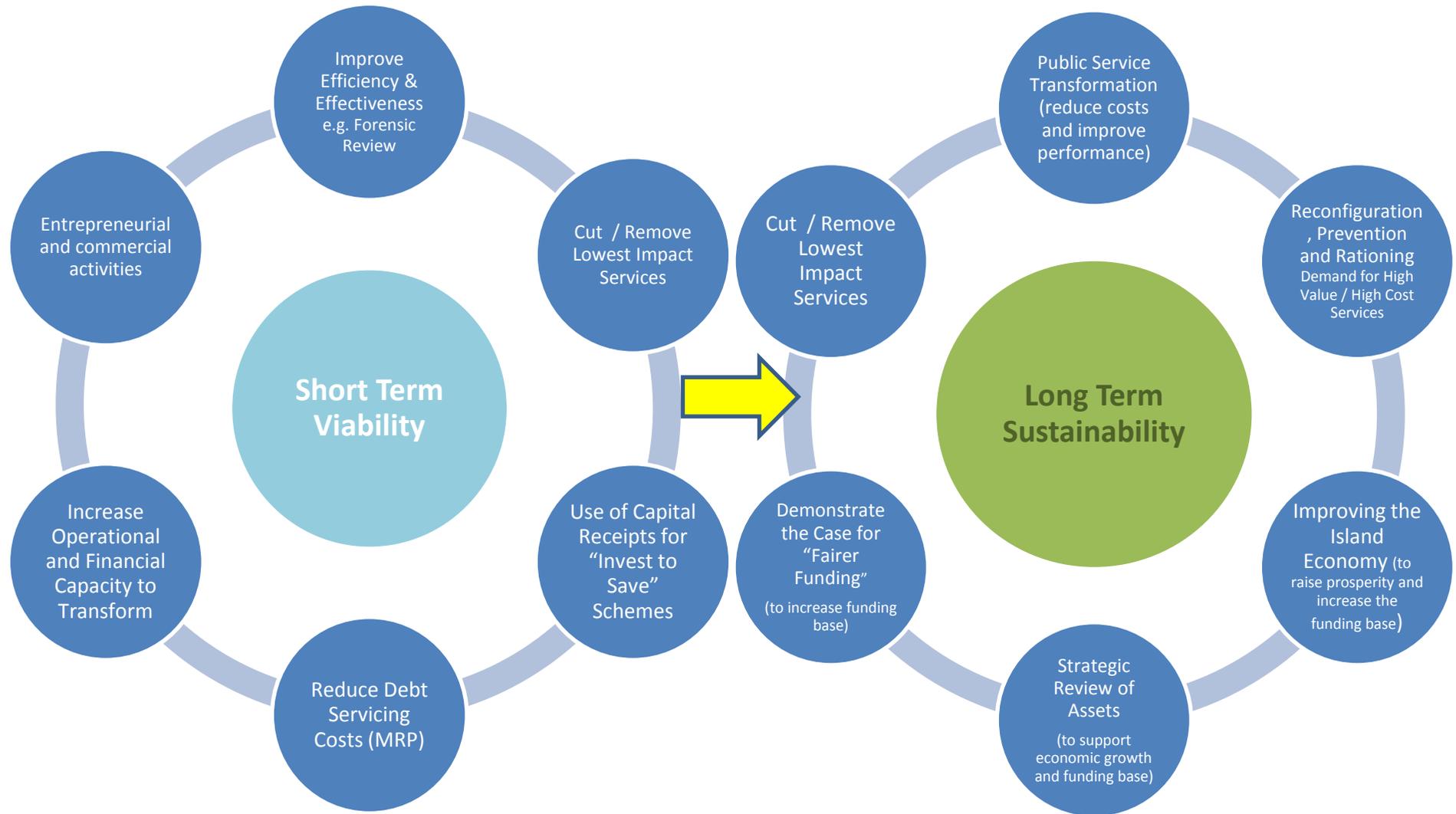


MEDIUM TERM FINANCIAL STRATEGY 2016/17 TO 2020/21 - AIM

OVERALL AIM

"In year" expenditure matches "in year" income over the medium term whilst regenerating the Island Economy and providing essential Value for Money services for our Businesses and Residents

MEDIUM TERM FINANCIAL STRATEGY 2016/17 TO 2020/21- OUTLINE



Detailed Financial Strategy 2016/17 & Beyond

Strategy - Short Term Impacts		Increase Income and / or Funding	Reduce Costs	Manage Current & Future Demand
Creating Financial and Operating Capacity to Transform	Reduce sums set aside for Debt Repayment in the short and medium term		✓	
	Increase Council Tax within the limits of the “capping regime”	✓		
	Maximise the identification and collection of Business Rates due by improving knowledge and intelligence of changes in Business circumstances and therefore rateable values	✓		
	Lobby Central Government for additional funding through the “Fairer Funding Review” and other existing funding streams	✓		
	Increase staff and business case funding for Island Regeneration projects	✓		
	Increase Adult Social Care staff to manage transformation		✓	✓
	Create a £1m Transformation Reserve to fund “Spend to Save” schemes	✓	✓	✓
	Re-instate ASDA Capital Receipt to provide funding for “Invest to Save” schemes	✓	✓	✓
	Review existing Capital Programme for all contractually uncommitted Capital Schemes and re-prioritise towards Invest to Save / Regeneration	✓	✓	✓

