

Minutes

Name of meeting	FULL COUNCIL
Date and time	WEDNESDAY, 29 FEBRUARY 2012 COMMENCING AT 5.00 PM
Venue	COUNCIL CHAMBER, COUNTY HALL, NEWPORT, ISLE OF WIGHT
Present	Cllrs David Williams (Chairman), Barry Abraham, Jonathan Bacon, Reg Barry, Peter Bingham, George Brown, George Cameron, Vanessa Churchman, Dawn Cousins, Roger Dixcey, Rodney Downer, Paul Fuller, Edward Giles, John Hobart, John Howe, Heather Humby, Tim Hunter-Henderson, Stuart Hutchinson, Julie Jones-Evans, Patrick Joyce, Geoff Lumley, Roger Mazillius, Lora Peacey-Wilcox, David Pugh, Colin Richards, Susan Scoccia, Ian Stephens, David Stewart, Andy Sutton, Arthur Taylor, Gary Taylor, Ian Ward, Ivor Warlow, Margaret Webster, Chris Welsford, Jerry White, David Whittaker
Apologies	Cllrs Richard Hollis, David Knowles, Wayne Whittle

58. [Minutes](#)

RESOLVED :

THAT the Minutes of the meeting held on [25 January 2012](#) be confirmed.

59. [Declarations of Interest](#)

Councillor Ian Stephens declared a personal interest in Minute 63, as he had a beach hut at Appley Park, Ryde.

Councillor Chris Welsford declared a personal and prejudicial interest in Minute 63, in as far as it related to his role as a coastguard rescue officer.

Councillor David Pugh declared a personal interest in Minute 63, in as far as it related to the fact that his wife was an employee of the Isle of Wight Council.

Councillor Andy Sutton declared a personal interest in Minute 63, in as far as it related to the fact that his wife was an employee of the Isle of Wight Council.

60. **Public Question Time**

Questions were put to the Chairman as follows :

Name	Subject	Comment
Raymond Bloomfield of Shanklin on behalf of Amy Baker	Would the Council be supporting the Youth Contract initiative?	The Cabinet Member provided a written response which was available on the following link (PQ 03/12)
Anthony Marvin, Ventnor	What timescale did the council have for putting back into use the number of stepped footpaths that were currently closed?	The Cabinet Member provided a written response which was available on the following link (PQ 04/12)
Christine Hall an Island Resident	What projects had come forward re the Economic Improvement Fund and what the impact would be on the Island economy?	The Leader provided a written response which was available on the following link (PQ 05/12)
Dona Ratcliff of East Cowes	Concerns had been expressed nationally regarding the increasing number of Looked After Children in council care. It would appear that the IW Council was managing to buck that trend, how was that being achieved?	The Cabinet Member provided a written response which was available on the following link (PQ 06/12)
Mark Chiverton of Ryde	Was the Leader aware of the deep concern and unhappiness amongst a significant number of lowest paid members of staff in the Council who had been disproportionately affected by the terms and conditions review.	The Leader advised he was aware of the strong views expressed by staff and he had sought to take an equalising approach to terms and conditions. An overwhelming majority of staff had signed up to the new terms and conditions.
Stuart Goodman an Island Resident	Asked a question in relation to PFI.	The Cabinet Member indicated he would provide a written response.
Tanja Rebel an Island Resident	Asked a question in relation to the best way forward for the Island as a whole budget wise.	The Leader advised he would be happy to have further discussions with other members.

61. **Chairman's report, official announcements, communications and correspondence for the Council.**

A [written report](#) had been circulated for information.

62. **Suspension of Council Procedure Rule 14(4)**

A proposal to suspend Council Procedure Rule 14(4) was proposed and seconded, which would extend the time limit on speeches from Group Leaders. Following the vote it was

RESOLVED:

THAT Procedure Rule 14(4) be partially suspended for the duration of the following item of business to increase the time limit on speeches from Group leaders (or their nominees) from 10 minutes to up to 15 minutes.

63. **Medium Term Budget Strategy 2012/13 - 2014/15 and Council Tax Setting**

Council had received a report from the Leader of the Council and Cabinet Member for Resources on the 2012/13 - 2014/15 Budget Strategy and Council Tax Setting Report.

The Leader proposed, and it was duly seconded, that all the budget proposals received should be debated.

The Leader spoke on the budget proposals recommended by the Cabinet and made comment on the alternative budgets that had been circulated.

The Leaders of the other groups then spoke in turn on their budget proposals (if submitted) and made comment on the alternative budgets that had been circulated.

Other members of the council also made comment on the budget proposals that had been circulated.

The Group Leaders were then given an opportunity to sum up and reply to any points that had arisen.

The following motion was moved and seconded :

THAT COUNCIL

- (a) Considered the Equality Impact Assessments set out in Appendix 2 attached to and forming part of these minutes and the results of the budget consultation exercises set out in Appendix 3 attached to and forming part of these minutes and whether the budget proposals were consistent with those and that any potential adverse impacts were understood and that appropriate mitigating actions were proposed to be taken.
- (b) Considered the overall financial and budget position facing the Council in 2012/13 and future years and agreed to:
 - (i) The updated Medium-Term Financial Strategy as set out in Appendix 1 attached to and forming part of these minutes;

- (ii) The overall Capital Programme as set out in Appendix 7A attached to and forming part of these minutes;
 - (iii) The Treasury Management Strategy, Investment Strategy, Borrowing Strategy, Minimum Revenue Provision and Prudential Indicators as set out in Appendix 7B attached to and forming part of these minutes;
 - (iv) An increase in the Isle of Wight Council budget of 2.5% consistent with acceptance of the Council Tax Freeze Grant and consequent setting of the Isle of Wight Council element of council tax at the same level as for 2010/11 and 2011/12;
 - (v) The schedule of savings set out in Appendix 11 attached to and forming part of these minutes;
 - (vi) That the overall net saving achieved in the outturn position for 2011/12 be used to meet the one-off costs of: £250k to establish the Economic Improvement Fund (as agreed by Cabinet on 13 December 2011); £300k to fund initiatives relating to creating new employment opportunities for young people (as agreed by Council on 25 January 2011); £250k for funding the costs of developing and implementing the Council's change agenda; with the balance being set aside as a provision to meet the costs of preparation for the re-procurement of the waste strategy;
 - (vii) That a Schools Budget, inclusive of Post 16 allocations, at the level of Dedicated Schools Grant be set for 2012/13;
 - (viii) That the Schools budget shares be determined by the Chief Executive, in consultation with the Schools Forum, within the total of the approved Schools Budget.
- (c) Agrees the formal Budget and Council Tax resolutions as set out in Appendices 12A, 12B, and 12C attached to and forming part of these minutes.

An amendment to those proposals, Appendix 13 attached to and forming part of these minutes, which had been circulated prior to the meeting, was proposed by Councillor Geoff Lumley and seconded by Councillor Reg Barry.

A vote was then taken on the amendment which was lost.

A further amendment, Appendix 14 attached to and forming part of these minutes, was proposed by Councillor Ian Stephens and seconded by Councillor Vanessa Churchman.

A vote was then taken on the amendment which was lost.

Following a vote on the substantive motion it was

RESOLVED :

THAT COUNCIL

- (a) Considered the Equality Impact Assessments set out in [Appendix 2](#) attached to and forming part of these minutes and the results of the budget consultation exercises set out in [Appendix 3](#) attached to and forming part of these minutes and whether the budget proposals were

consistent with those and that any potential adverse impacts were understood and that appropriate mitigating actions were proposed to be taken.

- (b) Considered the overall financial and budget position facing the Council in 2012/13 and future years and agreed to:
- (i) The updated Medium-Term Financial Strategy as set out in [Appendix 1](#) to the report;
 - (ii) The overall Capital Programme as set out in [Appendix 7A](#) attached to and forming part of these minutes;
 - (iii) The Treasury Management Strategy, Investment Strategy, Borrowing Strategy, Minimum Revenue Provision and Prudential Indicators as set out in [Appendix 7B](#) attached to and forming part of these minutes;
 - (iv) An increase in the Isle of Wight Council budget of 2.5% consistent with acceptance of the Council Tax Freeze Grant and consequent setting of the Isle of Wight Council element of council tax at the same level as for 2010/11 and 2011/12;
 - (v) The schedule of savings set out in [Appendix 11](#) attached to and forming part of these minutes;
 - (vi) That the overall net saving achieved in the outturn position for 2011/12 be used to meet the one-off costs of: £250k to establish the Economic Improvement Fund (as agreed by Cabinet on 13 December 2011); £300k to fund initiatives relating to creating new employment opportunities for young people (as agreed by Council on 25 January 2011); £250k for funding the costs of developing and implementing the Council's change agenda; with the balance being set aside as a provision to meet the costs of preparation for the re-procurement of the waste strategy;
 - (vii) That a Schools Budget, inclusive of Post 16 allocations, at the level of Dedicated Schools Grant be set for 2012/13;
 - (viii) That the Schools budget shares be determined by the Chief Executive, in consultation with the Schools Forum, within the total of the approved Schools Budget.
- (c) Agrees the formal Budget and Council Tax resolutions as set out in Appendices [12A](#), [12B](#), and [12C](#) attached to and forming part of these minutes.

64. **Cabinet**

Reports of the Cabinet Members

- (i) [The Leader and Cabinet Member for Resources](#)

A [written report](#) had been circulated for information.

A written question was put to the Leader as follows :

Name	Subject	Comment
Cllr Jonathan Bacon	Had the Leader ever knowingly allowed a formal consultation to continue having been informed by an authoritative source that the consultation was being carried on, on an incorrect factual basis?	The Leader provided a written response which was available on the following link (MQ 06/12)
	In the evidence given recently gave to the Culture, Media and Sports Committee you stated in respect of the new Community Libraries on the Isle of Wight, "We would support them to whatever extent they needed within reason". In practical terms what would that support entail?	The Leader provided a written response which was available on the following link (MQ 07/12)
	A supplementary in relation to books, rotation of books and access.	Stock rotation, with roll out of self service machines in Ryde and Newport the issue of stock rotation generally has slowed, but will be sped up again shortly.

Oral questions were put to the Leader as follows :

Name	Subject	Comment
Cllr Rodney Downer	Asked what the extra cost was with regard to the removal of asbestos from County Hall?	The Leader would provide a written response, but believed it was contained within the transformation costs.
Cllr Chris Welsford	Asked what was to be done about insulating County Hall?	The Leader believed that by moving to open plan offices it would significantly reduce heating costs and be more efficient.

(ii) **The Deputy Leader and Cabinet Member for the Economy and the Environment**

A [written report](#) had been circulated for information.

(iii) [Cabinet Member for Adult Social Care, Housing and Community Safety](#)

A [written report](#) had been circulated for information.

An oral question was put to the Cabinet Member as follows :

Name	Subject	Comment
Cllr Julie Jones-Evans	Asked for more information on the school pastor scheme	The Cabinet Member indicated she would provide that information.

(iv) [Cabinet Member for Highways, Transport and Waste](#)

A [written report](#) had been circulated for information.

A written question was put to the Cabinet Member as follows :

Name	Subject	Comment
Cllr Ivor Warlow	The schedule of works and detailed costings for delivery of the coming years Local Transport Plan had to be delivered to the Highways/PFI project team by the 2 March 2012, to enable the detail to be included in the specification for the two preferred bidders. Could members be furnished with that information, so that they know what improvement projects were to take place before April 2013, prior to the commencement of the Highway/PFI project?	The Cabinet Member provided a written response which was available on the following link (<u>MQ 05/12</u>)

Oral questions were put to the Cabinet Member as follows :

Name	Subject	Comment
Cllr Reg Barry	Asked how many objections by telephone to traffic orders the Cabinet Member had received?	The Cabinet Member advised that he had previously responded to that question.

Name	Subject	Comment
Cllr Geoff Lumley	Would the Cabinet Member join me in thanking residents of Shide and Furlongs who have welcomed the resurfacing Connie's Way?	The Cabinet Member indicated he would.
Cllr Chris Welsford	Asked what was being done in relation to Tetra-Pack re-cycling?	The Cabinet Member asked that Cllr Welsford let him have any proposals he may have.
Cllr Arthur Taylor	Asked if there had been any progress in finding a site for a public toilet in Ryde Town Centre.	The Cabinet Member advised they were still looking for a site.
Cllr Dave Stewart	Asked if there had been significant teething troubles in relation to the new waste collection contract.	The Cabinet Member advised that the scheme had widespread acceptance although there had been some problems with the distribution of bins/bags.
Cllr Vanessa Churchman	Asked if the scheme was so successful why was there a £1m in the budget for it?	The Cabinet Member advised that waste disposal was a major undertaking.

(v) **Cabinet Member for Fire, Culture and Residents' Services**

A [written report](#) had been circulated for information. The Cabinet Member advised that the Fire Control transfer was due to take place this week. Three members of staff were also transferring to Surrey.

Oral questions were put to the Cabinet Member as follows :

Name	Subject	Comment
Cllr Colin Richards	Asked if volunteers working in libraries were permitted to discard library books?	The Cabinet Member indicated he would provide a written response.
Cllr Chris Welsford	Asked if there was a conflict with the Olympics in relation to the transfer of Fire Control?	The Cabinet Member advised that if the timeline was not met there would be complications around the Olympics.
Cllr Vanessa Churchman	Asked a question in relation to the judo and boxing clubs being asked to move from the youth centre.	The Cabinet Member advised that officers were meeting with the appropriate personnel to try and resolve the matter.

Name	Subject	Comment
Cllr Dave Stewart	Asked if the RCC could be invited to the libraries meeting.	The Cabinet Member indicated he would be happy to take that on board.
Cllr Julie Jones-Evans	Success of the day at the Roman Villa in Newport, would that be carried forward in future?	The Cabinet Member agreed it was a hidden part of Newport and believed there was a need to get as many people to visit as possible.

(vi) **Chair of Overview and Scrutiny Committee**

A [written report](#) had been circulated for information.

(vii) **Cabinet Member for Children’s Services and Education**

A [written report](#) had been circulated for information. The Cabinet Member indicated his report had been amended slightly.

Oral questions were put to the Cabinet Member as follows :

Name	Subject	Comment
Cllr Geoff Lumley	With extra money in the budget, would it help disabled facilities grants applicants to get grants quicker than the 18 months at present?	The Cabinet Member advised that he would endeavour to give an accurate reflection of how grants were processed
Cllr Chris Welsford	Asked about personal budget in relation to Church View, Ventnor. A supplementary –nothing had replaced Church View	The Cabinet member would provide a definitive answer to both questions.

CHAIRMAN

Medium Term Financial Strategy 2012/13 – 2014/15

The Council's Corporate Plan for 2011 to 2013 was approved by Council on 15 June 2011. It established eight key priorities as the focus for investment and redirection of resources.

The purpose of the Medium Term Financial Strategy (MTFS) is to ensure that the overall vision, objectives and outcomes are deliverable within the resources available, or likely to be available, in the medium term. The previous MTFS covered the financial years 2011 to 2014 and was in line with the Spending Review in October 2010 which significantly reduced the grant settlement to local government. The updated MTFS covers the period from 2012 to 2015 and takes into account the budget management position for 2011/12, the 2012/13 Local Government Finance Settlement, the Council Tax Freeze Grant for 2012/13, and the updated position on costs of delivering existing services.

Budget Monitoring Position 2011/12

The budget monitoring position for quarter 3 to 31 December 2011 indicates an overall net saving of £1.8m at the end of the financial year. This position is consistent with that reported at the end of quarter 2 and reflects the fact that the Council has been successful in managing its budget and finances over recent years despite the challenging circumstances it faced. As in previous years, regular budget monitoring identifies a range of budget pressures that need to be managed, enabling early action to be taken to ensure the overall budget is not exceeded. Additional budgets have been set aside for staff severance costs to allow full savings to be available from 2012/13, to support development of the waste strategy and for local flood management responsibilities.

The predicted net underspend of £1.8m at the financial year end will enable the Council to support one-off initiatives on the economy (£550k for economic improvement fund and employment opportunities for young people), £250k to resource one-off costs of delivering change, and £1m to meet one –off costs of procuring the new waste management contract in 2012/13.

Local Government Finance Settlement 2012/13

The Comprehensive Spending Review (CSR) was announced in October 2010 setting out the Government's proposals for public finances over the four years 2011/12 to 2014/15. For local authorities the CSR set out a significant reduction in resources, estimated to total some £20.8m in cash terms for this Council.

The financial settlement to individual local authorities is split over two phases. For phase 1 (2011/12 – 2012/13) figures were published on 31 January 2011, with provisional figures for 2012/13. For phase 2 (2013/14 – 2014/15) figures will be based on the proposed new resource allocation system as set out in the Local Government Resource Review. It is unlikely that individual local authority figures for 2013/14 will be available until December 2012.

Provisional figures for 2012/13 were announced on 8 December 2011. Formula grant figures were as expected, and now include the Council Tax Freeze Grant from 2011/12. Of the total amount of £60.197m, £59.052m is from redistributed business rates. Specific and special grants increased by some £250k in net terms. The final settlement for 2012/13 is expected during February 2012.

Council Tax Freeze Grant 2012/13

During 2011/12 the Government introduced a Council Tax Freeze Grant equivalent to a 2.5% increase in Council Tax, thereby allowing local authorities the option to accept the grant and freeze Council Tax in their local area. This grant is available throughout the full four years of the current Local Government Finance Settlement. During November 2011 the Government announced another Council Tax Freeze Grant for 2012/13 equivalent to a 2.5% increase in Council Tax, which for this Council amounts to some £1.8m. On this occasion the Government is funding the grant from one-off resources and it is only available for one year. The implication of this grant is that in order to manage its resources effectively and maintain an even budget position the Council will have to increase Council Tax by 2.5% above any increase to be made in 2013/14, or make additional savings of £1.8m to offset the one-off grant. The budget strategy for 2012/13 is based on delivering additional savings of £1.8m with a full year effect from 1st April 2013 to offset the loss of the grant in 2013/14.

Corporate Priorities

The Council's Corporate Plan and MTFs to deliver it were agreed by Council on 15 June 2011. The MTFs need to direct appropriate resourcing to delivery of the eight key priorities. Brief details of the eight priorities are set out below:

Raising Educational Standards

The raising of educational standards is essential for the future economic and social development of the Island's population. Educational attainment is generally lower on the Island compared with the national and regional situations although it has shown an upward trend over recent years. The majority of education funding is passported to schools on a formula basis. Schools are responsible for raising standards through good quality teaching and learning.

Highways PFI Scheme

The condition of the Island's roads is one of the key concerns for Island residents and visitors. The Highways Private Finance Initiative (PFI) will address this through the use of a substantial government grant to bring our highways up to an appropriate standard and maintain them for a period of 25 years. In total, just under £0.8 billion will be invested in the Island's public highway infrastructure over the 25 years of the project. This unprecedented level of investment in the Island's infrastructure will bring about improvements in the public realm, enable regeneration and be of benefit to the economy through the creation of jobs.

Keeping Children Safe

The council is committed to ensuring that children and young people are safe and enjoy healthy lives. To achieve this it invests in support services such as children's centres and short breaks for parents and carers of disabled children as well as specialist social work services to respond to safeguarding issues or support children who need to be looked after by the council or young people who are at risk through the criminal justice system.

Supporting Older and Vulnerable Residents

The Council has increased in overall terms its funding of services to older and vulnerable residents and keeping children safe. Where savings have been made this has largely been in management costs and increasing efficiency rather than reducing direct services to users/clients.

Housing and Homelessness

The Island's low availability of private housing and shortage of affordable social housing have resulted in an increasing need for the homelessness prevention service and for temporary accommodation. The projected growth in households on the Island is forecast to lead to a shortfall in housing units, which will exert upward pressure on prices and increase unaffordability for younger families and people on lower incomes. There will be a specific requirement for more housing suitable for older people, including extra care housing.

Regeneration and the Economy

The Council's approach to economic development will continue to focus on the key areas of business, places, people, climate change, super- fast broadband and tourism; it will continue to play a key role in actively support the Solent Local Enterprise Partnership to ensure the Island maximises the economic benefits from its activities.

Waste Strategy

The Council's current waste contract terminates in October 2015. The combination of this and the need for investment in waste treatment facilities provide the council with the opportunity to consider a long term waste strategy which will inform the terms of the new contract as well as which treatment facilities are appropriate to invest in. The development of a long term waste strategy has now begun, as has preparation for the next waste management contract to ensure that we deliver a cost effective and efficient solution to dealing with the Island's waste.

Delivery of Budget Savings Through Changed Service Provision

The budget strategy for 2011/12 is projected to overachieve with a projected overall net saving compared to budget of £1.8m. Within the strategy the Council has been successful in delivering real change that has sought to minimise the impact on direct services but still delivered significant reduction in on-going spend. Significant savings have been made in "back-office costs", through reducing staffing levels and from enabling services to be delivered differently. This has included and will include Community bus services,

Ventnor Botanic Gardens, fire control, public toilets, community Libraries, Tourist information and joint working with other organisations.

The thrust of the MTFs and Budget Strategy is to direct resources to the priorities of the Council and to change the shape and direction of service delivery in line with the agreed principles set out in the Corporate Plan. In resources terms this means maintaining or increasing investment in priorities, redirecting resources away from areas of lesser priority and changing from direct provision of certain services to commissioning and/or enabling alternative models of delivery. The following table summarises the overall allocation of resources to key priority areas within the Council's existing revenue and capital budgets.

