developed, implemented and delivered.
	Compliance with all relevant legislation, policies and procedures is ensured.
Operate strategically across the whole Council to ensure the	Internal and external organisational boundaries do not impede the delivery of

effective deployment of resources. Ensure appropriate organisation structures and processes are developed and implemented.	the Councils aims and priorities.
	Resources are effectively and efficiently deployed to achieve Council objectives.
	Appropriate organisation structures and processes are developed to meet organisational requirements.
Ensure the successful implementation of health and safety legislation, policies and practices.	There is a proactive and positive culture of health and safety.
	The organisation meets its statutory health and safety requirements.
	Strategic risks are effectively managed
Knowledge, Skills and Experience	
Significant senior strategic management experience, including translating organisational drivers into strategic objectives, longer term plans, new ways of working and specific outcomes, for a portfolio of services in a large public sector organisation (preferably local government).	
Proven ability to manage a wide variety of activities across a range of professional areas of expertise and oversee their achievement of the organisations strategic goals.	
Extensive knowledge of the major issues facing local government.	
Extensive and comprehensive knowledge and understanding of the national policy context, requirements and future direction for relevant service areas.	
Proven track record of accountability for significant budgets and ensuring the delivery of services within agreed resources.	
Proven ability to drive through and deliver effective performance management within own organisation and understanding of the performance management process in partnership arrangements.	
Significant experience of creating, leading and sustaining partnerships both internally and externally to achieve shared objectives and synergies.	
Experience in persuading a wide range of stakeholders to work together, encouraging an organisational focus on the needs of the community.	
Authority and credibility to work effectively in a political environment and establish positive relationships with Members.	
Excellent interpersonal and communication and presentation skills, with proven ability to communicate effectively to a wide range of audiences both horizontally and vertically throughout the organisation.	
Proven track record of operating strategically to identify, initiate and oversee corporate projects and policy development.	
Proven track record of accountability for and success in delivering major organisational change.	

Proven leadership ability, with evidence of developing and embedding vision, setting direction, inspiring confidence, encouraging, motivating and influencing others.
Proven ability to think innovatively and conceptually and deliver against this.
Evidence of enthusiasm, drive, commitment and energy demonstrated in achieving goals.
Resilient and positive in spite of setbacks.
Demonstrates behaviours which model the Council's values.
Indicative Qualifications
Educated to degree level or equivalent standard.
Post graduate qualification may be required or ability to demonstrate equivalent ability.
Relevant professional qualification may be required.
May require relevant certifications including evidence of fluency in English language.

Appendix E – Generic Role Profile – Senior Manager (Grade 20)

Job Family	Leadership
Pay Range	Grade 20
Reference	SM02
Purpose	
To advise the Council, directing and controlling the Councils corporate management, to ensure the effective deployment of resources and the development and implementation of the Councils culture, aims and objectives.	
Service to Customers	
<i>Accountability</i>	<i>End Result</i>
Direct and control the corporate management of the Council. Support and assure the Leader and Executive in the development of the strategic direction of the Council. Ensure an integrated approach to complex community issues and challenges is co-ordinated across the Council and that customer focus is at the heart of council strategy.	A clear management framework for the development and achievement of policies and objectives is set.
	Community consultation and member input informs the strategic direction of the Council.
	Resident and service user satisfaction is maximised.
	Service quality, efficiency, value for money, commercial viability and continuity are maximised.
Formulate, communicate and implement Council wide targets from the Councils political directives. Ensure that innovative approaches, which meet the long term needs of the Isle of Wight and its residents, are identified, developed and delivered.	The Councils strategic direction and plans are consistent with the democratically derived political and social intentions.
	Changing priorities and external requirements are anticipated and assessed.
	Innovative approaches and responses to corporate culture, values, strategy, policy, plans and targets are developed, communicated and delivered.
Undertake the formal responsibilities required for assigned regulated designations on behalf of the Council.	Act as the Councils Head of Paid Service as prescribed by legislation.
	All statutory functions as outlined in the relevant legislation are met.
	Constraints and opportunities posed by regulatory changes are identified and incorporated into strategic decision making.
Establish and direct the management approach to	Policies and controls ensure that the Council is compliant with all relevant

