

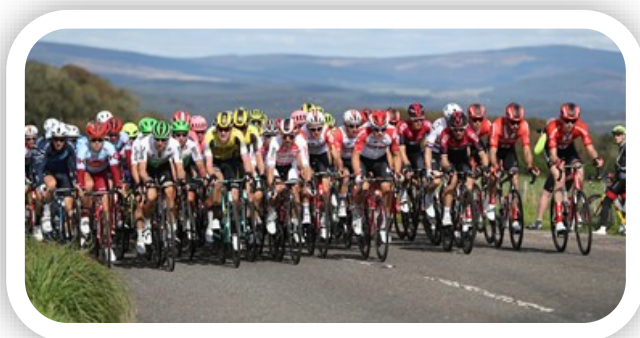
**Isle of Wight Council  
Narrative Report to the  
Statement of Accounts  
2019-20**

# Introduction

This narrative report attempts to communicate the key facts from the Council's full statement of accounts which is by its nature, very detailed and contains a lot of technical jargon which can make it difficult to understand. This report aims to present a fair, balanced and understandable view, of the Council's performance, both financial and non financial, and signpost where more information can be found by providing links to key documents like the full statement of accounts and corporate plan. It also explains how the Council will deal with the challenges ahead and highlights issues which substantially impact on our ability to deliver our corporate plans or are material to the authority, the community and the Island.

## Our Community

The Isle of Wight covers an area of 147 square miles, with a coastline that runs for 57 miles. Over 50% of the Island is designated as an Area of Outstanding Natural Beauty, it has 28 miles of coastline designated as Heritage Coast and also includes a very high number of internationally, nationally and locally important nature conservation sites. Whilst this helps to give the Island its unique character, it also presents a challenge to protect, conserve and enhance the environment, whilst at the same time facilitate regeneration and development.



The improvement period of the Highways PFI contract has provided upgrades to many road and pavements across the island and further works to key Newport junctions will support regeneration and development in future years. The Island is also famous for its walking and cycling festivals. Reliance on and costs of ferries which ship all goods and materials, and which provide mainland access for residents and visitors is an attraction to some and a barrier to others.

The local population is approximately 140,000, but over 1 in 4 is older than 65, the 17th highest level of any local authority in England. Over the next ten years, the number of 65 to 84 year olds is expected to increase by 20%, while the over 85s will increase by 24%. Although this mirrors the national picture of people living for longer, the Island, like other coastal areas, is popular as a retirement destination, whilst there is an outflow of 15-29 year olds as young people leave for higher education employment and career opportunities.

The Island has a maritime and industrial tradition including boat building, sail making, the manufacture of flying boats, the world's first hovercraft and the testing and development of Britain's space rockets. The Island boasts some of the world's most innovative and high-tech solutions in the marine and aerospace environments. However, Island workers earn lower wages than those in England and the South East and 1.9% of the Island population, compared to 1.4% of the South East, claim Job Seekers Allowance.

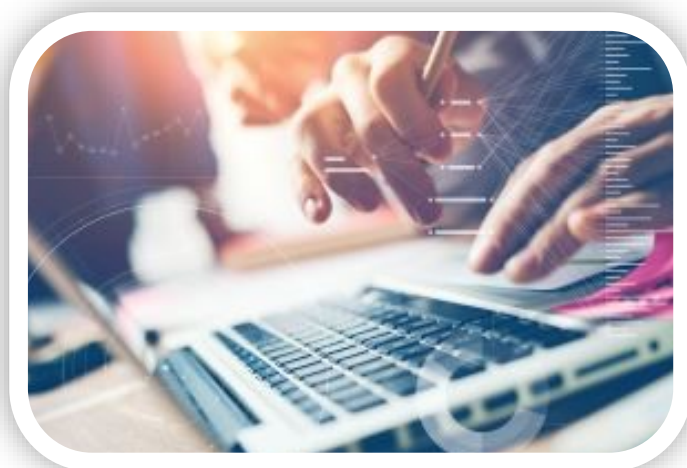
Whilst the Island has high levels of home ownership in comparison with the South East and England, there is a higher proportion of second addresses on the Island. Wage levels, housing affordability and the wider economic conditions on the Island also contribute to an increased need for affordable homes. Of 360 dwellings completed in 2017/18, 18 were 'affordable' in planning and housing terms which is significantly below what we know we need and contributes to a growing gap. Low income levels also contribute to the Island having more children living in poverty than the South East and although educational achievement on the Island continues to be below that in England and the South East, levels are improving.

# Our Council

The Isle of Wight Council was created in 1995 as a unitary authority, responsible for virtually all statutory local government activities on the Island as well as many discretionary services considered to be important to the local community. The Council is composed of 40 councillors who meet to decide the Council's overall policies and set the revenue budget and capital programme each year, as well as holding the Cabinet to account. This accountability is part of the Council's wider governance framework which is reported on annually in an [Annual Governance Statement](#).

The Cabinet is made up of the Leader and up to 9 other councillors each with a portfolio of responsibilities and is responsible for most day-to-day decisions. The Cabinet has to make decisions which are in line with the Council's overall policies and budget because whilst the budget and many plans and strategies will be proposed by the Cabinet, Full Council decides whether to accept or amend these proposals. The wider community has a key role when formulating proposals, providing valuable feedback via consultations with service users, stakeholders and the general public. Also considered are needs assessments undertaken on the island, national priorities and initiatives and the outcomes identified in the corporate plan.

Collaboration with partners including Town and Parish Councils, the NHS, Police, and voluntary and community organisations is also increasing, not just in decision making and setting policy and direction but also in the actual delivery of services. For many years, the Health and Well Being Board has brought together these various organisations to ensure that issues which affect people across the island can be dealt with in a co-ordinated way across the various providers and Policy and Scrutiny Committees for Children's Services, Education and Skills; Health and Social Care; and Neighbourhoods and Regeneration support and challenge the Cabinet and Chief Officers.



Some key posts are shared with mainland authorities giving us the ability to exploit the skills and experience of far larger authorities whilst ensuring that our autonomy is maintained:

- Director of Children's Services - strategic partnership agreement with Hampshire County Council for the provision of Children's Services.
- Chief Fire Officer – strategic partnership with Hampshire Fire and Rescue Service.
- Finance Director/S151 Officer and the Chief Internal Auditor - strategic partnership with Portsmouth City Council.
- Director of Public Health – strategic partnership with Hampshire County Council.