	Revised Budget 2011/12	Forecast Budget 2012/13	Forecast Budget 2013/14	Forecast Budget 2014/15
	£000	£000	£000	£000
<u>INVESTMENT IN PRIORITIES</u>				
<u>1. Raising Educational Standards</u>				
Revenue Budget (excluding DSG)	8,702	8,102	8,093	8,141
Capital Budget	36,869	22,391	4,203	100
<u>2. Highways PFI Scheme</u>				
Revenue Budget – Project Team	1,807	1,400		
Revenue Budget – Highways	8,300	8,300	8,300*	8,300*
Capital Budget	5,373	3,784	3,238	0
<u>3. Keeping Children Safe</u>				
Revenue Budget	12,083	11,866	11,999	12,130
<u>4. Supporting Older and Vulnerable Residents</u>				
Revenue Budget – Care Provision	35,791	36,585	40,085	42,885
Revenue Budget – Other Adult Social Care/Management	6,952	6,353	6,353	6,353
Capital Budget	438	565	149	149
<u>5. Housing and Homelessness</u>				
Revenue Budget	5,303	5,313	5,313	5,313
Capital Budget	3,119	3,365	2,380	1,155
<u>6. Regeneration and the Economy</u>				
Revenue Budget	1,001	932	940	948
Additional Revenue		550		

Capital Budget	3	3,073	5,000	3,500
<u>7. Waste Strategy</u>				
Revenue Budget	7,950	8,468	9,009	9,557
Additional revenue		1,000		
Capital Budget	1,389	169	0	0
Total Revenue	87,889	88,869	90,092	93,627
Total Capital	47,191	33,347	14,970	4,904
* Subject to outcome of procurement process – the procurement process is anticipated to be finalised by the end of 2012, with works commencing in the spring of 2013.				

	Savings Target 2011/12	Forecast Savings 2012/13	Forecast Savings 2013/14	Forecast Savings 2014/15
	£000	£000	£000	£000
DELIVERY OF SAVINGS				
<u>8. Delivery of Budget Savings Through Changed Service Provision</u>				
Staff Reductions and Efficiency Savings	-14,111	-14,136	-14,136	-14,136
Service Reviews	-3,722	-7,063	-7,063	-7,063
Further Savings		-3,835	-5,735	-11,935
Savings to Match CT Freeze Grant			-1,798	-1,798
Total Savings	-17,833	-25,034	-28,732	-34,932

2012/13 Overall Budget

The overall budget for the Council in 2012/13 in terms of both gross and net budget is set out in the table on the following page. This table includes the revenue budgets for corporate priorities set out in the table above, but excludes the capital budgets which are shown in Appendix 7A.

Service Area	Adjusted Base Budget 2012-13			Proposed Changes 2012-13			Estimated Budget 2012-13		
	Adjusted Gross Budget £	Adjusted Income Budget £	Adjusted Net budget £	Gross Budget Changes £	Income Budget Changes £	Net Budget Changes £	Estimated Revised Budget £	Estimated Revised Income Budget £	Estimated Revised Net Budget £
Non Schools									
CE1 Directorate Management	227,415	0	227,415	0	0	0	227,415	0	227,415
CE2- 4 Learning & Achievement	9,902,140	-3,373,542	6,528,598	-341,093	0	-341,093	9,561,047	-3,373,542	6,187,505
CE5 Resident Information & Consultation	779,133	-53,436	725,697	0	0	0	779,133	-53,436	725,697
	10,908,688	-3,426,978	7,481,710	-341,093	0	-341,093	10,567,595	-3,426,978	7,140,617
CW Community Wellbeing & Social Care									
CW1 Directorate Management	231,967	0	231,967	0	0	0	231,967	0	231,967
Adult Care Provision	46,943,308	-13,028,730	33,914,578	2,747,000	-77,000	2,670,000	49,690,308	-13,105,730	36,584,578
Other Adult Social Care/Management	9,987,117	-3,098,247	6,888,870	-535,397	0	-535,397	9,451,720	-3,098,247	6,353,473
Children's Social Care	16,246,454	-4,119,164	12,127,290	-52,296	0	-52,296	16,194,158	-4,119,164	12,074,994
Community Wellbeing (Exc. Wightcare & DAT)	12,113,865	-2,682,178	9,431,687	-141,289	0	-141,289	11,972,576	-2,682,178	9,290,398
	85,522,711	-22,928,319	62,594,392	2,018,018	-77,000	1,941,018	87,540,729	-23,005,319	64,535,410
EC Strategic Dir. of Economy & Environment									
EC0 Fire Service	6,980,302	-71,950	6,908,352	-126,185	0	-126,185	6,854,117	-71,950	6,782,167
EC1 Directorate Management	191,516	0	191,516	0	0	0	191,516	0	191,516
EC2 Economy & Tourism	2,094,248	-615,705	1,478,543	503,804	0	503,804	2,598,052	-615,705	1,982,347
EC3 Leisure & Parks	7,247,017	-7,896,274	-649,257	-114,246	-70,000	-184,246	7,132,771	-7,966,274	-833,503
EC4 Planning & Regulatory Services	5,254,145	-1,760,151	3,493,994	-289,965	0	-289,965	4,964,180	-1,760,151	3,204,029
EC5 PFI Project	1,695,951	0	1,695,951	0	0	0	1,695,951	0	1,695,951
EC7 Highways & Transportation	11,634,106	-1,214,665	10,419,441	414,622	0	414,622	12,048,728	-1,214,665	10,834,063
EC8 Procurement & Contract Management	11,112,736	-143,735	10,969,001	1,228,047	0	1,228,047	12,340,783	-143,735	12,197,048
	46,210,021	-11,702,480	34,507,541	1,616,077	-70,000	1,546,077	47,826,098	-11,772,480	36,053,618
RE Resources Directorate									
RE11 Directorate Management	183,923	-18,873	165,050	0	0	0	183,923	-18,873	165,050
RE12 Financial Management	2,455,273	-100,957	2,354,316	0	0	0	2,455,273	-100,957	2,354,316
RE13 Resident Advice & Shared Services	6,095,294	-2,995,780	3,099,514	270,053	0	270,053	6,365,347	-2,995,780	3,369,567
RE14 Information & Communication Technology	2,677,415	0	2,677,415	956	0	956	2,678,371	0	2,678,371
RE21 Corp Governance & Monitoring Officer	171,863	0	171,863	0	0	0	171,863	0	171,863
RE22 Human Resources	653,159	0	653,159	0	0	0	653,159	0	653,159
RE23 Legal Services	1,035,662	-31,612	1,004,050	0	0	0	1,035,662	-31,612	1,004,050
RE24 Democratic Services	2,094,690	-399,476	1,695,214	146	0	146	2,094,836	-399,476	1,695,360
	15,367,279	-3,546,698	11,820,581	271,155	0	271,155	15,638,434	-3,546,698	12,091,736
CP Corporate Items									
CP1 Financial Management	2,076,455	-1,376	2,075,079	200,000	0	200,000	2,276,455	-1,376	2,275,079
CP2 Housing Benefits	63,935,852	-63,811,899	123,953	0	0	0	63,935,852	-63,811,899	123,953
CP4 Summary Accounts	20,625,272	-5,948,979	14,676,293	-3,532,820	0	-3,532,820	17,092,452	-5,948,979	11,143,473
	86,637,579	-69,762,254	16,875,325	-3,332,820	0	-3,332,820	83,304,759	-69,762,254	13,542,505
Building Maintenance									
	1,085,429	-279,006	806,423	0	0	0	1,085,429	-279,006	806,423
	1,085,429	-279,006	806,423	0	0	0	1,085,429	-279,006	806,423
Less Corporate Savings Terms & Conditions Review to be allocated across services									
	245,731,707	-111,645,735	134,085,972	-514,000	0	-514,000	245,449,044	-111,792,735	133,656,309
Total Non Schools									
	245,731,707	-111,645,735	134,085,972	-282,663	-147,000	-429,663	245,449,044	-111,792,735	133,656,309
DSG									
CE Chief Executive									
CE2-4 Learning & Achievement	92,901,298	-92,901,298	0	0	0	0	92,901,298	-92,901,298	0
Total DSG	92,901,298	-92,901,298	0	0	0	0	92,901,298	-92,901,298	0
Grand Total	338,633,005	-204,547,033	134,085,972	-282,663	-147,000	-429,663	338,350,342	-204,694,033	133,656,309

NB. Cross-cutting corporate savings from the Terms & Conditions Review are to be allocated to service areas

**Isle of Wight Council
EQUALITY POLICIES**



Equality Impact Assessment Form

**Medium Term Financial Strategy and
Budget Strategy 2012/13 to 2014/15**

EqIA Reference No:

Equality Impact Assessment Form

1. Persons responsible for this assessment:

Name: David Burbage	Telephone: (82) 3606
Service: Resources	E-Mail: David.Burbage@iow.gov.uk
Directorate: Resources	Date of Assessment: 16 th January 2012

2. Name of the policy, service, **strategy**, procedure or project:

Medium Term Financial Strategy (MTFS) and Budget Strategy 2012/13 – 2014/15

3. Is this a new or existing policy:

The Council has had a MTFS in place for a number of years, however this version represents a further refresh of the strategy, putting it into the strategic context for both the Sustainable Community Strategy and Corporate Plan and showing how Strategic Financial Planning is interlinked with the overall strategic context. The updated MTFS also demonstrates its links with Key Programmes of Change for the Council, Key Strategies and Plans to achieve value for money, Key Resources and Financial Procedures and Controls, and Monitoring and Review processes. This version includes the measures necessary to respond to the results of the Coalition Government's Comprehensive Spending Review, in particular the reduced resources available to the Council from the provisional grant settlement on 13 December 2010.

Briefly describe its aims and objectives

Overview:

The Medium Term Financial Strategy (MTFS) sets out how the Council will resource the key projects, changes and improvements that flow from the Council's Corporate Plan as agreed at Council on 15th June 2011.

The Medium Term Financial Plan (MFTP) sets out the projected resources from Revenue Support Grant, assumed levels of council tax, fees and charges and projected costs of delivering existing services. It also sets out the additional investment required in key priority areas over and above existing budget provision.

The Revenue and Capital Budget and Council Tax level for 2012/13 will be set at the Council meeting on 29th February 2012 following consideration of specific Equality Impact Assessments and consultations.

4. Who is intended to benefit from it and in what way?

Isle of Wight Community:

The development of the Island's Sustainable Community Strategy, expressed through the Eco Island vision, delivered in tandem with the Corporate Plan and the Council's Transformation and Strategic Improvement programmes, provides an opportunity to make a real difference in future for residents and visitors alike. The philosophy of equality and diversity on the Island should be led by the Council, but it is equally important to ensure that the Council's key partners are also committed to the principles of equality and diversity, and that the principles are promoted across the Island as a whole, with a view to ensuring that we are delivering accessible locations and facilities for as many people and groups as possible. The JSNA and the Isle of Wight Facts and figures are relevant to this.

http://www.iwight.com/council/facts_and_figures/images/Diversitypages,2011-12,v.3Aug2011.pdf

<http://www.iwight.com/documentlibrary/view/joint-strategic-needs-assessment-jsna-1>

5. What outcomes are expected?

Delivery of cost effective and value for money services that meet statutory requirements and the needs of the diverse Island Community, giving due regard to the nine protected characteristics in the Equality Act 2010, within the context of the restricted resources available following the Comprehensive Spending Review and managed Council Tax increases across the remaining three year period of the strategy.

6. Have you consulted on this policy, service, strategy, procedure or project?

Residents', Staff and Budget Consultation

In order to ensure that the views of as many people and diverse groups as possible have been taken into account in developing the Vision and Values of the Island and the Council, a number of surveys and consultation exercises have been commissioned during the course of the year. These have included a residents' panel, regular meetings with key partner organisations through the Island Strategic Partnership, and Time 2 Talk sessions with staff.

Specifically for budget consultation, an exercise was undertaken during the period from November 2011 to January 2012 aimed at identifying budget priorities for the forthcoming year.

For the 2012/13 budget a combination of measures were used:-

- An on-line budget simulator model to gain more detailed feedback on service priorities for residents given the reduced resources available to the Council
- The council sought the views of different groups of residents as part of its annual budget consultation. Initial qualitative input has been sought via focus groups with union representatives, residents' panel volunteers, businesses and community groups and town and parish councils

The results of each of these measures will be analysed and fed into the budget process to influence decisions on resource allocation. It should be noted that the two

methods of consultation used are very different in nature, and the results analysed separately. A summary of the results of each exercise is included as at Appendix 3 to this report.

In addition, a Budget Review report to Council on 21 September 2011 highlighted the areas for consideration for savings for 2012/13 and a presentation on the overall budget strategy went to the Overview and Scrutiny Committee at its meeting on 27th October 2011 and at its meeting on 8th December 2011.

7. What evidence has been used for this assessment?

Medium Term Financial Strategy

In developing the revenue and capital budget for 2012/13, and the MTFs until 2014/15, there is a need to direct and redirect resources to meet the Council's vision and strategic objectives and priorities within them, whilst balancing the budget gap. On this occasion, in particular, there is a need to respond to the results of the Government's Comprehensive Spending Review(CSR).The CSR has resulted in significantly reduced resources from government available to the Council over the four financial years 2011/12 to 2014/15. The Government are also consulting on major changes to the way Council's are funded which may reduce resources further as well as localisation of Council tax Benefit and other changes in 2013/14. In developing the strategy, there are a number of diverse elements to consider:

- The Council's vision and strategic objectives and the need to direct resources to the 8 key priorities of the Council as agreed in the Corporate Plan at the Council meeting on 15th June 2011.
- The results of the budget consultation exercise and residents and staff surveys.
- The medium term financial plan, setting out the costs and resources for existing services over the next three years. This reflects known budget pressures and future impacts of inflation, service pressures and grant settlements.
- The outcome of the Joint Strategic Needs Assessment and changing service needs and the consequent changed investment required in key service areas over and above existing budget provision.
- The medium term revenue and capital strategies that will enable the Council to redirect resources over time to deliver its strategic objectives and priorities for improvement.
- The overall deliverability of the strategy, including the maintenance of a sustainable level of reserves and balances and being able to meet legal and financial constraints in order to agree a legally and financially sound budget and Council Tax level.
- The impact of the reduced resources available from central government on Council services in the short term and likely impact in the medium to long term.
- Future legislative change and the extent of statutory duties
- The varying impacts on council tax payers, business, service users, residents and visitors

8. Could a particular group be affected differently in either a negative or positive way?

	Negative	Neutral	Positive	Evidence
Age			√	<p>All council services are delivered to meet the needs of the diverse local community. We are able to provide information in alternative formats on request. There are specific investment and service proposals that will impact on older people, young people and vulnerable adults differently. For example the National Government Concessionary Fares scheme is a statutory scheme and is applicable to over 60's only. The Council will continue to invest in the provision of services to rural communities and plans to increase investment in the local economy.</p> <p>The Isle of Wight has a relatively large proportion of elderly residents and the adult social care budget is being increased to respond to that demographic impact. The Council is also investing in raising Educational standards and children's social care which has an impact on that demographic group.</p>
Disability			√	<p>All council services are delivered to meet the needs of the diverse local community. We are able to provide information in alternative formats on request such as large print, Braille when requested. There are specific investment and service proposals that will impact on older people, young people and vulnerable adults differently</p> <p>We work to ensure that community consultation takes place in accessible venues and at accessible times to suit the audience that we engage with</p>
Gender reassignment		√		No negative impact identified to date
Marriage/civil partnership		√		No negative impact identified to date
Pregnancy and maternity		√		No negative impact identified to date
Race including Gypsy & Traveller			√	All council services are delivered to meet the needs of the diverse local community. We are able to provide information in alternative formats on request such as alternative languages for those members of our community who English is not their first language. We

				work to ensure that community consultation takes place at a time to suit the audience we want to engage with e.g taking the consultation to them. There are specific investment and service proposals that will impact on older people, young people and vulnerable adults differently
Religion or Belief		√		No negative impact identified to date However where possible we work to ensure that we provide opportunities for people to have the opportunity to engage with our consultation and community engagement activities, taking account of when people would not be available such as religious days of worship to maximize participation
Sex		√		No negative impact identified to date
Sexual Orientation		√		No negative impact identified to date

9. Additional information

Equalities Impact Assessment

Resources

Around 70% of the Council's gross revenue cost is met from Government grant and with council tax increases being the subject of capping and Freeze the Council's ability to increase resources is severely constrained and largely outside of its control.

The 2010 comprehensive spending review set out significant reductions in public spending over the four financial years 2011/12-2014/15. It is estimated that the Council will face an on-going grant reduction of £20.8m by the end of the four years.

Business rates are currently set by Government and redistributed to Councils within the overall Revenue Support Grant (Formula Grant) settlement.

As part of the budget strategy the impact of having a council tax increase of 2.5% has been considered against the level of savings and reductions in service that would result. A 1% change in council tax level equals some £715,000.

Within the Formula Grant funding at national level resources were top sliced to fund a council tax freeze in 2011/12. The Council set its budget requirement for 2011/12 at a level 2.5% higher than for 2010/11. The council tax freeze grant received for 2011/12 of £1.788m (equivalent to a 2.5% increase) enabled the council to set a council tax level in 2011/12 at the same level as 2010/11.

The Government has announced a further Council Tax Freeze in 2012/13 and will pay a one-off grant equivalent to a 2.5% increase. The proposal is to accept the grant and freeze the Councils council tax level at the same level as 2010/11 and 2011/12. This means that in 2013/14 the Council will face a further budget gap of £1.8m as the grant is one-off. The proposal is to make savings in 2012/13 with a full year effect in 2013/14 that meets the additional £1.8m loss of council tax income that it will need to address as part of its consideration of the 2013/14 budget.

The alternative would be to not accept the grant and levy an actual council tax increase thus costing council tax payers £1.8m more than they would otherwise have to pay. The impact in 2013/14 of having to make a further £1.8m of savings is assessed to have a lesser impact. In any event the savings proposals in the report to meet the £1.8m are largely efficiencies and savings in capital financing.

In addition the government have set an effective capping level of 3% for 2012/13. Any council tax increase above this level would be deemed to be excessive and would require a referendum.

The other area of financial resource relates to income from fees and charges. There are a wide range of services and activities that the council charges for and consideration has been given to potential increases taking into account service and economic factors. It is proposed to freeze parking charges and the only areas where it is proposed to increase charges relate to bereavement services where there has been significant capital investment; beach huts to put them on a more commercial basis and some registrars services where the service is being restructured. A schedule of all fees and charges will be published on the Council's website.

The impact of fees and charges can impact on vulnerable groups differently and may be a barrier to accessing services. Increases can also lead to a drop in usage. The proposals in the report are not anticipated to disproportionately affect any particular vulnerable group.

Spend and Investment

The Council's agreed corporate plan sets out 8 key priorities and the budget strategy is based on directing the necessary resource to deliver these. The priorities reflect major areas of service delivery that are high priority for Island residents and service users. They also reflect the need for service improvement and growth based on the Joint Strategic Needs Assessment particularly in relation to older and vulnerable adults, housing and homelessness, and supporting the economy.

KEY PRIORITIES FOR RESOURCE ALLOCATION

PRIORITY	INVESTMENT	OUTCOMES
Raising Educational Standards	Capital Investment One School Pathfinder, Basic Capital allocations Capital receipts from disposals	<ul style="list-style-type: none"> •Increased achievement •Re-organised Education Service shared with Southampton city council to increase capacity •Major improvement in Building condition and fitness for purpose •VFM in use of resources
Roads/Highways PFI	£7.6m one-off revenue set up costs Commitment to on-going revenue maintenance	<ul style="list-style-type: none"> •Upgrade and on-going maintenance for 25yrs of the Island's highways infrastructure •Improved Highway service to residents and tourists •Catalyst for economic and social regeneration •Opportunity to secure significant inward investment to the island
Keeping Children safe	Base Revenue budget £12m	<ul style="list-style-type: none"> •Children centres and support services for parents and carers •Children safeguarded from abuse and neglect •Children achieving and leading healthy lives
Waste Strategy	Provision for re-procurement of new contract will involve one-off costs in the next three financial years. Initial provision of £1m to be set aside for 2012/13	<ul style="list-style-type: none"> • Improved recycling • Reduced costs of current contract • Long-term waste strategy to deliver a cost –effective and efficient solution to dealing with the Island's waste • Universal service but with impact on Vulnerable groups factored into contract specification.

PRIORITY	INVESTMENT	OUTCOMES
Supporting Older and Vulnerable Adults Adult Social Care -care provision	2011/12 net budget £35.8m (£48.3m gross) 2012/13 £36.6m (£49.7m gross) 2013/14 £40.084m (£53.2m gross) 2014/15 £42.885m (£56m gross)	<ul style="list-style-type: none"> •Independent living •Choice and control for individuals •Better outcomes for individuals •Meeting targeted need •Strengthening delivery and improving assessment and response
Housing and Homelessness	Capital investment of £9m over three years Base revenue budget £5.3m	<ul style="list-style-type: none"> • affordable Housing •reduced homelessness •Disabled facilities •Supporting People
Regeneration and Economy	Strategic Tourism and promotion activities £500k £250k economic improvement fund Parking charges not increased for four years £300k employment opportunities for young people Capital investment £8.073m three years <ul style="list-style-type: none"> • Superfast broadband £3m • Solent Ocean Energy Centre £1.073m • Infrastructure to enable employment £1m • Cowes floating bridge £3m 	<ul style="list-style-type: none"> •Inward investment •Job creation • increased pre-apprenticeship places •Growth of renewable technology sector, composite sector, Marine, IT etc. •High quality Tourism •Superfast broadband •Private sector led tourism board

The overall budget after allowing for the resource position, the investment in priorities and the increased costs that have to be met shows a budget gap of £3.835m in 2012/13 and £5.65m in a full year to take account of the council tax freeze in 2012/13.