compliance in the Council and that the development and implementation of internal policies and procedures ensures adherence to external legislation and regulations.	legislation, codes, regulations, guidelines and standards.
	Executive, scrutiny, non-executive functions and service delivery are separated, balanced and effectively resourced.
	Compliance within the Council is ensured.
	Action is taken to resolve any issues identified.
As principal policy advisor, provide expert advice and challenge to Members, committees, colleagues, partner organisations, Directors, Strategic Managers, Heads of Service and other stakeholders.	All internal and external reporting requirements are met.
	Policy and strategy are discussed with Elected Members, unions, wider stakeholders and the business community as appropriate.
	Executive is consulted on Council plans and policy and on the achievability of these.
	Executive is advised of the implications of decisions and actions.
	Recommendations are made to Executive.
	Members of the Council are advised on appropriate responses to local, national and where required, international matters.
Ensure a comprehensive risk management programme for the Council is developed and implemented.	Strategic advice, critical challenge and moderation are provided in relation major issues / policy options.
	Corporate risk management processes and crisis management plans are developed and implemented.
Ensure organisational safeguarding strategies reflect statutory requirements and best practice. Ensure these are understood and implemented throughout the Council.	Operational, financial, regulatory and political risk are identified and managed in accordance with Local Government and national working practices.
	There is a proactive and positive Safeguarding Culture.
	The organisation meets its statutory Safeguarding requirements.
Business Improvement	Strategic risks are effectively managed.
Initiate and develop with Council Members, Directors, Strategic Managers and Partners, strategies for the management of change in issues which impact on both the	A culture of continuous improvement is established and embedded throughout the Council.
	The external political and regulatory environment is monitored.

Councils services and the wider community.	Strategic issues / implications and opportunities for “ground breaking” developments are identified.
	Priorities are identified.
	Strategies for the management of and delivery of change are developed and implemented.
Ensure that the capacity to respond positively to change is enhanced, “traditional thinking” is challenged and that risk taking in identifying innovative solutions is encouraged where appropriate. Lead organisational development.	Transformational change to organisational culture, practice and process is driven and directed.
	Conditions for others to perform and to innovate are created.
	Corporate change programmes are monitored and directional control provided.
	The Council remains “fit for purpose”.
Colleagues, Self and Partners	
Participate in own self development, in order to improve performance at work.	Participate in the Performance Development Review process.
	Keep records of achievements.
	Undertake learning activities as required.
Actively promote and celebrate diversity	When appropriate seek to eliminate unlawful discrimination, harassment and victimisation
	Advance equality of opportunity between those people who possess a protected characteristic and those who do not
	Foster good relations between those people who possess a protected characteristic and those who do not
Act as a leadership role model; instigate and reinforce an explicit set of declared business and ethical values, behaviours and codes of conduct. Drive the cultural changes needed to ensure customer focus is at the heart of organisational and individual behaviour and that the Council is able to meet the challenges it faces.	A proactive, customer focussed, “can do” culture which achieves the strategic objectives of the Council and is supported by the Elected Members, regulators, employees and community, is developed and embedded throughout the organisation.

