

Medium Term Financial Plan
2006/07 to 2009/10

MEDIUM TERM FINANCIAL PLAN

2006/07 – 2009/10

CONTENTS

SECTION

1. Overview
 2. Council's Vision and Strategic Framework
 3. Budget – Performance in 2004/05 and 2005/06
 4. Budget and Resource Planning 2006/07 to 2008/09
 5. Investment Plans and Prudential Borrowing
 6. Efficiency Targets and Affordability
 7. Service Planning – Linking Resources to Priorities
 8. Reserves and Balances
 9. Risk Management
-
- | | |
|------------|---|
| Appendix A | Principles of the Medium Term Financial Plan |
| Appendix B | Create Safer and Stronger Communities |
| Appendix C | Drive the Sustainable Economic Regeneration and Development of the Island |
| Appendix D | Improve Outcomes for Children and Younger People |
| Appendix E | Improve the Health and Well-being of Island Communities |
| Appendix F | Run a High Performing Cost Effective Council |

Medium Term Financial Plan 2006/07 to 2009/10

1 Overview

- 1.1 The Council's Medium Term Financial Plan (MTFP) looks forward to the next four years. It marks a new direction in the leadership of the Council, with the incoming Council in May 2005 receiving a massive mandate for change from the electorate. Clear manifesto service commitments are set out in 'Aim High', the Council's Corporate Plan, and these will be delivered within a Council Tax increase of no more than the rate of inflation. This means that the Council will need to deliver efficient and effective services, and in particular free up back office resources to improve front line services.
- 1.2 The MTFP is a financial expression of the way in which the 'Aim High' corporate plan will be delivered. It identifies key components of the financial strategy and sets out the challenges the Council faces and the opportunities which are available to meet those challenges. Because the resources available to the Council are not unlimited, choices will have to be made regarding the use of those resources, and in some instances partnerships may represent one option for providing service requirements and maximising the benefits from available resources. Prioritisation will be important, and there will be changes in resource allocation to place more focus on achieving the Council's principal objectives. Achieving efficiencies throughout Council services will also be paramount, principally through providing effective front-office services to the public, improving productivity, and improving procurement techniques.
- 1.3 The revenue budget approved on 22nd February 2006 saw the first major steps in the delivery of the new Council's ambitions. This Plan provides a financial map of the next stages of the journey.

Medium Term Financial Plan 2006/07 to 2009/10

2 Council's Vision and Strategic Framework

- 2.1. The Council's Change Management Plan, Aim High, is the main tool for influencing all the Council does so that it can become a high performing, cost effective Council. There is a clear vision for the Council's activities, shared with the Local Strategic Partnership (LSP), that by 2020 we will be:

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

- 2.2 This vision for the Island as a whole encapsulates the principles of community leadership, sustainability, high performance and cost effectiveness that are the key drivers in shaping the Council's approach to service delivery.

- 2.3 In order to deliver this vision the Council has determined that it will focus its resources on four outward looking objectives that it shares with the LSP, and which are very similar in nature to the main aims set out in the Local Area Agreement. There is also a fifth objective, more inward looking, which is specific to the Council and how it operates.

- Create Safer and Stronger Communities
- Drive the Sustainable Economic Regeneration and Development of the Island
- Improve Outcomes for Children and Younger People
- Improve the Health and Well-being of Island Communities
- Run a High-Performing, Cost Effective Council

- 2.4 Details of the main aims of each of these corporate objectives, and how the financial strategy will support their delivery, are set out in Appendices 2 to 6.

- 2.5 There are a number of local pressure areas and drivers for change which are critical to the achievement of the Council's principal objectives:

➤ **The Council's Budget**

The Council's intention is to control its budget by limiting the annual increase in Council Tax to no more than inflation. The mechanism for achieving this will be through the MTFP which will show how financial resources are to be allocated to corporate objectives

Medium Term Financial Plan 2006/07 to 2009/10

➤ **Educational Standards and Attainment**

Academic performance of Island children at key stage 1 is in accordance with the national average, however beyond that stage it declines below the national average. Resources will be directed at improving educational attainment to meet or exceed the national average, especially at key stage 4

➤ **The Island's Economy**

The Island is recognised as having a low economic base, although recent growth has been the highest in the region. In future, the aspiration is to have a robust economic infrastructure in balance with the environment and to have a more skilled and qualified workforce especially in key employment sectors

➤ **The Ageing and Growing Population**

Currently 28% of the Island's community are aged 60 or over, a proportion which is one of the highest of any local authority in England, and which is projected to rise by 10% in the next 5 years. The aim is to have a healthier community living in a safe environment by reducing crime and allowing people to live with an independent and fulfilling lifestyle

➤ **Transport Infrastructure**

A large investment of funds will be necessary to overcome the maintenance backlog on the Island's highways network. In addition, the public transport infrastructure is viewed by many as being under-used, over-priced and too infrequent to provide a credible alternative to the car. In order to redress this balance the key aim is to have an accessible, effective and integrated transport system for the Island

➤ **The Council's Property Portfolio**

The Council has a considerable asset base in the amount of property it owns, and to a degree it is felt that the Council has too many buildings, many of which have a repairs and maintenance backlog. As a result a Strategic Asset Management Panel has been developed to deliver a suite of fixed asset investment and management plans, aimed at optimising the contribution the Council's property assets make to 'Aim High'.

➤ **Strategic Partnerships**

The desire of the Council to fulfil the role of an effective community leader will lead to a number of strategic partnerships being developed over the years. The Council will develop a model for building and procuring such partnerships, however they will only be utilised after a full options appraisal and business case have been prepared which demonstrates that they provide a viable method of delivering services

➤ **Workforce Strategy**

In order to deliver the required change in performance, key groups of employees will need to be engaged in shaping and delivering the change agenda. The Workforce Strategy aims to get the right people with the

Medium Term Financial Plan 2006/07 to 2009/10

appropriate skills, in the right place in the updated structure to achieve the corporate objectives.

Medium Term Financial Plan 2006/07 to 2009/10

3 Budget – Performance in 2004/05 and 2005/06

2004/05 Revenue Outturn

3.1 The final accounts for 2004/05 show that overall the revenue budget was overspent by £22,443 against the revised estimate (0.014%). Table 3.1 below shows a comparison of spend against revised budget for each service unit.

Table 3.1 Revenue spending against budget 2004/05

Service Area	Revised Estimate £000	Outturn £000	Over/(under) spend £000	Carryover to 2005-06 £000
Chief Executive	245.3	245.3	0.0	0.0
Legal & Democratic	1,011.4	1,011.4	0.0	54.3
Human Resources & Training	966.9	966.9	0.0	0.0
Policy & Communications	1,607.0	1,606.4	(0.6)	158.0
Select Committee Support	315.9	315.9	0.0	0.0
Finance & Business	2,144.1	2,131.6	(12.5)	68.6
Organisational Development	2,734.5	2,747.6	13.1	0.0
Education	66,837.1	66,835.8	(1.3)	0.0
Children & Family Services	9,201.5	9,201.0	(0.5)	0.0
Leisure	1,762.7	1,761.9	(0.8)	55.1
Property Services	230.4	232.9	2.5	0.0
Planning	1,642.7	1,642.7	0.0	43.9
Engineering	14,170.4	14,103.3	(67.1)	584.0
Consumer Protection	1,638.3	1,688.1	49.8	0.0
Tourism	1,399.7	1,400.0	0.3	0.0
Economic Development	292.2	292.2	0.0	0.0
Fire & Rescue	5,685.7	5,626.6	(59.1)	110.0
Emergency Planning	65.4	65.4	0.0	23.2
Adult Social Services	26,488.0	26,601.9	113.9	0.0
Safer Communities	352.0	374.6	22.6	0.0
Community Development	3,226.2	3,225.1	(1.1)	0.0
Housing	1,744.1	2,000.9	256.8	0.0
Building Maintenance	1,099.9	1,114.4	14.5	0.0
Precepts etc	1,512.3	1,464.0	(48.3)	0.0
Capital financing and corporate items	11,422.1	11,115.6	(306.5)	210.5
	157,795.8	157,771.5	(24.3)	1,307.6
Financed from:				
Revenue Support Grant	(62,658.1)	(62,658.1)	0.0	
National Non-domestic Rates	(38,983.7)	(38,983.7)	0.0	
Council Tax	(56,107.2)	(56,107.2)	0.0	
Net Expenditure (movement in General Fund Balance)	46.8	22.5	(24.3)	
General Fund at 31/03/05	2,030.3	2,054.6		

Medium Term Financial Plan 2006/07 to 2009/10

3.2 The only overspends which could not be wholly contained within individual directorates related to community care and homelessness, and as a result of this the Adult and Community Services Directorate was £391,400 overspent. Given the on-going nature of these pressures, and the availability of savings from slippage in the capital programme, it was decided not to require the Directorate to make compensating savings from its 2005-06 budget. Table 3.2 shows the expected result by service for the year.

2005/06 Revenue Budget

3.3 The revenue budget for 2005/06 which was inherited by the incoming Council has been subject to a number of pressures during the year, including:

- ◆ Higher levels of homelessness than provided for, reflecting a national trend **
- ◆ An overspend on children's mainland placements due in particular to one very expensive case **
- ◆ A drop in bereavement services income **
- ◆ Increased medical fees within the Coroner's budget **
- ◆ A drop in Land Charges income **
- ◆ Reduced leisure income due to the lack of an Easter in the year and adverse weather conditions
- ◆ Highways maintenance pressures
- ◆ Car parking income **

These pressures have been managed in year as far as possible, and because of fortuitous savings on capital financing costs due to delays in capital schemes and lower interest rates, the overall result is expected to be on target, even after a carryover of £355,900 to finance one-off items in the 2006-07 budget.

Table 3.2 below shows how spending by service units has compared with the budget.

Medium Term Financial Plan 2006/07 to 2009/10

Table 3.2 Expected spend compared to budget, 2005-06

	Original budget £000	Expected spend £000	Over/ under(-) £000
Central services	9,117	9,117	
Schools	62,613	62,613	
Children & Family Services	9,497	9,497	
Leisure Services	1,785	1,785	
Other Education	7,638	7,638	
Property Services	227	227	
Planning	1,734	1,734	
Engineering	14,818	14,818	
Consumer Protection	1,674	1,949	275
Tourism	990	990	
Economic Development	276	276	
Fire & Rescue	6,223	6,173	-50
Emergency Planning	206	181	-25
Adult Social Services	29,723	29,863	140
Safer communities	280	280	
Community Development	3,433	3,453	20
Housing	1,751	2,138	387
Building maintenance	1,082	1,082	
Precept	1,408	1,338	-70
Corporate items and financing	13,974	12,941	-1,033
Carryover to 2006-07 to fund one-off bids		356	356
Total net expenditure	168,449	168,449	0
Formula Grant	109,538	109,538	
Council Tax requirement	58,912	58,912	
Contribution to/from(-) General Reserve	0	0	0

Impact on 2006-07 and future years

- 3.4 Several of the variances listed in 3.3 above have on-going implications for future years. Those marked with a ** have been specifically provided for in the 2006-07 budget. Highways maintenance is the subject of a Private Finance Initiative bid, which is also funded in the 2006-07 budget.