In developing the savings proposals that are required to meet these gaps consideration has been given to the use of general fund balances and the impact of the savings proposed.

Because of the medium-term financial position and future reduction in grants to come and the changes to the system for local Government funding the budget strategy recommends no use of general fund balances to meet recurring spend or to avoid on-going savings.

The savings proposals are targeted at efficiencies, delivering services differently and savings from capital financing costs.

SAVINGS PROPOSALS

ECONOMY AND ENVIRONMENT SAVINGS

Ref	Service	2012/13 (£000's)	2013/14 (£000's)	Comment
E1	Economic development – business surveys	22	22	
E2	Tourist Information Centres – property costs	24	24	
E3	Wight in Bloom – cease all Council support	0	4	
E4	Miscellaneous savings in grounds maintenance	36	50	

E5	Island Games – reduction in grant aid support	102	102	
E6	West Wight Sports Centre – reduction in grant aid	0	25	Dependent upon discussions with the trust
E7	Combining Street Based functions – reduction in posts	65	65	
E8	Bereavement Services - increase in fees and charges	20	20	
E9	Beach Huts – increase in income	20	20	
E10	Ventnor Winter Gardens – reduction in holding costs	10	20	
E11	Medina Leisure Centre – increase in income	30	30	
E12	Car Park Management – reduction in posts	35	35	
E13	Car Parking – changes to parking concessions	0	0	No proposed changes at this time
E14	Car Parking – Freeze charges with no increase	0	0	
E15	Revised Refuse Collection Arrangements	100	100	Consultation undertaken universally applied Will take into account any impact on people with disabilities and vulnerable people
E16	Review of Regulatory Services	190	190	
E17	Joint Working with Southampton City Council	100	200	
E18	Fire and Rescue Service Post	50	50	
E19	Public Rights of Way contract	30	30	
		834	987	
	Provision for slippage on staffing changes	(65)		
		769	987	
E20	Procurement and Contract Management Savings	127	386	

ECONOMY AND ENVIRONMENT SAVINGS

Ref	Proposal	2012/13 (£000s)
E1	<p>Economic Development The business surveys that were a necessary output of the economic development service contract to inform the local economic assessment will only be undertaken annually following the end of the contract in March 2012, thereby delivering an annual saving.</p>	22
E2	<p>Tourist Information Centres This relates to the costs of managing the vacant properties whilst termination of the leases was negotiated.</p>	24
E3	<p>Wight in Bloom The Council has been the main organiser of this event for a number of years – it does attract some sponsorship towards its direct costs but the principal cost to the Council is in the staff time taken up by the event. Given the reduction in staffing resources it no longer has the capacity to allocate to this activity above those of higher priority. It is anticipated that this event will continue to take place, supported by the community, given the high level of involvement it generates. It is proposed to provide one-off transitional funding of £4k in 2012/13 to enable a community group to establish new arrangements.</p>	0
E4	<p>Miscellaneous savings in grounds maintenance This includes:</p> <ul style="list-style-type: none"> • Review of management arrangements for paddling pools; £7k • Transfer of responsibility for bowling green maintenance to local clubs; £7k • Full recharge for the estuaries project costs to the grants received for it;£18k • Cease rental on depot £4k 	36
E5	<p>Island Games The medium term financial plan contains an allocation for the hosting of the International Island Games in 2011. This provision is no longer required. In addition the current annual grant to the Island Games Association to support its organisation of the team to attend each Games will be reduced by £2k to £5K.</p>	102
E6	<p>West Wight Sports Centre Trust The Council has been reviewing the amount of grant made available to support this facility. Given the work that is currently taking place to develop a hub of community activity, including the proposed new build primary school, it is not recommended at this stage to reduce the amount of grant currently made available. However a possible £25k reduction in grant in 2013/14 is still highlighted. The Council remains committed to working with the Trust to develop a longer-term sustainable model, drawing on the arrangements which have been put in place for Waterside Pool.</p>	0
E7	<p>Street Based Services Work is on-going to align the work of the Environment Officers, Dog Wardens and the Parks and Gardens Inspectors in order to reduce overlap, management costs and improve efficiency. It is expected</p>	65

	that 2FTE posts (one vacant) will be saved as a result of this review. Although the overall capacity of the team will be reduced it will focus on priority areas of activity.	
E8	Bereavement Services Income An increase of 2.5% to the fees and charges for these services in addition to the inflationary increase.	20
E9	Beach Huts Income The outcome of the independent review of the charges for beach hut licences determined a rate of £250 for 2011/12 to be increase in line with RPI for the following 3 years. This takes account of the additional income to be generated by this increase.	20
E10	Ventnor Winter Gardens The current provision for a contribution towards the management costs is no longer required following the decision to dispose of the building. Half of the allocation is to be retained in 2012/13 to meet any costs associated with the disposal.	10
E11	Medina Leisure Centre The Council is now solely responsible for the costs of the operation of the leisure centre which is hired from it by the Island Innovation Trust (under a new dual use agreement) for the delivery of the PE curriculum at Medina College. This represents the expected increase in income after additional costs have been taken into account of these new arrangements.	30
E12	Car Park Management: A current review of the working arrangements for the Civil Enforcement Officers will improve their flexibility and enable better targeting of resources to the busiest periods. This will lead to a reduction in 2 FTE posts by not filling current vacancies.	35
E13	Car Parking – Removal of Existing Concessions Consideration was given to removing a number of existing concessions that exist in different parts of the Island. It is not proposed to bring forward any such changes at this time, although this may be subject to change, depending on the outcomes of the budget consultation process and further deliberations.	0
E14	Car Parking Charges Freeze charges with no increase.	0
E15	Revised Refuse Collection Arrangements Cost savings resulting from the changes made to refuse collection arrangements through the reduction in waste to landfill and thereby the reduction in landfill tax.	100
E16	Review of Regulatory Services A review of regulatory services is underway to ensure and appropriate level of service is delivered for the Island. The review will result in a restructure and savings of £190k per annum.	190
E17	Joint Working with Southampton City Council A number of opportunities for joint working are being developed with Southampton City Council. In the area of Environment, Planning, and building control it is anticipated that savings of £100k will be delivered during the 2012/13 financial year.	100
E18	Fire and Rescue Service Post A reduction of one post within the Fire and Rescue Service as the	50

	post is no longer required following the retirement of the postholder.	
E19	Public Rights of Way Options are being explored for the arrangements for public rights of way maintenance. As a result it is planned to reduce the management of this service by one post.	30
	Provision for slippage on staffing changes	(65)
		769
E20	Procurement and Contract Management Savings Savings to be delivered through reduction in contracting activity, particularly in the corporate / facilities management areas. Further savings will be driven from existing contracts and efficiencies in future procurements.	127

COMMUNITY WELL BEING AND SOCIAL CARE

Ref	Service	2012/13 £'000	2013/14 £'000	
CWB1	Establishing an integrated NHS/Adult Care Crisis response and reablement service	534	534	Specific EIA to be produced
CWB2	Children's Centres Efficiencies.	68	68	No external impact
CWB3	Community Safety management costs	45	45	
CWB4	Operation of in-house business models for adult and children's care services and Wightcare. In addition there will be £20k savings from more effective commissioning of domiciliary care services to support families with disabled children.	150	200	Specific consultation and EIA to be undertaken
CWB5	Direct payments	25	25	Specific consultation and EIA to be undertaken
CWB6	Implementation of the Youth Services Review	128	128	Specific consultation and EIA undertaken and considered when the Cabinet member decision was made on 16/1/2012
CWB7	NHS preventative funding on reablement etc.	<u>0</u>	<u>400</u>	Will result from specific initiatives that will be subject to EIA's where appropriate
		950	1,400	

Ref	Proposal	2012/13 £'000
CWB1	<p>Establishing an integrated NHS/Adult Social Care crisis response and reablement service</p> <p>There is firm evidence that intervening promptly when people are in crisis, maintaining them in or returning them to their homes and providing an effective reablement service both provides better outcomes for the individual and reduces costs to NHS and adult social care services. Working across all aspects of health services with adult social care and Wightcare the Island is developing a model of responding to individuals and reabling them.</p>	534
CWB2	<p>Children's Centres Efficiencies.</p> <p>Review of centrally controlled project management costs that were previously spent on activities through Childrens Centres. All current locations are due to remain open.</p>	68
CWB3	<p>Community Safety Management Costs (Street-based services and staff</p> <p>A further review of street based inspection functions is currently underway. The intention of the review is to bring together under one management structure the Environment Officers and Dog Wardens. The review will take into account the role of the PFI provider from April 2013 and will also revisit and confirm priorities for these street based staff. In addition it is intended to engage with the police, registered social landlords and the Council's community support officer function to avoid duplication and to ensure that the delivery of the street based services by all organisations is co-operative and beneficial to residents, visitors and businesses.</p> <p>In the meantime, a potential management saving of £45,000 has already been identified within Community Wellbeing even if there are no other changes in organisational arrangements.</p>	45
CWB4	<p>Operation of in-house business models for adult and children's social care services and Wightcare</p> <p>Following the Cabinet's decision to maintain the provision of an adult learning disability residential respite care facility in Newport at Westminster House the staff team have embraced the concept of them being responsible for their futures. This includes looking at how they can reduce their cost base and offer additional services that will generate income so that at a point in the future they can leave the Council confident in their ability to be a financially viable trading organisation that does not require an on-going subsidy from the Council.</p>	150

	<p>This approach is generating interest across a range of other Council Operated social care services as well as Wightcare, the housing support service. It is proposed to move all these services to a trading model and strengthen the ability of the workforce to take responsibility for what will effectively be business decisions while still offering a degree of safety by remaining within the Council as they learn the skills that will be required to assure their future success independent of it. This will enable these services to meet the challenging budget reduction targets that they are already committed to within the medium term financial strategy and deliver around £130k additional savings in 2012/13.</p> <p>In addition there will be £20k savings from more effective commissioning of domiciliary care services to support families with disabled children.</p>	
CWB5	<p>Establishing direct payments as the principal means by which adult social care recipients are supported</p> <p>Both the previous and current national governments have promoted personal budgets for people receiving community based adult social care services and both see people receiving those budgets as direct payments, i.e. money is transferred from the Council to the individual or their agreed agent as the end point to be reached. Adult Social Care will shortly be re-shaping itself to meet this ambition and in so doing recognising that they will no longer hold the monopoly on providing advice and assistance to people on how to spend their personal budget and that the Council's business processes will need to be re-designed with opportunities for significant efficiency savings. The full change programme is likely to take in the region of 2 years and the details are still being considered, however savings of at least £25,000 should be achievable within the first year from more efficient business processes.</p>	25
CWB6	<p>Implementation of the Youth Services Review</p> <p>The Youth Services review is now completed and implementation is beginning. Through revised staffing structures, a reduced dependency on buildings and a clearer focus on meeting the council's statutory responsibilities, the new Youth & Community Service will be able to show that it improves the council's contribution to the lives of young people while generating savings of £128,000 in 2012-13 and on-going</p>	128
CWB7	<p>NHS preventative funding</p> <p>The operating framework for the NHS includes them receiving funding to support reablement and preventative work that should lead to reduced costs of adult social care support. Following investment in 2012/13 this should deliver savings in 2013/14 which are currently assessed as some £400k.</p>	
		950

EDUCATION SERVICES

Ref	Service	2012/13 £'000	2013/14 £'000	Comment
ED 1	£250k (£200k in 2012/13) saving as a result of joint work with Southampton City Council on school 'challenge and support' statutory activity and shared education psychology statutory function. This reflects the growing autonomy of schools to develop their own school, curriculum and staff development programmes, either in partnership with each other or with other schools from other local authorities.	200	250	No external impact on service delivered
ED 2	£250k (£150K in 2012/13) saving as a result of a reduction in local authority responsibility with regard to providing independent information and guidance to students in secondary schools and colleges. The authority will continue to meet its statutory duties with regard to those students leaving school who have a statement of special educational needs and will also provide support to those who leave school with limited qualifications and are not in education, employment or training.	150	250	No external impact on service delivered
		350	500	

CORPORATE SERVICES

Ref	Proposal	2012/13 £'000	2013/14 £'000	
Cor1	Terms and Conditions review The Council has undertaken a comprehensive review of terms and conditions across all staff. As well as protecting the Council from equal pay challenge through delivering more modern and rational terms and conditions, the project will also deliver significant budget savings. The Council spends some £3.6m per annum on allowances, plus rates and enhancements to basic pay. The proposals to rationalise these terms and conditions would deliver an estimated £514,000 savings which is a reduction of some 14.3%.	514	514	Subject to full consultation process with staff and equalities impact assessment
Cor2	Treasury Management savings Interest rates are still low and short-term PWLB rates (1-2years) are some 1.5 % .The strategy is therefore to avoid external loans			Cost saving no equalities impact

	<p>where possible, and when there is a need to borrow externally to borrow short-term initially.</p> <p>Surplus cash is being used to fund capital spend and then lent out on a short-term basis. The interest earned is very low only some 0.6%. This means that at the time we do have to borrow externally longer-term then the additional interest costs will be some 3.7% or more (4.3%-0.6%)</p> <p>The savings that can be made in 2012/13 and 2013/14 on treasury management are therefore one-off and cannot be relied upon on an on-going basis. If capital spend is reduced then the savings would be recurring.</p>	1,075	1,363	
Cor3	<p>Staffing control and management</p> <p>Strict staffing controls and management of vacancies, agency staff etc. are in place. Significant vacancy savings were achieved in 2010/11 and are being achieved in 2011/12. Further restructurings will be necessary as the change agenda is progressed. The full year effect of staffing changes from the 2011/12 budget savings need to be achieved so no more is suggested for 2012/13. During 2012/13, however, further work will be undertaken to deliver further staffing savings for 2013/14 either through formal changes to structures or through turnover of staff.</p>		435	Processes And policies applied consistently and in accordance with agreed framework.
Cor 4	<p>New Homes Bonus</p> <p>The Council will receive £484,537 for the second year of new homes bonus in respect of 2011/12 and £657,800 for the first year for 2012/13. Of this amount £50,000 will be used to meet the savings target for 2012/13. The balance will be used to meet additional costs of adult social care packages, energy costs etc. and to make a provision for a fall in fees and charges income that are above the levels previously projected in arriving at the budget gap of £7.201m</p>	50	50	No Equalities impact
		1,639	2,362	

SUMMARY

Economy and Environment	769	987
Procurement and Contract management	127	386
Community Well Being and Social Care	950	1,400
Education Services	350	500
Corporate Services	<u>1,639</u>	<u>2,362</u>
	3,835	5,635

Completed by: David Burbage
Role: Strategic Director of Resources

Date: 16th January 2012

BUDGET CONSULTATION SUMMARY REPORT

Each year, the council seeks to involve local residents in its budget setting process by undertaking a programme of consultation to hear the views and opinions of the local community.

Two methods of consultation are used; firstly qualitative research in the form of focus groups discussions/workshops with representatives from a range of community groups and secondly, a quantitative research method using an online budget simulator.

In addition to these, there are opportunities for members of the public to share their views in relation to specific consultations linked to proposed plans all year round as well as through the democratic processes of the council; including full council, cabinet and the various scrutiny panels and committees.

Budget workshops - methodology

The five separate budget focus groups/workshops took place in the council chamber during November and December, lasting between an hour and a half and two hours each. The groups comprised the following:

- union representatives (Thursday 3 November)
- residents' panel volunteers (Monday 7 November)
- Island businesses (Monday 14 November)
- community groups; including older persons, young people, disability groups etc (Monday 21 November)
- town and parish councils (Monday 5 December)

A total of 86 residents attended the five events.

On arrival, those attending had the opportunity to view some display boards with background information setting out some of the key statistics from the Island's Joint Strategic Needs Assessment. This was followed by an initial presentation from the chief executive and relevant director outlining the council's strategic priorities, financial challenges, savings achieved and on-going savings targets, as well as hearing about the impact of a council tax freeze and changes in future for business rate collection and redistribution.

<http://www.iwight.com/council/consultation/images/CommunityWorkshopPresentationbudget2012.pdf>

This was followed by a question and answer session. The audience were then invited to share their thoughts and views on whether the priorities and principles were the right ones, where they might choose to make savings or raise income and any alternative ideas they wanted to put to the council ahead of its budget decisions in February.

Feedback from the session was then invited from each of the tables in turn and captured on pre-printed sheets by each table. Those attending were also given the opportunity to post specific questions/ideas into a posting box if they preferred. At the end of the session, feedback was also invited on the event itself, via an evaluation form, to inform future planning. The findings revealed that, of those who completed a feedback form, 79% felt that the workshop was an effective means of consultation, 77% felt that useful information had been provided both before and at the event, 94% said that they felt able to

openly contribute their ideas and 59% felt that the workshop was good overall. Members of the business group said that they thought it might be useful in future sessions to include more detailed information about fees and charges to help the discussions and others requested a breakdown of the discretionary spend in more detail.

Budget workshops – key findings

The majority of those attending recognised that the task for the council was a difficult one and did not envy its position. In general they considered that the council's priorities and principles were the right ones, different groups feeling that some were more important than others eg younger groups feeling less concerned about investment in Island roads, older people recognising the importance of care for vulnerable groups, town and parish councils feeling that resources should be focused on both children and vulnerable adults and businesses recognising the significance of raising educational standards. A common concern was the need to create more employment on the Island to help stimulate the economy recognising that, for young people in particular, this would be important but also equally important to help encourage new businesses to establish themselves here. Support for tourism was also highlighted as a key concern recognising this as an area upon which the Island was still reliant. There was a concern though that this needed to be balanced with a regard for the social economy and recognition that, whilst it may be better to seek support from the voluntary sector to run some of these services rather than the council, that the sector would need support and the council would need to provide a key role in quality assuring services.

Discussions around savings were mixed with several of those in the groups revisiting the issue of concessionary fares and whether contributions could be made by the public to ease the burden on the council. It was explained again that this was regrettably not possible under the current requirements of the scheme. It was also clear from some of the discussions that some of the work the council was already doing to make savings had not registered with residents; in particular around management and staff cost savings and making the best use of council buildings/assets and could therefore benefit from further communication. Among other suggestions for savings were reducing energy consumption e.g. pcs/lights/heating including within schools, reducing the number of councillors or freezing councillor allowances, being vigilant about expenses and reducing costs within our business processes and incentivising staff to maximise savings within their service areas.

Suggestions for raising income included a 50p passenger toll for the chain ferry, increasing sponsorship for planting, roundabouts etc, charging developers for costs of appeals, charging entrance fees for eg Ventnor Botanic Garden, a landing tax for supermarket lorries, different tax for second home owners/holiday lets, renegotiating loan rates and charging according to means testing so those who afford it pay more. Some suggestions indicated that there was a lack of understanding still around the differences between capital and revenue costs and the fact that stopping investment in capital projects did not mean this money could be transferred for use to invest in aspects of service delivery.

Alternative ideas for tackling the financial challenges tended to be individual rather than collective suggestions although a thread running through some of these indicated again the focus on the investment needed to encourage inward investment and economic growth such as road improvements, tourism and support for small and medium-sized enterprises (SMEs). Other ideas included eg refinancing capital (where it was explained that the best

possible financing arrangements had already been negotiated), creating more recycling points, taking adopted roads back to private use only, creating an on-Island abattoir, getting rid of parish and town councils and transferring the precept to the local authority and enlisting private establishments to take on the running of public conveniences.

Some more general enquiries were also raised covering a range of subjects; some of which were beyond the council's control eg changes to the death duty, concessionary fares scheme and others which indicated that additional communication would be beneficial to reinforce work being undertaken eg reinvestment of money connected to change from a middle school system back into education, considering local businesses in council procurement processes. It has been subsequently agreed that a set of frequently asked questions would be included on the budget pages of the council's website to address these and other queries.

At the town and parish council workshop, the Leader of the council also announced the new provision of the Economic Improvement Fund. A total of £250,000 is being divided between all town and parish councils with the allocation being calculated based on the number of council tax band D properties in their area. The key criterion for the money to be awarded to town and parish councils is that they need to demonstrate the money will be spent on projects which benefit the economy of the area. This led to further discussion and points seeking clarification of this scheme.

Online budget simulator - methodology

The Isle of Wight Council's budget simulator was launched on 22 December 2011 and ran until Friday 20 January 2012. The purpose was to enable local residents to share their views on savings the council might make, opportunities to raise income, areas of spend it might make and any other views they wanted to contribute to inform the budget decision making process.

The simulator was developed by Redbridge Council and offered free of charge to all local authorities via YouGov. The layout and format of the simulator could therefore not be changed and only the options and descriptive text could be customised. The simulator is designed to enable residents to make choices on screen via tick box and sliding scale mechanisms. Each time a choice is made, the savings and council tax levels adjust accordingly. An indication is also given in the form of narrative text of the implications of each decision made. Decisions made can be changed and adjusted throughout the process. There is also a section for those participating to add further freehand comments and a section capturing some information about the person taking part, should they choose to complete it, which helps identify whether particular views are shared by groups of residents.

