

Public Document Pack



Monitoring Officer
Christopher Potter

County Hall, Newport, Isle of Wight PO30 1UD
Telephone (01983) 821000

Agenda

Name of meeting	FULL COUNCIL
Date	WEDNESDAY 23 FEBRUARY 2022
Time	5.00 PM
Venue	COUNCIL CHAMBER, COUNTY HALL, NEWPORT, ISLE OF WIGHT
Members of the committee	All Members of the council
	Lead Democratic Services Officer: Marie Bartlett democratic.services@iow.gov.uk

1. **Minutes** (Pages 9 - 20)

To confirm as a true record the Minutes of the meeting held on 19 January 2022.

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 Committee [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, 18 February 2022.

4. **Chairman's Official Announcements**

To receive the Chairman's official announcements.

5. **Leaders Update Report (20 minutes)** (Pages 21 - 22)

a) To receive the Leader's update report (5 minutes maximum).

b) Members questions on the Leader's update report (15 minutes maximum).

6. **Budget and Council Tax Setting 2022-2023 and Future Years Forecasts** (Pages 23 - 126)

RECOMMENDATION

1. It is recommended that the Council approve the following:

(a) The revised Revenue Budget for the financial year 2021/22 and the Revenue Budget for the financial year 2022/23 as set out in the General Fund Summary (Appendix 1) which includes:

(i) A Revenue Contribution to Capital of £2.0m, to support the provision of housing affordable to Island residents

(ii) The COVID Contingency estimated at £9.1m, to guard against continuing and legacy risks

(b) Any variation arising from the Local Government Finance Settlement 2022/23 or any further savings made in 2021/22 arising at the year-end (after allowing for specific carry forward requests) be transferred to the Revenue Reserve for Capital, COVID Contingency, 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 1.99% for general purposes in accordance with the referendum threshold¹ for 2022/23 announced by Government (as calculated in Appendix 2)

(d) That the level of Council Tax be increased by a further 1.0% 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

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

associated sum generated of £905,600 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 2022/23 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 £3.0m for 2022/23 and continuing into future years as set out on the next page:

Portfolio	Controllable Budget	Savings Proposal	
	£	£	%
Adult Social Care & Public Health*	52,585,029	1,730,900	3.3%
Children's Services, Education & Lifelong Skills*	26,518,026	375,900	1.4%
Community Protection, Digital Transformation, Housing Provision & Housing Needs	13,007,237	182,000	1.4%
Environment, Heritage & Waste Management	8,087,817	304,500	3.8%
Highways PFI, Transport & Infrastructure**	12,255,527	50,900	0.4%
Leader & Strategic Partnerships	806,763	0	0.0%
Planning & Community Engagement	2,061,733	11,000	0.5%
Regeneration, Business Development & Tourism	4,787,226	234,300	4.9%
Strategic Finance, Corporate Resources & Transformational Change	12,726,167	110,500	0.9%
Grand Total	132,835,525	3,000,000	2.3%

*Excludes the additional funding passported through to Adult Social Care of £3.7m (which if included would result in an overall increase of 3.7%) and the additional funding for Children's Services, Education & Skills of £2.3m (which if included would result in an overall increase of 7.3%)

** Excludes £19.4m of PFI grant funding, on a Gross expenditure basis the savings amounts to 0.2%

- (h) Directors be instructed to start planning how the Council will achieve the savings requirements of £6.0m for the 3 year period 2023/24 to 2025/26 and that this be incorporated into Service Business Plans
- (i) The minimum level of Revenue Balances as at 31 March 2023, predicated on

the approval of £3.0m savings in 2022/23 and the retention of the COVID Contingency of £9.1m, be set at £7.0m 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 2021/22 to 2026/27 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") - 2022/23 set out in Appendix 4 be reflected within the recommended Capital Programme 2021/22 to 2026/27 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 2021/22 to 2026/27
- (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 also 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 the Solent Local Enterprise Partnership).
- (p) The Capital Strategy 2022/23, including the Minimum Revenue Provision Statement contained therein (Appendix 6)
- (q) The Investment Strategy 2022/23 (Appendix 7)

2. It is recommended that the Council note the following in respect of the Council's Budget:

- (a) The Revenue Budget 2022/23 as set out in Appendix 1 has been prepared on the basis of a 2.99% increase in Council Tax, any reduction from the overall 2.99% Council Tax increase proposed will require additional savings of £905,600 for each 1% reduction in order for the Budget 2022/23 to be approved
- (b) The Revenue Forecasts for 2023/24 onwards as set out in the section entitled "Revenue Forecasts 2023/24 to 2025/26" and Appendix 1
- (c) The estimated Savings Requirement of £6.0m for the three year period 2023/24 to 2025/26, for financial and service planning purposes, be phased as follows:

Financial Year	In Year Savings Requirement £m	Cumulative Saving £m
2023/24	2.0	2.0
2024/25	2.0	4.0
2025/26	2.0	6.0

- (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 £4.4m 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 £2.0m in 2023/24 (and £2.0m 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 2022/23 will be 53,879.9 [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 2021/22 is estimated to be in surplus by £582,900 which is shared between the Isle of Wight Council (85.7%) and the Police & Crime Commissioner (10.9%) and the Hampshire & Isle of Wight Fire & Rescue Authority (3.4%)
- (h) The Business Rate element of the Collection Fund for 2021/22 is estimated to be in deficit by £6,842,482
- (i) The Retained Business Rate income² for 2022/23 based on the estimated Business Rate element of the Collection Fund deficit as at March 2022, the Non Domestic Rates poundage for 2022/23 and estimated rateable values for 2022/23 has been set at £31,140,075.
- (j) The Equality Impact Assessment (attached at Appendix 8).

7. Report of the Chairman of Audit Committee

- (a) Future External Audit Arrangements from 2023/24 (Pages 127 - 130)

8. Interim arrangements following the impending departure of the Chief Executive

To consider and agree interim arrangements.

² Includes Retained Business Rates of £16,196,499, "Top Up" of £11,695,357, S.31 Grants of £10,090,701 a Collection Fund deficit of £6,842,482

9. **Report of the Monitoring Officer**

- (a) Nominations and Appointments to Committee and Other Bodies (Pages 131 - 142)

10. **Member Question Time (30 minutes)**

To receive a reply to a question asked during Members' Question Time, a question must be submitted in writing or by electronic mail to Democratic Services no later than 5pm on Thursday, 17 February 2022. 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, 15 February 2022

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.



Minutes

Name of meeting	FULL COUNCIL
Date and Time	WEDNESDAY 19 JANUARY 2022 COMMENCING AT 6.00 PM
Venue	MEDINA SPORTS HALL, FAIRLEE ROAD, NEWPORT, ISLE OF WIGHT
Present	Cllrs G Brodie (Chairman), C Critchison (Vice-Chairman), D Adams, D Andre, J Bacon, P Brading, V Churchman, I Dore, R Downer, P Fuller, A Garratt, S Hendry, C Jarman, J Jones-Evans, P Jordan, J Lever, M Lilley, K Love, K Lucioni, J Medland, C Mosdell, J Nicholson, M Oliver, T Outlaw, L Peacey-Wilcox, D Pitcher, M Price, R Quigley, C Quirk, R Redrup, J Robertson, P Spink, I Stephens and I Ward
Apologies	Cllrs M Beston, W Drew, S Ellis, S Hastings and G Peace

42. **Minutes**

RESOLVED:

THAT the minutes of the meeting held on 17 November 2021 be confirmed.

43. **Declarations of Interest**

Councillors Brodie, Jones-Evans, Mosdell and Critchison declared an interest in minute number 49(c), relating to Local Pension Board Appointments, as they were members of the Local Government Pension Scheme.

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

No written questions were received.

45. **Chairman's Official Announcements**

The Chairman stated he had no announcements to make.

46. **Leaders Update Report**

The Leader thanked all staff involved in setting up the evening's meeting, and presented a summary of her report, which had been circulated prior to the meeting. The Leader congratulated Ian Lloyd, Strategic Manager for Partnerships and Support Services in Adult Social Care on his award of the British Empire Medal (BEM) for his work with the council's covid-19 helpline and 26-strong community hub response throughout the covid-19 pandemic. The Leader thanked all groups involved for the work done during COVID to support vulnerable adults.

The Leader had recently attended a transport meeting at which mask-wearing was reinforced, although it was acknowledged that changes to the guidance had just been announced. People would need to be responsible for their own safety.

The Adult and Community Learning Service, in particular, staff member Rob Brindley, were thanked for their support in helping to provide 10 places on an HGV driver training theory course, which could lead to long term employability.

A question was asked as to whether the council could set up a recognition scheme for others in the voluntary sector for their work with community hubs. The Leader gave an assurance that she would look into it, in consultation with the Chairman.

47. **Reports of the Cabinet Member for Strategic Finance, Corporate Resources and Transformational Change**

47a **Pay Policy**

The Cabinet Member for Strategic Finance, Corporate Resources and Transformational Change summarised the report and explained that the policy was required annually and that some administrative changes had been made from the previous policy, including the removal of the fire service.

The Chairman noted that the gender pay gap had increased by 11 per cent and felt that this was not a good indicator of a council that wished to treat people fairly. He asked whether there were any plans in place to address the gap and ensure there were no differences. Assurance was given that the council was continuing to work to address the issues.

The recommendation was proposed and duly seconded.

A vote was taken, the result of which was:

RESOLVED:

That the updated pay policy as drafted for the period 1 April 2022 – 31 March 2023 be approved.

47b **Local Council Tax Support Scheme**

The Cabinet Member for Strategic Finance, Corporate Resources and Transformational Change summarised the report and explained that the council did not wish to push families into homelessness or unsustainable debt, and was determined to stop the decline in the level of support which had occurred over the previous few years. The level therefore had not been reduced for the coming year. The hardship fund was available for those worst off.

The recommendation was proposed as in the report and duly seconded.

An amendment to the recommendation was proposed by Cllr Garratt and duly seconded, as follows:

“The Corporate Plan has an aspiration to provide greater support to those on low incomes, including through the local council tax support scheme. The Corporate Plan also indicates the council will address issues of fuel poverty. It has been announced that the latest figure for consumer price inflation (December 2021) is 5.4%. This is the highest level since March 1992 with analysts predicting higher levels to come. This, together with the impacts of rising household energy costs, makes it vital that aspiration is turned into decisive action by amending the current LCTS Scheme so that the maximum level of support for working age cases is increased.

If there were no statutory requirement for consultation prior to changes to the scheme Council would restore support to 70% from the current 65% from 1 April 2022.

However, given that there is a requirement to consult, Council agrees to do so as quickly as possible on a scheme seeking to provide for 70% support from 1 April 2023.”

Cllr Jordan proposed that the words “at least” be inserted before “70% support” in the last line of Cllr Garratt’s amendment. This was duly seconded.

Cllrs Garratt and Jarman both accepted the amendment

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

RESOLVED:

To maintain the current LCTS scheme but allowing for any minor adjustments to annual allowable amounts which are used to offset the calculation.

To consult as quickly as possible on a scheme seeking to provide for at least 70% support from April 2023.

48. **Report of the Deputy Leader and Cabinet Member for Community Protection, Digital Transformation, Housing provision and Housing Needs**

48a **Gambling Act Policy**

The Deputy Leader and Cabinet Member for Community Protection, Digital Transformation, Housing Provision and Housing Need summarised the report. There was a requirement to review and republish the Gambling Act Policy every three years. The current policy was due to expire on 31 January 2022. The policy had been simplified and a full public consultation undertaken. Staff would be working on a local profile with relevant partners. There was cross-chamber support for the policy.

The recommendation was proposed as in the report and a vote was taken, the result of which was:

RESOLVED:

That the Council adopt the draft revised Policy Statement of Licensing Principles 2022 – 2025, at Appendix 1, to come into effect from 31 January 2022.

49. **Reports of the Monitoring Officer**

49a **Report of the Independent Remuneration Panel on the Members Allowance Scheme and Approval of the Scheme**

The Chairman presented the report and explained that many councillors relied on the allowance to compensate for their loss of earnings for the time needed to undertake their council duties. Many people, particularly those self-employed, would not be able to undertake the work without the allowance. The rates had been set by the Independent Remuneration Panel whose role was critical.

It was noted that the Monitoring Officer had granted on 12 January 2022 all councillors a four-year dispensation under Section 33 (2) of the Localism Act 2011 to take part and vote in respect of the Members' Allowance Scheme and associated matters.

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

RESOLVED:

That the recommendations in the sixteenth report of the Independent Remuneration Panel be approved and that the Panel be thanked for its work in reviewing the Isle of Wight Council Members' Allowance Scheme.

That the Isle of Wight Council Members' Allowance Scheme as set out in Appendix 1 of the Independent Remuneration Panel's report be approved to take effect on and from 1 April 2022, with the basic allowance for 2022/2023 being the amount for 2021/2022 of £8, 231.38 (plus any indexation amount for 2021/2022) and plus any annual indexation amount for 2022/2023 under the terms of the Scheme.

That, before implementation of any adjustment to the 2022/2023 basic allowance amount and any adjustments for subsequent years up to and including 2025/2026, the Independent Remuneration Panel be consulted.

49b **Nominations and Appointments to Committees and other bodies and alternative arrangements for appointments**

The Chairman presented the report.

An alteration to the wording of the first recommendation (paragraph 4) in the published report to read “Councillor Warren Drew”, rather than “Councillor Joe Robertson” was proposed, and duly seconded.

In respect of the third recommendation (paragraph 6), changes to those appointed to the Standing Advisory Council for Religious Education were noted (Appendix 1).

In respect of the final recommendation (paragraph 7), it was noted that a list of proposed amendments to the membership of some Committees had been circulated prior to the meeting (Appendix 2, attached to and forming part of these minutes).

A vote was taken on the above, the result of which was:

RESOLVED:

That Councillor Warren Drew be appointed to the Corporate Scrutiny Committee to replace Councillor Stephen Hastings.

THAT changes be made to the appointments to the relevant political group’s Committee seat allocations, as per the list supplied and circulated prior to the meeting (Appendix 2).

A vote was then taken on the appointments to SACRE the result of which was:

RESOLVED:

That those named in Appendix 1 to the report be appointed to the Standing Advisory Council for Religious Education (SACRE).

The Chairman asked if there were any other nominations for the Chairman of the Corporate Scrutiny Committee, Cllr Joe Robertson having been nominated in advance and duly seconded.

Cllr Richard Quigley was nominated and duly seconded.

A vote was taken, the result of which was:

RESOLVED:

THAT Councillor Richard Quigley be appointed as Chairman of the Corporate Scrutiny Committee.

49c **Local Pension Board Appointments**

The Chairman put forward the recommendation in the report which was duly seconded.

A vote was taken, the result of which was:

RESOLVED:

That Mr. Ashley Curzon be appointed to the Local Pension Board as an employer representative.

That the Director of Finance, in consultation with the Chairman of the Pension Fund Committee, be granted delegated authority to make appointments to the Local Pension Board, and to determine any ancillary matters relating to such appointments.

50. **Motions Submitted under PART 4A, Procedure Rule 9 of the Council's Constitution**

51. **By Councillor Paul Brading**

Cllr Brading moved the following amended motion which was duly seconded:

Full Council notes that:

1. The Cabinet decided on 15th July 2021 to reverse a previous in principle, and communicated decision, which had already approved the calendar for School Term Dates for the academic year 2022-23, with new dates which included a reversion to a one-week October half-term.
2. This decision was taken following conversations with some head teachers, but not with any parents or students or directly with any other school staff.

Full Council recognises that:

3. Whilst there are different views as to the merits of this change, the two-week October half term was brought in following an extensive consultation. Whilst it still remains possible to now reverse the July decision for the 2022-23 academic year, as schools and families will already have started to plan based on this calendar of School Term Dates, it would be more prudent to leave it as is for this year.
4. It is, however, regrettable that there was not wider consultation, to include parents and students ahead of this decision – particularly the scrapping of the two-week October half-term.

5. Many families will have recently enjoyed the many benefits offered by the two-week October half-term, which they will now not be able to do next year.
6. There is merit in looking again at the structure of School Term Dates for subsequent academic years (2023-24 onwards), and an opportunity should be provided for parents, students and other school staff (as well as headteachers) to offer their views directly to the Council, ahead of a decision.

Full Council therefore requests that:

7. The relevant Cabinet Member will bring a paper to Cabinet early in 2022 setting out how the Council intends to undertake an urgent meaningful consultation with relevant stakeholders on future School Term Dates (2023-24 onwards).
8. Any such consultation should ensure that stakeholders are given a genuine choice between different options, including one which includes a reversion to a two-week October half term. Views should be sought as to the pros and cons of the different options, looking at both education and other reasons such as wellbeing and quality of life.
9. The feedback from this consultation is taken into account in advance of the Cabinet decision currently planned for the 10th March, which may well now need re-scheduling, to approve a calendar for School Term Dates for the academic year 2023-24.

Cllr Andre moved the following amendments to the motion which was duly seconded:

Full Council notes that:

1. The Cabinet decided on 15th July 2021 to reverse a previous in principle, and communicated decision, which had already approved the calendar for School Term Dates for the academic year 2022-23, with new dates which included a reversion to a one-week October half-term.

2. This decision was taken having written out to schools following a briefing at the headteachers conference. All schools were written to on 17 June 2021 and given until 22 June 2021 to reply. There were 31 responses. Unions were also consulted.

Full Council recognises that:

6. There is merit in looking again at the structure of School Term Dates for subsequent academic years (2023-24 onwards), and an opportunity will be provided for parents, students and other school staff and their unions (as well as headteachers) to offer their views directly to the Council, ahead of a decision.

Full Council notes that:

7. The relevant Cabinet Member is due to bring a paper to Cabinet in March 2022, as set out in the current Forward Plan, setting out the outcomes and recommendations of the consultation already carried out with relevant stakeholders on future School Term Dates (2023-24 onwards) for decision.

8. However a wider consultation will now take place, ensuring that stakeholders are given a genuine choice between different options, including one which includes a reversion to a two-week October term. Views will be sought as to the pros and cons of the different options, looking at both education and other factors such as wellbeing and quality of life.

9. The feedback received from this wider consultation will be taken into account ahead of any Cabinet decision to approve a calendar for School Term Dates for the academic year 2023-24, which will necessitate the deferment of the paper until the May 2022 Cabinet meeting.

NB – paragraphs 3-5 of the original motion were removed.

A vote was taken on Cllr Andre's amendment the result of which was:

RESOLVED:

THAT the amendment was carried.

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

RESOLVED:

Full Council notes that:

1.The Cabinet decided on 15th July 2021 to reverse a previous in principle, and communicated decision, which had already approved the calendar for School Term Dates for the academic year 2022-23, with new dates which included a reversion to a one-week October half-term.

2.This decision was taken having written out to schools following a briefing at the headteachers conference. All schools were written to on 17 June 2021 and given until 22 June 2021 to reply. There were 31 responses. Unions were also consulted.

Full Council recognises that:

3. There is merit in looking again at the structure of School Term Dates for subsequent academic years (2023-24 onwards), and an opportunity will be provided for parents, students and other school staff and their unions (as well as headteachers) to offer their views directly to the Council, ahead of a decision.

Full Council notes that:

4. The relevant Cabinet Member is due to bring a paper to Cabinet in March 2022, as set out in the current Forward Plan, setting out the outcomes and

recommendations of the consultation already carried out with relevant stakeholders on future School Term Dates (2023-24 onwards) for decision.

5. However a wider consultation will now take place, ensuring that stakeholders are given a genuine choice between different options, including one which includes a reversion to a two-week October term. Views will be sought as to the pros and cons of the different options, looking at both education and other factors such as wellbeing and quality of life.

6. The feedback received from this wider consultation will be taken into account ahead of any Cabinet decision to approve a calendar for School Term Dates for the academic year 2023-24, which will necessitate the deferment of the paper until the May 2022 Cabinet meeting.

51a By Councillor Daryll Pitcher

Councillor Pitcher moved the following motion which was duly seconded:

The letting off of fireworks is an issue that can prove divisive. On one side there are a great many people, particularly children, who enjoy firework displays. The Isle of Wight itself is the home to one such internationally known display held at the end of Cowes Week. On the other side unregulated “back garden” displays cause much distress to homeowners and in particular their pets plus other livestock and animals in the vicinity.

It would not be the aim of this Motion to ban outright back garden displays. Instead by making the letting off of fireworks a Licensable Activity it would be possible to ensure that adequate warning be given to local people before the event, allowing people to mitigate the effects and for potential concerns to be raised. Such licensing would ensure that adequate publicity is circulated and that other authorities such as the Fire Brigade are alerted. The added scrutiny of a system of licensing would also act to enhance safety awareness.

None of this is currently possible however as the UK Government currently controls all these rules from the centre. With this in mind:

This Council notes:

1. The distress and suffering caused to animals and their owners by the act of random and unexpected letting off of fireworks.
2. That organized firework displays are often safer than ad-hoc events.
3. That many people enjoy watching fireworks.
4. That a sensible balanced local approach to this issue would allow both the enjoyment of fireworks by watchers and the security of knowing when displays would happen for local residents and pet and other animal owners.
5. That currently the Isle of Wight Council licenses the sale of fireworks but does not have the power to control their use.
6. That the UK Government frequently speak about decentralizing powers to local communities.

This Council requests the UK Government:

1. Makes the letting off of fireworks a Licensable Activity overseen by Local Authorities.
 - a. Ensures a national umbrella of regulation setting basic limits and ensuring the continued permittance of organized firework displays.
 - b. Allows Local Authorities the freedom to vary all other constraints.

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

RESOLVED:

This Council notes:

1. The distress and suffering caused to animals and their owners by the act of random and unexpected letting off of fireworks.
2. That organized firework displays are often safer than ad-hoc events.
3. That many people enjoy watching fireworks.
4. That a sensible balanced local approach to this issue would allow both the enjoyment of fireworks by watchers and the security of knowing when displays would happen for local residents and pet and other animal owners.
5. That currently the Isle of Wight Council licenses the sale of fireworks but does not have the power to control their use.
6. That the UK Government frequently speak about decentralizing powers to local communities.

This Council requests the UK Government:

1. Makes the letting off of fireworks a Licensable Activity overseen by Local Authorities.
 - c. Ensures a national umbrella of regulation setting basic limits and ensuring the continued permittance of organized firework displays.
 - d. Allows Local Authorities the freedom to vary all other constraints.

52. **By Councillor Chris Quirk**

Councillor Quirk moved the following motion which was duly seconded:

That Full Council requests that Cabinet carry out a full consultation with tourism related businesses and residents in the whole Bay area concerning the future of Dinosaur Isle Museum and the surrounding area before making any final decisions on future development of the Museum and the larger associated site.

Cllr Bacon moved the following amendment to the motion which was accepted by Cllr Quirk and duly seconded:

Full Council notes that as agreed at their meeting on 11th November 2021 Cabinet will carry out a full consultation with all relevant local and industry stakeholders including tourism related businesses and residents in the whole Bay area concerning the future of Dinosaur Isle Museum and the surrounding area before making any final decisions on future development of the Museum and the larger associated site.

A vote was taken the result of which was:

RESOLVED:

Full Council notes that as agreed at their meeting on 11th November 2021 Cabinet will carry out a full consultation with all relevant local and industry stakeholders including tourism related businesses and residents in the whole Bay area concerning the future of Dinosaur Isle Museum and the surrounding area before making any final decisions on future development of the Museum and the larger associated site.

53. **Member Question Time**

No written questions had been received.

Councillor Joe Lever asked when the revised draft Island Plan was being updated. The Cabinet Member for Planning and Community Engagement advised that the next phase of the consultation was to take place in late Spring. Approximately 2,800 representations had so far been received.

Councillor Joe Robertson asked whether the Leader agreed that planning policy needed a major overhaul to ensure an adequate supply of affordable housing. The Leader advised that a written response would be sent.

