

## **Agenda Item 6 – Budget and Council Tax Setting 2022/23 and Future Years Forecasts.**

### **Alternative Budget Proposals from the Conservative Group**

#### **Background**

The Alliance administration published its 2022/23 draft budget on 2<sup>nd</sup> February 2022. It will be debated and voted on at the meeting of Full Council on 23<sup>rd</sup> February 2022.

The Conservative Group hereby sets out its alternative budget proposals by way of a set of amendments. These proposed changes strengthen and enhance the draft budget and address some key areas of concern. These will also be debated and voted on at Full Council on 23<sup>rd</sup> February 2022.

#### **Continuity and Prudence**

Last year, the Conservative administration presented a full budget for 2021/22 and an indicative budget for 2022/23. The 2022/23 Alliance draft budget delivers and builds on the Conservative indicative budget for this year. In addition, the 2021/22 financial year-end projection under the Alliance is at, or close to, that of the last Conservative budget. The proposed budget maintains expenditure within the indicative budget framework, makes savings of £3 million and does not use general reserves. It uses the specific Covid-19 recovery reserve which is consistent with the approach of the Conservative indicative budget.

Of the £3 million savings identified in the budget, £887,000 is the full year effect of savings implemented by the previous Conservative administration, and a further £357,000 is from previously agreed changes to the funding formula agreed with a reconfigured Clinical Commissioning Group. It is therefore noted that over 40% of the proposed Alliance budget savings are the result of the previous administration's preparatory work. A further £4.1million has also been allocated in specific new grants from Central Government, plus £1 million additional funding from the Treasury in recognition of the Island's special circumstances.

The Alliance budget therefore offers continuity to the approach that immediately preceded it. We acknowledge the general prudence and restraint reflected in the budget papers and support the overall continuity of direction. It provides general stability for the Island.

There are however a number of areas where the Alliance could, and indeed should, show more ambition, leadership and purpose.

#### **Planning and Housing**

We welcome the proposed £25 million drawdown facility for building new Council-controlled affordable homes for Islanders. However, given the ever-increasing housing crisis on the Island – with a reduction in housing supply, increase in private rents and rising inflation – the Alliance proposals are not ambitious enough.

The Alliance's wider planning policy generally appears to be poorly defined and often conflicting. There is a sense of drift, lack of accountability and deferment of decision making. General commitments to sustainability and protecting greenfield are unsupported and often undermined by subsequent policy announcements or decisions.

The Cabinet Member for Housing Provision and Cabinet Member for Planning voted against each other on a key motion put before Full Council on 17<sup>th</sup> November 2021. The draft Island Planning Strategy published in July 2021 designated some larger brownfield sites like the former Camp Hill prison as a "key priority site". In November the Cabinet Member for Housing Provision said that site was no longer a priority. The explanation given was that the land is not owned by the Council and could be expensive to redevelop. These factors were not new and existed when the draft plan designated it as a key priority site. Furthermore, the designation of a key priority site should not rely on it being owned by the Council or being inexpensive to develop. That would put greenfield areas with no decontamination costs at risk of increased development pressure and would likely lead to missed opportunities for developing viable brownfield land which the Council does not own.

In addition, the Alliance have reversed a previous Council decision not to develop any greenfield part of Seaclose Park in Newport, by putting this back as an option within the proposed Newport Harbour Masterplan. These options are due to be consulted on.

We propose to:

1. increase the drawdown facility for building new affordable Council-controlled homes to £40 million over the next three years to allow an accelerated programme of affordable housebuilding. This is an appropriate response to the very urgent situation the Island finds itself in;
2. allocate £60,000 for an independent review of significant brownfield sites across the Island to expedite them for development to help meet the Island's housing need and alleviate pressure on inappropriate greenfield development. Independent expertise will provide the best chance of realising this as swiftly as possible, ideally with a view to incorporating such opportunities within the next iteration of the draft Island Planning Strategy; and
3. ringfence £200,000 for increased staffing numbers in the Planning Department to (a) tackle the growing backlog of planning applications, (b) more effectively resource planning enforcement, and (c) support ambitious affordable housebuilding plans. This further reverses the cuts to planning staff made by the previous independent-led administration prior to 2017.

### **Access to public space and commitment to Carbon Zero**

Access to areas for public enjoyment and recreation require physical infrastructure to be maintained and – where possible – enhanced and extended. Encouraging outdoor activity is good for health and wellbeing, including for young people and families. Promotion of alternative modes of transport such as walking and cycling is also good for the environment and contributes to the Council's and Government's wider aims of reducing carbon emissions. Full Council unanimously supported working towards a carbon zero Island. The plans for this include planting trees to offset 15% of current carbon emissions, yet there is no funding in the budget to support this.

The funding shown in the Alliance budget for restoring rights of way and access paths is from government grants applied for by the previous Conservative administration. There is little ambition shown to commit to investment beyond this. Grants should enhance and support Council funding to help ensure real improvements are delivered, rather than defaulting to a “make do and mend” approach.