The council recognised that, as many of the significant changes to services and the related on-going savings had been made in the previous year, the choices around further savings were not as broad as had previously been the case. Careful consideration was therefore given to opportunities that were realistic in line with statutory requirements and local priorities. The opportunity to add additional comment on any topic would however lend itself to areas that residents could not identify as options within the simulator itself and would also help inform the process.

The opportunity to participate in the budget simulator was promoted through the local media, via the council's website and also publicised in the council internal newsletter the Vine. Other partner organisations including the police, NHS, RCC and Chamber of

Commerce were also asked to help publicise the opportunity through their own internal and external communications.

In total the simulator was completed 120 times, 45 (37%) from the council's IP address indicating staff responses.

The simulator is split into 4 pre-formatted sections:

- Where we spend money – using a slider to indicate more or less spend
- How we pay our staff – using a slider to indicate more or less
- How we can bring money in – tick box options
- How we can save money – tick box options

The results of the consultation for each section are detailed below.

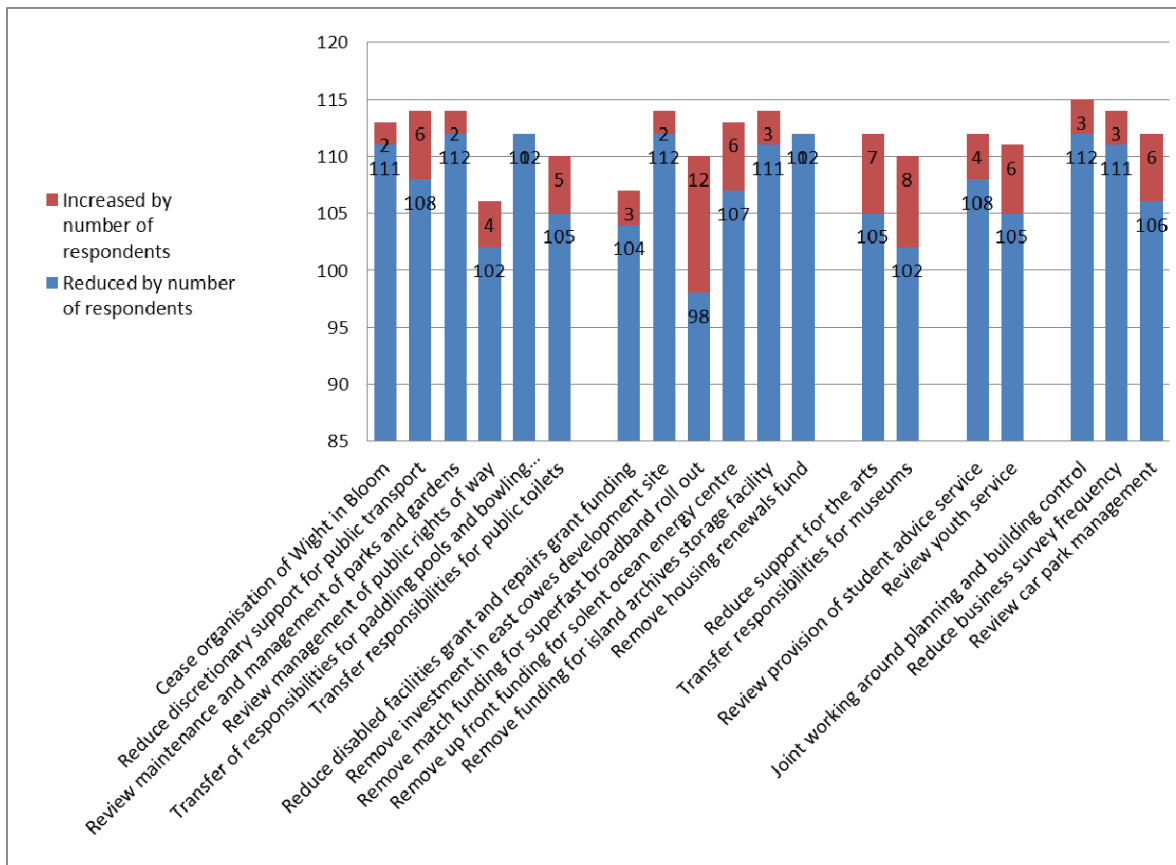
Budget simulator – Key findings

i) Where we spend money

This section allowed respondents to increase or decrease the budget using a sliding scale. Information was presented in 'factors' such as capital investment with each factor having a number of 'sub factors' such as super-fast broadband. Some respondents did not opt for an increase or decrease in these areas, hence the various levels of total response.

The least popular reduction (98) was the removal of funding for the roll out of super-fast broadband. A similarly low number (102) opted to transfer responsibility for museums and review management of public rights of way.

The most popular reduction in funding was for the removal of the housing renewals fund, and the transfer of responsibilities for paddling pools and bowling greens, where the highest number of people made reductions (112) and no increases to the budget were made.



NB: Some respondents did not opt for an increase or decrease in certain sub factors, hence the various levels of total response.

Grouped into their respective factors, the average decrease in budgets is shown below:

Efficiencies	-8.7%
Capital investment	-8.2%
Arts and Museums	-8.1%
Leisure, sports and public realm	-8.0%
School and Youth Services	-7.4%

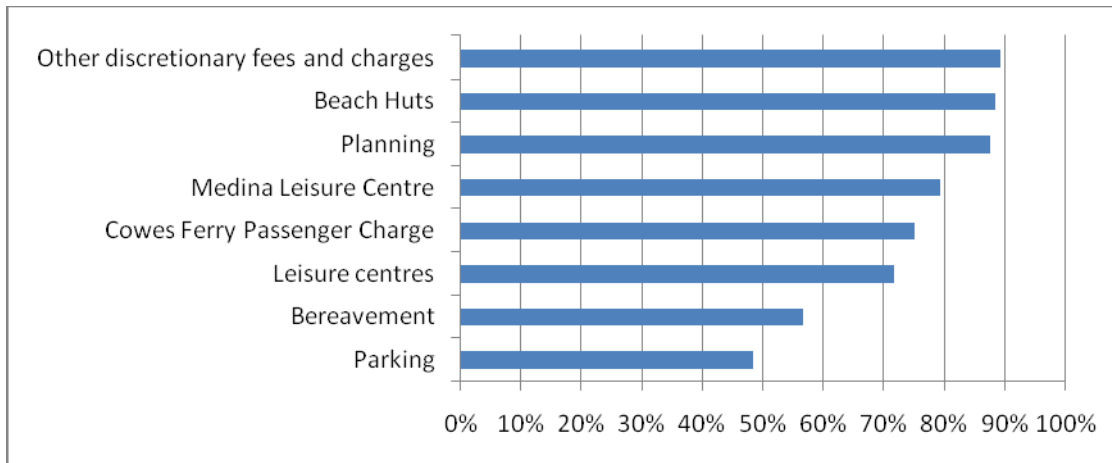
ii) How we pay our staff

This section gave the respondent the option to tick a box to indicate that the respondent felt the allowances and enhancements should be reduced. 102 people opted for this reduction, 85% of the respondents.

iii) How we can bring money in

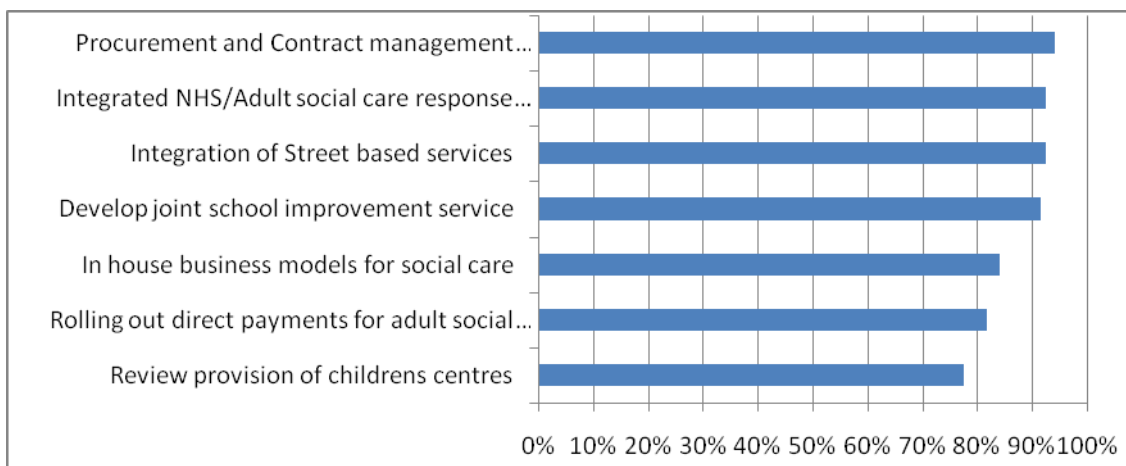
The income generation section of the simulator uses a simple tick box to select the increase (if the box is not ticked, no increase is made).

Increasing parking charges was the least popular of the suggested income increases followed by bereavement. 75% of respondents did opt to introduce a passenger charge for Cowes Ferry. The most popular increases in charges were for other discretionary fees and charges, beach huts and planning charges.



iv) How we can save money

The penultimate section of the simulator provides an opportunity to select savings suggestions by using a tick box to select the saving (if the box is not ticked, no savings have been selected). Over 90% of the respondents opted to make savings in the areas of procurement and contract management, integrated NHS/adult social care response, integration of street-based services and developing a joint school improvement service.



v) Suggestions

The simulator provides a suggestions 'free text' box for respondents to complete with their own ideas or comments. The following summarises the comments made by key themes.

Cut CX and top managers pay	11
Comments on the simulator itself	10
Cut councillors allowances	6
Remove staff discounts	3
Bring back annual parking permits	3
Cut schools/education funding	2
Continue investment in infrastructure and economy	2
Stop consultants	2
Remove non statutory jobs/services	2
Free parking in the winter	2
Freeze all salaries	1
Stop county hall refurbishment	1
Increase National/EU funding	1
Subsidise ferry travel to make investment more attractive	1
Stop transport PFI	1
Increase planning fees	1
Increase street parking restrictions and fines	1
Reduced street light operation	1
Cut social housing funding	1
Reduce concessionary travel scheme	1
Reduce car parking charges	1
Stop hospitality catering	1
Tourist tax	1
Review charging for leisure/disabled parking	1
Operate Wightcare on trading basis	1
Leave the EU	1
Offensive/Irrelevant comments removed	2

In summary - common themes

Whilst care needs to be taken to compare these two, very different methodologies, both the quantitative online responses and the qualitative research have indicated a number of common themes:

- **Internal cost savings**

- A desire amongst residents for the council to continue to look at its internal costs, particularly costs savings relating to senior staff.
- A wish to see greater efficiencies in the council's business practices, including looking at work to integrate services both within the organisation and with other partners or local authorities
- An indication that cutting waste of any sort is important (energy consumption, use of assets, expenses)
- A desire to see a reduction or freeze in councillor allowances

- **Raising income (charges)**

- A general concern that the most vulnerable are not hardest hit
- A desire to avoid increases in parking charges in particular

- **Economic improvement**

- A strong sense that residents want the council to focus on improving employment, economic growth and supporting businesses (and particularly so for young people)
- A wish to see the tourism industry continue to be supported (through available facilities, road improvements)

- **Voluntary/community support for delivery of services**

- A sense that transfer of services to other providers would be preferable to losing services but that this process must come with the right level of support and the council must retain some quality assurance involvement

- **Support for children and the vulnerable**

- A plea to ensure the social economy is given the same regard as the wider economy so those that need the support the most receive that help

Future consultation planning

The feedback from the process this year has also indicated a desire for a greater number of options to be put forward for public comments and views, particularly in relation to the online budget simulator. As choices become more limited as the options for savings in discretionary service areas become reduced, it will be important to consider the timing of future consultation to ensure the widest possible scope for comment amongst our residents.

CAPITAL PROGRAMME

APPENDIX 7a

	2011-12 £'000	2012-13 £'000	2013-14 £'000
<u>FUNDED PROGRAMME</u>			
Education	36,869	22,291	4,103
Highways	4,404	3,784	3,238
Housing Disabled Facilities Grant	1,610	736	736
Adults	438	565	0
Fire	628	0	0
Invest to Save			
Transformation incl County Hall	3,578	3,790	362
Waste Collection	1,331		
Fire	311	150	
Other funded Minor capital schemes	<u>2,925</u>	<u>1,547</u>	<u>634</u>
TOTAL	52,094	32,863	9,073
<u>PRUDENTIAL BORROWING -Existing Programme</u>			
Leisure Facilities	1,580	3,806	771
Crematorium	75	1,287	10
Strategic Assets	648	1,199	1,011
Highways top up	965	0	0
Housing top up	1,013	974	199
Fire top up	315	540	1,090
Toilet upgrades		500	
Corporate Contingency and other minor schemes	<u>891</u>	<u>2,207</u>	<u>399</u>
	5,487	10,513	3,480
<u>PRUDENTIAL BORROWING - New bids</u>			
Cowes Floating Bridge	3	1,000	2,000
Heritage	0	0	1,000
New Landfill site	0	0	0
Superfast Broadband Bid match funding	0	500	1,500
infrastructure costs to enable employment	0	500	500
Solent Ocean Energy Centre Kick Start Funding	0	1,073	0
Ict infrastructure - server/firewall replacement	0	1,000	0
DFG and Repair Grant top ups	0	575	365
General and Specialist Housing	<u>0</u>	<u>1,000</u>	<u>1,000</u>
	3	5,648	6,365
TOTAL PRUDENTIAL BORROWING	5,490	16,161	9,845
Total Programme	57,584	49,024	18,918

APPENDIX 7b

Isle of Wight Council
**TREASURY
MANAGEMENT
STRATEGY
2012-13**

1 Document Information

Title:	Treasury Management Strategy 2012-13
Status:	First draft
Current Version:	1.3
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Consultation:	Treasury Management Group
Approved by: Approval Date:	
Review Frequency:	Annual
Next Review:	February 2013

Version History		
Version	Date	Description
1.0	06 January 2012	First draft (links to PI working version 1)
1.1	17 January 2012	Updated for capital programme (PI workings v1.1)
1.2	25 January 2012	Updated for MRP changes (PI workings v1.2) Discussed at TM Group 19 Jan 12 Revised as required by TM Group Presented to Cabinet/Audit Committee Feb12
1.3	17 February 2012	Updated for CFR/borrowing (PI workings v1.3) Presented to Full Council 29 Feb 2012

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3 Treasury Management

3.1 Context

- 3.1.1 The Local Government Act 2003 and subsequent regulations require the Council to set out its annual strategy with regard to both borrowing and the repayment of external debt. These are set out in the Treasury Management Strategy and the Minimum Revenue Provision (MRP) Strategy respectively. The Act and subsequent regulations require the Council to have regard to CIPFA's revised Code of Practice for Treasury Management ("the Code")¹, and Treasury Management Practices (TMPs); the Council is also required to have regard to the CIPFA Prudential Code for Capital Finance ("the Prudential Code")² and to set Prudential Indicators for the next three years to ensure that the Council's investment plans are affordable, prudent and sustainable. With regard to its investment plans the Council also has a duty to determine a prudent MRP.
- 3.1.2 The Council must also approve an Annual Investment Strategy in compliance with government guidance on Local Government Investments. This sets out the Council's policy for managing its investments and for giving priority to the security and liquidity of those investments.
- 3.1.3 The Council adopted the Treasury Management Code of Practice in February 2003.
- 3.1.4 The following clauses are recommended to be adopted by all public sector organisations as part of its Treasury Policy:
- 3.1.4.1 This Council will create and maintain, as the cornerstones for effective treasury management:
- a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
 - suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities – see Appendix 1

The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of this Council. Such amendments will not result in the Council materially deviating from the Code's key principles

- 3.1.4.2 This Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year in question. The Council delegates responsibility to the Audit Committee to receive a mid-year review and an annual report after the year closes, in the form prescribed in its TMPs.
- 3.1.4.3 This Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Audit Committee, and for the execution and administration of treasury management decisions to the Strategic Director of Resources, who will act in accordance with the Council's policy statement and TMPs, and CIPFA's Standard of Professional Practice on Treasury Management.

¹ CIPFA publication – Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (2011 Edition)

² CIPFA publication – The Prudential Code for Capital Finance in Local Authorities (2011 Edition)

- 3.1.4.4 This Council nominates the Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

3.2 Treasury Management Policy statement

- 3.2.1 Treasury Management is defined as:

3.2.1.1 The management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

- 3.2.2 This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council.

- 3.2.3 This Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

3.3 Treasury management activities

- 3.3.1 The Council's Treasury Management activities include the following:

- Cash Flow (daily balances and longer term forecasting)
- Annual Investment Strategy
- Borrowing to finance day to day cash fluctuations
- Funding of capital investment through borrowing, capital receipts, grants or leasing
- Management of debt (including restructuring and monitoring an even maturity profile)
- Prospects for interest rates and interest rate exposure management
- Managing exposure to risk
- Procedures for dealing with brokers, banks and the Public Works Loan Board (PWLB).

- 3.3.2 The Council does not currently employ external treasury advisers. The Strategic Director of Resources has responsibility for the review of future provision of such advice, in accordance with TMP11 – Use of external service providers.

4 Investments

4.1 Annual Investment Strategy

4.1.1 Under the powers of the Local Government Act 2003 the Secretary of State has issued guidance on local authority investments. Local Authorities are required under the Act to have regard to this guidance, which recommends that an Annual Investment Strategy should be approved each year by Full Council. The guidance does not apply to pension and trust funds, which are covered by a completely separate regulatory regime.

4.1.2 The general policy objective of the guidance is that local authorities should invest prudently the surplus funds held on behalf of their communities. Priority is given to the security and liquidity of funds, but this should not mean that yield is ignored. It is necessary as under previous regulations to seek the highest rate of return consistent with proper levels of risk and security. Clearly, the Council's exposure to risk in the current economic climate is paramount in its consideration of its investment strategy. The strategy is the over-arching framework by which risk is to be managed, and provides the governance framework for implementing procedures and controls over lending.

4.1.3 The guidance provides for a concept of specified and non-specified investments.

4.1.3.1 A **Specified Investment** is one offering relatively high security and high liquidity and are defined as:

- denominated in sterling with any payments of repayments in respect of the investment payable only in sterling
- repayable within 12 months of making the investment (or one which the Council can request repayment within 12 months)
- not defined as capital expenditure
- made with:
 - a body (or investment scheme) of high credit quality
 - the UK government
 - a local authority in England, Wales, Scotland or Northern Ireland
 - a parish or community council.

4.1.3.2 It is proposed that as part of this Council's Investment Strategy that the approved organisations for specified investments are as set out in Schedule 9.1 to this strategy and that the associated credit ratings are monitored on an on-going basis (and at least monthly). Only those organizations with a rating of A2 or better and with a stable credit rating outlook will be included as specified investments.

4.1.3.3 **Non-specified Investments** relate to all types of investment not meeting the criteria for specified investments. They are typically viewed as being higher risk investments. Bodies that are not rated, e.g. many of the building societies, will be classed as non-specified.

4.1.3.4 Currently there are no non-specified investments within the Council's investment portfolio, however these could be used to add wider flexibility and improved returns on the current portfolio, provided that risk is taken into account. Approved bodies for unspecified investments could be limited to those bodies approved for specified investments who also satisfy the top credit ratings for longer term investments (those classified AA or above). Alternatively, a non-approved body could be used for either short or longer term investments, provided they satisfy the minimum credit

ratings set out above for the relevant type of investment, i.e. at least A2 for short term investments, and at least AA for longer term investments

4.1.3.5 Examples of non-specified investments which could be used by the Council include, but are not limited to, the following:

- Long term deposit with an approved major lending bank, e.g. 1 year deposit with Barclays Bank (current rating AA3 – consistent with 4.1.3.4 above)
- Short term deposit with a building society, e.g. overnight deposit with Nationwide Building Society (current rating A2 – consistent with 4.1.3.2 above)
- Long term deposit with a building society, e.g. 6 month deposit with northern Rock (current rating AA3 – consistent with 4.1.3.2 above)

4.1.3.6 Should such investments be undertaken, it is proposed that they should be limited to a maximum of £5 million with any one organisation for a maximum period of three years. In addition non-specified investments should not exceed 25% of the investment portfolio at the time of the investment. The use of any non-specified investment would be reported in accordance with TMP6 – Reporting requirements and management information arrangements.

4.1.4 Credit ratings are monitored on an on-going basis with any changes reported to the Strategic Director of Resources at regular monthly Treasury Management meetings. The Strategic Director of Resources is responsible for the implementation of the Investment Strategy and it is proposed that the Council's authority to enact any changes, consistent with approved credit ratings, be delegated to the Strategic Director of Resources.

4.1.5 The Council will also use pooled money resources that may become available through the auspices of approved organisations for investment, as contained above and to include H M Treasury. The current limit of such investment is £5 million per each approved source, excluding the UK Debt Management Office, and varied at the discretion of the Strategic Director of Resources. Investments with the UK Debt Management Office are unlimited due to repayments of such funds being guaranteed by H M Government. The exercise of discretion with lending limits by the Strategic Director of Resources will be reported to the Cabinet as part of the Annual Reporting requirement contained under TMP6 – Reporting requirements and management information arrangements

5 Borrowing

5.1 Borrowing Strategy

5.1.1 The objectives of the strategy will be

- To minimise the revenue costs of debt
- To manage the Council's debt maturity profile
- To affect funding in any one year at the cheapest cost commensurate with future risk
- To forecast average future interest rates and borrow accordingly
- To monitor and review the level of variable interest rate loans in order to take advantage of interest rate movements.
- To restructure debt in order to take advantage of potential savings as interest rates change.

