



**THIS IS A COPY OF THE REPORT THAT WAS
SUBMITTED TO CABINET ON 14 SEPTEMBER 2010**

Committee report

Committee	CABINET
Date	TUESDAY 14 SEPTEMBER 2010
Title	SECOND BUDGET REVIEW – 2010/11
Report of	LEADER OF THE COUNCIL AND CABINET MEMBER FOR FINANCE, GOVERNANCE AND SCHOOL IMPROVEMENT

PURPOSE

1. This report follows the Budget Review that went to Cabinet on 13 July 2010 and Council on 21 July 2010 and provides an update on the progress made in implementing the recommendations that were agreed.
2. The report, after taking into account the current budget monitoring position and the result of the further work undertaken since the July meetings, recommends a number of proposals in order for the council to maintain its overall financial position and be able to deliver a robust and sustainable Medium-Term Financial Strategy. These recommendations are for consideration by the Cabinet in order to recommend a way forward to Full Council on 22 September 2010.

BACKGROUND

3. In agreeing the Budget for 2010/11 on 24 February 2010, Council agreed that a mid-term budget review would be brought back to Council in September 2010, allowing all members to consider the impact of the budget decisions and whether there needed to be any in-year changes to ensure the delivery of a balanced budget for the remainder of the 2010-11 financial year.
4. In the light of the coalition government's announcement of some £6.2bn of in-year savings in 2010/11 and the emergency budget on 22 June 2010 it was felt necessary to have an earlier review in July and to follow this up with this scheduled review in September.
5. It was agreed at Council at its meeting on 21 July 2010 that the strategy should be to:-
 - Contain spend in 2010/11 to budget;
 - Identify areas for budget review for September Council;
 - Identify areas for review for more radical change as preparation for 2011/12 budget.
6. The detailed decisions from Council on 21 July 2010 are set out in Appendix 1.

STRATEGIC CONTEXT

7. The council's refreshed Corporate Plan was agreed by Full Council at its meeting on 25 November 2009. It provides a framework for the delivery of the authority's services. It is a clear statement of the Eco-Island vision, aims and priorities, and outlines the key outcomes and actions which will support the delivery of the council's priorities.
8. The key priorities in the Corporate Plan provide the basis for the setting of the council's budget to deliver the outcomes that will make a difference to the way services are delivered and improved for residents and visitors. The activities set out in the service plans to deliver the required outcomes are supported by service budgets.
9. The Medium-Term Budget Strategy adopted at Full Council on 24 February 2010 therefore directed significant resources to the seven key priorities and outcomes:
 - a) Schools Reorganisation;
 - b) Roads/Highways PFI;
 - c) Transforming Social Care;
 - d) Economic Development and Regeneration;
 - e) Fire Service Modernisation;
 - f) Local Housing;
 - g) Delivering Better Services.

BUDGET REVIEW

10. Further to the initial budget review and the decisions of Council at its meeting on 21 July 2010, work has been undertaken to progress the areas agreed for review. This report sets out the progress which has been made and updates on the financial position facing the Council with the latest budget monitoring position. The report recommends a number of proposals for dealing with the projected overspend.
11. In line with the decisions at July Full Council the updated position is set out as follows:
 - a) Mechanisms implemented to drive cost savings;
 - b) Containment of budget pressures in Directorates;
 - c) Areas highlighted for review at September Council;
 - d) Areas for review for more radical change for 2011/12 budget.

(a) Mechanisms implemented to drive cost savings

12. In order to ensure that the overall Medium-Term Budget Strategy is achieved it is essential that in-year budget pressures are managed and that any overspends are minimised. One important element of this is to reduce non-essential spend and to ensure that major categories of spend are controlled – i.e. staffing, procurement of services and spend on office related items. The proposals were to:
 - Implement Officer Star Chambers (budget service review meetings);
 - Review the staffing cost structure and structural opportunities to inform member Star Chamber meetings;
 - Identify priority areas for different delivery models e.g. outsourcing and commissioning;
 - Raise seniority level for authorising spend;
 - Authorisation panel to review posts, agency, interim staff, temps, overtime, spend on publications and events;
 - All reports to Procurement Board signed off by directors;
 - Moratorium on specific items of spend unless justified re invest to save e.g. furniture, equipment, PCs, telephones, mobiles, office supplies, external venue hire and publications.