We propose to:

1. allocate £500,000 to restore and improve access paths to Island beaches, and to restore and improve footpaths, bridleways and rights of way; and
2. provide £500,000 for planting trees and restoring hedgerows on Council-owned land not suitable for housing. This will also help protect valuable greenfield from speculative development longer-term. Hedgerows will help mitigate the effects of flooding.

### **Health and Social Care**

We are cautious about the increase in charges to the Wightcare push button service. It is a service which helps people live independently at home for longer. We recognise that this proposed increase was raised at the Corporate Scrutiny Committee and during an informal briefing of the Policy and Scrutiny Committee for Health and Social Care. The explanation behind this decision was detailed and gave a degree of assurance that the impact on service users would be minimal and some financial pressure would be relieved on core statutory services. However, Policy and Scrutiny Committee should be invited to examine the impact of the increased charges before further significant increases are implemented in future years.

### **Staffing and Services**

The Alliance propose to reduce staffing in the Council's call centre. This amounts to a £25,000 cut. The previous independent administration cut staff to the call centre and call waiting times spiralled, leaving callers on hold for long periods. The previous Conservative administration restored staffing to the call centre and brought waiting times under control. At a time when the new website is still not fully operational and many older residents rely on the telephone, we believe there can be no reasonable justification to revert back to a regime of call centre cuts. We oppose them.

We would also allocate £200,000 for additional planning staff for the reasons set out above.

## **Full budget amendments in detail**

### Revenue Budget

- Line 48 - Delete £25,000 cut for Business Centre.
- Add new line "Independent review of brownfield sites to deliver significant numbers of homes for Islanders at affordable prices". Add £60,000 to budget line.
- Ring fence £200,000 for additional planning staff to allow for strengthening of enforcement where needed, this is an additional £100,000 on top of that provided for in the Administration's proposals

### Capital Budget

- Increase line 29 Housing. To increase the draw down facility to £40,000,000, increased from £25,000,000 (notionally phased 22-23 £5M, 23-24 £15M, 24-25 20M).
- Reduce expenditure in line 28 by £1,185,000. A more realistic estimate of year one costs of properly constituting the housing company would be £500,000, which would leave £815,000 as seed funding for that company. The company can use the draw down facility if those figures are low.
- Line 38. Increase budget by £500,000 to restore access paths to Island beaches, and to restore footpaths, bridleways and rights of way.
- Insert new line – Carbon Zero support. £500,000 for planting trees and restoring hedgerows on Council land not suitable for housing.

## **Conclusion**

The Alliance budget chooses to complete and deliver on the savings set by the previous Conservative administration. It is generally prudent, protects reserves and is a budget that provides continuity from the 2021/22 budget. Where there are specific concerns and a lack of ambition, we have proposed detailed and specific amendments. If those amendments are adopted so as to vary the Alliance budget at Full Council, we are very unlikely to oppose a final vote for the Alliance budget as amended.

**Councillor Joe Robertson**  
Conservative Group Leader

**Councillor Christopher Quirk**  
Conservative Group Finance Spokesman

## AGENDA ITEM 6 - BUDGET & COUNCIL TAX SETTING 2022/23 AND FUTURE YEARS FORECASTS

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

### Summary

Ref No	CHANGES IN SPENDING & COUNCIL TAX	2022/23 £	Future Years £
<b>Reinstatement of Budget Savings</b>			
48	Re-instate proposed staffing reductions - Contact Centre	25,000	
	<b>Sub Total</b>	<b>25,000</b>	<b>0</b>
<b>New Revenue Expenditure</b>			
New	Increase additional Planning staff (beyond the £100,000 investment already provided for)	100,000	
New	Independent review of Brownfield Sites to deliver significant numbers of homes for Islanders at affordable prices	60,000	
	<b>Sub Total</b>	<b>160,000</b>	<b>0</b>
<b>New Capital Expenditure</b>			
29	Housing - Increase the borrowing facility for the provision of affordable homes subject to individual programme and project business cases	15,000,000	
38	Rights of Way - Increase provision to restore and improve access paths to Island beaches, to restore and improve footpaths, bridleways and rights of way	500,000	
New	Provision for planting trees and restoring hedgerows on Council-owned land that is not suitable for housing.	500,000	
	<b>Sub Total</b>	<b>16,000,000</b>	<b>0</b>
<b>TOTAL AMOUNT TO BE FUNDED</b>		<b>16,185,000</b>	<b>0</b>

Ref No	REDUCTION IN SPENDING & RESERVES & INCREASE IN BORROWING	2022/23 £	Future Years £
<b>Capital Programme Reductions</b>			
28	Reduce Equity Capital for new Housing Company	(1,185,000)	
	<b>Sub Total</b>	<b>(1,185,000)</b>	<b>0</b>
<b>Increase Prudential Borrowing</b>			
29	Increase Prudential Borrowing facility for affordable housing from £25m to £40m	(15,000,000)	
	<b>Sub Total</b>	<b>(15,000,000)</b>	<b>0</b>
<b>TOTAL CHANGES - REVENUE, CAPITAL &amp; RESERVES &amp; BORROWING</b>		<b>(16,185,000)</b>	<b>0</b>