5.1.2 The strategy will in general be:

- To borrow long term when interest rates are relatively low and to borrow short term when interest rates are judged to be high.
- To keep a reasonable balance between short term and long term loans so that there is not an unreasonable exposure to short term loans with corresponding risk of increased interest charges or over reliance on long term loans which could restrict flexibility in renewing debt at advantageous interest rates.
- To aim to be in a net day to day minimal borrowing position so that the need for investment of temporary excess funds is avoided as far as possible.

5.1.3 This will be subject to variation in order to take advantage where appropriate of prevailing market conditions.

5.1.4 For 2012-13 the strategy will be to initially borrow short term (duration one year) at fixed interest rates, then in 12 months to renew that borrowing medium to long term at fixed interest rates, having regard to the interest rates that are likely to be available.

5.1.5 The approved sources of borrowing for the Council are set out in Schedule 9.2 to this strategy.

5.2 Exposure to interest rates

5.2.1 The Prudential Code requires the Council to fix each year the maximum proportion of interest on borrowing which is subject to fixed and variable interest rate exposures.

5.2.2 The recommendations for fixed and variable interest rate exposure limits for 2012-13, 2013-14 and 2014-15 are set out in Appendix 2 - Prudential Indicators.

5.3 Debt restructuring

5.3.1 The strategy in respect of debt restructuring will be to use available PWLB quota to take advantage of opportunities to redeem PWLB debt or convert from fixed to variable rates or vice versa and replace debt so as to smooth the pattern of debt repayment and/or minimise overall long term capital financing costs. Consideration will be given to the availability and attractiveness of loans other than PWLB for debt restructuring purposes.

6 Minimum Revenue Provision

6.1 Minimum Revenue Provision Policy

- 6.1.1 Local authorities have a statutory duty each year to set aside part of their revenue budget as a provision for the repayment of debt. This provision for the repayment of debt is called the Minimum Revenue Provision (MRP).
- 6.1.2 Councils are also required to prepare a statement of their annual policy on making provision for MRP, and whilst the regulations governing MRP are not prescriptive, they do require that a 'prudent amount' is charged to the General Fund balance. Having regard to the term 'prudent amount', the CLG has issued guidance which identifies that in broad terms, the aim of setting aside a 'prudent amount' for debt repayment is to ensure that the debt is repaid over a period equivalent to that over which the capital expenditure provides a benefit, or, in the case of borrowing supported by Formula Grant, reasonably commensurate with the period implicit in the determination of the grant.
- 6.1.3 Within the context of the CLG guidance, the Council is free to determine its own method for calculating a prudent MRP provision.
- 6.1.4 Having regard to the guidance from the CLG, it is recommended that the Council adopts the following principles for setting its MRP for 2012-13 and future years
- For all capital investment incurred before 1 April 2008, the MRP will be calculated as 4% of the capital financing requirement
 - For all capital expenditure financed by supported borrowing after 1 April 2008, the MRP will be calculated in accordance with the expected life of each asset as estimated either at the time of acquisition or upon becoming fully operational

7 Appendix 1

7.1 Treasury Management Practices (TMPs)

7.1.1 TMP1 – Risk management

7.1.1.1 General statement

The Strategic Director of Resources will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the Council's objectives in this respect, all in accordance with the procedures set out in TMP6 – Reporting requirements and management information arrangements.

In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives are set out in the schedules to this document.

7.1.1.2 TMP1[1] Credit and counterparty risk management

This Council regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in TMP4 – Approved instruments, methods and techniques and listed in Schedules 9.1 and 9.2 to this document. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing arrangements.

7.1.1.3 TMP1[2] Liquidity risk management

This Council will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives.

This Council will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

7.1.1.4 TMP1[3] Interest rate risk management

This Council will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements as amended in accordance with TMP6 – Reporting requirements and management information arrangements.

It will achieve this by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. This should be the subject to the consideration and, if required, approval of any policy or budgetary implications.

It will ensure that any hedging tools, such as derivatives are only used for the management of risk and the prudent management of financial affairs and that the policy for the use of derivatives is clearly detailed in the annual strategy.

7.1.1.5 TMP1[4] Exchange rate risk management

This Council will manage its exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure levels.

7.1.1.6 TMP1[5] Refinancing risk management

This Council will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to the Council as can reasonably be achieved in the light of market conditions prevailing at the time.

It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective, and will avoid over-reliance on any one source of funding if this might jeopardise achievement of the above.

7.1.1.7 TMP1[6] Legal and regulatory risk management

This Council will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under TMP1[1] Credit and counterparty risk management, it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may effect with the Council, particularly with regard to duty of care and fees charged.

This Council recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the Council.

7.1.1.8 TMP1[7] Fraud, error and corruption, and contingency management

This Council will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.

7.1.1.9 TMP1[8] Market risk management

This Council will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations.

7.1.2 TMP2 – Performance measurement

7.1.2.1 This Council is committed to the pursuit of value for money in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its treasury management policy statement.

7.1.2.2 Accordingly, the treasury management function will be the subject of on-going analysis of the value it adds in support of the Council's stated business or service objectives. It will be the subject of regular examination of alternative methods of service delivery, of the availability of fiscal or other grant or subsidy incentives, and of the scope for other potential improvements. The performance of the treasury management function will be measured using the criteria set out in schedule 9.3 to this document.

7.1.3 TMP3 – Decision-making and analysis

7.1.3.1 This Council will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time. The issues to be addressed and processes and practices to be pursued in reaching decisions are detailed in schedule 9.4 to this document.

7.1.4 TMP4 – Approved instruments, methods and techniques

7.1.4.1 This Council will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in Schedule 9.2 to this document, and within the limits and parameters defined in TMP1 – Risk management.

7.1.4.2 Where the Council intends to use derivative instruments for the management of risks, these will be limited to those set out in its annual treasury strategy. The Council will seek proper advice and will consider that advice when entering into arrangements to use such products to ensure that it fully understands those products.

7.1.5 TMP5 – Organisation, clarity and segregation of responsibilities, and dealing arrangements

7.1.5.1 This Council considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times a clarity of treasury management responsibilities.

7.1.5.2 The principle on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.

7.1.5.3 If and when this Council intends, as a result of lack of resources or other circumstances, to depart from these principles, the Strategic Director of Resources will ensure that the reasons are properly reported in accordance with TMP6 – Reporting requirements and management information arrangements, and the implications properly considered and evaluated.

7.1.5.4 The Strategic Director of Resources will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangements for absence cover. The Strategic Director of Resources will also ensure that at all times those engaged in treasury management will follow the policies and procedures set out. The present arrangements are detailed in the schedule to this document.

7.1.5.5 The Strategic Director of Resources will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds. The present arrangements are detailed in the schedule to this document.

7.1.5.6 The delegations to the Strategic Director of Resources in respect of treasury management are set out in the schedule to this document. The Strategic Director of Resources will fulfil all such responsibilities in accordance with the Council's policy statement and TMPs and, if a CIPFA member, the *Standard of Professional Practice on Treasury Management*.

7.1.6 TMP6 – Reporting requirements and management information arrangements

7.1.6.1 This Council will ensure that regular reports are prepared and considered on the implementation of its treasury management policies; on the effects of decisions taken and transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.

7.1.6.2 As a minimum the Council and Audit Committee will receive:

- an annual report on the strategy and plan to be pursued in the coming year
- a mid-year review
- an annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the Council's treasury management policy statement and TMPs.

7.1.6.3 The Audit Committee will receive regular monitoring reports on treasury management activities and risks.

7.1.6.4 The Audit Committee will have responsibility for the scrutiny of treasury management policies and practices.

7.1.6.5 Local authorities should report the treasury management indicators as detailed in their sector-specific guidance notes.

7.1.6.6 The present arrangements and the form of these reports are detailed in schedule 9.5 to this document.

7.1.7 TMP7 – Budgeting, accounting and audit arrangements

7.1.7.1 The Strategic Director of Resources will prepare, and this Council will approve and, if necessary, from time to time will amend, an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income. The matters to be included in the budget will at minimum be those required by statute or regulation, together with such information as will demonstrate compliance with TMP1 – Risk management, TMP2 – Performance measurement, and TMP4 – Approved instruments, methods and techniques. The Strategic Director of Resources will exercise effective controls over this budget, and will report upon and recommend any changes required in accordance with TMP6 – Reporting requirements and management information arrangements. This Council will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being.

7.1.8 TMP8 – Cash and cash flow management

7.1.8.1 Unless statutory or regulatory requirements demand otherwise, all monies in the hands of this Council will be under the control of the Strategic Director of Resources, and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the Strategic Director of Resources will ensure that these are adequate for the purposes of monitoring compliance with TMP1[2] Liquidity risk management. The present arrangements for preparing cash flow projections, and their form, are set out in schedule 9.6 to this document.

7.1.9 **TMP9 – Money laundering**

7.1.9.1 This Council is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions, and will ensure that staff involved in this are properly trained.

7.1.9.2 The Council's [Anti-Money Laundering Policy](#) sets out the Council's procedures to prevent the use of Council services for money laundering purposes, including the name of the officer to whom reports should be made.

7.1.10 **TMP10 – Training and qualifications**

7.1.10.1 This Council recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The Strategic Director of Resources will recommend and implement the necessary arrangements.

7.1.10.2 The Strategic Director of Resources will ensure that council members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and those responsibilities.

7.1.10.3 Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively.

7.1.11 **TMP11 – Use of external service providers**

7.1.11.1 This Council recognises that responsibility for treasury management decisions remains with the Council at all times. It recognises that there may be potential value in employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons which have been submitted to a full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review. And it will ensure, where feasible and necessary, that a spread of service providers is used, to avoid over-reliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, legislative requirements will always be observed. The monitoring of such arrangements rests with the Strategic Director of Resources, and details of the current arrangements are set out in schedule 9.7 to this document.

7.1.12 **TMP12 – Corporate governance**

7.1.12.1 This Council is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

7.1.12.2 This Council has adopted and has implemented the key principles of the Code. This, together with the other arrangements detailed in the schedules to this document, are considered vital to the achievement of proper corporate governance in treasury management, and the Strategic Director of Resources will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

8 Appendix 2

8.1 Prudential Indicators 2012-13 – 2014-15

8.1.1 In setting or revising their prudential indicators, local authorities are required to have regard to the following matters:

- Service objectives e.g. strategic planning for the authority
- Stewardship of assets e.g. asset management planning
- Value for money e.g. option appraisal
- Prudence and sustainability e.g. implications for external borrowing and whole life costing
- Affordability e.g. implications for Council Tax
- Practicality e.g. achievability of the forward plan

8.1.2 The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. The framework requires that the Council sets and monitors its performance against a set of prudential indicators which are designed to support and record local decision making in these key areas

8.1.3 The indicators are intended to ensure that decisions concerning capital expenditure, debt and treasury management are both affordable and prudent.

8.1.4 Prudential indicators for affordability

- Estimates of ratio of financing costs to net revenue stream
- Estimate of the incremental impact of capital investment decisions upon Council Tax.

It should be noted that the latter indicator described above is a notional figure. Any increase in borrowing costs would have to be found through additional savings in other revenue budgets and would not have any direct impact on the Council Tax charges.

8.1.5 Prudential indicators for Prudence

- Net debt and the capital financing requirement

8.1.6 Prudential indicators for capital expenditure, external debt and treasury management

8.1.6.1 Capital Expenditure

- Estimates of capital expenditure
- Estimates of capital financing requirement

8.1.6.2 External Debt

- Authorised limit
- Operational boundary

8.1.6.3 Treasury Management

- Confirmation that the local authority has adopted the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes
- Gross and net debt
- Interest rate exposures
- Maturity structure of borrowing
- Total principal sums invested for periods in excess of 364 days

8.1.7 The prudential indicators are not designed to be comparative performance indicators, and to use them in this way would be misleading. It is only intended that they be used to measure performance within the authority over time. It also needs to be borne in mind that the indicators need to be considered collectively, rather than individually.

8.1.8 Definitions

8.1.8.1 The **Ratio of financing costs to net revenue stream** is the total of capital financing costs divided by the Council's total income from Council Taxpayers and Government Grants as contained in its Income and Expenditure account

8.1.8.2 The **Capital Financing Requirement (CFR)** was introduced by the Prudential Code, and measures the authority's underlying need to borrow for a capital purpose

8.1.8.3 **Borrowing** refers to actual external borrowing, both repayable with a period in excess of 12 months and payable on demand or within 12 months. It excludes accounting adjustments for premiums and discounts, and accrued interest.

8.1.8.4 **Debt** refers to the sum of borrowing (see above) and other long-term liabilities (see below).

8.1.8.5 **Other long-term liabilities** are liabilities that are outstanding under credit arrangements (as defined by statute)

8.1.8.6 **Net Debt** is debt net of investments.

8.1.8.7 **Investments** are the sum of amounts shown on the Council's balance sheet for long-term investments, short-term investments and cash and bank equivalents. It should exclude any investments clearly and explicitly held for the provision and purposes of operational services. It should also exclude accrued interest,

8.1.8.8 **The Authorised Limit for External Debt** represents the maximum level of debt the Council can have during the year. These authorised limits are consistent with the Council's current commitments, existing plans and proposals in the budget report, and with its approved treasury management policy statement and practices. They are based on estimates of the most likely, prudent, but not worst case scenario, with sufficient headroom over and above this position to allow for operational management, for example unusual cash flow movements. Risk analysis and risk management strategies have been taken into account in establishing these limits

8.1.8.9 The **Operational Boundary for External Debt** represents the estimated maximum level of borrowing that the Council is planning to incur as a result of its spending plans. It is based on the same estimates as the Authorised Limit and reflects the estimates of the most likely, prudent, but not worst case scenario, excluding the additional headroom for significant or unusual cash flow fluctuations

8.1.9 The following pages set out, for approval, the current prudential indicators recommended by the Prudential Code.



Indicator	Basis	Period	Definition	IWC Methodology	Unit	2012-13	2013-14	2014-15	2015-16
Affordability									
Estimates of ratio of financing costs to net revenue stream	Estimate	Years 1, 2 and 3	Estimate of financing costs / estimate of net revenue stream x 100%	Interest payable on borrowing + MRP divided by net revenue budget	%	12.12%	13.51%	14.38%	13.55%
Estimates of the incremental impact of capital investment decisions on Council Tax (Notional figure – see para 8.1.4 above)	Estimate	Years 1, 2 and 3 (and longer as necessary)	(i) forecast the total and budgetary requirements for the authority based on proposed capital programme (ii) Percentage increase in Council Tax	(i) Increased Council requirement (ii) Implied percentage increase in Council Tax of External Borrowing (the costs of Supported Borrowing are reflected in Revenue Support Grant)	£ per Band D Equivalent	£11.34	£26.91	£33.77	£36.33
Prudence									
Net borrowing and the capital financing requirement	Estimate	Years 1, 2 and 3	To ensure over the medium term borrowing will only be for a capital purpose, net external borrowing estimate	Comparison of Capital Requirement with external borrowing (CFR – estimate of net)	£000	62,879	53,763	45,796	38,506

Indicator	Basis	Period	Definition	IWC Methodology	Unit	2012-13	2013-14	2014-15	2015-16
Capital Expenditure									
Estimates of capital expenditure	Estimate	Years 1, 2 and 3 (and longer as necessary)	Estimate of total capital expenditure to be incurred	Capital expenditure programme	£000	49,024	18,918	15,165	11,165
Estimates of capital financing requirement (CFR)	Estimate	Years 1, 2 and 3	Estimate of underlying need for credit as at the end of years 1, 2, 3	Opening CFR plus estimated capital expenditure minus capital receipts, capital grants and provision for MRP	£000	213,320	213,319	216,352	216,562
External Debt									
Authorised limit (for borrowing)	Estimate	Years 1, 2 and 3	Authorised limit for borrowing – represents the maximum level of external debt the Council can have during the year	Estimates of external borrowing with sufficient headroom to allow for operational management e.g. unusual cash flow movements	£000	177,000	187,000	199,000	207,000



Indicator	Basis	Period	Definition	IWC Methodology	Unit	2012-13	2013-14	2014-15	2015-16
Authorised limit (for other long term liabilities)	Estimate	Years 1, 2 and 3	Authorised limit for other long term liabilities	Estimates of other long term liabilities (provisions, leases etc.) with sufficient headroom to allow for operational management	£000	7,000	5,000	4,000	3,000
Authorised limit (for total external debt)	Estimate	Years 1, 2 and 3	Authorised limit for borrowing + authorised limit for other long term liabilities	Estimates of borrowing + other long term liabilities – combination of the above two indicators	£000	184,000	192,000	203,000	210,000
Operational boundary (for borrowing)	Estimate	Years 1, 2 and 3	Operational boundary for external debt – represents the estimated maximum level of borrowing the Council is planning to incur as a result of its capital spending plans	As above less contingency provision	£000	161,000	170,000	181,000	189,000
Operational boundary (for other long term liabilities)	Estimate	Years 1, 2 and 3	Operational boundary for other long term liabilities	As above less contingency provision	£000	6,000	5,000	3,000	3,000
Operational boundary (for total external)	Estimate	Years 1, 2 and 3	Operational boundary for external debt +	As above less contingency provision	£000	167,000	175,000	184,000	192,000

Indicator	Basis	Period	Definition	IWC Methodology	Unit	2012-13	2013-14	2014-15	2015-16
debt)			operational boundary for other long term liabilities						
<i>Treasury Management</i>									
Adoption of the CIPFA Code of Practice for Treasury Management in the Public Services	Adoption of Code of Practice	Years 1, 2 and 3	Confirmation that the local authority has adopted the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes	Adoption of Code of Practice	The Council adopted the Code of Practice in February 2003	✓	✓	✓	✓
Gross and net debt	Estimate	Years 1, 2 and 3	The proportion of net debt compared to gross debt	Upper limit	%	96.6%	96.8%	97.0%	97.1%
Fixed interest rate exposure – upper limit	Estimate	Years 1, 2 and 3	Interest payable on borrowing at fixed rates – interest receivable on fixed rate investments or principal sums outstanding in respect of borrowing	Upper limit	%	100%	100%	100%	100%



Indicator	Basis	Period	Definition	IWC Methodology	Unit	2012-13	2013-14	2014-15	2015-16
Variable interest rate exposure – upper limit	Estimate	Years 1, 2 and 3	Interest payable on borrowing at variable rates – interest receivable on variable rate investments or principal outstanding in respect of borrowing at variable rates – principal sums outstanding in respect of investments at variable rates	Upper limit	%	20%	20%	20%	20%
Maturity structure of borrowing (upper and lower limits)	Estimate	All years	Amount of projected borrowing that is fixed rate maturing in each period / total projected borrowing that is fixed rate x 100%	Ranges for each period		See below	See below	See below	See below



Indicator	Basis	Period	Definition	IWC Methodology	Unit	2012-13	2013-14	2014-15	2015-16
Total principal sums invested for periods longer than 364 days	Estimate	All years	Total principal sum invested to final maturities beyond the period end		£000	10,000	10,000	10,000	10,000

Maturity Structure of Borrowing	2012-13		Future Years	
	Upper Limit	Lower Limit	Upper Limit	Lower Limit
Under 12 months	10%	0%	10%	0%
12 months and within 24 months	10%	0%	10%	0%
24 months and within 5 years	20%	5%	20%	5%
5 years and within 10 years	50%	15%	50%	15%
10 years and above	95%	50%	95%	50%

9 Schedules

9.1 Counterparty limits

9.1.1 The current policy is that the investment of surplus funds is limited to:

- Major British Clearing Banks and Subsidiaries
- Larger Merchant Banks
- Top Building Societies
- Other Local Authorities
- Approved Money Market Funds
- UK Debt Management Office (part of HM Government)

9.1.2 The list of approved counterparties and the lending limits recommended by this strategy are set out in the table below. The lending limits were last reviewed and updated on 19 January 2012.

Counterparty	Credit rating at 17 Jan 2012		Lending limit
	OUTLOOK	L/T	
Bank Of Scotland	RUR	A1	£0
Barclays	NEG m	AA3	£5,000,000
Lloyds TSB	RUR	A1	£5,000,000
National Westminster	NEG m	A2	£5,000,000
Royal Bank Of Scotland	NEG m	A2	£5,000,000
HSBC	NEG	AA2	£5,000,000
Santander UK Plc.	NEGm	A1	£5,000,000
Debt Management Office	N/A	N/A	Unlimited
Local Authorities (per authority)	N/A	N/A	£5,000,000

9.2 Approved sources of borrowing

9.2.1 The following list specifies which borrowing instruments, on and off-balance sheet, can be adopted. Only those marked ✓ are currently used by the Council.

Type of Instrument	Fixed	Variable
PWLB	✓	✓
Market Long-term	✓	✓
Market Pooled Funds	✓	✓
Market Temporary	✓	✓
Local Bonds		
Overdraft		✓
Negotiable Bonds		
Stock Issues		
Internal (capital receipts and revenue balances)	✓	✓
Leasing	✓	✓
Bills		

9.2.2 The following specifies which borrowing instruments the Council may adopt.

9.2.3 Public Works Loan Board (PWLB)

9.2.3.1 The main source of longer term borrowing for the Council for many years has been from the Government through the Public Works Loan Board.