13. In response to this, officer service reviews have been set up and have been held throughout August and September; the recruitment panel has met every week since July and spending controls have been implemented on publications, print and meetings/conferences. The Procurement Board and monthly officer service boards are also exercising overall control and vetting.
14. The July Report identified a further £885k savings from these measures resulting in reduced activity, reduced staffing costs, reduced spend on supplies etc. At this stage it is felt that these measures will produce this level of savings in 2010/11 and work is continuing to identify further savings opportunities as the year progresses.

(b) Containment of Budget pressures in Directorates

15. The initial budget review in July identified a number of budget pressures that in total could lead to an overall overspend of £2.5m, if not addressed. In addition the savings agreed as part of the budget strategy for 2010/11 were at risk of potentially underachieving by some £3m, if not addressed. This, together with the in-year reduction in the Area Based Grant of some £1m, gave a total risk of some £6.5m.
16. As part of the July Full Council decision it was agreed that actions needed to be taken to address the current year's budget pressures. The updated position is as follows:

Community Services

17. The July report highlighted a total risk of £3.656m, a risk of underachievement of savings of £2.163m, service volume pressure of £1.380m and a reduction of Area Based Grant of £113k.
18. The latest budget monitoring projection indicates a potential overspend of £3.6m. An overview of the main reasons for this latest position is set out in Appendix 2.
19. In light of this and in accordance with the July decisions a number of proposals for a revised approach to adult social care have been investigated and developed. These proposals will take some months to progress through consultation and final impact assessment and therefore will not have an impact until the 2011/12 financial year, if implemented. The full year savings would be in the order of £3.6m, which would equal the current overspend position and ensure that this overspend position will not be repeated during 2011/12. The detail of these is set out in Appendix 3.
20. These are also measures that complement the move to personal budgets and the transforming social care agenda: targeting the limited resources we have to supporting those clients with the greatest identified needs, and the most vulnerable. It should be noted that the IW Council is well placed to oversee such transformational changes. The authority's current "performing well" assessment for adult social care means that challenging circumstances such as these will be overseen by a service which has a track record – recognised by external inspectors – of providing a good quality of provision for a range of client groups. The IW Council will remain focused on maintaining such high standards in the current financial climate.
21. It also needs to be recognised that these proposals would bring us into line with many, if not the majority of other councils and, in the context of the current state of local authority finances, will be issues being grappled with across the country. Many of our costs compare

unfavourably with other local authorities with spend on older people of £236 per head of population compared to the England average of £187; average spend on home care being £82 per head compared to £64 and a spend on learning disability of £137 per head compared to £113.

22. If, however, steps are not taken now to prepare for these changes so that they can be fully implemented from 1 April 2011, this level of overspend will continue into the 2011/12 financial year. Added to potential additional pressures next year and the likely substantial reduction in resources the council will receive as part of a new financial settlement (following the Comprehensive Spending Review), this could make the scale of reductions required in 2011/12 unmanageable in one year.
23. It is therefore essential that measures are agreed this year to enable the local authority to deliver full year savings in 2011/12, with full effect from 1 April 2011. It is proposed that a range of measures are consulted on and a full impact assessment undertaken. Following this process, if these measures are agreed, implementation would be achieved from 1 April 2011.
- Change the eligibility threshold (in line with FACS (Fair Access to Care Services) criteria) used to determine who the council provides adult social care services to so that those with the greatest needs are assured of support while those at greatest risk are also provided with targeted support in those areas in which they are most vulnerable. [Full year saving of £1.5m]
 - Revise the council's charging policy so that all people are assessed to contribute to the cost of the support that they receive on the same basis, irrespective of their age, disability or health condition. This would mean that people aged over 80 years would be assessed on the same basis as those aged under 80 years. [Full year saving of £1.25m]
 - Revise the council's charging policy so that all people are assessed to contribute on the basis of the overall value of their allocated personal budget rather than how they are choosing to spend it. This would mean that whether people use their personal budget for home care, day care, meals on wheels or any other support, they would be charged on an equitable basis. [Full year saving of £900k]
24. Following consultation and finalisation of the impact assessments, the final decision on these measures or other alternatives would need to be made at the budget setting Full Council meeting in February 2011.
25. In addition to the above, the transformation programme included a proposal to re-provision learning disability services away from Westminster House. A report to the 13 April 2010 Cabinet agreed that a further report would be brought back to a future Cabinet meeting on the proposals for achieving savings in Learning Disability services for decision once the whole-life working group had completed its work.
26. The results of the review are detailed in Appendix 5 and the proposal is to re-provision the service at Adelaide and Gouldings with a consequent saving of some £214k in a full year. This results from reducing staffing and other costs, and delivering greater value for money. The weekly cost per person at Westminster house currently is some £1100 to £1200 per week, which is unsustainable.