Medium Term Financial Plan 2006/07 to 2009/10

4 Budget and Resource planning 2006-07 to 2009-10

4.1 The elections of May 2005 brought a new administration with a clear mandate to deliver its manifesto commitments to service improvement, efficiency and low taxation. Not surprisingly, therefore, the budget process for 2006-07 has seen significant shifts in resources as they align with new priorities reflected in the Council's 'Aim High' Corporate Plan. Table 4.2 shows an analysis of the movement of service cash limits between 2005-06 and 2006-07, which demonstrates the following:

- ◆ The highest "Aim High" priority – a Council Tax rise in line with the Retail Price Index of 2.5% - has been met.
- ◆ The combination of Direct Schools Grant, Formula Grant, and a Council Tax increase of 2.5% provides total extra resources of £10.4 millions in 2006-07.
- ◆ Increased costs such as inflation and capital financing amount to £6.2 millions, but these have been more than offset by efficiency savings of £6.6 millions – particularly from reduced back office costs – income generation of £640,000, and other prioritisation of £350,000.
- ◆ This means that £11.7 millions has been made available from the revenue budget in 2006-07 to support priority improvements, equivalent to 7% of the net budget, and details are set out in table 4.1

4.2 In addition to revenue growth, the Council will be funding a number of projects from reserves over the next four years. Given that these are one off resources, the projects are of an investment nature.

Reserves and balances are dealt with in more detail in section 8, but key projects to be supported over the period are also shown in table 4.1.

4.3 Included in the revenue budget is financing support for planned borrowing each year. Investment and disinvestment in fixed assets is the subject of the Section 5.

4.4 The Council plans to keep Council Tax rises to no more than the rate of inflation in each of the years covered by the Plan. Table 4.3 shows the revenue forecast and efficiency savings target for the period 2007-08 to 2009-10. This year, for the first time ever, the Government has announced the Formula Grant allocations to local authorities for 2007-08 some 14 months in advance, so for that year the resources available are fairly certain. Beyond 2007-08 we enter a new national spending review period so more guesswork is involved.

Medium Term Financial Plan 2006/07 to 2009/10

Table 4.1 – Service Improvements starting in 2006-07

Item met from.....	Revenue £000	Reserves £000
Safer and Stronger Communities		
Police community safety officers (40) matched funding	169	
CCTV control room capacity	22	
Safer communities directorate temporary staffing		115
Home fire safety checks	90	
FSEC and related costs	39	
Road traffic collision reduction	20	
Fire vehicle fleet renewal	25	
Safety education	14	
Emergency services co-responder scheme	45	
Technical rescue service provision	30	
Economic Development and Regeneration		
Completion of the Island Plan	250	
Civic Pride initiative	73	
Highways asset management plan		130
Highways private finance initiative		1,600
Parking decriminalisation		507
Children & Young People		
Development of Children's Trust		150
Mainland placements	250	
Schools budget real terms growth	2,638	
Children in transition to Adult Services	908	
Healthier Communities		
Residents' parking permit	900	
Concessionary fares, over 60 and under 19	1,329	
Adult Services provision	3,400	
Homelessness	500	
Support for excellent parishes	100	
Empty properties officer	45	
Cross Solent travel for hospital patients	50	
Library book stock		140
Integration with Health Trust		250
High Performing, Low Cost Council		
Trainee auditors (2)	45	
Performance management system		286
Strategic partnering		1,500
Business continuity		850

Medium Term Financial Plan 2006/07 to 2009/10

Table 4.2 – Service Cash Limits, change from 2005-06 to 2006-07

	2005-06 Budget	Inflation etc	Efficiencies	Income generation	2006-07 base	Resources allocated to priorities	Budget 2006-07	Service investment %
Central services	6,970.4	434.9	-825.2	0.0	6,580.1	-55.0	6,525.1	-0.8
Schools	63,982.9	2,357.6	0.0	0.0	66,340.5	2,638.5	68,979.0	4.0
Children & Family Services	9,385.0	473.8	-70.8	0.0	9,788.0	250.0	10,038.0	2.6
Leisure Services	1,549.0	346.2	-138.5	-46.0	1,710.7	-13.0	1,697.7	-0.8
Other Education	7,568.5	125.5	-557.8	-107.5	7,028.7	-70.0	6,958.7	-1.0
Property Services	205.8	45.1	-60.3	0.0	190.6	0.0	190.6	0.0
Planning	1,705.7	212.4	-240.5	-25.0	1,652.6	200.0	1,852.6	12.1
Engineering	14,116.9	656.0	-658.0	-247.5	13,867.4	2,103.0	15,970.4	15.2
Consumer Protection	1,640.4	381.9	-83.4	-57.0	1,881.9	0.0	1,881.9	0.0
Tourism	990.2	52.0	-57.4	-72.0	912.8	0.0	912.8	0.0
Economic Development	245.1	9.0	0.0	0.0	254.1	-19.0	235.1	-7.5
Fire & Rescue	6,108.8	197.5	-315.9	0.0	5,990.4	263.0	6,253.4	4.4
Emergency Planning	183.1	9.4	-12.1	0.0	180.4	0.0	180.4	0.0
Adult Social Services	29,815.6	2,403.2	-2,394.0	-85.0	29,739.8	4,358.0	34,097.8	14.7
Safer communities	255.7	8.5	-19.1	0.0	245.1	306.0	551.1	124.8
Cultural Services	3,361.7	176.0	-142.0	0.0	3,395.7	0.0	3,395.7	0.0
Housing	1,724.5	150.2	-105.0	0.0	1,769.7	545.0	2,314.7	30.8
Building maintenance	1,082.0	31.5	0.0	0.0	1,113.5	0.0	1,113.5	0.0
Precept	1,362.5	-678.3	0.0	0.0	684.2	0.0	684.2	0.0
Corporate items and financing	16,195.3	-1,184.7	-907.6	0.0	14,103.0	910.0	15,013.0	6.5
Total	168,449.1	6,207.7	-6,587.6	-640.0	167,429.2	11,416.5	178,845.7	6.8
Direct schools grant							-68,979.0	
							109,866.7	
Formula Grant							-48,271.0	
Council Tax requirement							61,595.7	
Tax base							53,276.1	
Collection Fund surplus							415.6	
						Band D tax	1,148.36	
						% increase	2.499	

Medium Term Financial Plan 2006/07 to 2009/10

Table 4.3 – Revenue Forecast and Efficiency Targets 2007-08 to 2009-10

	2007-08			2008-09			2009-10		
	Schools	Other	Total	Schools	Other	Total	Schools	Other	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Base budget 2006-07	0	109,866	109,866	0	109,866	109,866	0	109,866	109,866
Inflation	2,239	2,745	4,984	4,525	7,031	11,556	6,811	11,317	18,128
Capital financing costs	0	2,520	2,520	0	4,465	4,465	0	6,158	6,158
Contractual pay increments	29	0	29	58	0	58	87	0	87
Pension fund revaluation	38	779	817	76	1,558	1,634	114	2,337	2,451
Fire pensions	0	-269	-269	0	-269	-269	0	-269	-269
Waste management volumes/recycling grant	0	341	341	0	341	341	0	341	341
Landfill Tax	0	150	150	0	300	300	0	450	450
Elections and BVPI poll	0	-15	-15	0	0	0	0	35	35
Fire vehicle replacement	0	25	25	0	50	50	0	75	75
Older people demograpfics	0	292	292	0	592	592	0	892	892
Children in transition to Adult Services	0	1,000	1,000	0	2,000	2,000	0	3,000	3,000
Childrens Trust	0	150	150	0	150	150	0	150	150
New adult services clients	0	274	274	0	274	274	0	274	274
Business Growth incentive grant	0	363	363	0	363	363	0	363	363
Direct Schools Grant	-4,353	0	-4,353	-8,980	0	-8,980	-12,884	0	-12,884
Service improvements (one off)	0	-301	-301	0	-301	-301	0	-301	-301
Island games	0	100	100	0	100	100	0	100	100
Efficiency savings	0	-35	-35	0	-35	-35	0	-35	-35
Increased income	-328	30	-298	-328	-40	-368	-328	-110	-438
Prioritisation	0	-240	-240	0	-240	-240	0	-240	-240
Special expenses	0	-7	-7	0	243	243	0	243	243
Carryover (one off)	0	361	361	0	361	361	0	361	361
Spend to match Direct Schools Grant	2,375	0	2,375	4,649	343	4,992	6,200	0	6,200
Further savings required	0	-4,253	-4,253	0	-9,607	-9,607	0	-13,673	-13,673
Net expenditure	0	113,876	113,876	0	117,546	117,546	0	121,334	121,334
Formula Grant			50,701			52,222			53,789
Council Tax yield			63,175			65,324			67,545
Tax base (band D equivalents)			53,672			54,144			54,621
Band D Council Tax			1,177.06	(2.5%)		1,206.48	(2.5%)		1,236.63

Medium Term Financial Plan 2006/07 to 2009/10

5 Fixed Asset Investment and Management

- 5.1 The Council owns and operates fixed assets approaching £300 millions in value, and it is important that investments, management and disposals are all directed at optimizing the delivery of the Council's five priority outcomes. The Cabinet takes advice on these matters from the Strategic Asset Management Panel which is comprised of a small number of key members and officers, and is charged with delivering a number of asset plans within the overarching strategy set out below.

CAPITAL INVESTMENT AND ASSET MANAGEMENT STRATEGY

Purpose

The purpose of this Strategy is to ensure that the Council's asset management and fixed asset investment programme make an optimal contribution to the Aim High change agenda, and in particular the delivery of the Council's five priority outcomes:

- Safer and stronger communities
- Sustainable economic regeneration and development of the Island
- Improved outcomes for children and young people
- Improved health and wellbeing of Island communities
- A high performing cost effective Council

Guiding Principles

All projects involving either disposal or investment in fixed assets will be prioritised against Aim High gate keeping criteria to ensure the resultant programme represents an optimum match with priority outcomes. Successful projects will be subjected to the Council's standard risk, project management and performance management framework. Within that context, the following specific guidelines will be taken into consideration:

- There will be five primary access points across the Island, including a call centre, each providing a one-stop service
- Where possible, other sites will be multi-purpose in order to improve both viability, economy and convenience
- Assets should be fit for purpose in terms of accessibility to the public, including hard to reach groups
- Public facing facilities should be of good quality, comparable with those provided by the commercial sector
- Town centre sites should be reserved for civic functions requiring access by the public and contributing to the quality of the street scene

Medium Term Financial Plan 2006/07 to 2009/10

- The value of each asset should be consistent with its usage and function, with back office services generally operating away from central Newport
- Back office accommodation should deliver economies of scale, and be compatible with ICT and workforce strategies, including e-government, flexible working and business continuity
- The programme should take into account current and likely future developments in partnership working, including strategic partnering, PFI, and closer health links, to ensure efficient co-operation with other agencies.