Details of senior officers' remuneration are shown in Note 36 of the statement of accounts.

# Our Challenge

The financial challenge faced by the Council since 2011 has been described as the single biggest risk to sustainable public services on the Island. Since then, the Council has had to find a way of balancing a savings requirement as a result of both cuts in Government funding and increasing costs. Whilst the Government has allowed councils to increase council tax by limited amounts, the vast majority of these savings have been found from efficiencies and by changing the way we work.

For the Island specifically, Government funding also links to the unique 'Island factor' (i.e. the unique costs of providing services on an Island) which both increases costs and restricts our opportunities for growth. The Council has made strong representations that the 'Island Factor' needs to be reflected in future funding allocations. Whilst we know that the Government is considering "remoteness" as part of its funding review, we won't know until the Autumn/Winter of 2020 at the earliest the extent of additional funding, if any. Our budget set in February 2020 therefore forecast a further £15m of savings would need to be found in the next 4 years.

However, many of the increasing costs relate to the Island's higher population of people over 65 which leaves us exposed to pressures from the costs of providing social care. It also meant we had to act quickly to support, protect and care for our vulnerable residents following the emergence of COVID-19 in March 2020, an unprecedented event which, at the time of writing this report sees us just beginning to emerge from a nationwide 'lockdown' aiming to slow the spread of the virus and protect capacity in the NHS. The wider social and emotional costs of this are as yet unknown but the Council has estimated that it will increase our financial pressures by around £19m in 2020/21 alone. Around £9m of additional Government grant funding has been received again at the time of writing this report, and councils across the country are joining together to lobby for further support.

Clearly, making further savings will not be enough to protect services in the long term and the Council is considering how to respond to this. The Council had already refocused its plans and in October 2016, adopted a [Regeneration Programme](#) which aims to regenerate the Island's economy and transform the financial position of the council by utilising its assets and working in partnership with the private sector to create jobs and bring in increased council tax, and business rates over 10 years. Although the impact of COVID-19 on the national and Island economy is yet to be fully understood, it is apparent that regeneration will be key to recovery.



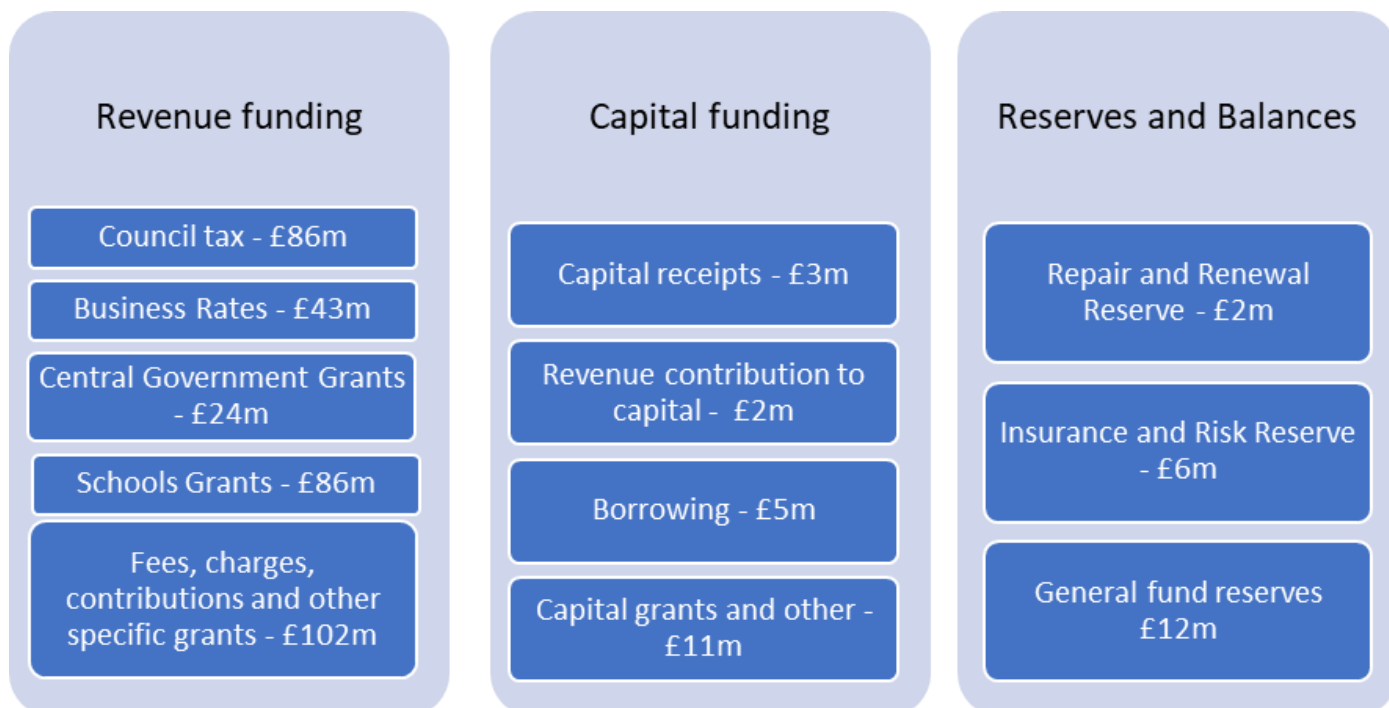
The Council's [Medium Term Financial Plan](#) (MTFP) also puts us in a good position to respond to these challenges and has a strong focus on regeneration and building financial resilience by:

- Smoothing out savings requirements to avoid 'front loading' and buy time;
- Rebuilding reserves and balances;
- Providing funding to pump prime 'invest to save' initiatives;
- Maximising capital resources that can stimulate economic regeneration, jobs and housing;
- Targeting other resources to regeneration and transformational change; and
- Embedding a financial framework that promotes longer term planning, encourages more responsible spending, improves decision making and aligns financial accountability and discipline

It's likely that a review of these plans will be required in 2020 once the impacts of COVID-19 are better understood but in the meantime, the current MTFP remains relevant and provides strong a direction for our financial strategy.

