

Service Plan: FINANCIAL MANAGEMENT

April 2016 to September 2017

INTRODUCTION:

Include a brief summary of the service, what it does and why. The intention is set the context for the information that follows without being overly technical about the activities undertaken.

The key responsibilities for Financial Management are to:

- Provide sound financial arrangements for the council to operate in order to drive the achievement of corporate priorities, including effective internal controls, pension fund governance and accounting, treasury management, capital financing and VAT services and oversight of the internal audit function.
- To provide budget management via a business partnering approach to support service departments in the delivery of their objectives within available resources
- To provide a sound basis for reporting budget information to senior management and members in order that the council can achieve a balanced budget in year by the early identification of budget problems to allow remedial action as required.
- To provide professional financial advice to service departments to help the organisation become a more commercial organisation including options for alternative delivery models
- To deliver financial accounting processes and audited annual financial statements, and returns to government departments within required deadlines to remain compliant with our statutory financial accounting duties.
- To provide accounting and reporting arrangements for projects and partnership arrangements.
- To assist the Chief Executive in the preparation of the annual budget including the development of the Medium Term Financial Plan within the limited resources available.

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BUDGET INFORMATION

The table below shows the approved service budget for 2016/17

| Row Labels | Expenditure | | | | | Expenditure Total | Income | | % |
|--|------------------|--------------|--------------------------|---------------------|----------------|----------------------|-----------------|------------------|-------------|
| | 1 Employees | 3 Transport | 4 Supplies & Services | 5 Other Payments | 6 Recharges | | 7 Income | Net Total | |
| RE1612 Head of Finance & S151 Officer | 1,054,170 | 3,012 | 421,098 | 231,475 | -45,164 | 1,664,591 | -100,178 | 1,564,413 | |
| RE16121 Management | | | 349,647 | 43,000 | | 392,647 | | 392,647 | 25% |
| RE16122 Audit | 1,473 | 225 | 24,555 | 186,475 | | 212,728 | | 212,728 | 14% |
| RE16123 Accountancy | 1,052,697 | 2,787 | 46,896 | 2,000 | -45,164 | 1,059,216 | -100,178 | 959,038 | 61% |
| Grand Total | 1,054,170 | 3,012 | 421,098 | 231,475 | -45,164 | 1,664,591 | -100,178 | 1,564,413 | 100% |
| % | 67% | 0% | 27% | 15% | -3% | 106% | -6% | 100% | |

The table below shows the revenue savings required for the service in 2016/17.

| Savings Activity | 2016/17 £ |
|--|------------------|
| Adsa Receipt | 340,000 |
| Change in Minimum Revenue Provision (MRP) | 1,800,000 |
| Waste contract – capital financing savings | 450,000 |
| Total | 2,590,000 |

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CORPORATE PRIORITIES

Priority 1: Supporting Growth in the Economy, Making the Island a Better Place and Keeping it Safe

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| <ul style="list-style-type: none"> • <i>Let a new contract for the collection and management of the Island's domestic waste</i> • <i>Ensure the delivery of the highways PFI contract with Island Roads provides maximum value and benefit to the Island</i> • <i>Continue to investigate the potential for the development of an Isle of Wight energy company.</i> • <i>Continue to influence the work of the SLEP</i> | <p><i>Responsible Officer</i></p> <p><i>Director of Finance Strategic Manager – Finance, Principal Accountant- Corporate</i></p> |
|---|--|

| Ref | Activities | Lead Officer | Start Date | End Date |
|-----|--|--------------------------------------|------------|----------|
| 1. | Provide financial support in managing strategic long-term contracts for highways and waste. | Senior Accountant Fire & Contracts | Ongoing | |
| 2. | Assist with the financial evaluation for the potential development of an Isle of Wight energy company | Capital Accountant/Policy Accountant | Ongoing | |
| 3. | Provide financial support for the delivery of the Solent Connectivity project, including assisting with the development further bids for 'growth deal' funding from the SLEP | Capital Accountant/Policy Accountant | Ongoing | |
| 4. | Support the development of asset management strategies which support local communities and also maximise the benefits to the council from holding an asset portfolio, including option appraisals and financing decisions. | Capital Accountant/Policy Accountant | Ongoing | |