Resource Considerations

The following principles apply to the resourcing of the Strategy:

- Government supported borrowing will be utilised in full, on corporately prioritised projects, in order not to prejudice future central assistance of this kind
- Prudential borrowing will be used for cash flow purposes where sale proceeds are delayed, or to fund corporately prioritised projects within an overall programme that meets whole life affordability requirements
- Receipts from disposals will be needed in part to fund those projects not eligible for supported borrowing but which are nevertheless Council priorities, and as such would not normally be hypothecated outside of the corporate prioritisation process. A very occasional exception to this rule will be a project that depends upon reinvestment of initial proceeds in order to deliver its latter stages
- All projects will have regard to impact on the maintenance backlog, with a view to managing and reducing it
- The availability of matched funding for a project, whilst desirable, does not remove the need for a corporate prioritisation process to be applied

Process

- Service and cross service management plans (see index) interpret this overarching strategy in respect of, for example, different categories of fixed asset. These in turn determine the programme of individual projects which in turn forms part of the Medium Term Financial Plan
- Initially, these will cover at least a three year period, but the aim is to extend many elements by up to to 15 years
- Updates to the Plan will be generated through the Council's planning and performance management framework, subject always to the Aim High gate-keeping process.

Medium Term Financial Plan 2006/07 to 2009/10

5.2 The Panel is currently working on the following asset plans within the strategic framework:

Table 5.1 Index of Asset Plans

1	Safer and stronger communities	
1.1	Fire modernisation and rationalisation	
2	Economic regeneration	
2.1	Local Transport Plan	
2.2	Medina Valley regeneration	
2.3	Newport Harbour redevelopment	
2.4	Private Finance Initiative (integrated transport)	
2.5	Sandown Bay regeneration	
2.6	Local Delivery Vehicle (joint venture)	
3	Improved outcomes for children & young people	
3.1	School places	
3.2	Youth Service	
4	Improved health and wellbeing of Island Communities	
4.1	Civic Pride – Public conveniences	
4.2	Town centre presence	
4.3	Housing Investment Programme	
4.4	Pan development	
5	A high performing cost effective Council	
5.1	Back office accommodation	
5.2	Joint service delivery	

5.3 At its budget meeting of 22nd February 2006 the Council agreed the overall capital investment framework, along with the prudential indicators and investment strategy for the next three years. Capital spending will fall within the following framework, within which individual schemes will be prioritised on the basis of their Aim High scores:

- ◆ Supported capital expenditure within the Formula Grant system will be allocated in full to the service areas concerned
- ◆ Earmarked capital grants will be treated in the same way
- ◆ An assumed level of capital receipts for each year based on likely net disposals within the strategy
- ◆ Up to £3 million of prudential borrowing will be available for use in the event of planned capital receipts not being received on time, for Invest to Save schemes where a business case shows an acceptable payback period and subsequent savings, and to provide an alternative form of finance to schemes already budgeted where to do so would be advantageous.

Prioritised bids up to the available totals will be subject to release by the Cabinet before, or soon after, the start of the 2006-07 financial year.

5.4 Total available investment resources are shown in table 5.2 below.

Medium Term Financial Plan 2006/07 to 2009/10

Table 5.2 Capital expenditure and financing framework

CAPITAL EXPENDITURE	2006-07 £000	2007-08 £000	2008-09 £000	CAPITAL RESOURCES	2006-07 £000	2007-08 £000	2008-09 £000
EDUCATION				SUPPORTED EXPENDITURE 2006-07			
Modernisation Secondary	1,043	752	752	Education	11,308	11,878	11,878
Modernisation Primary	429	301	301	Highways	10,701	16,785	4,523
New School Places	10,171	10,570	10,570	Fire & Safety	127	127	127
Access Initiative	255	255	255	Social Services	175	178	178
	<u>11,898</u>	<u>11,878</u>	<u>11,878</u>		<u>22,311</u>	<u>28,968</u>	<u>16,706</u>
HIGHWAYS				CAPITAL GRANTS			
Integrated Transport	2,491	2,491	2,491	Secondary school modernisation	417		
Maintenance	2,032	2,032	2,032	Primary school modernisation	173		
Ryde Interchange	1,668	3,892	0	Housing Disabled Facility Grant	480	480	480
Undercliff Drive	4,510	8,370	0	Other Housing	1,769	1,769	1,769
	<u>10,701</u>	<u>16,785</u>	<u>4,523</u>	Coast Protection	437	1,060	1,730
FIRE & SAFETY	<u>127</u>	<u>127</u>	<u>127</u>		<u>3,276</u>	<u>3,309</u>	<u>3,979</u>
SOCIAL SERVICES				CAPITAL RECEIPTS			
Personal Social Services	88	89	89	General receipts	1,500	1,500	1,500
Mental Health	87	89	89	Earmarked - Newport Harbour			
Total	<u>175</u>	<u>178</u>	<u>178</u>	Earmarked - Local Delivery Vehicle			
HOUSING					<u>1,500</u>	<u>1,500</u>	<u>1,500</u>
Disabled Facility Grant	480	480	480	PREVIOUS YEARS' RESOURCES			
Housing	1,769	1,769	1,769	Supported expenditure	8,000		
Total	<u>2,249</u>	<u>2,249</u>	<u>2,249</u>	Grants in hand			
COAST PROTECTION	<u>437</u>	<u>1,060</u>	<u>1,730</u>	Receipts in hand	2,000		
OTHER SERVICES (receipts)	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	Capital Slippage Reserve	2,000		
SPEND TO SAVE	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>		<u>12,000</u>	<u>0</u>	<u>0</u>
SLIPPAGE FROM 2005-06	<u>12,000</u>	<u>0</u>	<u>0</u>	PRUDENTIAL BORROWING	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>
TOTAL EXPENDITURE	<u>42,087</u>	<u>36,777</u>	<u>25,185</u>	TOTAL FINANCING	<u>42,087</u>	<u>36,777</u>	<u>25,185</u>

Medium Term Financial Plan 2006/07 to 2009/10

5.5 Priorities within the above framework are determined by reference to the delivery of Aim High scoring matrix which is shown below (derivation of the score for each item is shown at the end of this section)

	Weighting (w)	Score (s)	Total (w) x (s)
A. Source of Request			
• Councillor	5		
• Officer	4		
• Stakeholder	3		
B. Output(s)			
• Complies with statutory directive	5		
• Is in accordance with the Council's policy framework strategies	5		
• Will make demonstrable improvement to performance against a Council target	4		
• Will make demonstrable improvement to performance against an Island (shared) target	4		
• Will make a demonstrable improvement to a BVPI	5		
• Improves or maintains a CPA position of the Council			
Level 1 Service	5		
Level 2 Service	4		
C. Resources			
• Whole Life costs of undertaking the action	5		
D. Risk			
• Risk to the Council associated with NOT completing the action	4		
• Risk to the Council associated with completing the action	3		
E. Time			
• Time in which the action must begin in order for the outputs to be delivered	3		
OVERALL TOTAL			

5.6 The maintenance backlog is shown in table 5.3, totalling nearly £26 millions, of which 70% relates to schools. Each asset management plan is required to address the reduction of the backlog through disposal of sites with a high backlog in favour of acquiring properties with low maintenance and energy costs.

Where spend to save investment can be made to reduce property running costs, then prudential borrowing or loans from reserves are available subject to a robust business case.

Medium Term Financial Plan 2006/07 to 2009/10

Table 5.3 Maintenance backlog as at June 2005

Service	£
ADULT SOCIAL SERVICES	518,028
ARCHAEOLOGY & COUNTRYSIDE	143,175
CARE HOMES / NON OPERATIONAL	983,052
CEMETERIES & CREMATORIUM	1,199,930
CHILDRENS SERVICES	211,517
EDUCATION	18,255,354
FIRE & RESCUE SERVICES	629,199
LEISURE	402,141
LIBRARIES, MUSEUMS & THEATRES	746,283
OFFICES	530,531
OTHER	1,572,888
PC's & PARKS	599,355
TOURISM OFFICES	156,023
Total	<u>25,947,475</u>

5.7

Medium Term Financial Plan 2006/07 to 2009/10

Aim High capital initiatives scoring matrix

Evaluation Criteria	Initiative Score				
	1	2	3	4	5
1.1 Source Of Request					
• Councillor	Scrutiny Committee / Local Member	Policy Commission	Cabinet Member	Cabinet	Manifesto Commitment
• Officer		Head of Service	Director	Directors' Group	
• Other Stakeholder	Individual Public, Private or Voluntary Organisations		Representative Organisations of the Public, Private or Voluntary Sectors		Local Strategic Partnership
1.2 Sustainable Outputs					
Complies with Statutory Needs			Statutory guidance	Statutory requirement	Statutory enforcement
Meets need in the Council's Policy Framework strategies ¹		Contributes to 1 strategy	Contributes to more than 1 strategy	Necessary to 1 strategy	Necessary to more than 1 strategy
Will make an actual improvement in the Council's performance against a target (compared to the previous financial year) ²	Reduction in deficit of up to 1%	Reduction in deficit of 1.1% to 4%	Reduction in deficit of 4.1% to 6%	Reduction in deficit of 6.1% to 8%	Reduction in deficit of more than 8.1%
Will make an actual improvement in the Island's (eg LSP) performance against a target (compared to the previous financial year) ²	Reduction in deficit of up to 1%	Reduction in deficit of 1.1% to 4%	Reduction in deficit of 4.1% to 6%	Reduction in deficit of 6.1% to 8%	Reduction in deficit of more than 8.1%
Will make an actual improvement in the Councils performance against a BVPI	Maintains		Improves by 1 quartile	Improves by 2 quartiles	Improves by 3 quartiles
Improves or maintains a CPA assessed performance					
Score	Maintains		Improves by 1	Improves by 2	Improves by 3

Medium Term Financial Plan 2006/07 to 2009/10

Evaluation Criteria	Initiative Score				
	1	2	3	4	5
1.3 Resource Needs					
Whole Life Cost of the Action	Increase of £100,000 or more	Increase of up to £100,000	Nil	Saving of up to £100,000	Saving of £100,000 or more
1.4 Risk					
Risk to the Council associated with not completing the Initiative (from the Council's risk assessment matrix)	4 or less	6	9	12	16
Risk to the Council associated with completing the Initiative (from the Council's risk assessment matrix)	16	12	9	6	4 or less
Timescales in which the initiative must begin to achieve its outputs					
Time	Within 9 to 12 months	Within 6 to 9 months	Within 3 to 6 months	Within 3 months	Within 0 to 3 months