9.2.3.2 It is likely that the PWLB will remain the major source of the Council's long term borrowing requirements. The 2012-13 quota for the Council is estimated to be £33.1 million (which represents the difference between the Council's authorised borrowing limit and its existing external debt). The capital programme requirement for financing in 2012-13 provides for a total of £10.6 million of supported borrowing and £20.1 million of prudential borrowing. It is clear therefore that the available quota of PWLB borrowing is far in excess of the Council's borrowing needs.

9.2.4 Money Market Loans – Long Term and Pooled Funds

9.2.4.1 The availability of PWLB loans has become easier and their rates of interest are expected to remain competitive. Loans are also available through the London money market in particular longer term loans (40 years) which carry a low initial period of interest, but where the lender has the option to raise the rate after this period. If that option is taken, the Council is free to repay if it so chooses without penalty. These Lenders Option: Borrowers Option (LOBO) loans can provide an effective complement to PWLB borrowing in structuring the loan portfolio and debt rescheduling

9.2.5 Overdraft & Temporary Loans

9.2.5.1 The Council has an agreed overdraft limit with its bankers of £250,000. Within this agreed facility the rate of interest chargeable will be Base + 1%, in excess of the facility the rate of interest will be Base + 3%. The overdraft facility is used on occasions when temporary borrowing is difficult, or for amounts of under £250,000 wherever the transaction costs outweigh any benefits from using the money market.

9.3 Performance management framework

9.3.1 Treasury Management performance measures are included in the Financial Management Services mini service board report from CorBusiness.

9.3.2 On a monthly basis, the Treasury Management function reports on:

- The number of days when the average bank balance was between £50k in credit and £50k overdrawn. This measure demonstrates that the Council's interest earning capacity is maximised.

9.3.3 On a quarterly basis, the Treasury Management function reports on:

- Actual external borrowing compared to the authorised and operational limits agreed in the prudential indicators.
- Actual interest rate exposure compared to the upper limits agreed in the Prudential Indicators.

9.3.4 Annually, the Treasury Management function reports on

- The average cost of long term debt – ensuring that the borrowings made minimise costs to the Council.
- The affordability measures concerning the cost of borrowing as contained in the Prudential Indicators.
- The difference between actual external borrowing and the Capital Financing Requirement.

- 9.3.5 These performance measures are reported to the Financial Management Services mini service board meeting, and are included in the reports made to Audit Committee throughout the year.
- 9.3.6 The Council also subscribes to the CIPFA Treasury Management Benchmarking Club, which enables comparison of the Council's performance to other local authorities, in terms of interest payable and receivable, investment performance, borrowing requirements and maturity profiles, and the costs of carrying out treasury management activities.

9.4 Decision making process

- 9.4.1 The Strategic Director of Resources is responsible for treasury management decisions.
- 9.4.2 On a daily basis, decisions regarding investments of short term cash surpluses are made by the Treasury Management Assistant, and reviewed and approved by the Technical Finance Officer.
- 9.4.3 On a monthly basis, a meeting is held between the Treasury Management Assistant, the Technical Finance Officer, the Finance Manager Resources, the Head of Financial Management and the Strategic Director of Resources. At these meetings, decisions are taken regarding borrowing requirements, changes to the approved lending and borrowing lists, and any other strategic treasury management decisions.
- 9.4.4 Notes are taken of the monthly meetings to support decisions made.
- 9.4.5 Any changes to the Treasury Management Strategy made throughout the year will be reported to the Audit Committee.

9.5 Reporting requirements

- 9.5.1 In February each year, the Audit Committee will receive the treasury management strategy for the forthcoming year, including the Prudential Indicators as required by the CIPFA Code of Practice, which is to be approved by full Council as part of the budget setting report.
- 9.5.2 In February, as part of the budget setting report, the Full Council will receive the treasury management strategy, as presented to the Audit Committee.
- 9.5.3 At its June meeting, the Audit Committee will receive an annual report on treasury management activities for the previous year, including a review of actual performance against the targets set within the Prudential Indicators.
- 9.5.4 In November, the Audit Committee will receive a mid-year progress report on treasury management activities.

9.6 Cash and cash flow management

- 9.6.1 Since April 2010, the Council has been using the Logotech Public Sector Treasury Management System for recording cash flow movements and creating cash flow forecasts.
- 9.6.2 Daily cash flow activities are recorded on the system and the daily bank balances reconciled.
- 9.6.3 Cash flow forecasts, based on historic activity and current year budget assumptions, are prepared at the start of each financial year, and are discussed at the monthly treasury management meetings detailed in paragraph 9.4 above.

9.7 External advisers

- 9.7.1 Treasury Advisers have been previously employed by the Council to
- forecast movements in long term and short term interest rates
 - advise on long term borrowing and debt maturity profiles
 - advise on leasing and capital finance legislation
 - restructuring of PWLB debt
 - advise on future interest rate movements (including PWLB) and other market developments
- 9.7.2 The Strategic Director of Resources has responsibility for the review of future provision of such advice, and to amend the conditions or appoint different advisers as appropriate.

SAVING PROPOSALS

ECONOMY AND ENVIRONMENT SAVINGS

Ref	Service	2012/13 (£000s)	2013/14 (£000s)
E1	Economic development – business surveys	22	22
E2	Tourist Information Centres – property costs	24	24
E3	Wight in Bloom – cease Council financial support	0	4
E4	Miscellaneous savings in grounds maintenance	36	50
E5	Island Games – reduction in grant aid support	102	102
E6	West Wight Sports Centre – reduction in grant aid	0	25
E7	Street Based Services – reduction in posts	65	65
E8	Bereavement Services - increase in fees and charges	20	20
E9	Beach Huts – increase in income	20	20
E10	Ventnor Winter Gardens – reduction in holding costs	10	20
E11	Medina Leisure Centre – increase in income	30	30
E12	Car Park Management – reduction in posts	35	35
E13	Car Parking – changes to parking concessions	0	0
E14	Car Parking – reduction in charges	0	0
E15	Revised Refuse Collection Arrangements	100	100
E16	Review of Regulatory Services	190	190
E17	Joint Working with Southampton City Council	100	200
E18	Fire and Rescue Service Post	50	50
E19	Public Rights of Way contract	30	30
		834	987
	Provision for slippage on staffing changes	(65)	
		769	987
E20	Procurement and Contract Management Savings	127	386

ECONOMY AND ENVIRONMENT SAVINGS

Ref	Proposal	2012/13 (£000s)
E1	Economic Development The business surveys that were a necessary output of the economic development service contract to inform the local economic assessment will only be undertaken annually following the end of the contract in March 2012, thereby delivering an annual saving.	22
E2	Tourist Information Centres This relates to the costs of managing the vacant properties whilst termination of the leases was negotiated.	24

E3	<p>Wight in Bloom The Council has been the main organiser of this event for a number of years – it does attract some sponsorship towards its direct costs but the principal cost to the Council is in the staff time taken up by the event. Given the reduction in staffing resources it no longer has the capacity to allocate to this activity above those of higher priority. It is anticipated that this event will continue to take place, supported by the community, given the high level of involvement it generates. It is proposed to provide one-off transitional funding of £4k in 2012/13 to enable a community group to establish new arrangements.</p>	0
E4	<p>Miscellaneous savings in grounds maintenance This includes:</p> <ul style="list-style-type: none"> • Review of management arrangements for paddling pools; £7k • Transfer of responsibility for bowling green maintenance to local clubs;£7k • Full recharge for the estuaries project costs to the grants received for it;£18k • Cease rental on depot.£4k 	36
E5	<p>Island Games The medium term financial plan contains an allocation for the hosting of the International Island Games in 2011. This provision is no longer required. In addition the current annual grant to the Island Games Association to support its organisation of the team to attend each Games will be reduced by £2k to £5K.</p>	102
E6	<p>West Wight Sports Centre Trust The Council has been reviewing the amount of grant made available to support this facility. Given the work that is currently taking place to develop a hub of community activity, including the proposed new build primary school, it is not recommended at this stage to reduce the amount of grant currently made available. However a possible £25k reduction in grant in 2013/14 is still highlighted. The Council remains committed to working with the Trust to develop a longer-term sustainable model, drawing on the arrangements which have been put in place for Waterside Pool.</p>	0
E7	<p>Combining Street Based Functions Work is ongoing to align the work of the Environment Officers, Dog Wardens and the Parks and Gardens Inspectors in order to reduce overlap, management costs and improve efficiency. It is expected that 2FTE posts will be saved as a result of this review. Although the overall capacity of the team will be reduced it will focus on priority areas of activity.</p>	65
E8	<p>Bereavement Services Income An increase of 2.5% to the fees and charges for these services in addition to the inflationary increase.</p>	20
E9	<p>Beach Huts Income The outcome of the independent review of the charges for beach hut licences determined a rate of £250 for 2011/12 to be increase in line with RPI for the following 3 years. This takes account of the additional income to be generated by this increase.</p>	20
E10	<p>Ventnor Winter Gardens The current provision for a contribution towards the management costs is no longer required following the decision to dispose of the building. Half of the allocation is to be retained in 2012/13 to meet any costs associated with the disposal.</p>	10
E11	<p>Medina Leisure Centre The Council is now solely responsible for the costs of the operation of the leisure centre which is hired from it by the Island Innovation Trust (under a</p>	30

	new dual use agreement) for the delivery of the PE curriculum at Medina College. This represents the expected increase in income after additional costs have been taken into account of these new arrangements.	
E12	Car Park Management: A current review of the working arrangements for the Civil Enforcement Officers will improve their flexibility and enable better targeting of resources to the busiest periods. This will lead to a reduction in 2 FTE posts by not filling current vacancies.	35
E13	Car Parking – Removal of Existing Concessions Consideration was given to removing a number of existing concessions that exist in different parts of the Island. It is not proposed to bring forward any such changes at this time, although this may be subject to change, depending on the outcomes of the budget consultation process and further deliberations.	0
E14	Car Parking – Reduction in charges It is proposed to freeze car park charges for the fourth year.	0
E15	Revised Refuse Collection Arrangements Cost savings resulting from the changes made to refuse collection arrangements through the reduction in waste to landfill and thereby the reduction in landfill tax.	100
E16	Review of Regulatory Services A review of regulatory services is underway to ensure and appropriate level of service is delivered for the Island. The review will result in a restructure and savings of £190k per annum.	190
E17	Joint Working with Southampton City Council A number of opportunities for joint working are being developed with Southampton City Council. In the area of Environment, Planning, and building control it is anticipated that savings of £100k will be delivered during the 2012/13 financial year.	100
E18	Fire and Rescue Service Post A reduction of one post within the Fire and Rescue Service as the post is no longer required following the retirement of the postholder.	50
E19	Public Rights of Way Options are being explored for the arrangements for public rights of way maintenance. As a result it is planned to reduce the management of this service by one post.	30
	Provision for slippage on staffing changes	(65)
		769
E20	Procurement and Contract Management Savings Savings to be delivered through reduction in contracting activity, particularly in the corporate / facilities management areas. Further savings will be driven from existing contracts and efficiencies in future procurements.	127

COMMUNITY WELL BEING AND SOCIAL CARE

Ref	Service	2012/13 £'000	2013/14 £'000
CWB1	Establishing an integrated NHS / Social Adult Care Crisis response and reablement service	534	534
CWB2	Children's Centres efficiencies	68	68
CWB3	Community Safety management costs	45	45
CWB4	Operation of in-house business models for adult and children's care services and Wightcare	150	200
CWB5	Direct payments	25	25
CWB6	Implementation of the Youth Services Review	128	128
CWB7	NHS preventative funding on reablement etc.	0	400
		950	1,400

Ref	Proposal	2012/13 £'000
CWB1	<p>Establishing an integrated NHS / Adult Social Care crisis response and reablement service</p> <p>There is firm evidence that intervening promptly when people are in crisis, maintaining them in or returning them to their homes and providing an effective reablement service both provides better outcomes for the individual and reduces costs to NHS and adult social care services. Working across all aspects of health services with adult social care and Wightcare the Island is developing a model of responding to individuals and reabling them.</p>	534
CWB2	<p>Children's Centres efficiencies</p> <p>Review of centrally controlled project management costs that were previously spent on activities through Childrens Centres. All current locations are due to remain open.</p>	68
CWB3	<p>Community Safety Management Costs (Street-based services and staff)</p> <p>A further review of street based inspection functions is currently underway. The intention of the review is to bring together under one management structure the Environment Officers and Dog Wardens. The review will take into account the role of the PFI provider from April 2013 and will also revisit and confirm priorities for these street based staff. In addition it is intended to engage with the police, registered social landlords and the Council's community support officer function to avoid duplication and to ensure that the delivery of the street based services by all organisations is co-operative and beneficial to residents, visitors and businesses.</p> <p>In the meantime, a potential management saving of £45,000 has already been identified within Community Wellbeing even if there are no other changes in organisational arrangements.</p>	45
CWB4	<p>Operation of in-house business models for adult and children's social care services and Wightcare</p> <p>Following the Cabinet's decision to maintain the provision of an adult learning disability residential respite care facility in Newport at Westminster House the staff team have embraced the concept of them being responsible for their futures. This includes looking at how they can reduce their cost base and offer additional services that will generate income so that at a point in the future they can leave the Council confident in their ability to be a financially viable trading organisation that does not require an ongoing subsidy from the council.</p>	150

	<p>This approach is generating interest across a range of other Council operated social care services as well as Wightcare, the housing support service. It is intended to move all these services to a trading model and strengthen the ability of the workforce to take responsibility for what will effectively be business decisions while still offering a degree of safety by remaining within the Council as they learn the skills that will be required to assure their future success independent of it. This will enable these services to meet the challenging budget reduction targets that they are already committed to within the medium term financial strategy and deliver around £130k additional savings in 2012/13.</p> <p>In addition there will be £20k savings from more effective commissioning of domiciliary care services to support families with disabled children.</p>	
CWB5	<p>Establishing direct payments as the principal means by which adult social care recipients are supported</p> <p>Both the previous and current national governments have promoted personal budgets for people receiving community based adult social care services and both see people receiving those budgets as direct payments, i.e. money is transferred from the Council to the individual or their agreed agent as the end point to be reached. Adult Social Care will shortly be re-shaping itself to meet this ambition and in so doing recognising that they will no longer hold the monopoly on providing advice and assistance to people on how to spend their personal budget and that the Council's business processes will need to be re-designed with opportunities for significant efficiency savings. The full change programme is likely to take in the region of 2 years and the details are still being considered, however savings of at least £25,000 should be achievable within the first year from more efficient business processes.</p>	25
CWB6	<p>Implementation of the Youth Services Review</p> <p>The Youth Services review is now completed and implementation is beginning. Through revised staffing structures, a reduced dependency on buildings and a clearer focus on meeting the council's statutory responsibilities, the new Youth & Community Service will be able to show that it improves the council's contribution to the lives of young people while generating savings of £128,000 in 2012-13 and on-going</p>	128
CWB7	<p>NHS preventative funding</p> <p>The operating framework for the NHS includes them receiving funding to support reablement and preventative work that should lead to reduced costs of adult social care support. Following investment in 2012/13 this should deliver savings in 2013/14 which are currently assessed as some £400k.</p>	0
		950

EDUCATION SERVICES

Ref	Service	2012/13 £'000	2013/14 £'000
ED1	£250k (£200k in 2012/13) saving as a result of joint work with Southampton City Council on school 'challenge and support' statutory activity and shared education psychology statutory function. This reflects the growing autonomy of schools to develop their own school, curriculum and staff development programmes, either in partnership with each other or with other schools from other local authorities.	200	250

ED2	£250k (£150K in 2012/13) saving as a result of a reduction in local authority responsibility with regard to providing independent information and guidance to students in secondary schools and colleges. The authority will continue to meet its statutory duties with regard to those students leaving school who have a statement of special educational needs and will also provide support to those who leave school with limited qualifications and are not in education, employment or training.	150	250
		350	500

CORPORATE SAVINGS

Ref	Proposal	2012/13 £'000	2013/14 £'000
Cor1	<p>Terms and Conditions review</p> <p>The Council is undertaking a comprehensive review of terms and conditions across all staff. As well as protecting the Council from equal pay challenge through delivering more modern and rational terms and conditions, the project will also deliver significant budget savings. The Council spends some £3.6m per annum on allowances, plus rates and enhancements to basic pay. The proposals to rationalise these terms and conditions would deliver an estimated £514,000 savings which is a reduction of some 14.3%.</p>	514	514
Cor2	<p>Treasury Management savings</p> <p>Interest rates are still low and short-term PWLB rates (1-2years) are some 1.5%. The strategy is therefore to avoid external loans where possible, and when there is a need later in the financial year, to borrow externally to borrow short-term initially.</p> <p>Surplus cash is being used to fund capital spend and then lent out on a short-term basis. The interest earned is very low only some 0.6%. This means that at the time we do have to borrow externally longer-term then the additional interest costs will be some 3.7% or more (4.3%-0.6%)</p> <p>The savings that can be made in 2012/13 and 2013/14 on treasury management are therefore one-off and cannot be relied upon on an on-going basis. If capital spend is reduced then the savings would be recurring.</p> <p>The capital financing assumptions are set out in Appendix 4. This shows a projected one-off saving in 2012/13 of £ 986K and £1.286m in 2013/14.</p>	1,075	1,363
Cor3	<p>Staffing control and management</p> <p>Strict staffing controls and management of vacancies, agency staff etc are in place. Significant vacancy savings were achieved in 2010/11 and are being achieved in 2011/12. Further restructurings will be necessary as the change agenda is progressed. The full year effect of staffing changes from the 2011/12 budget savings need to be achieved so no more is suggested for 2012/13. During 2012/13, however, further work will be undertaken to deliver further staffing savings for 2013/14 either through formal changes to structures or through turnover of staff. A saving across the Council of £435k is proposed.</p>	0	435

Cor 4	New Homes Bonus The Council will receive £484,537 for the second year of new homes bonus in respect of 2011/12 and £657,800 for the first year for 2012/13. Of this amount £50,000 will be used to meet the savings target for 2012/13 .The balance will be used to meet additional costs of adult social care packages, energy costs etc. and to make provision for a fall in income from fees and charges that are above the levels previously projected in arriving at the budget gap of £7.201m	50	50
		1,639	2,362

SUMMARY

Economy and Environment	769	987
Procurement and Contract management	127	386
Community Well Being and Social Care	950	1,400
Education Services	350	500
Corporate Services	<u>1,639</u>	<u>2,362</u>
	3,835	5,635

APPENDIX 12A

Council Tax Resolution for the Financial Year 2012-13

The Council is recommended to resolve as follows:

1. It be noted that on 10 January 2012 the Council calculated the Council Tax Base 2012-13
 - (a) for the whole Council area as 55,682.0 [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the 'Act')]; and
 - (b) for dwellings in those parts of its area to which a Parish or Town Council precept relates as in the attached Appendix 12C.
2. Calculate that the Council Tax requirement for the Council's own purposes for 2012-13 (excluding Parish and Town Council precepts) is £71,818,644.
3. That the following amounts be calculated for the year 2012-13 in accordance with Sections 31 to 36 of the Act:
 - (a) £340,277,185 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) £266,689,074 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
 - (c) £73,588,111 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 of the Act).
 - (d) £1,321.58 being the amount at 3(c) above (Item R), all divided by Item T (1(a) above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish and Town precepts).
 - (e) £1,769,467.00 being the aggregate amount of all special items (Parish and Town precepts) referred to in Section 34(1) of the Act (as per the attached Appendices 12B and 12C).
 - (f) £1,289.80 being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by Item T (1 (a) above), 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 Precepts).

4. To note that the Hampshire Police Authority has issued a precept to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the table below.
5. That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the tables below as the amounts of Council tax for 2012-13 for each part of its area and for each of the categories of dwellings.

Valuation Bands	Isle of Wight Council £	Hampshire Police Authority £	Total £
Band A	859.87	97.50	957.37
Band B	1,003.18	113.75	1,116.93
Band C	1,146.49	130.00	1,276.49
Band D	1,289.80	146.25	1,436.05
Band E	1,576.42	178.75	1,755.17
Band F	1,863.04	211.25	2,074.29
Band G	2,149.67	243.75	2,393.42
Band H	2,579.60	292.50	2,872.10

6. That the Council's basic amount of Council Tax for 2012-13 is not excessive in accordance with the principles approved under Section 52ZB of the Local Government Finance Act 1992.

