

**FALKIRK COUNCIL**

**Subject: REVENUE BUDGET FRAMEWORK 2016/17 – 2018/19**  
**Meeting: EXECUTIVE**  
**Date: 9 June 2015**  
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**1. INTRODUCTION**

- 1.1 Given the ever increasing complexity of the process for preparing the Revenue Budget, it is believed that Members will find it helpful to be presented with a broad Budget framework early in the financial year.
- 1.2 The opportunity is also taken to update Members on the Council's Transformation Agenda. This is significant both in terms of its contribution to bridging the Budget gap and helping to make the Council a more effective and modern organisation, better fitted to its operating environment.

**2. BACKGROUND**

- 2.1 It is helpful to document the evolution of the Revenue Budget process in recent years:-
- Agreement of a two year Budget (the latter year provisional) within a three year Budget framework
  - Preliminary consideration of the Budget position by the Council in November
  - Separate Council consideration of the Community Trust Budget
  - Development of the Equality & Poverty Impact Assessment (EPIA) process
  - Public consultation via several channels
- 2.2 Developing the point on complexity mentioned in the Introduction, the following developments merit particular attention:-
- a) Adult Health & Social Work Integration  
This injects a substantial new dynamic into the Budget process, particularly in the context of a climate of financial constraint. The new Integrated Joint Board goes live from April 2016. The Board needs to prepare a Strategic Plan which will have a three year financial element. The preparation of this will place demands and strains in terms of the interplay between the IJB, Health & Council relating to governance processes and differing financial pressures. And, this will all need to be achieved within a compressed time frame.

b) Joint Resourcing

This is essentially about the Community Planning Partners aligning their resources (revenue, capital & assets) around the Single Outcome Agreement priorities. This has similar issues to those outlined above in terms of alignment of governance processes and timelines between Health and the Council.

c) Participatory Budgeting

Participatory Budgeting has been added to the Community Empowerment (Scotland) Bill during second stage amendments. This essentially allows local people to be involved in making decisions on the spending and priorities for a defined public budget, which can relate to a geographical area or theme. This would appear to chime with the Scrutiny Panel's conclusions following its review of the Council's Community Involvement Strategy. Once the position is clearer in terms of the Bill/Act's content and the implication for the Council's Budget process, a further report will be brought before Members.

d) Service Restructure

The Council's proposed Service restructuring would inevitably require Service budgets to be reshaped.

e) Commission for Local Tax Reforms

The Commission's deliberations have the potential to lead to significant changes in local taxation during our medium term framework.

### **3. THE CENTRAL GOVERNMENT POSITION**

- 3.1 Following the General Election, the spectrum of possible fiscal stances has narrowed to one where the likelihood is for significant cuts in unprotected service areas, one of which is local government. These will probably be most severe in 16/17 and 17/18. The Westminster Government has indicated that there will be a Budget in July, which should give some sense of the scale of cuts and this will be developed further in the Autumn Spending Review.
- 3.2 The outcome of the Spending Review will then be transferred to Scotland via Barnett (which may itself change) where the Scottish Government will need to determine its spending priorities between the main spending blocks, notably local government and health. The slice allocated for local government will then be fed into the grant distribution formula leading to council specific grant figures expected in December.
- 3.3 It is to be hoped that the above processes will lead to robust grant figures for individual councils being made available for more than one year to facilitate medium term financial planning.

#### **4. ESTIMATED BUDGET GAP**

- 4.1 As previously indicated, the Council develops its Budget within a three year medium term framework. The estimated Budget gaps over the next three years are:-

<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>TOTAL</b>
£18.4m	£15.2m	£11.4m	£45m

- 4.2 It must be emphasised that these estimates are highly susceptible to the level of central government grant flowing from the process outlined in Section 3. Even a 1% movement in the grant assumption has a financial impact of close on £3m.
- 4.3 The decision by the Scottish Government to require councils to retain teacher numbers at existing levels means that savings proposals in the provisional 2016/17 Budget will need to be replaced by alternative proposals and officers are currently working on these.
- 4.4 Whereas the 2014/15 financial outturn is shaping to be much better than feared in January, the net overspend will deplete reserves and it will be important to ensure tight budgetary control in the current financial year.

#### **5. BUSINESS TRANSFORMATION**

- 5.1 As part of our drive to remain a high performing and lean organisation, Falkirk Council has established a Business Transformation (BT) Programme. The BT Programme sits alongside the financial budgeting process, and aims to provide a framework for delivering efficient, streamlined, and flexible services.
- 5.2 The aims of the programme fits with the Vision, Ambitions, Goals, Outcomes, and Priorities set out in the Council's Corporate Plan. The Corporate Plan recognises that the positive transformation of the Falkirk area needs an efficient, innovative, and enabling Council and that this, in turn, relies on a Council that is willing and able to modernise and improve.
- 5.3 The concept of Business Transformation is not new. Indeed Falkirk Council has always strived to meet the needs and expectations of our customers, working in tandem with our Community Planning Partners. The changing face and ever increasing profile of the Falkirk area in recent years is testament to that.
- 5.4 At a time of sustained reduction in the level of resource available to Local Government, however, the need to fully integrate and join up the various elements of our improvement programme has become ever more important.

5.5 Key change drivers for the Council include the need to:

- realise financial savings;
- unlock time savings via streamlining processes;
- focus on statutory requirements;
- recognise changing demographics;
- meet changing customer expectations; and
- become a flexible and agile organisation.

