

Medium Term Financial Plan

2007/08 to 2010/11

ISLE OF WIGHT COUNCIL
MEDIUM TERM FINANCIAL PLAN (MTFP) 2007/08 -2010/11

Section	Contents	Page
1	Why prepare a MTFP?	3
2	Starting point for the Plan	4
	2.1 The new Council – its Vision and Objectives	
	2.2 The Budget cycle	
	2.3 Budgetary performance 2006/07	
	- Capital	
	- Revenue (including re-prioritisation)	
	2.4 Impact on Revenue balance at 31 March 2007	
3	Preparing the MTFP	9
	3.1 The contribution of Corporate Strategies	
	3.2 Key components of Budget preparation 2007 onwards	
4	Cost Pressures	14
	4.1 Pay	
	4.2 Pension Contributions	
	4.3 Prices	
	4.4 Volume and demographic factors	
	4.5 Fees and Charges	
5	Capital	16
	5.1 Capital investment and Asset management	
	5.2 Capital Resources	
	5.3 Capital Expenditure to 2012/13 and Revenue consequences	
	5.4 Corporate approach to resource allocation	
6	Revenue	19
	6.1 Service Improvements	
	6.2 Efficiency Savings	
7	Reserves, Cash Limits, Revenue Budget, & Council Tax	22
	7.1 Use of Reserves and balances	
	7.2 External Funding and related matters	
	7.3 Service Cash limits and Council Tax for 2007/08	
	7.4 Indicative Council Taxes 2008/09 to 2010/11	
8	The Golden Thread and Service Planning	25
9	Risk Management	26
10	Outcomes	27

Appendices	Contents	Page
A	Council Strategy documents	28
B	Major 'One Island' and 'One Council' Projects	30
C	Funding of 'One Island' and 'One Council' Projects	32
D	Service Cash limits 2007/08	35
E	Council Tax Projections 2008/09 to 2010/11	36
F	Budget Risk Assessment	37

1 WHY PREPARE A MTFP?

- 1.1 The Island community rightly expect quality, cost-effective services and the objectives and targets to satisfy such demands are set out in the Community Plan delivered and monitored by the Local Strategic Partnership. The Council's service priorities are set out in its Corporate Plan but, for various reasons, will change over time e.g. because of new legislative and policy pressures, varying levels of resource availability (both capital and revenue) from year to year, etc. These factors make it essential that the Council prepares its corporate plans over longer time-scales than a single year and that its financial plans are aligned with them.
- 1.2 With these factors in mind, this MTFP covers the period 2007 to 2011 and is consistent with "shaping the future". It also focuses on priorities (to seek to ensure that scarce resources are spent in the most cost-effective manner), and supports a change management environment – one that acts as a lever for challenging and changing service provision to meet community needs, and is committed to continuous improvement
- 1.3 The MTFP is therefore of crucial importance as it:-
 - presents policy-makers with the opportunity to determine the Council's future direction and associated resource allocation over a period of years
 - promotes consideration of potential changes in demand for services and community needs
 - facilitates financial consideration of any legislative changes
 - enables policy alternatives to be financially evaluated
 - ensures that Service demands are prioritised and matched to likely resource availability.

2 STARTING POINT FOR THE PLAN

2.1 The new Council – its Vision and Objectives

- 2.1.1 In May 2005, the Conservatives gained control of the Council from the previous Liberal Democrat / Independent coalition. The Council has a clear vision for its activities that it shares with the Local Strategic Partnership.

The 2020 Vision is of:-

A progressive Island built on economic success, high standards and aspirations, and a better quality of life for all.

...and encapsulates the principles of community leadership, sustainability, high performance and cost effectiveness – the key drivers shaping the Council’s future approach to service delivery. These are reflected throughout this MTFP and in the Council’s ‘One Island’ and ‘One Council’ strategies.

- 2.1.2 The “vision” is to be fulfilled by focussing resources on delivering measurable outcomes across *five objectives* (four being external and the final one, in the list below, internal) as follows:-

- **Drive the sustainable regeneration and development of the Island**
- **Improve the health and well-being of Island communities**
- **Create safer and stronger communities**
- **Improve outcomes for children and young people**
- **To be a high-performing, cost-effective Council.**

- 2.1.3 The Vision and Objectives are consistent with the Council’s ambition to be an excellent CPA-rated Authority by 2008 and to be amongst the top-performing councils in the country. However, the Council recognises that to be most effective, it must allocate its resources to the *most urgent and important aims* which have been agreed as follows:-

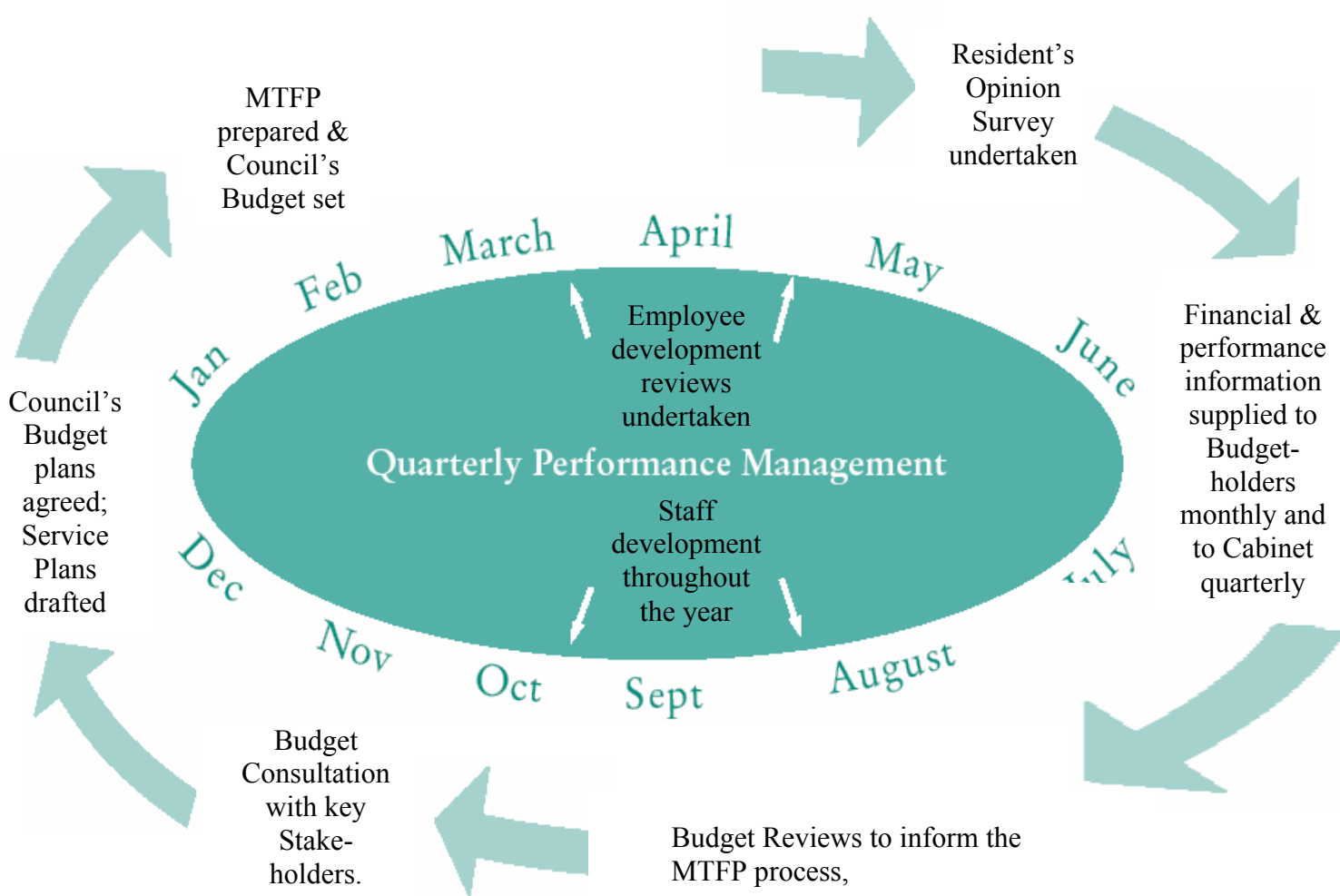
- have high performing, skilled school children especially at Key Stage 4
- have an accessible, effective and integrated transport system
- have an effective Fire and Rescue Service
- create effective partnerships where they are able to improve service delivery, cost effectiveness or community engagement.
- ensure that all services are cost effective and offer maximum VFM

2.2 The Budget cycle

- 2.2.1 This MTFP is prepared co-terminus with the detailed budget and Council Tax-setting i.e. over the period November / December to February / March. The current cycle is shown in the diagram below with the February / March elements of the “cycle” for the current financial year detailed in the Table overleaf:-



Council
Tax bills
issued.
Service
Plans
finalised



2007	Activity
February Council	Capital programme finalised Budget and Council Tax set
March	Draft Service and Team Plans finalised (see Section 8 of the Plan)
April Cabinet	MTFP Capital Strategy

2.3 Capital and Revenue Budgets 2006/07 and performance to date

2.3.1 The revised *Capital Programme* for the current financial year is summarised in the Table below. Details are also given of the level of expenditure expected to be achieved on these schemes by the financial year end (to include funding plans). Various under- and over-spending are highlighted with a net under-spending of £679k (2.6%). Of this figure, £653k are commitments that roll forward into 2007/08 and currently represent a first call on that year's approved capital resources.