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

## Amendment proposed by the Conservative Group

### BUDGET & COUNCIL TAX SETTING 2022/23 AND FUTURE YEARS FORECASTS

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

1(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 (attached as Appendix 1 amended) 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

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

#### i) Additional Savings - Reductions to Budget Estimates

Indicative Portfolio Savings Proposal	Impact on Level of Service & Service Outcomes	2022/23	2023/24 & Future Years
		£	£
<b>Strategic Finance, Corporate Resources &amp; Transformational Change</b>			
New	Reduced Revenue Contribution to Capital	(185,000)	
	<b>Total</b>	<b>(185,000)</b>	<b>0</b>

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

<b>Saving No.</b>	<b>Increases to Portfolio Budgets</b>	<b>2022/23 £</b>	<b>2023/24 &amp; Future Years £</b>
<b>Strategic Finance, Corporate Resources &amp; Transformational Change</b>			
48	Re-instate proposed staffing reductions - Contact Centre	25,000	
<b>Planning &amp; Community Engagement</b>			
New	Increase additional Planning staff (beyond the £100,000 investment already provided for)	100,000	
New	Independent review of Brownfield Sites to deliver significant numbers of homes for Islanders at affordable prices	60,000	
<b>Total</b>		<b>185,000</b>	<b>0</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 £2,975,000 for 2022/23 as set out below:

Portfolio	Controllable Budget	Savings Proposal	
	£	£	% Budget
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 Transf., 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	85,500	0.7%
<b>Grand Total</b>	<b>132,835,525</b>	<b>2,975,000</b>	<b>2.2%</b>

\* 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 & Lifelong 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 saving amounts to 0.2%

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

The Capital Programme 2021/22 to 2026/27 set out in Appendix 5 (Amended) which includes all additions, deletions and amendments for slippage and re-phasing

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

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, 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>			
28	Reduce Equity Capital for new Housing Company	(1,185,000)	1,315,000
<b>Additional Capital Scheme Proposals (New):</b>			
29	Housing - Increase the borrowing facility for the provision of affordable homes subject to individual programme and project business cases	15,000,000	40,000,000
38	Rights of Way - Increase provision to restore and improve access paths to Island beaches, to restore and improve footpaths, bridleways and rights of way	500,000	575,000
New	Provision for planting trees and restoring hedgerows on Council-owned land that is not suitable for housing	500,000	500,000
<b>Total Overall Change</b>		<b>14,815,000</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 proposals contained within this amendment are legal and present a balanced budget for 2022/23.

## **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 - 2021/22 to 2025/26

## APPENDIX 1 (Amended)

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 Transf., 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	1,041,090	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	45,375,638	54,598,983	58,166,886	60,969,246
Savings to be identified	0	0	(2,000,000)	(4,000,000)	(6,000,000)
<b>Portfolio Expenditure</b>	<b>157,886,908</b>	<b>161,087,775</b>	<b>170,961,640</b>	<b>174,787,157</b>	<b>177,874,055</b>
<b>FUNDED BY:</b>					
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
<b>Total Financing</b>	<b>157,886,908</b>	<b>161,087,775</b>	<b>170,961,640</b>	<b>174,787,157</b>	<b>177,874,055</b>
<b>BALANCES &amp; RESERVES</b>					
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)	0	0	0	0
(Deficit)/Surplus for year	(2,065,082)	(28,575)	(1,998,233)	(709,268)	7,826
<b>Balance carried forward at 31 March</b>	<b>10,981,057</b>	<b>10,952,482</b>	<b>8,954,249</b>	<b>8,244,981</b>	<b>8,252,807</b>
<b>Minimum level of balances</b>	<b>7,000,000</b>	<b>7,000,000</b>	<b>7,000,000</b>	<b>7,000,000</b>	<b>7,000,000</b>
<b>Underlying Budget Deficit/(Surplus) - assuming future savings are met</b>	<b>2,065,082</b>	<b>28,575</b>	<b>1,998,233</b>	<b>709,268</b>	<b>(7,826)</b>

## APPENDIX 5 (Amended)

### COMPLETE CAPITAL PROGRAMME INCLUDING NEW SCHEMES

	FORECAST 2021/22	ESTIMATE 2022/23	ESTIMATE 2023/24	ESTIMATE 2024/25	ESTIMATE 2025/26	ESTIMATE 2026/27	ESTIMATE TOTAL
	£	£	£	£	£	£	£
<b>SUMMARY OF PORTFOLIOS</b>							
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 Transf., Housing Provision and Housing Needs	6,259,855	13,303,039	15,450,000	20,350,000	0	0	55,362,894
Environment, Heritage and Waste Management	5,931,095	2,598,333	3,252,634	4,233,418	38,380,000	0	54,395,480
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
<b>Total Capital Programme</b>	<b>59,828,556</b>	<b>47,028,788</b>	<b>39,145,673</b>	<b>27,407,151</b>	<b>40,394,153</b>	<b>2,506,780</b>	<b>216,311,101</b>
<b>Total Financing</b>	<b>59,828,556</b>	<b>47,028,788</b>	<b>39,145,673</b>	<b>27,407,151</b>	<b>40,394,153</b>	<b>2,506,780</b>	<b>216,311,101</b>