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Priority 2: Keeping Children Safe and Improving their Education

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| <p><i>The Council is maintaining a significant investment in relation to children’s safeguarding and educational improvement. Complete a review of how best to provide the right number and distribution of high quality 11-16 and post-16 school and college places to meet future need and improve outcomes for students.</i></p> | <p><i>Responsible Officer Director of Finance Strategic Manager - Finance</i></p> |
|---|---|

| Ref | Activities | Lead Officer | Start Date | End Date |
|-----|---|---------------------------------|------------|-------------------------------------|
| 1. | School Funding Formula & Academisation – Financial Management (in conjunction with HCC) are playing a key role in the development and implementation of the DFE planned new formula for schools funding distribution from April 2017. Alongside this the longer term government agenda to convert all schools to academies by 2020/22 will require significant financial input. | Senior Finance Business Partner | Ongoing | April 2017 (but ongoing until 2020) |
| 2. | School Financial Strategy Support – as school funding becomes more stretched and changes in personnel at HCC occur, Isle of Wight Financial Management are playing a key role in providing financial strategy advice to schools to mitigate them increasing existing or going into deficit positions, through robust challenge and assistance in producing rolling 3 year budget plans. | Senior Finance Business Partner | March 2016 | April 2020 |
| 3. | Children Looked After – with continued proportionately high numbers of children in care, financial management play a key role in predicting resource requirements in upcoming years, monitoring financial impact of trends and service decisions on placements on this high cost, potentially volatile area of statutory council spend | Senior Finance Business Partner | Ongoing | Ongoing |

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Priority 3: Protecting the most vulnerable with health and social care, investing in support, prevention and continuing care.

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| <i>We will continue to build upon the foundations already established for integrated working through the Joint Adults Commissioning Board as well as to capitalise on the resources that will be available to the island as a result of the successful bid to deliver the “vanguard” site and integrated working as well as to oversee the Better Care Fund and ensure our commissioning builds a sustainable market for service delivery within available council and NHS budgets.</i> | <i>Responsible Officer Director of Finance Strategic Manager - Finance</i> |
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| Ref | Activities | Lead Officer | Start Date | End Date |
|------------|---|--|-------------------|-----------------|
| 1. | Joint Adult Commissioning Board (JACB)– Financial management to play a key role in the activities of the JACB with the aim of progressing integration and a joint commissioning budget by April 17 and including working towards the One Island £ and whole population budgets. | Strategic Manager Finance | On-going | |
| 2. | Better Care Fund (BCF)– full involvement in planning, including the development of the BCF plan and S75 agreement and effective in-year monitoring. | Strategic Manager Finance | On-going | |
| 3. | BCF – IWC to act as host for the pooled budget arrangement providing the financial ledger and accounting arrangements | Finance Business Partner – Adult Social Care | On-going | |
| 4. | My Life a Full Life (Vanguard) - IWC to act as host for the pooled budget arrangement providing support to the MLAFL Finance project officer in the provision of the financial ledger and accounting arrangements | Finance Business Partner – Adult Social Care | On-going | |
| 5. | Partnership Agreement Board (NHS Trust) – membership of the partnership board to dirve integration of provision between ASC and the NHS Trust | Strategic Manager Finance | On-going | |

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Priority 4: Ensuring that all the Resources Available to the Island are Used in the Most Effective way in achieving the Island's Priorities