Councillor Matthew Price asked whether the Cabinet Member for Regeneration, Business Development and Tourism would agree that the majority of residents do not want housing at Seaclose Park, and would there be an option in the consultation for no housing at all. The Cabinet Member confirmed that there was an option in the masterplan for no housing.

Councillor Andrew Garratt asked what progress had been made towards changing the management structure of the council to better serve island residents. The Leader advised that there had been many other priorities faced during the pandemic, such as flooding, mental health and financial health and wellbeing, but that a full written response would follow.

Councillor Garratt then reminded Councillors that this was set out in the Corporate Plan and he would like a timetable for the delivery of that part of the Plan.

Councillor John Medland asked whether consultation with Freshwater Parish Council would take place regarding its neighbourhood plan. The Cabinet Member for Planning and Community Engagement advised that a positive meeting had taken place with Bembridge Parish Council and he was also looking forward to meeting with Freshwater Parish Council. There was a need to ensure that neighbourhood plans were fit for purpose.

Councillor David Adams asked for an update on the budget consultation. The Cabinet Member for Strategic Finance, Corporate Resources and Transformational Change advised that the consultation was still ongoing, there had been an online session with Town and Parish Councils, with a further one scheduled for 20 January. The questionnaire had been simplified and messages were being put out on social media and via local radio, encouraging residents to take part. Responses received so far had already exceeded the previous four years' consultation

responses. The draft budget would be published in two weeks' time as part of the papers for the next Cabinet meeting.

Councillor Mosdell asked for the start and end date for the speed review. The Cabinet Member for Highways PFI, Transport and Infrastructure advised that the review was underway and would continue until November 2022. Reports would come forward in early 2023. Although there was a capital amount in the budget to deliver some of the 'wish list' it was very expensive to deliver speed reduction measures, therefore due to budget constraints some villagers would be happy and some would not.

Councillor Karl Love asked for an update of the floating bridge. The Cabinet Member for Highways PFI, Transport and Infrastructure advised that an independent review had been carried out as requested by the Solent Local Enterprise Partnership. Recommendations from the review were being implemented. A date for mediation had been set as 2 March 2022. The council's claim was for multi-million pounds and it was hoped for a fair settlement.

Councillor Quirk asked whether the recent report had found anything different to the previous report. It was confirmed that the report had been carried out by a different body but that the conclusions were the same.

CHAIRMAN



Committee: **FULL COUNCIL**

Date: **23 FEBRUARY 2022**

Title: **LEADER'S UPDATE**

Report of: **LEADER OF THE COUNCIL**

1. The government's Levelling Up White Paper and the recent local government settlement have been widely discussed recently and I wish to repeat that we feel that the Island's unique position still fails to be recognised in any real meaningful way and we remain disappointed that our very real local pressures are not being recognised nationally.
2. As we have set out in our corporate plan we will continue to press government for recognition for the Island to tackle inequality with the mainland and we will be redoubling our efforts to ensure that the long awaited fair funding review does provide new funding for the Island.
3. Levelling up and settlement aside we cannot forget that as a council we do have a duty to set a balanced budget for the coming year and cabinet and staff have worked together to produce the budget paper that is before Full Council this evening. Our budget proposals will not only continue to keep the council solvent and improve the financial position of the council but they are a key step in pursuing our new direction for the council.
4. We continue to ensure that those hit hardest by the effects of the pandemic get access to the help and support that they need and the team administering the support for those self-isolating have to date received some 2600 applications of which just under 1600 have received financial support totalling £797,000.
5. I would also like to thank our Mental Health Champion, Cllr Michael Lilley, who, working with IOW Healthwatch, has developed a Mental Health Small Grants Fund to support voluntary, community and social enterprise organisation to deliver local projects to support mental wellbeing on the Island.
6. In addition to supporting individuals, over 50% of businesses eligible for the latest round of Omicron business support have received their grants. I would remind any business who are eligible to get their application in as the grant window will close at the end of this month.

7. 7 – 13 February was National Apprenticeship week and it would be remiss not to mention that the Isle of Wight Council can celebrate its achievement in meeting the public sector apprenticeship target for each of consecutive year from 2017 – 2021 and are well on track for this year’s target to also be achieved.
8. Our social work degree apprenticeship programme, now in its third year of operation, has some 16 apprentices currently, all of whom live in the Island’s community. This year will see the first four apprentices qualifying in July. This ‘grow our own strategy’ has excellent benefits for the council and provides a great step for social care professionals to develop their knowledge, skills and career with us.
9. Alongside apprenticeships this month we have been thrilled to launch a new social care training initiative in partnership with the IW College, aimed at supporting people who are new to the care sector to receive quality practical training and to secure employment within the sector. It has been well received and is directly linked in with local providers and we hope this will support to grow our social care workforce here on the Island.
10. Local investment and supporting our Island residents and businesses are at the heart of our new direction for the council and we aim to invest as much council money on the Island as possible. I am pleased that the recent investment in repairs to the harbour walls in Newport has not only seen the restoration of the walls but has been undertaken by a local company.
11. We hope that further local investment opportunities will arise from the recent announcement that stage 8 of the Tour of Britain 2022, the final stage in the tour will be coming to the Island on 11 September this year, with Ryde hosting this prestigious event. There will be many for the Island community and businesses to be involved in the event.
12. Finally, the highway safety scheme at Smallbrook Roundabout is proceeding well, being on target both in timescales and on budget. This is despite a major Southern Water leak that flooded the surrounding area.

COUNCILLOR LORA PEACEY WILCOX

Leader of the Council and Cabinet Member for Strategic Partnerships

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Purpose: For Decision

Committee report

Committee	FULL COUNCIL
Date	23 FEBRUARY 2022
Title	BUDGET & COUNCIL TAX SETTING 2022/23 & FUTURE YEARS FORECASTS
Report of	THE LEADER OF THE COUNCIL AND CABINET MEMBER FOR STRATEGIC FINANCE, CORPORATE RESOURCES AND TRANSFORMATIONAL CHANGE

EXECUTIVE SUMMARY

1. The key proposals within this report are for a balanced and responsible Budget for 2022/23 which provides for:
 - The full financial impact of the COVID-19 Pandemic in the current year and its expected ongoing legacy over the next 3 years
 - £3.0m of savings in accordance with the Council resolution of 24 February 2021
 - A Council Tax increase of 2.99% (1.0% of which is raised specifically to be passported to Adult Social Care)
 - Additional funding for Adult Social Care of £3.7m being far in excess of the funding provided by the Adult Social Care precept and additional Social Care Grant from Central Government (£2.9m combined)
 - Additional funding for Children's Services of £2.3m
 - A forecast for the 3 year period beyond 2022/23 which will require a further £6.0m in savings or £2.0m p.a. (from £3.0m p.a. previously)
 - Substantial new Capital Investment on the Island of £40m (including £29m for new housing affordable to Island residents)
 - The Medium Term Financial Strategy has delivered "In Year" Spending aligned with "In Year" Funding and "Structural Budget Balance" for 2022/23 without reliance on the £7.0m p.a. "holiday" from debt repayment or General Reserves

- Future years deficits arise mainly from forecast demographic and inflationary pressures in Care Services not matched by funding increases
 - A level of General Reserves over the period of the 3 year forecast above £8m (but recognising the substantial uncertainty faced by the Council over that period).
2. The COVID-19 pandemic has a significant impact on the budget proposals in both the Revised Budget for the current year, the Budget for 2022/23 and the future years' forecasts. Some of the financial impacts of the pandemic are expected to be short term in nature (1 to 2 years) but others are expected to endure through the longer term. Excluding Business Rate reliefs which are fully recompensed by Government, the cost of responding to the COVID pandemic in the current year is expected to amount to £6.1m with associated Government funding in the year of £4.3m.
 3. The proposed Budgets for 2022/23 onwards have been prepared on the basis of delivering services at pre-pandemic levels i.e. the "steady state" with all COVID related costs and income losses met from the COVID Contingency. At present there are potential commitments against the COVID Contingency of £15.2m (built up from Council and Government funding in 2020/21 and 2021/22) of £6.1m, leaving £9.1m for future years. This contingency has been established to provide a good level of surety that the Council will be able to continue to deliver all of its essential services as well as being able to respond to the continuing COVID-19 pandemic and its legacy after effects.
 4. There is no specific funding to cover the impact of COVID in the coming year or future years. The Government have provided new funding within the Provisional Local Government Settlement of £2.1m for 2022/23 in the form of a "Services Grant 2022/23" but this is for all COVID 19 risks, all New Burdens and all other Budget Pressures. Whilst it is not possible to quantify the longer term impacts of Covid precisely, it is anticipated that there will be ongoing impacts on Care Services, some sources of income and both Council Tax and Business Rates receipts.
 5. Inflation is currently at its highest in a decade and this has also presented a challenge for the Budget for 2022/23. The main measure of inflation CPI (Consumer Price Index) is currently tracking at 5.4% with the RPI (Retail Price Index), upon which some contracts remain linked, tracking at 7.5%. The Office for Budget Responsibility, the advisors of Government for the purposes of policy setting, are forecasting that CPI will remain high at 3.7% for 2022/23 but falling to 2.3% for 2023/24. As described in the main body of the report, inflationary cost increases outstrip the rates of increase in funding, causing a "structural gap" between spending and funding.
 6. The impact of COVID-19, inflationary cost pressures and the underlying financial distress being experienced in Children's and Adults Social Care have presented the most significant challenges in seeking to balance the Budget for the coming year.
 7. Additional funding to Adult Social Care and Children's Services of £6.0m is provided to ensure that the financial position of these services remains robust both in the short and medium term. It is however recognised that COVID-19 will

continue to pose risks to the budgets of Adult Social Care and Children's Services but also to the Council more generally.

8. The coming financial year was the originally intended date for the Local Government Funding Reform to coincide with the Comprehensive Spending Review. Due to the uncertainty presented by the COVID-19 pandemic, funding reform has been further delayed until 2023/24. Funding reform 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 £7.1m) and re-distributing that growth nationally according to relative need (rather than where it was generated).
9. Consistent with the Medium Term Financial Strategy (MTFS), the medium term approach to financial planning by the Administration has resulted in just £2.1m of new budget savings being required for 2022/23, the remaining £0.9m of savings were identified and approved as part of the last year's budget proposals and are the incremental ongoing (or full year effect) impact of those decisions.
10. The Council's future Forecast has been estimated in the context of the uncertainty set out above. For the 3 year period 2023/24 to 2025/26 it is estimated that the Budget Deficit will be £6m. This requires the Council to make incremental budget savings of £2m per annum for each of those years. The Forecast Deficit is predicated on assumed Council Tax increases of 3.0% per annum, representing 2.0% for general purposes and 1% for Adult Social Care.
11. The most significant risk to the Forecast Deficit of £6m is the Local Government Funding Reform described above (and the extent to which it accommodates any "Island Deal") as well as other unavoidable cost pressures that may arise, particularly in Care Services. Taking these risks together, the Forecast Deficit has the potential to vary by between +/- £3m which when spread over 3 years would vary the annual savings requirements by +/- £1m per annum.
12. During this unprecedented level of uncertainty, it is imperative that the Council continues to plan for savings of £2.0m per year in the future, retaining the COVID-19 Contingency and General Reserves at the levels proposed in this report so as to retain the necessary financial resilience to be able to respond in all circumstances.
13. The Capital Programme makes proposals for new Capital Expenditure of £39.8m, of which £7.5m is provided from Corporate Capital Resources but which levers in external funding amounting to £7.3m. Much of the new Capital Investment is provided to improve the overall availability of housing affordable to Island residents.
14. Key additional investments proposed in this Capital Programme include:
 - £29m for housing affordable to Island residents

- £2.4m investment in School Buildings
- £2.3m for Transport initiatives (including safety, speed reduction and active travel schemes)
- £1.4m to improve the accommodation for care clients in Independent Supported Living
- £0.7m to lever in substantial external funding to develop a New Cultural Centre

15. An Executive Summary of these key points and others is set out below:

EXECUTIVE SUMMARY

Context

- ❖ Since 2011/12 savings of £90m 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 more than 60% 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
- ❖ Inflation is currently at its highest in a decade
- ❖ 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 the COVID-19 pandemic and the forthcoming reform of the Local Government Funding system.
- ❖ The Administration intends to scale up the level of ambition connected with income generation linked to the best use of the Council's assets and growing the Island's economy, as part of a green recovery.

Revised Budget 2021/22

- ❖ A Balanced Budget for 2021/22
- ❖ Provision for COVID related costs and income losses £6.1m (excl. CTax & Bus. Rates)
- ❖ Set aside of £9.1m to fund COVID costs for the following 3 years
- ❖ An overall forecast saving of £1.3m which is being used to make a Revenue Contribution to Capital to support New Capital Investment into housing affordable to Island residents

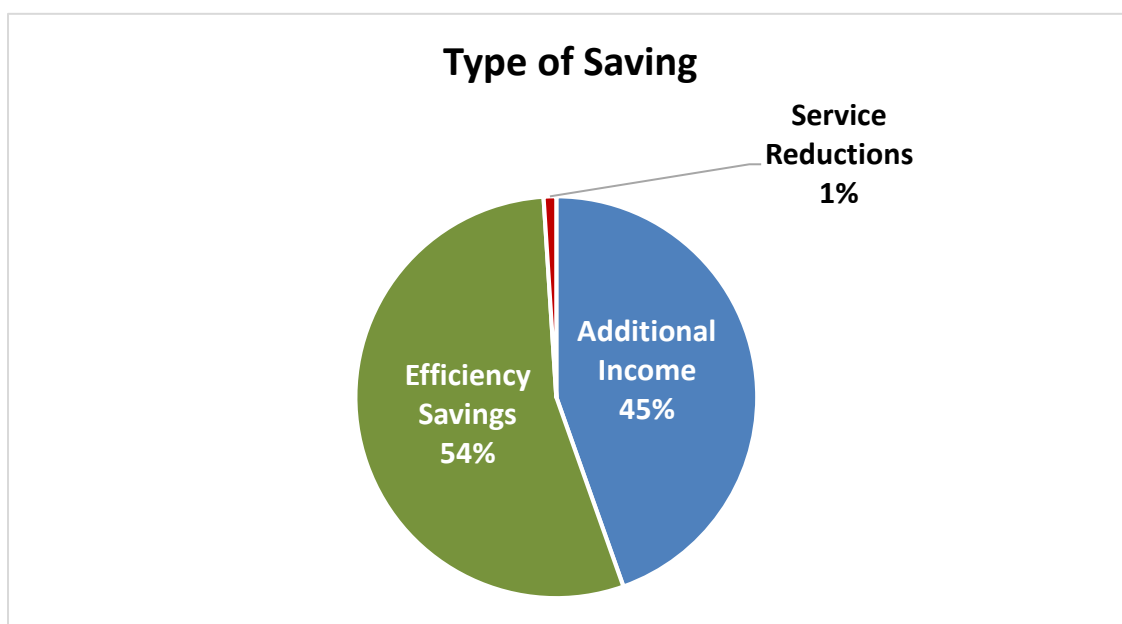
Budget 2022/23

- ❖ 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 below)
- ❖ The annual reduction in debt repayment costs, previously at £7m p.a. and which was crucial to the delivery of the MTFS has now come to an end (see below)

EXECUTIVE SUMMARY (Continued)

Budget 2022/23 (continued)

- ❖ "In Year" Spending is now aligned with "In Year" Funding and "Structural Budget Balance" has now been achieved; future years deficits arise mainly from forecast demographic and inflationary pressures in Care Services not matched by funding increases
- ❖ Incorporates £3.0m of Savings in accordance with the Council resolution of 24 February 2021, of which £0.9m relates to the full year impact of decisions taken as part of the annual budget setting meeting last year
- ❖ 99% of the £3.0m Savings are delivered through Efficiencies and Income Generation and only 1% achieved through service reductions. This analysis is presented as follows:



- ❖ Additional Funding for Adult Social Care of £3.7m (to cover the uplift in the National Living Wage of 6.6% that will be passported to care providers as well as all other cost and inflationary pressures)
- ❖ Additional Funding for Children's Social Care of £2.3m (to cover inflation, existing overspendings on placements due to increases in and complexity of caseloads and rising numbers of Care Leavers)
- ❖ An inflationary uplift for all Services in order to maintain "steady state" provision amounting to £2.6m (excluding Adults & Children's Social Care above)
- ❖ Additional Government Funding of £4.1m for 2022/23, but which could reduce in future years with £2.1m being described as "one-off"
- ❖ A Council Tax increase of 2.99%, of which:
 - 1.99% is for general council services (at lower than inflation which is currently at 5.4% and rising)
 - 1.0% (amounting to £0.9m) is to be passported directly to Adult Social Care

EXECUTIVE SUMMARY (Continued)

Budget 2022/23 (continued)

- ❖ A £3.1m "funding gap" between Adult Social Care and Children's Services unavoidable costs of £6.0m and the funding available of £2.9m (**i.e. 1% Council Tax of £0.9m plus additional Social Care Grant of £2.0m**). Even the general 1.99% Council Tax increase amounting to £1.8m intended for all Services is insufficient to cover the "gap"
- ❖ A further contribution of £0.7m to the Capital Programme (and therefore £2.0m in total including the £1.3m proposed in the Revised Budget 2021/22) to support additional housing affordable to Island residents
- ❖ General Reserves remaining intact at £11.0m

Future Forecast - 2023/24 to 2025/26

- ❖ The new forecast for the new 3 Year Period (now extended to 2025/26) is a £6.0m deficit
- ❖ Potential for the "Forecast Deficit" to vary between +/- £3m due to the considerable uncertainty associated with the forthcoming Local Government Funding Reform and other unavoidable cost pressures that may arise, particularly in Care Services
- ❖ Future forecasts do not provide for any contributions towards future necessary Capital Investment requirements and 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
- ❖ Proposed Savings are further "smoothed out" and phased evenly at £2.0m p.a over the next 3 years (i.e. commencing 2023/24)
- ❖ General Reserves are maintained over the period at not lower than £8m (**assuming the £2.0m p.a. savings are achieved**), providing a 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 £2.0m 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 to be made.

Reserves

- ❖ The minimum level of Reserves required by the Council based on its risk profile, and crucially the savings proposed within this report, is £7m which it cannot fall below
- ❖ The minimum level of Reserves of £7.0m is predicated on providing for a COVID Contingency of £9.1m, should that Fund be reduced then the minimum level of General Reserves will necessarily need to increase
- ❖ The planned draw from Reserves in 2021/22 of £2.7m remains intact
- ❖ A nominal draw on Reserves of £29,000 for 2022/23, indicating that there is "Structural Budget Balance"
- ❖ Reserves in 2022/23 maintained at £11.0m but falling to just £8.2m by 2024/25 (£8.3m in 2025/26) but at a time when the risks of the Fair Funding Review and Business Rate "reset" will have passed
- ❖ Planned Reserves at £11.0m for 2022/23 represent just 2.8% of total gross expenditure
- ❖ Underlying General Reserves over the medium term at £8.3m are extremely modest.

EXECUTIVE SUMMARY (Continued)

Capital Programme

- ❖ Total proposed new Capital Investment of £40m comprising:
 - £29m for housing affordable to Island residents
 - £2.4m investment in School Buildings
 - £2.3m for Transport initiatives (including safety, speed reduction and active travel schemes)
 - £1.4m to improve the accommodation for care clients in Independent Supported Living
 - £0.7m to lever in substantial external funding to develop a New Cultural Centre
- ❖ Looking forward, there remains a substantial "Capital Gap" between funding and Capital Investment needs.

Conclusion

- ❖ Balanced Budgets for both 2021/22 and 2022/23
- ❖ Council's financial health is currently stable and the proposals provide confidence that the Council remains well placed to face the future uncertainty of COVID-19
- ❖ Future uncertainty for Local Government funding remains a substantial risk.

ALLIANCE GROUP - PREFACE

16. As a new Administration since May 2021, the Alliance Group has had a strong focus on understanding and coming to terms with the many challenges the Council faces so that it can deliver a positive future for the Island and its community. The Alliance's priority is to work together openly with the community to support and sustain our economy, environment and people.
17. The Administration's aspiration for the Council's spending plans is 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 Council's financial challenges are significant as set out in this paper and impacted by more than ten years of Central Government austerity measures coupled with unfunded additional cost pressures. Together this has stripped the Council's spending power by £90m and significantly reduced the services it is able to offer to the Island beyond those it must provide in law.
18. Nevertheless, the Administration intends to proactively seek new streams of income that it can reinvest in services for the community by acting in a more commercially focused manner. It also intends to invest as much of the Council's money as possible on the Isle of Wight for the benefit it can provide in supporting jobs and the economy. However, it takes time to investigate and bring on board new sources of funding and so the proposals in this budget are very much a step on the journey to the new ways of working the Administration is seeking to develop.
19. This journey has and will continue to be impacted by the coronavirus pandemic for the foreseeable future. This has diverted some of the capacity of the organisation away from core business as the Council has sought to keep the Isle of Wight's community safe and has impacted on the pace of change hoped for. Therefore, whilst progress in landing this new approach has been slower than was hoped, recovery from covid-19 has been central to the thinking in putting this budget together.
20. The Council's medium term financial plan requires it to save £3m on its annual spending plans for 2022/23 compared with 2021/22 and the proposals set out in this paper achieve this aim. Unfortunately, without additional government funding, and an Island Deal with Government or sufficient time to initiate plans to generate more income to the Council, the proposals must necessarily follow the same pattern of cuts, efficiencies and income from fees and charges. The intention is to reverse this approach in subsequent budgets whilst minimising any impact on front-line services and facilitating the investments with which to change direction. Where it is prudent to do so, existing reserves will be applied to accelerate change.
21. Other than this budget being consistent with the Council's objective to be financially balanced and sustainable, there are many other positive aspects that align with the Council's corporate plan and key areas for action and will deliver improvements in services across the Island. Perhaps the most important being the provision of housing affordable to Island residents in which it is proposed to invest at least £25m on a case by case basis in securing properties for Island residents on top of an immediate investment of £3.6m in delivering relocatable homes to support those most in need of a home as quickly as possible. In

addition £2.5m will be allocated to providing the start-up capital necessary for a council owned housing company, providing for local people, to become operational.

22. Other key highlights are set out in the following paragraphs:

Adult Social Care and Public Health

23. Adult social care has always been the area of the Council's business where most money is spent. The Council has historically sought to protect this area from being impacted by the need to make savings and this year is no different. The budget focuses on ensuring that care and support can continue to be provided to people when and where they need it within the legislative framework in which we operate.
24. In addition the 2022/23 budget creates the opportunity to allocate funding to invest in our essential internal care home services and in the development of housing options for people and families who find themselves in crisis or homeless and in doing so helps ensure that local people are supported effectively.
25. This budget also provides for an investment of £1.4m to improve the availability of independent living flats to individuals who need high levels of support to live independently.
26. The planned improvement works for to the essential Adelaide and Gouldings reablement facilities continue to be funded in the budget and should commence in the year having been delayed because of their key role in responding to the coronavirus pandemic. These works will secure the future of these key facilities for many years to come.
27. The ringfenced public health grant enables a focus on prevention of ill-health and improvement in overall wellbeing. The importance of this part of the Council's responsibilities has been well demonstrated in its response to the covid-19 pandemic and will continue to be important for a long time to come. The budget will focus spending on the greatest causes of ill-health this includes substance misuse following the national drug strategy announcement with a focus on hard-to-reach individuals and those who are not engaging with the treatment service supporting recovery, communities and peer support networks. The Council's mental health work will target those most at risk from poor mental health working with the voluntary and community sectors. Physical health is equally important so the focus on improving people's health will be on healthy diet, physical activity, and smoking cessation

Children's Service, Education and Lifelong Skills

28. The Council will continue to invest significant sums in improving the fabric of the Island's Schools. The new £4.9m one form entry Yarmouth Primary School will open in January 2023 and almost £9m will spent in refurbishing and remodelling the Bay School (Secondary Site) by October 2022. Other substantial works will complete at Newchurch Primary School and Medina House School in the summer of 2022.