Medium Term Financial Plan 2006/07 to 2009/10

6 Efficiency Targets and Affordability

- 6.1 In July 2004, the Chancellor of the Exchequer announced the results of the 2004 Comprehensive Spending Review (CSR) and included a target of 2.5% for efficiency gains throughout the public sector, including local government. The aim for local government was to achieve target savings of £6.45 billion nationally by 2007/8. The review of public sector efficiency savings was conducted by Sir Peter Gershon, hence the savings identified have come to be known as 'Gershon savings'.
- 6.2 This Council is committed to achieving efficiency savings as part of its objective to be a 'High Performing, Cost Effective' Council. We are confident of our ability to achieve our 2.5% efficiency savings target in each of the CSR years to 2007/8, indeed have identified a significant amount of savings from 2004/5 which will contribute towards the target provided they carry through the full review period. Gershon savings identified in 2005/06 are also in excess of the target, and that trend seems certain to continue in 2006/7.
- 6.3 We have developed a strong track record in delivering efficiency savings whilst continuing to provide quality front line services. This has been achieved in a number of innovative ways, for example by rationalising office use through the accommodation review, updating procurement practices to include construction partnering, implementing procurement cards and using the IDeA Marketplace, establishing a Customer Services Centre to provide an initial point of contact for public enquiries, and e-enabling many services allowing customers to use e-forms to pay for Council services.
- 6.4 It is certain that if local authorities are to demonstrate continued improvement under the Comprehensive Performance Assessment regime, the continued delivery of efficiency savings of at least 2.5% per annum will have to be achieved. We have decided as part of the budget strategy for 2006/7 to identify efficiency savings of around 5%. The benefit of such a strategy is that it allows every £1 of cashable savings identified to be reinvested in front line services or to hold down the level of Council Tax increase.
- 6.5 Achieving efficiency savings of this magnitude is not an easy exercise, but by making it a key part of the budget strategy and including it in service plans we can focus our attention on achieving the savings through, for example, collaborative working by means of partnership arrangements, improved procurement practices, identifying best practice and introducing it into other services, reducing sickness absence and better use of market forces e.g. reverse auctions.

Medium Term Financial Plan 2006/07 to 2009/10

- 6.6 The original Annual Efficiency Statement (AES) submission made to the Office of the Deputy Prime Minister (ODPM) in April 2005 was a high level submission designed around delivering broad themes for identifying efficiency savings. As the year progressed, more detail was applied to the identification of specific efficiencies in each of the service sectors and cross-cutting themes specified by the ODPM, with the result that significant variations have been made to the original efficiency savings plan. Future efficiency savings plans submitted to the ODPM will also be available at a much more detailed level. Details of the AES returns to the ODPM are shown in Table x below.
- 6.7 The test of affordability is one which balances the Council's ambitions for service improvements across the principal objectives, as expressed in the Aim High document, with the level of Council Tax increase. The CSR assumes that council taxes will rise by 6% if spending is at FSS (or its equivalent under the new grant settlement process). However, the Government has indicated that council tax increases should be restricted to 'low single figures', and that capping criteria may be used for proposed increases above a particular level, currently assumed to be 5%.
- 6.8 However, this national framework of Gershon savings and capping is somewhat irrelevant because the Council is committed to delivering a range of manifesto service commitments within a Council Tax increase no greater than the Retail Price Index, and to do this principally through efficiencies and income generation rather than service reductions. This has meant that cashable efficiency savings have been found in 2006-07 equivalent to four times the Council's Gershon target, and over each of the next three years further amounts of roughly three times the Gershon target will be required. To assist in delivering these sizeable savings, a multi-disciplinary Aim High Budget Group has been created, with a remit to identify corporate and service efficiency opportunities across the Council's budget.
- 6.9 Table 6.1 at the end of this section shows the Gershon interim efficiency savings return for 2005-06, and table 6.2 shows efficiency targets over the three years 2006-07 to 2009-10

Medium Term Financial Plan 2006/07 to 2009/10

Table 5.1 - Efficiency Savings Plan - 2005/06 Interim Submission on 17/11/2005

	Forward Look Forecast 2005/06 efficiencies	Estimated efficiencies achieved Apr 05 - Sept 05 (inclusive)	Forecast 2005/06 efficiencies	...of which cashable	2004/05 annual efficiency gain	2004/05 ...of which cashable	Forecast cumulative efficiency	...of which cashable
adult social services	0	171,653	380,906	198,506	185,853	185,853	566,759	384,359
children's services	100,000	86,942	201,958	152,258	76,500	76,500	278,458	228,758
culture and sport	100,000	106,170	260,030	179,421	9,109	0	269,139	179,421
environmental services	72,000	91,000	182,000	182,000	91,850	91,850	273,850	273,850
local transport (highways)	0	105,350	359,538	299,688	137,063	137,063	496,601	436,751
local transport (non-highways)	0	0	0	0	55,700	55,700	55,700	55,700
social housing (capex)	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A
social housing (other)	0	34,840	75,987	53,187	0	0	75,987	53,187
non-school educational services	0	69,550	154,200	79,300	7,946	7,946	162,146	87,246
supporting people	0	190,784	381,567	0	175,619	0	557,186	0
homelessness	0	22,786	45,572	45,572	45,572	45,572	91,144	91,144
For cross-cutting efficiencies not covered above								
corporate services	20,000	124,461	227,772	47,050	38,281	25,900	266,053	72,950
procurement	650,000	338,922	700,559	614,529	463,363	377,333	1,163,922	991,862
productive time	1,000,000	260,092	536,516	216,318	830,483	63,502	1,366,999	279,820
transactions	50,000	126,950	258,232	208,232	256,099	209,299	514,331	418,531
miscellaneous efficiencies	820,000	65,500	161,000	131,000	117,741	101,995	278,741	232,995
Total	2,812,000	1,796,000	3,925,837	2,408,061	2,491,179	1,378,513	6,417,016	3,786,574

Medium Term Financial Plan 2006/07 to 2009/10

Table 6.2 – Efficiency Savings Plan 2006/07 to 2009/10

Services	Efficiency Savings			
	2006/07 £000	2007/08 £000	2008/09 £000	2009/10 £000
Chief Executive's Department	285.0	285.0	285.0	285.0
Organisational Development	435.0	435.0	435.0	435.0
Children's Services	486.8	486.8	486.8	486.8
Community Development	245.0	245.0	245.0	245.0
Adult Services	2,315.0	2,350.0	2,350.0	2,350.0
Property Services	54.7	54.7	54.7	54.7
Planning	199.8	199.8	199.8	199.8
Engineering Services	625.2	625.2	625.2	625.2
Consumer Protection	67.0	67.0	67.0	67.0
Tourism	47.5	47.5	47.5	47.5
Fire	310.0	310.0	310.0	310.0
Emergency Planning	9.0	9.0	9.0	9.0
Safer Communities	19.0	19.0	19.0	19.0
Housing	95.0	95.0	95.0	95.0
Corporate	1,393.6	1,393.6	1,393.6	1,393.6
TOTAL EFFICIENCY SAVINGS	6,587.6	6,622.6	6,622.6	6,622.6
	Additional Income			
Children's Services	107.5	335.5	335.5	335.5
Community Development	46.0	46.0	46.0	46.0
Adult Services	85.0	85.0	85.0	85.0
Planning	25.0	25.0	25.0	25.0
Engineering Services	247.5	247.5	247.5	247.5
Consumer Protection	57.0	57.0	57.0	57.0
Tourism	72.0	142.0	212.0	212.0
TOTAL ADDITIONAL INCOME	640.0	938.0	1,008.0	1,008.0
TO BE IDENTIFIED		4,253.0	9,607.0	13,673.0
TOTAL AVAILABLE FOR REINVESTMENT OR TO REDUCE COUNCIL TAX	7,227.6	11,813.6	17,237.6	21,303.6

Medium Term Financial Plan 2006/07 to 2009/10

7 Service Planning – Linking Resources to Priorities

- 7.1 The Community Plan (“Island Futures”) is delivered and monitored by the Local Strategic Partnership. This plan sets out the objectives and targets to meet the priorities of the Isle of Wight community. It is informed by the views of a range of stakeholders, and those of residents which are expressed through a Citizens’ Panel, a major consultation exercise conducted each year. Information from this survey also helps to inform the Council’s own priorities which are published in a Corporate Plan (“Aim High”). This plan details the Council’s objectives, aims and goals and sets measures of success for each.
- 7.2 The Council’s service planning process is focussed entirely on performance improvement. Within the context of the Council’s Corporate Plan, senior officers within the Council produce rolling three year service plans annually which show in detail how each service will take action to achieve the Council’s priorities; they also identify the risks to achievement of the objectives and how these will be controlled, along with the financial implications of each initiative. The service plans are linked to team plans to be managed within a service area, and then to personal development reviews to ensure each member of staff has specific objectives which can be linked to achieving the corporate objectives.
- 7.3 Once complete, service plans are submitted to moderation by the Senior Management Team, and are signed off by a senior group of officers and members, including the Leader of the Council. They are then performance managed using the Council’s corporate system, with exceptions being escalated to the appropriate level within the organisation for ‘blockages’ to be removed.
- 7.4 Improvement initiatives identified through the service planning process are prioritised using the ‘Aim High’ scoring mechanism, so that limited capacity, including finance, can be directed at the key improvement areas. Table 7.1 shows the service planning timetable, and how it drives resource allocation:

Table 7.1 Service Planning Timetable

Mar	<ul style="list-style-type: none">• Draft service and team plans finalised to reflect February budget decisions
Apr	<ul style="list-style-type: none">• Personal development reviews take place as soon as possible in the new financial year, including agreed performance targets for incremental progression• Future years of service plans reviewed and rolled forward
May	<ul style="list-style-type: none">• Prioritized revenue and capital bids resulting from service plan review are submitted to Aim High Strategy Group• A decision is made on the level of bids to be supported, which in turn leads to an efficiency savings/income generation target
Jun	<ul style="list-style-type: none">• Savings targets issued to Service Heads and Directors

Medium Term Financial Plan 2006/07 to 2009/10

Sep	<ul style="list-style-type: none">• Savings proposals vetted by directors and cabinet members
Oct	<ul style="list-style-type: none">• Budget consultation
Nov	<ul style="list-style-type: none">• Formula Grant announcement• Revenue budget proposals finalised
Jan	<ul style="list-style-type: none">• Supported capital expenditure announcements
Feb	<ul style="list-style-type: none">• Budget and Council Tax set• Capital programme finalised
Mar	<ul style="list-style-type: none">• Draft service and team plans finalised to reflect February budget decisions

