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Councillor Mrs Warrander: Resources Portfolio

REPORT

REVIEW OF MEDIUM TERM FINANCIAL STRATEGY

1. Purpose of the Report

- 1.1. To review the Council's Medium Term Financial Strategy (MTFS).

2. Background

- 2.1. The Council's Corporate Plan contains a MTFS covering the period 2003/4 to 2007/8. The MTFS is a rolling programme and needs to be reviewed and extended annually. This report describes the changes proposed to the MTFS to cover the period 2004/5 - 2008/9.
- 2.2. The report is based on informal consultation with the Cabinet and reflects the Cabinet's views on changes to the Strategy. The changes are described as a set of principles which will be applied to the Corporate Planning process for 2005/6 onwards.
- 2.3. To put the issue in perspective, early indications show a net revenues deficit of around £0.5m for 2004/5 if the current MTFS is pursued.

Cabinet was consulted on the proposed changes set out below, within the context of the CPA view of the Council having strong ambitions but limited financial capacity to achieve them.

3. Proposed Changes

- 3.1. Cabinet therefore reviewed the MTFS under 3 separate headings:

- Reducing Ambition
- Raising Extra Income
- Working Differently

- 3.2. Reducing Ambition

- Park and Ride Sites
Given the heavy subsidy and substantial parking charges implied by the current policy to provide 5 park and ride sites, Cabinet wishes to retain the 3 sites to which we are committed but review the future of the London Road and Petersfinger sites.
- Low Priority Services
In light of the CPA criticism that the Council fails to shift resources from low to high priority services, and in the knowledge that annually we recognise a £0.5m funding gap, Cabinet intends to freeze a range of low priority services and grants.
- Affordable Housing
The increase in resources through Supplementary Planning Guidance and Asset Trust lead the Cabinet to the conclusion that no further Council resources should be dedicated to affordable housing beyond the £1m per annum for 3 years contained in the existing MTFS to end in 2006/07.

- 3.3. Raising Extra Income

- Fees and Charges
The Cabinet remains committed to keeping Council Tax in the lowest national quartile, and takes

the view that the policy of targeting fees and charges at “average” levels should change to targeting at the top quartile. This change is intended to generate additional funding to meet our ambitions.

- New Charges

Cabinet also takes the view that to raise additional funding, the Council should consider introducing charges for services which are currently delivered free.

3.4. Working Differently

- Borrow to Save

Cabinet recognises the pride the Council takes in its debt free status and the substantial investment opportunities it has provided. However, the benefits are rapidly dwindling. Although Cabinet, because of the revenue costs of repayment, would not be in favour of using the new powers of prudential borrowing simply to extend the Capital Programme, it also recognises that there may be occasions where direct borrowing would be more cost effective than alternative methods of finance. If such circumstances arise, Cabinet may be willing to consider each case for specific borrowing on its merits.

- Gershon

Cabinet wishes to embrace the principles of the recent Gershon Report and will actively seek to reduce its costs by identifying suitable services where costs could be cut by joint procurement with other bodies.

4. **Next Steps**

- 4.1. Should Cabinet confirm the principles set out in Section 3, officers will produce detailed proposals during the Corporate Planning process leading up to budget setting in February 2004. It is suggested that each proposal be referred to the appropriate Scrutiny Panel prior to Cabinet consideration.

5. **Recommendations**

- 5.1. That Cabinet approves or amends the proposals in Section 3 of the report.

6. **Background Papers**

Corporate Plan 2004/5 Pages 193 - 204.

7. **Implications**

7.1. Financial

As set out in the report

7.2. Legal

None

7.3. Personnel

There maybe some staffing implications arising from the proposal to freeze services and pursue joint procurement.

7.4. Human Rights

None

7.5. Environmental Implications

Could be dependent on implications of proposal to freeze services.

7.6. Community Safety

None

7.7. Wards Affected

All