# Our Resources

The resources the Council has to achieve its aims are detailed in the statement of accounts but have been summarised here:



Where the Council has costs related to the day to day provision of services e.g. salaries, supplies and services, utilities, etc., these costs are called revenue expenditure. The amount of revenue we can spend depends on the revenue funding we receive from various sources. Notes 8, 13 and 40 of the Statement of Accounts details our principal revenue funding.

The Council can also spend on one off capital projects. These are one off items of spend, time limited and create or improve assets that have a life of more than one year, such as buildings, land and equipment. Once again the amount we can spend on capital projects depends on the capital funding we receive from various sources. Note 43 of the Statement of Accounts details our capital funding.

Councils can also set aside money in reserves in order to respond to unforeseen circumstances, or to take advantage of any opportunities that arise. This might include the ability to lever in external grants by providing match funding. Note 10 of the statement of accounts details the Council's reserves and balances.

Councils are also allowed in some circumstances to borrow, either to fund capital projects or to ensure that money is available at key points in the month or year, when large payments are due. The Council tries to minimise borrowing where possible and when necessary take short term borrowing at low interest rates. Note 18 of the statement of accounts details the Council's borrowing.

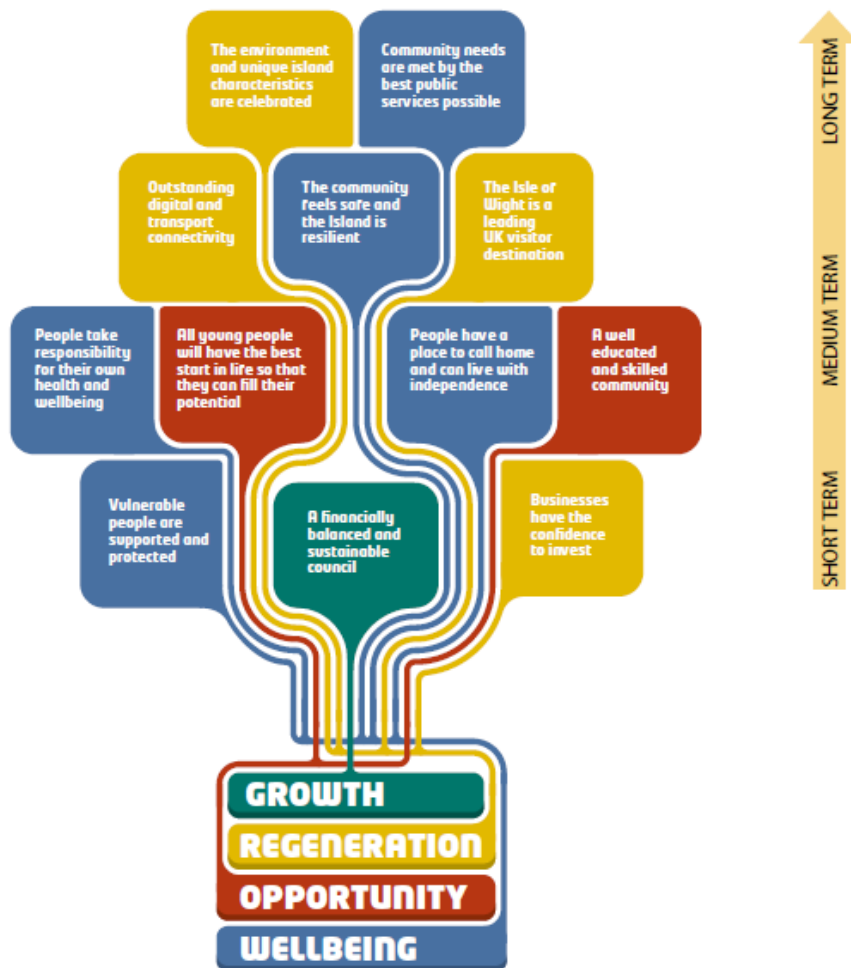
Councils can also invest funds where income is received in advance of spend, or where they hold reserves and balances. Our objective when investing money is primarily to protect the sum invested from default before any consideration of the level of return achieved. Note 18 of the statement of accounts details the Council's investments.

Further information on the Council's borrowing and investments can be found in the [Treasury Management Strategy](#).

# Our Plans and Performance

*Our vision is for the Isle of Wight to be an inspiring place in which to grow up, work, live and visit.*

Success will mean achieving the following outcomes:



The Council reports its performance against these outcomes and agreed performance indicators quarterly throughout the year in the [Cabinet Committee papers](#). It also looks at the costs of delivering those outcomes and the risks which could prevent them from being achieved. This is reported by each portfolio area and that categorisation is also used in the Statement of Accounts in the Comprehensive Income and Expenditure Account on page 7. The following pages are presented by Cabinet portfolio and provide:

- Key performance measures and achievements
- Financial performance for revenue budgets and key capital projects
- Strategic risks that could impact on the Council's ability to deliver its objectives and achieve the outcomes for the Island

# Adult social care, public health and housing needs

The Council and our partners work with some of the Island's most vulnerable people. It is, therefore, vital that we provide the highest quality of service that is person-centred, professionally sound and purposeful in how it supports the person, in order to achieve best outcomes. Access to and affordability of suitable housing is part of achieving that. The public health function focuses on reducing the inequalities in health that exist between the Island's richest and poorest residents, as well as to improve population health, including mental health.

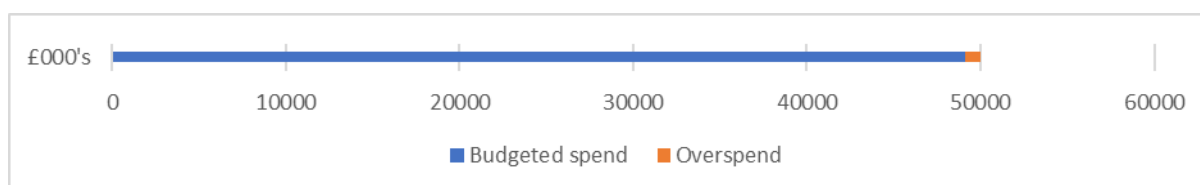
Vulnerable people are supported and protected

Our Public Health team have taken a lead role in the response to COVID-19, undertaking tracing, co-ordinating information and agencies and providing advice to the Council, its partners and the wider community. However Public Health also have a strong proactive role in promoting good health on a day to day basis. More than 460 children from nearly every Island primary school came under starter's orders at the inaugural PEACH (Partnership, Education, Attainment and Children's Health) Games in July 2019. Launched in collaboration with Premier School Sport Coaching, year 5 and 6 children took part in nine sporting activities including boccia, triathlon and handball at The Bay CE School, Lake.