Children and Young People Services

27. The July report highlighted a total risk of £2.228m, service volume pressure on Children's placements of £500k, loss of Area Based Grant of £1.108m, school lift pressures of £250k and additional costs of safeguarding of £370k.

28. The latest budget monitoring projection indicates that the position on children's placements could be as much as a £900k pressure. Action is being taken that should reduce this, however there is a further budget pressure for home to school/college transport for post 16 pupils and students of some £150k this year, following cost increases as a result of the new contract with Southern Vectis.
29. In response to these pressures the 0-7 pilot and Contact Point project have been ceased with minimal cost and a range of measures and reduction in activity have been implemented to manage the other pressures. These relate to stopping a range of Area Based Grant funded schemes and utilising certain one-off funding sources.
30. In addition it is proposed to consult on the removal of the discretionary element of the concessionary fares scheme for post-16 transport and to consult on the removal of discretionary travel subsidy for denominational school transport from September 2011. As an immediate measure for post-16 students it is proposed that the contribution they make to their travel cost is increased from £27.50 per term to £60 per term (equivalent to £1 per day) as from the beginning of the January term. This cost has not been increased for a number of years and with the increase proposed would still cost considerably less than the equivalent of purchasing a Freedom Ticket. This process will be subject to a Cabinet Member delegated decision report in the near future.
31. With these measures there may still be a spend above budget of some £150k in 2010/11 but an overall saving against budget of £22k in 2011/12. Without these measures there would be a spend over budget in 2011/12 of some £250k.

Economy and Environment

32. The July report highlighted a total risk of £910k, parking income and savings shortfall of £837k and reduction in Area Based Grant of £73k.
33. The latest budget monitoring projection is showing a potential under achievement of up to a £1m on parking income, with the other pressures the same as previously.
34. In response to this position the Student Rider scheme was terminated on 31 August 2010. Since then Southern Vectis have extended the half fare travel concession from under 14 year olds to under 19 year olds. However, they are still appealing the reimbursement rate paid by the council for the Student Rider scheme for 2009/10 and for 2010/11 up to cessation, and this could result in additional costs being incurred.
35. The position on car parking income and permits has been reviewed in detail and a number of options around future arrangements for parking permits have been exemplified. These are set out in detail in Appendix 4.
36. Budget management action is being taken and a number of savings have been identified to bridge the gap. Some of these measures will deliver one-off savings and therefore ongoing savings will need to be identified.
37. At this stage the proposed review of the capital programme in respect of leisure needs and the fire control arrangements, if agreed, will deliver savings in 2011/12 to bridge the gap.
38. Fire modernisation is one of the seven key priorities of the Council with the aim of delivering an Island-based service (with local governance and management) that is resilient, effective and meets the needs of the Island. Additional resources have been redirected to the service in order to achieve these ends.