STATEMENT OF ESTIMATED CAPITAL OUTTURN 2006/07 & THE IMPACT ON FINANCING REQUIREMENTS		
SERVICE	Revised Budget	Revised Forecast
	(£)	(£)
Adult & Community Services	438,714	432,452
Housing	3,230,569	2,963,569
Cultural and Leisure	1,220,298	1,144,783
Regeneration & Neighbourhoods		
Fire & Emergency	270,624	270,352
Cemetery	85,415	85,415
Coastal Protection	913,985	826,041
Parks & Gardens	82,949	82,949
Waste Services	203,011	142,830
Regeneration	98,754	98,754
Properties	860,721	1,106,166
Highways & Rights of Way	5,993,352	5,664,806
Central Services		
ICT	43,858	94,560
	<u>13,442,250</u>	<u>12,912,677</u>
Education & Children	12,697,648	12,548,187
TOTAL	<u>26,139,898</u>	<u>25,460,864</u>

SERVICE	Sources of Funding 2006/07 - all figures in £'000					
	Capital Receipts (incl S106)	Borrowing	Capital Slippage	Revenue	Grants	Total
Adult & Community	464	2,543			1,534	4,541
Regen.& Neighb'rhoods	1,372	6,020			885	8,277
Central Services	51	44				95
Education & Children	189	6,748	2,970	368	2,273	12,548
TOTAL	2,076	15,355	2,970	368	4,692	25,461

- 2.3.2 The original *Revenue Budget* for the current financial year is summarised (by Portfolio Holder areas) in the Table overleaf; details of the expected level of expenditure on these services by the financial year end (taking account of the “Agreed Actions” reported to the Audit Committee in January 2007) is also provided. At this point in time, monitoring points to the estimated outturn being wholly in line with the original budget for the year.
- 2.3.3 The Council has *re-prioritised* some of its 2006/07 Revenue Budget plans in order to better support Council priorities in 2007/08. Details of the Budget heads that have been reduced, those that have been increased, and the sums involved are also reflected in the Table overleaf.
- 2.4 Estimated impact on Revenue balance at 31 March 2007
- 2.4.1 As a consequence of the estimated outturn, the General Reserve at 31 March 2007 is, therefore, unchanged, i.e. £2.055m.
- 2.4.2 The General Reserve is low for a council the size of the IoW, particularly given the Council’s stretched savings targets and the possibility that inflation could be higher than that provided within the Budget. However, a strong history of sound financial management coupled with new corporate procedures for dealing with in-year processes, enables the Council to operate with a lower General Reserve than an average authority of its size.

ORIGINAL REVENUE BUDGET & ESTIMATED OUTTURN 2006/07			
SERVICE	Original Budget £'000	Estimated Outturn £'000	Variance [under (-)] £'000
Adult & Community Services	33,266	31,847	-1,419
Housing	2,703	2,602	-101
Cultural Services	3,410	3,481	71
Leisure Services	1,665	1,622	-43
Safer Communities	0	495	495
Children's Services	16,560	17,785	1,225
Schools	0	-31	-31
Regeneration & Neighbourhoods			
Fire & Rescue Service	6,500	6,387	-113
Consumer Protection	1,970	1,790	-180
Coastal Management	325	331	6
Parks & Gardens / Countryside	1,678	1,664	-14
Engineering Services	13,567	14,010	443
Planning	949	607	-342
Tourism	908	839	-69
Regeneration	1,062	1,195	133
Property Management	136	155	19
Building Maintenance	1,060	1,017	-43
Safer Communities	1,100	656	-444
Central Services	5,907	7,322	1,415
Communications	246	433	187
Public Access	471	583	112
Business Transformation	-22	525	547
Finance	1,498	1,518	20
Administrative Buildings	679	727	48
Capital and other Financing	13,097	11,102	-1,995
Contingencies, etc.	1,132	1,205	73
Total Net Expenditure	<u>109,867</u>	<u>109,867</u>	<u>0</u>
RSG & NNDR	<u>-48,271</u>	<u>-48,271</u>	<u>0</u>
Council Tax requirement	<u>61,596</u>	<u>61,596</u>	<u>0</u>
Contribution from/to General Reserve	0	0	0

Note: Where a Service Area is likely to require a 2006/07 under-spend (relating to a specific budget item) to be authorised for carry over into 2007/08, approval will have to be obtained from the relevant Service Board.

3 PREPARING THE MTFP

3.1 The contribution of Corporate Strategies.

- 3.1.1 Significant efforts have been made to determine the Council's priorities and express them in clear plans with supporting Strategy documents. As a consequence, the Council has a multitude of corporate strategies and plans (see Appendix A) in various stages of development – some have been in existence for several years, some have been produced more recently, indeed are still at draft stage in some cases. They should all be consistent with the Corporate Plan whilst adding detail to the delivery intentions for the service. The numbers (£) that appear in subsequent Tables therefore represent the ongoing impact of past resource allocation decisions plus decisions, based on identified priorities, as to how resources are to be allocated in the future. This facilitates ongoing improved resource allocation and Value for Money.
- 3.1.2 The Council's Strategy documents and action plans require varying levels of Capital and Revenue support. An extended commentary is not appropriate here, but brief comments are made about some of the Strategy documents to highlight the inter-relationships. The review is divided into two parts namely (a) Existing Strategies and (b) Strategies in course of preparation.

(a) Existing Strategies

(i) The *Children and Young People's Plan (CYPP)* specifies the actions that will be taken to meet the five priorities namely

- Raise educational achievement
- Improve emotional well-being and mental health (by reducing bullying, alcohol and substance misuse)
- Increase support and employability for those aged 14 to 19
- Help more young people to get involved in things to do in local communities
- Develop more support for parents, carers and families.

Implementation of these actions is evidenced in various ways e.g.:-

- the Children's Trust governance arrangements are in place e.g. Island Strategic Partnership, Health Care Trust, and IoW Council; also links with NHS, Connexions, Schools, Learning and Skills Council (LSC), Police, and the voluntary and community sectors, with collective responsibility for delivery of the two-year CYPP.
- the Residents Opinion Survey showed School standards to be a key public concern. Management changes in 2006 resulted in increased school support and student performance began to improve. Success in writing at Key Stage 2 is being built upon with £750k of DfES funding obtained to take the project forward. Substantial sums are also on offer from DfES and the LSC to fund a single pathfinder school and a sixth form centre respectively.

- the 2006/07 Budget enabled an extended version of the free Bus pass scheme to include flat-rate fare of 50p for those aged under 19.

(ii) The *Local Transport Plan (LTP) 2006-2011* was submitted to GOSE and (DfT) last March and sets out the plans for the five- year period, taking into consideration the Community Plan, UDP/LDF, Area Investment Framework, and other matters of particular relevance e.g. the environment, economic prosperity and regeneration, etc. The indicative level of Government LTP funding for improving the transport infrastructure amounts to £21.54m over the period (of which £11m is for maintenance) but this masks a year by year reduction in the indicative support plans. The LTP figures are incorporated in the Capital Programme.

The Council has also formally expressed interest in developing a Rural Pathfinder Private Finance Initiative which, if successful, would create some £332m of PFI credits.

(iii) The *IoW Local Area Agreement (LAA)* states that “it is beyond doubtthat a LAA will provide a powerful and timely tool to support delivery of our Community Strategy. The LAA comprises four core blocks namely Children and Young People, Healthy Communities (and Older People), Safer and Stronger Communities, and Economic Development and Enterprise. There are eleven Action targets e.g. improving GCSE and Key Stage 2 results; reducing smoking; improving vocational skill levels and qualifications; improving life chances of children at risk of social exclusion. Links with the Children and Young Persons Plan are self evident but the LAA also includes Reducing Homelessness; Improving the quality of Life for older people, etc.

