



Agenda Item 3

**Revenue Budget 2020/21 and Medium
Term Financial Plan [MTFP]**

Falkirk Council

Budget Reports



Falkirk Council

- **Revenue Budget 2020/21 & Medium Term Financial Plan**
- **Capital Strategy 2020/21 - 2024/25**
- **Five Year General Fund Capital Programme 2020/21 - 2024/25**



Budget Book Contents

REVENUE BUDGET 2020/21

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Falkirk Council

Title: Revenue Budget 2020/21 and Medium Term Financial Plan [MTFP]

Meeting: Falkirk Council

Date: 26 February 2020

Submitted By: Chief Executive and Director of Corporate and Housing Services

1. Purpose of Report

- 1.1 This report sets out options identified by officers, which will enable Council to make selections with a view to achieving a balanced Budget for 2020/21. The report contains the Administration's proposals as to how this may be achieved.
- 1.2 The Scottish Government Budget is in draft form and still requires to be approved by the Parliament. There is a prospect that this process may yield additional revenue grant to councils. This report proposes a mechanism by which this uncertainly can be managed.
- 1.3 The 2020/21 Budget is clearly placed in the context of the five year Medium Term Financial and Business Plans and the Council of the Future major transformation programme. It is anticipated that an updated Business Plan will be presented to Members in May.
- 1.4 The Revenue Budget contains significant distributions of funding to Falkirk Community Trust and the Integration Joint Board (IJB) which has responsibility for in scope Adult Health and Social Care. Sections 4.10 and 4.11 respectively deal with these important elements.
- 1.5 Each Council is legally required to approve an annual balanced Budget and set a council tax and this is required to be done by 11 March in the preceding financial year. Clearly the late Scottish Government Budget, necessitated by the deferred Westminster Budget, has presented a particular challenge in preparing the Council's Budget.
- 1.6 This Budget booklet also contains a separate report with proposals for the General Services Capital Programme. The Capital Programme sits within the context of the MTFP and a Capital Strategy. The HRA Budget reports for both revenue and capital were considered and approved by Council at its Special Meeting on 22 January.

2. Recommendations

Council is asked to agree:-

- (1) a balanced Budget for financial year 2020/21 based on this report and its Appendices;**
- (2) (i) a Council Tax charge for 2020/21 based on a rise of 3% and
(ii) to consider the available additional increase of 1.84%;**
- (3) with respect to the approved Scottish Government Budget, should additional revenue grant be awarded to the Council, this will be considered by Members with proposals submitted to an early future meeting of Council;**
- (4) with respect to Falkirk Community Trust:-
 - a. the Business Plan and savings options for Falkirk Community Trust and the consequential Service Payment for 2020/21;**
 - b. the request for Council to cover the compensatory lump sum element of any voluntary severances agreed by the Trust;**
 - c. continuation of the subsidy (£50k) to Grangemouth Golf Club for one further year;****
- (5) the Business Plan and Service Payment for the Integration Joint Board (IJB) for 2020/21, noting the service changes consequent to Service Payment will be agreed by the IJB;**
- (6) to note the update on the implications for the workforce and the actions being taken to ensure changes can be implemented through voluntary methods as far as possible;**
- (7) to delegate authority to the Chief Executive to issue a statutory notice to the Trade Unions in respect of the workforce implications of the Budget proposals, if this is required, to ensure the Council complies with its legal obligations;**
- (8) to instruct Chief Officers to deliver Services within the Budget allocation for each Service and authorise them to take such actions as may be required within Council policy to give effect to the service delivery proposals adopted to produce the Budget;
and**
- (9) to note that an updated five year Business Plan will be presented to Members in May.**

3. Background

- 3.1 The Executive meeting on 29 October 2019 was presented with savings options identified by officers. These are again set out at appendix 5 of this report. That meeting also considered a complementary report on the five year Business Plan which presented the same savings by Council of the Future theme.
- 3.2 Council at its meeting on 4 December 2019 considered the Business Case submitted by the Integrated Joint Board. That meeting also, with respect to council tax, agreed a provisional increase of 3%, but deferred consideration of a further inflationary element.
- 3.3 The Business Plan for Falkirk Community Trust was considered by Council at its meeting on 22 January 2020. Members had previously agreed submission of the Plan would be deferred from the normal date in November. Council wished to be presented with further savings options by the Trust and expected to see evidence of a more developed business plan for Grangemouth Golf Club before deciding on a further subsidy of £50k. An update is provided at section 4.10.
- 3.4 A meeting of Council on 22 January 2020 considered and approved the HRA revenue and capital investment budgets.
- 3.5 Executive at its meeting on 14 January 2020 considered the Accounts Commission report, "Local Government in Scotland Financial Overview 2018/19" which serves as a helpful reference point when considering budget matters.
- 3.6 Regular meetings of the Budget Working Group have taken place to consider budget matters.
- 3.7 Members will receive an updated Business Plan in May setting out how, harnessing the transformative Council of the Future agenda, it will bridge the Budget Gaps identified in the updated MTFP.

4. Considerations

4.1 Budget Context

- 4.1.1 The economic climate is given attention in section 4.14 of the report in the context of the Medium Term Financial Plan.
- 4.1.2 Members will be aware that a significant update review by auditors on the Council's progress with Best Value will commence shortly. It can be anticipated that review will give considerable attention to the Budget decisions taken on this and the other Budget reports on this agenda.

4.2 Local Government Financial Settlement

4.2.1 The Budget Working Group on 12 February and the Executive at its meeting on 18 February considered a report on the 2020/21 Scottish Government Budget and Local Government Settlement, along with related correspondence between COSLA and the Minister for Public Finance and Digital Economy (Appendix 1). The report noted that Falkirk's Revenue Support Grant (RSG) had increased by £2.7m (1%) from its 2019/20 level to £282.5m.

4.2.2 Circa 80% of the Council's net expenditure is financed from RSG. Consequently a key financial consideration for the Council to address its budget gaps is the movement in its core RSG, before sums are added for new commitments or spend pressures. The table below shows that although Falkirk's RSG has been increased for health and teachers pay and pensions, the core RSG has reduced by £1.7m (0.6%) in comparison with 2019/20. However, the amount actually received for 2020/21 is £0.7m greater than originally projected, helping to close the budget gap.