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| <i>To make sure that we make the most of every island pound available, we have set out our intention to become a facilitating council. We will be developing a commissioning framework that helps us to determine the most effective ways in which to achieve our priority outcomes, deliver against areas of greatest need and what will give the greatest possible impact form each investment decision.</i> | <i>Responsible Officer Director of Finance Strategic Manager – Finance, Technical Finance Manager</i> |
|--|---|

| Ref | Activities | Lead Officer | Start Date | End Date |
|-----|--|---|------------|--------------|
| 1. | Support Adult Social Care with its business case for short term services delivery options | Finance Business Partner – Adult Social Care | On-going | |
| 2. | Monitoring of the Corporate Savings Target achievement to ensure that the council is able to deliver a balanced budget in-year. With recommendations for a budget review and the identification of alternative savings if required. | Strategic Manager Finance | On-going | |
| 3. | Advice and monitoring of service budgets to assist in the services maintaining a balanced budget and the early identification of issues to ensure remedial action is taken in a timely manner to maximise the best use of resources and to achieve maximum levels of income | Strategic Manager Finance/Finance Business Partners | On-going | |
| 4. | Deep Dive - providing professional support for the analysis of service departments in order to ascertain the correct level of resources to deliver the statutory requirements at an acceptable level. And to make the case to government for increased resources in order to achieve financial sustainability for the council. | Strategic Manager Finance/Senior Finance Business Partner | April 16 | 31 August 16 |
| 5. | Provide effective treasury management decisions in order to maximise income to the council, whilst reducing the exposure to interest rate and counterparty risk, including the consideration of longer term investment opportunities versus invest to save options, and optimal borrowing decisions. | Technical Finance Manager | On-going | |
| 6. | Safeguard the council's resources and maintaining statutory compliance through effective internal controls, correct VAT accounting and an effective internal audit service | Technical Finance Manage | On-going | |
| 7. | Closure of the 2015-16 accounts and production of the statement of accounts according to statutory requirements and deadlines | Principal Accountant - Corporate | April 16 | Sept 16 |

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| 8. | To assist the Chief Executive in the delivery of budget options for a 2017-18 budget based on the limited resources available to the council | Director of Finance/ Strategic Manager - Finance | Sept 16 | Feb 17 |
| 9. | Lead partner in accounting for a range of grant supported projects and local partnerships working in the community. | Finance Business Partner – Place/Senior Accounting Technician Economy & Tourism /Policy Accountant | Ongoing | Ongoing |
| 10. | Working in partnership with Hampshire Fire & Rescue Service to deliver cost-effective fire emergency and prevention services. | Senior Accountant Fire & Contracts | Ongoing | Ongoing |
| 11. | Assist in the financial management of contracts designed to deliver public health outcomes. | Senior Accounting Technician Planning | Ongoing | Ongoing |
| 12. | Supporting the development of income generation activities and sustainable commercial council services through financial appraisals and monitoring | Finance Business Partners | Ongoing | |
| 13. | Supporting the optimisation of the council's asset base through financial analysis of purchase/sale opportunities | Capital Accountant/Policy Accountant | Ongoing | |
| 14. | Supporting development of bids for attracting funding opportunities | Policy Accountant | Ongoing | |
| 15. | Lead the Isle of Wight Council Pension Fund through the triennial valuation process at 31 March 2016, ensuring that contribution rates for the council and other employers are set at an affordable and sustainable level, which will ensure that the assets of the fund will be sufficient to meet future liabilities for pensions. | Technical Finance Manager | April 2016 | February 2017 |
| 16. | Support the Isle of Wight Pension Fund in complying with the government's investment pooling requirements, through participation in the ACCESS group, including plans for setting up investment vehicle, confirming governance arrangements and transition plans for pooling investments | Technical Finance Manager | November 2015 | April 2018 |
| 17. | Management of the internal audit contract, ensuring full delivery of the planned reviews to timetable and within budget. Robust monitoring of actions agreed to ensure improvements to internal controls and processes are delivered | Technical Finance Manager | Ongoing | |
| 18. | Support for Audit Committee in ensuring effective financial management and internal control processes are maintained | Technical Finance Manager | Ongoing | |
| 19. | Support LPGS and Fire pension boards in providing assurance to IWC as scheme manager over governance and administration standards, including compliance with legislative and regulatory requirements | Technical Finance Manager | Ongoing | |