The LAA includes 17 strategic outcomes supported by 38 goals and 95 specific targets. Potential Grant amounts to some £4.2m, though it is dependent on attaining challenging (“stretched”) targets and is not payable until the end of the Agreement (March 2009) and then in two instalments – 50% in April 2009 (i.e. in 2009/10) and the balance twelve months later (i.e. in 2010/11). To further complicate matters, half of each instalment will be paid as capital grant, half as revenue.

Given the degree of uncertainty, no LAA Reward Grant has been assumed in this MTFP. And whilst pump-priming monies will assist with getting these improvement efforts underway, consideration will need to be given as to how the enhanced level of service is to be provided in the longer term

(iv) The *Strategic Asset Management Plan (SAMP)* was recently adopted and is shortly to be extended with the inclusion of a Capital Strategy and action plans (see b(iii) below). The SAMP recognises that, for the Council to achieve its business goals and objectives, proper consideration has to be given to property and accommodation requirements and for a Property Strategy to provide a framework within which all future property decisions are made. Members and officers are jointly working to this end – cost effective use of the Council’s property portfolio is an essential element of a “high-performing” Council.

(v) Further comments about the *Risk Management Strategy* may be found in section 9 of this Plan.

(b) Strategies in course of preparation

(i) The *Information and Communication Technology Strategy* (Consultation draft) sets out a proposed road map for the period to 2012 with main development work being focussed on Customer service, Flexible working, and Information management. Capital investment of some £10m to £15m is envisaged, with a potential revenue impact of some £2m per annum, to be financed from efficiency savings generated.

(ii) The *Workforce Strategy* is being prepared and will supersede a range of current Strategy documents (accessible via the Intranet) e.g. People Management Strategy that covered the period 2003/06. It provided a framework to create a workforce that is “committed, flexible, equipped with the competencies and skills to adjust to different tasks and roles..... and capable of delivering the Council’s ‘can-do’ culture”. The People Management Strategy acknowledged the resource constraints (and the fact that some 5800 employees consumed some 65% of the Council’s Revenue budget) and addressed five key themes namely: Being an Employer of choice; Empowering and developing people; Making connections; Influencing organizational change; and Valuing diversity.

A key component of the Workforce Strategy will be development of the workforce in support of the Council objective “to be high-performing and cost-effective”. £300,000 is included in the revenue growth items for 2007/08 to underpin an organisational development programme and, specifically, to develop a 60-strong Leadership Group among senior officers.

(iii) The draft *Capital Strategy* includes action plans that cover operational management, asset disposal policies and implementation thereof, the approach to utilising the revenue savings arising from the disposal of such assets, etc.

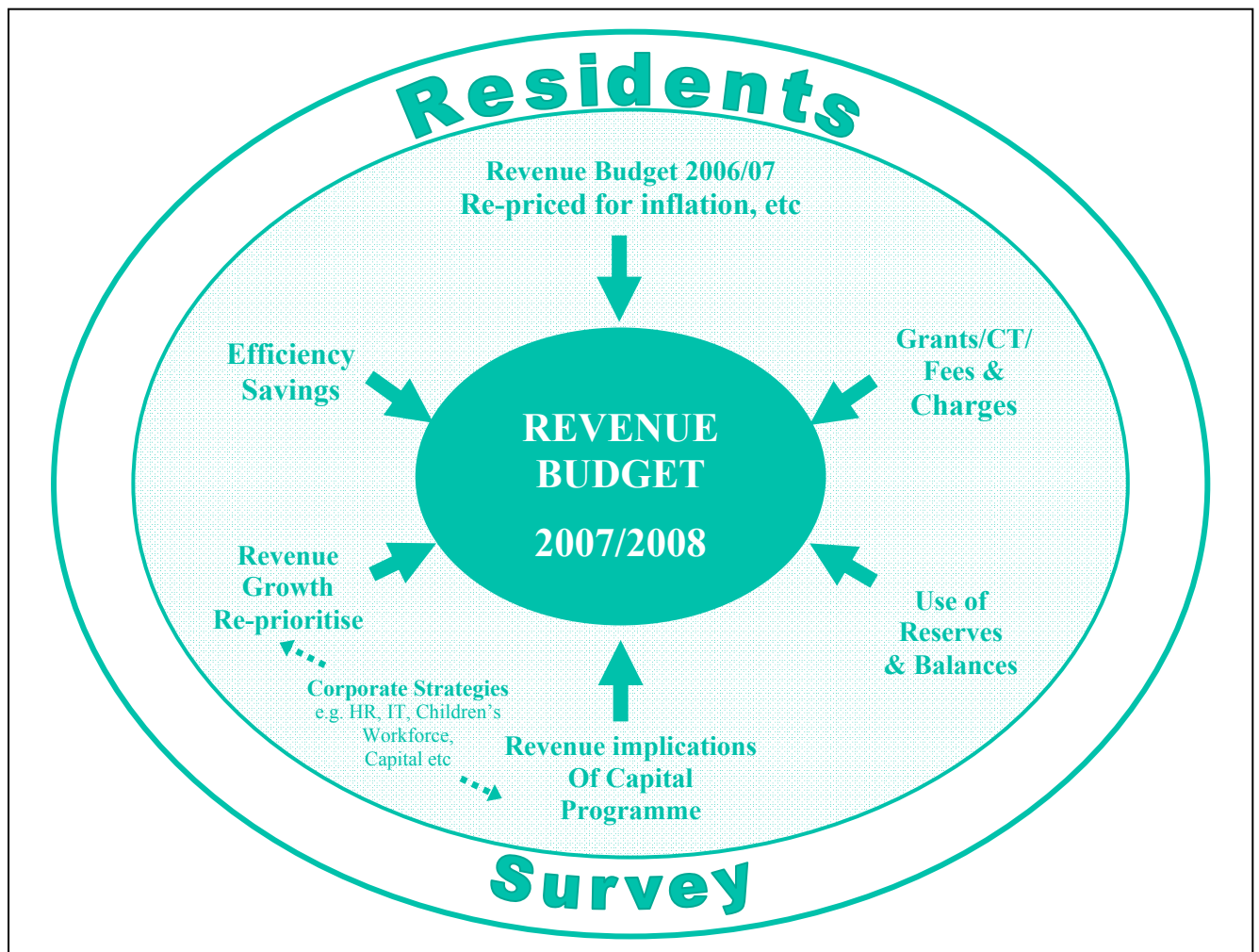
The approved Capital Programme is the eventual expression of the Council’s capital expenditure and financing plans for the coming six years. It should reflect expenditure priorities and comprise schemes that have been subject to individual financial appraisal. The financing arrangements will be a mixture of existing money (e.g. Capital receipts), of Government support, of Grants from other sources, of monies yet to be received (e.g. receipts from future asset sales), of borrowing, etc.

The Capital Programme has to be the focus of close and regular monitoring throughout each financial year to ensure that expenditure is controlled, that schemes proceed on time, and that the expected sources of funding materialise. Where this is seen not to be happening, corrective action has to be taken in the interests of sound financial management.

3.2 Key components of Budget preparation

3.2.1 The diagram below illustrates the mechanics of Revenue Budget preparation in particular how the current ('base') budget is amended for inflation, growth, etc. However, the *main driving force* behind many of the budget changes is the Resident's Survey and the 'steer' that that provides to the Council when it decides on priorities and resource allocation for the future. The three main categories of issues highlighted in the 2006 Survey were:-

- a) *Value* – Residents are concerned that the Council is not delivering good quality services, in particular local roads and amenities. Communications between the Council and Residents is also seen as an area of weakness. And there is no clear feeling that the Council provides value-for-money.
- b) *Respect* – there are key anti-social behaviour problems that the Council needs to address e.g. speeding drivers.
- c) *Pride* – whilst there is a pride in the Island, it is undermined by concerns about environmental issues including vandalism.



3.2.2 Preparing the 2007/08 Revenue Budget therefore involves re-pricing the 2006/07 Revenue Budget to reflect the impact of inflation, likely pay awards, etc, and then making adjustments for:-

- growth items (consistent with corporate priorities) – this includes the revenue implications of growth items in the Capital Programme.
- any re-allocation of existing budgets to higher priority activities,
- the financial impact of Efficiency savings (Gershon plus)
- income resulting from increases in existing charges and / or from new sources
- anticipated or known changes in external Grant support, etc.
- any planned use of reserves / balances.