29. Primary schools will see their budgets rise from £4,519 to £4,825 per pupil and Secondary schools will see their budgets rise from £5,863 to £6,245 per pupil. Also spending on the high needs block has received a £2 million uplift in funding.
30. The Council will continue to invest in its high achieving early help family hubs and in implementing its strengths based, family focused 'Hampshire and Isle of Wight Approach' to children's social care with a focus on increasing the number of in house foster carers, further improving the support and training we offer to carers (including emotional wellbeing support), improving placement stability for our children and increasing the range of accommodation options for our care experienced young people. This will be supported by completing the introduction of a new case management system to reduce the administrative burden on social workers and help them to spend even more time with the young people that need them.

Environment, Heritage and Waste Management

31. The Council will continue to invest in and accelerate its climate and environment strategy and would expect to make significant strides over the year. Almost £3.2m of external investment will be spent on providing low carbon heating, insulation and renewable electricity. This will significantly reduce the Council's carbon footprint as well as reducing energy bills.
32. The next year will see the setting up of the Mission Zero Community Hub on the Island which will support the community and local business to transition to and take full advantage of a low carbon economy. An Island Wide EV charging strategy is being developed with plans for council investment as a catalyst to setting out the pathway to electrification of transport and cars across the island. The Council will also continue to invest in the management and expansion of its tree stock to keep it safe and as a significant contribution to net Zero ambitions.
33. Work will continue with the Environment Agency on its £60m programme of investment in coastal protection in key parts of the Island made possible by the Council's commitment of £6m and not inconsiderable staffing expertise in this area. This investment will protect around 5,000 homes from flooding.
34. The Council will continue to work with Natural England to secure £1.2m investment in the delivery of the England Coast Path. It will predominantly use the existing Isle of Wight Coastal Path route which will see upgraded surfacing, signage and furniture. The Council will also sustain the beach cleaning contract so that all amenity beaches are generally kept clear of all types of litter and refuse between 1st May and 30th September inclusive and will work with town and parish councils on the provision of marker buoys in key visitor areas.
35. At the very heart of our UNESCO Biosphere lies the 17 sustainable development goals of the United Nations, which the Council is now embedding into its corporate DNA. The Council will appoint a steering group to take forward the development and enhancement of Biosphere status, including opportunities it will provide for economic growth. A £50,000 investment in supporting the dark skies initiative in the south of the Island will complement Biosphere status. The point will be increasingly made and explored that Biosphere status is about much more than our environment.

36. The Administration is also conscious of local concerns about maintenance of the Island's public realm and as such has set aside £40,000 in this budget to facilitate support for and work with Town and Parish Councils to facilitate improvements in this area.
37. There has been a long standing need to upgrade the Isle of Wight's records office and this budget will allocate £730,000 to pump prime the works necessary to secure significant lottery funding required to achieve this aspiration in a new cultural centre as part of the plans for the regeneration of Newport Harbour. In the meantime an investment of over £300,000 will be made to fix the long-time leaking roof at Newport library and protect this valuable asset for the community.

Highways PFI, Transport and Infrastructure

38. Having taken the time to properly review and consult on the scheme, the Council is now able to press on with works to the Ryde Transport Hub which will commence in April. An allocation of £2.2m will be made to the delivery of highway safety and improvement schemes over two years including those at Blackwater Hollow and Folly Road Whippingham. This follows the successful safety scheme at Smallbrook junction. In addition, new road safety education arrangements are being introduced for all schools to complement the Island wide speed review; £250,000 has been set aside to implement the outcomes of this review.
39. The Council continues to work with Island Roads in the major works programme to strengthen highways structures across the island, including the rebuilding of the wall at Belgrave Road in Ventnor which is expected to complete in 2022.
40. The Council will support some town and parish councils to complete local cycling and walking infrastructure plans (LCWIPS) which will help prioritise improvements to key community walking and cycling routes. The Mews Lane to Newport town centre multi use path will be completed in 2022 to provide a new resurfaced and widened path; a safe off-road route for all users.

Planning and Community Engagement

41. The submission of a new Island Planning Strategy to Government in late 2022 with approval in summer 2023 is a key aspiration for the Administration and central to supporting the Council's plans to develop more housing for Islanders and developing the economy to support businesses and grow jobs. The focus on delivering to these timelines is maintained within this budget and the benefits of so doing will support the aspirations of commercial growth and development to generate income to the council.
42. Planning Enforcement is a priority for the Alliance Administration, and work has commenced through partnership working alongside our Town, Parish and Community Councils. This priority will enhance and improve enforcement throughout our communities.

Regeneration, Business Development and Tourism

43. The Council's regeneration programme is central to the Administration's aspirations to grow the income coming into the Council so to avoid cuts in services and spending. In the coming year it will invest £389,000 match funding for the East Cowes marine hub project that will lever an additional £8.7m from the Government's Levelling Up fund and other partners, creating over 150 jobs. The Council's £1m match funding for the £2.5m Heritage High Street action zones project will see shopfronts and public spaces improved in Newport and Ryde. Funding of £900,000 will create a much-needed new business centre at Northwood; Innovation Wight will create up to 100 new jobs.
44. In the coming year the Branstone Farm jobs and housing scheme developed by Island partners on council land will open with a mix of new businesses, growing businesses and family homes bringing the biosphere to life. Key schemes such as Newport Harbour will move into implementation following the uncertainty created by the covid-19 pandemic. It is intended to bring forward the development of a flagship cultural centre in Newport working alongside Arts Council England's designation of the island as a Priority Place.
45. The Council's improving relationship and reputation with funding bodies and the profile of the Island as a place to invest, aligned with the collective will of the community to build back greener, considerably enhances regeneration potential on the Island. The Administration's budget proposals are designed to enable and capitalise on these opportunities.
46. The Administration is dedicating funds to support the Island's community in celebrating the HRH Queen Elizabeth's Platinum Jubilee in June 2022.
47. To support and regenerate the economy of the county town, specific assistance is allocated by the Administration to the Shaping Newport parking pilot to which Newport and Carisbrooke Community Council have offered financial support; contributing to covid-19 recovery.
48. As the regeneration programme accelerates, the Administration will continue to identify ambitious revenue generation opportunities and continue to invest in the delivery of existing projects.
49. The Administration will enable support and actively promote the local benefits and capitalise on the international publicity connected to hosting the final leg of The Tour of Britain cycling event in September 2022.

Strategic Finance, Corporate Resources and Transformational Change

50. The refresh of the organisational development strategy will see investment in council staff to assist with continuous professional and personal development and business improvements that contribute to the Council being a great place to work. The well-established 'Believe in Great' cultural change programme that has seen year on year improvements in staff survey outcomes will also continue, with specific focus on municipal entrepreneurialism to underpin the delivery of our revised commercial and procurement strategies once approved.

51. These budget proposals allow the continued approach to creating and developing apprenticeship opportunities in the Council that offer excellent work experience opportunities and a step on the ladder to future career pathways. The adult and community learning service will remain as a vital part of our support to communities in acquiring work ready functional skills.

Community Protection, Digital Transformation, Housing Provision and Housing Needs

52. The new digital strategy will see continued investments in the Council's information technology infrastructure and digital solutions that can bring about efficiencies in the delivery of council services and which keeps current systems up to date and mitigations that keep information assets secure. Refreshing the Council's digital strategy for 2022 and beyond will also help us to keep abreast of and respond to digital developments that help us to maximise the potential of technology and puts the customer at the heart of all that we do.
53. A budget of £750,000 continues to be set aside for the compulsory purchase of properties that blight the Island and where landlords seem incapable or unwilling to work in the best interests of all. The Council's preference is always to work with the owners of such buildings to help get them back into the best use that meets the needs of the community. A refresh of the empty property strategy will be completed and a working group established to proactively tackle problem empty residential properties and derelict sites.
54. It is important for the Council to support businesses and protect the community through the reinstatement of effective regulatory inspections as and when the impacts of the coronavirus pandemic begin to ease and this budget allows for that to happen.
55. These budget proposals have been developed in accordance with the Alliance Administration's principles of openness and transparency and its determination to respond to the needs and wishes of the local community. The strong message to do more to provide housing affordable to Island residents has been heard and begins to be responded to in this budget, but it can only be a start and there will be more to do and there are many barriers to overcome in moving forward with this agenda.
56. Work is already ongoing to identify and develop all of the commercial opportunities available to the Council that will allow it to move away from a programme of cuts to reinvestment in services and it is the hope that this work will start to show benefit in budgets in future years.
57. The near £29m of planned investments in proving new homes underlines the Administration's determination to increase access to housing which the Island's community can afford and follows the successful acquisition of five properties as part of a rough sleeper's initiative. Activating the currently dormant council housing company will provide a vehicle for increased positive activity in the housing key action area.

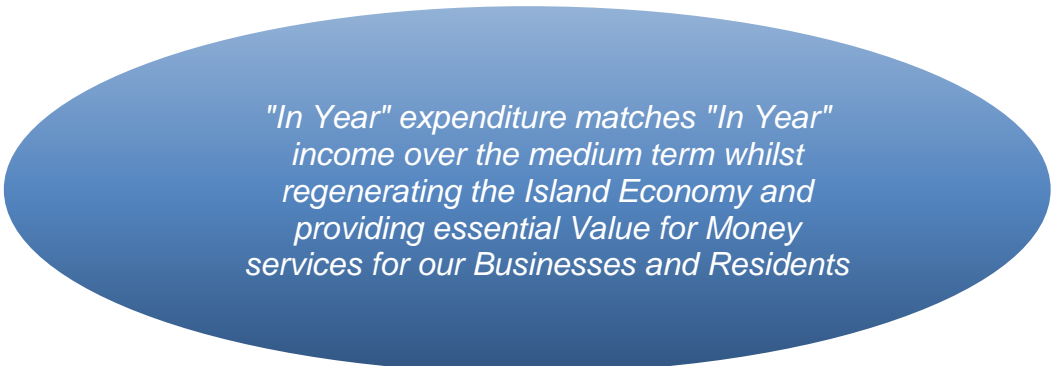
BACKGROUND

58. The primary purpose of this report is to set the Council's overall Budget for the forthcoming year 2022/23 and the associated level of Council Tax necessary to fund that Budget.
59. The report makes recommendations on the level of Council spending for 2022/23 and the level of Council Tax in the context of the Council's Medium Term Financial Strategy.
60. The recommended Budget for 2022/23 has been prepared on the basis of the following:
 - The Council resolution of 24 February 2021 that set an overall savings requirement of £3.0m
 - An increase in the level of Council Tax for 2022/23 for general purposes of 1.99%
 - The flexibility to increase the level of Council Tax for an "Adult Social Care Precept", within the limits set by Central Government at 1.0%, and the direct passporting of that additional funding to Adult Social Care to provide for otherwise unfunded cost pressures including the 6.6% increase in the National Living Wage.
61. This report also provides a comprehensive revision of the Council's rolling 3 year future financial forecast for the new period 2023/24 to 2025/26 (i.e. compared to the previous forecast covering 2022/23 to 2024/25, this forecast now replaces the forecast for the previous 3 year period).
62. 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.
63. In particular, this report sets out the following:
 - (a) The challenging and uncertain financial climate facing the Council in 2021/22 and beyond, and the consequential budget deficits that result
 - (b) A brief summary of the Medium Term Financial Strategy (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 2021/22
 - (d) The Provisional Local Government Finance Settlement for 2022/23
 - (e) The Business Rate income for 2022/23 and future years
 - (f) The Council Tax Base and recommended Council Tax for 2022/23
 - (g) The proposed Revenue Budget for 2022/23

- (h) The financial forecast for the new 3 year period and consequent Savings Requirements for 2023/24, 2024/25 and 2025/26
- (i) Estimated General Reserves over the period 2021/22 to 2025/26
- (j) The forecast Collection Fund balance as at 31 March 2022 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 2021/22 to 2026/27.

MEDIUM TERM FINANCIAL STRATEGY (MTFS)

- 64. The Council approved a Medium Term Financial Strategy (MTFS) in October 2016 to guide the Council towards financial sustainability.
- 65. The Council has been required to make £90m in savings, efficiencies and service reductions (representing over 40% of controllable spending) over the past 11 years in order to balance the Budget, ensuring that spending remains in line with income and funding levels.
- 66. This continuing financial challenge, now exacerbated by the ongoing impact of the COVID-19 pandemic, is seen as the single biggest risk to sustainable public services on the Island. 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.
- 67. The overall aim of the MTFS is illustrated below:



"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

68. 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

69. 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.

70. 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 2021/22

71. The Original Revenue Budget approved by the Council in February 2021 was £151,562,000 and was relying on a draw down from General Reserves of £2.065m.

72. The Cabinet has received regular quarterly Budget Monitoring reports on the 2021/22 Budget throughout the year. Those forecasts have consistently reported a forecast underspend but this has only been achieved by drawing down of the

Council's COVID Contingency to accommodate the additional costs and income losses associated with the impact of COVID-19. The most up to date position and reflected within the proposed Revised Budget is an estimated overall saving of £1.3m which is proposed to be transferred in full to support new Capital Investment into housing affordable to Island residents.

73. The COVID contingency was established to provide a good level of surety that the Council will be able to continue to deliver all of its essential services as well as being able to respond to the continuing COVID-19 pandemic and its legacy after effects. In the current year, it is forecast that there will be £6.1m of commitments against the contingency, leaving a remaining balance of £9.1m for future years. The overall costs, income losses and funding losses (**Council tax and Business Rates**) arising directly out of the COVID-19 pandemic still remains uncertain for the current year and therefore the sum available to carry forward into 2022/23 is also uncertain.
74. The financial impact on the Council arising from the COVID-19 pandemic over the next 3 years also remains extremely uncertain. The key variables being:
 - The immediate and ongoing impact on the costs of providing Adult Social Care and Children's Services
 - The extent to which built up backlogs in Regulatory Services can be addressed
 - The speed at which income losses will recover
 - The impact on both Council Tax and Business Rate collection levels
75. The Original Budget has now been comprehensively revised and remains in balance. It is proposed to increase the Budget to £157,886,900, an increase of £6,324,900 which has been compensated for by an increase in funding of an equivalent amount.
76. The main reasons for the increases in Spending and Funding are as follows:
 - Grant funding to compensate the Council for consequent reductions in retained Business Rates arising from the national Expanded Retail Relief and Nursery relief schemes and the COVID Additional Relief Fund amounting to £6.6m.
 - Other grants passported direct to Services of £0.3m
 - A reduction in the estimated compensation for COVID 19 income losses of £0.6m
77. In summary, the Revised Budget represents a saving against the Original Budget of £1.3m, that saving for which has been transferred to the Capital Programme for 2022/23 to support additional housing affordable to Island residents.
78. The proposed Revised Revenue Budget of £157,886,900 is set out in the General Fund Summary (Appendix 1).

REVENUE BUDGET 2022/23

Overall Strategy

79. 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.
80. 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 (see paragraphs below)
 - Gradual repair of the Council's General Reserves to levels that can continue to be used to "smooth out" necessary savings over time as well as providing 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.
81. It was reported last year that the annual draw down from the £40m overprovision for debt repayment (commonly referred to as the "debt repayment holiday") was coming to an end in 2022/23. The implication of this is that the Council's Budget for Debt Repayment would return to normal levels and therefore increase Debt Repayment costs by £7m.
82. The Council's MTFS identified 2022/23 as the "threshold year" when the benefit of the "Debt Repayment Holiday" would cease and when "In Year" Spending had been reduced to the level of "In Year" Funding, thereby creating a "Structural Balance" to the Budget. "Structural Budget Balance" has been achieved within the proposed Budget for 2022/23 with no reliance on the £7m p.a "Debt Repayment Holiday" or on any contribution from General Reserves.
83. The Council's approved MTFS and Savings Requirements also 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. As set out later in this report, it is forecast that in 2023/24 the Council will need to draw on £2m of its General Reserves as well as making £2m in Savings in order to balance its Budget for that year. Any further draw down on General Reserves will therefore jeopardise the level of savings required for 2023/24.
84. Whilst General Reserves are forecast to fall over the next 4 years to a level with "headroom" of a modest £1.3m above the minimum levels, there is a level of resilience built in to the Council's overall Budget which cover the following:
- Risks associated with the COVID-19 pandemic

- Budget levels in the 2 most volatile services of the Council (Adult Social Care and Children's Services) which accommodate currently known and expected cost and inflationary pressures and risks
- Earmarked Reserves for significant known future risks and commitments

Nevertheless underlying General Reserves at £8.3m over the medium term are extremely modest.

85. At last year's Annual Budget Meeting in February 2021, forecasts for this coming financial year 2022/23 and the subsequent two financial years estimated that an overall 3 year savings requirement of £9.0m would be necessary to meet the budget deficits over that period.
86. Since those forecasts were prepared in February 2021, the Council has now undertaken a Budget Consultation with residents and also received the Provisional Local Government Finance Settlement for 2022/23. The Local Government Finance Settlement is the term used to describe the main non-ring-fenced Revenue and Capital grant funding allocations from Government.

Budget Consultation

87. The Council published its budget consultation survey on 14 December 2021 and closed on 21 January 2022 with 682 responses (501 responses last year). The Council also ran 5 workshops with stakeholders from Town and Parish Councils, the business sector, unions and voluntary sector. An invitation to discuss the budget was extended to all Councillors and briefing sessions held with the Conservative Group. In-person public consultation sessions were held to extend the reach of the consultation and to enable the widest possible discussions.
88. A summary of the results is set out below and has been considered by the Administration in setting out their Revenue Budget, Council Tax and Capital Investment proposals:
- Council Tax Increase for General Purposes:
 - 71% of respondents opted for an increase of 1%, 2% or more than 2%.
 - The most popular choice was for a 2% increase (36% of respondents).
 - Fees & Charges for Specific Services:
 - 73% of respondents would prefer to see an increase in charges for services so as to maintain them. The most popular choice was for a modest increase (42% of respondents).
 - Social Care Services:

Respondents were asked to prioritise the needs across Social Care services between the Aged and Disabled; Community and in Home care; Community based Hubs and Outreach; Mental Health and Children's care.

 - 33% of respondents ranked Aged and Disabled as the top priority.
 - The second ranked priority was Children's Care with 29%.

- Other Non-Statutory Services:

Respondents were asked to prioritise any remaining funds after statutory obligations have been delivered.

- 32% ranked Public Health, Homelessness and Housing as the top priority.
- The second ranked priority was Adults and Children's Social Care with 31%.

89. The Consultation also allowed for respondents to make comments. Many referenced the financial difficulties over the last 2 years, particularly from the impact of COVID-19 and the increasing cost of living.

90. The workshops with other stakeholders highlighted many ideas for partnership working across the sectors, how publicly owned assets could be used, how the burden of funding shortages could be shared and how our aims and objectives around the Biosphere could be used to integrate various services. The provision of housing affordable to Island residents and the impact of 2nd homes was a common theme discussed at all of the workshops.

Funding - Summary of the Local Government Finance Settlement

91. In overall terms the provisional Local Government Settlement has provided real growth in funding for 2022/23 of £4.1m. This relates to the uplift in the Social Care Grant of £2.0m and a new one-off "2022/23 Services Grant" of £2.1m.

92. The additional funding has been provided to fund cost pressures in Adults and Children's Social Care as well as the ongoing impact of COVID-19 and all new burdens including the impact of the National Insurance uplift of 1.25% to fund the national reforms to Social Care.

93. Set against the new funding of £4.1m (£2.1m being "one-off"), are the existing and known Budget Pressures in both Adults and Children's Social Care which are on-going. These amount to £6.0m across both Services and therefore further funding from the Adult Social Care Precept of £0.9m will also be required to close the gap between these cost pressures and the funding available.

94. A summary of the Settlement is set out below:

- A 1 year Settlement only pending the forthcoming reform of Local Government Funding (i.e. Fair Funding Review and Business Rate Retention "Reset")
- An inflation linked increase in general Government funding of 3.1% (in line with the Consumer Price index for September 2021)
- The continuation of the Lower Tier Services grant to ensure that no Local Authority has a real terms reduction in "Core Spending Power"
- Marginal increase in the New Homes Bonus Grant
- An increase in the Social Care Grant (to be distributed to both Adult and Children's Social Care) - £2.0m

- A new "2022/23 Services Grant" of £2.1m - A new "One-Off" grant intended to compensate Local Authorities for all new burdens, including the impact of the National Insurance uplift of 1.25% to fund the national reforms to Social Care
 - A "Market Sustainability and Fair Cost of Care Fund Grant - £0.5m to cover the costs of implementing the Social Care Reforms
 - An inflation linked uplift in the Improved Better Care Fund of 3.1%
 - Council Tax increase thresholds of:
 - 1.99% or £5 for Shire District Councils
 - 1.99% for Upper Tier and Unitary Councils
 - 1.0% for Adult Social Care (Upper Tier Authorities only)
 - 2.0% or £5 for Fire & Rescue Authorities
 - £10 for Police and Crime Commissioners
 - Continuation of funding for Homelessness.
95. The Provisional Settlement is not sufficient to cover the gap required to meet the cost pressures of Adults and Children's Social Care. The Council however is facing further substantial and unavoidable cost pressures as described later in this report which significantly widens the gap between funding and unavoidable costs.
96. It is also important to note the following two serious risks associated with the Settlement:
- i) The "2022/23 Services Grant" of £2.1m is described as "one-off" on the basis that the method of distribution in future years will be different (i.e. to support the levelling up agenda). Adding this into base budgets on an ongoing basis is unavoidable and therefore presents future risks for the Council.
 - ii) The Comprehensive Spending Review confirmed that there was no new money to Local Government after 2022/23 for the following 2 years (i.e. cash flat settlements with no incremental funding for increasing cost pressures). The rationale being that COVID cost pressures would ease and therefore free up funding going forward. This also presents future risks to the Council, particularly given that all of the additional funding is required to fund non COVID related cost pressures
97. Based on the Provisional Local Government Finance Settlement and a comprehensive review of all other estimates of funding, income and expenditure for 2022/23 and the following 3 years, the approved savings requirement for 2022/23 of £3.0m remains prudent but only on the basis of the Council Tax proposals set out within this report and the level of General Reserves proposed. Given what is known, or reasonably expected, regarding future funding and given future uncertainties, a savings requirement of less than £3.0m for 2022/23 would not be prudent.

98. It has now been 6 years since the Government first announced that it would consult and implement Local Government Funding Reform. Following successive delays, the coming financial year was announced to be the intended date of implementation and to coincide with the Comprehensive Spending Review. Due to the uncertainty presented by the COVID-19 pandemic, Funding Reform has been further delayed until 2023/24. Funding Reform 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 £7.1m) and re-distributing that growth nationally according to relative need (rather than where it was generated).
99. The Fair Funding review is the mechanism by which on-going funding would be provided for the unique cost pressures associated with providing Council Services on the Island (referred to as the "Island Deal"), if the case made to Government is accepted. This review is now delayed by a further year. The Council has made it clear in its submissions to Government that this funding inequity cannot be allowed to persist for a further year and representations and negotiations continue. The outcome of those discussions are expected to be announced as part of the Final Local Government Settlement in early February.
100. The Council's Future Forecast Deficit to 2025/26 has been revised to £6m as described later in this report. This £6m Deficit is predicated on receiving an increase in Government Funding of £3m for the additional unique costs of providing Council Services on the Island. If that uplift is not received then the Council's Forecast Deficit will rise to £9m. Should the Council's Settlement from Government be favourable as a consequence of the representations made to Government, it is recommended that:
- i) In the first instance it is applied to meet / offset the forecast future years' deficit as set out in this report and as has been represented to Government
 - ii) Any "one-off" element of a favourable Settlement is used in appropriate proportions at the discretion of the S.151 Officer to supplement the COVID-19 Contingency, the resources available to the Transformation Reserve, the Council's available Capital Resources and General Reserves

These recommendations are made for the following reasons:

- i) The primary thrust of the discussions with Government has been to demonstrate the funding inequity itself and how that has led directly to the Forecast Financial Deficits of the Council. The Council has argued that any additional funding will be used to meet those deficits, avoid further cuts and stabilise the fragile financial position of the Council. The underlying principle being that the protection and sustainability of existing Council Services and financial resilience is the absolute priority of the Council
- ii) There remain continuing risks associated with COVID-19

- iii) There are only modest sums available for Transformation and therefore to pursue income generation and cost reduction initiatives
- iv) There is a substantial lack of funding available for the Council's Capital Investment needs from 2023/24 onwards
- v) The Council is carrying very modest levels of underlying General Reserves (falling to £8.3m)

101. 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 - 2022/23 & Future Forecasts

102. 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

103. In total, for 2022/23, Retained Business Rates are estimated at £31.1m¹, which includes a deficit relating to previous years of £6.8m arising mainly from the Expanded Retail and Nursey relief schemes and the Covid Additional Relief Fund (but neutral on the Budget due to compensation from Government Grant). Underlying Business Rate income for 2022/23 is broadly unchanged.