	2019/20	2020/21	Variance
	£'m	£'m	£'m
2019/20 RSG	279.8	278.1	-1.7
Teachers Pay		0.7	0.7
Teachers Pensions		1.0	1.0
Health		2.7	2.7
	279.8	282.5	2.7
Projected RSG per Budget Gap		281.8	
Difference (Para 4.3.2)		0.7	

4.2.3 The overall Settlement also includes specific grants for the Pupil Equity Fund, Early Learning and Childcare and Criminal Justice.

4.2.4 The Pupil Equity funding of £3.650m has increased by £0.114m in comparison with last year. This is to be allocated directly to schools, enabling headteachers to use it for additional staffing or resources with the aim of reducing the poverty related attainment gap.

4.2.5 Falkirk Council will also receive £16.549m to support the expansion of Early Learning and Childcare entitlement to 1,140 hours by August 2020. This represents the most significant increase of £6.797m in comparison with 2019/20.

4.2.6 Funding for Criminal Justice has also been distributed across councils. Falkirk Council's provisional allocation of £2.773m (2019/20 - £2.694m), excludes funding for Offender Services which is outwith the Local Government Settlement.

- 4.2.7 The overall Settlement also includes an element of undistributed funding. The most significant elements include the teachers induction scheme (£37.6m) and discretionary housing payments (£11.9m). Each councils' share has still to be confirmed. However, it is assumed that any funding received will be matched by expenditure and will therefore have a neutral effect on the Council's net Budget.
- 4.2.8 In terms of Business Rates, the 2020/21 poundage has been capped below Consumer Price Index at 49.8p, an increase of c. 1.6% on the 49p in 2019/20. This means that the 91% of properties with an RV below £51,000 will continue to pay a slightly lower charge than elsewhere in United Kingdom.
- 4.2.9 The Settlement Circular also covers Capital Grant which is dealt with in the subsequent report in these Budget papers.

4.3 **Budget Gap 2020/21**

4.3.1 The Budget Gap essentially reflects the difference between the continuation of existing levels of Council Services, but adjusted for e.g. anticipated pay awards and the resources available. Recognising that the Council has a statutory responsibility to achieve a balanced Budget, then this shortfall needs to be addressed. This section sets out how the Gap may be bridged.

4.3.2 The table below sets out the Council's updated Budget Gap (before adjusting for Council tax and prior year savings) for 2020/21 together with the Administration's proposals for how the overall Gap can be bridged.

	£'m	Ref.
Original Budget Gap	24.1	4.3.1 / 2
<u>Revised for:-</u>		
Additional Expenditure	0.3	4.3.3
Revised Grant Assumptions	<u>-0.7</u>	4.2.2
	23.7	
<u>Adjusted For:-</u>		
Budget Adjustments	-0.5	4.3.4
Savings Agreed 2019/20	-3.2	4.3.5
Treasury Management	-4.7	4.3.6
Budget Rebasing	<u>-2.5</u>	4.3.7
Revised Gap	<u>12.8</u>	
<u>Balanced by:-</u>		
Service Savings	-6.1	4.3.8
Falkirk Community Trust	-0.5	4.3.9
Integration Joint Board IJB	-2.2	4.3.9
Council Tax Increase 3%	-1.7	4.13
Council Tax Increase 1.84%	-1.2	4.3.11
Reserves	<u>-1.1</u>	4.3.10
	<u>-12.8</u>	

The following paragraphs give further explanation of the table content.

4.3.3 A Further £0.3m has been added to the budget gap for rising school transport costs due to the retendering of bus contracts and increased demand for ASN transport.

4.3.4 As part of the 2019/20 Budget the following additional investment was included for one year initially. These elements can be removed from the budget and help close the budget gap. The table shows the proposed adjustments yielding c£0.5m savings per the last column.

	19/20	20/21	Savings
	£'000	£'000	£'000
Change Fund – Used to ensure the programme of Council of the Future change projects can be successfully delivered	1,000	750	250
Funding for food banks and holiday activities	40	40	-
Funding for 14 Support Assistants (SFLAs) to support primary schools with supervision of pupils	200	200	-
Litter Equipment	20	0	20
Retain investment in Roads Maintenance	500	300	200
	1,760	1,290	470

4.3.5 This reflects decisions taken at last year's Budget meeting which naturally flows through to 2020/21 details of which are in section 4.7 and Appendix 7. An example is the Closer to Home Strategy.

4.3.6 Changes in the regulations have provided added flexibility in how councils may manage their debt portfolios and many councils have used the opportunity to generate significant cash savings to help close their Budget gaps. The matter has previously been reported to Executive.

4.3.7 The Inflation adjustment removes the allowance for general inflation and demographics [other specific inflation elements, notably pay are retained]. Services will consequently need to manage their budgets within a more constrained envelope.

4.3.8 Service Savings reflect the Administration's selection from the officers' options set out at Appendix 5. Details of each of the savings options are set out in the templates at Appendix 6.

4.3.9 Details of the savings options for both Falkirk Community Trust and the Integration Joint Board are presented in sections 4.10 and 4.11, respectively, of the report.

4.3.10 The projected general reserve position and the Council's Reserves Strategy can accommodate the stated application of reserves. This should, however, also be assessed in the context of section 4.4 content.

4.3.11 Particular attention is drawn to this opportunity to harness an additional inflationary increase in council tax which is to be applied to facilitating c£24m of capital investment. These important projects would not currently progress without this resource. Details of these projects are set out in the capital agenda item. It is important to note that this approach also provides a temporary relief to revenue which has been harnessed to help bridge the 2020/21 gap.

4.3.12 Accepting that the Scottish Government Budget is still to be approved, and that process may yield additional grant, this would be considered by Members with proposals presented to an early meeting of Council.