3.2.3 The process for the period 2008/09 to 2010/11 is an iteration of that applied for 2007/08. However, there will be increasing levels of uncertainty e.g. changes to Government funding arrangements (see para. 7.4.1); how will the national economy perform?; what will interest rates be?; will Government have changed and, with it, differing priorities and funding support?; will Local Government Reorganisation be an active agenda item? etc., etc.

4 COST PRESSURES

4.1 Pay

4.1.1 The Government have indicated that 2% is their planned level for Pay increases during the MTFP period. Whilst this figure has therefore been used in preparing the MTFP it is quite possible that ultimate Pay Settlements will exceed this figure and create additional Budgetary control pressures.

4.1.2 Incremental progression is estimated to add £490,000 (gross of turnover savings) to the Council's Pay bill for 2007/08. However, current policy requires that these increased costs should be met from Service Budgets as appropriate. Provided that this policy has no adverse impact on Service delivery, this arrangement creates an efficiency saving (see section 6.2).

4.2 Pension contributions

Pension contributions are estimated to increase during the period. The current contribution rate is 18% and will increase to 20% (2007/08). A further increase is projected for 2008/09 (to 21.2%) based on a quarterly report from the Actuary. Whilst further increases may apply for subsequent years, no assumptions beyond the 21.2% are made pending the next Actuarial valuation.

4.3 Prices

In re-pricing the Council's 2006/07 Budget, 2.5% has generally been utilised with higher provision for known areas where costs have increased more significantly e.g. energy prices (60% over two years). As the latest published RPI figure is over 4%, it is clear that the general provision for re-pricing will present a budget pressure from 'day one'.

4.4 Volume and demographic factors

4.4.1 Cost pressures can arise from volume and demographic factors, for example the volume of waste to be collected and disposed of can increase over time as the population grows and more properties have to be serviced. New roads will increase the maintenance bill; changes in the numbers of old or elderly can dramatically affect the scale of the services required by these groups.

4.4.2 It is important therefore that as part of its medium-term forecasting, the Council identifies such factors, assesses the service implications (up or down) and determines the financial implications thereof. Increases in waste volumes are estimated to add over £120,000 to the costs of the waste collection service for 2007/08 onwards. To the extent that any of this increases the Council's reliance on landfill disposal, Landfill Tax could also increase.

4.5 Fees and Charges

- 4.5.1 The Council's Budget anticipates that its fees and charges will increase in line with the Retail Price Index (RPI) and above-RPI increases will be determined in specified cases (e.g. crematorium and certain car parking charges). Where, however, fees and charges are determined by Government, the prescribed sums are applied.
- 4.5.2 In addition to the above, the Council actively assesses the market place to determine the scope for introducing new charges where deemed appropriate.

5 CAPITAL

5.1 Capital Investment and Asset Management

- 5.1.1 The Council's Property Strategy outlines a vision of "a highly co-ordinated public service framework delivering a suite of public services from a single HQ with five contact centres". This vision assumes a reduced asset base, operating at reduced revenue costs, yet facilitating increased productivity and generating better value-for-money (VFM). Capital released will then be deployed in relation to Council priorities. The extent and speed with which such redeployment occurs will influence the rate at which the Council promotes its priorities and is able to make significant in-roads into its property maintenance backlog which is estimated to be £45m (excluding DDA and Asbestos work) of which approximately 65% (£28m.) relates to Schools.
- 5.1.2 The Strategic Asset Management Plan (SAMP) is not yet complete and, as a consequence, it is not possible to finalise the Council's Capital Strategy which links to the MTFP. Meanwhile, the Council's Capital Programmes have to be based on such resources as are currently in hand and/or can sensibly be predicted. All approved schemes should make a contribution to the attainment of the Council's corporate objectives.
- 5.1.3 Capital expenditure and financing covers the period 2006 to 2009 in the current MTFP; however, as part of the Budget process this year, Officers have been required to look at capital proposals covering a six year period (i.e. to 2012/13) so, for consistency, that time-frame is used in this MTFP.

5.2 Capital Resources

- 5.2.1 The Capital resources currently estimated to be available for Council use over the six year period to 2013 are shown in the Table overleaf and amount to £50,654,600 for 2007/08. Council approved this level of capital resources for use in 2007/08 at its meeting on 21 February 2007.
- 5.2.2 Once the SAMP begins to identify assets surplus to requirements that can be sold to generate capital receipts for re-investment, then the resource availability figures should increase accordingly.

ESTIMATED CAPITAL RESOURCES 2007/08 TO 2012/13

Capital Resource	Financial Year - all figures in £'000						TOTAL 2007/13
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	
Supported Borrowing:-							
Education	11,877.2	11,000.0	11,000.0	11,000.0	11,000.0	11,000.0	66,877.2
Highways	3,241.0	4,302.0	4,226.0	4,131.0	0.0	0.0	15,900.0
Fire & Rescue	127.0	127.0	127.0	127.0	127.0	127.0	762.0
Adult Social Servs	88.0	88.0	88.0	88.0	88.0	88.0	528.0
Children's Soc Servs	114.0	114.0	114.0	114.0	114.0	114.0	684.0
B/fwd from 2006/07	1,383.6						1,383.6
Prudential Borrowing:-							
New	3,375.0						3,375.0
B/fwd from 2006/07	2,524.4						2,524.4
Capital Grants	19,052.4	19,509.0	17,626.0	20,987.0	6,732.0	115,851.0	199,757.4
Capital Receipts	5,530.3	13,156.5	8,922.5	14,328.6	6,520.3	5,614.9	54,073.1
Other resources:-							
From Revenue	371.6	371.6	371.6	371.6	371.6	371.6	2,229.6
B/fwd from 2006/07	2,970.1						2,970.1
TOTAL	50,654.6	48,668.1	42,475.1	51,147.2	24,952.9	133,166.5	351,064.4

5.2.3 As stated above, the speed with which the Council is able to rationalise its asset holdings, free-up redundant properties for sale and generate capital receipts will be a major factor in the scale of future capital programmes.

5.2.4 In the Table above, and the one overleaf, a large Grants / expenditure figure is shown in financial year 2012/13. This relates to the Government's school 'Building for the Future' plans, the Council being in the last 'wave' for receipt of such support. Whilst welcome news for the Island, it will be a major challenge to successfully manage the implementation of such a massive increase in the capital programme.

5.3 Capital Expenditure to 2012/13 and Revenue consequences

5.3.1 The estimated capital expenditure over the six year period is summarised in broad terms in the Table overleaf. With regard to resource allocations to individual schemes in 2007/08, at its meeting on 21 February 2007 the Council resolved that "detailed scheme allocation within this total [£50,654,600] be determined by Directors Team, with subsequent approval by the relevant Cabinet member".

5.3.2 There are potential, major medium to long-term developments e.g. the Island Games 2011, Raising Standards in Island Schools, etc. These feature in the list of projects which form part of the Council's 'One Island' and 'One Council' strategies for the future. Details of all the major developments can be found at Appendix B.

5.3.3 The 'One Island' strategy emerges from priorities identified by the Residents Survey details of which were given in paragraph 3.2.1.

ESTIMATED CAPITAL EXPENDITURE 2007/08 TO 2012/13

SERVICE	Financial Year - all figures in £'000						TOTAL £'000
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	
Slippage b/fwd from 2006/07	653.0						653.0
Adult & Community	2,933.1	5,595.6	4,164.8	6,124.9	4,126.0	4,266.3	27,210.7
Reg'n & N'brhoods	22,788.0	17,853.4	11,848.8	8,024.5	3,847.8	2,962.1	67,324.6
Central Services	258.7	1,259.5	1,290.9	1,108.2	941.5	770.5	5,629.3
Sub Total	26,632.8	24,708.5	17,304.5	15,257.6	8,915.3	7,998.9	100,817.6
Education & Children	26,740.4	35,987.6	37,844.6	56,605.6	41,904.6	136,052.6	335,135.4
Est total Expenditure	53,373.2	60,696.1	55,149.1	71,863.2	50,819.9	144,051.5	435,953.0
Resources available	-50,654.6	-48,668.1	-42,475.1	-51,147.2	-24,952.9	-133,166.5	-351,064.4
Scheme(s) to be deleted / deferred	2,718.6	12,028.0	12,674.0	20,716.0	25,867.0	10,885.0	84,888.6

5.3.4 The expenditure shown against “Education and Children” in the Table above covers the two School reorganisation options (Plan A and Plan B costing £32.4m and £49.3m respectively over the period to 2012/13). By definition, when a decision is made in favour of one of the options, then the scale of the “Scheme(s) to be deleted / deferred” will reduce accordingly.