Medium Term Financial Plan 2006/07 to 2009/10

8 Reserves and Balances

- 8.1 Reserves and provisions are held to meet future liabilities or spending commitments, both known and unknown. The Council maintains a range of reserves and provisions to provide for known or possible risks, and to set aside specific amounts to meet future funding requirements.
- 8.2 Budget managers are encouraged to provide for future investment requirements, for example a programme of upgrades and replacement of ICT equipment, so as not to place a burden on scarce capital and/or revenue resources in future years. These reserves are supplemented on an annual basis in order that sufficient is available to meet planned investment needs as they arise.
- 8.3 The main categories of reserves held by the Council are set out below:

General reserve	The Council's working balance, it provides cover for short term cash flow fluctuations. It also provides a buffer against any unpredicted spending pressures arising during the year. Held at a level at or around £2m, the balance is considered to be at the lowest acceptable level with little in the way of tolerance.
Schools balances	Held by individual schools, these balances can be general reserves or earmarked for specific projects.
Insurance funds	These reserves and provisions provide internal cover for insurable risks where commercially provided cover is either unavailable or considered not to be a cost effective means of providing the necessary cover.
Non-insurable risks	This reserve is a single pooled amount equivalent to around 60% of identified financial risks for which insurance cover is not readily available.
Repairs and renewals	A number of service specific reserves set aside for particular requirements, the largest currently relates to the business continuity project.
Earmarked reserves	A range of corporate and service specific reserves set aside for specific initiatives such as 'Invest to save' and potential redundancy costs
Slippage reserves	The mechanism for providing funding for capital or revenue projects which slip from one year into another and still require funding to be available to allow them to proceed

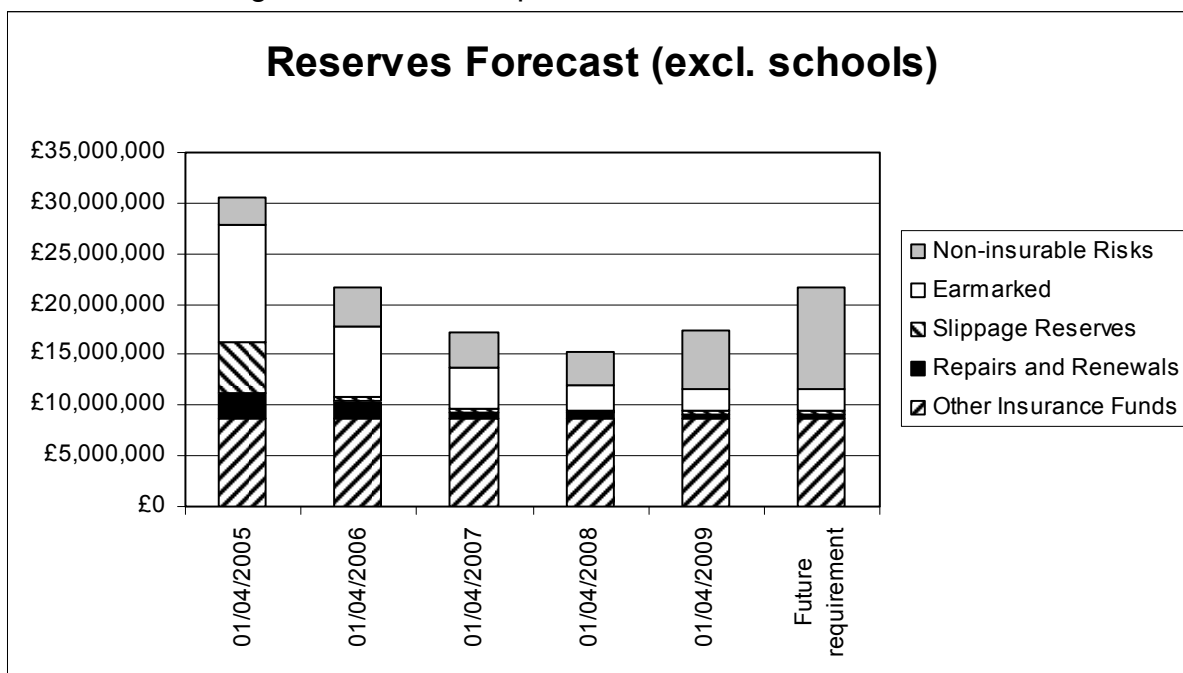
Medium Term Financial Plan 2006/07 to 2009/10

8.4 Planned use of reserves over the next four years will make a significant contribution to the delivery of the Council's objectives. Details of these projects are set out in appendices 2 to 6. Reserves are one-off resources so it is important that they are only used for one-off purposes, for example spend to save initiatives, and are not relied upon to support the revenue budget. Table 8.1 below, and the accompanying graph, show how reserves other than schools balances will move over the next three years, along with the outstanding liabilities that they will be underwriting by that point in time. The General Reserve is expected to remain at roughly £2 millions

Table 8.1 Planned levels of reserves and provisions

	Balance as at:				
	01/04/2005	01/04/2006	01/04/2007	01/04/2008	01/04/2009
Insurance Funds	8,669,000	8,669,000	8,669,000	8,669,000	8,669,000
Repairs and Renewals	2,617,370	1,703,829	653,417	593,366	471,556
Slippage Reserves	4,879,663	481,000	271,000	271,000	271,000
Earmarked Reserves	11,585,319	6,911,159	4,066,168	2,402,079	2,234,101
Non-insurable Risks	2,858,372	3,883,034	3,493,661	3,259,496	5,717,253
Total	30,609,724	21,648,022	17,153,246	15,194,942	17,362,911

This is shown graphically below, with the right hand column showing possible liabilities remaining at the end of the period:



Medium Term Financial Plan 2006/07 to 2009/10

9 Risk Management

- 9.1 All types of organisation face risks that can potentially threaten their ability to achieve their principal objectives. However, due to the diverse range of services delivered and the ever-changing environment in which they operate, local authorities face a particularly wide spectrum of risks. In this context, risk management and in particular the management of strategic risks has assumed greater importance for local authorities in recent years.
- 9.2 This Council is committed to managing risk effectively in order to ensure we can meet our principal objectives, whilst at the same time taking maximum advantage of opportunities available to us and minimising potential threats. In that regard, the Council considers risk in all cases when making decisions and considering the implications associated with planning and commissioning new initiatives. The Council is not a risk averse organisation but, instead, carefully evaluates risk before committing itself to significant courses of action. We recognise that not all risks can be eliminated and seek to manage within agreed parameters, transferring risk where appropriate to do so and putting control mechanisms in place where it is cost effective to do so.
- 9.3 The Council has identified both key strategic risks and operational risks, and has put in place systems to evaluate, manage, review and update these risks on a regular basis. We also produce an annual Statement on Internal Control which identifies key control mechanisms, any weaknesses in the systems of internal control and action plans for improvement.

Strategic Risks

- 9.4 The Council has identified its key strategic risks, basically the risks that could prevent the Council achieving its principal corporate objectives. These risks can include certain high level service issues and a number of risks that cut across all service areas. Examples are as follows:
- Loss of reputation through poor press or public relations
 - Significant failure or loss of critical ICT systems
 - Failure of partners to deliver service objectives with a resultant impact on service delivery
 - Failure to achieve approval of a highway maintenance PFI scheme

Medium Term Financial Plan 2006/07 to 2009/10

- 9.5 These risks are the subject of a monthly report to the Aim High Strategy Group, where the delivery of planned controls is performance managed.

Operational Risks

- 9.6 Operational risks are the day to day risks associated with running a service. They form a part of the Council's service planning process, are recorded in the operational section of the Council's risk register, and are monitored and managed as part of the service performance management process. Any major changes to operational risks are reported through Corporate Objective Groups so that any likely impact on the strategic risks of the organisation can be considered.

Financial Risks

- 9.7 The level of balances required by the Council to support revenue and capital expenditure is dependent upon the risks associated with the working environment within which the Council operates. The Council's Chief Financial Officer undertakes a risk-based assessment of the reserves and balances the Council needs to operate effectively. This assessment is reported annually to members as part of the budget report. Details of reserves and balances are set out in section 8 above.
- 9.8 The Council also carries out a risk assessment of its financial position and levels of reserves and balances on a regular basis throughout the financial year, and reports on an exception basis monthly to the Aim High Strategy Group. These reports identify significant budget variations and potential threats to the financial health of the Council, and are accompanied by action plans for dealing with each issue both in the short term and the longer term, should it be necessary.
- 9.9 In addition to the above, the Council also has a system for monitoring the 'Top 20' financial risks year on year. These risks are identified at the start of each year and recorded on the Financial Services website. For each risk the website provides a narrative explanation, a graph showing progress against budget and the previous year's activity, a 'traffic light' indicator showing status of the risk, predicted outturn and a commentary by both the budget accountant and the service manager. These risks are updated monthly to ensure focus is maintained throughout the year, and that any divergence from budget is identified at an early stage and action taken to control it. It is likely that this part of the process will be incorporated into the corporate performance management system during the coming year.

Medium Term Financial Plan 2006/07 to 2009/10

Risk Updates

- 9.10 The Council is continually seeking to review and improve its risk management processes. It has identified a need to improve risk management arrangements with key partner organisations, to develop a strategy to improve risk management procedures in schools, and to develop available guidance on risk management to keep pace with the ever-changing agenda. There is also a need to ensure risk management principles are applied to all Council projects, in particular those involving significant capital investments, and that a gateway process is applied to large procurement processes to be certain that progress is made with these projects and regularly reported to Members.
- 9.11 Risks to the achievement of the objectives within the MTFP are identified on a service by service basis in the appendices.