4.4 Reserves

4.4.1 Previous reports to Council have advised that councils can hold reserves for three primary purposes:-

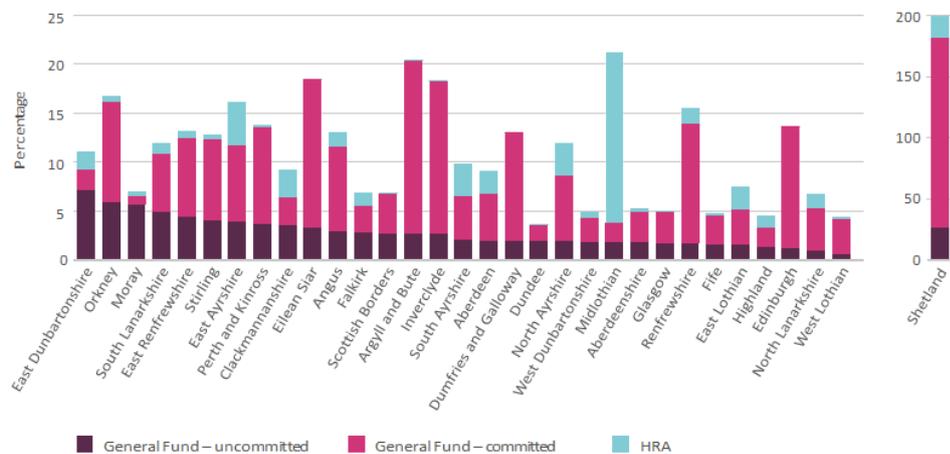
- A working balance to help cushion the effect of uneven cash flows and unnecessary temporary borrowing;
- A contingency to cushion the impact of unexpected events or emergencies; and
- A means of building up funds to meet known or predicted requirements by earmarking a portion of the General Fund.

4.4.2 The Accounts Commission’s “Financial Overview 2018/19” was considered by Executive at its meeting on 14 January. The Commission highlighted the following:-

“Across Scotland, councils increased their use of revenue reserves. Reserves play an important role in good financial management, but they are a one-off resource so councils need to plan carefully for their use”.

The following chart from the report shows councils’ relative position on reserves held.

Exhibit 7
General fund as a proportion of net annual revenue split between committed, uncommitted and HRA



4.4.3 Members have also been advised regularly that deployment of reserves simply to achieve a balanced Budget is not sustainable as it is not addressing the underlying difference between spending levels and resources, compounded by the reality that reserves are finite. The

deployment of reserves however, as a considered part of a strategy geared to transformation and robust medium term financial planning, is much more effective. Council are well aware of the active Council of the Future agenda and section 4.14 of this report develops Medium Term Financial planning and 4.15 future Business Planning.

- 4.4.4 Executive at its meeting on 14 January 2020 considered the final financial projections for the 2019/20 financial year. This projected a General Fund Reserve of £9m. This is within the indicative range in the Council's approved Reserve Strategy Policy of £7.5m - £11m. Whilst it is noteworthy that there is a clear trend over a number of financial years that the outturn position results in a higher level of reserve than projected, the threatened overspend of £600k on the IJB is likely to jeopardise this. Members should note that the evolving position on historic child abuse may well result in future calls on the Council's reserve, and quite possibly a significant sum. Other calls on the reserve will be the impact of voluntary severance payments required, beyond the sum earmarked within the Spend to Save fund, to implement the transformation detailed in the five year Business Plan and the risk to European Social Fund funding.
- 4.4.5 The January projection report also anticipated a closing balance of £1.3m on the Repairs & Renewals Fund, whilst the projected aggregate balance for the suite of Earmarked Funds was £8.5m.

4.5 Public Engagement

- 4.5.1 Over the next five years the Council will spend £2.5 billion delivering services to its citizens. This spending is the focus of the budget communications which aim to dispel the many myths surrounding Council budgets, highlight the unique role of local government and raise awareness of the 700 plus services the Council delivers every day in our communities.
- 4.5.2 A variety of channels were used including Twitter, Facebook, video content, local media briefings and in addition there was specific consultation on individual proposals during the Equality and Poverty Impact Assessment (EPIA) process. Engagement meetings were held with Community Councils and Parent Councils. Falkirk Community Trust and the Integration Joint Board have their own arrangements for consultation and engagement. Information on the website covered four main areas: where the money comes from, where the money is spent, highlighting the main areas for service delivery, and promotion of the wide range and diversity of services provided by the Council. Once the revenue budget and capital programme have been agreed full details will be posted on the website and this will be highlighted via social media.
- 4.5.3 Last year's budget engagement included an online survey which asked thematic questions about the cost and provision of Council services, such as new and increased charges, reductions in services, making more services available online and reducing the number of Council buildings. Over 2,000 responses were received. The findings from this exercise are still valid and were taken into account. Full details can be found here <https://say.falkirk.gov.uk/corporate-housing-services/choices-challengesbudget-consultation-2018/>.

4.6 Equality and Poverty Impact Assessment

- 4.6.1 The Equality Act 2010 places a general duty on the Council to eliminate discrimination, promote equality of opportunity and to promote good relations between different groups according to nine protected characteristics. This general duty is reinforced by specific duties in relation to assessing the impact of its decision making. The Council must be able to demonstrate that the decisions it makes are carried out in a fair, transparent and accountable way and consider the needs of different members of the community and in particular adverse impact on groups sharing a protected characteristic. In addition, the Council requires to consider the impact of its decisions on people in poverty both in terms of its own policy approach and to reflect the statutory Fairer Scotland Duty.
- 4.6.2 When considering savings options the Council must understand who will be impacted by each saving, and what, if any, mitigation can be put in place to minimise the impact of that saving. To ensure all these key factors are considered, all services must carry out an Equality and Poverty Impact Assessment (EPIA) for each saving. In addition to impacts identified in individual EPIAs, it is also important to have in mind the potential cumulative impact of two or more proposals on a particular group. In officers' view, there is no cumulative impact identified in the Administration's selection of savings options.
- 4.6.3 The table below summarises the individual EPIAs for each option. It should be noted that even an option with impact may have mitigating actions identified as part of their EPIA. As the outputs of EPIAs form part of the decision making process, these actions must be taken forward as an equal part of the decision making process on each option.

Action required	Impact	Number of Options	Value £'000s
Nothing required	Initial or low	64	6,211
Mitigation identified	Medium	7	1,678
No mitigation	High	0	0
Not yet signed off		1	527
TOTAL		72	8,416

The detailed output from the EPIA process is shown at Appendix 5 alongside each budget savings. All EPIAs including one for the whole budget will be published in full following the meeting of Council.