5.4 Corporate approach – future considerations.

5.4.1 In recent years, when Government have issued Borrowing approvals to local authorities, the financing costs associated with such approvals have been included in each authority’s Revenue Support Grant. As such, it was then considered appropriate for the Borrowing approval to be fully applied to the service e.g. Education approvals would be used for education purposes.

5.4.2 Following recent changes to the Revenue Support Grant system, the link between a Borrowing approval and its associated financing implications no longer exists. That being the case, is it reasonable to continue to earmark the Borrowing approvals if the financing costs fall to be met from RSG generally? It is not intended to address this issue in detail in this MTFP, but it will need to be given further consideration (in the context of corporate resource allocation) in due course.

6 REVENUE

6.1 Service Improvements

- 6.1.1 Revenue growth can result from capital investment (see Appendix C), but can also arise from conscious decisions to increase revenue expenditure on new Service initiatives and improvements. Such growth has been included in the Revenue budget for 2007/08, focusing on activities that support attainment of the Council's objectives and priorities. Details about the growth initiatives are summarised in Appendix C. Where such items commit the Council to further expenditure in following year(s), the sums involved are incorporated in the relevant Revenue Plans.
- 6.1.2 The growth items are categorised for convenience and the links to the Council's corporate objectives are apparent. Investment in the Children's Service, Looked after Children, etc, contributes to "Improving outcomes for children and young people". The increasing demands and costs of developing and providing community-based services for the elderly are reflected in "Older persons Care packages / demographics". Over the next three years, these significant growth items will contribute to "Improving the health and well-being of Island communities".
- 6.1.3 £500,000 is provided in each of the next three years for ICT which will directly contribute to "Being a high-performing and cost-effective Council". Of the New items, if approved, the Highways PFI will make a major contribution to the "Sustainable regeneration and development of the Island". So, too, should the appointment of Town Centre Managers. And modernisation of the Fire and Rescue Service will directly contribute to "Creating safer and stronger communities".

SUMMARY OF REVENUE GROWTH BIDS 2007 ONWARDS			
DESCRIPTION	2007/08 £000	2008/09 £000	2009/10 £000
EDUCATION, SKILLS	873.5	877.3	881.5
HEALTH, HOUSING	1,430.0	2,915.0	4,346.0
SAFER COMMUNITIES	67.0	114.0	114.0
RESOURCES	978.6	978.7	986.9
NEW ITEMS	1,943.0	1,443.0	1,941.0
OTHER	710.0	873.0	999.0
TOTAL REVENUE GROWTH BIDS	6,002.1	7,201.0	9,268.4

- 6.1.4 The figures above are reconciled with the list of all growth items ('One Island' and 'One Council' projects) and funding thereof (Appendix C) as follows:-

DESCRIPTION	2007/08 £'000	2008/09 £'000	2009/10 £'000
Revenue Growth (per Table above)	6,002.1	7,201.0	9,268.4
Ventnor Lifeguards	20.0	20.0	20.0
Island Games	100.0		
Sub total	6,122.1	7,221.0	9,288.4
Raising Standards in Island Schools	750.0	650.0	
TOTAL: 'One Island' and 'One Council' projects	6,872.1	7,871.0	9,288.4

6.2 Efficiency savings

6.2.1 Since 2004/05, in accordance with the 'Gershon scheme', all local authorities have been required to make efficiency savings of 2.5% p.a. with the goal of achieving total savings of £6.45 billion by 2007/08. Progress against these target figures has been monitored by the Department for Communities and Local Government (DCLG - formerly ODPM) through the 'Forward-looking' and 'Backward-looking' Annual Efficiency Statements. Authorities generally have been very successful in their efforts to achieve these Targets. This Council's performance in relation to Gershon requirements is as follows:-

GERSHON SAVINGS - IoW's PERFORMANCE 2004 -07			
Item	2004/05	2005/06	2006/07
	£'000	£'000	£'000
Target amounts	N/A	2,812	5,482
Actual amounts	2,543	6,818	5,660
Difference	2,543	4,006	178

6.2.2 As can be seen from the Table overleaf, this Council has been pro-active in relation to efficiency savings and, in setting its Budget strategy for 2006/07, decided to identify efficiency savings of double the required magnitude (i.e. 5% p.a.) thereby challenging the status quo and giving impetus to innovative methods of working. Further details regarding 2006/07 performance are given in the Table overleaf.

6.2.3 The additional savings generated could then speed up the process of allocating resources to high priority services. Acknowledging the scale of the challenge, the Council has introduced budget review meetings across all services to identify and monitor the delivery of efficiency savings.

6.2.4 For 2007/08 and future years, the Council plans to continue its programme of efficiency savings aimed at improving service delivery whilst also releasing resources for re-investment in priority service areas. Such savings will also contribute to the Council's policy of controlling future Council Tax increases to amounts no greater than the Retail Price Index year on year. This policy effectively means that the cashable efficiency savings identified by the

Council are well in excess of the targets currently established by Government, and should also exceed the bigger targets likely to emerge in the Government's Comprehensive Spending Review later this year. In 2007/08, the Council's efficiency savings target in the Budget strategy amounts to £7,146,000. This target increases to £8,527,000 and £9,705,000 in 2008/09 and 2009/10 respectively.

THE COUNCIL'S EFFICIENCY SAVINGS TARGET FOR 2006/07 AND THE PROJECTED OUTTURN.				
<u>SERVICE</u>	Adjusted Savings Target	Income generation	Total Planned savings	Estimated Actual savings
	£	£	£	£
Adult & Community Services	2,315,000	85,000	2,400,000	2,509,000
Housing	95,000		95,000	95,000
Cultural and Leisure	258,000	46,000	304,000	339,000
Children's Services	1,056,800	107,500	1,164,300	1,021,300
Regeneration & Neighbourhoods				
Property Services	54,700		54,700	60,300
Planning	249,800	25,000	274,800	199,500
Engineering Services	625,200	247,500	872,700	894,000
Consumer protection	67,000	57,000	124,000	124,000
Tourism	47,500	72,000	119,500	129,400
Fire & Rescue	310,000		310,000	310,000
Emergency Planning	9,000		9,000	9,000
Economic Development	19,000		19,000	19,000
<i>Safer Communities</i>	19,000		19,000	19,000
Central Services				
Chief Executive's Dept.	285,000		285,000	352,000
Organisational Development	435,000		435,000	389,000
Corporate	1,093,600		1,093,600	1,108,000
TOTAL EFFICIENCY GAINS	6,939,600	640,000	7,579,600	7,577,500

7 **SERVICE CASH LIMITS FOR 2007/08 & REVENUE BUDGETS TO 2010/11; & INDICATIVE COUNCIL TAXES**

7.1 Use of Reserves and balances.

7.1.1 All authorities hold reserves and provisions in order to meet future liabilities or spending commitments, both known and unknown. This Council maintains a range of reserves and provisions and the main ones are described in the Table below.

<i>Reserve / Provision</i>	<i>Purpose</i>	<i>Method of calculation</i>
General reserve (the Council's Working balance)	Cover for short-term cash flow fluctuations, emergencies, and unpredicted spending or income pressures	Held at approx £2m, regarded as the lowest acceptable level.
Schools balances (held by Schools)	General reserves or earmarked amounts for specific projects	
Insurance Funds	Reserves / provisions giving internal cover against risks for which commercial cover is either not available or not considered cost-effective.	
Non-insurable risks	An internal reserve to cover risks for which insurance cover is not available.	A single pooled amount broadly equivalent to the level of identified financial risks for which commercial cover is not available.
Repairs and renewals (Service specific)	Earmarked reserves (e.g. for the business continuity project)	
Earmarked reserves (Corporate and Service specific)	Earmarked for specific initiatives (e.g. for 'Invest to Save' schemes; for potential redundancy costs, etc)	
Slippage reserves	Funding for projects that are not completed within the Plan period and slip into a later financial year.	

7.1.2 When setting its MTFP 2006/07 to 2009/10, the Council decided to utilise some £3.6m from reserves and provisions during the current financial year on 'one-off' items (e.g. 'Invest to Save' initiatives) with further smaller scale use in 2007/08.