104. 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

¹ Includes Retained Business Rates of £16.2m, "Top Up" of £11.7m, S.31 Grants of £10.1m and a Collection Fund deficit of £6.8m

having no right of challenge. To help mitigate against this risk, the Council maintains a modest reserve to provide the Council with a degree of funding stability in the event of fluctuations within and between years.

105. 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 Council²) 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.
106. From 2023/24, 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 £7.1m³.
107. 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 - 2022/23 & Future Forecasts

Council Tax Amount 2022/23

108. Council Tax currently represents almost 58% of the Council's total revenue funding and as Government funding has reduced, Council Tax this has become an increasingly more important and dependent source of funding for the Council.
109. Council Tax for the average Council Tax payer on the Isle of Wight (Band C) currently amounts to £1,757.96 (excluding parish precepts), of which £1494.06 (85.0%) 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 54% of all properties are subject to the full level of Council Tax.
110. The Provisional Local Government Finance Settlement for 2022/23 confirmed a Council Tax increase limit for general purposes (i.e. referendum threshold). Any increase beyond the 2% threshold can only be implemented following a "Yes" vote in a local referendum.
111. As described more fully later in this report, the actual level of inflation for the Council in 2022/23, taking into account price rises that the Council is exposed to, significantly exceeds the level of increase allowed in the Council Tax.

² Applies to Local Authorities that, in general, remain above the safety net threshold over time

³ Based on 2022/23 Estimates in a 50% Business Rate Retention Scheme

112. 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 6.6% and affects the Council's contracts with Care Providers for Adults) as well as the demographic pressures from general aging and a "living longer" population.
113. Given the extraordinary upward inflationary pressures on the Council more generally (and including the 6.6% increase in the National Living Wage on Care Services), the cost pressures in Adult Social Care 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 1.99% for 2022/23, representing 57p per week for a Band C tax payer and yielding £1.8m
 - ii) Adult Social Care precept be increased by 1.0% for 2022/23, representing 29p per week for a Band C tax payer and yielding £0.9m to be passported direct to Adult Social Care.
114. 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 which for the 2022/23 are expected to amount to £0.6m
 - The National Living Wage increase of 6.6% plus other inflationary pressures facing the Service amount to £3.7m
 - Additional funding from Government to cover both Adults & Children's Social Care unavoidable cost pressures results in an overall funding shortfall of £4.0m⁴
 - The alternative to not applying the 1% ASC Precept would be to increase the level of savings required by the Service, presenting risks to the wider health system on the Island.
115. 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 over and above the £3.0m savings approved by the Council in February 2021. For every 1% reduction in Council Tax, additional savings of £905,600 will be required.
116. The Council's future forecasts for the period 2023/24 to 2025/26 have been estimated on the following basis:
- i) General Purposes - 1.99% rise each year
 - ii) Adult Social Care Precept - 1.0% rise each year.

⁴ Children's Social Care cost pressures £2.3m, Adults Social Care cost pressures £3.7m less increase in Social Care Grant £2.0m

Council Tax Base 2022/23

117. The Council Tax Base (i.e. the number of Band D equivalent properties paying the full Council Tax) has been determined as **53,879.9** for 2022/23.

Collection Fund Balance (Council Tax Element) 2021/22

118. 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 (85.7% share)
- Hampshire Police & Crime Commissioner (10.9% share)
- Hampshire & Isle of Wight Fire & Rescue Authority (3.4% 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.

119. For 2021/22, it is estimated that there will be a surplus on the Collection Fund of £582,900 which will be shared in proportion to the 2021/22 precepts and distributed to the preceptors as follows:

COLLECTION FUND SURPLUS - 2021/22		
Preceptor	Distribution	
	£	%
Isle of Wight Council	497,000	85.7%
Hampshire Police & Crime Commissioner	64,700	10.9%
Hampshire & Isle of Wight Fire & Rescue Authority	21,200	3.4%
Total Surplus 2021/22	582,900	100.0%

The Isle of Wight Council Share of the surplus of £582,900 is factored into the overall Council Tax income for 2022/23.

Total Council Tax Income 2022/23 & Future Years

120. Considering the Council Tax increase, Council Tax Base and surplus on the Collection Fund, the total Council Tax income for 2022/23 is estimated at £93,771,189.

121. 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 £102,110,700 by 2025/26 and is based on the following assumptions:

- Annual increases in the amount of Council Tax of 1.99% for 2022/23
- Increases of 2.99% per annum from 2023/24 onwards (including 1% p.a for the Adult Social Care Precept)
- Increases in the Council Tax Base of 0.1% per annum for 2023/24 and 2024/25

Funding Summary

122. Over the following 3 year period of the Council's forecast, funding is anticipated to rise by just 6.2% (or an average of 2.0% p.a), reflecting 2.99% per annum increases in Council Tax, an increase in Government Funding arising out of the overhaul of the Local Government Funding system of £3.0 for the "Island Deal" and the Business Rate Retention "Reset" which will remove £7.1m of Business Rate Growth from the Island and then re-distribute it back to Local Authorities generally on a needs basis.

Spending Proposals 2022/23

123. In the current financial year a number of Portfolios are exhibiting signs of financial stress, some of which is COVID-19 related and which in the short term can be provided for from the COVID Contingency. Other pressures, particularly in Adults and Children's Social Care are expected to be more long lasting and are provided for within the Budget proposals for 2022/23.

124. Inflation is currently running at its highest for a decade. The main measure of inflation CPI (Consumer Price Index) is currently tracking at 5.4% with the RPI (Retail Price Index), upon which some contracts remain linked, tracking at 7.5%. The Office for Budget Responsibility, the advisors of Government for the purposes of policy setting, are forecasting that CPI will remain high at 3.7% for 2022/23 but falling to 2.3% for 2023/24.

125. Contained within the overall Budget proposal for 2022/23 are almost £10m of additional costs and inflationary pressures as follows:

- Additional Funding for Adult Social Care of £3.7m (to cover the uplift in the National Living Wage of 6.6% that will be passported to care providers as well as all other cost and inflationary pressures)
- Additional Funding for Children's Social Care of £2.3m (to cover inflation, existing overspendings on placements due to increases in caseloads and rising numbers of Care Leavers)
- An inflationary uplift for all Services in order to maintain "steady state" provision amounting to £2.6m (excluding Adults & Children's Social Care above)
- A further £1m to provide for New Burdens passed down from Central Government, additional license costs associated with agile working, costs associated with protecting the Council's systems and information from cyber attacks and some provision to support essential Planning and Environmental functions

126. Other Budget items are set out under the headings below:

Revenue Contributions to Capital

127. As described in detail later in this report, new Capital Investment totalling £39.8m is proposed. This level of investment relies on a number of funding sources provided either by the Council, from external grants and contributions or borrowing where that is supported by a business case. For 2022/23, £7.4m is

being provided by the Council in the form of "cash backed" funding but which is predicated on a Revenue Contribution to Capital of £2m.

128. The level of investment proposed is beyond the ordinary Capital Resources available to the Council and therefore it is proposed to make a Revenue Contribution to Capital of £2.0m, this being provided from within the Revised Budget 2021/22 (£1.3m) and the Budget 2022/23 (£0.7m), which is "one-off in" in nature.
129. Budget affordability constraints are expected to continue in the future. To address both the Administration'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.
130. 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 Administration'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.
131. Due to the affordability constraints, the Council's future forecasts do not assume any contributions available from future Revenue Budgets. It is vital therefore that the "standing recommendation" continues that any underspendings arising at the year-end be transferred to Capital Resources in order to provide funding for known and potential future commitments.

Transfer to the Transformation Fund

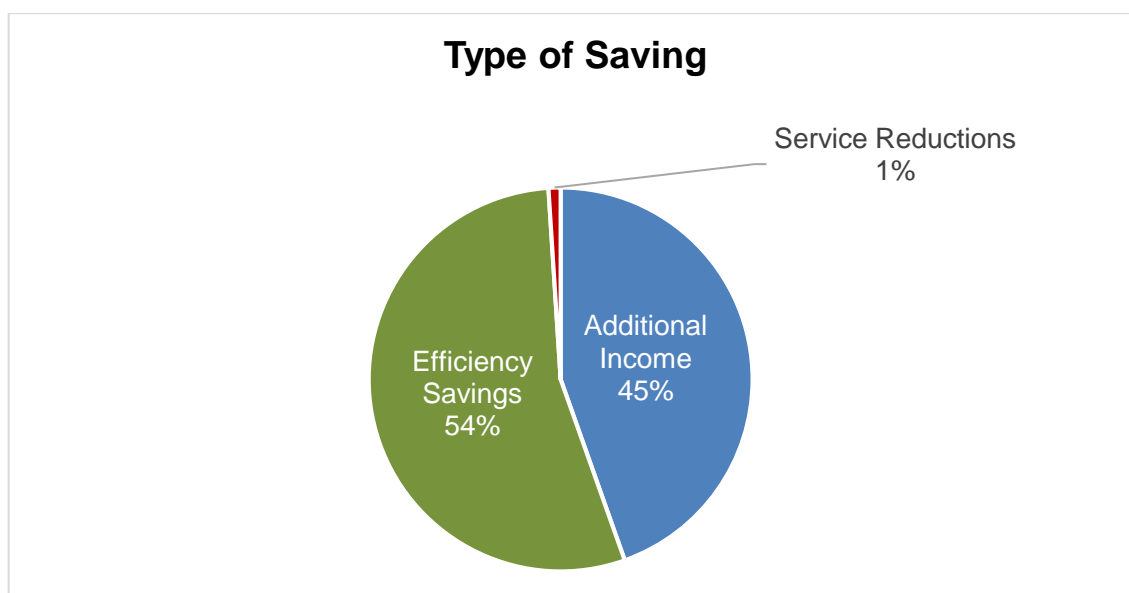
132. Due to affordability constraints, there is no proposed transfer to the Transformation Fund either from the Revised Budget 2021/22 or the Budget 2022/23. Looking forward however, replenishment of this reserve is vital if it is to continue in its capacity to be a vehicle to enable Spend to Save and Invest to Save initiatives to contribute towards the delivery of savings in the future. The Reserve currently contains a modest uncommitted balance of £4.4m 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. In this context, and in the absence of a planned programme of replenishment, it is important that the "standing recommendation" continues to be adopted to enable underspendings arising at the year-end be made available to "top up" the Reserve.

Savings Proposals 2022/23

133. Part of the Medium Term Financial Strategy (MTFS) enables proposed savings to be made which have further financial savings benefits in later years and is often referred to as the "full year effect". The extent of the "full year effect" of previous savings decisions "rolling into" 2022/23 is £0.9m and therefore just £2.1m of new savings are proposed for 2022/23.

134. As in previous years, the Medium Term Financial Strategy (MTFS) has advocated an "Avoidance to Cuts" approach wherever possible. The Administration are committed to maximising this approach through a very strong emphasis on income generation going forward.

135. In overall terms, the proposed £3.0m of savings (including the "full year effect") are illustrated below with 99% of all savings expected to be derived from Additional Income and Efficiency Savings:



136. A summary of the overall total (full year effect plus new) savings proposals for 2022/23, by Portfolio, is set out below.

Portfolio	Controllable Budget	Savings Proposal	
	£	£	%
Adult Social Care & Public Health*	52,585,029	1,730,900	3.3%
Children's Services, Education & Lifelong Skills*	26,518,026	375,900	1.4%
Community Protection, Digital Transformation, Housing Provision & Housing Needs	13,007,237	182,000	1.4%
Environment, Heritage & Waste Management	8,087,817	304,500	3.8%
Highways PFI, Transport & Infrastructure**	12,255,527	50,900	0.4%
Leader & Strategic Partnerships	806,763	0	0.0%
Planning & Community Engagement	2,061,733	11,000	0.5%
Regeneration, Business Development & Tourism	4,787,226	234,300	4.9%
Strategic Finance, Corporate Resources & Transformational Change	12,726,167	110,500	0.9%
Grand Total	132,835,525	3,000,000	2.3%

*Excludes the additional funding passported through to Adult Social Care of £3.7m (which if included would result in an overall increase of 3.7%) and the additional funding for Children's Services, Education & Skills of £2.3m (which if included would result in an overall increase of 7.3%)

** Excludes £19.4m of PFI grant funding, on a Gross expenditure basis the savings amounts to 0.2%

137. Inevitably, there are a number of financial risks contained within the proposals for making savings of the scale of £3.0m on the back of making over £90m in savings over the past 11 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.
138. 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 in order 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.
139. 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 2022/23

140. The proposed Budget for 2022/23 has been prepared to include the following:

Spending 2022/23:

- Cost and Inflationary Pressures - £9.6m
- Continuation of funding through the Improved Better Care Fund (including "Winter Pressures") for the Living Well, Raising Standards Initiative and Reablement services
- A Revenue Contribution to the Capital Programme of £0.7m (**£2.0m in total across the Revised Budget 2021/22 and Budget 2022/23**)
- The £3.0m savings proposals as set out in Appendix 3.
- Balance on the COVID-19 Contingency - £9.1m
- Core contingency provision to cover known and anticipated financial risks of the Council amounting to £3.5m, especially those relating to increases in demand for Adult Social Care and Children's Services, Emergency Repairs risks and the delivery of budget savings more generally

Funding 2022/23:

- An underlying increase in funding from Government of £4.0m, of which £2.1m is described as "One-Off"
- Underlying Business Rate income for 2022/23 is broadly unchanged

- An overall increase in Council Tax of 2.99%, yielding £2.7m
- An increase in the Council Tax base equivalent to 600.3 Band D properties resulting in additional Council Tax income of £1.0m
- A "one-off" surplus on the Council Tax Collection Fund of £0.5m
- A "one-off" deficit on the Business Rate Collection Fund of £6.8m but offset by Government Funding of £6.6m

141. The combination of the spending and funding proposals in the proposed Budget for 2022/23 above combine to provide a balanced and resilient Budget, requiring only a marginal withdrawal from General Reserves of £29,000.

142. The proposed Budget for 2022/23, including the main changes described above results in net spending of £161,087,800. This amounts to a net increase in spending of £9,525,800 or 6.3% over the Original Budget 2021/22 and is recommended for approval.

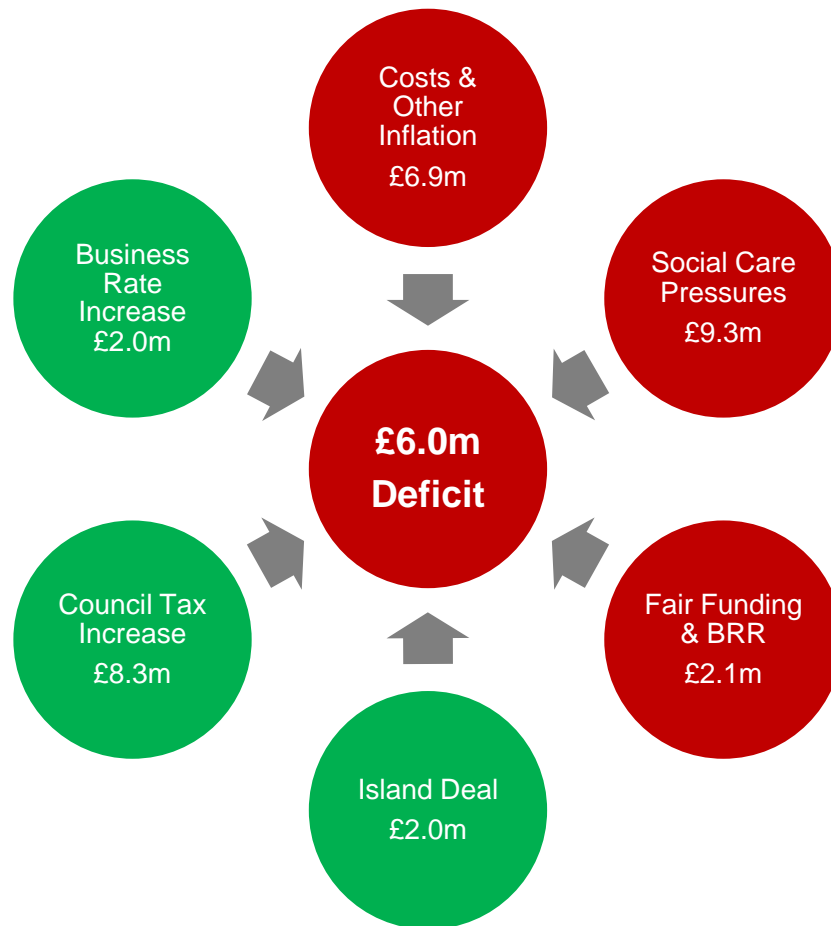
REVENUE FORECASTS 2023/24 TO 2025/26

143. A new medium term forecast has now been completed and "rolled on" a further year to cover the period 2023/24 to 2025/26. All of the financial assumptions have been comprehensively revised and a savings requirement for the new period determined.

144. The previous medium term forecast estimated that savings of £9.0m would be required across the 3 year period 2022/23 to 2024/25. The proposed Revenue Budget for 2022/23 provides for £3.0m of those savings that, based on the "old" forecast, would have left a residual £6m remaining to be found for the following 2 years.

145. The new medium term forecast takes account of the £3.0m savings being achieved in 2022/23, comprehensively revises the remaining £6m that was estimated to be required and makes a forecast for the additional year 2025/26. It is now estimated that the savings required for the new 3 year period 2023/24 to 2025/26 will now be £6.0m. 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.

146. The new Budget Deficit of £6.0m is described in the paragraphs that follow.



147. The most significant assumptions in the medium term future forecasts for the period 2023/24 to 2025/26 are described below:

Spending:

- Cost and inflationary pressures in both Adult Social Care and Children's Services of £9.3m (including future uplifts to the National Living Wage in accordance with OBR Forecasts)
- Cost and inflationary pressures in all other Services of £6.9m covering all pay and prices (assuming pay awards of 2.0% per annum, specific contract inflation and CPI/RPI increases in line with the forecasts from the Treasury)
- The ending of Revenue Contributions to Capital and the Transformation Reserve after 2022/23
- 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 £2.1m, phased in from 2023/24 onwards (**Note: the Business Rate "Reset" will remove £7.1m of growth which may not be fully re-distributed through the Fair Funding Review**)
- An increase in funding arising from the "Island Deal" of £2m (**Note: This is £3m in total however £1m is built into the Budget for 2022/23**)

- A 2.99% increase in Council Tax per annum from 2023/24 onwards which includes 1.0% per annum for an Adult Social Care Precept) accompanied by a marginally improving Tax Base, in total yielding £8.3m
- Indexation uplifts on retained Business Rates of 3.7% for 2023/24, 2.3% for 2024/25 and then at 2.0% for 2025/26
- An underlying zero growth assumption for changes in Business Rates from 2023/24 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.

148. Future funding from Government from 2023/24 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.

149. The outcome of the Council's representations in relation to the unique additional costs associated with delivering services on the Island also remains uncertain and therefore presents a £3m risk to the forecast.

150. It is also important to recognise that this forecast extends beyond the Fair Funding Review and the revised Business Rate Retention Scheme due to be implemented in 2023/24. It moves 2 years beyond these events and makes broad assumptions at the macroeconomic level pending any indicative information at the local level. Consequently, there remains a significant level of uncertainty surrounding the £6.0m forecast deficit which could realistically vary between +/- £3m.

151. It is proposed that the Council takes an evenly managed approach to addressing the £6.0m 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.



152. Due to the uncertain nature of the future years' forecasts, it is imperative that the Council continues to plan for £2.0m of savings per annum as well as maintaining sufficient General Reserves. 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.

153. 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. 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 (currently recommended to be maintained at £7.0m) that the Council must hold in order to maintain its financial resilience.
154. In summary, the overall forecast budget deficit and therefore savings requirement, has been reduced for both 2023/24 and 2024/25 and the forecast has been "rolled on" to now include the financial year 2025/26. The overall forecast budget deficit and savings requirement for the 3 year period 2023/24 to 2025/26 is £6.0m. Importantly, this level of budget deficit can only be maintained if the Council approves the proposed £3.0m of savings as well as the increase in Council Tax of 2.99% for 2022/23.
155. The medium term financial forecasts are set out as part of the General Fund Summary in Appendix 1.

ESTIMATED RESERVES 2021/22 TO 2025/26

156. In general, maintaining adequate reserves is a measure of responsible financial management and strong financial health. They are required in order 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.
157. 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.
158. 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 in order 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 proposal to provide for a COVID-19 Contingency of £9.1m
- The current relatively low level of General Reserves representing just 2.8% of Gross Expenditure
- The increasing susceptibility to budget pressures given the magnitude of savings that have been made in the past (i.e. £90m)
- The required level of future savings necessary to remedy the forecast deficit of £6.0m
- The inherent volatility of the Business Rate Retention system (previously described) both now and in the future
- Potential for reduced Council Tax collection rates associated with the reduced level of support provided by the Local Council Tax Support scheme
- Potential liabilities for some substantial disputes against the Council.

159. Predicated on the approval of £3.0m savings for 2022/23 and the retention of the COVID Contingency of £9.1m 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 £7.0m.

160. Should the Council not provide a COVID Contingency as proposed, the minimum level of Reserves will necessarily need to increase.

161. The statement below gives details of the General Reserves in hand at 01 April 2021, together with the proposed use of reserves in 2021/22 and 2022/23 arising from the Budget proposals contained within this report. The forecast balances from 2023/24 onwards **assume that the £6.0m savings requirements set out in the previous section are achieved according to the profile described.**

General Reserves Forecast – Up to 2025/26					
Financial Year	Current Year £m	Forecast 2022/23 £m	Forecast 2023/24 £m	Forecast 2024/25 £m	Forecast 2025/26 £m
Opening Balance	13.6	11.0	11.0	9.0	8.3
In Year Surplus / (Deficit)	(2.6)	(0)	(2.0)	(0.7)	0.0
Forecast Balance	11.0	11.0	9.0	8.3	8.3

162. 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 forecast to the outcome of the Fair Funding Review and the Business Rate Retention "reset" which could vary by +/- £3m
- 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 £3.0m savings not be achieved in 2022/23, General Reserves would be close to minimum levels by March 2023.
 - The balances are predicated on further savings (as yet unidentified) of £6.0m being achieved over the following 3 years. If those savings are not made, balances would be at minimum levels by March 2024.
 - The uncommitted balance available in the Transformation Reserve of just £4.4m (see below) means there are only limited funds available to fund the implementation costs of future efficiency savings.
163. General Reserves are anticipated to fall to £8.3m by March 2025. The overall reduction is due to the need to draw on General Reserves in order to evenly "smooth out" the savings profile over the next 3 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 (as now required for each of the next 3 years) to draw on them and "smooth savings" at lower levels but over a longer period of time. Whilst operating at a level of General Reserves of £8.3m with an associated level of "headroom" of just £1.3m over the minimum level remains modest, it will be at a time where the risks associated with the Fair Funding Review and Business Rate "reset" will be known. Given the rate of use of General Reserves over the period, there will also be time to plan for their replenishment.
164. In addition to General Reserves, the Council has established a Transformation Reserve which has a current uncommitted balance of £4.4m. 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 Administration's aspirations will be of a scale and complexity that require up front resources, especially if they are to proceed at pace.
165. It is anticipated that due to the nature and scale of some of the savings proposals in 2022/23, there will be a need to provide up-front funding from this reserve particularly in Adult Social Care and Children's Services to support their delivery.
166. 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.
167. 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.
168. 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.