A1 PRINCIPLES OF THE MEDIUM TERM FINANCIAL PLAN

- ◆ 4 year financial planning framework
- ◆ Minimising the annual increase in Council Tax to no more than inflation
- ◆ A structured approach to the allocation of resources which ensures that focus is placed on achieving the Council's objectives
- ◆ Delivering annual efficiency savings at least in line with the requirements of the Gershon agenda, which allows the creation of capacity in the budget whilst also contributing to a reduction in the level of Council Tax increase
- ◆ Identifying realistic income generation targets for services
- ◆ Ensuring reserves and balances are maintained at an acceptable level based on appropriate Risk Management criteria
- ◆ Efficiency reviews of service areas to be carried out aimed at achieving value for money in service delivery and, where possible, identifying means of reducing future revenue costs

A2 PRINCIPLES OF THE CAPITAL INVESTMENT AND ASSET MANAGEMENT PLAN

- ◆ Identify the portfolio of assets required to support service delivery, with particular attention to fitness of purpose
- ◆ Develop a list of assets surplus to requirements in order for these to be disposed of allowing the release of funds to support new investments/upgrade of existing property
- ◆ Upgrade existing assets by reducing the maintenance backlog and providing assets which support improved service delivery
- ◆ Implement an ongoing programme of planned maintenance for the remaining property portfolio
- ◆ Carry out a project appraisal and prioritisation of all proposed capital projects to ensure capital investments support the delivery of the Council's strategic objectives
- ◆ Ensure risk management principles are applied to capital projects, and that significant investments are recorded in the risk register and subject to regular reviews to maintain focus

A3 PRINCIPLES OF STRATEGIC PARTNERSHIPS

- ◆ An effective model to be developed for building and procuring strategic partnerships to assist service delivery
- ◆ A full options appraisal and business case to be prepared for each strategic partnerships which demonstrates that it will deliver a viable method of service delivery and service improvement
- ◆ Strategic partnerships and/or other types of partnering arrangement to be considered as an option for the following aspects of service delivery:
 - Support services, principally shared transactional and support services and business administration
 - Highways PFI
 - Leisure services
 - Tourism services
 - The Health Integration agenda
 - Education Management function

A4 PRINCIPLES OF THE WORKFORCE STRATEGY

- ◆ Increasing the capacity of elected members to carry out their role as community leaders by providing continued investment at an appropriate level to deliver the elected member development strategy
- ◆ To ensure the right people, with appropriate skills, are in the right place to assist delivery of corporate objectives
- ◆ Develop the skills and capacity of the workforce
 - Succession planning arrangements as a means of building and maintaining capacity to respond to the ever-changing local government environment
 - Adequate corporate investment to commission and deliver priority development programmes to ensure equality of access to learning initiatives consistent with identified personal development needs
 - Appropriate corporate investment to deliver a career management scheme
- ◆ Develop leadership capacity

Medium Term Financial Plan 2006/07 to 2009/10 Appendix A

- Continued investment in the delivery of leadership development programmes that increases/reinforces the leadership skills of middle managers
- Continued support for the Women into Management initiative that actively promotes, encourages and engages women with a career in management

- ◆ Modernise local pay and reward structures to support a high-performing, skilled and flexible workforce with the motivation to deliver improved services
 - Provide flexibility in reward packages which are geared towards achievement, outcomes and success

- ◆ Resourcing local government
 - Better planning to address future staffing needs by addressing recruitment and retention issues and improving the supply of skilled staff
 - Ensuring there is investment in trainee schemes and similar activities to increase the pool of talent available from which staff may be drawn

B1 SAFER AND STRONGER COMMUNITIES

B1.1 This appendix deals in more detail with those initiatives designed to build safer and stronger communities which have resource implications within the MTFP. These include:

Section	Initiative
B1.2	Community Support Officers / Police CSO's
B1.3	CCTV control room capacity
B1.4	Safer communities directorate staffing
B1.5	Home fire safety checks
B1.6	FSEC and related costs
B1.7	Road traffic collision reduction
B1.8	Fire vehicle fleet renewal
B1.9	Safety education
B1.10	Emergency services co-responder scheme
B1.11	Technical rescue service provision

B1.2 (a) Community Support Officers

Description: Agreed revenue funding project for provision of accredited CSO's.				
Budget:	2006-07 £000	2007-08 £000	2008-09 £000	2009-10 £000
Revenue	91	81	85	90
Capital				
Reserves				
External funding				
Total Funding	91	81	85	90
Risk assessment: <ul style="list-style-type: none"> Ability to maintain base budget. 				

B1.2 (b) Police Community Support Officers

Description: This additional funding project from the Hampshire Police Authority will provide 39 Police Community Safety Officers.				
Budget:	2006-07 £000	2007-08 £000	2008-09 £000	2009-10 £000
Revenue	50	70	70	70
Capital				
Reserves				
External funding	800	800	800	800
Total Funding	850	870	870	870
Risk assessment: <ul style="list-style-type: none"> As a scheme dependent largely on external financing, an exit strategy needs to be in place should support cease to be available from one or more partners in the future. 				

Medium Term Financial Plan 2006/07 to 2009/10 Appendix B

B1.3 CCTV control room capacity

Description: This will increase the amount of hours that the cameras are monitored.				
Budget:	2006-07 £000	2007-08 £000	2008-09 £000	2009-10 £000
Revenue	22	22	22	22
Capital				
Reserves				
External funding				
Total Funding				
Risk assessment:				
<ul style="list-style-type: none"> Crime & disorder detections would go down without implementation. Control room is nearing physical capacity. 				

B1.4 Safer communities directorate staffing

Description: New directorate has been created and funding needs to be established.				
Budget:	2006-07 £000	2007-08 £000	2008-09 £000	2009-10 £000
Revenue				
Capital				
Reserves	115			
External funding				
Total Funding	115			
Risk assessment:				
<ul style="list-style-type: none"> A one-off budget has been created and ongoing funding needs to be identified. 				

B1.5 Home fire safety checks

Description: The Fire & Rescue Service educates the community on risks of domestic fire, providing assistance with planning escape route in event of fire, giving general advice within the home & fitting smoke detectors and/or new batteries where necessary. Target is to carry out 3,000 Home Fire Safety Checks (HFSCs) in 2006-07. This work will be carried out in a targeted way based on risk assessment of Fire Service data and that received through data and information-sharing protocols with other care agencies.				
Budget:	2006-07 £000	2007-08 £000	2008-09 £000	2009-10 £000
Revenue	90	90	90	90
Capital				
Reserves				
External funding				
Total Funding	90	90	90	90
Risk assessment:				
<ul style="list-style-type: none"> Initiative is aimed to target high risk properties; there is a risk that if partnership groups fail to provide relevant data these may not be adequately identified. 				

Medium Term Financial Plan 2006/07 to 2009/10 Appendix B

B1.6 FSEC and related costs

Description:				
The Integrated Risk Management Programme (IRMP) Fire Service Emergency Cover (FSEC) is a computerised programme for the collation and analysis of data related to the risk profile of the Isle of Wight, enabling the calculation of response times. The intent is to assist a move from the IWFRS existing standards of Fire Cover to better address the risks identified by the IRMP (FSEC) programme. 2006-07 sees the final stage of a short-term resource input that allowed for data input required at the set-up stage.				
Budget:	2006-07 £000	2007-08 £000	2008-09 £000	2009-10 £000
Revenue	24	0	0	0
Capital				
Reserves				
External funding				
Total Funding	24	0	0	0
Risk assessment:				
<ul style="list-style-type: none"> Additional funding was agreed on a short-term basis to allow for set up costs and initial data input. There is a risk of reliance on current level of funding which ceases end 2006-07. Need strategy to ensure continuation of programme within normal resource allocation (reinvestment into front line services through National Framework document). 				

B1.7 Road traffic collision reduction

Description:				
The Fire Service will be working in partnership to reduce the number of fatalities and of injuries from road collisions in order to educate existing and potential new drivers and other road users about the risks and outcomes of collisions. The additional funding will enable the service's Road Accidents Reduction Strategy to be delivered to schools and to events such as road shows or "crash awareness days" by existing firefighters.				
Budget:	2006-07 £000	2007-08 £000	2008-09 £000	2009-10 £000
Revenue	20	20	20	20
Capital				
Reserves				
External funding				
Total Funding	20	20	20	20
Risk assessment:				
<ul style="list-style-type: none"> Initiative within schools relies on co-operation of School Governors, and cannot be delivered without their backing. Liaison commencing immediately to inform and encourage support. 				

B1.8 Fire vehicle fleet renewal

Description:				
There has been for some years an ongoing fleet replacement programme to ensure that reliable and up-to-date Fire and Special appliances are available to respond to operational incidents; additional resource is still required as the fleet builds up to full capacity. Vehicle acquisition is currently undertaken through leasing arrangements, so additional budget provision outlined below represents anticipated increase in annual leasing costs.				
Budget:	2006-07 £000	2007-08 £000	2008-09 £000	2009-10 £000
Revenue	25	50	75	100
Capital				
Reserves				

Medium Term Financial Plan 2006/07 to 2009/10 Appendix B

External funding				
Total Funding	25	50	75	100
Risk assessment:				
<ul style="list-style-type: none"> The original programme has been amended as necessary in response to reappraisal of required specification or to the changing needs of a modernising service, whilst keeping within overall budget expectation. It is anticipated that this will continue to be the case, with the associated risk that requirements might exceed resource at some stage. 				

B1.9 Safety education

Description:				
There is a statutory requirement to educate where required to reduce risks from fire. The additional funding is to enable increased hours required for the expansion and continuation of good work already started with regard to education and delivery of fire safety/junior citizenship to key stage 1,2 and 3.				
Budget:	2006-07 £000	2007-08 £000	2008-09 £000	2009-10 £000
Revenue	14	14	14	14
Capital				
Reserves				
External funding				
Total Funding	14	14	14	14
Risk assessment:				
<ul style="list-style-type: none"> No specific risk identified. 				

B1.10 Emergency services co-responder scheme

Description:				
There are areas on the Island where Ambulance response cannot meet the national standards for attendance in 7 minutes for a cardiac arrest. As a result of the Health Authority's approach to the Fire Service requesting assistance in "co-Responding", each fire appliance is to carry a defibrillator, with sufficient personnel trained in its use to enable Co-Responding to be carried out in partnership with the ambulance as well as assisting the general public with "running calls" to assist in heart attack situations. This policy will deliver benefit to the wider community and will enhance and support the wider agenda of Safer & Stronger Communities.				
Budget:	2006-07 £000	2007-08 £000	2008-09 £000	2009-10 £000
Revenue	45	45	45	45
Capital				
Reserves				
External funding				
Total Funding	45	45	45	45
Risk assessment:				
<ul style="list-style-type: none"> Initiative dependent upon receiving approval from health officials. 				

B1.11 Technical rescue service provision

Description:				
The Fire & Rescue Services Act 2004, Health & Safety legislation, the Emergency Services Order & the Fire & Rescue National Framework place a new duty/burden on all Fire Services to provide certain rescue facilities with sufficient training and equipment in such areas as:-				

Medium Term Financial Plan 2006/07 to 2009/10 Appendix B

Working on or near water; confined spaces; urban search; working at height etc. Note: Most elements of the New Dimension programme have been grant funded, but gaps in rescue provision under the Act above have not. The service intends to use an existing vehicle to carry out this role for technical rescue.				
Budget:	2006-07	2007-08	2008-09	2009-10
	£000	£000	£000	£000
Revenue	30	30	30	30
Capital				
Reserves				
External funding				
Total Funding	30	30	30	30
Risk assessment:				
<ul style="list-style-type: none"> This relies upon staff being willing to undertake additional duties. If the current co-operation were withdrawn the ability to resource technical rescue provision would be compromised. 				