7.1.3 The level of Reserves and provisions consequent upon the plans outlined in Appendix C is estimated to be:-

RESERVE OR PROVISION	Balances as at 31 March All figures in £million				
	2007	2008	2009	2010	2011
Insurance Funds	7.5	7.5	7.5	7.5	7.5
Repairs & Renewals	1.6	0.5	0.4	0.3	0.2
Slippage Reserves	4.0	2.6	1.8	1.1	0.3
Earmarked Reserves	12.0	7.3	2.0	1.7	1.6
Non-Insurable risks	3.7	3.7	3.7	3.7	3.7
Schools Balances	2.0	2.1	2.1	2.2	2.3
Sub Total	30.8	23.7	17.5	16.5	15.6
General Reserve	2.0	2.0	2.0	2.0	2.0
TOTAL	32.8	25.7	19.5	18.5	17.6

7.2 External Funding and related matters

7.2.1 The main source of external funding is the Government's Dedicated Schools Grant totalling £69m for the current financial year and £71.2m for 2007/08. Other major sources of General Fund income are Government Revenue Support Grant and National Non-Domestic Rate (NNDR) of £7.8m and £40.4m respectively (2006/07); the equivalent figures for 2007/08 are £7.3m and £43.4m.

7.2.2 Lyons Inquiry

Sir Michael Lyons report into the future role, function and funding of local government was published on 21 March 2007. It strongly supports local government's 'place-shaping' role (i.e. using powers and influence creatively to promote the well-being of a community and its citizens), and advocates less central government control in order to facilitate this. With regard to funding, the report recommends various changes that would, if implemented affect Council finances. These are briefly illustrated below:-

- (a) Short-term – Councils should be empowered to raise a supplementary business rate of up to 4p in the £ following “strong consultation” with business; also, to charge for domestic waste collection.
- (b) Medium-term – Government should revalue properties to up-date the Council Tax Base and, simultaneously, add one lower and one higher Council Tax Band.
- (c) Long-term - Government could consider a Local Income Tax or the ‘re-localising’ of the Business Rate (NNDR).

7.2.3 Governments' Comprehensive Spending Review (CSR07)

The CSR is due to be published later this year. Commentators are expecting it to pose major challenges for local government not least in relation to the need to continue to achieve efficiency savings. A Treasury report published in 2006 noted that “early progress on meeting local government efficiency targets has helped to lay the foundation for a more radical and ambitious value-for-money programme for the CSR07 years which will see local authorities securing far greater cashable efficiencies to meet new priorities”.

7.3 Service Cash Limits and Council Tax for 2007/08

7.3.1 Taking into consideration all the matters addressed in the preceding sections of the Plan, the Service Cash Limits for 2007/08 are detailed at Appendix D and reflected in the Budget requirement Table below. The budget requirement amounts to £63,289.9k and, on a Council Tax Base of 53,864.8 (the estimated number of Band D equivalent properties), would require a Band D Council Tax of £1,170.16 (being a 1.89% increase over 2006/07).

SUMMARY OF SERVICE CASH LIMITS FOR 2007/08 AND COUNCIL TAX (BAND D)			
		£'000	£'000
Original Budget 2006/07			109,866.7
Inflation			6,002.4
Growth			10,693.9
			<u>126,563.0</u>
Less	Efficiency Savings	-7,145.8	
	Additional income	<u>-789.3</u>	
			-7,935.1
TOTAL NET EXPENDITURE			<u>118,627.9</u>
Less	Financing	-4,637.0	
	Revenue Support Grant	-7,285.9	
	NNDR	<u>-43,415.1</u>	
			-55,338.0
Council Tax requirement			<u>63,289.9</u>
Tax Base (Band D) is		53,864.8	
Low COUNCIL TAX (Band D) 2007/08		£1,170.16	

7.3.2 The Council's Band D Council Tax of £1,170.16 for 2007/08 therefore represents a 1.89% increase over the 2006/07 Band D Tax of £1,148.36.

7.3.3 In addition to its own requirements, the Council also has to collect the Council Tax levies imposed by the Hampshire Police Authority and all the Parish Council's on the Island. These demands are, of course, outside this Council's control.

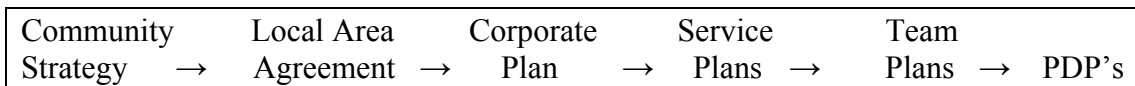
7.4 Indicative Council Taxes 2008/09 to 2010/11

7.4.1 Assuming that the medium-term scenario obtains, the Council Tax increases for 2008/09 onwards could be no more than 2.5% (See Appendix E). However, the previously expressed caveats relating to increasing levels of uncertainty (see para. 3.2.3) and the recommendations in the Lyons Inquiry report should not be overlooked when considering these indicative figures.

8 THE GOLDEN THREAD AND SERVICE PLANNING

8.1 Having Community and Corporate Plans is of limited value if the organisation as a whole is not “signed-up” to the values, aims, priorities, etc. stated in them. For this to happen, all staff have to be aware of the content of such Plans and this is increasingly achieved through the communication channel described as the “Golden Thread”. Corporate plans are reflected in Departmental (Service) plans that are prepared in conjunction with all staff thereby ensuring that everyone knows the authority’s strategic goals and is clear as to their individual contributions thereto. Interviews between staff and their line managers facilitate the production of Personal Development Plans (PDP’s) that, enable progress on implementing action plans to be reviewed and any problems to be resolved.

8.2 This process is illustrated in the Council’s Corporate Plan thus:-



8.3 With regard to the MTFP, the Constitution states that “There are a number of policies and guidance notes which Directors and Heads of Service are responsible for drawing to the attention of staff where necessary”. The MTFP constitutes “required reading” for Service and Budget Planners.

8.4 The planning cycle leading into 2007/08 is shown in the Table below:-

MONTH	ACTIONS
January / February	Refresh Corporate Plan Establish Capital and Revenue budgets
March	Council approves Corporate Plan
March	Finalise Service Plans and annual performance targets
April	Performance management of all annual Plans begins
May / June	Completion of employee Personal Development Plans

9 RISK MANAGEMENT

- 9.1 The Council's Risk Management Strategy and Policy states that "Nothing is achieved without some element of risk" but, in order to cut waste and inefficiency and to reduce unanticipated problems that undermine trust, such risks must be managed well. "Risk Management is the culture, processes and structures that are directed towards effective management of potential opportunities and threats to the organisation achieving its objectives".
- 9.2 The Council's risk management strategy objectives are to:-
- Embed risk management into the culture of the council to support appropriate and considered risk taking
 - Integrate risk management into policy, planning and decision making
 - Manage risk to an acceptable level
 - Raise awareness and work with partners, providers and contractors to develop a common understanding of the Council's expectations on risk management.
- 9.3 The Council's approach to risk management, therefore, is to contribute to the achievement of the Council's Vision by:-
- Improving service performance
 - Minimising losses and waste of resources
 - Maximising opportunities
 - Protecting staff, citizens and clients
 - Protecting the Council's assets, reputation and operational capacity
- 9.4 There are of course many areas where financial plans (Budgets), both Capital and Revenue, are the subject of risk. The rate of inflation may prove higher than expected; pay awards may be higher than anticipated; income may not accrue on the scale expected; major construction schemes have the potential for cost over-runs, etc. Financial risks such as these are minimised, however, through effective monthly Budget monitoring e.g. wherever actual financial performance is not in accord with Budgets, Managers are alerted early and able to take immediate corrective action. This process is supported by financial reporting on a regular basis to Cabinet and the whole Corporate Governance arrangements across the Council.
- 9.5 A Budget Risk assessment is provided at Appendix F.

10 **OUTCOMES**

- 10.1 The MTFP covering the period 2007 to 2011 sets the financial framework consistent with Council priorities and corporate strategies. The Plan also shows that this will be achieved whilst limiting Council Tax increases to the rate of inflation.
- 10.2 Delivering the Plan proposals will be challenging, but successful implementation will make a major contribution to the Council's Vision of a progressive island built on economic success, high standards and aspirations, and a better quality of life for all.
- 10.3 In conclusion, this MTFP concludes the current process of listening to what Residents have told the Council through the Survey, of the Council then responding to those views and converting them into Budget for 2007/08 and medium-term plans until 2010/11 (Revenue) and 2012/13 (Capital).