Council Tax Schedule 2012/13		APPENDIX 12B								
		Council Tax Bandings								
		A (Disabled Reduction)	A	B	C	D	E	F	G	H
		£	£	£	£	£	£	£	£	£
	Isle of Wight Council	716.56	859.87	1,003.18	1,146.49	1,289.80	1,576.42	1,863.04	2,149.67	2,579.60
	Hampshire Police Authority	81.25	97.50	113.75	130.00	146.25	178.75	211.25	243.75	292.50
Arreton	Parish/Town Council	10.04	12.05	14.06	16.07	18.08	22.10	26.12	30.13	36.16
	Parish/Town Council & IWC	726.60	871.92	1,017.24	1,162.56	1,307.88	1,598.52	1,889.16	2,179.80	2,615.76
	Total	807.85	969.42	1,130.99	1,292.56	1,454.13	1,777.27	2,100.41	2,423.55	2,908.26
Bembridge	Parish/Town Council	31.25	37.50	43.75	50.00	56.25	68.75	81.25	93.75	112.50
	Parish/Town Council & IWC	747.81	897.37	1,046.93	1,196.49	1,346.05	1,645.17	1,944.29	2,243.42	2,692.10
	Total	829.06	994.87	1,160.68	1,326.49	1,492.30	1,823.92	2,155.54	2,487.17	2,984.60
Brading	Parish/Town Council	45.43	54.51	63.60	72.68	81.77	99.94	118.11	136.28	163.54
	Parish/Town Council & IWC	761.99	914.38	1,066.78	1,219.17	1,371.57	1,676.36	1,981.15	2,285.95	2,743.14
	Total	843.24	1,011.88	1,180.53	1,349.17	1,517.82	1,855.11	2,192.40	2,529.70	3,035.64
Brighstone	Parish/Town Council	13.21	15.85	18.50	21.14	23.78	29.06	34.35	39.63	47.56
	Parish/Town Council & IWC	729.77	875.72	1,021.68	1,167.63	1,313.58	1,605.48	1,897.39	2,189.30	2,627.16
	Total	811.02	973.22	1,135.43	1,297.63	1,459.83	1,784.23	2,108.64	2,433.05	2,919.66
Calbourne	Parish/Town Council	16.66	19.99	23.32	26.65	29.98	36.64	43.30	49.97	59.96
	Parish/Town Council & IWC	733.22	879.86	1,026.50	1,173.14	1,319.78	1,613.06	1,906.34	2,199.64	2,639.56
	Total	814.47	977.36	1,140.25	1,303.14	1,466.03	1,791.81	2,117.59	2,443.39	2,932.06
Chale	Parish/Town Council	16.97	20.36	23.75	27.15	30.54	37.33	44.11	50.90	61.08
	Parish/Town Council & IWC	733.53	880.23	1,026.93	1,173.64	1,320.34	1,613.75	1,907.15	2,200.57	2,640.68
	Total	814.78	977.73	1,140.68	1,303.64	1,466.59	1,792.50	2,118.40	2,444.32	2,933.18
Chillerton & Gatcombe	Parish/Town Council	21.03	25.24	29.45	33.65	37.86	46.27	54.69	63.10	75.72
	Parish/Town Council & IWC	737.59	885.11	1,032.63	1,180.14	1,327.66	1,622.69	1,917.73	2,212.77	2,655.32
	Total	818.84	982.61	1,146.38	1,310.14	1,473.91	1,801.44	2,128.98	2,456.52	2,947.82
Cowes	Parish/Town Council	11.22	13.47	15.71	17.96	20.20	24.69	29.18	33.67	40.40
	Parish/Town Council & IWC	727.78	873.34	1,018.89	1,164.45	1,310.00	1,601.11	1,892.22	2,183.34	2,620.00
	Total	809.03	970.84	1,132.64	1,294.45	1,456.25	1,779.86	2,103.47	2,427.09	2,912.50
East Cowes	Parish/Town Council	18.58	22.30	26.02	29.73	33.45	40.88	48.32	55.75	66.90
	Parish/Town Council & IWC	735.14	882.17	1,029.20	1,176.22	1,323.25	1,617.30	1,911.36	2,205.42	2,646.50
	Total	816.39	979.67	1,142.95	1,306.22	1,469.50	1,796.05	2,122.61	2,449.17	2,939.00
Fishbourne	Parish/Town Council	11.46	13.75	16.04	18.33	20.62	25.20	29.78	34.37	41.24
	Parish/Town Council & IWC	728.02	873.62	1,019.22	1,164.82	1,310.42	1,601.62	1,892.82	2,184.04	2,620.84
	Total	809.27	971.12	1,132.97	1,294.82	1,456.67	1,780.37	2,104.07	2,427.79	2,913.34
Freshwater	Parish/Town Council	22.61	27.13	31.66	36.18	40.70	49.74	58.79	67.83	81.40
	Parish/Town Council & IWC	739.17	887.00	1,034.84	1,182.67	1,330.50	1,626.16	1,921.83	2,217.50	2,661.00
	Total	820.42	984.50	1,148.59	1,312.67	1,476.75	1,804.91	2,133.08	2,461.25	2,953.50
Godshill	Parish/Town Council	13.19	15.83	18.46	21.10	23.74	29.02	34.29	39.57	47.48
	Parish/Town Council & IWC	729.75	875.70	1,021.64	1,167.59	1,313.54	1,605.44	1,897.33	2,189.24	2,627.08
	Total	811.00	973.20	1,135.39	1,297.59	1,459.79	1,784.19	2,108.58	2,432.99	2,919.58
Gumard	Parish/Town Council	21.98	26.38	30.78	35.17	39.57	48.36	57.16	65.95	79.14
	Parish/Town Council & IWC	738.54	886.25	1,033.96	1,181.66	1,329.37	1,624.78	1,920.20	2,215.62	2,658.74
	Total	819.79	983.75	1,147.71	1,311.66	1,475.62	1,803.53	2,131.45	2,459.37	2,951.24
Havenstreet & Ashey	Parish/Town Council	12.22	14.67	17.11	19.56	22.00	26.89	31.78	36.67	44.00
	Parish/Town Council & IWC	728.78	874.54	1,020.29	1,166.05	1,311.80	1,603.31	1,894.82	2,186.34	2,623.60
	Total	810.03	972.04	1,134.04	1,296.05	1,458.05	1,782.06	2,106.07	2,430.09	2,916.10
Lake	Parish/Town Council	10.83	13.00	15.17	17.33	19.50	23.83	28.17	32.50	39.00
	Parish/Town Council & IWC	727.39	872.87	1,018.35	1,163.82	1,309.30	1,600.25	1,891.21	2,182.17	2,618.60
	Total	808.64	970.37	1,132.10	1,293.82	1,455.55	1,779.00	2,102.46	2,425.92	2,911.10
Nettlestone & Seaview	Parish/Town Council	9.38	11.25	13.13	15.00	16.88	20.63	24.38	28.13	33.76
	Parish/Town Council & IWC	725.94	871.12	1,016.31	1,161.49	1,306.68	1,597.05	1,887.42	2,177.80	2,613.36
	Total	807.19	968.62	1,130.06	1,291.49	1,452.93	1,775.80	2,098.67	2,421.55	2,905.86
Newchurch	Parish/Town Council	7.46	8.95	10.45	11.94	13.43	16.41	19.40	22.38	26.86
	Parish/Town Council & IWC	724.02	868.82	1,013.63	1,158.43	1,303.23	1,592.83	1,882.44	2,172.05	2,606.46
	Total	805.27	966.32	1,127.38	1,288.43	1,449.48	1,771.58	2,093.69	2,415.80	2,898.96

		Council Tax Bandings								
		A	A	B	C	D	E	F	G	H
		(Disabled Reduction)								
		£	£	£	£	£	£	£	£	£
Newport	Parish/Town Council	8.67	10.40	12.13	13.87	15.60	19.07	22.53	26.00	31.20
	Parish/Town Council & IWC	725.23	870.27	1,015.31	1,160.36	1,305.40	1,595.49	1,885.57	2,175.67	2,610.80
	Total	806.48	967.77	1,129.06	1,290.36	1,451.65	1,774.24	2,096.82	2,419.42	2,903.30
Niton & Whitwell	Parish/Town Council	7.94	9.53	11.11	12.70	14.29	17.47	20.64	23.82	28.58
	Parish/Town Council & IWC	724.50	869.40	1,014.29	1,159.19	1,304.09	1,593.89	1,883.68	2,173.49	2,608.18
	Total	805.75	966.90	1,128.04	1,289.19	1,450.34	1,772.64	2,094.93	2,417.24	2,900.68
Northwood	Parish/Town Council	8.57	10.28	11.99	13.71	15.42	18.85	22.27	25.70	30.84
	Parish/Town Council & IWC	725.13	870.15	1,015.17	1,160.20	1,305.22	1,595.27	1,885.31	2,175.37	2,610.44
	Total	806.38	967.65	1,128.92	1,290.20	1,451.47	1,774.02	2,096.56	2,419.12	2,902.94
Rookley	Parish/Town Council	13.31	15.97	18.63	21.29	23.95	29.27	34.59	39.92	47.90
	Parish/Town Council & IWC	729.87	875.84	1,021.81	1,167.78	1,313.75	1,605.69	1,897.63	2,189.59	2,627.50
	Total	811.12	973.34	1,135.56	1,297.78	1,460.00	1,784.44	2,108.88	2,433.34	2,920.00
Ryde	Parish/Town Council	20.77	24.93	29.08	33.24	37.39	45.70	54.01	62.32	74.78
	Parish/Town Council & IWC	737.33	884.80	1,032.26	1,179.73	1,327.19	1,622.12	1,917.05	2,211.99	2,654.38
	Total	818.58	982.30	1,146.01	1,309.73	1,473.44	1,800.87	2,128.30	2,455.74	2,946.88
Sandown	Parish/Town Council	26.22	31.47	36.71	41.96	47.20	57.69	68.18	78.67	94.40
	Parish/Town Council & IWC	742.78	891.34	1,039.89	1,188.45	1,337.00	1,634.11	1,931.22	2,228.34	2,674.00
	Total	824.03	988.84	1,153.64	1,318.45	1,483.25	1,812.86	2,142.47	2,472.09	2,966.50
Shalfleet	Parish/Town Council	20.48	24.57	28.67	32.76	36.86	45.05	53.24	61.43	73.72
	Parish/Town Council & IWC	737.04	884.44	1,031.85	1,179.25	1,326.66	1,621.47	1,916.28	2,211.10	2,653.32
	Total	818.29	981.94	1,145.60	1,309.25	1,472.91	1,800.22	2,127.53	2,454.85	2,945.82
Shanklin	Parish/Town Council	21.73	26.07	30.42	34.76	39.11	47.80	56.49	65.18	78.22
	Parish/Town Council & IWC	738.29	885.94	1,033.60	1,181.25	1,328.91	1,624.22	1,919.53	2,214.85	2,657.82
	Total	819.54	983.44	1,147.35	1,311.25	1,475.16	1,802.97	2,130.78	2,458.60	2,950.32
Shorwell	Parish/Town Council	9.89	11.87	13.85	15.83	17.81	21.77	25.73	29.68	35.62
	Parish/Town Council & IWC	726.45	871.74	1,017.03	1,162.32	1,307.61	1,598.19	1,888.77	2,179.35	2,615.22
	Total	807.70	969.24	1,130.78	1,292.32	1,453.86	1,776.94	2,100.02	2,423.10	2,907.72
St Helens	Parish/Town Council	20.49	24.59	28.69	32.79	36.89	45.09	53.29	61.48	73.78
	Parish/Town Council & IWC	737.05	884.46	1,031.87	1,179.28	1,326.69	1,621.51	1,916.33	2,211.15	2,653.38
	Total	818.30	981.96	1,145.62	1,309.28	1,472.94	1,800.26	2,127.58	2,454.90	2,945.88
Totland	Parish/Town Council	19.81	23.77	27.73	31.69	35.65	43.57	51.49	59.42	71.30
	Parish/Town Council & IWC	736.37	883.64	1,030.91	1,178.18	1,325.45	1,619.99	1,914.53	2,209.09	2,650.90
	Total	817.62	981.14	1,144.66	1,308.18	1,471.70	1,798.74	2,125.78	2,452.84	2,943.40
Ventnor	Parish/Town Council	27.09	32.51	37.93	43.35	48.77	59.61	70.45	81.28	97.54
	Parish/Town Council & IWC	743.65	892.38	1,041.11	1,189.84	1,338.57	1,636.03	1,933.49	2,230.95	2,677.14
	Total	824.90	989.88	1,154.86	1,319.84	1,484.82	1,814.78	2,144.74	2,474.70	2,969.64
Whippingham	Parish/Town Council	17.22	20.66	24.10	27.55	30.99	37.88	44.76	51.65	61.98
	Parish/Town Council & IWC	733.78	880.53	1,027.28	1,174.04	1,320.79	1,614.30	1,907.80	2,201.32	2,641.58
	Total	815.03	978.03	1,141.03	1,304.04	1,467.04	1,793.05	2,119.05	2,445.07	2,934.08
Wootton	Parish/Town Council	24.24	29.09	33.94	38.79	43.64	53.34	63.04	72.73	87.28
	Parish/Town Council & IWC	740.80	888.96	1,037.12	1,185.28	1,333.44	1,629.76	1,926.08	2,222.40	2,666.88
	Total	822.05	986.46	1,150.87	1,315.28	1,479.69	1,808.51	2,137.33	2,466.15	2,959.38
Wroxall	Parish/Town Council	8.97	10.76	12.55	14.35	16.14	19.73	23.31	26.90	32.28
	Parish/Town Council & IWC	725.53	870.63	1,015.73	1,160.84	1,305.94	1,596.15	1,886.35	2,176.57	2,611.88
	Total	806.78	968.13	1,129.48	1,290.84	1,452.19	1,774.90	2,097.60	2,420.32	2,904.38
Yarmouth	Parish/Town Council	23.54	28.25	32.95	37.66	42.37	51.79	61.20	70.62	84.74
	Parish/Town Council & IWC	740.10	888.12	1,036.13	1,184.15	1,332.17	1,628.21	1,924.24	2,220.29	2,664.34
	Total	821.35	985.62	1,149.88	1,314.15	1,478.42	1,806.96	2,135.49	2,464.04	2,956.84

TOWN & PARISH COUNCIL PRECEPTS							
Town & Parish Council Areas	2011-12			2012-13			Council Tax Increase/ (Reduction)
	Tax Base	Precepts £	Council Tax Band D £	Tax Base	Precepts £	Council Tax Band D £	
Arreton	393.2	7,172.00	18.24	396.6	7,172.00	18.08	-0.88%
Bembridge	2,079.5	117,000.00	56.26	2,079.9	117,000.00	56.25	-0.02%
Brading	841.0	56,775.00	67.51	838.6	68,570.00	81.77	21.12%
Brighstone	834.0	16,596.00	19.90	848.7	20,179.00	23.78	19.50%
Calbourne	399.9	10,500.00	26.26	400.3	12,000.00	29.98	14.17%
Chale	282.8	8,600.00	30.41	281.6	8,600.00	30.54	0.43%
Chillerton & Gatcombe	201.8	7,530.15	37.31	198.9	7,530.00	37.86	1.47%
Cowes	4,287.3	86,700.00	20.22	4,291.7	86,700.00	20.20	-0.10%
East Cowes	2,486.8	82,324.00	33.10	2,540.8	85,000.00	33.45	1.06%
Fishbourne	416.7	8,638.00	20.73	419.0	8,638.00	20.62	-0.53%
Freshwater	2,540.5	98,469.00	38.76	2,558.6	104,140.00	40.70	5.01%
Godshill	610.0	14,500.00	23.77	610.7	14,500.00	23.74	-0.13%
Gurnard	806.2	32,000.00	39.69	808.7	32,000.00	39.57	-0.30%
Havenstreet & Ashey	352.0	7,778.00	22.10	353.6	7,778.00	22.00	-0.45%
Lake	1,922.4	37,500.00	19.51	1,923.2	37,500.00	19.50	-0.05%
Nettlestone & Seaview	1,712.4	29,910.00	17.47	1,722.5	29,070.00	16.88	-3.38%
Newchurch	1,107.4	14,380.00	12.99	1,107.8	14,880.00	13.43	3.39%
Newport	8,078.1	127,245.00	15.75	8,120.6	126,678.00	15.60	-0.95%
Niton & Whitwell	985.4	12,200.00	12.38	994.0	14,200.00	14.29	15.43%
Northwood	900.7	11,228.00	12.47	908.0	14,000.00	15.42	23.66%
Rookley	257.3	6,130.00	23.82	255.9	6,130.00	23.95	0.55%
Ryde	8,809.4	319,800.00	36.30	8,855.5	331,100.00	37.39	3.00%
Sandown	2,594.1	115,000.00	44.33	2,584.9	122,000.00	47.20	6.47%
Shalfleet	750.8	27,849.00	37.09	755.5	27,849.00	36.86	-0.62%
Shanklin	3,686.6	127,980.50	34.72	3,730.3	145,898.00	39.11	12.64%
Shorwell	338.7	6,000.00	17.71	336.9	6,000.00	17.81	0.56%
St Helens	582.2	21,650.00	37.19	586.9	21,650.00	36.89	-0.81%
Totland	1,367.1	40,277.00	29.46	1,366.9	48,735.00	35.65	21.01%
Ventnor	2,767.1	135,000.00	48.79	2,768.3	135,000.00	48.77	-0.04%
Whippingham	348.2	10,759.00	30.90	346.9	10,750.00	30.99	0.29%
Wootton	1,497.2	57,800.00	38.61	1,489.3	65,000.00	43.64	13.03%
Wroxall	678.1	10,350.00	15.26	673.4	10,870.00	16.14	5.77%
Yarmouth	528.1	20,318.00	38.47	527.5	22,350.00	42.37	10.14%
Total/Average	55,443.0	1,685,958.65	30.41	55,682.0	1,769,467.00	31.78	4.51%

Lumley (Labour) 2012-13 Budget amendment (revised 26.02.2012)

REVENUE BUDGET				
PROPOSED FURTHER SAVINGS	£k		RESTORED SERVICE PRIORITIES	£k
			(refs relate to Appendix 11, Cabinet Budget paper 14/02/12)	
Further reduce the use of Agency staff - target	145		Restore proposed Padding Pools management cuts(E4)	7
Savings from non-take-up by staff of Local Govt Pension Scheme. Each staff member has an allocated budget of 22% of salary for Council's contribution - minimum annual saving not accounted for.			Restore full Island Games Association attendance grant (E5)	2
			Remove Bereavement Services charge increases above inflation levy (E8)	20
			Abandon potentially damaging Regulatory Services review (E16)	190
			Restore Rights of Way post (E19)	30
			Restore Children's Centre savings (CWB2)	68
	350		Reinvest savings from Youth Services Review into youth services (CWB6)	128
			Retain all of New Homes Bonus in the overall use of this package (Cor4)	50
Re-directed monies from projected 2011-12 underspend (halving what it is proposed by the leadership to put towards preparing for the re-procurement of the waste contract)	500		Additional contribution to Adult Social Care provision	500
TOTAL	995		TOTAL	995
			NET ADDED EXPENDITURE	0
			0% INCREASE IN COUNCIL TAX FOR 2012-13	
*** ADDITIONAL CAVEAT				
Any underspend above the projected £1.8 million for 2011-12 to be reinvested into services cutback in 2011-12 and 2012-13. To be determined by Full Council in June 2012.				

Isle of Wight Independent Councillors Alternative Budget Proposal

Full Council 29th February 2012

Fairness, Reinvestment and Innovation

- ✓ Islandwide Residents Car Parking Permit
- ✓ Adult Social Care and Community Wellbeing Reinvestment
- ✓ Unoccupied Buildings Entrepreneurs Scheme
- ✓ Cycleway and Footpath Improvement Scheme
- ✓ Youth Sports Club Premises Grants
- ✓ Lifeguards For Main Seaside Resorts
- ✓ Libraries Support and Redevelopment
- ✓ Youth Service Reinvestment
- ✓ Tourist Information Service.
- ✓ Dog Fouling and Littering Prevention and Enforcement
- ✓ Public Toilet Expansion Scheme
- ✓ TetraPak Recycling
- ✓ Community Projects.
- ✓ Town and Parish Council Support Scheme

Revenue Budget

The following table should be read in conjunction with the table of recommendations for each directorate.