169. 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 of the above.

170. 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 2021/22 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 2021/22 TO 2026/27

Overall Strategy

171. 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.

172. The development of a Capital Strategy considers investments that will be made in the acquisition, creation, or enhancement of tangible or intangible fixed assets, in order 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
- 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

- 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
- 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
 - If not implemented would cause severe disruption to service delivery.

Capital Resources

173. Capital resources available for 'new starts' in 2022/23 and onwards have been reviewed and the amount available to be allocated has been determined as £39.8m. This is a much higher figure than usual as this includes significant levels of borrowing described in further detail in the following paragraphs.

174. 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.

175. The total capital resources available to the Council for 'New Starts' in 2022/23 and onwards are described below:

Corporate Capital Resources

176. This includes all non-ring-fenced capital grants (e.g. local transport plan, education basic need and school condition funding), capital receipts and revenue contributions and are described below:

- A £5.5m contribution from the Revenue Budget (including the £2.0m as proposed in this report)
- Integrated Transport Block Grant of £2.3m which, whilst not ring-fenced, is allocated for the purposes of Highways related projects
- Schools capital maintenance grant, which again whilst not ring-fenced, is targeted at improvement of school's estate of £2.2m. In addition, the Devolved Formula grant, which is ring-fenced, is passported to schools in the sum of £263,000
- Capital receipts totalling £1.9m from the sale of council assets or the repayments of previous capital grants
- Deletion of the existing "Average Speed Cameras" capital scheme of £0.3m
- Other capital resources.

Ring-fenced Capital Funding

177. Ring-fenced capital funding includes the following:

- Funding of £2.3m is passported 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 Clinical Commissioning Group

Prudential Borrowing

178. 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".

179. 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.

180. 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).

181. 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.
182. Prudential Borrowing of £25m has been included in the programme for new housing affordable to Island residents. Schemes coming forward within this £25m allocation will undergo rigorous appraisal to ensure that they are financially viable and meet the Prudential Code requirements before receiving final approval to proceed from the S.151 Officer.

Capital Investment Proposals ("New Starts") - 2022/23

183. Proposals for the allocation of the Council's 'new start' capital resources of £39.8m are set out in Appendix 4 for approval. They comprise a balanced set of proposals which:
- Ensure the medium term resilience of essential core services and facilities
 - Supports the delivery of the council's key areas of activity focussing on the provision of housing affordable to Island residents, responding to climate change and enhancing the biosphere and economic recovery.
 - 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 integrity priority works, the public realm and rights of way

Proposed Capital Programme 2021/22 to 2026/27

184. 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

185. 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.
186. 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.

187. 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 core capital funding of circa £6.0m, there is a significant shortfall ("Capital Gap") to be met. All of the core funding has some degree of obligation attached to it, £2.5m is ringfenced to the Better Care Fund and Devolved Formula Grant, and the rest although not ringfenced, is expected to be targeted at schools and highways. There is no further annual routine funding for capital investment in addition to those described above. The overall implication being that there is virtually no routine annual funding available for Capital Investment beyond those items described above.

188. 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 2021/22 arising at the year-end to supplement the Capital Resources available for future years.

189. As previously described, given the known lack of funding available for the Council's Capital Investment needs from 2023/24 onwards, it is further

recommended that any variation from the Provisional Local Government Finance Settlement is used to supplement the Council's available Capital Resources for future years.

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

190. 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.

191. 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 2022/23. Particular uncertainties exist regarding:

- The rising levels of inflation, some of which are exceptional
- The continuing impact of the Covid-19 pandemic, its impact on costs, Council Tax and Business Rate income levels
- The general uncertainty surrounding Business Rate income including "Material Change of Use" 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)
- The ability of the Council to continue to make the 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 (most notably those arising from the Care Act).

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

192. 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.

193. Should the level of reserves fall below the minimum approved sum of £7.0m 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 impose spending controls until a balanced budget is approved by the Council.

Robustness of the Budget

194. 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.
195. Estimates and forecasts have been prepared to include all known significant financial factors over the medium term in order to inform spending decisions.
196. 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 2023/24 to 2025/26" and use the following sources as their evidence base:
- Government funding as set out in the provisional settlement for 2022/23
 - 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 £2.1m, but phased over 3 years
 - An increase in funding of £3m for the "Island Deal"
 - A "no growth" assumption for Retained Business Rates from 2023/24 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 2017 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.
197. 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.
198. 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.

199. The forecasts prepared for the forthcoming and future years are robustly based and illustrate the expected costs the Council will incur in order to deliver current levels of service.
200. 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.
201. 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 2023/24 and future years.
202. Future years' budgets will be particularly challenging due to continued cost pressures, the exact impact of the COVID-19 pandemic, economic uncertainties and funding uncertainties. The Council's forecasts plan for a savings target of £2.0m in 2023/24, £2.0m in 2024/25 and £2.0m in 2025/26

The Adequacy of Proposed Financial Reserves

203. 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 COVID-19, the Insurance Reserve, Repair and Renewals Reserve and the Business Rate Retention Reserve.
204. 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.
205. 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 position will continue to be reviewed and reported to Members on an annual basis.
206. 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 £4.4m. In order 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.

207. The Council maintains a number of other Earmarked Reserves for specific purposes, all of which are at the levels required to meet known future commitments.
208. The Council's core contingency provision for 2022/23 has been set on a risk basis at £3.5m 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.
209. 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

210. The Council's Budget for 2021/22 and 2022/23, the level of Council Tax and the Capital Programme 2021/22 to 2026/27 represent the Council's detailed plan for 2022/23 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

211. The proposals set out in this report have been prepared in consultation with the Cabinet.
212. The Portfolio savings amounts proposed within this report will inevitably impact on service provision, although service reductions are expected to be limited. 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.
213. An Island-wide budget consultation took place over the period 14 December 2021 to 21 January 2022 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

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

LEGAL IMPLICATIONS

215. The council will need to set a lawful and balanced budget and Council Tax level for 2022/23 by the statutory deadline of 11 March 2022. In developing any proposals for budget changes, the necessary Equality Impact Assessments and any consultation processes will need to be followed.
216. 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

217. 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).
218. 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 in respect of the relevant proposals that arise out of these recommendations.

PROPERTY IMPLICATIONS

219. 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

220. The proposed Budget for 2021/22 and 2022/23, 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 2022/23:

- 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 £905,600
- iii) Increase the use of General Reserves used in 2022/23 and reduce the level of savings accordingly, acknowledging that:
 - (a) In doing so, the level of savings in 2023/24 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 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 1.99% and undertake a local referendum.

B. In respect of the Capital Programme 2021/22 to 2026/27 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 the Revenue Budget and retaining those funds in General Reserves to provide additional financial resilience to the Council.

RISK MANAGEMENT

221. 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.

222. The key risk is that the Council does not approve a Revenue Budget for 2022/23 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.
223. 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".
224. 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

225. 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 in "Structural Balance"
 - It provides £6m of additional funding for Adult Social Care and Children's Services, bringing financial stability to those essential services at a critical time

- It provides a COVID-19 Contingency expected to be sufficient to cover the financial impact of the pandemic over the next 3 years, providing financial resilience through an uncertain period and therefore a good degree of confidence in the sustainability of essential Council Services
- It provides for a "smoothing" and "spreading" of 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
- It reduces the overall Savings Requirements for future years from £3.0m per annum to £2.0m per annum and evenly phased
- Maintains the overall financial resilience of the Council at a time of unprecedented uncertainty in terms of both cost and funding, enabling the Council to guard against more immediate and deeper savings
- An increase in Council Tax of 2.99% avoids further cuts to essential services to residents and improves the funding base for the future
- 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 £2m additional funding from the Revenue Budget to the Capital Programme enabling a total capital investment of £39.8m, which in particular, will enable the Council to invest in new housing affordable to Island residents.

RECOMMENDATION

226. It is recommended that the Council approve the following:

- (a) The revised Revenue Budget for the financial year 2021/22 and the Revenue Budget for the financial year 2022/23 as set out in the General Fund Summary (Appendix 1) which includes:
 - (i) A Revenue Contribution to Capital of £2.0m, to support the provision of housing affordable to Island residents
 - (ii) The COVID Contingency estimated at £9.1m, to guard against continuing and legacy risks
- (b) Any variation arising from the Local Government Finance Settlement 2022/23 or any further savings made in 2021/22 arising at the year-end (after allowing for specific carry forward requests) be transferred to the Revenue Reserve for Capital, COVID Contingency, 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 1.99% for general purposes in accordance with the referendum threshold⁵ for 2022/23 announced by Government (as calculated in Appendix 2)
- (d) That the level of Council Tax be increased by a further 1.0% 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 £905,600 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 2022/23 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 £3.0m for 2022/23 and continuing into future years as set out on the next page:

⁵ Council Tax increases beyond the referendum threshold can only be implemented following a "Yes" vote in a local referendum

Portfolio	Controllable Budget	Savings Proposal	
	£	£	%
Adult Social Care & Public Health*	52,585,029	1,730,900	3.3%
Children's Services, Education & Lifelong Skills*	26,518,026	375,900	1.4%
Community Protection, Digital Transformation, Housing Provision & Housing Needs	13,007,237	182,000	1.4%
Environment, Heritage & Waste Management	8,087,817	304,500	3.8%
Highways PFI, Transport & Infrastructure**	12,255,527	50,900	0.4%
Leader & Strategic Partnerships	806,763	0	0.0%
Planning & Community Engagement	2,061,733	11,000	0.5%
Regeneration, Business Development & Tourism	4,787,226	234,300	4.9%
Strategic Finance, Corporate Resources & Transformational Change	12,726,167	110,500	0.9%
Grand Total	132,835,525	3,000,000	2.3%

*Excludes the additional funding passported through to Adult Social Care of £3.7m (which if included would result in an overall increase of 3.7%) and the additional funding for Children's Services, Education & Skills of £2.3m (which if included would result in an overall increase of 7.3%)

** Excludes £19.4m of PFI grant funding, on a Gross expenditure basis the savings amounts to 0.2%

- (h) Directors be instructed to start planning how the Council will achieve the savings requirements of £6.0m for the 3 year period 2023/24 to 2025/26 and that this be incorporated into Service Business Plans
- (i) The minimum level of Revenue Balances as at 31 March 2023, predicated on the approval of £3.0m savings in 2022/23 and the retention of the COVID Contingency of £9.1m, be set at £7.0m 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 2021/22 to 2026/27 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") - 2022/23 set out in Appendix 4 be reflected within the recommended Capital Programme 2021/22 to 2026/27 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 2021/22 to 2026/27

- (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 also 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 the Solent Local Enterprise Partnership).
- (p) The Capital Strategy 2022/23, including the Minimum Revenue Provision Statement contained therein (Appendix 6)
- (q) The Investment Strategy 2022/23 (Appendix 7)

227. It is recommended that the Council note the following in respect of the Council's Budget:

- (a) The Revenue Budget 2022/23 as set out in Appendix 1 has been prepared on the basis of a 2.99% increase in Council Tax, any reduction from the overall 2.99% Council Tax increase proposed will require additional savings of £905,600 for each 1% reduction in order for the Budget 2022/23 to be approved
- (b) The Revenue Forecasts for 2023/24 onwards as set out in the section entitled "Revenue Forecasts 2023/24 to 2025/26" and Appendix 1
- (c) The estimated Savings Requirement of £6.0m for the three year period 2023/24 to 2025/26, for financial and service planning purposes, be phased as follows:

Financial Year	In Year Savings Requirement £m	Cumulative Saving £m
2023/24	2.0	2.0
2024/25	2.0	4.0
2025/26	2.0	6.0

- (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 £4.4m 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 £2.0m in 2023/24 (and £2.0m 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 2022/23 will be 53,879.9 [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 2021/22 is estimated to be in surplus by £582,900 which is shared between the Isle of Wight Council (85.7%) and the Police & Crime Commissioner (10.9%) and the Hampshire & Isle of Wight Fire & Rescue Authority (3.4%)
- (h) The Business Rate element of the Collection Fund for 2021/22 is estimated to be in deficit by £6,842,482
- (i) The Retained Business Rate income⁶ for 2022/23 based on the estimated Business Rate element of the Collection Fund deficit as at March 2022, the Non Domestic Rates poundage for 2022/23 and estimated rateable values for 2022/23 has been set at £31,140,075.
- (j) The Equality Impact Assessment (attached at Appendix 8)

⁶ Includes Retained Business Rates of £16,196,499, "Top Up" of £11,695,357, S.31 Grants of £10,090,701 a Collection Fund deficit of £6,842,482

APPENDICES ATTACHED

228. The following appendices are attached:

- Appendix 1 - General Fund Summary
- Appendix 2 - Council Tax 2022/23 (calculated by the Council for the financial year 2022/23 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 2022/23
- Appendix 4 - New Capital Schemes starting in 2022/23
- Appendix 5 - Capital Programme 2021/22 to 2026/27
- Appendix 6 – Capital Strategy 2022/23
- Appendix 7 – Investment Strategy 2022/23
- Appendix 8 – Equality Impact Assessment

BACKGROUND PAPERS

229. 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:
<https://www.iwight.com/Meetings/committees/mod-council/19-10-16/Paper%20B.pdf>

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CHRIS WARD
Director of Finance (S.151 Officer)

COUNCILLOR LORA PEACEY-WILCOX
Leader of the Council

COUNCILLOR CHRIS JARMAN
*Cabinet Member for Strategic Finance, Corporate
Resources and Transformational Change*

GENERAL FUND SUMMARY - 2021/22 TO 2025/26

NET REQUIREMENTS OF PORTFOLIOS	REVISED BUDGET 2021/22 £	ORIGINAL BUDGET 2022/23 £	FORECAST 2023/24 £	FORECAST 2024/25 £	FORECAST 2025/26 £
Adult Social Care & Public Health	54,535,869	52,290,006	54,403,474	55,671,260	56,951,698
Children's Services, Education & Lifelong Skills	27,685,475	28,889,575	29,138,231	29,439,491	29,765,704
Community Protection, Digital Transformation, Housing Provision & Housing Needs	10,050,805	10,260,200	10,148,169	10,175,745	10,200,275
Environment, Heritage & Waste Management	6,363,921	6,502,463	6,821,181	7,111,895	7,402,609
Highways PFI, Transport & Infrastructure	16,273,286	15,014,903	15,625,604	15,995,882	16,358,525
Leader & Strategic Partnerships	1,109,601	1,202,176	1,202,184	1,202,184	1,202,184
Planning & Community Engagement	722,515	881,090	512,090	512,090	512,090
Regeneration, Business Development & Tourism	913,933	511,724	511,724	511,724	511,724
Strategic Finance, Corporate Resources & Transformational Change	40,231,504	45,535,638	54,598,983	58,166,886	60,969,246
Savings to be identified	0	0	(2,000,000)	(4,000,000)	(6,000,000)
Portfolio Expenditure	157,886,908	161,087,775	170,961,640	174,787,157	177,874,055
FUNDED BY:					
Contribution (to)/from Balances & Reserves	2,065,082	28,575	1,998,233	709,268	(7,826)
Revenue Support Grant	3,642,344	4,757,433	4,757,433	5,757,433	6,757,433
Business Rates Retention	30,610,224	31,140,075	37,762,049	38,399,761	38,234,970
Other General Grants	33,118,315	31,390,503	30,778,762	30,778,762	30,778,762
Collection Fund (Council Tax)	88,450,943	93,771,189	95,665,163	99,141,933	102,110,716
Total Financing	157,886,908	161,087,775	170,961,640	174,787,157	177,874,055
BALANCES & RESERVES					
Balance brought forward at 1 April	13,646,139	10,981,057	10,952,482	8,954,249	8,244,981
Potential Transfer to Combined Fire Authority	(600,000)				
(Deficit)/Surplus for year	(2,065,082)	(28,575)	(1,998,233)	(709,268)	7,826
Balance carried forward at 31 March	10,981,057	10,952,482	8,954,249	8,244,981	8,252,807
Minimum level of balances	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000
Underlying Budget Deficit/(Surplus) - assuming future savings are met	2,065,082	28,575	1,998,233	709,268	(7,826)

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Calculation of the Council Tax for the Financial Year 2022/23

(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 2022/23 will be **53,879.9** [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 2022/23 (excluding Parish and Town Council precepts) is **£93,274,189**.
3. That the following amounts be now calculated by the Council for the financial year 2022/23 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)	£1,731.15	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 £
1,154.10	1,346.45	1,538.80	1,731.15	2,115.85	2,500.55	2,885.25	3,462.30

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 2022/23 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 £
157.64	183.91	210.19	236.46	289.01	341.55	394.10	472.92

5. That it be noted that for the financial year 2022/23 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 £
50.29	58.67	67.05	75.43	92.19	108.95	125.72	150.86

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 2022/23 for each of the categories of dwellings shown below:

Valuation Bands (Total Council Tax)

A £	B £	C £	D £	E £	F £	G £	H £
1,362.03	1,589.03	1,816.04	2,043.04	2,497.05	2,951.05	3,405.07	4,086.08

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 2022/23, which represents a 2.99% 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 2.99% increase includes a 1.0% 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 2022/23 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 2022/23

Saving Number	Service Area	Savings Proposal	Impact on Level of Service & Service Outcomes	Saving 2022/23 £
ADULT SOCIAL CARE & PUBLIC HEALTH				
1.	Commissioning and Partnerships	Capital limit reviews	Council funding will be suspended where people are holding savings in excess of the permitted capital limit. Funding would be reinstated when a person's savings fall below the capital limit.	28,000
2.	Commissioning and Partnerships	Uplift of fees and charges for Wightcare. This is a discretionary service. There has been no annual uplift in charges since April 2018. Charges are no longer reflective of cost of service and as a result the service now requires extensive subsidy. The proposal reduces the level of subsidy and the base budget will be supplemented by the increase in income, moving towards a service with a balanced budget (over the longer term). The total price increase required to break even is 36% which cannot be achieved in one step	Increase to fees resulting in the following weekly charges: Installation £90.00 (inc from £80.00) Monitoring £7.70 (inc from £6.80) Monitoring & Response £11.00 (inc from £9.72) Telecare £12.73 (inc from £11.25)	101,000
3.	Commissioning and Partnerships	Generation of additional income from deputyship service by increasing the number of cases the team holds. This can be achieved within existing resource due to changes in systems which go-live in 2022/2023. Fees chargeable are set and controlled by the Court of Protection	None for existing service users but potential to offer more competitively priced alternative for NEW customers	10,000
4.	Commissioning and Partnerships	Improved joint funding protocol with health for non-Continuing Health Care and non-S.117 (Mental Health Act) cases	No impact on service users - requires a refresh of the agreement with the Hampshire, Southampton and Isle of Wight Clinical Commissioning Group so that local protocols are consistent with those across the rest of the area.	250,000
5.	Commissioning and Partnerships	Reduction in contract value - Sensory Service	The current contract value provides for the organisation delivering the service to purchase equipment to provide support. Through enabling equipment to be purchased centrally through the councils Community Equipment Service equipment prices can be reduced (through preferential contract prices and economies of scale) and savings made in this part of the contract value without impacting on people receiving support.	3,000
6.	Care Management	Care reviews for people receiving double up care and support to deploy less invasive equipment based solutions resulting in reduction to one carer	Reduction of care hours through the use of single handed equipment and manual handling training via Occupational Therapists.	150,000
7.	Operational Services	Review and reconfiguration of internal Learning Disability residential homes to introduce more Supported Living options and provide improved outcomes - more choice and control for people supported - more efficient respite support providing consistency	Continuation of the change programme across internal Learning Disability Homes to re-register them as supported living services wherever possible - enabling residents to have rights of tenancy and access to welfare benefits not available to them whilst living in residential care.	100,000
8.	Care Management	Re-patriation of off island placements for people with complex learning disabilities	Undertaking a dedicated reviewing activity to support the return of 'off-Island' placements to Island placements where appropriate with consequent reduction in overall cost to the council	20,000
9.	All	General efficiencies secured as a result of new ways of working, the work from anywhere approach and increased use of digital connectivity.	No impact on service users - reduced travel, increase in online collaboration, reduction in need for printing, stationary, mileage, postage and general supplies etc.	21,200
10.	Commissioning and Partnerships	Phased reduction in the council's contribution to the 'pooled budget' with health for the Community Equipment Service based on actual and not predicted use. Only 42% of referrals are social care related - currently the council provides 58% of the service budget. Phasing prevents destabilisation of the service overall	None - Statutory duty to provide under Care Act but need to ensure that split of budget is appropriate	147,000
11.	Commissioning and Partnerships	Reinstate the dedicated 'charged for' self-funder support service with brokerage, contracting and payment in relation to care and support for people who fund their own care and support in the community. This is a discretionary service	The Health and Care Bill sees greater emphasis on council's support for people who fund their own care and support. Development of an offer in this area could provide a new line of support for people who fund their own care and enable additional income from services provided such as - brokerage, assessment, care planning and contracting. This will provide better and professional levels of support for this group of Island residents.	10,000
SUB-TOTAL				738,900

Saving Number	Service Area	Savings Proposal	Impact on Level of Service & Service Outcomes	Saving 2022/23 £
CHILDREN'S SOCIAL CARE EDUCATION & SKILLS				
12.	Children & Families	Joint funded placements, move to standardised cost split model between children's social care, health and education.	None	200,000
13.	Children & Families	General efficiencies secured as a result of new ways of working, the work from anywhere approach and increased use of digital connectivity.	No impact on service users - reduced travel, increase in online collaboration, reduction in need for printing, stationary, mileage, postage and general supplies etc.	20,000
14.	Children & Families	Business hub / admin review	None	20,000
15.	Strategic Development	Asset Management Team - storage reduction and non-pay efficiencies resulting from new ways of working.	None	5,000
16.	Education & Inclusion	Reduction in annual transfer to redundancy reserve (currently £110k per annum, reserve balance £903k). Reserve is significant, number of schools in deficit has reduced following 3 year funding settlement.	None	25,000
17.	Education & Inclusion	Special Educational Needs & Disabilities Advice Service (SENDIASS) - relocate service with Special Educational Needs (SEN) releasing current building for re-use / disposal, estimated based on current premises related costs. Need to ensure level of independence of the service	Change in location to be within Newport, limited impact on service users	7,000
18.	Education & Inclusion	General efficiencies secured as a result of new ways of working, the work from anywhere approach and increased use of digital connectivity.	No impact on service users - reduced travel, increase in online collaboration, reduction in need for printing, stationary, mileage, postage and general supplies etc.	15,000
19.	Access, Resources & Business Development	General efficiencies secured as a result of new ways of working, the work from anywhere approach and increased use of digital connectivity.	No impact on service users - reduced travel, increase in online collaboration, reduction in need for printing, stationary, mileage, postage and general supplies etc.	9,900
20.	Access, Resources & Business Development	Home to School Transport - moving to minibus arrangements and reviewing the eligibility of Special Educational Needs.	Service for some users provided in a more effective way but still remains	29,000
21.	Children & Families	Participation Officer - deletion of non-statutory role	The post is being discontinued but the activity will be mainstreamed through all teams	45,000
			SUB-TOTAL	375,900
COMMUNITY PROTECTION, DIGITAL TRANSFORMATION, HOUSING PROVISION & HOUSING NEEDS				
22.	Bereavement Services	Increase income - introduce charge for the video streaming of funeral services. This is a discretionary service	This would provide an optional paid for video link service to families so they can watch funerals remotely. The fee for the service is proposed at the average level being charged nationally.	30,000
23.	Registration	Increase income	Increase statutory fees by 3% keeping inline with regional average	4,000
24.	Reg admin/Trading Stds	General efficiencies secured as a result of new ways of working, the work from anywhere approach and increased use of digital connectivity.	No impact on service users - reduced travel, increase in online collaboration, reduction in need for printing, stationary, mileage, postage and general supplies etc.	2,500
25.	ICT	ICT Contract and staffing efficiencies	None	18,000
26.	ICT	Reduction in funding for equipment repair/replacement	None for Service Users, remedial work would be prioritised to front line teams/services	20,000