COUNCIL STRATEGY DOCUMENTS

Adult Learning Plan

Anti-Social Behaviour Strategy

Asset Management Plan

Capital Strategy

Carers Strategy

Children and Young People's Plan

Commissioning Strategy for older people

Community Strategy

Consultation Strategy

Corporate Plan

Crime and Disorder Strategy

Cultural Strategy

Equality and Diversity Plan

Homelessness Strategy

Housing Strategy

Information and Communication Technology Strategy

Island Plan

Learning Disability Strategy

Local Area Agreement

Local Transport Plan

Medium-Term Financial Plan

Older Persons Strategy

One Council

One Island

Procurement Strategy

Risk Management Strategy

Severance Policy

Strategic Asset Management Plan

Supporting People Strategy

Treasury Management Strategy

Workforce Strategy

MAJOR 'ONE ISLAND' AND 'ONE COUNCIL' PROJECTS

1 Getting it Right First Time for the Customer

This project will invest in information communication technology such that responses to customer 'phone and on-line enquiries can be dealt with more effectively and efficiently thereby delivering better customer service.

2 The Island Games 2011

Having been awarded the Island Games for 2011, the Council is keen to ensure that it provides an high quality sports and fitness infrastructure with lasting benefits (e.g. healthier life styles) for Islanders and visitors alike. £1.3m will be invested over the next four years to increase opportunities for island residents to take part in sports, to improve links between clubs and schools, and developing talented athletes to maximise their chance of representing the Island at the Games.

3 Low-cost Homes for Island People

The provision of affordable housing for Isle of Wight residents

4 Operational Property

A project designed to ensure that Council services are delivered from properties that are fit for purpose and provide Value-for-Money. Assets that are shown to be surplus to requirements are to be released for disposal.

5 Organisational Development

A significant training investment in Council staff to ensure project management skills and leadership qualities are developed compatible with the Council's 'internal' goal of being a 'high-performing, cost-effective Council'.

6 Pan

An Urban Regeneration Project that will extend the existing Pan residential area and also deliver community benefits.

7 Public Conveniences

Seven public toilets will be rebuilt or refurbished in the first stage of an annual £800k drive to upgrade conveniences across the Island. A further £500k will be spent on the provision of toilet attendants in various locations over the Summer months. They will ensure that the toilets are clean and fully stocked when in greatest use.

8 Highway Maintenance Pathfinder Private Finance Initiative (PFI) Scheme

Subject to approval of the Council's bid, this scheme will create a 25-year PFI scheme that will improve highways and street lighting across the Island and underpin the wider regeneration programme.

9 Raising Standards in Island Schools

As part of plans to raise standards in Island schools, this Project will benefit from the Government's Building Schools for the Future (BSF) programme; it will also review current arrangement for transferring from Middle Schools to Senior Schools. Training given to school leaders will focus on key areas namely the assessment of pupils and their learning need.

10 Speed Management

To establish a network of speed indicator signs across the island to heighten road safety awareness amongst Islanders and visitors; also, in conjunction with the Police, to organise targeted communications campaigns. Where legal, speed restrictions and traffic calming measures will be put in place outside schools.

11 Town and Parish Councils – Partnerships

This Project will seek to devolve powers and responsibilities to Parish and Town Councils that have been awarded Quality status by the Quality Parish Accreditation Panel. A pilot project is due to begin in April 2007 involving Wootton Parish and Brading Town Councils.

12 Town Centre Management / Public Realm / Anti-Dog Fouling

This Project covers a variety of issues e.g. appointment of Town Centre Manager(s), improving performance on cleansing (bins, fly-tipping, beach, etc) and enhanced educational and enforcement action against inconsiderate dog-owners. The Town Centre Managers role will be to act as Council trouble-shooters at grass roots level, making sure that Council contractors undertake the work expected of them, and reporting on matters that require remedial action e.g. potholes, damaged street furniture, etc.

Some of the 'One Island' projects are capital in nature, some revenue, and some a combination of the two. The importance of these projects is such that they are being project managed by the Directors Team acting as a Project Board. The full Budgetary implications of the 'One Island' growth programmes are detailed in the Appendix C overleaf.

APPENDIX C

'ONE ISLAND' & 'ONE COUNCIL' PROJECTS 2007/08 TO 2009/10				
FUNDING AVAILABLE (£'000) FROM REVENUE WITHIN BUDGET STRATEGY				
Scheme Name	2007/08	2008/09	2009/10	Total
1 million blooms	180.0	180.0	180.0	540.0
20 mph speed limits outside schools				0.0
Boundary review				0.0
Young people residential placements	750.0	750.0	750.0	2,250.0
Older persons Care packages / demographics	860.0	1,785.0	2,716.0	5,361.0
Care packages LD Children in transition	500.0	1,000.0	1,500.0	3,000.0
Developing 14-19 education provision				0.0
Free parking for electric vehicles	15.0	15.0	15.0	45.0
Free swims for young people	38.0	38.0	38.0	114.0
Getting it right for the customer	50.0	50.0	50.0	150.0
Highways PFI			498.0	498.0
Home care for over 80s	215.0	228.0	254.0	697.0
Island Games	150.0	150.0	250.0	550.0
Low cost homes for island people				0.0
Pan development				0.0
Public conveniences	50.0	50.0	50.0	150.0
Public realm improvements in West Wight, The Bay and East Cowes	500.0			500.0
Raising standards in Island Schools				0.0
SMS bus information	35.0	35.0	35.0	105.0
Speed management	100.0	100.0	100.0	300.0
Town and Parish Councils	100.0	100.0	100.0	300.0
TC Manag't/public realm/dog fouling	1,050.0	1,050.0	1,050.0	3,150.0
Young people programme	150.0	300.0	300.0	750.0
Joint work with PCT/Police – joint HQ				0.0
Joint work with voluntary sector				0.0
Improve Service outcomes (see below)				0.0
TOTAL - One Island Programme	4,743.0	5,831.0	7,886.0	18,460.0
Corporate planning framework				0.0
Ethical governance audit				0.0
Freedom/flexibility in decision making				0.0
Improved corporate Perf Management	500.0	500.0	500.0	1,500.0
Improved staff Perf Management				0.0
Improving capacity	276.0	276.0	282.0	834.0
Medium term financial plan				0.0
Operational property				0.0
Organisational development	120.0	120.0	120.0	360.0
Risk management				0.0
TOTAL - One Council Programme	896.0	896.0	902.0	2,694.0
Children Service Centre	13.5	14.0	14.8	42.3
Looked after Children	80.0	82.4	84.9	247.3
Beaulieu/Wightcare	30.0	30.9	31.8	92.7
Library book stock	70.0	70.0	70.0	210.0
Possible loss of Housing Grant		60.0	60.0	120.0
Full year effect, PCSOs	22.0	69.0	69.0	160.0
Food Hygiene Regulations	45.0	45.0	45.0	135.0
Electoral registration canvas	15.0	15.0	15.0	45.0
Postal voting	6.1	6.2	8.4	20.7
Management Structure	81.5	81.5	81.5	244.5
Ventnor Lifeguards	20.0	20.0	20.0	60.0
Island Games	100.0			100.0
TOTAL - Other Schemes	483.1	494.0	500.4	1,477.5
TOTAL -Raise standards in IoW Schools	750.0	650.0		1,400.0
TOTAL PROGRAMME (REVENUE)	6,872.1	7,871.0	9,288.4	24,031.5

'ONE ISLAND' & 'ONE COUNCIL' PROJECTS 2007/08 TO 2009/10				
FUNDING AVAILABLE (£'000) FROM RESERVES WITHIN BUDGET STRATEGY				
Scheme Name	2007/08	2008/09	2009/10	Total
1 million blooms				0.0
20 mph speed limits outside schools				0.0
Boundary review				0.0
Young people residential placements				0.0
Care packages for older people / demographics				0.0
Care packages/fees (adults)				0.0
Care packages LD Children in transition				0.0
Developing 14-19 education provision				0.0
Free parking for electric vehicles				0.0
Free swims for young people				0.0
Getting it right for the customer				0.0
Highways PFI	1,000.0	2,000.0	-3,000.0	0.0
Home care for over 80s				0.0
Island Games				0.0
Low cost homes for island people				0.0
Pan development				0.0
Public conveniences				0.0
Public realm improvements in West Wight, The Bay and East Cowes				0.0
Raising standards in Island Schools				0.0
SMS bus information				0.0
Speed management				0.0
Town and Parish Councils				0.0
TC Manag't/public realm/dog fouling	200.0			200.0
Young people programme				0.0
Joint work with PCT/Police – joint HQ				0.0
Joint work with voluntary sector				0.0
Improve Service outcomes (see below)				0.0
TOTAL - One Island Programme	1,200.0	2,000.0	-3,000.0	200.0
Corporate planning framework	2,000.0	3,000.0	3,000.0	8,000.0
Ethical governance audit				0.0
Freedom/flexibility in decision making				0.0
Improved corporate Perf Management				0.0
Improved staff Perf Management				0.0
Improving capacity				0.0
Medium term financial plan				0.0
Operational property	400.0			400.0
Organisational development	300.0			300.0
Risk management				0.0
TOTAL - One Council Programme	2,700.0	3,000.0	3,000.0	8,700.0
Other Schemes				
Children Service Centre				
Looked after Children				
Beaulieu/Wightcare				
Library book stock				
Possible loss of Housing Grant				
Full year effect, PCSOs				
Food Hygiene Regulations				
Electoral registration canvas				
Postal voting				
Management Structure				
Raising standards in Island Schools				
TOTAL PROGRAMME (RESERVES)	3,900.0	5,000.0	0.0	8,900.0