November 2019 saw the opening of an emergency shelter in partnership with the Salvation Army and with funding from the Government. As well as providing 25 rough sleepers with a warm, safe place to sleep and hot food in the coldest months, the shelter supports people to find a permanent solution to their housing needs. In March 2020, all councils were tasked to move homeless people out of shelters with dormitory like accommodation into single person accommodation within 48 hours. This meant moving everyone out of the shelter into hotels, bed and breakfasts, caravans or other forms of accommodation to ensure that families with children were able to access their own facilities wherever possible. More than 60 people were accommodated within those timescales.

However our biggest challenge before and after COVID-19 remains the growing number of people needing increasing levels of care. Work with the NHS to ensure prompt discharge from hospital into suitable community care arrangements has been increased but despite this the budget pressures already experienced in this service area, particularly around the cost of care packages, has worsened. This service area has ended the year with a £938,000 overspend, against its budget of £49m. However, we expect pressures in the new financial year to be much larger as a result of the COVID-19 crisis.



Capital investment is being made to provide specialist equipment in peoples homes with a view to reducing their care needs, and further investment is planned in the Adelaide and Gouldings facilities on the island to provide reablement care which will support and encourage more people to return home and live as independently as possible. We are working with suppliers and contractors to consider whether original timescales for completion of these works can still be achieved once we move into recovery.

# Children's services

It is critically important that all Island children are given the best start in life. Our recent 'good' rating by Ofsted for our children's services is testament to the fact that we are achieving our ambitions, putting us in the top 25 per cent of local authorities nationally. We want to ensure that our children are not only educated well, but that they are safe, protected and supported to achieve the very best for themselves when they reach adulthood. This includes supporting children and families through the nationwide schools closures announced in March 2020 and uncertainty around GCSEs, AS and A levels, and university admissions.

Every young person has the best start in life so they can fulfil their potential

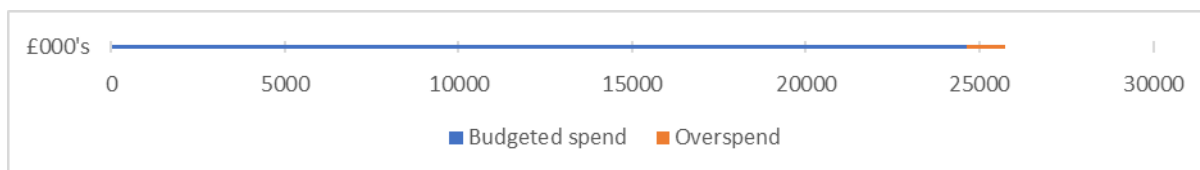
A well educated and skilled community

A number of programmes are underway aiming to keep children out of care and at home, or to return them home where it is safe and appropriate to do so. In Q3 2019/20 there were 260 children in care, the majority of whom are with Isle of Wight foster carers. The number of children on child protection plans has reduced from 170 at the end of 2018 to 123 at the end of December 2019. This is due to more children being safeguarded within early help and child in need planning, a key success of the Transforming Children's Social Care Programme. The timeliness of Initial Child Protection Conference remains well above target.

Isle of Wight primary schools have improved at a much faster rate than schools nationally in the end of primary assessments, published in December 2019. Overall, in the government's measure of the proportion of children achieving Age-Related Expectations (ARE) or above in reading, writing and maths combined, the Island improved by five per cent to 59 per cent, whereas the national average remained at 65 per cent. The improvement is the third largest in the country. The early indications are that the proportion of students attaining a grade 4 or above in English and maths this year has improved from 55 per cent in 2018, to 60 per cent. The average A-level grade has also improved to a C from a C- last year – and the average points score derived from the grades students have achieved has gone up significantly from 25.7 to 29.3. Advanced tech-level and applied general qualifications have also both improved by a full half-grade.



Schools day to day costs are funded mainly from the Dedicated Schools Grant provided by Government. However, this portfolio has experienced significant pressures in other areas during 2019/20 particularly around purchased and in house foster care placements, residential care and leaving care costs. This has led to an overall overspend of £1.1m against its budget of £24.6m.



Significant investment continues to be made in schools across the Island and successful bids to the Government for further funding from the Priority Schools Building Programme have been awarded. Funding has also been made available to establish a grant scheme to support foster carers who need home adaptations to care for children.



# Community Safety and Public Protection

The services within this portfolio have an important impact on the health, safety and welfare of everyone who works, lives or visits the Island. From the air we breathe, to the food we eat, the safety of those attending large events and our resilience through events like extreme weather and COVID-19. All issues that have been brought into sharp focus in recent months.

The community feels safe and the Island is resilient

The fire and rescue service attended 66 out of 91 (72.5 per cent - target 80 per cent) critical incidents in the target times and 166 out of 201 (82.6 per cent - target 80 per cent) of co-responder calls within eight minutes in the same period. But the service isn't just about responding to calls, other activity in 2019/20 included delivering the British Cycling Bikeability course, the 'Biker down' first aid course, speed awareness courses, the 'Head On' road safety initiative, 'Teen Fire Fit' and team building sessions under the National Citizenship scheme for 15-17 year olds.

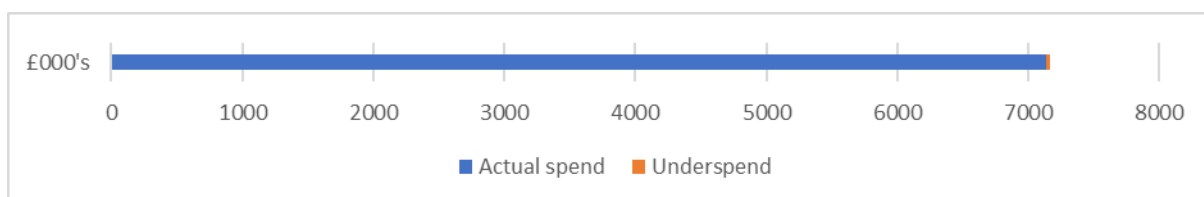
Our regulatory services function has been similarly busy with new business registrations (food), licence applications, requests for service by the public (eg complaint about a business, nuisance etc) and £195,245 saved for consumers by Trading Standards interventions. IWASP, hosted by the Isle of Wight Council's trading standards team, has grown to more than 30 partners with one common aim — keeping Isle of Wight residents safe and protected from scams, and won a gold iESE award in 2020 for its customer focus.