- 4.6.4 EPIAs are used to inform decisions. However, they should not prevent Members from taking difficult decisions. They help to ensure that Members have fully considered the impact before a decision is taken.

4.6.5 Definition of Risks

Initial

- 4.6.5.1 No impact on people at all.

Low

- 4.6.5.2 The assessments considered at this stage to be of '**low impact**' are deemed such because the assessment demonstrates that there is no disproportionate impact on any of the equality protected characteristics. These savings can often be attributed to efficiencies, differing procurement or delivery arrangements being put in place.

Medium

- 4.6.5.3 The assessments considered at this stage to be of '**medium impact**' are deemed such because the assessment has been able to identify mitigating actions which will reduce the impact on the equality protected characteristic groups. A medium impact is something that is assessed as having an impact on one of the equality protected groups or on one of the groups identified within the Council's Poverty Strategy, but can often be mitigated to some extent by some other action.

High

- 4.6.5.4 The assessments considered noted as '**high impact**' are deemed such because the assessment has not been able to identify mitigating actions.

Not yet signed off

- 4.6.5.5 Some EPIAs were not finalised at the time this report was prepared. They were provided to Members in draft but a final rating was not allocated prior to this report being published.

4.7 Services Budgets

- 4.7.1 This section of the report summarises the position for each Service area, highlighting matters of particular significance or note. This reflects the Administration's proposed Service savings as summarised in the Gap Statement at Section 4.3.2. On this basis the budget for each Service for 2020/21 is summarised at Appendix 2. A Summary of Movements Statement which details changes from 2019/20 is at Appendix 3 with the individual Service detail at Appendix 4.
- 4.7.2 A full list of service savings options identified by officers during the Budget process is set out at Appendix 5. The selected options proposed by the Administration are highlighted. Further information on the savings options is contained within the Budget templates at Appendix 6.
- 4.7.3 As part of the 2019/20 budget process, Council agreed savings proposals that spanned future years. These savings are detailed at Appendix 7.
- 4.7.4 The Corporate Charging and Concessions Policy agreed by Executive in October 2018 sets out the principles of best practice, including:
- All fees and charges should cover the full cost of providing services, unless specific exemptions have been approved;
 - Determining the basis for a charging or charging structure, such as commercial rates, full cost recovery or subsidised
 - Considering the need to recover costs with the challenges of poverty and social inclusion
 - A consistent approach to applying concessions

4.7.5 Each year existing and new charges are reviewed in line with the Policy as part of the budget process and the proposed charges for 2020/21 are detailed at Appendix 8.

4.7.6 Children's Services

The proposed Budget for Children's Services is £206.029m, an increase of £8.647m from 2019/20.

Budget Increases

The main budget increases proposed include provision for pay inflation and increased pension costs along with

- Increase to support the cost pressures of continuing care £2.603m.
- NPDO refinancing previous cash adjustment £1.700m. Members were advised in the last projection report to Executive in January of the non achievement of NPDO savings due to the complexity of the contract and challenging engagement with senior debt lenders and the Gateway Board. The £1.700m would require to have been factored back into the base regardless of the above.
- An increase in demographics £1.354m.
- Contract increase for School Transport £0.540m.
- Inflationary increase to the unitary charges for the Falkirk Schools and Community Schools projects £0.384m.
- Increase to reflect the extension of the entitlement for free school meals, breakfast clubs and music tuition £0.337m.

Budget Reductions

The Budget has reduced due to the removal of the 2019/20 one-off investment from the Council of the Future Change Fund £0.634m.

Service Savings

Budget savings of £1.536m are proposed and include a support and learning review of additional support needs services £0.427m, a review of secondary and digital learning to offer wider and more flexible curriculum choices, £0.380m and £0.367m from a review and reduction of devolved school management teacher allocations and cluster management arrangements.

As a further budget saving measure it is proposed that the service proactively manages its budget to cover demographics and inflation rebasing totalling £1.867m.

Previously agreed savings of £3.016m have also been factored into the budget. These were £1.879m for the 5 year Closer to Home strategy and £1.137m for the full year effect of 2019/20 budget decisions.

Fees and Charges

Members will recall that at the September meeting of Council it was agreed to extend the entitlement for free school meals to those children whose families are in receipt of housing benefit, council tax and pension credit. Concessions for breakfast clubs and music tuition were also extended to those in receipt of free school meals. As mentioned above the budget has been increased to reflect this change.

Inflationary increases have been proposed for school meal prices, music tuition, childcare charges and school lets.

The Council are also in the process of phasing in the introduction of 1,140 hours of universal free childcare for some 2 and all 3 to 5 year olds. This will be fully implemented by 2020/21.

4.7.7 Social Work Adult Services

The proposed budget for 2020/21 is £3.734m, a small increase of £0.016m from 2019/20. This is the element of the Social Work Adult Services budget that remains with the Council and primarily consists of property and fleet transport costs. It includes one area of direct social work provision, the mental health officer services.

Fees and Charges

Although adult social work services are provided by the IJB, the decision on service user contributions remains with the Council. Proposals include an uplift of c3.5% in line with the National Care Home Rates and a 15% uplift for MECS to recover the additional revenue costs associated with the new digital system. The level of all individual contributions, including MECS, is based on ability to pay following a financial assessment.

4.7.8 Development Services

Development Services proposed Budget of £25.850m is a reduction of £2.947m from 2019/20.

Budget Increases

The main increases proposed are for pay inflation and general inflation.

Budget Reductions

The budget has been reduced to reflect the removal of the one-off investment from the Council of the Future Change Fund £0.311m and adjustments to the 2018/19 additional investment for roads and winter maintenance £0.200m and litter strategy £0.020m.

Service Savings

The budget reflects proposed savings of £3.087m and include £0.433m income generation from charges for the garden waste kerbside collection which is a non-statutory function, the use of new technology to deliver the Street Cleansing service £0.302m, a review of the Employment Training Unit to refocus activities £0.205m and further savings from the Smart Working Smart travel project £0.200m.

Again, as a further budget saving measure it is proposed that the service proactively manage its budget to cover inflation rebasing totalling £0.547m.

Previously agreed savings of £0.199m relate to the installation of LED street lighting project.