Saving Number	Service Area	Savings Proposal	Impact on Level of Service & Service Outcomes	Saving 2022/23 £
27.	Housing	Rebase the Housing Needs budget to better reflect the dedicated funding being provided from government grants	No impact on service delivery, indications are that government funds are secured at least until the end of the Parliament. Current resource allocation is thought to be sufficient to respond to current high levels of demand.	100,000
28.	Housing Renewal	Vacant hours following resignation and internal restructure.	None - surplus budget has to date been used to fill 'one off gaps' that are/were time limited	7,000
29.	Housing Renewal	Reduce professional service budget	May impact if services required although noted reduced spend in recent years	500
			SUB-TOTAL	182,000
ENVIRONMENT, HERITAGE & WASTE MANAGEMENT				
30.	Parks	Additional income from land hire - completion of rent reviews and development of new initiatives such as Pop Ups - A discretionary Service	None	20,000
31.	Libraries	Generation of income	Library Service to increase income across the services it currently provides and/or new income streams	5,000
32.	Waste Management	Introduce a management fee to schools to cover council administration of managing collections. Represents the true cost of the council service	The impact on schools would be between £1.90 and £16 per month depending on the size of school and number of bins emptied. Current charges only include waste collection bin rental and collection with the council picking up costs of administering these arrangements on behalf of each school	5,000
33.	Waste Management	Increase subscription charge for Green Garden Waste by £2 per month to £96 a year.	This was considered and agreed by the Cabinet at its meeting in December 2021. Details at https://iow.moderngov.co.uk/documents/s6640/Report.pdf	240,000
34.	Libraries	Review of Home Library service	The service will be included in the new contractual arrangements with the voluntary and community sector for the delivery of the Living Well Service. It is hoped this change will increase accessibility to the service to those most likely to benefit from it.	16,800
35.	Parks	Fort Victoria Ranger service	Reduce site operational budgets. Investigate new income opportunities for year two - events, promote to schools and weddings etc	5,000
			SUB-TOTAL	291,800
HIGHWAYS, PFI, TRANSPORT & INFRASTRUCTURE				
36.	Parking	Increase in all tariffs £0.10p per hour with effect from 1 July 2022	There is the possibility of a reduction in the overall use of paid for spaces, but work will be done to promote more widely the wide range of permits the council offers which provide better value for money to residents than paying on a casual basis for parking.	98,900
			SUB-TOTAL	98,900

Saving Number	Service Area	Savings Proposal	Impact on Level of Service & Service Outcomes	Saving 2022/23 £
PLANNING & COMMUNITY ENGAGEMENT				
37.	Planning Services	Replacement of a third party consultation software system with an in-house solution	A better user experience as the third party system was felt difficult to use by the public	11,000
			SUB-TOTAL	11,000
REGENERATION, BUSINESS DEVELOPMENT & TOURISM				
38.	Leisure	Implementation of new staff structure to better reflect the needs of service users following the Covid-19 pandemic - completed	More targeted opening hours and programme of activities. Further review may be necessary depending on the update of memberships by spring 2022	174,700
39.	Regeneration	Additional lease income from newly acquired units in East Cowes (Barrack Block) - Heads of Terms agreed	None - but space for businesses to expand and create new local jobs	35,000
40.	Regeneration	Additional lease income from newly acquired units in East Cowes (Venture Quays)	None - but space for businesses to expand and create new local jobs	24,600
			SUB-TOTAL	234,300
STRATEGIC FINANCE, CORPORATE RESOURCES & TRANSFORMATIONAL CHANGE				
41.	Property Services	Increase in income from completing shared ownership rent reviews	None	33,900
42.	Property Services	Internalise the management of the council's investment portfolio with subsequent savings on external management fees and external costs of rent and lease reviews.	None	80,000
43.	Human Resources	Additional schools income from sale of 'support services'	None	2,000
44.	Workforce Development	Reduction in the council's contingency contribution for school governing board support where schools do not buy into the service through a Service Level Agreement	None	5,000
45.	Workforce Development	Efficiencies derived from more on-line training delivery	None	1,000
46.	Corporate Services	General efficiencies secured as a result of new ways of working, the work from anywhere approach and increased use of digital connectivity.	No impact on service users - reduced travel, increase in online collaboration, reduction in need for printing, stationary, mileage, postage and general supplies etc.	28,000
47.	Emergency Management	General efficiencies secured as a result of new ways of working, the work from anywhere approach and increased use of digital connectivity.	No impact on service users - reduced travel, increase in online collaboration, reduction in need for printing, stationary, mileage, postage and general supplies etc.	5,300
48.	Business Centre	Staffing Reductions - Contact Centre (2 FTE posts)	The current average call wait time is now consistently below 60 seconds target. These changes will impact on this target and limit the capacity of back office processing support to the council tax and housing benefits teams.	25,000
			SUB-TOTAL	180,200
Total New Indicative Savings Proposals 2022-23				2,113,000
Full Year Effect of Savings Agreed in 2021-22				887,000
Grand Total				3,000,000

NEW CAPITAL SCHEMES FOR APPROVAL IN 2022/23

REF NO	SCHEME DESCRIPTION	SCHEME DETAIL	RESOURCES ALLOCATED FROM			
			CORPORATE RESOURCES	RINGFENCED GRANTS AND CONTRIBUTIONS	PRUDENTIAL BORROWING	TOTAL
			£	£	£	£
Adult Social Care & Public Health						
1	Residential and community care equipment annual replacement programme	Future years funding for equipment programme. This bid is for funding in 24/25 and onwards (budget provision for 22/23 and 23/24 already provided for in current approved programme)		50,000		50,000
7	Wightcare	Year 5 of 5 of programme to replace old analogue Wight care equipment across the island with new digital kit to ensure that it continues to operate as BT roll out new digital infrastructure		100,000		100,000
8	Learning Disability homes lease obligations - flooring	Compliance with lease agreements to replace flooring in two facilities		14,000		14,000
9	Supported independent living	Provision of independent living facilities for individuals with the highest levels of dependency and need for support		1,400,000		1,400,000
		Sub-Total	0	1,564,000	0	1,564,000
Children's Services, Education & Lifelong Skills						
10/12	Schools capital maintenance and Devolved Formula Capital programme (delegated directly to schools)	Annual programme of schools capital maintenance works and improvements		2,441,555		2,441,555
15	Beaulieu House continuing safety works and refurbishment	Continuation of works to improve safety and condition of Beaulieu House to respond appropriately to the challenging behaviour of the young people resident	136,456			136,456
		Sub-Total	136,456	2,441,555	0	2,578,011
Community Protection, Digital Transformation, Housing Provision & Housing Needs						
19	Crematorium chapel refurbishment	Chapel refurbishment (seating, lectern, catafalque)	80,000			80,000
20	Disabled Facilities Grants	Provision of grants to eligible individuals who require physical adaptations to remain living independently in their own homes. There is also an estimated unspent budget of c.£2m from 2021-22 which is expected to be available in 2022-23 and future years.		708,039		708,039
27	Contribution to increase affordable housing supply on the Island	Cash backed element of £3.6m housing project, with remainder of £2.1m costs from within existing regeneration programme budget funded from borrowing and S106 contributions - Supports the Cabinet decision of January 2022	1,465,521			1,465,521
28	Equity capital for new housing company	Start-up capital necessary for the housing company to become operational, plus direct funding to provide a subsidy for a programme of affordable housing delivery	2,500,000			2,500,000
29	Housing	Provision of affordable homes subject to individual programme and project business cases			25,000,000	25,000,000
32	ICT - desktop equipment rolling replacement programme	Rolling programme of equipment replacement (laptops etc) to support continuation of the agile working approach and reduce the need for dedicated office space. Budget provision for 2024/25. (provision for 22/23 and 23/24 is already provided for in current approved programme)	350,000			350,000
		Sub-Total	4,395,521	708,039	25,000,000	30,103,560

REF NO	SCHEME DESCRIPTION	SCHEME DETAIL	RESOURCES ALLOCATED FROM			
			CORPORATE RESOURCES	RINGFENCED GRANTS AND CONTRIBUTIONS	PRUDENTIAL BORROWING	TOTAL
			£	£	£	£
Environment, Heritage & Waste Management						
38	Rights of Way annual programme	Budget provision for 2024/25 (provision for 22/23 and 23/24 is already provided for in the current approved programme)		75,000		75,000
38	Rights of Way flood damage reinstatements	Additional funding required to deal with flood damage which occurred in 21/22		75,000		75,000
46	Lord Louis Library roof replacement	Replacement of leaking library roof	300,000			300,000
47	Beach safety information boards	Replacement of 20 beach safety education and information boards at the main resort locations	40,000			40,000
48	Beach railings	Replacement or new railings at beach locations - prioritised by safety need	30,000			30,000
49	New Cultural Centre within the Newport Harbour Regeneration Scheme (Accommodating the Records Office and Library)	Match funding which may be required to pump prime &/or support a bid to the National Lottery Fund	730,000			730,000
		Sub-Total	1,100,000	150,000	0	1,250,000
Highways PFI, Transport & Infrastructure						
53	Newport harbour walls continuing safety works	Continuing works to Newport Harbour to respond to the latest survey priorities and in compliance with the council's duties as the statutory harbour authority. Works are consistent with the regeneration aspirations for the area	445,000			445,000
54	Integrated Transport Plan (including Network Integrity, Road Safety and Community Schemes)	Programme of works to promote an effective integrated transport network including road safety, speed reduction and active travel schemes.		1,953,897		1,953,897
59	Speed review implementation	Provision for the implementation of the recommendations from the speed review		250,000		250,000
61	Parking services	Various additional parking schemes to facilitate the savings plan and protects staff (replacement of body worn cameras)		109,650		109,650
63	Floating Bridge 6 programmed chain replacement	Planned Preventative Maintenance - cyclical chain replacement (every 3 years).		25,000		25,000
63	Floating Bridge 6 stock of spares	Create stock of critical spares identified as part of gateway review to reduce operational downtime		90,000		90,000
64	Dark Skies Initiative	Replacement of street lighting as part of the dark skies initiative. Supports the Cabinet decision of December 2021		49,453		49,453
65	Shanklin Cliff lift painting and lower canopy replacement	Works will reduce annual maintenance requirements, extend lifespan of the lift doors and protect electrics	170,000			170,000
		Sub-Total	615,000	2,478,000	0	3,093,000
Regeneration, Business Development & Tourism						
85	Heights and Medina Pools dosing units	Replacement of units at both facilities which are now reaching end of life. Breakdown could result in closure of pools and loss of income	12,000			12,000
86	Heights replacement pool filters	Replacement of units at both facilities which are now reaching end of life. Breakdown could result in closure of pools and loss of income	32,160			32,160
		Sub-Total	44,160	0	0	44,160
Strategic Finance, Corporate Resources & Transformational Change						
90	Fleet vehicle annual replacement programme	Budget provision for 2024/25 for the rolling programme of fleet replacement with focus on electric fleet. (Budget provision for 22/23 and 23/24 is already provided for in the current approved programme)	150,000			150,000
91	Strategic Assets annual programme of capital maintenance works	Budget provision for 2024/25 for reactive maintenance of the council's whole property estate. Essential works to council owned buildings. (Budget provision for 22/23 and 23/24 is already provided for in the current approved programme)	500,000			500,000
96	Refurbishment of former Barton School site	Reinstates use of a council asset which must be retained but allows exit from other facilities (e.g. Thompson House) to free them up for development in accordance with the council's corporate aspirations - especially for housing	500,000			500,000
		Sub-Total	1,150,000	0	0	1,150,000
	Total New Programme		7,441,137	7,341,594	25,000,000	39,782,731

COMPLETE CAPITAL PROGRAMME INCLUDING NEW SCHEMES

REF NO	CAPITAL PROGRAMME 2021/22 to 2026/27	FORECAST 2021/22 £	ESTIMATE 2022/23 £	ESTIMATE 2023/24 £	ESTIMATE 2024/25 £	ESTIMATE 2025/26 £	ESTIMATE 2026/27 £	ESTIMATE TOTAL £
Summary Programme								
	Adult Social Care and Public Health	664,664	1,433,849	1,850,000	760,457	0	0	4,708,970
	Children's Services, Education and Lifelong Skills	12,842,130	5,616,988	2,444,972	0	0	0	20,904,090
	Community Safety, Digital Transformation, Housing Provision and Housing Needs	6,259,855	14,488,039	10,450,000	10,350,000	0	0	41,547,894
	Environment, Heritage and Waste Management	5,931,095	1,598,333	3,252,634	4,233,418	38,380,000	0	53,395,480
	Highways PFI, Transport and Infrastructure	18,697,544	6,845,017	3,013,067	1,663,276	2,014,153	2,506,780	34,739,837
	Regeneration, Business Development and Tourism	14,549,489	15,180,528	12,735,000	0	0	0	42,465,017
	Strategic Finance, Corporate Resources and Transformational Change	883,780	2,051,034	400,000	400,000	0	0	3,734,814
	Total capital programme	59,828,556	47,213,788	34,145,673	17,407,151	40,394,153	2,506,780	201,496,101
Summary of Capital Resources								
	Unsupported borrowing	6,529,082	18,504,110	25,192,634	13,148,418	1,126,966	0	64,501,210
	Corporate Resources (including capital receipts)	20,444,055	15,747,533	6,536,101	2,538,276	6,967,187	2,506,780	54,739,932
	Ringfenced Grants	31,801,459	11,186,459	2,416,938	1,720,457	32,300,000	0	79,425,313
	External Contributions	1,053,960	1,775,686	0	0	0	0	2,829,646
	Total resources available	59,828,556	47,213,788	34,145,673	17,407,151	40,394,153	2,506,780	201,496,101

REF NO	CAPITAL PROGRAMME 2021/22 to 2026/27	FORECAST 2021/22 £	ESTIMATE 2022/23 £	ESTIMATE 2023/24 £	ESTIMATE 2024/25 £	ESTIMATE 2025/26 £	ESTIMATE 2026/27 £	ESTIMATE TOTAL £
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Adult Social Care and Public Health								
1	Residential and community care equipment annual replacement programme	50,573	50,000	50,000	50,000	0	0	200,573
2	Reablement services at the Gouldings	43,671	954,000	0	0	0	0	997,671
3	Reablement services at the Adelaide	40,994	126,306	1,300,000	0	0	0	1,467,300
4	Relocation of Elmdon LD residents - Carisbrooke House	181,555	0	0	0	0	0	181,555
5	Relocation of LD clients with complex needs - Brooklime House, Bluebell Meadows	54,918	0	0	0	0	0	54,918
6	St Lawrence water supply	38,643	0	0	0	0	0	38,643
7	Wightcare	254,310	100,000	0	0	0	0	354,310
8	Learning Disability homes lease obligations - flooring	0	14,000	0	0	0	0	14,000
9	Supported Independent Living	0	189,543	500,000	710,457	0	0	1,400,000
	Total	664,664	1,433,849	1,850,000	760,457	0	0	4,708,970

Children's Services, Education and Lifelong Skills								
10	Schools capital maintenance programme	4,713,776	1,440,000	2,178,034	0	0	0	8,331,810
11	Priority schools building programme	7,005,489	3,577,715	3,417	0	0	0	10,586,621
12	Devolved formula capital	711,806	249,404	263,521	0	0	0	1,224,731
13	Healthy Pupils Capital Fund	15,700	0	0	0	0	0	15,700
14	SEND	223,745	113,416	0	0	0	0	337,161
15	Beaulieu House continuing safety works and refurbishment	89,988	136,453	0	0	0	0	226,441
16	East Cowes Family Centre	8,836	0	0	0	0	0	8,836
17	New Island Learning Centre	31,835	0	0	0	0	0	31,835
18	Foster carers adaptations	40,955	100,000	0	0	0	0	140,955
	Total	12,842,130	5,616,988	2,444,972	0	0	0	20,904,090

REF NO	CAPITAL PROGRAMME 2021/22 to 2026/27	FORECAST 2021/22 £	ESTIMATE 2022/23 £	ESTIMATE 2023/24 £	ESTIMATE 2024/25 £	ESTIMATE 2025/26 £	ESTIMATE 2026/27 £	ESTIMATE TOTAL £
	Community Safety, Digital Transformation, Housing Provision and Housing Needs							
19	Crematorium chapel refurbishment	18,309	30000	50,000	0	0	0	98,309
20	Disabled Facilities Grants	3,181,889	708,039	0	0	0	0	3,889,928
21	Housing Renewal	136,041	0	0	0	0	0	136,041
22	Compulsory Purchase Orders	0	750,000	0	0	0	0	750,000
23	Green Homes Grant	324,277	0	0	0	0	0	324,277
24	Community housing fund	243,301	1,200,000	0	0	0	0	1,443,301
25	Rough Sleepers Accommodation Programme	779,736	0	0	0	0	0	779,736
26	Howard House	663,122	0	0	0	0	0	663,122
27	Contribution to increase affordable housing supply on the island	0	3,600,000	0	0	0	0	3,600,000
28	Equity capital for new housing company	0	2,500,000	0	0	0	0	2,500,000
29	Housing	0	5,000,000	10,000,000	10,000,000	0	0	25,000,000
30	CCTV	1,238	0	0	0	0	0	1,238
31	GSCx Govt security requirements	171,068	100,000	100,000		0	0	371,068
32	ICT - desktop equipment rolling replacement programme	126,137	200,000	200,000	350,000	0	0	876,137
33	Back up server/storage and firewall replacement	166,280	0	0	0	0	0	166,280
34	Access systems and Video conferencing	40,954	0	0	0	0	0	40,954
35	Corporate applications update	232,503	100,000	100,000	0	0	0	432,503
36	County hall Switches	0	300,000	0	0	0	0	300,000
37	Cyber Security	175,000	0	0	0	0	0	175,000
	Total	6,259,855	14,488,039	10,450,000	10,350,000	0	0	41,547,894

REF NO	CAPITAL PROGRAMME 2021/22 to 2026/27	FORECAST 2021/22 £	ESTIMATE 2022/23 £	ESTIMATE 2023/24 £	ESTIMATE 2024/25 £	ESTIMATE 2025/26 £	ESTIMATE 2026/27 £	ESTIMATE TOTAL £
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Environment, Heritage and Waste Management								
38	Rights of Way and Greenways	335,943	435,000	60,000	75,000	0	0	905,943
39	Active Travel Rew Lane	609,648	0	0	0	0	0	609,648
40	Sandown and Ventnor Coastal studies	2,079	0	0	0	0	0	2,079
41	Sandown Bay Beach Buoys	30,000	0	0	0	0	0	30,000
42	Coastal defences and EA protection schemes	137,401	268,333	1,600,000	1,300,000	37,800,000	0	41,105,734
43	Downside Recreation ground drainage	18,310	0	0	0	0	0	18,310
44	East Cowes Community Library	35,000	0	0	0	0	0	35,000
45	Public realm	234,138	175,000	100,000	0	0	0	509,138
46	Lord Louis Library roof replacement	0	300,000	0	0	0	0	300,000
47	Beach safety information boards	0	40,000	0	0	0	0	40,000
48	Beach railings	0	30000	0	0	0	0	30,000
49	New Cultural Centre within the Newport Harbour Regeneration Scheme (Accommodating the Records Office and Library)	0	0	100000	50000	580000	0	730,000
50	Records office alarm	4420	0	0	0	0	0	4,420
51	Waste contract capital payments	4,524,156	0	1,392,634	2,808,418	0	0	8,725,208
52	Garden waste vehicle	0	350,000	0	0	0	0	350,000
	Total	5,931,095	1,598,333	3,252,634	4,233,418	38,380,000	0	53,395,480

Highways PFI, Transport and Infrastructure								
53	Newport Harbour Walls and Quayside	1,066,666	270,000	175,000	0	0	0	1,511,666
54	Network Integrity Priorities and Safety Schemes	4,185,149	976,949	976,949	0	0	0	6,139,047
55	Newport junctions	3,963,346	0	0	0	0	0	3,963,346
56	Transforming Cities - Ryde	6,345,487	3,469,150	0	0	0	0	9,814,637
57	Highways S106 schemes	3,983	0	0	0	0	0	3,983
58	Highways PFI Additional Street lighting	95,000	0	0	0	0	0	95,000
59	Speed Review	80,000		250,000	0	0	0	330,000
60	Car Park Contactless	80,000	80,000	80,000	0	0	0	240,000
61	Parking services	0	109,650	0	0	0	0	109,650
62	East Cowes Variable Message Signs	142,000	0	0	0	0	0	142,000
63	Floating Bridge	40,750	90,000		25,000	0	0	155,750
64	Dark Skies Initiative	0	49,453	0	0	0	0	49,453
65	Shanklin Cliff Lift Painting and Lower canopy replacement	0	170,000	0	0	0	0	170,000
66	Capitalised Unitary charge - lifecycle costs	2,695,163	1,629,815	1,531,118	1,638,276	2,014,153	2,506,780	12,015,305
	Total	18,697,544	6,845,017	3,013,067	1,663,276	2,014,153	2,506,780	34,739,837

REF NO	CAPITAL PROGRAMME 2021/22 to 2026/27	FORECAST 2021/22 £	ESTIMATE 2022/23 £	ESTIMATE 2023/24 £	ESTIMATE 2024/25 £	ESTIMATE 2025/26 £	ESTIMATE 2026/27 £	ESTIMATE TOTAL £
	Regeneration, Business Development and Tourism							
67	Venture Quays Purchase and Initial works	178,991	0	0	0	0	0	178,991
68	East Cowes Marine Park Levelling Up Fund	4,101,763	3,139,435	10,000,000	0	0	0	17,241,198
69	Branstone Farm	4,427,754		0	0	0	0	4,427,754
70	Nicolson Road	167,695	1,000,000	0	0	0	0	1,167,695
71	BAE - LEP bid match funding	175,000	725,000	0	0	0	0	900,000
72	Newport Harbour Regeneration	0	2,500,000	2,500,000	0	0	0	5,000,000
73	Sandham Middle School Regeneration	47,404	0	0	0	0	0	47,404
74	Pier Street Toilets	0	1,523,000	0	0	0	0	1,523,000
75	Revolving Housing loans	0	2,400,000	0	0	0	0	2,400,000
76	Medina Ave (PSP)	0	629,340	0	0	0	0	629,340
77	Medina Valley (KMP)	0	1,500,000	0	0	0	0	1,500,000
78	Heritage High Street (Newport/Ryde)	623,853	135,000	235,000	0	0	0	993,853
79	Camp Hill Infrastructure	1,030,000	0	0	0	0	0	1,030,000
80	Brownfield Land Release	1,149,765	0	0	0	0	0	1,149,765
81	Regeneration Scheme Funding - to be allocated	0	1,371,263	0	0	0	0	1,371,263
82	Electric charging points	22,000	0	0	0	0	0	22,000
83	Medina Leisure Combined Heat and Power systems	0	138,530	0	0	0	0	138,530
84	Heights Leisure centre conversion	54,311	0	0	0	0	0	54,311
85	Heights and Medina Pools dosing units	0	12,000	0	0	0	0	12,000
86	Heights replacement pool filters	0	32,160	0	0	0	0	32,160
87	Salix Decarbonisation grant	2,478,370	0	0	0	0	0	2,478,370
88	Beach Huts	92,583	0	0	0	0	0	92,583
89	Sales and marketing equipment	0	74,800	0	0	0	0	74,800
	Total	14,549,489	15,180,528	12,735,000	0	0	0	42,465,017
	Strategic Finance, Corporate Resources and Transformational Change							
90	Fleet vehicle annual replacement programme	287,809	150,000	150,000	150,000	0	0	737,809
91	Strategic Assets annual programme of capital maintenance works	345,971	250,000	250,000	250,000	0	0	1,095,971
92	County hall windows, toilets and lifts	0	676,302	0	0	0	0	676,302
93	County hall CCTV and security	0	17,500	0	0	0	0	17,500
94	Uninterruptable power supply	250,000	0	0	0	0	0	250,000
95	Server Room Air Conditioning	0	250,000	0	0	0	0	250,000
96	Refurbishment of former Barton School site	0	500,000	0	0	0	0	500,000
97	Contact centre telephony	0	207,232	0	0	0	0	207,232
	Total	883,780	2,051,034	400,000	400,000	0	0	3,734,814
	Total Programme	59,828,556	47,213,788	34,145,673	17,407,151	40,394,153	2,506,780	201,496,101

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Isle of Wight Council Capital Strategy

2022-23

1. Document Information

Title:	Isle of Wight Council Capital Strategy 2022-23
Review frequency:	Annual
Next Review:	February 2023
Approval Date:	February 2022
Status:	DRAFT
Current Version:	February 2021
Author:	Becky Horn
Sponsor:	Chris Ward
Consultation:	Financial Services
Approved by:	Full Council

2. Contents

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3. Context and Purpose of Policy

In October 2021, the Council's Alliance Administration published the new 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.