The Isle of Wight Community Safety Partnership (CSP) is working to raise awareness of domestic violence on the Island. In less than a year, The Dragonfly Project has trained more than 70 community champions across the county. The project, delivered by the YOU Trust, seeks to identify victims of domestic violence and abuse (DVA) who are isolated within their own communities.

Effective partnership working also ensured that we were able to deliver more than we could as a single organisation when Age UK, Community Action, Citizens Advice and the Council came together to open a COVID-19 helpline for residents without a local network able to support them. The Island community in general came together to protect friends, family and neighbours and raise funds for charities working on the front line.

This portfolio also includes bereavement services and coroners, both services which have experienced both cost and income pressures through the year. Despite this, the portfolio has a £29,000 underspend at year end against its budget of £7.2m.



Capital investment in this portfolio has included the replacement of personal protection equipment for fire fighters and continuing improvements and replacement of key fire fleet vehicles. Further investment in facilities at the Crematorium is planned for 2020/21.

# Environment and Heritage

The Isle of Wight prides itself on its unique environment and heritage most recently recognised in the Island's Biosphere designation by UNESCO. The Island boasts some of the most diverse and interesting environment in the UK with superb access for walkers, cyclists and outdoor activity enthusiasts. The Island also offers extensive opportunities for indoor recreation, leisure and learning and is a diverse, accessible and historic destination.

People take responsibility for their own health and well being

During Libraries Week in October 2019, a week-long celebration of the nation's much-loved libraries highlighted the different ways they can help people of all ages through digital support, services and activities. Activities around the island included coding clubs, building a library of the future at Lego Club, and an introduction to digital skills, with an hour of free one-to-one computer help at Sandown Library.

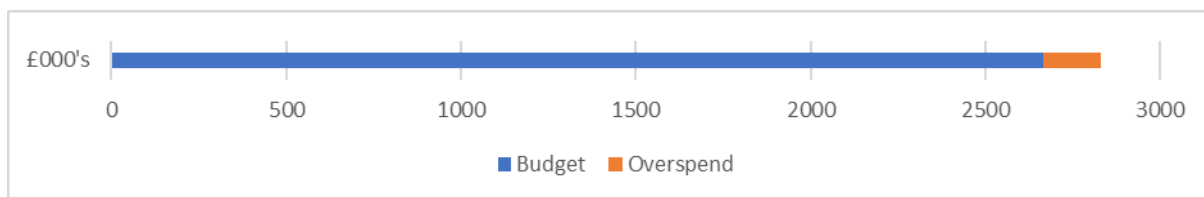
In July 2019 the Council resolved to declare and acknowledge a 'Climate Emergency' with the aim of achieving net zero carbon emissions on the Island by 2030. A Task & Finish Group will prepare a costed action plan, recommending how the Council could work with partners and central government to achieve this. We will also develop and implement a community engagement plan to mobilise environmental action groups, parish councils, biodiversity experts and residents, and liaise with other local authorities to lobby Government for additional powers and funding to help local authorities respond.



An innovative allotment project was launched in September 2019, giving disabled children and young people who have experienced a life in care an opportunity to grow their own produce, understand where food comes from, bring them closer to nature, learn new skills and promote good mental health. The project, at Ventnors St Boniface allotments, was the brainchild of the Isle of Wight Council's Leaving Care Team.

The UK'S biggest cycle race, the Tour of Britain, could make its Isle of Wight debut after the Council's Cabinet approved plans in January 2020, which — subject to sponsorship being raised — could see the Island host the final stage of the international event. Whilst original timescales are being reviewed as a result of COVID-19, attracting major events like this remain a key feature of the Council's regeneration plan.

There have been some pressures in 2019/20 achieving income targets, which will be magnified in 2020/21 as a result of closing facilities, and offering free services to key workers during the COVID-19 'lockdown' period. However other savings in this portfolio have managed this overspend down to £165,000 against its budget of £2.7m.



Capital investment has taken place in Libraries, Rights of Way, Sandown AstroTurf and across the public realm to maintain or improve coastal railings and protection and parks boundaries. S106 funding has been utilised to support Downside recreation ground and changing facilities, as well as the Pan play area. Continuing investment is planned in future years in the public realm as well as works to Newport Harbour Walls and dredging.

# Infrastructure and Transport

Ensuring accessibility both to and around the Island is crucial to realising our plans for regeneration, sustainability and growth across the Isle of Wight. Connectivity and infrastructure is key to easing congestion, aiding lifestyles and opening up accessibility to key sites that will yield future investment to the Island. As we move towards the latter stages of the seven year core investment period with our highways improvement partners Island Roads, we will continue to ensure that we are achieving value for money as well as some of the best highway infrastructure in the UK. Our partnership will continue to ensure that highways are maintained, improved and enhanced in the coming years. We will continue to work with transport partners as well as being an active partner in the Infrastructure Task Force, and with our community to make the Island work for everyone.

## Outstanding digital and transport technology

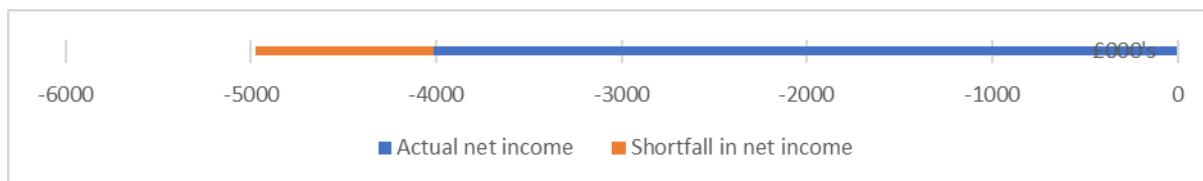
Work on a major scheme to reduce traffic congestion and improve access for pedestrians and cyclists at one of the Island's busiest junctions began in September 2019. The scheme, which is part of the wider Newport Strategic Junction Improvements, is designed to reduce congestion now as well as 'future-proofing' the junction — given expected growth in traffic movement associated with regeneration projects in the Newport area.