Fees and Charges

It is proposed that most charges managed by the service have an inflationary increase applied with the exception of Animal boarding which is a non-discretionary charge and now includes a charge to cover vet fees. Hackney and MOT retests have been increased to reflect a full cost recovery rate and Interment fees have increased by c12% in line with the policy to align charges with the Scottish average over a three year period. 2020/21 is year 2 of this alignment.

A number of new charges have been introduced the most significant of which is the charge for the garden waste kerbside collection referred to above. A new charge for the use of electric vehicle chargepoints is also proposed. Other new charges are mainly within Planning & Environment and have been set to be more transparent and standardise fees for the commercial use of parks and open spaces.

4.7.9 Corporate & Housing Services

The proposed Budget for Corporate & Housing Services is £27.496m, a reduction of £0.928m from 2019/20.

Budget Increases

The Budget has been adjusted to provide for pay inflation, consolidation of the living wage £0.500m referred to at section 4.16.10 and increased staff costs to support the Digital Strategy £0.250m.

Budget Reductions

The budget has been reduced to reflect the removal of the one-off investment from the Council of the Future Change Fund £0.657m, removal of the one off Repairs and Renewal funding £0.277m and a reduction to the change fund reserve of £0.250m.

Service Savings

The Budget reflects service savings of £1.453m and include a review of Customer and Business Support Service to promote officer self-service £0.527m, transformation of procurement processes and improved partnership working £0.300m and £0.134m from the review of absence levels agreed by Members back in September 2019.

Fees & Charges

Proposed changes to charges include an uplift of 5% for general civic licensing charges in order to fully recover administration costs as required by the legislation and a 3% uplift for Taxi and Private Hire charges. Statutory fees chargeable by local registrars for births, deaths, marriages and civil partnerships are set by the General Registrar's Office.

4.7.10 Trading Account

After providing for pay and general inflation the Building Maintenance Trading account is budgeted to make a surplus of £0.502m.

4.8 Service Savings – Council of the Future Themes

4.8.1 Members will be aware that the transformational savings planned by Services are grouped by Council of the Future workstream. The following provides a summary of the overall savings and FTE impact for 2020/21.

Workstream	2020/2021	FTE
Services of the Future	2,588	52.95
Digital	357	3.50
Transformation Enablers	480	0.00
Enabled Communities	4,214	32.30
Entrepreneurial Services	671	7.50
Corporate Plan Actions	981	14.70
Total	9,291	110.95

4.9 Community Choices Budgeting

4.9.1 Community Choices budgeting is the term used in Scotland for Participatory budgeting (PB) which involves the wider community in local financial decision making and ensures people have a direct say in how a defined budget can be used to address their priorities.

4.9.2 Falkirk Council has committed to meeting the COSLA and Scottish Government target of at least 1% of our budget to be spent via Community Choices by the end of 2021. To achieve this we are working towards 1% of our existing or new capital and revenue budgets being subject to participatory budgeting.

4.9.3 A working group of Council officers are currently drafting proposals on how Community Choices is implemented in Falkirk. This is likely to include a combination of the following:

- Community small grants. This strand of Community Choices proposes a grant funded approach that is designed to support community based projects, and would be subject to community voting, to decide which projects will be funded. It would be underpinned by the Community Action Plans within each locality.
- Place based budgeting, linked to locality planning where spend is considered within localities. This could include budgets such as grounds maintenance. This strand of Community Choices would see budgets allocated within specific geographies, for example at locality or ward level. Place-based budgeting would see budgets disaggregated at the agreed geography and communities having a greater say on what they would be spent on.

- Mainstreaming participatory budgeting, where people are involved in the design, development and delivery of services including how budgets are used.

4.9.4 Community small grants has been the most widespread form of Community Choices or local participatory democracy. However the challenge remains of how to scale up the influence of residents over the ‘mainstream’ money spent by Falkirk Council, which annually reaches into hundreds of millions of pounds. The aim will be to routinely offer some form of Community Choices for mainstream budget choices to address inequalities in service provision and resource allocation, engage and empower citizens in discussions on public budgets and stimulate co-production and mutual responsibility

4.9.5 Councils are awaiting guidance from COSLA on how to take PB forward and it is anticipated this will be available by April. Following consideration of this guidance a report will be prepared for the Executive in May on how participatory budgeting will be implemented across Falkirk. This will link into the Council’s approach to community and locality planning. As part of the additional capital proposals, funded by the further council tax increase of 1.84%, a provision of £3m has been earmarked for community projects across the whole of the Falkirk area.

4.10 Falkirk Community Trust

4.10.1 The Funding Agreement between the Council and Falkirk Community Trust (“the Trust”) requires that the Trust submit a draft Business Plan for Council approval not later than the 15th November each year. However, in September the Council agreed to postpone this requirement until the 6th January 2020 to allow both the Trust and the Council to reflect on a public consultation exercise undertaken with communities, stakeholders and national bodies. The outcome of this exercise was reported to Council on 4 December 2019.

4.10.2 There is provision in the Funding Agreement between the Council and the Trust for the parties to have an initial dialogue in relation to the options in the draft Business Plans. The Council may request further information from the Trust and propose amendments in relation to the Trust’s funding commitment and service specification. The Trust will consider these requests and options and may, as a result of this process, adjust the Business Plans.

4.10.3 The Trust timeously submitted its draft Business Plans and Budget options (Annex 1-3) and these were considered by the Budget Working Group on 10 January and the Council on 22 January. The Council:-

- noted with disappointment the failure of the Trust to meet its requested savings targets;
- further noted that this was following a trend of previous years, thus putting an increased burden on other services;
- asked the Trust to look again at making savings to be brought forward at this budget meeting and asked in the longer term the Trust works with the Council within the context of the Strategic Property Review and

the Council of the Future programme to find new ways of delivering services in a more effective way;

- agreed that it did not accept the proposals in relation to the reduction of winter opening hours at Kinneil Museum or the closure of Zetland Park kiosk;
- agreed to defer consideration of a further contribution to the Trust in 2020/21 to cover the Grangemouth Golf Club deficit to this budget meeting.