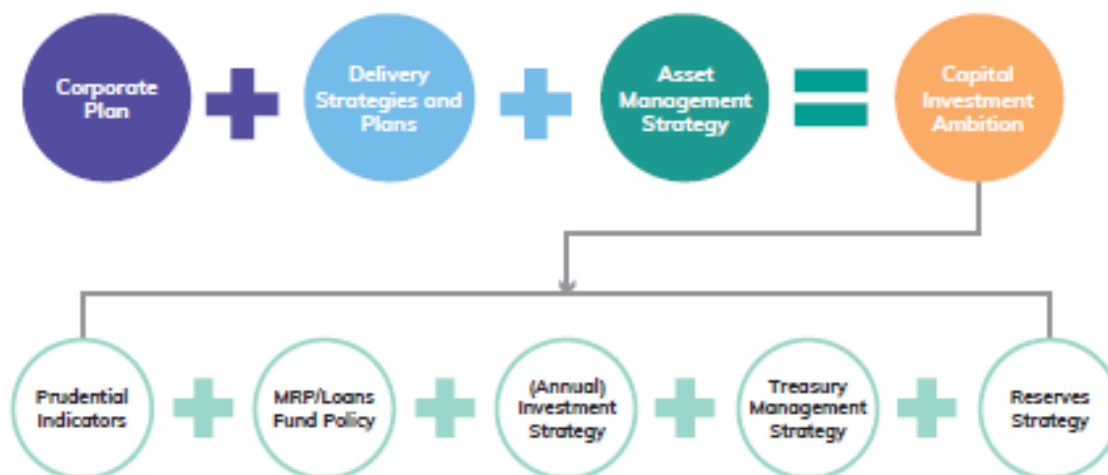
As such, every decision we take will not only need to have regard to our climate change strategy but must also have regard to supporting, sustaining, and enhancing our biosphere status.

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:



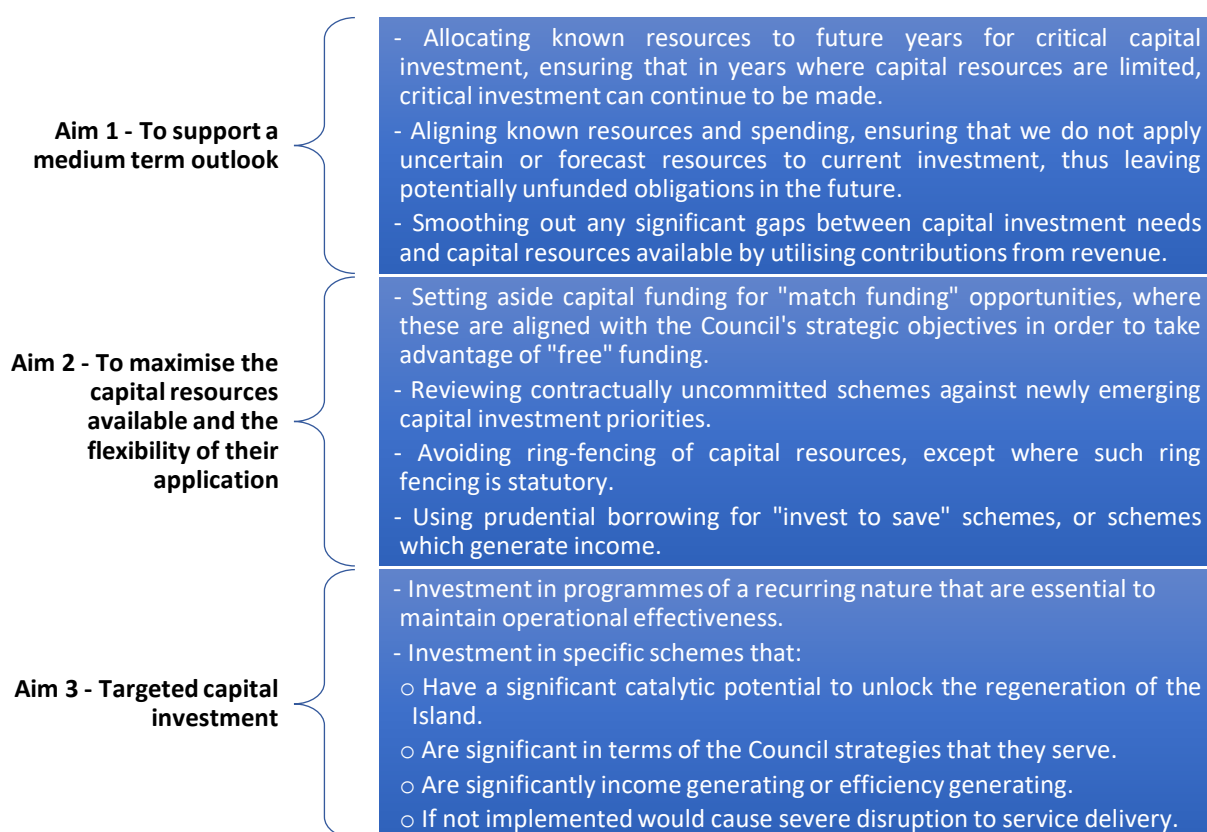
Projects for inclusion in the capital programme also arise from a variety of other sources, some of them internally generated and some arising from external factors. The more significant of these external and internal drivers are summarised below:

Internal	External
Regular, programmed works required to property assets like schools, leisure centres, libraries and Council run care facilities in order to ensure they remain fit for purpose and ensure service continuity.	Government funded programmes e.g. 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 funded but which Councils are expected to implement like new websites
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 comply with legislation like disabled access and health and safety
Unforeseen emergency works like coastal protection and land movement	Projects resulting from partnership activity like the Newport and Ryde Heritage High Street Projects

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, we would base the capital strategy on evidence of need as expressed by all the influencing factors outlined in the previous section, but this would almost certainly exceed the available resources, making it unaffordable and creating expectations which cannot be met.

Balancing all of these different needs and views will always be a challenge, but 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 has 3 core aims:



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 (Appendix 4) to comprise a balanced set of proposals which:

- Ensure the medium term resilience of essential core services and facilities
- Supports the delivery of the council's key areas of activity focussing on the provision of housing affordable to Island residents, responding to climate change and enhancing the biosphere and economic recovery.
- 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 integrity priority works, the public realm and rights of way

Further details on investments are in the appendix to the [February 2022 budget setting report](#).

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

	2021/22 forecast	2022/23 estimate	2023/24 estimate	2024/25 estimate	2025/26 estimate	2026/27 estimate	Total
Adult Social Care and Public Health	0.66	1.43	1.85	0.76	0	0	4.71
Children's Services, Education & Lifelong Skills	12.84	5.62	2.44	0	0	0	20.9
Community Safety, Digital Transformation, Housing Provision and Housing Needs	6.26	14.49	10.45	10.35	0	0	41.55
Environment, Heritage and Waste Management	5.93	1.6	3.25	4.23	38.38	0	53.4
Highways PFI, Infrastructure and Transport	18.7	6.85	3.01	1.66	2.01	2.51	34.74
Regeneration, Business Development and Tourism	14.55	15.18	12.74	0	0	0	42.47
Strategic Finance, Corporate Resources and Transformational Change	0.88	2.05	0.4	0.4	0	0	3.73
TOTAL	59.83	47.21	34.15	17.41	40.39	2.51	201.5

The Council will also inevitably face future obligations of a statutory nature as well as wish to further develop its priorities and aspirations for future capital investment. 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. Given the scale of the 'capital gap' described, the necessity to supplement the capital resources available remains an explicit feature of the Council's approved MTFs. For this reason, it is recommended that any variation arising from the Local Government Finance Settlement 2022/23 or any further savings made in 2021/22 arising at the year-end (after allowing for specific carry forward requests) be transferred to the Revenue Reserve for Capital, COVID Contingency, Transformation Reserve, and General Reserves with the level of each transfer to be determined by the S.151 Officer

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 e.g. Levelling Up Fund - East Cowes Marine Park. This leaves us very little choice in how we spend this funding. Our policy is that where grants aren’t 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.

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, priorities and aspirations and the financing available. Additionally, invest to save bids are often 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 MTFs 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. 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 available for schemes only 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

	2021/22 forecast	2022/23 estimate	2023/24 estimate	2024/5 estimate	2025/6 estimate	2026/7 estimate	Total
Unsupported borrowing/debt	6.53	18.50	25.19	13.15	1.13	0.00	64.50
Capital Resources	2.13	1.32	0.20	0.05	0.58	0.00	4.28
Revenue Resources	8.78	10.94	2.85	2.39	6.39	2.51	33.85
External Grants	41.34	14.68	5.90	1.82	32.30	0.00	96.04
Other External Contributions	1.05	1.78	0.00	0.00	0.00	0.00	2.83
TOTAL	59.83	47.21	34.15	17.41	40.39	2.51	201.50

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), although there has been no statutory minimum since 2008. 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) most recently 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 has 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.
- For all historical Investment Properties, MRP will be provided where the current market value falls below the unfinanced capital cost of property. MRP will be determined by charging the unfinanced capital cost over the remainder holding period of the relevant asset; calculated using the annuity method with an annual interest rate equal to the PWLB rate at start of financial year. 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.

- Where former operating leases have been brought onto the balance sheet on 1st April 2022 due to the adoption of the IFRS 16 Leases accounting standard, and the asset values have been adjusted for accruals, prepayments, premiums and/or discounts, then the annual MRP charges will be adjusted so that the total charge to revenue remains unaffected by the new standard.
- 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) on 31 March 2021, the budget for MRP has been set as follows:

Table 3 – Estimate of MRP in £ millions

	31.03.2023 estimated CFR	2022-23 estimated MRP
Capital expenditure before 01.04.2008	148.4	1.7
Capital expenditure after 01.04.2008	172.8	4.1
Leases and Private Finance Initiative	101.2	5.7
Loans to other bodies repaid in instalments	0.9	0.0
Total General Fund	423.3	11.5

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, proceeds from selling capital assets (known as 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

	2021/22 forecast	2022/23 budget	2023/24 budget	2024/25 budget
Capital resources	0	0	0	0
Revenue resources	5.2	11.5	12.2	13
TOTAL	5.2	11.5	12.2	13

The Capital Financing Requirement (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 £16.5m during 2022/23. 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

	31.3.2022 forecast	31.3.2023 budget *	31.3.2024 budget	31.3.2025 budget
General Fund services	400.3	395.3	411.1	423.3
Capital investments	6.5	28.0	25.2	13.1
TOTAL CFR	406.8	423.3	436.3	436.4

The Council will adopt the new IFRS 16 Leases accounting standard with effect from April 2022. 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.

A provisional estimate of the lease liability to be recognised in 2022-23 is £9.523 million and this amount has been included in the capital financing requirement for 2022-23. The Minimum Revenue Provision (MRP) relating to this liability in 2022-23 is estimated as being £0.795 million. This has an overall neutral effect on the Council switching expenditure from Service Revenue Accounts (i.e. Operating Lease payments) to Corporate Financing Accounts (i.e. Finance Lease payments).

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.

9.1 Borrowing

Due to decisions taken in the past, the Council currently has £204.1m borrowing at an average interest rate of 3.03% and £75.5m treasury investments at an average rate of 0.13%.

The Council's main objectives when borrowing are 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 cheap short-term loans (currently available at around 0.70%) and long-term fixed rate loans where the future cost is known but higher (currently 2.27%).

Statutory guidance is that debt (which comprises borrowing, 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

	31.3.2022 forecast	31.3.2023 budget	31.3.2024 budget	31.3.2025 budget
Debt (incl. PFI & leases)	179.3	191.9	210.8	217.1
Capital Financing Requirement	406.8	423.3	436.3	436.4

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 £10m at each year-end. This benchmark is currently £189.3m and is forecast to rise to £227.1 over the next three years. Table 7 below shows that the Council expects to remain borrowed below its

liability benchmark. This is because a deliberate decision has been that cash and investment balances are kept to a minimum level of £10m at each year-end to maintain sufficient liquidity but minimise credit risk.

Table 7: Borrowing and the Liability Benchmark in £ millions

	31.3.2022 forecast	31.3.2023 budget	31.3.2024 budget	31.3.2025 budget
Outstanding borrowing	179.3	191.9	210.8	217.1
Liability benchmark	189.3	201.9	220.8	227.1

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 £m

	2021/22 limit	2022/23 limit	2023/24 limit	2024/25 limit
Authorised limit – borrowing	430	440	470	480
Authorised limit – PFI and leases	130	140	130	120
Authorised limit – total external debt	560	580	600	600
Operational boundary – borrowing	340	354	375	382
Operational boundary – PFI and leases	107	111	105	98
Operational boundary – total external debt	447	465	480	480

Further details on borrowing are in pages 8 to 10 of the [treasury management strategy](#) approved by Audit Committee.

9.2 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 are on pages 16 to 17 of the [treasury management strategy](#)

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 (ie 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 £1.1m 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 are in pages 4 to 7 of the [investment strategy](#) approved by Full Council.

11 Non Treasury Commercial Investments

The Council's medium-term financial strategy, which is designed to help improve the Council's financial sustainability, 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 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; and
- 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 the Council is no longer actively looking to acquire properties on the mainland.

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 Committee.

The total income received for the period 1 April 2020 to 31 March 2021 was £1.8m (rounded up). This represents a 12% annual increase to revenue. Based on the acquisition price, the gross return up to 31 March 2020 was 4.53% and up to 31st March 2021 it was 5.08% (N.B. income for 2021 includes an element of backdated rent).

The cumulative net income (excluding debt costs) to the Council for the year to 31 March 2021 amounts to £1.666m, which represents income of £1.785m less costs of £0.119m. For the period between 1 April 2020 and 31 March 2021 this represents a return of 4.74%.

The Council incurred costs of £0.073m relating to service charges which includes the management costs agreed under the strategic partnership with PCC of £0.06m and services provided by managing agents of £0.013m. Other operating costs incurred were £0.046m. The Council incurred debt costs of £0.738m and contributed towards the commercial property reserve of £0.024m. This reserve will be used to fund potential lost rental income and future property related costs.

The net return (including debt costs) for 2020/21 prior to the reserve transfer was £0.928m, which represents a net yield of 2.64%.

12 Liabilities

In addition to debt of £204.01 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

	2020/21 actual	2021/22 forecast	2022/23 budget	2023/24 budget	2024/25 budget
Financing costs (£m)	7.1	11.5	21.0	21.7	22.5
Proportion of net revenue stream	3.88%	7.28%	13.04%	12.69%	12.87%

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. Whilst the costs of borrowing may be fixed, the revenue budget is reducing so 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 Council's priorities. It also ensures that legislative requirements are met. We are currently exploring how our aim to 'buy local' can be achieved within that legislative framework.
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 impacted. Professional advice and valuations are sought to mitigate this risk.
Transfer	Increasingly, major projects are delivered by or in partnership with developers, neighbouring authorities or Government departments. Whilst this may transfer some of the risk away from the Council a careful balance must be maintained to ensure our objectives are achieved.
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.
Covid19 type events	Clearly the unprecedented events of the last 2 years has had a significant impact on contractors' ability to guarantee resource and deliver works. The Council seeks to build in contingencies for such events into timescales but recognises that national lockdowns may ultimately lead to delays.

Isle of Wight Council
INVESTMENT
STRATEGY
2022-23

Document Information

Title:	Investment Strategy 2022-23
Status:	Draft
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Consultation:	<i>Treasury Management Group</i>
Approved by:	<i>Full Council</i>
Approval Date:	<i>23 February 2022</i>
Review Frequency:	Annual
Next Review:	February 2023

Version History		
Version	Date	Description
1.0	18 January 2022	First draft – template review
1.1	04 February 2022	JMT review
1.2	04 February 2022	For Review by CW/KH
1.3	10 February 2022	Post KH initial review
1.4	11 February 2022	Final Review

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1 Introduction

- 1.1 The council invests its money for three broad purposes:
- 1.1.1. 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),
 - 1.1.2. to support local public services by lending to or buying shares in other organisations (service investments), and
 - 1.1.3. 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 issued by the government in January 2018 and focuses on the second and third of these categories.

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 £29.0 million during the 2022/23 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 2022/23 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	31.03.2021 actual			31.03.22	2022/23
	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	1.3	10.0
TOTAL	1.3	-	1.3	1.3	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 whilst holding service loans by ensuring that all loan applications are subject to a business case review 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 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	31.03.2021 actual			31.03.2022	2022/23
	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	31.03.2021 actual		31.03.2022 expected	
	Purchase cost £m	Gains or (losses) £m	Value in accounts £m	Gains or (losses) £m	Value in accounts £m
Salford	11.4	0.8	11.8	-	11.8
Aylesford	9.2	0.5	9.1	-	9.1
Oxford	10.6	0.2	10.2	-	10.2
Southampton	3.9	0.5	4.0	-	4.0
TOTAL	35.1	2.0	35.1	-	35.1

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 2022; there is no evidence to suggest the value is likely 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 2021-22 year-end accounts preparation and audit process value these properties 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

	2020/21 Actual £m	2021/22 Forecast £m	2022/23 Budget £m	2023/24 Budget £m	2024/25 Budget £m
Net Service expenditure	182.8	157.9	161.1	171.0	174.8
Gross Investment income	1.9	1.7	1.6	1.6	1.6
Proportion	1.04%	1.08%	0.99%	0.94%	0.92%

- 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 plans its overall level of Corporate Contingency and General Reserves accordingly; 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

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.

The council had previously approved, the purchase of commercial investments within a £100 million portfolio, 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.

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.

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 Section 151 Officer and the Cabinet member for Resources and 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 IWC'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 Every six months the Audit 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	31.03.2021 Actual £m	31.03.2022 Forecast £m	31.03.2023 Forecast £m
Treasury management investments	68.3	10.0	10.0
Service investments: Loans*	1.3	1.3	30.0
Service investments: Shares**	-	-	14.0
Commercial investments: Property	35.1	35.1	35.1
TOTAL INVESTMENTS	104.7	46.4	89.1
Commitments to lend	-	-	-
Guarantee issued on loans	-	-	-
TOTAL EXPOSURE	104.7	46.4	89.1

* 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	31.03.2021 Actual £m	31.03.2022 Forecast £m	31.03.2023 Forecast £m
Service investments: Loans	1.3	1.3	30.0
Service investments: Shares	-	-	14.0
Commercial investments: Property	35.1	35.1	35.1
TOTAL FUNDED BY BORROWING	36.4	36.4	79.1

- 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	2020/21 Actual	2021/22 Forecast	2022/23 Forecast
Treasury management investments	0.27%	0.13%	0.23%
Service investments: Loans	1.00%	1.13%	1.13%
Commercial investments: Property	1.82%	1.97%	1.97%
TOTAL INVESTMENTS	0.89%	1.54%	2.41%

- 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	2020/21 Actual	2021/22 Forecast	2022/23 Forecast
Debt to net service expenditure	132.8%	128.3%	112.1%
Commercial income to net service expenditure ratio	0.49%	0.98%	0.93%
Interest cover ratio	150.0%	258.3%	250.0%
Loan to value ratio	100.0%	100.0%	100.0%

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Stage 1 Equality Impact Assessment – Initial Screening

Assessor(s) Name(s):	Chris Ward / Kerry Hubbleday
Directorate:	Council wide
Date of Completion:	February 2022

Name of Policy/Strategy/Service/Function Proposal

Budget and Council Tax setting 2022/2023 and Future Years Forecasts

The Aims, Objectives and Expected Outcomes:

The revenue and capital budget and council tax for 2022/2023 will be set at the Council meeting on 23 February 2022.

The proposals within the Budget report recommend a Budget for 2022/2023 that provides for the full financial impact of the COVID-19 Pandemic in the current year and its expected ongoing legacy over the next 3 years, £3.0m of savings, a Council Tax increase of 2.99% (1% of which is raised specifically to be passported to Adult Social Care, additional funding for Adult Social Care and Children's Services of £6m in total, being far in excess of the funding provided by the Adult Social Care precept and additional Social Care grant from Central Government (£2.9m combined). In addition the future savings requirements have been revised downwards to £2m per annum (from £3.0m per annum previously) for the three year period commencing 2023/24 but are predicated on maintaining General Reserves above £8m over that period.

There remains considerable funding uncertainty from 2023/24 due to a comprehensive overhaul of the Local Government funding system known as the "Fair Funding Review", it will determine a new formula methodology which will set each Local Authority's baseline funding level. Alongside this, a new system for retaining future Business Rate growth / loss will be implemented, taking away all existing growth and re-distributing that growth nationally according to relative need (rather than where it was generated). For these reasons, the Council's future forecast deficits could reasonably be expected to vary between +/- £3m which when spread over 3 years would vary the annual savings requirements by +/- £1m per annum.

During this unprecedented level of uncertainty, it is imperative that the Council continues to plan for savings of £2.0m per year in the future, retaining the COVID-19 funding and General Reserves at the levels proposed in this report so as to retain the necessary financial resilience to be able to respond in all circumstances.

The proposals also seek to remedy the financial stress being experienced in both Adults and Children's Social Care, providing a sound financial base as the Council moves into a very uncertain period for Local Government funding from 2023/24 onwards.

Since 2011/12 savings of £90m will have already been made (over 40% of controllable spend) due to the combination of government funding reductions and increasing demographic cost pressures.

In following the Medium Term Financial Strategy (MTFS), the Administration have proposed savings in previous years which have further financial savings benefits in later years. Many of the savings proposals put forward last year provide additional savings in the forthcoming year, known as the "full year effect". The extent of the "full year effect" is £0.9m and therefore just £2.1m of new savings are proposed for 2022/23. For 2022/23, 99% of all savings proposed are planned from Efficiency Savings and Additional Income with Service Reduction measures amounting to just 11%

The COVID contingency was established to provide a good level of surety that the Council will be able to continue to deliver all of its essential services as well as being able to respond to the continuing COVID-19 pandemic and its legacy after effects. In the current year, it is forecast that there will be £6.1m of commitments against the contingency, leaving a remaining balance of £9.1m for future years. The overall costs, income losses and funding losses (Council tax and Business Rates) arising directly out of the COVID-19 pandemic still remains uncertain for the current year and therefore the sum available to carry forward into 2022/23 is also uncertain.