It is the largest of a package of schemes designed to improve traffic flows through Newport, and has been financed largely by a government grant of £9.6 million, supplementing development contributions. Other schemes such as the new arrangements at St George's Way and Shide, have already been implemented, while others which will follow in the next three to five years — including the link at Coppins Bridge, and the Matalan roundabout, which has also been given the go ahead — are still being planned.



A new guide promoting electric bike use combined with a love of food was launched by The Seaview Hotel, with routes by CycleWight and featured eateries chosen by Isle of Wight restaurant critics, Matt and Cat. The new 'Cycling Gourmand' guide will help promote ride routes that take in some of the Island's best food establishments, providing a boost to other Island businesses. It was just one of the projects funded from the Council's Active Travel Innovation Grant which forms part of a wider programme of sustainable transport interventions being delivered having secured £1.35 million funding from the Department for Transport (DfT) Access Fund for Sustainable Travel.

This portfolio has experienced pressures as a result of the continuation of the Island's discretionary elements of the concessionary travel scheme which are not funded by the Government, and shortfalls in income from car parking which have led to an under recovery of income of around £961,000 against its total income budget of £4.972m.



As well as the Newport Junctions Scheme which began in 2019, this portfolio also has capital budget for works to Newport Harbour and the Floating Bridge. Additional funding has also been made available in future years for priority safety and improvement schemes.

# Leader and Strategic Partnerships

Strong and effective partnerships are fundamental to achieving the vision, direction and delivery of our Corporate Plan and have become even more vital in the Island's response to COVID-19. Individuals, businesses, voluntary sector organisations, other public sector partners, and town and parish councils have all stepped up to ensure that the most vulnerable are protected and have demonstrated the very best of our unique community.

The Government also has a significant impact on the work that we do, and it is therefore important for us to work with, and lobby Government so that the Isle of Wight is seen as an effective and innovative partner and an organisation that Government can do business with. This has already opened the door to more effective interactions with Government where the Island's unique opportunities and challenges have been recognised.

Community needs are met by the best public services possible

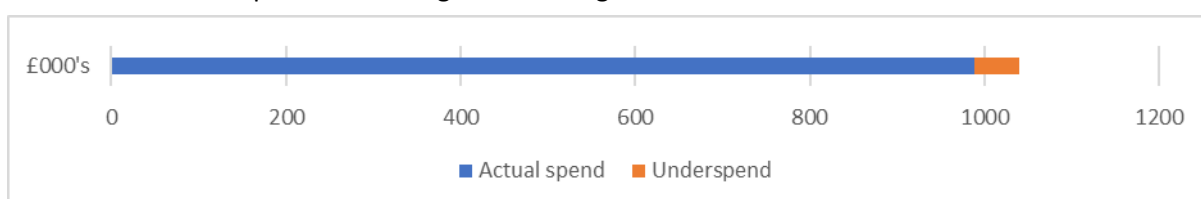
Digital technology presents major benefits for island communities, allowing them to be connected in a way that has not previously been possible. The Isle of Wight Council has been developing the Digital Island programme, and the [Digital Strategy approved by Cabinet on 13 June 2019](#) set out the way forward for the Island to realise the opportunity digital technology presents for businesses and communities alike.



Our investment in digital technology both on the Island and within the Council enabled us to respond to the 'lockdown' which commenced in late March 2020, with a huge number of staff moving seamlessly to working from home in line with our business continuity plans. The Island also lead the way in developing new technology when the NHS tracking and tracing app was launched first on the Isle of Wight as a geographically defined test area, allowing developers to evaluate and make improvements before rolling out across the UK.

However, COVID-19 isn't the only challenge we face. The Council has also been working with neighbouring authorities and other partners to prepare for Brexit, particularly relevant to the Island are changes to the supply chain, the potential impact on ports and transport, and the impact on the workforce particularly in social care. Protecting our supply chain will be vital if we hope to achieve our aim to increase the revenue coming into the Council by becoming more commercial. [The commercial strategy](#) approved by Cabinet on 10 October 2019 is set out to enable the Council to achieve future financial sustainability, while still delivering high quality services that are vital to residents.

The revenue budget for this portfolio hasn't experienced any significant pressures and as a result has ended the year with a small underspend of £52k against its budget of £1.04m.



This portfolio does not hold any capital budgets.

# Planning and Housing Renewal

Taking the draft Island Planning Strategy through the formal stages and through to adoption remains a priority. Getting this right by balancing the social, economic and environment challenges we face will help us meet requirements both now and for future generations. Ensuring the Strategy makes the right allowance for the number of homes required will be a key challenge in its finalisation. Planning and Housing services will have a key role in achieving the vision and outcomes set out within this plan and alongside the Council's Regeneration Strategy, for which appropriate development is key. We are working alongside all those currently providing affordable housing for Islanders to enable and support greater rates of delivery. The Council will also seek to intervene in the market where delivery falls short of target housing numbers to ensure that our most vulnerable residents have access to good quality housing at a cost they can afford and in January 2020, the Council established a subsidiary IWight Homes Ltd, to look into developing affordable social housing.

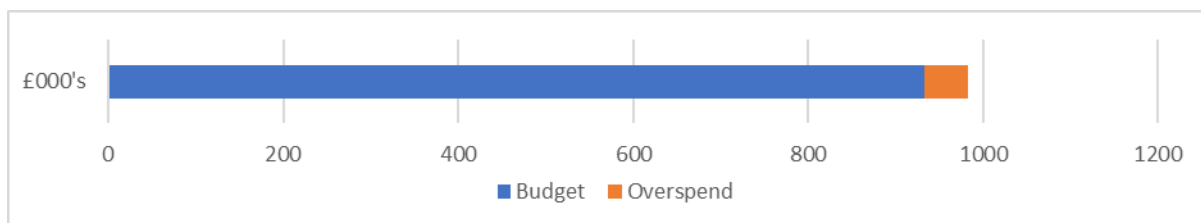
People have a place to call home and can live with independence

The Council has also approved an empty property strategy which will form part of this wider housing work and aims to bring long term empty properties back into use, to increase the supply of quality and affordable homes for Island residents, and in turn reduce the impact of empty properties on local communities. The Council is also looking at how it can bring forward schemes around council owned assets as the former Sandham Middle School site and the former driving test centre site on Medina Avenue.