<p>Ensure that the skills and knowledge within the Council are developed to meet all strategic, operational and regulatory requirements. Accountable for the professional standards throughout the Council.</p>	<p>Directors and Strategic Managers are supported and mentored in the delivery of their responsibilities.</p>
	<p>Realistic self assessments of development needs are made by Directors, Strategic Managers and Heads of Service.</p>
	<p>Skills and knowledge throughout the Council and where appropriate partner organisations are developed to meet strategic goals.</p>
	<p>Knowledge sharing is established and embedded throughout the Council and partner organisations.</p>
	<p>Professional competence and integrity is ensured.</p>
	<p>The workplace is actively championed as a learning environment.</p>
<p>Manage and develop relationships between Members, political groups, services, officers, the public and the media. Act as an advocate and ambassador for the Isle of Wight.</p>	<p>Good working relationships with associated and affected interest groups / key stakeholders are established, promoted, fostered and sustained.</p>
	<p>The roles of all stakeholders are clear and promote effective delivery of Council aims.</p>
	<p>Council policies and interests are upheld and promoted within the Council and in all external relationships.</p>
	<p>External decisions and policy which affect the Isle of Wight and its residents are influenced to achieve positive outcomes.</p>
	<p>A positive image and profile of the County is consistently presented to media, visitors and all stakeholders.</p>
	<p>The Council is represented externally as agreed with the Council's Executive.</p>
	<p>Communication within and by the Council is effective and efficient.</p>
	<p>Opportunities to develop partnerships are identified, promoted and pursued.</p>
<p>Actively promote and sustain partnership working. Drive innovation through leading and developing effective partnerships with key stakeholders within the community, in government and other public bodies, the voluntary sector and the business community.</p>	<p>Delivery of Council strategy is achieved / supported through partnerships.</p>
	<p>Accountabilities between the Council and partner organisations are clearly established and defined.</p>
	<p>Members are supported in building and sustaining partnerships.</p>
	<p>Members are supported in building and sustaining partnerships.</p>

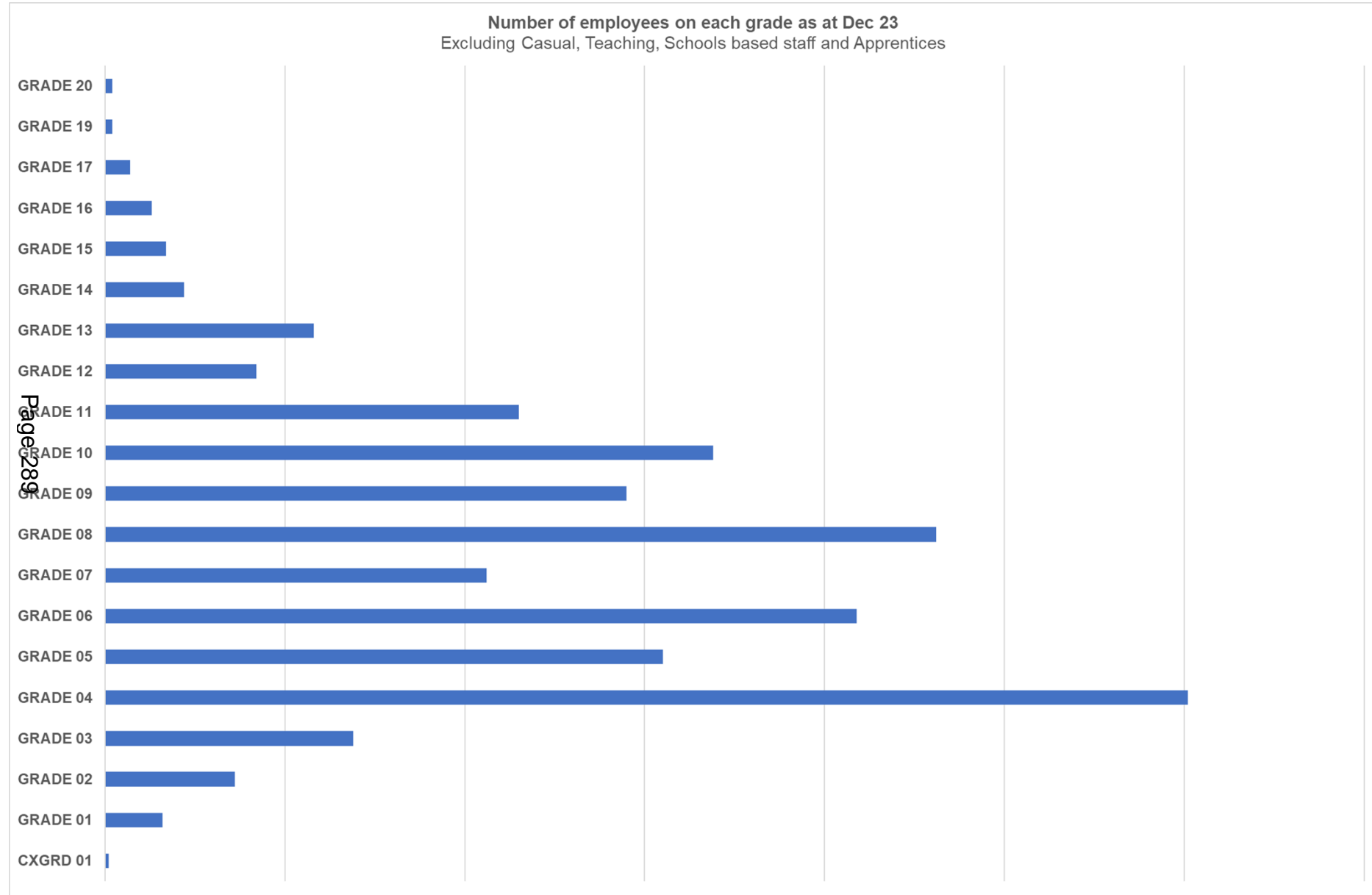
Ensure support is provided in response to a corporate emergency.	Support is provided to meet the identified need. Requests made for support are reasonable with regard to both the job and the job holder's circumstances.
Managing Resources	
Provide leadership, motivation and direction for the Corporate Management Team and employees throughout the Council.	Strategic leadership in the planning, commissioning and delivery of Council services is effectively delivered. The Council is led by a professional, motivated, effective and integrated corporate management team. The performance of Directors, Strategic Managers and Heads of Service are effectively managed. Deficiencies and underperformance are actively resolved. Effective team meetings take place.
Direct and control the oversight of all financial activities of the Council.	Budgets are assigned and reflect strategic objectives. Services are delivered within the overall Council operating budgets. Accurate financial reporting meets all internal and external requirements. Accounts are authorised. Regulatory and Council financial policy and procedural compliance is assured.
Direct and control the oversight of all operational planning and service activities of the Council. Ensure the effective deployment of resources across the Council. Champion performance management and best value throughout the organisation.	Strategic plans deliver Council objectives Appropriate leadership and organisation structures are in place to deliver against strategic goals. An appropriate internal control environment ensures services are delivered efficiently and effectively, Performance across the organisation is measured and monitored. High performance against all external measures is achieved. Executive is advised as to actual or potential under achievement and plans for improvement. Action plans are developed, implemented and delivered.

