

Councillor Jonathan Bacon

Leader of the Council and Executive Member for
Resources and Children's Services

County Hall
High Street
Newport
Isle of Wight
PO30 1UD

Tel (01983) 821000

Fax (01983) 823123

Email jonathan.bacon@iow.gov.uk

DX 56361 Newport (Isle of Wight)

Web www.iwight.com

Rt Hon David Cameron MP
Prime Minister
10 Downing Street
London
SW1A 2AA

25 January 2016

Dear Prime Minister

Provisional Local Government Financial Settlement

I was pleased to meet with Marcus Jones MP, Minister for Local Government, Andrew Turner MP the Isle of Wight's Conservative Member for Parliament and my colleagues on Wednesday 6 January 2016 to discuss the above. It was especially important for me to be able to discuss the impact of the provisional settlement on the Isle of Wight Council's ability to meet its statutory obligations and ensure the residents of the Island receive appropriate levels of service broadly equitable with the services provided by mainland authorities. We also discussed the constraints of being an Island giving it a unique status, which view the Minister concurred with, which in turn adds to the enormity of the Council's task in responding to the significant challenges the provisional settlement brings.

A recent study of European Islands, including the Isle of Wight, reinforced the impact of these constraints in concluding that islands have an economic performance than on average is less than 80% of that of their 'parent' national economy. Data for the Isle of Wight demonstrates that its performance is consistent with this conclusion.

I am grateful for the positive and constructive way in which the Minister heard our arguments on behalf of the Isle of Wight and his recognition of the unique position we find ourselves in when compared with many other local authority areas on the mainland. However, I wanted to also make you personally aware of the significant challenges the island of the Isle of Wight faces before government finalises the financial settlement for the Isle of Wight Council. There is in my view a clear case for providing extraordinary funding on the basis of an area being an island as is the case for extremely rural communities; although this latter category does not even apply to the Isle of Wight.

We have been in contact with your officials at the Department for Communities and Local Government about meeting to identify any help and support they can offer to the Council in meeting its challenge. We have also provided a response as part of the consultation process on the financial settlement. I have attached a copy for your reference and set out below some of the Council's main requests of government in the final settlement.

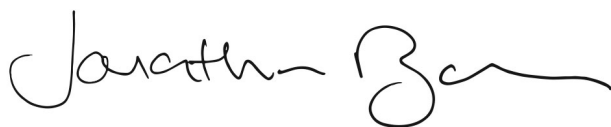
- Government must recognise service need especially in adult social care in the settlement and ensure resources are allocated fairly according to that need.

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- Government should bring forward the extra resources of £1.5 billion to support adult social care costs to start in 2016/17 and have meaningful allocations from that date.
- Government should change its distribution methodology that reduces grant to upper tier authorities disproportionately and where there are the greatest increases in demand and costs for adults and children's services.
- Government should take account of increasing costs over which the Council has no overall control as part of its overall financial settlement.
- Government adopts criteria that take account of the constraints of being an island when determining the local government settlement for the Isle of Wight Council.
- Government should allow the use of capital receipts earned before April 2016 to fund revenue projects to transform the local authority and grow the Island's economy.

I urge you to find your way to supporting the Isle of Wight Council's argument for recognition of its island status in the consideration of the allocation of funds from government and that a revised settlement figure can be agreed on that basis. If this is not achievable then I do believe that on the basis of the figures shared with the Minister and which are not in dispute then the Council will reach the 'tipping point' when it is unable to meet its legal duties within the available resources in April 2017.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Jonathan Bacon'. The signature is fluid and cursive, with a long horizontal stroke at the end.

Councillor Jonathan Bacon

Leader and Executive Member for Resources and Children's Services