Ryde Village marks the first extra care development to be delivered as part of the Council's Independent Island Living Strategy that will see a step change in the type of housing provision for older people and adults with learning difficulties (over 55) on the Island. The Developer has worked with Isle of Wight Adult Social Care Services and the Isle of Wight Clinical Commissioning Group (IoW CCG) to develop an extra care scheme that comprises 1 bed apartments and 2 bed shared ownership apartments, as well as bungalows for the over 55s and a number of starter homes.

The number of planning applications received by the council is increasing at a steady rate which is in excess of the previous year. We are also currently exceeding the target of 95% for all planning applications determined within 26 weeks. There have been some pressures in achieving planning and building control income budgets which have resulted in the portfolio delivered a £50k overspend against its budget of £933k.



Capital funding of £1.9m has supported adaptations in over 250 households in 2019/20 which will help people to remain at home, independently for longer. A further budget allocation of £1.7m has been made for 2020/21 as well. Work also continues in partnership with Community Action Isle of Wight to deliver community lead housing which has funding from Government grant.

# Procurement, Waste Management, Special Projects and Forward Planning

The Island aspires to be at the forefront of waste resource management built on the basis of high reduction, reuse and recycling, coupled with zero non-essential waste to landfill. We want to provide our residents and businesses with kerbside recycling solutions and the security of knowledge that the Council is working to minimise waste, develop a single use plastic free Island and ensure recycling is reprocessed ethically and as close to source as practicable, keeping plastics out of the environment.

Providing value for money and service innovations to generate income is a key priority too, so ensuring robust practice across our procurement activities as a Council, while ensuring support of local solutions where possible remains a constant focus of attention.

The environment and unique island characteristics are celebrated

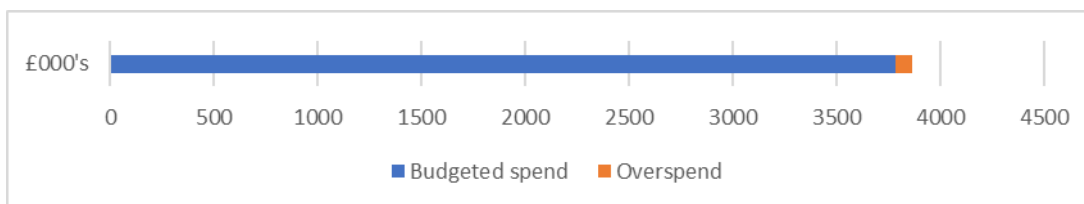
In December 2019, 50.3 per cent of contract waste and 71.5 per cent of waste at household waste recovery centres (HWRC) was recycled, reused or composted.



The Council’s green waste collection scheme has gone from strength to strength in the 2 years it has been running and in this 3rd year, the number of subscriptions available has been increased to 10,000 in response to popular demand and offers users the option of a new direct debit payment service that will automatically renew subscriptions each year. The kerbside collection avoids each household making trips to the tip, composts the waste, lowering the islands carbon footprint and giving people more time to enjoy their gardens.

In December 2019, the Council approved a procurement strategy which sets the overall context for procurement and contract management. The Strategy supports the achievement of the Council’s commitments and values as identified within the Corporate Plan 2019 – 2022, particularly in relation to delivering the savings plans necessary to achieve an annual balanced budget, and the Council’s climate emergency pledge to achieve net zero carbon emissions on the Island by 2030. Procurement of PPE was foremost in many peoples minds as the financial year 2019-20 came to a close and the Council worked with Public Health England to ensure that guidelines for appropriate use were followed and supplies obtained.

This portfolio, supported by the success of the green waste scheme, ended the 2019/20 financial year with a small overspend of £78,000 against an overall budget of £3.79m.



Capital investment in this portfolio area has mainly been focused on the waste recycling and processing plant at Forest Road. This is programmed to complete in 2020 and we are working with contractors to mitigate the impact of COVID-19 closures.

# Regeneration and Business Development

The Isle of Wight Council is now in a place where it can actively recruit its future development and investment partners to help turn aspirations into reality; deliver growth in the economy, raise the aspirations and opportunities for future generations and build on the experience and knowledge of world-leading businesses. Our ambitious and achievable plans for the Island's future growth and sustainability are starting to yield results and there has been an enthusiastic response from the development and investment community to the initial regeneration opportunities we have brought forward. The Council and partners must push to continue this impetus and continue the good work delivered prior to the COVID-19 shutdown.

The Isle of Wight is a leading UK visitor destination

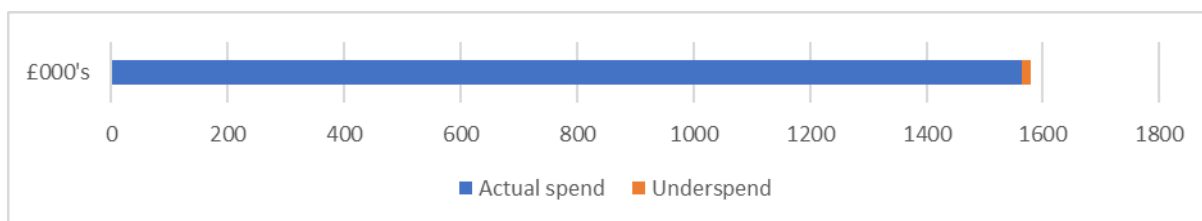
Businesses have the confidence to invest

After two years of consultation the Council has put forward the latest plans to redevelop the harbour and quay area in Newport. Options under consideration include restaurants, housing, commercial space, new car parking, higher education resources, a rebuild of the existing Riverside Centre, a new hotel and a cultural venue. The masterplan is a broad overview, so before any of the proposals take shape on the ground there will also need to be funding identified and planning permission granted. The first elements of the plan could start to be delivered within two or three years, with the full project expected to take up to 20 years to complete.



The old seafront toilet block opposite Sandown Pier would be given a new lease of life under proposals being brought forward. Ideas for the location include a redesigned building providing a new food and drink outlet, a separate, new, public convenience facility and enhanced outdoor areas. The Council hosted a drop-in exhibition at the in Sandown in November 2019 to give locals the opportunity to meet the architects and see how this important part of Sandown's seafront can be brought back into use.