39. This is not dependent on keeping the fire control centre on the Island and due to the lack of resilience and the cost of current arrangements; there is a need to consider other alternatives. It should be noted that the Island is already committed, in principle, to the plans for a regional fire control centre, and has contributed to the regional efforts preparing for this anticipated change. In this context, it has long been recognised that the Island would not be continuing with its own control centre in the longer-term. Modern technology, including GPS and data mapping, would address concerns over a lack of local knowledge.
40. Due to the low number of calls received, the current unit cost per call is some £305–£338. Using the capacity of another fire control centre, through a merger, would reduce this by more than a half, to around £120–£160. A merger would involve some upfront costs and would take several months to implement but would make the service more resilient and savings over the next three financial years would be around £300,000 per year even if the plan for a regional fire control centre is eventually implemented.
41. Another option of merging on-island with other blue light services and developing the existing centre have been considered in detail but are not thought to be practicable or financially viable and could involve substantial up front costs that are not affordable.
42. The other area of review relates to leisure facilities improvement plan and the proposed Capital spend of some £8m over this and the next three years. The full programme, including borrowing costs, will increase the revenue cost by some £550k each year for the next 5 years and some £360k a year thereafter.
43. In the current financial climate, the impending reductions in resources and the other priorities the council has it is not felt that this is affordable.
44. To scrap the improvement plan altogether is not felt to be a viable option as this would lead to closure of all facilities and a consequent reduction in income that would outweigh the savings made. Nor would it meet our aim of seeing more Islanders enjoying healthy lifestyles.
45. It is proposed however that the programme is scaled back and that alternative operational models be developed. To do this it is proposed that the capital investment is reduced in order to reduce the additional revenue costs by £250k and that the programme is reconfigured to achieve this. To achieve the revenue saving it will be necessary to scale back on the investment in three facilities but invest more in revenue generating facilities at the Westridge facility. The proposed improvement works to the Westridge facility will need to be progressed as part of any scaled back programme such that they are completed by April 2011 in sufficient time for the International Island Games in July.
46. The final proposed solution would need to be agreed by Cabinet/Cabinet delegated decision by December.

Reducing back office costs and overheads and further savings in streamlining processes and management

47. Delivering Better Services includes a major transformation of what we do and how we do it. The Medium-Term Budget Strategy includes savings of £12.765m over the period 2010/11 – 2012/13.
48. The July report set out additional savings from reducing back office costs and overheads etc of £885k in the current year and £1.392m in a full year. Further work has been

undertaken to assess how this could be delivered. It is proposed that a 30% reduction would be delivered in performance and communications functions during this financial year by:

- Limiting the range of publications across the council
- Limiting events / conferences and ensuring venue costs are at minimum
- Reviewing performance and data returns to government and avoiding repetition across the council.

49. As a result of the service review process there will be a reduction in management posts by reviewing roles and responsibilities and streamlining and joining-up similar functions.
50. Any required formal consultation notice under the Trade Union and Labour Relations (Consolidation) Act 1992 Part iv Chapter and to the unions about the levels of potential post reductions will be issued in the autumn. This will link to the Cabinet report on 7th December setting out the future shape of the organisation.
51. The Capital Programme has continued to be reviewed and subject to an ongoing challenge process. Projects are restricted to statutory, essential, externally funded and those relating to the priorities of the Council and delivering savings. There has been significant slippage in the programme in recent years and through successful treasury management the amount of prudential borrowing has been reduced. Although the interest earned on balances and reserves is now very limited there will be overall revenue saving on net interest paid potentially of the order of £1m. This will help offset the likely net overspend on service areas that are unable to be contained.
52. These additional savings over those budgeted for will help to reduce the overall projected overspend position on the Councils revenue budget.

(c) Areas highlighted for review at September Council

53. A number of areas were highlighted for review at Full Council in September. The majority of these are reported on elsewhere in this report. Work is continuing on reviewing the other areas related to Wight bus and Cowes Chain Ferry. These will feed into the December Cabinet report.

(d) Areas for review for more radical change for 2011/12 budget

54. The overall financial position facing the council now and over the next four years is very severe. There is a need to contain a range of existing service need and spending pressures, future demographic and service need increases and deal with a significant reduction in government grant income.
55. The level of council tax increases will be effectively capped probably at 2.5% with the government funding the increase to deliver a freeze (0% increase) to Island residents. In the current economic conditions the ability to increase income from fees and charges is likely to be limited and there is a risk that current levels of income will not be able to be maintained.
56. The current budget already assumes that some £14m of savings will be delivered over this financial year and the next two of which £7m is direct back office savings. This is required even before the reduction in resources that will flow from the new financial settlement. If the reduction in government grants over the next 4 years is of the order of 25% then we face a reduction of some £22m. This reduction may not be split evenly over the next four years but may be front-loaded giving a bigger reduction in 2011/12.