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| <p>We will seek to develop a commercial arm for the council to deliver a health and leisure business We will need to develop and exploit partnership working that has the potential to deliver better outcomes for the Island's community and which can mitigate the potentially damaging impacts of the significant challenges that the council faces</p> | <p><u>Responsible Officer</u> Director of Finance Strategic Manager – Finance Principal Accountant - Corporate</p> |
|---|---|

| Ref | Activities | Lead Officer | Start Date | End Date |
|-----|---|---|------------|----------|
| 1. | To work with health partners to drive the integration agenda and identify options for the One Island £ to make the most of the resources available to the island and to create a sustainable health and social care economy | Strategic Manager - Finance | On-going | |
| 2. | To work with other service departments to identify trends and future impacts of economic activity on income available to the council e.g. NNDR and Council Tax forecasting | Principal Accountant - Corporate | On-going | |
| 3. | To work with leisure services in the development of a more commercial approach | Finance Business Partner Place/Senior Accounting Technician - Leisure | On-going | |

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KEY PERFORMANCE INDICATORS:

| Performance Measure | Lead Officer | Frequency | Reports to | Actual 2014/15 | Projected 2015/16 | Target 2016/17 |
|--|--|-----------|----------------|----------------|-------------------|----------------|
| Percentage forecast revenue income (fees and charges) compared to budget (cumulative) | Policy Accountant | Monthly | MSB, Executive | 106% | 98% | 100% |
| Percentage of predicted revenue outturn (net cost of services) compared to budget (cumulative) | Principal Accountant-Corporate/Policy Accountant | Monthly | MSB, Executive | 100% | 100% | 100% |
| Value of cumulative capital expenditure compared to profiled budget | Capital Accountant/Policy Accountant | Monthly | MSB, Executive | £12m | £25m | £34m |
| Value of identified savings (£000s) (cumulative) | Strategic Manager - Finance | Monthly | MSB, Executive | 5,275 | 11,845 | 14,211 |
| Percentage (%) of agreed Audit Plan complete by year end (Cumulative) | Technical Finance Manager | Quarterly | MSB | 96% | tbc | 100% |
| External Debt – Operational boundary (for total external debt)(£000) | Technical Finance Manager | Quarterly | MSB | 193,726 | 210,000 | 292,000 |
| Local indicator – Total amount of external interest payable in year (£000) | Technical Finance Manager | Quarterly | MSB | 6,175 | 5,985 | 8,054 |
| Total Capital receipts (cumulative) (£000) | Policy Accountant | Quarterly | MSB | £1.4m | £18.95m | tbc |

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KEY RISKS

| Risks | Ref | Risk Score at March 2016 | Target Risk Score |
|--|---------|--------------------------|-------------------|
| Reserves and balances – over reliance on usable reserves and balances for contribution to budget/savings strategy or to meet year end overspends | FIA0059 | 14 | 6 |
| Revenue budget forecasting fails to identify revenue budget pressures and remedial actions/savings cannot be implemented in time | FIA0060 | 12 | 6 |
| Savings Strategy savings targets in the budget are not delivered in full or are not offset by alternative budget underspends | FIA0061 | 16 | 6 |
| Risk that capital expenditure calls on the capital budget exceed the resources available | FIA0062 | 5 | 3 |
| Financial irregularities either through fraud or error - systems of control are inadequate to prevent financial irregularities wither through fraud or error | FIA0063 | 12 | 9 |
| Insufficient staff capacity or skills – accountancy staff capacity or skills are insufficient to fulfil statutory responsibilities and reporting requirements | FIA0064 | 12 | 6 |
| Schools deficit/Academies DFE regulations enforce some costs associated with academy conversion and redundancy payments to the local authority | FIA0065 | 12 | 6 |
| High value contracts (over £1.5m – PFI, Waste, Care packages, Children's Placements, capital projects) – costs escalate beyond an affordable level | FIA0066 | 12 | 6 |
| Partnership arrangements – partnerships lead to an ongoing and unaffordable revenue commitments for the authority | FIA0067 | 9 | 6 |
| Balanced budget – annual budget planning cycle fails to produce an achievable and balanced budget for approval | FIA0068 | 16 | 6 |
| Treasury Management – Investment and borrowing plans for the financial year are impacted by in year decisions or changes in the markets and budget provisions are inadequate | FIA0069 | 12 | 6 |