### **Key BT Projects**

5.6 The criteria set out above has allowed the identification of a suite of improvement projects under the broad headings of Workforce, Assets, and Working Practices. While the tables below are not exhaustive, they do provide information on some of those projects likely to result in real improvement via streamlined processes, new ways of working, or alternative service delivery models.

#### **Workforce:**

<b><u>Project Name</u></b>	<b><u>What Are We Changing?</u></b>	<b><u>Why?</u></b>	<b><u>And When?</u></b>
<b>Support Services Transformation</b>	We plan to establish a single managed structure for all staff involved in clerical / admin / support service activities.	To ensure streamlined and standardised processes, better development opportunities for staff, and improved continuity.	2018
<b>Terms and Conditions</b>	We are engaging with staff and Trade Unions around options for reviewing and changing terms and conditions.	As a means of fairly and consistently realising workforce related savings.	2016
<b>Vacancy Management</b>	We have reviewed and updated our Recruitment and Selection Policy and our approach to filling vacant posts.	To reduce staff costs.	On-going

#### **Assets:**

<b><u>Project Name</u></b>	<b><u>What Are We Changing?</u></b>	<b><u>Why?</u></b>	<b><u>And When?</u></b>
<b>Built Estate</b>	We are reviewing our built estate, with a view to rationalising based on usage, condition, suitability and service delivery.	To ensure that we deliver our services from a modern, fit for purpose, and accessible suite of premises.	2017
<b>Facilities Services</b>	We have commissioned a review of the functions and management structure of our Facilities Management service.	To ensure that the service is customer focussed and provides best value.	2015
<b>Fleet Management</b>	We have critically reviewed our vehicle replacement programme and are developing new ways of maintaining our fleet.	To ensure that our fleet of vehicles and plant is efficient, cost effective, and fit for purpose.	2015
<b>Social Work Information System</b>	We have initiated a review of the functionality and suitability of our existing Social Work Information System.	To ensure that our critical Social Work system meets business needs in an efficient, cost effective, and integrated way.	2016

<b>Transport Co-Ordination</b>	We are establishing a centralised Transport Co-Ordination Team and are reviewing our approach to Social Work transport.	To streamline our approach to the provision of transport to service users.	2015
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### Working Practices:

<b><u>Project Name</u></b>	<b><u>What Are We Changing?</u></b>	<b><u>Why?</u></b>	<b><u>And When?</u></b>
<b>Building Maintenance</b>	We are reviewing our approach to property maintenance, covering depots, service provision, and working practices.	To deliver financial and operational efficiencies, and to deliver a better, more customer focussed, service.	2015
<b>Channel Shift</b>	We are working to improve our website by integrating an on-line forms solution with our back office systems.	To make it easier for customers to interact with the Council, and to streamline our administrative processes.	2015
<b>Daycare Provision</b>	We have commissioned a review of our Social Work Daycare provision.	To ensure that that the right options are available to service users in light of the roll out of Self Directed Support.	2016
<b>Future Frontline Service Delivery</b>	Work is underway to review and improve the way we provide 'face to face' frontline services (eg One Stop Shops).	To enhance customers' experience of dealing with Falkirk Council.	2017
<b>HR / Payroll Integration</b>	We have integrated our HR and Payroll services and are working to streamline processes.	To release efficiencies through joined up working.	Integration Complete
<b>Information Management</b>	We are reviewing and streamlining our strategic and operational approach to information governance, security, and management.	To improve how we store, use, and share the information we gather, releasing efficiency savings and enhancing data security.	2017
<b>Library Support to Schools</b>	We are reviewing how we provide library support to our Primary Schools.	To ensure that each school cluster has better control over the books available to pupils.	2016
<b>Mobile and Flexible Working</b>	We are rolling out an ICT solution to allow our staff to work in new and innovative ways.	To realise financial efficiencies, and to allow staff to work securely from any location and capture data at source.	2017
<b>Ordering and Invoice Processing</b>	We have developed our finance systems to allow electronic ordering and centralised invoice processing.	To streamline administrative processes and release efficiencies within Services.	2015
<b>Pensions Administration System</b>	We are replacing our Pensions administration system.	To allow employee and pensioner self service and better system integration.	2015
<b>Social Work Services Eligibility Criteria</b>	We are reviewing the eligibility criteria for Social Work services.	To ensure that care packages are in line with service user needs.	On-going
<b>Supply Teacher Booking and Allocation</b>	We have moved to a centralised model for booking and allocating supply teachers.	To free up staff time at schools.	2015
<b>Waste Collection / Strategy</b>	We have changed the frequency of our residual waste collection to 3 weekly, and are moving to 4 weekly during 2016/17.	To reduce the council's landfill tax burden and help meet environmental targets.	2016

- 5.7 Members will recall that the most recent report on Business Transformation was considered by the Executive at its meeting in February 2015. Members agreed that reports on the progress of the Business Transformation Programme would be submitted to future meetings of the Executive. The next update report is scheduled to be submitted to the Executive after the recess.

## **6. CONCLUSION**

- 6.1 The report has hopefully provided Members with a helpful overview of the shape of the forthcoming Budget process and the particular challenges anticipated. Markers have been put down for further updates which will come before Members as the relevant information becomes available.
- 6.2 The report also provides Members with an update on the wide range of projects progressing under Business Transformation.

## **7. RECOMMENDATIONS**

The Executive is invited to:-

- 7.1 Consider the Budget Framework for 2016/17 – 18/19 as set out in the report, and
- 7.2 Note the status of the Business Transformation programme and require a further update after the recess.

**Chief Finance Officer**

**Director of Corporate & Neighbourhood Services**

**Date: 21 May 2015**

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### **LIST OF BACKGROUND PAPERS**