

# **AGENDA ITEM 6 - BUDGET & COUNCIL TAX SETTING 2023/24 AND FUTURE YEARS FORECASTS**

## **Preface to the Liberal Democrat Group Amendment**

The Liberal Democrat group supports the aspiration to reverse the cycle of cuts and to invest in services that would benefit all those who live, work and visit our Island.

But we recognise that the budget proposed to full council is a consequence of the dire situation which local government faces through consistent underfunding from central government, made worse by the impacts of the Covid pandemic and the effects of the illegal invasion by Russia of Ukraine.

Much has changed since the adoption of the corporate plan in the autumn of 2021. We wish to see a radical rethink of the plan ensuring that it has clear priorities with genuinely deliverable outcomes.

In particular, a revised plan must aim to refocus regeneration activities to those which have rapid impacts on small business development. It should also clearly address the difficulties facing the council's leisure centres, and the losses they are incurring.

Above all, the plan's overarching commitment to addressing poverty must remain in place. We particularly welcome the reversal of the recent cut in the local council tax support scheme. Council reports now identify the ways in which the proposals can reduce poverty. Building on this, we believe, as part of revising the corporate plan, that an anti-poverty strategy should be developed.

The lack of affordable housing to rent or buy on the Isle of Wight remains a crisis. The council must continue to speed up its work to help address this. We look forward to the completion of a housing acquisition strategy. In support of this, the Liberal Democrat group would provide more funding through the capital programme, by reducing the allocation proposed to the later years of the ICT programme, and the deletion of a ringfenced allocation to a feasibility study for a new cultural centre. The former would still allow for renewal of outdated equipment, though we believe this would benefit from greater scrutiny of the specifications of equipment required and whether there may be better means of procurement. Funding for the feasibility study for a cultural centre could be available through the Transformation Reserve should there be a realistic prospect of additional external funding becoming available.

The library service is one freely available to all. We welcome the investment in repairing Newport library roof. In support of the library service, the Liberal Democrat group would remove the proposed cut in the book replacement fund.

We support the ambition to develop new services that respond to residents' needs and especially those which may generate revenue for the council. An example that we believe would be welcomed are parking permits that allow greater flexibility for small traders who need to park close to properties which are otherwise under parking restriction.

Looking to the setting of the budget for 2024/25, we urge publication of proposals for savings and income generation earlier than has been usual. This would provide for much more informed public discussion as part of the wider budget consultation.

**A summary of the Liberal Democrat Group Amendment is described in the table below – this is for information only**

**Summary**

Ref No	CHANGES IN SPENDING & COUNCIL TAX	2023/24 £	Future Years £
<b>Reinstatement of Budget Savings</b>			
28	Re-instate the Library Book Replacement Fund	10,000	10,000
	<b>Sub Total</b>	<b>10,000</b>	<b>10,000</b>
<b>New Capital Expenditure</b>			
22	Equity capital for New Housing Company	310,000	
	<b>Sub Total</b>	<b>310,000</b>	<b>0</b>
<b>TOTAL AMOUNT TO BE FUNDED</b>		<b>320,000</b>	<b>10,000</b>

Ref No	REDUCTION IN SPENDING & RESERVES	2023/24 £	Future Years £
<b>Capital Programme Reductions</b>			
33	ICT Equipment Programme - reduce 2026/7 allocation	(150,000)	
53	New Cultural Centre	(160,000)	
	<b>Sub Total</b>	<b>(310,000)</b>	<b>0</b>
<b>Impact on General Reserves</b>			
New	Use of General Fund Reserves	(10,000)	(10,000)
<b>TOTAL REDUCTIONS - REVENUE, CAPITAL &amp; RESERVES</b>		<b>(320,000)</b>	<b>(10,000)</b>

The full Amendment to Full Council recommendations are attached on the pages that follow

## Amendment proposed by the Liberal Democrat Group

### BUDGET & COUNCIL TAX SETTING 2023/24 AND FUTURE YEARS FORECASTS

#### Recommendation 1(a) be amended to:

1(a) The revised Revenue Budget for the financial year 2022/23 and the Revenue Budget for the financial year 2023/24 as set out in the General Fund Summary (attached as Appendix 1 amended) which includes:

- (i) Additional spending in Adult Social Care of £7.6m and Children's Services of £4.3m
- (ii) No Revenue Contribution to Capital in 2022/23 or 2023/24
- (iii) The Covid Contingency estimated at £4.2m, to guard against continuing and legacy risks

Appendix 1 (Amended) includes the following changes listed in the tables below:

#### i) Additional Costs - Additions to Budget Estimates

Saving No.	Increases to Portfolio Budgets	2023/24 £	2024/25 & Future Years £
<b>Climate, Environment, Heritage, HR, Legal &amp; Democratic Services</b>			
28	Re-instate the Library Book Replacement Fund	10,000	10,000
<b>Total</b>		<b>10,000</b>	<b>10,000</b>

#### Note:

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

## Recommendation 1(g) be amended to:

The savings proposals for each Portfolio amounting, in total, to £3.885m for 2023/24 as set out below:

Portfolio	Savings Proposal	
	£	% Budget
Adult Social Care & Public Health*	1,243,500	2.3%
Children's Services, Education & Lifelong Skills*	299,000	1.0%
Climate, Environment, Heritage, HR, Legal & Democratic Services	118,000	1.5%
Community Protection, Regulatory & Waste	430,000	4.5%
Digital Transformation, Housing, Homelessness & Poverty	255,000	2.7%
Infrastructure, Highways PFI & Transport **	536,600	4.2%
Leader & Strategic Oversight	150,000	20.5%
Levelling Up, Regeneration, Business Development & Tourism	130,000	2.7%
Planning & Enforcement	45,000	1.7%
Strategic Finance, Transformational Change & Corporate Resources	677,900	7.3%
<b>Grand Total</b>	<b>3,885,000</b>	<b>2.8%</b>

\* Excludes the additional funding passported through to Adult Social Care of £7.6m (which if included would result in an overall increase of 11.6%) and the additional funding for Children's Services, Education & Lifelong Skills of £4.3m (which if included would result in an overall increase of 14%)

\*\* Excludes £19.4m of PFI grant funding, on a gross expenditure basis the saving amounts to 1.7%

**Recommendation 1(k) be amended to:**

The new Capital Investment Proposals ("New Starts") - 2023/24 set out in Appendix 4 be reflected within the recommended Capital Programme 2022/23 to 2027/28 and be funded from the available Capital Resources, be amended to reflect the following changes:

Scheme Description - Reductions & Additions		Increase / (Decrease) in Corporate Resources	Total Corporate Resources Allocated
		£	£
<b>Reductions / Deletions to Proposed Capital Schemes:</b>			
33	ICT Equipment Programme - reduce 2026/7 allocation	(150,000)	1,445,900
<b>Additional Capital Scheme Proposals (New):</b>			
22	Equity Capital for New Housing Company	310,000	1,625,000
<b>Total Overall Change</b>		<b>160,000</b>	

**Recommendation 1(l) be amended to:**

The Capital Programme 2022/23 to 2027/28 set out in Appendix 5 (Amended) which includes all additions, deletions and amendments for slippage and re-phasing and includes the following additional deletion:

Scheme Description - Deletion		Increase / (Decrease) in Corporate Resources	Total Corporate Resources Allocated
		£	£
<b>Deletions to Proposed Capital Schemes:</b>			
53	New Cultural Centre	(160,000)	0
<b>Total Overall Change</b>		<b>(160,000)</b>	

**Recommendation 1(r) to be added:**

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

## **SECTION 151 OFFICER'S COMMENTS**

**Under Recommendation 1(j), Members must have regard to the Statement of the Section 151 Officer in accordance with the Local Government Act 2003. The Section 151 Officer advises as follows:-**

The amendment presents additional operational risk to the Council in the medium term. The Strategic Manager for ICT has advised that reducing the proposed Capital Investment set out in Appendix 4 Equipment Programme (Ref 33) by £150,000 in 2026/27 will have the following risks in 2026/27:

- a) It would reduce the number of replacement laptops by 90 and the number of replacement mobile phones by 125 phones, this could leave staff without supported and secure devices, increasing risk to the council of cyber-attack or loss of productivity as the staff would no longer have the appropriate devices to fulfil their roles.

**Note:**

**Mobile phones are allocated across all areas of the council, but the two main users are Adult Social Care and Children's Social Care**

The new Cultural Centre in Appendix 5 (Ref 53) is at an early stage of evaluation, potential savings are not yet clear which are a pre-requisite for funding for the Transformation Reserve. In this circumstance any potential savings may not become clear unless further feasibility work is undertaken. It is also possible that the scheme may attract external funding for its development but be financially neutral to the Council (i.e. no savings). In this context, the Director of Regeneration advises that the proposal to remove feasibility funding could deny the Island the opportunity of a facility which was intended to:

- a) Act as a catalyst for the wider mixed use development of the harbour
- b) Provide a definitive solution for a new public records office/archive for the island

The Amendment is contrary to the Council's approved Medium Term Financial Strategy and Capital Strategy in that:

- a) It reduces the level of savings in 2023/24 by £10,000 and creating a small "structural budget" deficit
- b) Reduces General Reserves by £10,000 in 2023/24 which by 2026/27 will have reduced General Reserves by £40,000
- c) It is not prudent to assume that sufficient Capital Funding will be available in future years' to re-instate funding for ICT that has been withdrawn; it is a key feature of the Council's approved Medium Term Financial Strategy and Capital Strategy that funding surety is provided for the medium term for any necessary investment that is critical to essential operational service delivery