Detailed Financial Strategy 2016/17 & Beyond

Strategy - Short Term Impacts		Increase Income and / or Funding	Reduce Costs	Manage Current & Future Demand
Increasing Efficiency & Effectiveness	Forensic Review of Cost and Income Opportunities	✓	✓	
	Capital Investment targeted towards revenue savings		✓	
	Capital Investment targeted towards avoiding future costs			✓
	Support the Voluntary Sector and Parish Councils to provide appropriate Council Services		✓	
	Smart and lean evidenced based commissioning (rationed criteria and needs based) providing for actual Need rather than perceived Need or Want		✓	✓
	Review fees and charges to establish extent of full cost recovery	✓		
	Review fees and charges to ensure alignment with policy objectives and affordability e.g. Essential services to residents of limited means are appropriately subsidised but valuable Services that users can afford are charged at full cost.	✓		✓

Detailed Financial Strategy 2016/17 & Beyond

Strategy - Short Term & Medium Term Impacts		Increase Income and / or Funding	Reduce Costs	Manage Current & Future Demand
Withdraw from or offer minimal provision of low impact services	Identify low impact services through public consultation		✓	✓
	Identify low impact services through evidence based research		✓	

Detailed Financial Strategy 2016/17 & Beyond

Strategy – Short & Medium Term Impacts		Increase Income and / or Funding	Reduce Costs	Manage Current & Future Demand
Entrepreneurial, Commercial and Collaborative Activities (with managed risk)	Create a £100m Commercial Property Acquisition Fund with a portfolio of assets of different size, across sectors and geographies with strong covenants and in strategic growth locations	✓		
	Invest via equity or debt in joint ventures where the Island has either a competitive advantage or unique attractiveness	✓		
	Investigate the creation of a tax efficient trading company structure founded on a robust business case where the Council provides Services at a profit and at a scale to outweigh associated taxation and additional overheads	✓		
	Review the case for directly providing Social and/or affordable Housing and the alternative legal entities for delivery	✓	✓	
	Expand strategic partnerships with mainland Councils to fill skill shortages or take advantage of lower cost service provision		✓	

Detailed Financial Strategy 2016/17 & Beyond

Strategy – Medium & Longer Term Impacts		Increase Income and / or Funding	Reduce Costs	Manage Current & Future Demand
Improving the Island Economy	Pursue the Solent Combined Authority Deal to secure a share of £30m p.a. infrastructure funding to support productivity, new jobs, new housing and design skills provision to meet current and new employers needs	✓		✓
	Pursue a £15m IOW Economic Growth Package through the Local Growth Deal 3 to increase productivity and employment on the Island	✓		✓
	Pursue the One Public Estate initiative to identify Public Sector sites suitable for Development	✓		✓
	Capital Investment prioritised towards economic growth (e.g. strategic transport infrastructure, acquisition of regeneration sites and employment site viability)	✓		✓
	Capital Investment targeted towards supporting unviable housing development sites	✓		
	Strategic review of property assets aimed at providing sites for regeneration	✓		✓

Detailed Financial Strategy 2016/17 & Beyond

Strategy – Medium & Longer Term Impacts		Increase Income and / or Funding	Reduce Costs	Manage Current & Future Demand
Public Service Transformation	Establish an accommodation strategy for Adult Social Care aimed at matching need with appropriate provision including additional Extra Care Housing. Also to ensure an appropriate mix of in house and private sector care provision to enhance competition in the sector		✓	✓
	Pursue the One Public Estate initiative aimed at co-locating appropriate health and care services and releasing land and property for alternative use	✓		✓
	Pursue Health and Social Care integration			✓
	Re-direct resources to preventative services to avoid greater costs downstream including ordinary lives approaches for people with a learning disability		✓	✓
	Use technology and digital solutions to provide greater personal independence for providing care		✓	✓
	Support improved choice for all people purchasing care which encourages competition, choice and fair pricing and is independent of statutory control		✓	✓

FINANCIAL FRAMEWORK

FINANCIAL PLANNING

- Medium Term Financial Forecasting - refreshed annually
- Annual Capital Planning process to provide informed prioritisation
- Consistent planning horizons for Capital Resources and Capital Spending
- No ring-fencing of revenue and capital funding (except where required by statute)
- Prudential borrowing for "Invest to Save" or "Invest to Avoid Cost" only

ACCOUNTABILITY

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DECISION MAKING

- Revenue & Capital Budgets allocated at Portfolio level to align with Service responsibility
- Primary responsibility for managing spend within budget (Capital & Revenue) rests with the relevant Executive Member

RESILIENCE

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RESPONSIVENESS

- Build General Reserves over the medium term to guard against risk of "financial shocks" and improve the ability to respond to opportunities
- Create a separate "Transformation Reserve" with strict criteria
- A relevant proportion of Capital Resources "held back" for contingent items or potential match funding opportunities to lever additional funding