- 4.10.4 A letter received from the Trust Chief Executive on 13 February (Annex 4) noted that the Trust Board had considered the Council's response. The Trust's savings proposals now total £0.473m, which includes £0.373m of 'Deliverable Savings' from the January submission plus a further £0.100m from Trust reserves.
- 4.10.5 The Trust also propose that, where possible, applications for voluntary severance will be taken forward and contribute to the savings proposals for 2021/2022. This is on the basis the Council agree to fund the compensatory lump sums, with the Trust financing the associated strain payments. This is on average £15k per case. This is in line with the normal Council approach to severance where the service fund the strain payment and the compensatory lump sums are funded corporately.
- 4.10.6 Grangemouth Golf Club expressed an interest in taking over the operation and management of the facility from April 2020. The handover was subject to the Club preparing a business case for approval by both the Trust and the Council. The Club were unable to produce a business case to enable a handover from April 2020 but have requested a further extension to enable them to take over operational responsibility from April 2021.
- 4.10.7 Since the Council meeting in January, the Club have now provided the Trust with a draft business plan for discussion and are committed to taking the transfer forward from April 2021. The Trust recommends that the funding of £50,000 continues to cover the estimated deficit for 2020/21, allowing the course to remain operational and enable the Club to continue preparations for the transfer.
- 4.10.8 Incorporating the savings of £0.473m and continuing the funding for Grangemouth Golf Course will result in a service payment to the Trust of £10.896m for 2020/21.
- 4.10.9 The Joint Working Group, consisting of four elected Members, representatives of the Trust Board and officers, was set up with the task of developing a savings and investment plan over the next five years. Going forward it is still envisaged that such a plan will be developed to find new ways of delivering services and targeted savings over the next five years and within the context of the Strategic Property Review.

4.11 Integration Joint Board [IJB]

- 4.11.1 The Integration Scheme for the Falkirk Health and Social Care Partnership sets out the methodology for determining funding to the Integration Joint

Board. This requires an IJB business case to be presented to both the Council and the Health Board for consideration.

- 4.11.2 The IJB Business Case (Annex A) was presented to the Budget Working Group on 25 November 2019 and to Council at its meeting on 4 December 2019. The business case is a summary of information from the IJB's Delivery Plan and Medium Term Financial Plan which was considered by the IJB on the 6 December 2019. There were no amendments to the Business Case following its meeting on the 6 December.
- 4.11.3 The Local Government Finance Settlement confirmed the transfer of £100m from the health portfolio to local government, with £96m allocated to IJBs and £4m for school counselling. In a letter received on 6 February from the Minister for Public Finance and Digital Economy, it was noted that this funding must be additional to the 2019/20 recurring budgets. Falkirk's share of the distributed amount for the IJB is £2.747m and this will be passed on in full via the agreed IJB payment. Having considered the terms of the Settlement the Administration's proposal is to require the IJB to deliver total savings of £2.2m as presented to the Council in December.
- 4.11.4 The Council has responsibility for setting charges and the overall proposals include a rise of c3.5% on residential and non residential fees and charges and a c15% increase in MECs charges to recover the additional revenue costs associated with the new digital system. The revised IJB payment for 2020/21 will therefore be:-

	£'000
Falkirk Council General Fund	67,224
Falkirk Council Housing (ring-fenced HRA Tenants)	1,414
Falkirk Council Capital (Private Sector Housing Grants)	<u>327</u>
	<u>68,965</u>

4.12 External Funding Overview

- 4.12.1 Over recent years the Council has taken an overview of savings for external organisations. Given most organisations have had significant reductions in budgets over recent years, this year there are only two organisations where a reduction in funding is being proposed. This reflects the savings previously derived from those organisations but also the need to provide some stability to review the value of the spend against the Council's priorities.

The organisations where savings are available for Members to consider are:-

- Taxi Marshalling / Safe Base - £30k – this service while very valued is not something the Council is required to provide. As such Members are being given the option to consider their funding of this initiative.
- Safe Drive Stay Alive - £5k – this initiative provided by the Scottish Fire and Rescue Service is aimed at reducing the number of road fatalities. This again is something that Members are being given the option to consider their funding of.

- 4.12.2 Neither of the above options are included in the Administration's proposals. On this basis all organisations that receive funding under the terms of a joint working agreement i.e. over £10k will have the same level of funding as last year for 2020/21. This in effect means that the Council will continue to provide over £2.6m to external organisations in 2020/21.
- 4.12.3 Recognising however, the Council's projected funding gaps over the life of the MTFP (see para 4.14.5) it is likely that funding to many of these organisations will need to reduce and it would be prudent for them to plan for this eventuality.

4.13 Council Tax

- 4.13.1 Council is required, under section 93 of Local Government Finance Act 1992, to set a council tax charge by 11 of March each year. However, in practice it is essential that charges are set as early as possible to ensure bills can be accurately calculated and received by taxpayers at least two weeks before the first payment is due on 1 April.
- 4.13.2 Council will be aware that following 10 years of band D charge being £1,070 council tax has been increased by 3% in each of last three financial years. In 2019/20 Falkirk Council had a band D charge of £1,169 which was £82 below the Scottish Average of £1,251 and the 4th lowest in mainland Scotland.
- 4.13.3 While in 2017/18 and 2018/19 Falkirk Council applied the maximum permitted increase of 3%. In 2019/20 the maximum increase was 4.79% (3% in real terms) but Falkirk only applied 3%. As a significant number of authorities applied this maximum increase, and no authority applied an increase of less than 3%, the gap between the Falkirk Band D council tax and Scottish average grew by £9 (from £73). This gap puts Falkirk at a financial disadvantage relative to other authorities and compounds the financial difficulties. The maximum increase allowed for 2020/21 is 4.84%.
- 4.13.4 The General Services Capital Programme on this agenda sets out the valuable additional capital investment of £24m that can be levered by the additional inflationary increase in council tax.
- 4.13.5 The forecast yield from Council Tax, including the provisionally agreed 3% rise is £68,334m. A table detailing the impact of all potential increases, at 0.5% increments is shown below for information.