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Ensure the successful implementation of health and safety legislation, policies and practices.	There is a proactive and positive culture of health and safety.
	The organisation meets its statutory health and safety requirements.
	Strategic risks are effectively managed
Knowledge, Skills and Experience	
Significant senior strategic management experience, within a local authority.	
Demonstrable experience of developing and effectively delivering an organisation's vision, values and strategic objectives within a political environment.	
Demonstrable evidence of developing close, strategic relationships with a wide range of external organisations.	
Demonstrable experience of driving organisational development and cultural change within a large organisation.	
Demonstrable experience of leading effective corporate performance and planning processes.	
Demonstrable experience in the control and oversight of significant organisational finances.	
Proven track record of promoting, leading and managing change and of harnessing the strengths and talents of employees at all levels in a large organisation.	
Demonstrable evidence of proven success in the achievement of equality of opportunity in employment and service delivery.	
Extensive knowledge and understanding of the major issues facing local government.	
A clear understanding of and commitment to, corporate and partnership working.	
Proven ability to champion performance management and best value within a large organisation.	
Proven ability to work across service boundaries and to facilitate the delivery of cross cutting activity.	
Proven ability to maintain clarity about organisational priorities, how to define them and how to use resources effectively to achieve them.	
Proven ability to identify and pursue the potential of ICT and e-services in securing service improvement and increased efficiency.	
Proven ability to gain and retain the confidence of elected members of all political parties.	
Proven ability to assist elected members in their development of the Councils overall policy, direction and strategy.	
Proven ability to align political policy imperatives with service outcomes to achieve the overall strategies of the Council.	
Proven ability to represent the Council in a variety of settings.	
Demonstrate behaviours which model the Council's values.	