'ONE ISLAND' & 'ONE COUNCIL' PROJECTS 2007/08 TO 2009/10
 FUNDING AVAILABLE (£'000) FROM CAPITAL WITHIN BUDGET STRATEGY

Scheme Name	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	Total
1 million blooms							0.0
20 mph speed limits outside schools							0.0
Boundary review							0.0
Young people residential placements							0.0
Older people Care packages / demographics							0.0
Care packages LD Children in transition							0.0
Developing 14-19 education provision							0.0
Free parking for electric vehicles	45.0						45.0
Free swims for young people							0.0
Getting it right for the customer							0.0
Highways PFI							0.0
Home care for over 80s							0.0
Island Games		800.0	1,900.0	1,270.0			3,970.0
Low cost homes for island people							0.0
Pan development	150.0	2,863.0	1,963.0				4,976.0
Public conveniences	800.0	800.0	800.0	800.0	800.0	800.0	4,800.0
Public realm improvements in West Wight, The Bay and East Cowes							0.0
Raising standards in Island Schools							0.0
SMS bus information							0.0
Speed management	800.0	800.0	800.0	800.0			3,200.0
Town and Parish Councils							0.0
TC Manag't/public realm/dog fouling							0.0
Young people programme							0.0
Joint work with PCT/Police – joint HQ							0.0
Joint work with voluntary sector							0.0
Improve Service outcomes (see below)							0.0
TOTAL - One Island Programme	1,795.0	5,263.0	5,463.0	2,870.0	800.0	800.0	16,991.0
Corporate planning framework							0.0
Ethical governance audit							0.0
Freedom/flexibility in decision making							0.0
Improved corporate Perf Management							0.0
Improved staff Perf Management							0.0
Improving capacity							0.0
Medium term financial plan							0.0
Operational property							0.0
Organisational development							0.0
Risk management							0.0
TOTAL - One Council Programme	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Schemes							
Children Service Centre							
Looked after Children							
Beaulieu/Wightcare							
Library book stock							
Possible loss of Housing Grant							
Full year effect, PCSOs							
Food Hygiene Regulations							
Electoral registration canvas							
Postal voting							
Management Structure							
Raising standards in Island Schools							
TOTAL PROGRAMME (CAPITAL)	1,795.0	5,263.0	5,463.0	2,870.0	800.0	800.0	16,991.0

APPENDIX D

SERVICE CASH LIMITS FOR 2007/08						
SERVICE	REPRICED 2006/07 BUDGET	EFFIC- IENCIES	INCOME GENER- ATION	GROWTH	FINANCING	CASH LIMIT 2007/08
	£'000	£'000	£'000	£'000	£'000	£'000
Adult & Community	34,833.3	-1,974.6	-150.0	1,575.0	0	34,283.7
Housing	2,403.8	-575.1	0	0	0	1,828.7
Cultural and Leisure Services	5,340.4	-373.9	-46.9	378.0	0	5,297.6
Childrens Services	17,295.7	-259.9	-6.8	1,025.0	0	18,054.0
Schools	1,302.2	0	0	2,447.8	-3,750.0	0
Regeneration & Neighbourhoods						
Fire & Rescue	6,498.5	-516.3	-0.5	0	0	5,981.7
Emergency Planning	186.5	-2.0	0	0	0	184.5
Consumer protection	1,778.6	-88.5	-170.0	45.0	0	1,565.1
Coastal Management	348.6	-14.8	-2.3	0	0	331.6
Parks	1,389.1	-26.2	-3.3	180.0	0	1,539.6
Countryside	216.9	-4.1	-0.4	0	0	212.4
Engineering Services	14,060.9	-1,013.2	-125.0	1,750.0	0	14,672.7
Planning	997.8	-227.6	-17.7	0	0	752.5
Tourism	917.7	-94.7	-16.7	0	0	806.3
Regeneration	958.7	-9.8	0	0	0	948.9
Economic Services	338.8	-12.1	0	0	0	326.7
Property Services	862.5	-221.0	-72.2	0	0	569.3
Building Maintenance	1,110.7	0	0	0	0	1,110.7
Safer Communities	1,094.5	-43.2	-45.1	22.0	0	1,028.2
Policy, Performance & Partnerships	6,541.5	-388.9	-150.2	948.1	0	6,950.5
Finance	1,665.3	-121.0	-2.6	119.0	0	1,660.7
Capital and other Financing	13,132.2	-1,150.0	0	2,124.0	0	14,106.2
Corporate Items	2,594.8	-28.9	20.4	80.0	-887.0	1,779.3
TOTAL NET EXPEND.	115,869.0	-7,145.8	-789.3	10,693.9	-4,637.0	113,990.9
				Less RSG & NNDR		-50,701.0
				Council Tax requirement		63,289.9

APPENDIX E

COUNCIL TAX PROJECTIONS 2008/09 TO 2010/11						
	2008/09		2009/10		2010/11	
	Schools £'000	Other £'000	Schools £'000	Other £'000	Schools £'000	Other £'000
Base Budget 2007/08		113,971		113,971		113,971
Inflation	1,394	2,740	2,816	5,637	4,238	8,484
Financing Capital Prog.		1,578		2,714		3,687
Pension costs	38	360	76	715	76	715
Landfill Tax		120		240		360
Schools growth	568		1,108		1,686	
LABGI Grant		152		552		552
Direct Schools Grant	-2,000		-4,000		-6,000	
Special Expenses		-125		-125		-125
One-off c/fwd from 2006/07		687		687		687
Growth		1,549		3,616		3,616
Savings		-1,882		-4,038		-4,038
Gershon savings to find by						
2008/09		-1,381		-1,381		-1,381
2009/10				-1,178		-1,178
2010/11						-1,628
Net Expenditure	0		0		0	
Formula Grant		-52070		-53476		-53476
Withdrawal from Reserves		0		0		0
Council Tax Requirement		65,699		67,934		70,246
Tax Base (Band D equivs)		54,776		55,258		55,743

Band D Council Tax	1,199.40	1,229.40	1,260.16
Tax increase (%)	2.5	2.5	2.5

BUDGET RISK ASSESSMENT

DESCRIPTION OF RISK	PROBAB- ILITY	IMPACT	RISK	COUNCIL ACTION TO MITIGATE RISK
	Remote Unlikely Likely Very Likely	Low Medium High Major		
Demand / demography issues				
(a) Growth in waste volumes exceeds budget assumption	U	H		Encourage minimisation of waste but limited influence otherwise.
(b) Budget pressures arising from increasing number of elderly people, living longer	L	Ma		Seek to achieve ongoing improvement and VFM; to reduce net cost of services; and monitor performance.
(c) Budget pressures arising from impact of new developments e.g. PAN	L	Ma		Ditto
Funding issues				
(a) Increases in Pension costs	VL	H		Maintain a balanced portfolio of investments. Respond to advice in next Actuarial valuation.
(b) Failure to generate Capital Receipts / external Funding on the scale / rate estimated.	L	H		Only approve projects when funding is secure. Pro-actively monitor and progress-chase funding opportunities.
Health & Safety issues				
Health and Safety aspects of all Council operations	U	H		Make the necessary investments to avoid obvious risks
Price issues				
Provision for inflation proves inadequate (budget provision 2%, current RPI over 4%)	L	Me		Tight budgetary control. Early remedial action by managers as appropriate.
Service Specific issues				
Failure to attain their Efficiency savings targets and / or to spend within their Cash limits	U	H		Tight budgetary control. Early remedial action by managers as appropriate.

DESCRIPTION OF RISK	PROBAB- ILITY	IMPACT	RISK	COUNCIL ACTION TO MITIGATE RISK
	Remote Unlikely Likely Very Likely	Low Medium High Major		
Legislative changes				
Unexpected changes in Government legislation that have manpower and financial implications	U	M		Early assessment of any new legislation with recommendations to Cabinet as appropriate.