This portfolio has not experienced any significant pressures and has ended the year with an underspend of £16,000 against its budget of £1.58m.



The regeneration portfolio has a significant capital budget approved in February 2019 which will be allocated across a range of schemes. However, as most of these schemes are at very early feasibility or planning stages, spend has been limited in the last year. As a result budgets will be carried forward into future years and we will continue to work with contractors and developers to consider the impact of COVID-19 on delivery timescales.

# Resources

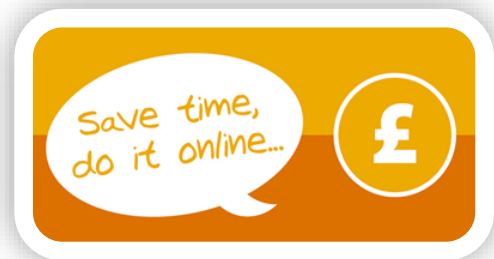
This portfolio has a broad remit including front facing services such as council tax and business rates, benefits, and contact centres which all play a key role in supporting people in accessing their entitlements and helping them through times of vulnerability or crisis. This was put to the test when the Government announced in late March 2020 a variety of grant schemes to support businesses. By the end of April teams who would usually collect council tax and NNDR had worked tirelessly to distribute over £29 m to over 2,550 eligible businesses.

The portfolio also encompasses many back office services that keep the Council running like ICT, finance, HR, facilities and property management and legal and democratic services.

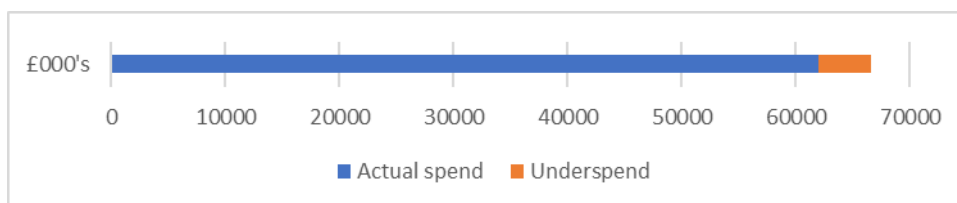
**A financially balanced and sustainable council**

This portfolio receives the majority of queries into the Council and the contact centre resolved more than 90 per cent of calls at that first point of contact during Quarter 3 and maintained the average speed of answer at below the target of 60 seconds. In the first three quarters of 2019/20, 1,030 FOI requests were received. This compares favourably with the corresponding period in 2018/19 when 1,163 were received. Reductions in Freedom of Information requests reflects well on the amount of information that is provided online via iow.gov.uk or through social media.

Isle Help in Newport brings together support from the Council along with Age Concern and Citizens Advice and can sign post to other services where appropriate. An increasing number of enquiries can also be dealt with on line, applying for benefits as well as making payments and notifying council services of changes of address or circumstances.



As part of the finance function, this portfolio also includes treasury management which manages both daily cash flow, as well as long term borrowing and lending. Councils can borrow to ensure that money is available at key points in the month or year, for instance when large payments are due and can also invest funds where income is received in advance of spend, or where they hold reserves and balances. Clearly the Council's objective is to minimise the cost of borrowing and maximise the benefits from low risk lending. As a result of these treasury management activities, this portfolio has ended the year with an underspend of £4.6m within the overall resources portfolio budget of £66.6m (this includes benefits paid to claimants).



The underspend in this area has enabled the Council to end the 2019/20 financial year with an overall underspend of £1.3m. Given the scale of cuts to budgets and pressures on costs over the last 8 years, this is once again an achievement and testament to the rigorous financial restraint that is exercised over all activities. However, recognising the continuing pressures in service areas particularly adults and childrens, and the as yet unknown full impact of COVID-19, the Council cannot afford to be complacent and will need to consider how these pressures can be managed whilst at the same time looking for further income generating opportunities.



# Our Next Steps

The Chancellor, as part of the Spending Round announcement in September 2019, declared the end of austerity. This provided some hope that funding for Local Government would at least stabilise if not increase. The Government also stated that a full multi-year spending review would take place in 2020 and there would be other changes including:

- The Fair Funding Review of the Local Government finance system;
- The Business Rates system would move nationally to a 75% retention system.
- Business Rates baselines would be reset for potentially redistributing existing gains and losses associated with the current system; and
- Business Rates revaluation would be implemented affecting the amount of Business Rates paid by the occupiers of commercial premises. Revaluation would, in future, take place every three years

Taking these reviews into account the forecast at February 2020 for the new 4 Year Period to 2023/24 was a £15m deficit and the Council's budget and MTFP was approved on that basis. However, all of this has now been put on hold due to the unknown mid to long term impact of the COVID-19 pandemic. This means there is virtually no indication of the level of funding Local Authorities can expect to receive for 2021-22 and beyond.

We do know that COVID-19 has had an impact on our budget for 20/21 and we estimate we are facing additional budget pressures of around £19m which at the time of writing this report have only been partially resolved with the additional Government grants totalling around £9m.

Although our forecasts at budget setting sought to make adequate provision for both the replenishment of reserves as well as contributions towards necessary Capital Investment, it is unclear whether this will be affordable or if indeed the planned contributions will be sufficient. Similarly General Reserves were to be maintained over the period at not lower than £10m in order to provide a responsible level of headroom to be able to respond to the future funding uncertainty, but again there may be additional calls on the general fund that put this at risk.

Our MTFP approach around building financial resilience and smoothing the savings requirement has put us in strong financial position and our existing plans for regeneration and job creation give us a head start on economic recovery. However we must recognise the impact COVID-19 will have on our staff, many of whom may have suffered illness or loss themselves; children who will need time and support to settle back into the school routine; on our contractors who will need to restart their business and re-establish cash flow; and on the community at large who may need additional support to recover and gain confidence.

Ensuring that Island resources are used in the most effective and efficient way to support and protect our community, whilst providing value for money continues to be the most important thing that we must do as a council. We must find a path through the need to respond quickly and decisively to an ever changing situation and ever increasing need, considering the full, long term implications of decisions we make within that scenario, and looking towards a sustainable and healthy future for the Island and its residents. Although at this stage, it is too early to have recovery plans set in stone, the Council, along with Government and partners are considering how we move forward, where and how we can use our resources to best help those who need it most, and how we build resilience against possible future events.