Indicative Qualifications
Educated to degree level or equivalent standard.
Post graduate qualification may be required or ability to demonstrate equivalent ability.
Relevant professional qualification may be required.
May require relevant certifications including evidence of fluency in English language.

Appendix F: Number of Employees by grade (as of December 2023)



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Isle of Wight Council Gender Pay Gap Report for March 2022

March 2023

Sharon Betts
Director of Corporate Services

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Preamble

From 2017, Gender Pay Gap Legislation requires any organisation that has 250 or more employees to publish a report showing how large the pay gap is between male and female employees. The pay gap is the difference between the average (mean or median) earnings of men and women, expressed as the percentage of women's earnings compared to men's earnings.

The report must be published by the 30th of March each year for the public sector and the 4th of April each year for the private sector, the information must be displayed on the employers' own website and a designated Government website.

Employers are required to calculate the following information:

- ***Their mean gender pay gap*** (the difference between the mean hourly rate of pay of male full-pay relevant employees and that of female full-pay employees)
- ***Their median gender pay gap*** (The difference between the median hourly rate of pay of male full-pay relevant employees and that of female full-pay employees)
- ***Their mean bonus* gender pay gap*** (The difference between the mean bonus pay paid to male relevant employees and that paid to female relevant employees)
- ***Their median bonus* gender pay gap*** (The difference between the median bonus pay paid to male relevant employees and that paid to female relevant employees)
- ***Their proportion of males and females receiving a bonus payment*** (The proportions of male and female relevant employees who were paid bonus pay during the relevant period)
- ***Their proportion of males and females in each quartile* pay band*** (The proportions male and female full-pay relevant employees in the lower, lower middle, upper middle and upper quartile pay bands).

*Bonus means any remuneration that is in the form of money, vouchers, securities, securities options or interests in securities and relates to profit sharing, productivity, performance, incentive or commission.

*A quartile is one of the three points that divide the population of data into four equal parts. In the context of gender pay gap reporting, the four quartile pay bands are created by dividing the total number of full-pay relevant employees into four equal parts.

This report is based on those who were employed on the 31st of March 2022. The pay period used for the calculation of pay was the month of March 2022 as employees are paid monthly. The bonus period covers the period 1st of April 2021 to the 31st of March 2022.

Scope

For the purposes of gender pay reporting, the definition of an employee is that which is given in the Equality Act 2010. This is known as an 'extended' definition which includes:

- Employees (those with a contract of employment)
- Workers (those with a contract to do work or provide services for the organisation)
- Some self-employed people (where they have to personally carry out the work they do for the organisation)

The gender pay gap calculation is based on the number of individual employees and not the full-time equivalent. This means that each part-time employee counts as one employee.

Apprentices, seasonal, temporary or casual employees are included if they fall within the reference period set out above.

Gender Pay Gap Information

1. The mean gender pay gap in hourly pay

	Females (£)	Males (£)	Gap (%)
March 2017	12.6	13.93	9.6
March 2018	12.13	13.48	10.1
March 2019	12.80	13.95	8.3
March 2020	13.35	14.94	10.7
March 2021	14.43	16.04	10.0
March 2022	14.18	15.87	10.6

2. The median gender pay gap in hourly pay

	Females (£)	Males (£)	Gap (%)
March 2017	10.57	12.42	14.9
March 2018	10.44	12.35	15.5
March 2019	10.89	12.61	13.7
March 2020	11.19	13.64	18.0
March 2021	12.20	14.73	17.2
March 2022	12.13	13.89	12.7

3. The mean bonus gender pay gap

	Females (£)	Males (£)	Gap (%)
March 2017	0	0	
March 2018	1345	0	
March 2019	1704	0	
March 2020	2116	0	
March 2021	3594	0	
March 2022	0	0	

4. The median bonus gender pay gap

	Females (£)	Males (£)	Gap (%)
March 2017	0	0	
March 2018	1345	0	
March 2019	1704	0	
March 2020	2116	0	
March 2021	3594	0	
March 2022	0	0	