## **LEGAL IMPLICATIONS**

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

## **EQUALITY AND DIVERSITY**

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

## GENERAL FUND SUMMARY - 2022/23 to 2026/27

## APPENDIX 1 (Amended)

NET REQUIREMENTS OF PORTFOLIOS	REVISED BUDGET 2022/23 £	ORIGINAL BUDGET 2023/24 £	FORECAST 2024/25 £	FORECAST 2025/26 £	FORECAST 2026/27 £
Adult Social Care & Public Health	57,301,725	56,127,609	58,264,982	61,125,044	63,968,887
Children's Services, Education & Lifelong Skills	32,130,952	32,894,702	33,985,750	35,983,301	37,521,652
Climate, Environment, Heritage, HR, Legal & Democratic Services	7,130,784	7,328,082	7,547,064	7,715,389	7,910,126
Community Protection, Regulatory & Waste	5,247,249	5,418,282	5,846,461	6,266,266	6,665,127
Digital Transformation, Housing, Homelessness & Poverty	9,791,155	9,589,204	9,517,745	9,612,200	9,731,413
Infrastructure, Highways PFI & Transport	16,182,200	16,136,482	16,822,398	17,352,096	17,915,398
Leader & Strategic Oversight	1,323,941	1,055,550	1,087,023	1,110,689	1,135,588
Levelling Up, Regeneration, Business Development & Tourism	2,063,249	718,232	815,387	898,801	983,323
Planning & Enforcement	1,143,307	589,505	642,045	688,523	735,702
Strategic Finance, Transformational Change & Corporate Resources	28,291,561	48,955,141	55,742,987	54,762,704	53,850,770
Savings to be identified	0	0	(2,000,000)	(4,000,000)	(6,000,000)
<b>Portfolio Expenditure</b>	<b>160,606,123</b>	<b>178,812,789</b>	<b>188,271,840</b>	<b>191,515,012</b>	<b>194,417,984</b>
<b>FUNDED BY:</b>					
Contribution (to)/from Balances & Reserves	126,766	2,653	(504,125)	189,102	(16,509)
Revenue Support Grant	4,757,433	5,356,976	5,596,610	5,596,610	5,550,644
Business Rates Retention	30,453,547	41,958,105	44,438,732	43,438,732	42,994,345
Other General Grants	31,497,188	33,910,935	35,315,045	35,554,670	35,847,371
Collection Fund (Council tax)	93,771,189	97,584,120	103,425,578	106,735,898	110,042,133
<b>Total Financing</b>	<b>160,606,123</b>	<b>178,812,789</b>	<b>188,271,840</b>	<b>191,515,012</b>	<b>194,417,984</b>
<b>BALANCES &amp; RESERVES</b>					
Balance brought forward at 1 April	12,057,637	11,930,871	11,928,218	12,432,343	12,243,241
(Deficit)/Surplus for year	(126,766)	(2,653)	504,125	(189,102)	16,509
<b>Balance carried forward at 31 March</b>	<b>11,930,871</b>	<b>11,928,218</b>	<b>12,432,343</b>	<b>12,243,241</b>	<b>12,259,750</b>
<b>Minimum level of balances</b>	<b>7,000,000</b>	<b>8,000,000</b>	<b>8,000,000</b>	<b>8,000,000</b>	<b>8,000,000</b>
<b>Underlying Budget Deficit/(Surplus) - assuming future savings are met</b>	<b>126,766</b>	<b>2,653</b>	<b>(504,125)</b>	<b>189,102</b>	<b>(16,509)</b>



## APPENDIX 5 (Amended)

### COMPLETE CAPITAL PROGRAMME INCLUDING NEW SCHEMES

	FORECAST 2022/23 £	ESTIMATE 2023/24 £	ESTIMATE 2024/25 £	ESTIMATE 2025/26 £	ESTIMATE 2026/27 £	ESTIMATE 2027/28 £	ESTIMATE TOTAL £
<b>SUMMARY OF PORTFOLIOS</b>							
Adult Social Care and Public Health	247,246	3,157,372	1,092,421	0	0	0	4,497,039
Children's Services, Education and Lifelong Skills	8,529,282	6,933,889	2,441,490	0	0	0	17,904,661
Digital Transformation, Housing, Homelessness and Poverty	2,859,802	16,906,723	17,273,050	20,148,450	665,000	738,400	58,591,426
Climate Change, Environment, Heritage, Resources and Legal and Democratic Services	642,529	6,280,360	1,424,000	5,875,000	32,300,000	0	46,521,888
Community Protection, Regulatory Services and Waste	2,084,217	2,340,943	2,808,418	0	0	0	7,233,578
Infrastructure, Highways PFI and Transport	9,568,126	11,253,869	877,320	1,093,210	1,557,840	0	24,350,365
Levelling Up, Regeneration, Business Development and Tourism	5,993,587	4,829,520	12,918,381	6,250,000	0	2,194,000	32,185,488
Strategic Finance, Transformational Change and Corporate Resources	2,077,613	2,223,655	860,000	0	0	0	5,161,268
<b>Total Capital Programme</b>	<b>32,002,400</b>	<b>53,926,331</b>	<b>39,695,080</b>	<b>33,366,660</b>	<b>34,522,840</b>	<b>2,932,400</b>	<b>196,445,711</b>
<b>Total Financing</b>	<b>32,002,400</b>	<b>53,926,331</b>	<b>39,695,080</b>	<b>33,366,660</b>	<b>34,522,840</b>	<b>2,932,400</b>	<b>196,445,711</b>