Increase	2019/20 Projected Outturn	Forecast Growth £'000	Yield Increase £'000	Total Increase £'000	Total Yield £'000
0.00%	66,200	250	-	250	66,450
0.50%			314	564	66,764
1.00%			628	878	67,078
1.50%			942	1,192	67,392
2.00%			1,256	1,506	67,706
2.50%			1,570	1,820	68,020
3.00%			1,884	2,134	68,334
3.50%			2,198	2,448	68,648
4.00%			2,512	2,762	68,962
4.50%			2,826	3,076	69,276
4.84%			3,040	3,290	69,490

4.13.6 The table below shows the impact of the 3% (and 4.84%) rise on each property band.

Band	2019/20 Charge	3%		4.84%	
		2020/21		2020/21	
		Proposed Charge	Proposed Increase	Proposed Charge	Proposed Increase
A	£779.33	£802.67	£23.34	£817.05	£37.72
B	£909.22	£936.44	£27.22	£953.23	£44.01
C	£1,039.11	£1,070.22	£31.11	£1,089.40	£50.29
D	£1,169.00	£1,204.00	£35.00	£1,225.58	£56.58
E	£1,535.94	£1,581.92	£45.98	£1,610.28	£74.34
F	£1,899.63	£1,956.50	£56.87	£1,991.57	£91.94
G	£2,289.29	£2,357.83	£68.54	£2,400.09	£110.80
H	£2,864.05	£2,949.80	£85.75	£3,002.67	£138.62

4.13.7 Low income households, already in receipt of Council Tax Reduction, will be protected from any increase that Council approves.

4.13.8 Cross-party talks at a national level on a replacement to council tax have been convened with a view to consensus on a replacement form of local taxation being reached in advance of 2021 Scottish Parliamentary elections.

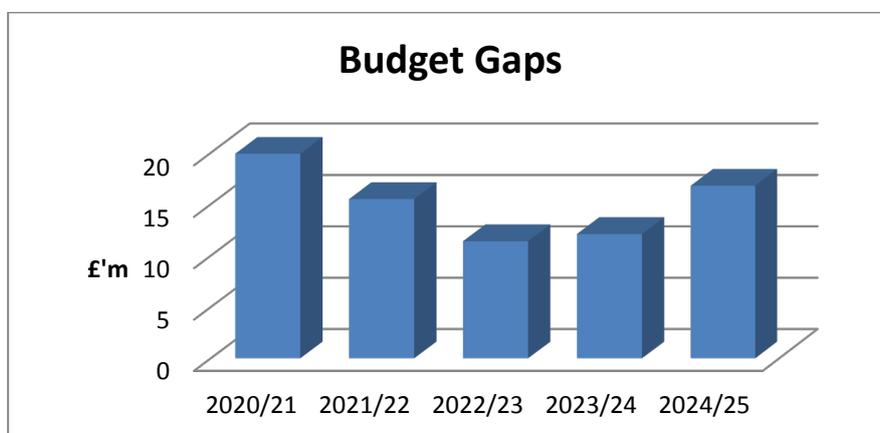
4.14 Medium Term Financial Plan (MTFP)

4.14.1 The Council now has an established MTFP process. It is the nature of a MTFP, given the multitude of comprising variables that is it subject to ongoing change. The two biggest variables are pay on the expenditure side and revenue support grant (RSG) on the income side.

4.14.2 The intended introduction of a multi-year grant settlement has been delayed due to the uncertainties relating to Brexit and the Westminster election which impacted on the timing of both the Scottish Government and Westminster budgets. Hopefully the next settlement will be for more than

one year and this will materially improve the Council's capability to forward plan.

- 4.14.3 The economic climate for growth is projected to remain subdued and this is reflected in forecasts from, amongst others, the Bank of England and the Scottish Fiscal Commission. This reflects both issues such as trade frictions and Brexit at the international level and concerns over productivity at the UK level.
- 4.14.4 The Bank of England projection would leave the Chancellor with a significant deficit by 2022/23, with implications for public expenditure. The Scottish Fiscal Commission is highlighting that reconciliations under the Fiscal Framework will have an adverse impact on Scottish resources of £555m in 2021/2022 and a further £211m in 2022/23. Both have implications for public expenditure in Scotland and in turn for Council grant.
- 4.14.5 The above considerations, along with others, are reflected in the updated version of the MTFP set out below. Notwithstanding that 2020/21 will be balanced, the aggregate projected gap over the five years of the MTFP is c£76m. This represents the central i.e. most likely outcome, but for each year outlier optimistic and pessimistic projections are also being prepared.



- 4.14.6 Note that the 2021/22 gap has been increased to reflect the anticipated application of reserves and the assumption that the inflation element of council tax is approved and applied to capital investment. If Council continued on a rolling annual basis to apply an inflation element to council tax for capital, it could continue to defer bridging the temporary revenue benefit of the sum raised. It must be emphasised however, that at some point the sum would require to be covered.
- 4.14.7 A key message from the Accounts Commission is that, “Robust medium term financial strategies and savings are increasingly critical to the financial stability of Councils.” The critical matter of how these gaps are addressed going forward is considered in the following Business Plan section.

4.15 Five Year Business Plan

- 4.15.1 Wave 2 of Council of the Future was launched as part of Falkirk Council's [Five-Year Business Plan](#) in 2019/20. With customers and communities at the heart of this change programme, Wave 2 is structured around [5 cross-cutting workstreams to make more ambitious, transformational change happen and linking with potential year-on-year savings.](#) Over 50 projects

were included in these workstreams with c£8.3m in potential savings to be considered as part of the 2020/21 budget. The savings options linked to each project are listed in Appendix 9.

4.15.2 From these projects, the Council of the Future Board approved the [Top Ten Priority Projects based on the scale of transformational change and savings to be delivered](#). The Top Ten Projects will deliver significant transformation across core operational areas in the Council including Education, CLD (Community Learning & Development), Children & Families Social Work, Environmental Services and Roads & Grounds Maintenance. Underpinning the transformational work in these areas is the digital enablement of services, the use of assets and the opportunities the Investment Zone may bring. These priority projects have c.£6m potential savings up for consideration as part of the 2020/21 budget.

