



Purpose: For Information

Scrutiny Statement

ISLE OF WIGHT COUNCIL

MEETING	CORPORATE SCRUTINY COMMITTEE
DATE	9 JANUARY 2024
TITLE	BUDGET PROPOSALS 2024-25
REPORT OF	DIRECTOR OF FINANCE AND SECTION 151 OFFICER

1. Statement by Section 151 Officer

1.1 On 7th November 2023, the Corporate Scrutiny Committee received a report setting out the following:

- The key spending and funding assumptions underpinning the Council's forecast budget deficit of £6m (+/-£5m due to uncertainty) made in February 2023 which in turn requires the Council to make savings of at least £2m p.a. for the next 3 years
- The key spending and funding assumptions underpinning the Council's forecast Budget for 2024/25
- The current expectation of both spending and funding assumptions and the likely impact of any changes to those assumptions affecting the Budget for 2024/25

1.2 For ease of reference, the Key Cost Assumptions and Key Funding Assumptions described in that report are attached at Appendix 1 and 2.

1.3 Since that time, the Provisional Local Government Finance Settlement has been announced (18 December 2023). In summary, the Provisional Settlement across all funding areas was £0.4m worse than we had estimated when our Forecast for 2024/25 was prepared this time last year.

1.4 The headlines of the provisional Local Government Finance Settlement are:

- ❖ Increase in Core Spending Power of £9.8m (6.0%) - This is a Government measure and includes expected increases in Government Grants, Council Tax and Business Rates. This is the lowest increase of all Unitary Authorities
- ❖ The Increase in Core Spending Power comprises:

- Council Tax £5.2m - An increase of 5.3%
 - Business Rates £2.4m - An increase of 6.5%
 - Government Funding £2.2m (being £3.1m for Social Care offset by a reduction of £0.9m in all other Grants) - An Increase of 7.8%
- ❖ Council Tax is below inflation and 2% of the 3% relates to the ASC Precept and is passported.
 - ❖ The Business Rate Uplift is at inflation.
 - ❖ Government Funding - Social Care Funding was known and previously announced and significantly below the Social Care Pressures that the Council faces. The other Government funding is a real reduction.
 - ❖ Compared to funding forecast for the coming year and built into the approved £2m savings requirement, the Council's position is £0.4m worse (as previously mentioned)
 - ❖ The continuation of the £1m of funding that the Council secured in 2023/24 for the additional costs of providing public services on the Island, known as the "Island Deal"
- 1.5 Particularly disappointing is the lack of any uplift in the Island Deal element of the Settlement given the comprehensive evidence submission that the Isle of Wight Council made to Government. In that context it is very concerning that the Isle of Wight (alongside Thurrock Council who have been given permission to raise their Council Tax by 8%) received the lowest percentage uplift of all unitary authorities.
- 1.6 It is also deeply concerning that the increased funding for Social Care is significantly lower than the cost pressures that the Council will face next year in those Services.
- 1.7 Due to the significant increase in costs of Social Care as well as inflation more generally experienced across the current year and continuing into future years, it is inevitable that the savings requirements for 2024/25 will need to amount to at least £3m.
- 1.8 Preparation of the Budget for 2024/25 will continue until publication on 31 January 2024.

CHRIS WARD
Director of Finance and Section 151 Officer











APPENDIX 1

FORECAST 2024/25 – Key Cost Assumptions (February 2023)

Description	Assumption	Current Expectation	Expected Impact	
Inflation				
Pay 2023/24 (shortfall)	4.0% (£2.5m)	6.6% (£4.1m)	£1.6m	↑
Pay 2024/25	3.0% (£2.0m)	??%	Each 1% ▲ = £0.7m	↑
Key Contracts	Specific Indexation (e.g. RPI) - £1.0m	?? Next OBR Forecast in Autumn Statement	Each 1% ▲ = £0.2m	↑
ASC Fee Review (Providers)	Assumes NLW of 6.3% (£2.2m)	Assumes NLW of 7.1% (£4.0m)	£1.8m	↑
Demand (Growth in cost)				
Children's Placements 2023/24 (shortfall)	£1.2m	£3.9m	£2.7m	↑
Children's Placements 2024/25	£0m	£0.0m	£0m	▬
CSC to ASC Transitions	£0.9m	£0.7	£0.2m	↓
ASC COVID Legacy	£2.1m	£2.1m	£0m	▬
Home to School Transport 2023/24 (Shortfall)	£0m	£0.3m	£0.3m	↑
Home to School Transport 2024/25	£0m	£0.5m	£0.5m	↑

APPENDIX 2

FORECAST 2024/25 – Key Funding Assumptions (February 2023)

Description		Assumption	Current Expectation	Expected Impact	
Council Tax					
	General Purposes	3.0% (£3.0m)	3.0% (£3.0m)	Each 1%  = £1.0m	
	ASC Precept	2.0% (£2.0m)	2.0% (£2.0m)	Each 1%  = £1.0m	
	Taxbase (Properties, Discounts, Exemptions, LCTS, Collection Rate)	0.2%	0.2%	Each 1%  = £1.0m	
Business Rates					
	Multiplier	5.5% (£1.6m)	6.7% (£2.0m)	£0.4m	
	Taxbase (Appeals, Growth, Mandatory Reliefs, Collection Rate)	0%	0%	£0	
Government Grants					
	All General Grants	£6.6m	£6.4m (Awaiting Local Government Finance Settlement)	£0.2	
	Island Deal	£1m	£?? (Awaiting Local Government Finance Settlement)	£??	
	Social Care Grant	£13.3m	£?? (Awaiting Autumn Statement)	£??	