Revenue Expenditure Savings	£000's	£000's
Directorate	RG Prop	IG Prop
Economy and Environment E1 – E26	769	654
Procurement and Contract management P1	127	127
Community Well Being and Social Care CWB1 – CWB	950	474
Education Services ED1 –ED2	350	350
Corporate Services COR 1 – COR	1,639	1,813
Total Proposed Savings	3,835	3,418

Ref	Proposal	RG Proposals		IG Proposals	
		2012/13 (£000s)	2012/14 (£000s)	2012/13 (£000s)	2012/14 (£000s)
E1	<p>Economic Development</p> <p>We support the introduction of annual business surveys to inform the local economic assessment following the end of the existing quarterly contract in March 2012, thereby delivering an annual saving of £22,000.</p>	22	22	22	22
E2	<p>Tourist Information Centres</p> <p>We are forced to accept these savings which relate to the costs of managing the properties left vacant as a result of the imprudent decision to get rid of the Island's tourist information centres. It is proposed that a grant of £21000 is made to fund TIC facilities at 7 key locations around the Island - see E25.</p>	24	24	24	24
E3	<p>Wight in Bloom -</p> <p>It is proposed to provide £4000 of annual funding for this event which provides colour and enjoyment to residents and tourists all over the island. We feel that in times such as these this is an important activity that helps to bolster the spirit of our Island community and the Isle of Wight Council should not reduce its funding.</p>	0	0	0	0
E4	<p>A Happier Island</p> <p>We support a full recharge for the estuaries project costs to the grants received for it thus saving £18,000 from the revenue budget. We do not support the proposed cuts to other projects, listed below, which we feel are important to the continued vitality and vibrance of our Island way of life, community enjoyment and our tourism based economy.</p> <p>Continue to fully fund paddling pools: £7k</p> <p>Maintain responsibility for bowling green maintenance: £7k</p> <p>Continue to rent depot £4k</p>	36	36	18	18

E5	Island Games The medium term financial plan contains an allocation for the hosting of the International Island Games in 2011. This provision is no longer required. However the annual grant to the Island Games Association to support its organisation of the team to attend each Games will be maintained at £5K.	102	100
E6	West Wight Sports Centre Trust The Council has been reviewing the amount of grant made available to support this facility. Given the work that is currently taking place to develop a hub of community activity, including the proposed new build primary school, it is not recommended at this stage to reduce the amount of grant currently made available. However a possible £25k reduction in grant in 2013/14 is still highlighted. We see this as aspirational and until the savings are better understood we will not commit to their inclusion in future years budgets.	0	0
E7	Combining Street Based Functions Work is ongoing to align the work of the Environment Officers, Dog Wardens and the Parks and Gardens Inspectors in order to reduce overlap, management costs and improve efficiency. We propose the retention of all staff to allow it to focus on and improve all priority areas of activity. In addition we propose to divert the saving from Civil Enforcement E12 to boost the budget for dog wardens with the objective of tackling the dog fouling problem.	65	0
E8	Bereavement Services Income We reject the proposed increase of 2.5% to the fees and charges for these services in addition to the inflationary increase.	20	0
E9	Beach Huts Income The outcome of the independent review of the charges for beach hut licences determined a rate of £250 for 2011/12 to be increase in line with RPI for the following 3 years. This takes account of the additional income to be generated by this increase. Also Income from current year not accounted for therefore double the savings	20	40

E10	<p>Ventnor Winter Gardens</p> <p>The current provision for a contribution towards the management costs is no longer required following the decision to dispose of the building. Half of the allocation is to be retained in 2012/13 to meet any costs associated with the disposal.</p>	10	10
E11	<p>Medina Leisure Centre</p> <p>The Council is now solely responsible for the costs of the operation of the leisure centre which is hired from it by the Island Innovation Trust (under a new dual use agreement) for the delivery of the PE curriculum at Medina College. This represents the expected increase in income after additional costs have been taken into account of these new arrangements.</p>	30	30
E12	<p>Car Park Management:</p> <p>A current review of the working arrangements for the Civil Enforcement Officers will improve their flexibility and enable better targeting of resources to the busiest periods. This will lead to a reduction in 2 FTE posts by not filling current vacancies. We propose that these savings are reinvested in Street Based functions to boost the budget for dog wardens with the objective of tackling the dog fouling problem, see E7.</p>	35	0
E13	<p>Car Parking – Removal of Existing Concessions</p> <p>Consideration was given to removing a number of existing concessions that exist in different parts of the Island. It is not proposed to bring forward any such changes at this time, although this may be subject to change, depending on the outcomes of the budget consultation process and further deliberations.</p>	0	0
E14	<p>Car Parking – Reduction in charges</p> <p>It is proposed to freeze car park charges for the fourth year.</p>	0	0
E15	<p>Revised Refuse Collection Arrangements</p> <p>We welcome cost savings of approximately £100,000 resulting from the changes made to refuse collection arrangements through the reduction in waste to landfill and thereby the reduction in landfill tax.</p>	100	100

E16	<p>Review of Regulatory Services</p> <p>A review of regulatory services is underway to ensure an appropriate level of service is delivered for the Island. It is estimated that this review will result in savings of £190k per annum. We are concerned that this could result in further staffing reductions that will impact on the service provided in vital areas such as Environmental Health, Planning Enforcement and Trading Standards. We therefore support these proposed savings on the conditions that they do not result in a lesser service being provided by these departments. We await the detailed proposals. Please see our proposals under E7 and E12.</p>	190	190
E17	<p>Joint Working with Southampton City Council</p> <p>We support joint working with Southampton City Council in the area of Environment, Planning, and building control to achieve savings of £100k during the 2012/13 financial year, where it does not impact on the service delivered to island residents. We will support this on the condition that service levels are maintained.</p>	100	100
E18	<p>Fire and Rescue Service Post</p> <p>We support a £50,000 saving through the reduction of a single post within the Fire and Rescue Service that has been identified as unnecessary, although we question why the post holder was employed at the expense of the local authority if the post was considered unnecessary.</p>	50	50
E19	<p>Public Rights of Way</p> <p>Footpath and cycleway maintenance and development is a priority and we propose keeping this department intact; utilising all means to add to and improve our public rights of way network. This links to the £500,000 of additional prudential borrowing outlined in our proposed capital expenditure programme.</p>	30	0
E20	<p>Enhanced cross service cooperation between IWFRS and HM Coastguard</p> <p>We propose a saving of £32,000 should be made through enhanced cross service cooperation between IWFRS and HM Coastguard to make better use of Department of Transport funded mud and technical rope rescue facilities already in place on the Island.</p>	0	32

E21	<p>Beach Hut Scheme - Supply of 50 new beach huts 10 for sale and 40 for rent</p> <p>We propose the creation of 50 new beach huts, 10 of which are to be sold on outset to fund the programme. This should meet the cost of all 50 beachhuts. 40 will then be rented to generate additional revenue for the Council. If this is successful then the scheme can be expanded bringing further revenue in future years.</p>	0	16
E22	<p>Unoccupied Buildings Entrepreneurs Scheme (business rates saved)</p> <p>Buildings still owned by the Isle of Wight Council remain unoccupied following the recent cuts to services. We propose that these are offered to businesses to occupy, initially rent free. These new tenants would be responsible for the business rates that the Isle of Wight Council currently pay as well as maintenance and heating which are required to keep these buildings in a decent state of repair. We estimate that the business rates for these buildings totals approximately £36,000 with other costs in addition. We are proposing a saving here of £18,000 initially to reflect a possible 50% uptake.</p>	0	18
E23	<p>A fully funded Lifeguard Service</p> <p>We propose the introduction of funding to increase the current £25,000 budget to £120,000 to provide a fully funded RNLI sponsored lifeguard service for our main seaside resort beaches of Ventnor, Shanklin, Sandown and Ryde. This would enable these resorts to offer a safer, modern and attractive family seaside environment that attracts more tourists to the Island and boost our economy. Lifeguards are a preventative measure that the RNLI consider important in contributing to the safety and wellbeing of seaside resort users, tourists and locals alike. We should be aware that many children use the beaches unaccompanied during the summer months. They have been taught to rely on the lifeguard service in the event of an emergency on the beach and its removal has had a detrimental effect on their safety. Lifeguards prevent deaths and injuries that cost our economy millions of pounds each year. It is estimated by the Department of Transport that each coastal fatality costs the UK £1.8m which helps justify the cost of this service which we believe is vital to our seaside tourism offering.</p>	0	-95
E24	<p>Libraries Improvement and Expansion</p> <p>Boost Libraries Budget to improve the service offering to residents, particularly those without access to ICT facilities at home, extending opening hours where required and restoring libraries as a public service facilitating community learning, access to information and the promotion of reading for all regardless of their, age, social class or ability to pay.</p>	0	-186

E25	<p>Footpath and Cycleway Repairs and renewals</p> <p>We have proposed additional new borrowing to facilitate the repair, renewal and expansion of our cycleway and footpath network which has deteriorated significantly under the current administration. In particular we want to rebuild access to beaches currently inaccessible to the public as a result of landslip and the neglect of the existing wooden steep structures. In some cases these paths are the only exit routes from remote lengths of our coastline and this presents a barrier to many tourist and resident walkers who would otherwise be able to enjoy these remoter beaches, current cut off due to lack of access. We regard this as an important project to support and enhance the excellent Isle of Wight Walking Festival.</p>	0	0
E26	<p>Car Parking Permits</p> <p>We propose introduction of £200 per annum Isle of Wight residents car parking permits (£60 for a 3 month permit and £110 for a six month permit) for use in all Island car parks. Last year we estimated that this measure would boost the use of Council car parks, reduce on street parking and therefore congestion in our streets and save the Authority in excess of £65,000 through increased compliance and usage. The financial effect of the removal of car parking permits was disastrous in our view and contributed to the £1m shortfall experienced in this area. We conclude that the likely effect of this proposal would be to produce net savings of £250,000 in the 2012/13 year.</p>	0	250
	Provision for slippage on staffing changes	-65	-65
	Total proposed Savings	769	654

Ref	Proposal	2012/13	2012/14
		£'000	£'001
CWB1	<p>Establishing an integrated NHS / Adult Social Care crisis response and reablement service</p> <p>There is firm evidence that intervening promptly when people are in crisis, maintaining them in or returning them to their homes and providing an effective reablement service both provides better outcomes for the individual and reduces costs to NHS and adult social care services. We support an integrated system that facilitates working across all aspects of health services, adult social care and Wightcare, to develop a model that can respond to individuals' needs for reablement, on the condition that this does not lead to a reduction in the financial support offered to the individual. The following are the budgets that will be cut as a result of better intervention by the new integrated system:</p> <ul style="list-style-type: none"> Intermediate care contract (PCT) £127k Mental Health Management contract (PCT) £148k Other unutilised Mental Health budgets £75k Recall Club contract for management(PCT) £40k Meals on Wheels – removal of subsidy (following changes to charging policy in April 2011) £144k Total £534k 	534	534
CWB2	<p>Children's Centres efficiencies Reinvested</p> <p>Review of centrally controlled project management costs that were previously spent on activities through Childrens Centres. All current locations are due to remain open. Any savings are to be reinvested in this important community facility.</p>	68	0

CWB3	<p>Community Safety Management Costs (Street-based services and staff)</p> <p>We broadly support the integration of the Environment Officers and Dog Wardens under one management structure. It is clear that engagement with the police, registered social landlords and the Council's community support officer function is key to avoiding duplication and to ensuring that the delivery of the street based services by all organisations is co-operative and beneficial to residents, visitors and businesses. It is also vital that this invaluable service is not denied the funding that it needs to develop an effective service. We therefore propose the reinvestment of all savings in Street Based Services, particularly to try and further the objective of reducing dog fouling and littering.</p>	45	0
CWB4	<p>We propose reinvestment to improve the support and care of vulnerable people and reject the ruling group's assertion that important caring facilities such as Westminster House should become trading facilities.</p> <p>As a result of public outcry and protests against the Ruling Group's proposals to axe the provision of adult learning disability and residential respite care facilities in Newport, the Cabinet made a decision to retain Westminster House. The staff team have been forced to engage in a cost cutting exercise and are looking at ways to offer additional services that will generate income so that at a point in the future they can leave the Council confident in their ability to be a financially viable trading organisation that does not require an ongoing subsidy from the council. We do not accept that facilities such as Westminster House should be "trading organisations" forced to place their financial viability above the needs of their clients. We therefore reject these savings as inappropriate and propose that any money saved is reinvested directly into the provision of further support for Westminster House and other similar facilities. We also propose that the £20k savings from more effective commissioning of domiciliary care services to support families with disabled children is used to ensure that there is no reduction in the level of financial support for families with disabled children.</p>	150	0
CWB5	<p>Establishing direct payments as the principal means by which adult social care recipients are supported should not lead to a reduction in the level of support available to vulnerable and disadvantaged people.</p> <p>We therefore propose the retention of any savings generated through the establishment of direct payments, to improve support and care of vulnerable people.</p>	25	0

CWB6	<p>Implementation of the Youth Services Review</p> <p>The Youth Services review is now completed and implementation is beginning. Staffing levels are being reduced as are the number of buildings provided for this important service. The ruling group have determined that there will now be a focus only on meeting the council's statutory responsibilities. The reduced Youth & Community Service is expected to generate savings of £128,000 in 2012-13 and on-going. We propose that this money is reinvested to improve, not reduce, the council's contribution to the lives of young people. This includes providing support to young people aged 11 to 13 whose extra curricular opportunities have been adversely affected by the schools reorganisation and for whom there is no statutory youth service provision. We would envisage this reinvestment assisting schools in making provision for 11 to 14 year olds who parents are unable to deliver and collect their children from after school activities where no practical public transport solution exists.</p>	128	0
CWB7	<p>NHS preventative funding</p> <p>The operating framework for the NHS includes funding to support reablement and preventative work that should lead to reduced costs of adult social care support. We are told that this should deliver savings in 2013/14 which are currently assessed as some £400k. Whilst we would welcome these savings and would see them as an opportunity to invest in other areas of adult social care, we propose the careful monitoring of this theoretical saving which is currently aspirational and untested. We would not at this point commit the budgeting process to this saving until more is understood of the actual effect of the proposed preventative measures.</p>	0	0
CWB8	<p>Town & Parish Council Support</p> <p>We propose the creation of a Town and Parish Council Link Team, employing one full time specialist and one modern day apprentice. The need to engage with and support the Town & Parish Councils has never been more pressing. The Localism Act and increasing reliance on Town and Parish Councils in the determination and delivery of local service make it all the more important that the Isle of Wight Council is able to ensure that cooperation is fostered between the Unitary Authority and the Town and Parish Councils.</p>	0	-40

CWB9	Provide permits and assistance for voluntary sector car drivers for licencing and parking	0	-20
	Many individuals are prepared to give up their time and in some cases money to provide voluntary services such as driving which can mean that they are forced to provide additional insurances and obtain licences to enable them to volunteer. We propose establishing an ongoing volunteer support fund that can meet these expenses; provide parking permits where required and assist with the cost of licencing to prevent volunteers from suffering financially, or being deterred from volunteering.		
	Total Proposed Savings	950	474

		RG Proposals	IG Proposals
Ref	Service	2012/13 £'000	2012/14 £'000
ED1	<p>School 'challenge and support' statutory activity and shared education psychology statutory function</p> <p>We accept the identified saving of £250k (£200k in 2012/13) saving as a result of joint work with Southampton City Council which we acknowledge reflects the growing autonomy of schools to develop their own school, curriculum and staff development programmes, either in partnership with each other or with other schools from other local authorities. We propose that this joint working is carefully monitored to ensure that school 'challenge and support' statutory activity and shared education psychology statutory functions do not suffer as a result.</p>	200	200
ED2	<p>Reduction in local authority responsibility with regard to providing independent information and guidance to students in secondary schools and colleges</p> <p>£250k (£150K in 2012/13) saving as a result of reorganisation and the Isle of Wight council's reduced responsibility for careers advice and information in schools. The authority will continue to meet its statutory duties with regard to those students leaving school who have a statement of special educational needs and will also provide support to those who leave school with limited qualifications and are not in education, employment or training.</p>	150	150
	Total proposed Savings	350	350

		RG Proposals 2012/13 £'000	IG Proposals 2012/13 £'000
Procurement and Contract Management Savings			
P1	Savings to be delivered through reduction in contracting activity, particularly in the corporate / facilities management areas. Further savings will be driven from existing contracts and efficiencies in future procurements.	127	127
Total proposed Savings		127	127

		RG Proposals 2012/13 £'000	IG Proposals 2013/14 £'000
Ref	Proposal		
Cor1	<p>Terms and Conditions review</p> <p>We support the comprehensive review of terms and conditions but would be very reluctant to support any pay cuts or redundancies that might follow amongst those employed at SCP (Spinal Column Point) 30 (£25,472) and below. We of course agree that the Council should be protected from equal pay challenge by delivering more modern and rational terms and conditions. The Council spends some £3.6m per annum on allowances, plus rates and enhancements to basic pay. The proposals to rationalise these terms and conditions would deliver an estimated £514,000 savings which is a reduction of some 14.3%.</p>	514	514

Cor2	<p>Treasury Management savings</p> <p>Interest rates are still low and short-term PWLB rates (1-2years) are some 1.5%. The strategy is therefore to avoid external loans where possible, and when there is a need later in the financial year, to borrow externally to borrow short-term initially.</p> <p>Surplus cash is being used to fund capital spend and then lent out on a short-term basis. The interest earned is very low only some 0.6%. This means that at the time we do have to borrow externally longer-term then the additional interest costs will be some 3.7% or more (4.3%-0.6%)</p> <p>The savings that can be made in 2012/13 and 2013/14 on treasury management are therefore one-off and cannot be relied upon on an on-going basis. If capital spend is reduced then the savings would be recurring.</p> <p>The capital financing assumptions are set out in Appendix 4 of the . This shows a projected one-off saving in 2012/13 of £ 986K and £1.286m in 2013/14.</p>	1,075	1,075
Cor3	<p>Staffing control and management</p> <p>Strict staffing controls and management of vacancies, agency staff etc are in place. Significant vacancy savings were achieved in 2010/11 and are being achieved in 2011/12. We propose no further staffing savings for 2012/13 and regard the proposed ruling group saving across the Council of £435k for 2013/14 as purely aspirational. We would expect savings to be achieved without further compulsory redundancies and through the implementation of more efficient working practices and reductions in departmental administrative expenditure.</p>	0	0
Cor 4	<p>New Homes Bonus</p> <p>The Council will receive £484,537 for the second year of new homes bonus in respect of 2011/12 and £657,800 for the first year for 2012/13. Of this amount £50,000 will be used to meet the savings target for 2012/13. The balance will be used to meet additional costs of adult social care packages, energy costs etc. and to make provision for a fall in income from fees and charges that are above the levels previously projected in arriving at the budget gap of £7.201m</p>	50	50
Cor 5	<p>Member allowances</p> <p>We propose a 7% reduction in all member allowances including Special Responsibilities Allowance. Whilst we mostly accepted the members allowance recommendations from the Panel, we feel that members should be prepared to accept a reduction based on the Panel's recommendation in recognition of the pain being inflicted on Island residents and Isle of Wight Council employees.</p>	0	28

Cor 6	PFI Department		
	We propose a 10% budget reduction to the net expenditure of the PFI Project Directorate which we feel has the capacity to absorb such a cut and should be able to exercise a degree of resourcefulness that will enable it to achieve this without resorting to redundancies or pay cuts for those employed at SCP (Spinal Column Point) 30 and below.	0	146
	Total proposed Savings	1,639	1,813

Capital Budget

Capital Expenditure		£000's	£000's	Notes to the Independent Amendment
Projects		RG Prop	IG Prop	
FUNDED PROGRAMME				
Education		22291	22291	
Highways		3784	3784	
Housing Disabled Facilities Grant		736	736	
Adults		565	565	
Transformation incl County Hall		3790	3790	
Fire		150	150	
Other funded Minor capital schemes		1547	1547	Wight in bloom transferred to revenue budget
TOTAL		32863	32863	Capital Expenditure Funded Programme Remains the Same

PRUDENTIAL BORROWING -Existing Programme	£000's	£000's	Notes to the Independent Amendment
Projects	RG Prop	IG Prop	
Leisure Facilities	3806	3806	
Crematorium	1287	1287	
Strategic Assets	1199	1199	
Housing top up	974	974	
Fire top up	540	540	
Toilet upgrades	500	0	reduced prudential borrowing for existing schemes
Corporate Contingency and other minor schemes	2707	2707	
Total Existing Prudential Borrowing	11013	10513	Reduce existing scheme prudential borrowing by £500,000

PRUDENTIAL BORROWING - New bids	£000's	£000's	Notes to the Independent Amendment
Projects	RG Prop	IG Prop	
Cowes Floating Bridge	1000	1000	
Superfast Broadband Bid match funding	500	250	We propose to half the funding for this project in the light of the experience of other authorities
infrastructure costs to enable employment	500	500	
Solent Ocean Energy Centre Kick Start Funding	1073	1073	
ICT infrastructure - server/firewall replacement	1000	1000	
DFG and Repair Grant top ups	575	575	
General and Specialist Housing	1000	1000	
Public Toilet Expansion Programme - provision of mobile toilets	0	250	Mobile Composting Toilets to be deployed around the Island
Cycle Path and Footpath Improvement Scheme	0	500	Recognises priority of walking and cycling in the Eco Island objective
Total New Prudential Borrowing	5648	6148	Increased new prudential borrowing by £500,000
TOTAL PRUDENTIAL BORROWING (existing and new)	16,661	16,661	No overall increase in prudential borrowings
TOTAL CAPITAL PROGRAMME	49,524	49,524	Overall Capital Programme Remains the Same

Self Financing Projects and One Off Expenditure Outside the Capital Budget

Self Financing from Reduction in Waste Project	£000's	Notes to the Independent Amendment
Waste retained in reserves	-900	The ruling group have proposed the use of £1m from last years underspend, for the implementation of a new Waste Management Project. We propose that this funding is reduced to a more realistic level of £100,000 increasing the available savings to £900,000
Transitional Funding of TetraPak Recycling	12	To enable Tetrapak recycling to be enabled prior to the new Waste Management programme coming on stream
Self Reliance in Food and Energy Project Seed Funding	150	Project to explore land use and release for Perma Culture self sufficiency projects
Entrepreneurial Opportunity and Re-training scheme for over 50's	150	To help older people back to work
Youth and Young Peoples Sports Club Development - three £50k Match Funded Grants	150	To provide capital for sports clubs that benefit young people, and young adult males in particular, who are at risk of offending or reoffending, to help provide premises.
7 Tourist Information Centre Set up grants of £3k	21	We propose the introduction of funding to support the operation of seven tourist information facilities at key tourism locations around the Island. This will help to address the deficiencies caused by the cut to Tourist Information Centres ordered by the Ruling Group in last year's budget.
One Off Contribution to Revenue Budget	417	We propose to utilise £417,000 of reserves on a one off basis to cover the coming year's shortfall on revenue and will look for additional savings in 2013/14 to meet any ongoing shortfall. These have been identified in terms of departmental savings but we will defer bringing these forward until they are absolutely necessary.
Balance	0	

Summary

Additional Capital Requirement from reserves	0
Increased Revenue Expenditure	417
Full year effect on reserves	0