C1 SUSTAINABLE ECONOMIC REGENERATION & DEVELOPMENT

C1.1 This appendix deals in more detail with those initiatives designed to deliver sustainable economic regeneration and development which have resource implications within the MTFP. These include:

Section	Initiative
C1.2	Completion of the Island Plan
C1.3	Civic Pride initiative
C1.4	Highways asset management plan
C1.5	Highways private finance initiative
C1.6	Parking decriminalisation

C1.2 Completion of the Island Plan

Description: In addition to achieving a Government Standard on BVPI 109A (major applications) and continuing e-government initiatives, various Area Action Plans, for example in 2006/07 regarding the Medina Valley and the Bay area, are required to supplement the Island Plan.				
Budget:	2006-07 £000	2007-08 £000	2008-09 £000	2009-10 £000
Revenue	250	250	250	250
Capital				
Reserves				
External funding				
Total Funding				
Risk assessment:				
<ul style="list-style-type: none"> The programming of the Area Action Plan completions can be adjusted as resources and priorities dictate. 				

C1.3 Civic Pride initiative

Description: Resources to facilitate an extended opening season for public conveniences, pre-season cleans as necessary, additional cleaning during the peak season, additional rubbish collections, ad-hoc costs/pump-priming initiatives, additional dog bins.				
Budget:	2006-07 £000	2007-08 £000	2008-09 £000	2009-10 £000
Revenue	73	73	73	73
Capital				
Reserves				
External funding				
Total Funding				
Risk assessment:				
<ul style="list-style-type: none"> The costs to extend the opening season and carry out the additional cleans have been negotiated with the contractor. The Civic Pride initiative, as part of its public convenience improvement programme, includes a realignment programme for certain facilities. There is a risk that the realignment programme may not progress as initially planned with a resultant delay in the realignment resources being available for Civic Pride projects. 				

C1.4 Highways asset management plan

Description: A Transport Asset Management Plan and a Highway Infrastructure Asset Valuation are required for both LTP2 and PFI purposes. A consultant will be employed to produce these items. In addition a contractor will be employed to produce a Highway Inventory to support both the Transport Asset Management Plan and the PFI process.				
Budget:	2006-07 £000	2007-08 £000	2008-09 £000	2009-10 £000
Revenue				
Capital				
Reserves	130			
External funding				
Total Funding	130			
Risk assessment:				
<ul style="list-style-type: none"> Without these documents, there is a difficulty evidencing detail for LTP2 and PFI. Informal quotes have been sought prior to contract tendering to mitigate the risk of overspend. 				

C1.5 Highways private finance initiative

Description: Best Value reviews have identified that the Council's 792 kms of highway is in poor condition and that this impacts upon road casualty rates and also insurance claims. Without additional funding, roads may have to be closed or have width/weight restrictions placed upon them. In addition, of the 13,300 street lighting columns, some 2,500 are over 30 years old and in need of replacement. The level of investment required to return the network to a reasonable and sustainable standard is beyond the scope of traditional funding mechanisms and, therefore, securing additional funding through a Private Financial Initiative (PFI) is intended. An Expression of Interest, including investment and maintenance plans, for the delivery of a 25 year Highways PFI initiative is being prepared. If this is approved an Outline Business Case needs to be produced and approved, followed by a procurement process. If successful, this could be only the third such approved scheme in the Country with an anticipated contract start date of Spring 2009. PFI preparation costs, for specialist technical, financial and legal advice, should be recoverable once the PFI contract commences.				
Budget:	2006-07 £000	2007-08 £000	2008-09 £000	2009-10 £000
Revenue				
Capital				
Reserves	800	800	-1,600	
External funding				
Total Funding	800	800	-1.600	
Risk assessment:				
<ul style="list-style-type: none"> Likely costs for specialist technical, financial and legal advice have been based upon the experience of the first 2 schemes, as well as advice from the 4P's. Costs escalate as the initiative progresses with the bulk of the costs occurring once the Outline Business Case has been approved. Outline Business Case approval is extremely likely once the Expression of Interest stage has been successfully achieved. However, it needs to be recognised that if the scheme did not come to fruition then any costs incurred up to that point would be unrecoverable. 				

C1.6 Parking decriminalisation

Description:				
On the 28 th February 2006, Cabinet agreed that the necessary procedures to enable the Council to apply to The Secretary of State for Transport for a Designation Order to implement decriminalised parking on the Isle of Wight should be undertaken and that the scheme be implemented as a fully in-house operation. It is envisaged that the scheme will be set-up in 2006/07, with 2007/08 being the first year of operation and the scheme becoming self-funding within 2 years. Any surpluses would be ring-fenced for highways and environmental matters.				
Budget:	2006-07	2007-08	2008-09	2009-10
	£000	£000	£000	£000
Revenue				
Capital				
Reserves	330	149	28	
External funding				
Total Funding	330	149	28	
Risk assessment:				
<ul style="list-style-type: none"> • There is a risk that the business case is not robust enough and that set-up costs and/or running costs have been underestimated and, therefore, that the scheme will not become at least cost neutral in the timeframe envisaged. 				

D1 IMPROVED OUTCOMES FOR CHILDREN & YOUNGER PEOPLE

D1.1 This appendix deals in more detail with those initiatives designed to deliver improved outcomes for children and younger people, which have resource implications within the MTFP. These include:

Section	Initiative
D1.2	Development of Children's Trust
D1.3	Mainland placements
D1.4	Schools budget real terms growth
D1.5	Children in transition to Adult Services

D1.2 Development of Children's Trust

Description: The Children's Trust will bring services working with children together in one Local Authority organisational structure, which will be in a better position to harness the resources of the voluntary, community and private sector. This resource will aid the development of the Children's Trust, by funding the Children's Trust Development Advisor and extra staffing to implement the Trust by the statutory deadline of 2008.				
Budget:	2006-07 £000	2007-08 £000	2008-09 £000	2009-10 £000
Revenue		150	150	150
Capital				
Reserves	150			
External funding				
Total Funding				
Risk assessment:				
<ul style="list-style-type: none"> Community, voluntary sectors and schools not engaging in a central role. Funding, staff, resources and assets are not secured, and savings from creation of a Health and Social Care Trust are not transferred into public health and health promotion functions across Children and Adult Services. 				

D1.3 Mainland placements

Description: Projected costs of extra resources required for Mainland Placements, based on the number and type of children and young people's needs that are placed already, along with dates supplied for expected leaving dates, each placement is carefully scrutinised by a multi-agency Joint Commissioning Panel on a monthly basis.				
Budget:	2006-07 £000	2007-08 £000	2008-09 £000	2009-10 £000
Revenue	250	250	250	250
Capital				
Reserves				
External funding				
Total Funding				
Risk assessment:				
<ul style="list-style-type: none"> These high cost placements occur for children or young people with very high complex needs, and often incur above inflation annual increases.. This could result in increased costs above those identified here. 				

Medium Term Financial Plan 2006/07 to 2009/10 Appendix D

D1.4 Schools budget real terms growth

Description: Additional funding from Department for Education and Skills through the Dedicated Schools Grant. The grant is ring-fenced for Schools provision and may not be used for any other purpose. Approximately half of the annual increase is targeted towards meeting central government's priorities and is allocated to local authorities according to prior attainment in National Curriculum tests.				
Budget:	2006-07 £000	2007-08 £000	2008-09 £000	2009-10 £000
Revenue				
Capital				
Reserves				
External funding	2,638	5,013	7,287	8,838
Total Funding				
Risk assessment:				
<ul style="list-style-type: none"> An improvement in school standards will result in a reduction in funding. Local Authorities and Schools will need to identify alternative funding to maintain standards. The number of school aged children on the island is currently falling year on year. This will result in a reduction in funding for schools. Schools do not utilise this money, resulting in a failure to improve standards, and an increase in school balances at the end of the financial year. Under the terms of the new "claw-back" system, any school with excessive balances at year end will have the excess amount removed and re-allocated within the schools budget. 				

D1.5 Children in transition to Adult Services

Description: Budgetary provision for children with a learning disability who become the responsibility of Adult Services upon reaching the age of 18.				
Budget:	2006-07 £000	2007-08 £000	2008-09 £000	2009-10 £000
Revenue	1,000	1,000	1,000	1,000
Capital				
Reserves				
External funding				
Total Funding	1,000	1,000	1,000	1,000
Risk assessment:				
<ul style="list-style-type: none"> The budget requirement was calculated on estimates of 10 children making the transition from Children's Services to Adult Services commencing in 2006-07. An average of just under £2000 per week had been estimated as the additional cost involved for a combination of residential and community based placements. If the numbers increase or individual cost packages exceed the estimated amounts then an additional pressure will be placed upon the community care budget. This budget is closely monitored and resources will be released as the cases transfer to Adult Services. 				

E1 IMPROVING HEALTH & WELL-BEING OF ISLAND COMMUNITIES

E1.1 This appendix deals in more detail with those initiatives designed to improve the health and well-being of Island communities which have resource implications within the MTFP. These include:

Section	Initiative
E1.2	Residents' parking permit
E1.3	Concessionary fares, over 60 and under 19
E1.4	Adult Services provision
E1.5	Homelessness
E1.6	Support for excellent parishes
E1.7	Empty properties officer
E1.8	Cross Solent travel for hospital patients
E1.9	Library book stock
E1.10	Integration with Health Trust

E1.2 Residents' parking permit

Description:				
The Council is introducing a new £50 Isle of Wight residents parking permit, discounted to £35 for those of pensionable age. This scheme was a manifesto commitment of the new administration and is intended to offer an easier and more convenient parking system for island residents and encourage Islanders to make more use of the business facilities in smaller towns. To mitigate the potential reduction in car parking income as a result of introducing the new permit, an increase in ad hoc parking charges has been proposed and a sum of £900,000 included in the 2006/07 budget round.				
Budget:	2006-07	2007-08	2008-09	2009-10
	£000	£000	£000	£000
Revenue	900	900	900	900
Capital				
Reserves				
External funding				
Total Funding	900	900	900	900
Risk assessment:				
<ul style="list-style-type: none"> In assessing the impact of the new permit on existing parking income, it has been estimated that 50% of the 71,000 cars and light vehicles registered to Isle of Wight owners will utilise the new permit. The initiative will be closely monitored throughout the financial year to review permit take-up, financial performance, impact on traffic management and congestion. Further cover is available in the short term from the Council's reserves should take-up of the permit be less than anticipated in the initial stages 				

E1.3 Concessionary fares, over 60 and under 19

Description:
The Government announced that, as of 1 st April 2006, the travel concession for older and disabled persons should be increased from mandatory half-fare off-peak local bus travel to mandatory free off-peak local bus travel and that funding would be made available to support this. This Council decided, in its 2006/07 budget strategy, that it would extend the scheme to provide 24 hour free travel for older and disabled persons on both buses and the local rail network. In addition, the Council is introducing a new 50p one-way ticket valid on both buses and local rail for those under 16 and for those between 16 and 19 who are in full-time education – Student Rider. The costs of this scheme, over and above that provided by

Medium Term Financial Plan 2006/07 to 2009/10 Appendix E

Government, will be met through this additional budget provision. These schemes will help achieve the targets set in the Local Transport Plan to increase bus usage by 12.1% by 2010/11 in comparison with 2003/04 levels.