57. Our gross spend is some £350m, but after taking out those elements that are not directly controllable or are committed (such as Dedicated Schools Grant, benefits, waste contract, highways PFI), the savings base upon which we can really look for savings is limited to some £107m.
58. It is clear therefore that the council needs to undertake a more radical and fundamental review of what it does and agree the future direction and priorities for services in the context of government policy, statutory duties and the likely future level of resources that it will have at its disposal. The future shape and size of the organisation required to deliver the revised Corporate Plan and priorities will need to be effective and affordable, and taken forward together with a timetabled implementation plan that will also need to be agreed.
59. This will include a revised management structure, opportunities for areas for different delivery models; areas for partnership / integration / collaboration / asset disposal; areas for different approaches – waste management, commissioning / contracting, shared locations for front line services, income generation – all of which were agreed at July Full Council.
60. To aid this process service reviews chaired by the Chief Executive are reviewing each service area; Star Chambers chaired by the Leader are reviewing current activity, budget pressures and issues; and opportunities for savings; and work is being undertaken on the base data around staffing, costs of services, benchmarking etc.
61. All of this will inform the development of a range of options for Cabinet to consider as part of the budget process and ultimately form the foundation for the revised Medium-Term Financial Strategy for the following three years and the budget for 2011/12.

Overall

62. The updated position shows that, following the July Budget Review, substantial action has been taken to address budget pressures, contain spend and secure further savings where possible.
63. In overall terms, taking everything into account, the main area that is unlikely to be contained is the projected £3.6m overspend on Adult Services. The further action proposed for Adult Services in this report, if agreed after the consultation and full impact assessment, will not impact directly in 2010/11 but will deliver a projected full year saving of £3.6m in 2011/12.
64. It is essential; however, that decisions are made now to address the underlying pressure areas otherwise they will directly add to the pressures for 2011/12, on top of the expected significant reduction in government grants.
65. For the current financial year the mechanisms to drive cost savings, strict budgetary management and implementing further savings proposals to meet the projected budget gap will need to continue.
66. It should be recognised, however, that any net overspend at the end of 2010/11 will have to be met from general fund balances and this is likely to impact on the level of savings required for 2011/12.

CONSULTATION

67. For the 2010/11 budget a combination of measures were used:
 - Budget consultation questions were combined with a telephone residents' survey;

- A budget simulator online model to gain more detailed feedback on priorities;
 - A universal workshop was held in December 2009.
68. The results of these measures were analysed and fed into the budget process to influence decisions on resource allocation. A summary of the responses was set out in the report to Full Council on 24 February 2010 when considering the budget strategy.
69. The Overview and Scrutiny Committee also play a key role in considering and scrutinising the budget and relevant meetings have been timetabled.
70. Whilst there has not been a further direct consultation exercise since the budget setting in February 2010, there will continue to be consultation taking place in relation to a number of the proposals being put forward this month, subject to agreement. This consultation would then inform a number of implementation decisions being made in February 2011 as part of the 2011/12 budget setting process.

FINANCIAL / BUDGET IMPLICATIONS

71. This report is entirely about the overall financial and budgetary position of the council and sets out the financial and budget issues that the council is now facing following measures adopted by the coalition government and the emergency budget announced on 22 June 2010. This together with the council's own emerging budget pressures and the risk on savings implementation highlights the need for additional measures to ensure financial stability.
72. The biggest impact however is the setting of the public spending envelope that will be used in the Comprehensive Spending Review that will be announced on 20 October 2010. This will determine the overall budget allocations for each government department, which will determine what resources will be made available locally through the Revenue Support Grant, Area Based Grant and other specific grants.
73. We will not know until 20 October 2010 what the specific departmental expenditure levels are and not until the end of November what the actual settlement for the Isle of Wight will be. However the underlying implication of the budget is that, after protecting health and overseas aid, that there will be an average real terms reduction of 25% in total over the next four financial years. Indications have also been received of limited reductions in the areas of defence and education, which will put further pressure on other departments to increase their reductions.
74. It is therefore clear that a radical change to what the council delivers and how it delivers it is required.