The financial impact on the Council arising from the COVID-19 pandemic over the next 3 years also remains extremely uncertain. The key variables being:

- The immediate and ongoing impact on the costs of providing Adult Social Care and Children's Services
- The extent to which built up backlogs in Regulatory Services can be addressed
- The speed at which income losses will recover
- The impact on both Council Tax and Business Rate collection levels

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 2022/23.

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 14 December 2021 and 21 January 2022 with 682 responses. 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/Chris Potter
Date	February 2022

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 2022
Signed off by Head of Service/Director	Chris Ward

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ISLE OF WIGHT COUNCIL DECISION RECORD

DELEGATED DECISION BY OFFICER – PUBLIC RECORD

(Part 3 of The Openness of Local Government Bodies Regulations 2014)

DISPENSATION GRANTED - SECTION 33 (2) OF THE LOCALISM ACT 2011

BUDGET - COUNCIL TAX AND PRECEPT SETTING

Date of Decision: 21 January 2022

Record of Decision:

That, under section 33 (2) of the Localism Act 2011 and under all other enabling powers, full dispensation is granted for a period of four years from 21 January 2022 (inclusive) to each and every councillor of the Isle of Wight Council 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's budget.

Reasons for Decision:

- That without the dispensation the number of persons prohibited from participating in any particular business would be so great a proportion of the body transacting the business as to impede the transaction of the business (section 33(2)(a) of the Localism Act 2011).
- That without the dispensation the representation of the different political groups on the body transacting any particular business would be so upset so as to alter the likely outcome of any vote relating to the business (section 33(2)(b) of the Localism Act 2011).
- That the dispensation is in the interests of persons living in the authority's area (section 33(2)(c) of the Localism Act 2011).
- That it is considered that it is otherwise appropriate to grant a dispensation (section 33(2)(e) of the Localism Act 2011).

As the delegated officer for granting dispensations under section 33(2) of the Localism Act 2011 (see page 98 of the Council's Constitution), I am of the opinion that it is wise to exercise my powers for the above reasons even though there is guidance from the Government to the effect that no dispensation is needed, and this view is arguable. The guide to councillors entitled 'Openness and transparency on personal interests' (dated September 2013) advises that: *'Any payment of, or liability to pay, council tax does not create a disclosable pecuniary interest as defined in the national rules; hence being a council tax payer does not mean that you need a dispensation to take part in the business of setting the council tax or precept or local arrangements for council tax support. If you are a homeowner or tenant in the area*

of your council you will have registered, in accordance with the national rules, that beneficial interest in land. However, this disclosable pecuniary interest is not a disclosable pecuniary interest in the matter of setting the council tax or precept since decisions on the council tax or precept do not materially affect your interest in the land. For example, it does not materially affect the value of your home, your prospects of selling that home, or how you might use or enjoy that land. Accordingly, you will not need a dispensation to take part in the business of setting the council tax or precept or local arrangements for council tax support, which is in any event a decision affecting the generality of the public in the area of your council, rather than you as an individual'. [Openness and transparency on personal interests: guidance for councillors - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/openness-and-transparency-on-personal-interests-guidance-for-councillors)

An abundance of caution is being exercised by me as the Monitoring Officer because the government guidance is not statutory guidance and has so far not been tested in court. It is therefore considered prudent and transparent to grant this general dispensation for the reasons stated and for the maximum period of four years in the interests of efficient and effective administration.

Details of alternative options, if any, considered and rejected: None as the local authority is required to set a lawful budget each year and the grant of this dispensation is in support of this statutory duty and obligation.

Name and post of decision-maker: Christopher Potter, Monitoring Officer

Signed: **C.Potter**



Purpose: For Decision

Committee report

Committee	FULL COUNCIL
Date	23 FEBRUARY 2022
Title	FUTURE EXTERNAL AUDIT ARRANGEMENTS FROM 2023/24
Report of	DIRECTOR OF FINANCE & S151 OFFICER & CHAIR OF AUDIT COMMITTEE

EXECUTIVE SUMMARY

1. This report sets out proposals for appointing the external auditor to the Council/Authority for the accounts for the five-year period from 2023/24.
2. The report was presented to Audit Committee on 06 December 2021, who were required to make a recommendation to Full Council. The Audit Committee agreed to recommend to Full Council that the Council accepts Public Sector Audit Appointments' (PSAA) invitation to opt into the sector-led option for the appointment of external auditors to principal local government and police bodies for five financial years from 1 April 2023.
3. Full council is now asked to consider this report.

RECOMMENDATION

- | |
|--|
| <ol style="list-style-type: none">4. That the Council accepts Public Sector Audit Appointments' (PSAA) invitation to opt into the sector-led option for the appointment of external auditors to principal local government and police bodies for five financial years from 1 April 2023. |
|--|

BACKGROUND

5. The current auditor appointment arrangements cover the period up to and including the audit of the 2022/23 accounts. The Council/Authority opted into the 'appointing person' national auditor appointment arrangements established by Public Sector Audit Appointments (PSAA) for the period covering the accounts for 2018/19 to 2022/23.
6. PSAA is now undertaking a procurement for the next appointing period, covering audits for 2023/24 to 2027/28. During Autumn 2021 all local government bodies need to make important decisions about their external audit arrangements from 2023/24. They have options to arrange their own procurement and make the appointment themselves or in conjunction with other bodies, or they can join and take advantage of the national collective scheme administered by PSAA.

7. If the Council wishes to take advantage of the national auditor appointment arrangements, it is required under the local audit regulations to make the decision at Full Council. The opt-in period starts on 22 September 2021 and closes on 11 March 2022. To opt into the national scheme from 2023/24, the Council/Authority needs to return completed opt-in documents to PSAA by 11 March 2022.

CORPORATE PRIORITIES AND STRATEGIC CONTEXT

8. The council's external audit arrangements supports the achievement of the council's commitments and key priorities as identified within the Corporate Plan 2021-2025.

CONSULTATION

9. A report was presented to Audit Committee on 06 December 2021 where it was agreed that a recommendation be made to Full Council to accept the PSAA invitation to opt into the sector-led option for the appointment of external auditors from 01 April 2023.

FINANCIAL / BUDGET IMPLICATIONS

10. There is a risk that current external audit fee levels could increase when the current contracts end. It is clear that the scope of audit has increased, requiring more audit work. There are also concerns about capacity and sustainability in the local audit market.
11. Opting into a national scheme provides maximum opportunity to ensure fees are as realistic as possible, while ensuring the quality of audit is maintained, by entering into a large scale collective procurement arrangement.
12. If the national scheme is not used some additional resource may be needed to establish an auditor panel and conduct a local procurement. Until a procurement exercise is completed it is not possible to state what, if any, additional resource may be required for audit fees from 2023/24.

LEGAL IMPLICATIONS

13. The Section 151 Officer is required by the Local Government Act 1972 and by the Accounts and Audit Regulations 2015 to ensure that the Council's budgeting, financial management, and accounting practices meet the relevant statutory and professional requirements. Councillors must have regard to and be aware of the wider duties placed on the Council by various statutes governing the conduct of its financial affairs.
14. Section 7 of the Local Audit and Accountability Act 2014 requires a relevant Council/Authority to appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding year.
15. Section 12 makes provision for the failure to appoint a local auditor. The Council/Authority must immediately inform the Secretary of State, who may direct the Council/Authority to appoint the auditor named in the direction or appoint a local auditor on behalf of the Council/Authority.

16. Section 17 gives the Secretary of State the power to make regulations in relation to an 'appointing person' specified by the Secretary of State. This power has been exercised in the Local Audit (Appointing Person) Regulations 2015 (SI 192) and this gives the Secretary of State the ability to enable a sector-led body to become the appointing person. In July 2016 the Secretary of State specified PSAA as the appointing person.

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. There are no direct equality and diversity implications arising from this report.

OPTIONS

19. The options available are:-
1. That the Council accepts Public Sector Audit Appointments' (PSAA) invitation to opt into the sector-led option for the appointment of external auditors to principal local government and police bodies for five financial years from 1 April 2023
 2. That the Council does not opt into the sector led option and commences the process to establish an independent auditor panel to make a stand-alone appointment
 3. That the Council does not opt into the sector led option and commences the process to join with other authorities to establish a joint auditor panel

RISK MANAGEMENT

20. The principal risks are that the Council/Authority:
- fails to appoint an auditor in accordance with the requirements and timing specified in local audit legislation; or
 - does not achieve value for money in the appointment process.

EVALUATION

21. The sector-wide procurement conducted by PSAA will produce better outcomes and will be less burdensome for the Council than a procurement undertaken locally because:
- collective procurement reduces costs for the sector and for individual authorities compared to a multiplicity of smaller local procurements;
 - if it does not use the national appointment arrangements, the Council will need to establish its own auditor panel with an independent chair and independent members to oversee a local auditor procurement and ongoing management of an audit contract;
 - it is the best opportunity to secure the appointment of a qualified, registered auditor - there are only nine accredited local audit firms, and a local procurement would be drawing from the same limited supply of auditor resources as PSAA's national procurement; and

- supporting the sector-led body offers the best way of ensuring there is a continuing and sustainable public audit market into the medium and long term
22. If the Council/Authority did not opt in there would be a need to establish an independent auditor panel to make a stand-alone appointment. The auditor panel would need to be set up by the Council/Authority itself, and the members of the panel must be wholly or a majority of independent members as defined by the Act. Independent members for this purpose are independent appointees, excluding current and former elected members (or officers) and their close families and friends. This means that elected members will not have a majority input to assessing bids and choosing to which audit firm to award a contract for the Council/Authority's external audit.
 23. Alternatively, the Act enables the Council/Authority to join with other authorities to establish a joint auditor panel. Again, this will need to be constituted of wholly or a majority of independent appointees. Further legal advice would be required on the exact constitution of such a panel having regard to the obligations of each Council/Authority under the Act and the Council/Authority would need to liaise with other local authorities to assess the appetite for such an arrangement.
 24. These would be more resource-intensive processes to implement for the council, and without the bulk buying power of the sector-led procurement would be likely to result in a more costly service. It would also be more difficult to manage quality and independence requirements through a local appointment process. The council is unable to influence the scope of the audit and the regulatory regime inhibits the council's ability to affect quality.
 25. The Council/Authority and its auditor panel would need to maintain ongoing oversight of the contract. Local contract management cannot, however, influence the scope or delivery of an audit.
 26. The national offer provides the appointment of an independent auditor with limited administrative cost to the council. By joining the scheme, the council would be acting with other councils to optimise the opportunity to influence the market that a national procurement provides.
 27. The recommended approach is therefore to opt into the national auditor appointment scheme.

Contact Point: Kerry Hubbleday, Assistant Director of Finance, ☎ 821000 e-mail Kerry.Hubbleday@iow.gov.uk

CHRIS WARD
Director of Finance and S151
Officer

CLLR ANDREW GARRATT
Chair of Audit Committee



Purpose: For Decision

Full Council Report

Date **23 FEBRUARY 2022**

Title **NOMINATIONS AND APPOINTMENTS TO COMMITTEES AND OTHER BODIES**

Report of **MONITORING OFFICER**

EXECUTIVE SUMMARY

1. To purpose of this report is to receive any nominations from any political group as to their respective wishes to implement changes to their allocated seats on council committees (including as regards substitutes, where permitted), and for such appointments to be formally made.
2. This report also gives the opportunity for change (if any) to existing membership of any other bodies.

RECOMMENDATION

- | |
|--|
| <ol style="list-style-type: none">3. That nominations from any political group be invited to be received for appointment to council committees and other bodies. |
|--|

BACKGROUND

4. Political groups may express their wishes as to which members of their respective political groups are to serve on seats allocated to their particular groups on council committees in accordance with the rules as to political proportionality under the Local Government and Housing Act 1989.
5. To give effect to any such wishes requires a formal decision of the Council. It cannot be done in-between council meetings by delegated authority.
6. By law the Council is required to make appointments in line with such duly expressed wishes.

CORPORATE PRIORITIES AND STRATEGIC CONTEXT

7. The [Corporate Plan 2021 – 2025](#) sets out the key areas of activity that will be the council's main areas of focus for the lifetime of this plan which will need to be central to everything the council does. Making changes (if any) in appointments facilitates the delivery of the corporate plan.

Corporate Aims

8. As above.

CONSULTATION

9. As it is for each political group to express their wishes, there is no requirement for consultation outside the relevant political group. It is for each political group to determine if any consultation is desirable or not.

FINANCIAL / BUDGET IMPLICATIONS

10. No new financial/budget impacts are anticipated as a result of changes in membership on particular committees or other bodies.

LEGAL IMPLICATIONS

11. Appointments to committees and other bodies are a matter for the full council in the absence of any specific legislation permitting delegation of such authority.
12. The council is obliged to appoint to committee seats allocated to established political groups in accordance with the particular wishes of the respective political group.

EQUALITY AND DIVERSITY

13. 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.
14. The recommendation in this report complies with these statutory obligations.

OPTIONS

15. Where nominations relate to seat allocation to political groups, the council has no option but to appoint the nominated councillor(s).

RISK MANAGEMENT

16. 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

17. The Council has no option and must respect the duly expressed wishes of the respective political group and to appoint those nominated to their allocated seats.

APPENDICES ATTACHED

18. Appendix 1 shows the current appointments of councillors to council committees.

BACKGROUND PAPERS

19. None.

Contact Point: Christopher Potter, Monitoring Officer, ☎ 821000 e-mail
christopher.potter@iow.gov.uk

CLAIRE SHAND
Director of Corporate Services

CLLR LORA PEACEY-WILCOX
Leader of the Council

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Existing and Proposed Appointments of councillors to council committees
(February 2022)

Appeals Committee (10)

[Alliance Group: (4); Conservative Group: (5); Ungrouped: (1)].

	<u>Members</u>	<u>Named Group/Ungrouped Substitutes</u>
Alliance Group	Cllr Jonathan Bacon Cllr Ian Dore (Chairman) Cllr Rodney Downer Cllr Karl Love	Cllr David Adams Cllr Claire Critchison Cllr Joe Lever Cllr Michael Lilley Cllr Karen Lucioni Cllr John Medland Cllr Debbie Andre Cllr Paul Fuller Cllr Chris Jarman Cllr Julie Jones-Evans Cllr Phil Jordan Cllr Lora Peacey Wilcox Cllr Ian Stephens
Conservative Group	Cllr Vanessa Churchman Cllr John Nicholson Cllr Martin Oliver Cllr Matthew Price Cllr Peter Spink	Cllr Warren Drew Cllr Suzie Ellis Cllr Stephen Hendry
Ungrouped	Cllr Geoff Brodie (Vice Chair)	None

Appointments and Employment Committee (6)

[Alliance Group (3); Conservative Group:(3); Ungrouped:(0)].

NB. The chairman of the committee is the Executive Leader.

	<u>Members</u>	<u>Named Group Substitutes*</u>
Alliance Group	Cllr Debbie Andre Cllr Jonathan Bacon (Vice Chair) Cllr Lora Peacey-Wilcox (Chairman) [Holds position due to post of Executive Leader]	Cllr Julie Jones-Evans Cllr Ian Stephens Cllr Paul Fuller Cllr Chris Jarman Cllr Phil Jordan Cllr Karl Love Cllr David Adams Cllr Claire Critchison Cllr Ian Dore Cllr Rodney Downer Cllr Joe Lever

		Cllr Michael Lilley Cllr Karen Lucioni Cllr John Medland
Conservative Group	Cllr Paul Brading Cllr Suzie Ellis Cllr Joe Robertson	Cllr Warren Drew Cllr Clare Mosdell Cllr Chris Quirk

*Includes the Cabinet Member relevant to the post under consideration

Audit Committee (7)

[Alliance Group:(**3**); Conservative Group: (**3**); Ungrouped: (**1**)].

NB. Ideally cannot be Cabinet Members or members of a Scrutiny committee due to potential conflict of interests

	<u>Members</u>	<u>Named Group Substitutes</u>
Alliance Group	Cllr Jonathan Bacon Cllr Michael Lilley (Vice Chair) Cllr Ian Stephens	Cllr Paul Fuller Cllr David Adams Cllr Claire Critchison Cllr Ian Dore Cllr Rodney Downer Cllr Joe Lever Cllr Karen Lucioni Cllr John Medland
Conservative Group	Cllr Gary Peace Cllr Matthew Price Cllr Ray Redrup	Cllr Paul Brading Cllr Warren Drew Cllr Suzie Ellis Cllr Martin Oliver
Ungrouped	Cllr Andrew Garratt (Chairman)	None

Corporate Scrutiny Committee (9)

[Alliance Group:(4); Conservative Group:(4); Ungrouped:(1)].

NB. Cannot include any Cabinet Member. Cannot include any Audit Committee member.

	<u>Members</u>	<u>Named Group Substitutes</u>
Alliance Group	Cllr Rodney Downer Cllr Michael Lilley Cllr Karen Lucioni Cllr John Medland	Cllr David Adams Cllr Claire Critchison Cllr Ian Dore Cllr Joe Lever
Conservative Group	Cllr Warren Drew Cllr Chris Quirk (Vice Chair) Cllr Joe Robertson Cllr Peter Spink	Cllr Michael Beston Cllr Vanessa Churchman Cllr Suzie Ellis Cllr Gary Peace
Ungrouped	Cllr Richard Quigley (Chairman)	None

Harbour Committee (7)

[Alliance Group:(3); Conservative Group:(3); Ungrouped:(1)]

Chairman is the Cabinet Member for Infrastructure and Transport.

	<u>Members</u>	<u>Named Group/Ungrouped Substitutes</u>
Alliance Group	Cllr Chris Jarman** Cllr Julie Jones-Evans*** (Vice Chair) Cllr Phil Jordan* (Chairman) [As Cabinet Member for Infrastructure and Transport]	Cllr Jonathan Bacon Cllr John Medland
Conservative Group	Cllr Gary Peace Cllr Matthew Price Cllr Ray Redrup	Cllr Vanessa Churchman Cllr Martin Oliver Cllr Peter Spink
Ungrouped	Cllr Daryll Pitcher	None

Includes * the Cabinet Member for Infrastructure and Transport, ** the Cabinet Member for Resources, and ***the Cabinet Member for Environment and Heritage.

Investigating & Disciplinary Committee (5)

[Alliance Group (2); Conservative Group: (2); Ungrouped: (1)].

	<u>Members</u>	<u>Named Group/Ungrouped Substitutes</u>
Alliance Group	Cllr Chris Jarman (Chairman) Cllr Debbie Andre (Vice Chair)	Cllr Jonathan Bacon Cllr Lora Peacey Wilcox Cllr Ian Stephens Cllr Paul Fuller Cllr Julie Jones-Evans Cllr Phil Jordan Cllr Karl Love Cllr David Adams Claire Critchison Cllr Ian Dore Cllr Rodney Downer Cllr Joe Lever Cllr Michael Lilley Cllr Karen Lucioni Cllr John Medland
Conservative Group	Cllr Warren Drew Cllr Chris Quirk	Cllr Suzie Ellis Cllr Stephen Hendry Cllr Martin Oliver Cllr Gary Peace
Ungrouped	Cllr Daryll Pitcher	None

Licensing Committee (11)

[Alliance Group:(5); Conservative Group:(5); Ungrouped: (1)].

No Substitutes permitted (to prevent circumvention of statutory rules as to size).

	<u>Members</u>
Alliance Group	Cllr David Adams Cllr Jonathan Bacon Cllr Paul Fuller (Vice Chair) Cllr Chris Jarman Cllr Julie Jones-Evans
Conservative Group	Cllr Michael Beston Cllr Steve Hastings Cllr Clare Mosdell Cllr Gary Peace Cllr Peter Spink
Ungrouped	Cllr Daryll Pitcher (Chairman)

Pension Fund Committee (7)

[Alliance Group: (3); Conservative Group:(3); Ungrouped:(1)].

NB. Cannot be a Pension Board Member.

	<u>Members</u>	<u>Named Group/Ungrouped Substitutes</u>
Alliance Group	Cllr Debbie Andre Cllr Claire Critchison (Vice Chair) Cllr Chris Jarman (Chairman)	Cllr David Adams Cllr Ian Dore Cllr Rodney Downer Cllr Joe Lever Cllr Karen Lucioni Cllr John Medland
Conservative Group	Cllr Paul Brading Cllr Vanessa Churchman Cllr Martin Oliver	Cllr Warren Drew Cllr Suzie Ellis Cllr Stephen Hendry
Ungrouped	Cllr Richard Quigley	None

Planning Committee (12)

[Alliance Group:(5); Conservative Group: (6); Ungrouped:(1)].

	<u>Members</u>	<u>Named Group Substitutes</u> *
Alliance Group	Cllr David Adams Cllr Claire Critchison Cllr Karen Lucioni Cllr Chris Jarman Cllr Michael Lilley (Chairman)	Cllr Debbie Andre Cllr Rodney Downer Cllr John Medland
Conservative Group	Cllr Vanessa Churchman Cllr Warren Drew Cllr Martin Oliver Cllr Matthew Price Cllr Chris Quirk Cllr Peter Spink	Cllr Paul Brading Cllr Suzie Ellis Cllr Ian Ward
Ungrouped	Cllr Geoff Brodie (Vice Chair)	None

*Please note that no more than three substitutes may be appointed to the Planning Committee for each political group under Part 4B rule 5.

Policy & Scrutiny Committee for Children Services, Education & Skills (7)

[Alliance Group: (3); Conservative Group:(3); Ungrouped: (1)].

NB. Cannot be a Cabinet member.

	<u>Members</u>	<u>Named Group Substitutes</u>
Alliance Group	Cllr David Adams Cllr Rodney Downer Cllr Karen Lucioni (Vice Chair)	Claire Critchison Cllr Ian Dore Cllr Joe Lever Cllr Michael Lilley Cllr John Medland
Conservative Group	Cllr Suzie Ellis Cllr Stephen Hendry Cllr Tig Outlaw	Cllr Paul Brading Cllr Warren Drew Cllr Steve Hastings Cllr Martin Oliver
Ungrouped	Cllr Richard Quigley (Chairman)	None

Policy & Scrutiny Committee for Health & Social Care (7)

[Alliance Group:(3); Conservative Group:(3); Ungrouped:(1)].

NB. Cannot be a Cabinet member.

	<u>Members</u>	<u>Named Group Substitutes</u>
Alliance Group	Cllr Rodney Downer Cllr Michael Lilley (Vice Chair) Cllr Karen Lucioni	Cllr David Adams Cllr Claire Critchison Cllr Ian Dore Cllr Joe Lever
Conservative Group	Cllr Clare Mosdell Cllr John Nicholson (Chairman) Cllr Joe Robertson	Cllr Vanessa Churchman Cllr Suzie Ellis Cllr Martin Oliver Cllr Tig Outlaw
Ungrouped	Cllr Andrew Garratt	None

Policy & Scrutiny Committee for Neighbourhoods & Regeneration (7)

[Alliance Group:(3); Conservative Group:(3); Ungrouped:(1)].

NB. Cannot be a Cabinet member.

	<u>Members</u>	<u>Named Group Substitutes</u>
Alliance Group	Cllr Joe Lever Cllr Karen Lucioni (Chairman) Cllr John Medland (Vice Chair)	Cllr David Adams Cllr Claire Critchison Cllr Ian Dore Cllr Rodney Downer Cllr Michael Lilley
Conservative Group	Cllr Michael Beston Cllr Chris Quirk Cllr Ian Ward	Cllr Warren Drew Cllr Suzie Ellis Cllr Steve Hastings Cllr Tig Outlaw
Ungrouped	Cllr Andrew Garratt	None

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