5. The proportion of males and females receiving a bonus payment

	Females (%)	Males (%)
March 2017	0	0
March 2018	0.05	0
March 2019	0.06	0
March 2020	0.08	0
March 2021	0.1	0

March 2022	0	0
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6. The proportion of people in each quartile within the council's pay framework that are male and female

March 2017		
Quartile	Female	Male
Lower quartile	70%	30%
Lower middle quartile	72%	28%
Upper Middle quartile	56%	44%
Top quartile	59%	41%

March 2018		
Quartile	Female	Male
Lower quartile	69%	31%
Lower middle quartile	74%	26%
Upper Middle quartile	59%	41%
Top quartile	54%	46%

March 2019		
Quartile	Female	Male
Lower Quartile	63%	37%
Lower Middle Quartile	77%	23%
Upper Middle Quartile	58%	42%
Top Quartile	54%	46%

March 2020		
Quartile	Female	Male
Lower quartile	66%	34%
Lower middle quartile	77%	23%
Upper Middle quartile	56%	44%
Top quartile	51%	49%

March 2021		
Quartile	Female	Male
Lower quartile	72.9	27.1
Lower middle quartile	72.8	27.2
Upper Middle quartile	53.9	46.1
Top quartile	54.8	45.2

March 2022		
Quartile	Female	Male
Lower quartile	68.3	31.7
Lower middle quartile	76.9	23.1
Upper Middle quartile	67.25	32.75

Top quartile	58.1	41.9
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Statement

As a 'public body', the Isle of Wight Council is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

We are committed to promoting equality of opportunity for all workers. We aim to create a working environment in which all individuals can make best use of their skills, free from discrimination or harassment and in which all decisions are based on merit. The contributions of all our workers are valued as it is recognised that each individual brings different skills and abilities to their role according to their own personal experience and we welcome the opportunity to make the best use of this potential.

The council's senior management team is committed to equality including achieving gender pay equality, demonstrated by the operation of an Equality and Diversity Board. The senior management team as members of that board monitor together with staff representatives undertakes the necessary monitoring and review of the actions required to address highlighted equality issues for the council.

To support those employees with dependents, the council also operates a flexible working policy which is designed to afford wherever feasible, the flexibility to accommodate caring responsibilities, irrespective of gender. Under this policy, employees are able to request career breaks, term time working, homeworking, annualised hours, compressed hours and voluntary reduced hours. Additionally, there is also a special leave policy which enables staff to take leave in the case of an emergency with a dependant. For many job roles, there is also flexibility to work from home and different office base locations.

The staffing equality group have assisted Equality and Diversity board by reviewing the objectives for the next 4 years. They have fed into the recruitment process from an Equality and Diversity perspective and some members will be on the recruitment project focus group. They have reviewed the Recruitment policy to establish whether it actively promotes diversity and gives people confidence to declare their needs and ask for the support they need in their interview. They have also reviewed the Candidate profile which will replace the application forms and discussed ways to provide managers with the right tools for conducting interviews.

As can be seen from the details set out above, the results of the gender pay gap analysis for 2021 shows a 10.6% mean pay gap between men and women and a 12.7% median pay gap. The percentage of the total number of females is higher in the lower quartiles (54%) compared to males (42%) meaning a higher proportion of men are in receipt of a higher salary than females. However, this has improved (reduced) compared to last year where the outturn was 57% of females in the lower quartiles. The proportion of males in the lower quartiles has increased from 37% last year to 42% this year.

	% Females in Lower Quartiles	% Males in Lower Quartiles
March 2017	55	41
March 2018	56	40
March 2019	56	41

March 2020	57	38
March 2021	57	37
March 2022	54	42

To understand why the gap exists, it can be identified, that the results show that 78% of part time roles are occupied by females, when compared to the proportion of full pay relevant employees that are female (68%), thus indicating that they are overrepresented in this group. In comparison, 59% of full-time roles are occupied by females and so they are underrepresented.