LEGAL IMPLICATIONS

75. The council set a balanced budget and council tax levels for 2010/11 on 24 February 2010. In doing this, it agreed a budget strategy that included a range of savings that needed to be achieved and levels of overall service investment and spend that could be afforded. Since that decision the government has introduced a number of measures that will have an impact on the council's ability to deliver that overall budget framework. The council needs to consider, in the light of this and the budget monitoring position and risks highlighted on achievement of savings, further measures to ensure that it meets its statutory duties in relation to provision of services and in complying with relevant financial and budgetary duties. Members should have regard to the statutory duties (under s151 and s 114 of the Local Government Act 1972 as amended) placed upon the Strategic Director of Resources

as Chief Financial Officer in the proper administration of the financial affairs of the Council, the avoidance of a deficit budget and to prevent the Council falling into a position whereby it cannot meet its financial commitments. The council may take decisions which are at variance with his advice, providing there are reasonable grounds to do so. However, members may expose themselves to risk if they disregard clearly expressed advice, for example as to the level of provision required for contingencies, bad debts and future liabilities.

EQUALITY AND DIVERSITY

76. The overall strategy adopted by council balanced the needs of service users, residents, council taxpayers, business, and voluntary sector against council tax increases, the level of savings to be made and the level of investment in the outcomes to be achieved through the Corporate Plan priorities.
77. The investment in services and savings proposals will directly affect different groups of people. Some impact will be felt universally but other proposals will impact differently on older people, young people and vulnerable adults. As part of the budget process an overall equalities impact assessment was undertaken which was subsequently followed up by equality impact assessments on specific savings proposals where relevant. The changes proposed in this report have been the subject of a further overall equality impact assessment which is set out in Appendix 5. Further work will be undertaken at the service level to provide more specific equality impact assessments where appropriate, and in particular areas these will be undertaken prior to final decisions as to whether to implement.

OPTIONS

78. There are a number of options open to the council in relation to the strategic choices it has particularly in the level of investment, the level of capital investment, savings proposals etc.
79. At this stage there are three main options open to the council in delivering the budget framework that was adopted on 24 February 2010. At its meeting on 14 September 2010, the Cabinet can consider which of these to recommend to Full Council.

Option 1

Not to take any further action at this stage and report back to Council in December 2010 when the decisions of the Comprehensive Spending Review and Financial Settlement are known.

Option 2

To accept the proposals in full as set out further below, and recommend them to Full Council on 22 September 2010.

Option 3

To accept some of the proposals and recommend them to Full Council on 22 September 2010, and consider any alternative proposals for savings or agree that the projected shortfall is met from general fund balances.

EVALUATION

80. The benefit of Option 1 is that there will be more certainty about the actual level of resources available to the Council and more time to consider proposed savings and more detailed information, analysis and trends will be available. The major disbenefit is that any implementation of savings will be significantly delayed with a more limited impact in the

current financial year, and therefore affecting the base for savings for the following year. It would be a very significant financial risk to defer any action on the other proposals and could put the investment in the council's seven key priorities at risk.

81. Option 2 is the recommended approach as it results from the detailed consideration of the issues over recent weeks and months. It balances the need to make certain decisions now against looking in more detail at more radical solutions as part of the 2011/12 budget process.
82. Option 3 is agreeing some of the proposed decisions now but not agreeing others. In the context of the overall financial position it is felt that if certain proposals are not agreed then alternatives should be identified. As with Option 1 any delay would be a financial risk and could put the investment in the council's seven key priorities at risk. Although currently general fund balances are available the council needs to maintain a minimum of £5m and in the event that the risks facing the council increase and / or the overspend in 2010/11 reduces them to below £5m then these will need to be topped up in 2011/12 adding to the budget gap for that year.

RISK MANAGEMENT

83. The key risks of the budget strategy relate to budget pressures being even higher than anticipated, savings and efficiencies not being achieved, proposed income levels not being achieved and inflation higher than expected. These risks are contained in the strategic risk register. The risk assessment was set out in the July report.
84. General Fund balances of at least £5m need to be maintained on top of earmarked reserves to provide a sustainable position which protects the financial health of the council in the medium term. Savings implementation plans have been adopted and are rigorously monitored through the Star Chamber process. Budgetary control and reporting have been further strengthened. If savings from efficiencies and transformation are not achieved to the levels required then commensurate reductions will need to be made.
85. At this stage the key risk is not taking decisive action to deal with the overall financial position facing the council following the government's announcement of the £6.2bn of savings and the emergency budget. Failure to contain spend and implement further measures to raise income now will lead to an overspend and potential depletion of balances below acceptable levels. In addition it is clear that the financial settlement through the Revenue Support Grant for 2011/12 will give the council significantly less resources than it has now which could make the budget gap next year unachievable unless appropriate action is taken.