Budget:	2006-07 £000	2007-08 £000	2008-09 £000	2009-10 £000
Revenue	1,329	1,329	1,329	1,329
Capital				
Reserves				
External funding				
Total Funding	1,329	1,329	1,329	1,329

Risk assessment:

- The level of budget required to provide the free fare concessions is based on an assumed growth in generated travel, by over 60's and people with a disability, of 35% over current trips. There is a risk that the budget may be insufficient if the increased ridership is in excess of 35%.
- The level of budget required to pump-prime the new 50p "Student Rider" scheme is fixed by prior agreement with participating operators.
- Inherent risk that, due to this being the first year of operation, the budget may be too much or too little.
- Monthly data will be collected, by the Council, from operators in order to assess the risks at a very early stage.

E1.4 Adult Services provision

Description:
Budgetary provision to provide for pressures within Adult Services mainly within community care including the demographic growth predicted in the older people client group over the next four financial years and other responsibilities for clients within other client groups.

Budget:	2006-07 £000	2007-08 £000	2008-09 £000	2009-10 £000
Revenue	3,308	3,874	4,174	4,474
Capital				
Reserves				
External funding				
Total Funding	3,308	3,874	4,174	4,474

Risk assessment:

- Assumptions have been made about the likely demographic growth for the over 65 age group. If this proves to be underestimated then a pressure will result on this part of the community care budget. This budget is closely monitored to allow early indication of pressures arising.
- Fee negotiations with care providers are being undertaken. Further pressures will arise if the increases settled upon cannot be met in full from the additional monies available.
- All new responsibilities currently known have been planned for but there is a risk that other items may come to light particularly as our health partners continue to restructure their services and finances.

E1.5 Homelessness

Description:
The additional budget provides for the medium term need to secure bed and breakfast and temporary leased properties to meet the statutory need to have available accommodation for those accepted as homeless

Budget:	2006-07 £000	2007-08 £000	2008-09 £000	2009-10 £000

Medium Term Financial Plan 2006/07 to 2009/10 Appendix E

Revenue	500	500	500	500
Capital				
Reserves				
External funding				
Total Funding	500	500	500	500
Risk assessment:				
<ul style="list-style-type: none"> The additional budget provision will allow continuation of current leasing and bed and breakfast levels. Risk factors include 1) an increase in homeless acceptances (low / medium risk), 2) loss of capital funded RSL leased properties requiring revenue funded replacement (medium risk), 3) increased costs in procuring bed and breakfast as a consequence of licensing requirements (low risk). These risks are to be mitigated by the increasing emphasis on preventing homelessness through the use of rent deposits, mediation and the introduction of other initiatives such as Sanctuary and outreach service. It is also intended to increase the use of qualifying offers as a means of discharging the homelessness duty. Overall risk is medium in 2006/7 (as a result of the known loss of capital funded leased units) reducing to low in subsequent years 				

E1.6 Support for excellent parishes

Description: The budget provided relates to the provision of a support package to encourage full emparishment of the Island and the pursuit of 'excellent' status for existing parishes				
Budget:	2006-07 £000	2007-08 £000	2008-09 £000	2009-10 £000
Revenue	100	100	100	100
Capital				
Reserves				
External funding				
Total Funding	100	100	100	100
Risk assessment:				
<ul style="list-style-type: none"> Emparishment will depend upon sufficient public support in each area currently without a parish council or its equivalent 				

E1.7 Empty properties officer

Description: Additional budget for one full time equivalent Empty Properties Officer				
Budget:	2006-07 £000	2007-08 £000	2008-09 £000	2009-10 £000
Revenue	45	45	45	45
Capital				
Reserves				
External funding				
Total Funding	45	45	45	45
Risk assessment:				
<ul style="list-style-type: none"> Funding for Empty properties officer will be used to enable the Local Authority to take proactive action to return long term empty properties on the Island back to use. This will assist with the economic regeneration of the Island and allow the efficient and cost effective use of the available housing stock in the marketplace. The Empty properties officer will take forward our policies of working with landlords and liaising on Compulsory Purchase matters and will develop the Local Authority's policy on Empty Dwellings Management Orders. The Empty properties officer will ensure that we meet our BVPI 64 target and the guidance set out in sections a1 and a7 of the HIP (HSSA), and aim to improve our quartile performance in this field by adopting best practice where necessary. 				

E1.8 Cross Solent travel for hospital patients

Description: To assist with travel costs for patients receiving health care on the mainland e.g. cancer treatment.				
Budget:	2006-07 £000	2007-08 £000	2008-09 £000	2009-10 £000
Revenue	50	50	50	50
Capital				
Reserves				
External funding				
Total Funding	50	50	50	50
Risk assessment:				
<ul style="list-style-type: none"> It is understood that the health trust will continue to administer the service, therefore a clear agreement needs to be made between the two organisations to avoid ambiguity as to the maximum resource the council will contribute if there is an increase in the number of patients being eligible for assistance. 				

E1.9 Library book stock

Description: Additional book stock purchases to ensure that library material available meets the necessary CPA requirements.				
Budget:	2006-07 £000	2007-08 £000	2008-09 £000	2009-10 £000
Revenue				
Capital				
Reserves	140			
External funding				
Total Funding				
Risk assessment:				
<ul style="list-style-type: none"> Risk of failing standards set to achieve desired CPA score if books are not purchased. 				

E1.10 Integration with Health Trust

Description: The Council is currently part funding a project to develop a business case for closer co-operation with health partners, either through a joint Health and Social Care Trust or through the provision of extended Section 31 agreements				
Budget:	2006-07 £000	2007-08 £000	2008-09 £000	2009-10 £000
Revenue				
Capital				
Reserves	100	100		
External funding				
Total Funding				
Risk assessment:				
<ul style="list-style-type: none"> Potential risks to the project include local capacity issues, the possibility of Central Government changes to health governance frameworks and current NHS funding difficulties. 				

F1 HIGH PERFORMING, LOW COST COUNCIL

F1.1 This appendix deals in more detail with those initiatives designed to deliver a high performing, low cost council which have resource implications within the MTFP. These include:

Section	Initiative
F1.2	Trainee auditors
F1.3	Performance management system
F1.4	Strategic partnering
F1.5	Business continuity

F1.2 Trainee auditors

Description: Additional budget provision to allow two trainee auditors to be appointed to increase the capacity of the Internal Audit team and aid delivery of the Audit Plan. This will support the performance improvement framework to deliver cost effective services providing value for money for the local community				
Budget:	2006-07 £000	2007-08 £000	2008-09 £000	2009-10 £000
Revenue	45	45	45	45
Capital				
Reserves				
External funding				
Total Funding	45	45	45	45
Risk assessment:				
<ul style="list-style-type: none"> To be effective it will be important to attract the right candidates and then provide effective training and development opportunities, together with a performance management framework to operate within 				

F1.3 Performance management system

Description: Procurement and implementation of a new performance management system with the ability to be embedded consistently throughout the Council and drive performance improvement by focussing attention on key performance areas linked to delivery of corporate objectives				
Budget:	2006-07 £000	2007-08 £000	2008-09 £000	2009-10 £000
Revenue				
Capital				
Reserves	226	30	30	
External funding				
Total Funding	226	30	30	
Risk assessment:				
<ul style="list-style-type: none"> The brief for the project specifically requires the performance management system to be implemented during the first quarter of the year to enable the Authority to demonstrate substantial progress on performance management during the forthcoming CPA inspection. This requires that the project be implemented at a rapid pace and this may not allow the necessary time for all the usual quality assurance processes Inability to embed the system requirements consistently through all Council services at the same time Insufficient capacity through all Council services to unlock the full benefits of the system to the same standard Expectations arising from implementation of the various modules of the system outpacing 				

Medium Term Financial Plan 2006/07 to 2009/10 Appendix F

<p>the availability of data used to manage performance</p> <ul style="list-style-type: none"> Comprehensive project management controls are vital to ensure the success of this project
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F1.4 Strategic partnering

Description:				
<p>The Council aspires to fulfil the role of an effective community leader by enabling service provision to the local community via a number of strategic partnerships rather than through the means of direct service provision. A model for building and procuring such partnerships will be developed, however it will only be used after a full options appraisal and business case has been prepared which demonstrates that it offers a financially viable method of delivering improved services to the community. This budget relates to the procurement of a strategic partnership for some or all of shared transactional and support services and business administration</p>				
Budget:	2006-07 £000	2007-08 £000	2008-09 £000	2009-10 £000
Revenue				
Capital				
Reserves	750	750		
External funding				
Total Funding	750	750		
Risk assessment:				
<ul style="list-style-type: none"> The Council is adopting a risk mitigation strategy by considering the partnership option in stages. This means that the risk of making the wrong decision is being controlled in the most effective way possible. The Council is also seeking to use expertise that does not readily exist internally, by employing consultants to carry out the feasibility study and outline business case. This has had the effect of improving the capacity of the Council on a temporary basis, thereby mitigating the risk of lack of progress due to capacity issues The Council's options may be limited by its scale and the availability of suitable partners. It will be important to address a wide range of possibilities. Apart from a robust business case, the success of the project will depend on proper use of project and risk management disciplines 				

F1.5 Business continuity

Description:				
<p>The Council utilises a broad range of information and communications technology (ICT) infrastructure, applications and hardware to support the delivery of various critical services. The dependency on these systems has increased substantially in recent years with many key processes designed with little or no contingency arrangements for systems downtime. This project covers a range of issues aimed at providing systems with an acceptable degree of resilience to remain operational when faced with threats to business continuity. These issues include provision of a server farm, air conditioning for systems hardware, the provision of sustainable back-up arrangements in the event of systems failure etc</p>				
Budget:	2006-07 £000	2007-08 £000	2008-09 £000	2009-10 £000
Revenue				
Capital				
Reserves	850			
External funding				
Total Funding	850			
Risk assessment:				
<ul style="list-style-type: none"> The new arrangements will need to be tested regularly to ensure that they continue to be robust enough for purpose This project is primarily of an ICT nature and needs to be complemented by 				

Medium Term Financial Plan 2006/07 to 2009/10 Appendix F

comprehensive business continuity projects throughout all services of the organisation