	% of part time roles occupied by Females	% of full time roles occupied by Females
March 2017	79	57
March 2018	79	57
March 2019	79	56
March 2020	78	56
March 2021	80	60
March 2022	78	59

The reason that this will have a significant effect on the gap is that based on the hourly rate 74% of part time workers are occupying roles that are below Grade 8 (excluding casual workers). Whereas 69% of full-time workers occupy roles that are Grade 8 and above. However, the percentage of part time roles below grade 8 has improved and is lower than the previous five years.

	% of roles less than Grade 8 that are part time	% of roles Grade 8 and above that are full time
March 2017	79	67
March 2018	80	67
March 2019	80	67
March 2020	79	68
March 2021	80	69
March 2022	74	69

One explanation for this might be that part-time roles often afford greatest flexibility for those with caring responsibilities, who generally are more likely to be female. The council therefore is confident that its gender pay gap does not stem from paying male and female employees differently for the same or equivalent work. Rather its gender pay gap is the result of the roles in which male and females work within the council and the salaries that these roles attract.

Based upon the hourly rate, 51% of those in the top 15% of earners are female, 54% of those in the top 10% of earners are female, and of the top 5% per cent of earners 53% are female. This suggests that in the council females are encouraged and enabled to reach the most senior council job roles.

	% of the top 15% of earners that are female.	% of the top 10% of earners that are female.	% of top 5% of earners that are female
March 2017	63	59	59
March 2018	54	55	57

March 2019	57	55	58
March 2020	56	55	56
March 2021	56	59	59
March 2022	51	54	53

There has been some moderate change in the pay gap within council directorates. Childrens Services and Regeneration have seen rises in the gap. Whereas in Adult Social Care, Corporate Services, Finance, and Neighbourhoods the gap has decreased. In Public Health the gap has increased in favour of females, and whilst in strategy the gap still favours females it has reduced.

Directorate	Mar 22 Gap (Mean) %	Mar 21 Gap (Mean) %	Mar 20 Gap (Mean) %	Mar 19 Gap (Mean) %
Adult Social Care & Housing	4.6	4.8	2.0	2.2
Children's Services	9.9	4.7	4.7	7.9
Corporate Services	9.3	13.7	11.4	11.8
Financial Management	10.9	13.3	12.8	5.7
Neighbourhoods	13.2	13.4	11.8	8.3
Public Health	-12.0	5.4	2.2	0.2
Regeneration	33.8	32.8	29.7	24.7
Strategy	-11.7	-47.3	-36.9	-25.0

Actions

Building on what has already been achieved with agile working and the improvement of facilities the following actions are continuing from the previous year and are likely to be delivered over the next 3 years.

It is important to recognise that planned programmes of work span over a number of years and changes to working practices will require to be embedded. To that end, the any positive impact on the gender pay gap will take time to realise their full benefits

- Building on the foundations laid by the new Team IWC behaviour framework; a values-based recruitment approach is to be developed to further ensure we recruit the right people with the right attitudes. Work has begun on this and several projects are being considered.
- Development of name blind recruitment to further ensure fairness in the recruitment process.
- Improvements to our recruitment processes and systems to enhance candidate experience and to enhance and maintain manager's skills and knowledge
- The development of corporate casual banks to increase the amount of flexible casual roles we offer and the creation of talent pools
- Developing workforce planning capabilities both corporately and within services to establish effective succession planning, and the improvement of data and intelligence to support this
- Enhanced communication campaigns from the staff equality group to raise awareness of matters relating to equality and the understanding of protected characteristics.

- Benchmarking our current performance with regards to Equality, Diversity, and Inclusion using a local government authority self- assessment framework tool to review and improve equality, diversity and inclusion within the council.
- The HR Team continue to hold induction meetings with new managers to ensure that they have a solid understanding of HR policies and practices including equality and diversity. The managers' 'lunch and learn' discussions continue to be provided by the HR team to empower and educate managers. New managers are also required to complete online managers induction so to better understand their responsibilities.
- Equality and diversity training continues to be mandated for staff, to ensure that all the protected characteristics are understood and respected.