RECOMMENDATIONS

86. THAT CABINET:

- 1 Consider the financial position facing the council as set out in the report and note the actions taken to date to contain budget pressures and recommend to Council that:
 - (a) They confirm the need to contain net revenue spend for the Council to the level agreed by Council on 24 February 2010
 - (b) Officers undertake the necessary consultation and impact assessments on the proposals set out in paragraph 23 i.e:

- Change the eligibility threshold (in line with FACS (Fair Access to Care Services) criteria) used to determine who the council provides adult social care services to so that those with the greatest needs are assured of support while those at greatest risk are also provided with targeted support in those areas in which they are most vulnerable. [Full year saving of £1.5m]
 - Revise the council's charging policy so that all people are assessed to contribute to the cost of the support that they receive on the same basis, irrespective of their age, disability or health condition. This would mean that people aged over 80 years would be assessed on the same basis as those aged under 80 years. [Full year saving of £1.25m]
 - Revise the council's charging policy so that all people are assessed to contribute on the basis of the overall value of their allocated personal budget rather than how they are choosing to spend it. This would mean that whether people use their personal budget for home care, day care, meals on wheels or any other support, they would be charged on an equitable basis.[Full year saving of £900k]
- (c) After considering the equality impact assessment the proposed re-provisioning of services from Westminster House as set out in Appendix 5 be agreed and implemented forthwith.
- (d) Officers undertake the necessary consultation and impact assessments on the proposed removal of the discretionary element of the concessionary fares scheme for post-16 transport and on the removal of discretionary travel subsidy for denominational school transport from September 2011, subject to the proposed Cabinet Member delegated decision authorising this consultation being agreed in the near future.
- (e) As an immediate measure for post-16 students the contribution they make to their travel cost is increased from £27.50 per term to £60 per term (equivalent to £1 per day) as from the beginning of the January 2011 term, subject to the proposed Cabinet Member delegated decision being agreed in the near future.
- (f) An in-principle decision is made to combine the Council's fire control centre with that of another authority in order to deliver a cost effective service with the necessary resilience. Officers are tasked with progressing the necessary arrangements to implement this proposal, subject to a final Cabinet Member delegated decision.
- (g) The leisure facilities improvement programme is reconfigured in order to deliver an effective programme at a revenue cost of £250k less than currently agreed. Improvement works to the Westridge facility to be completed as planned in order for it to be ready for the international games in 2011.
- (h) The parking income and permit options as set out in Appendix 4 are considered and Cabinet reaches a view on what recommendations are put forward to Council.
2. Agree to consider the necessary reports, results of consultations and final impact assessments flowing from decisions at Council on 22 September at the budget setting Full Council meeting in February 2011 in order to make any relevant decisions about the implementation of proposals with effect from 1 April 2010.

87. APPENDICES ATTACHED

- [APPENDIX 1](#) Detailed decisions from Council on 21 July 2010
- [APPENDIX 2](#) Community Services current budget position
- [APPENDIX 3](#) Detailed proposals on Adult Services
- [APPENDIX 4](#) Parking Income and Permit Options
- [APPENDIX 5](#) Whole-life review and proposals for Westminster House

BACKGROUND PAPERS

- Budget Review report to Council 21 July 2010.
- 2010/11-2012/13 Budget Strategy and Council Tax Setting report to Council 24 February 2010.
- Revised Grant allocation notifications 2010/11
- Emergency Budget announcement 22 June 2010

Contact Point: David Burbage, Strategic Director of Resources,
☎ 01983 823606 e-mail David.Burbage@iow.gov.uk

DAVE BURBAGE
Strategic Director of Resources

COUNCILLOR DAVID PUGH
*Leader of the Council and
Cabinet Member for Finance, Governance
and School Improvement*