4.15.3 The added value of these projects is set to continue over the remainder of the Council's Five-Year Business Plan as will the further development of the COTF Workstreams. The workstreams have facilitated a more cross-cutting, joined up approach to identify more ambitious transformational projects and thematic savings opportunities e.g.:

- Review how we deliver our services
- Entrepreneurial Opportunities
- Community Empowerment
- Strong Families, Safe Children and Succeed Today, Excel Tomorrow
- Enabling us to change how we work

4.15.4 The projected transformation projects and savings will be reported in the refreshed version of the Five-Year Business Plan which will be reported in May 2020 with savings currently estimated as:

Workstream	20/21	21/22	22/23	23/24	Total Savings	Total FTE
Services of the Future	2,588	2,373	2,234	2,468	9,663	189.95
Digital	357	659	303	183	1,502	23.00
Transformation Enablers	480	273	134	226	1,113	2.30
Enabled Communities	4,214	4,767	3,304	3,203	15,488	42.30
Entrepreneurial Services	671	953	571	603	2,798	14.50
Corporate Plan Actions	981	700	532	521	2,734	29.70
Total	9,291	9,725	7,078	7,204	33,298	301.75

4.15.5 There are significant resources required to deliver on the Council's five-year business plan. All resource requirements identified as part of the Council's project management governance arrangements through the Council of the Future change programme. The Council of the Future Change Fund is one mechanism for funding these. It is anticipated that the following projects (all priority projects) will require a degree of funding in 2020/21 and potentially beyond to secure project management resource to stay on track to deliver projected benefits. These include:

PROJECTS	Savings 20/21	Savings 21/22
Closer to Communities	100	200
Closer to Home	1,879	1,418
Succeed Today, Excel Tomorrow:		
Primary Learning - Bright Starts, Bright Futures	1,016	1,123
Reimagining Secondary Learning	792	879
Support and Learning for All	427	252
Total Succeed Today, Excel Tomorrow	2,235	2,254
Transformation of Environmental Services	442	352
Transformation of Roads and Grounds Maintenance:		
Transformation of Roads and Grounds Maintenance	715	110
Digital Solutions for Design, Roads & Transport	100	
Commercialisation for Design, Roads and Transport	192	482
Total Transformation of Roads and Grounds Maintenance	1,007	592
Total	5,663	4,816

4.15.6 For note, not all priority projects will require access to change fund monies but the following are anticipated to require funding in order to procure additional capacity and/or skills/knowledge:

- Closer to Home
- Succeed Today, Excel Tomorrow
- Transformation of Environmental Services
- Transformation of Roads and Grounds Maintenance
- Wider infrastructure for Entrepreneurial Services

4.15.7 The successful delivery of the Council of the Future transformation programme is predicated on a level of investment from the Capital programme.

The Capital programme can provide the investment required to deliver:

- digital transformation platforms across the Council in areas such as CCTV and Connected Falkirk – digital learning
- the ambitious blueprint for Education and Learning in Falkirk, Succeed Today, Excel Tomorrow.

If no additional Capital funding is awarded, the Council's digital transformation is at risk as is the intent to ensure our Education Service is fit for now and the future.

4.16 Workforce

Workforce Strategy

4.16.1 The Council's Workforce Strategy reflects the need for the workforce to adapt and change, to support the Council of the Future which will look, feel and be a different organisation. In this context, there is a need to ensure retention of the right people, in the right roles, with the right skills

and attitude. This is essential forward planning for the delivery of the Council's Business Plan which incorporates the Medium Term Financial Plan.

4.16.2 There has been a wide range of engagement activities with the workforce to support this. There is an organisational development and engagement programme which includes skill training, leadership programmes, front line employee development, engagement at the leadership forums and listening events, hackathons to ensure employees are involved in and aware of changes, sparkathons to ensure development of new skills to support the changes, and a range of other engagement activities. All of this work is within the scope of the workforce strategy, ensuring the Council continues to develop skills, build capacity and support succession planning for the future vision, as set out in the Business Plan.

Workforce Changes

4.16.3 In delivering the programme of change outlined in the Business Plan and to support the savings required through the Medium Term Financial Plan, it is however, inevitable that there is a requirement to reduce the workforce. As explained in section 4.7, the options being presented for Members' consideration to bridge the budget gap in 2020/21, if agreed, result in a net workforce reduction of c111 FTE.

4.16.4 Work has already commenced, and will continue to be undertaken, on workforce changes to support the implementation of options agreed by Members. This will be done by a variety of voluntary methods, as far as possible, which will include:

- Where posts become vacant, subsequently deleting these where possible;
- Ending temporary contracts;
- Reviewing the use of agency workers or other consultant roles, if any are in place;
- Monitoring vacancy management;
- Promoting redeployment where appropriate;
- Using any other voluntary method that can be agreed with the employee group;
- Offering voluntary severance.

It must be noted however, that using such voluntary methods is becoming increasingly difficult given the on-going need to reduce workforce numbers.

4.16.5 For 2020/21 it is however, anticipated that it may be possible to deliver the savings and avoid compulsory redundancy in the majority of cases, by using voluntary mechanisms to support workforce change. If however, a risk of redundancy arises, everything possible will be done to avoid this. In such circumstances where redundancy may be possible but is ultimately avoided, there is still a statutory obligation to provide an appropriate statutory notice to both Trade Unions and employees. If such a situation does arise, a formal statutory notice covering the option of redundancy will require to be issued to the Trade Unions and such steps will be taken to ensure the Council complies with its legal obligations.

Workforce Package

- 4.16.6 A key element of the workforce strategy is ensuring the Council continues to be recognised as a good employer and has a workforce package which represents this. As part of the implementation of the Business Plan, work has been undertaken with Trade Unions to consider how the workforce package should change, to represent a Council of the Future. Through these discussions, a number of options have been considered. It is also important that the Council directly involves the workforce in such discussions. Roadshows have now taken place and employees were offered the opportunity to attend and submit their views. Discussions are now continuing with Trade Unions on the feedback and contributions received from the workforce. The aim is to develop a final workforce package on which Trade Unions can ballot their members, and which supports the vision of a Council of the Future. Further information and options will be presented to Members at an appropriate stage in these discussions.

Pay Structures

- 4.16.7 Linked directly to the workforce package, and the ability to attract and retain good quality employees by being a Council of the Future, are the pay structures. The Council must ensure these are kept under review to meet legislative requirements such as equal pay, and to respond to any national requirements which may flow from the relevant bargaining groups. For Members' information, a high number of employees are covered by the Scottish Joint Council (SJC) pay arrangements. For Falkirk, the pay structure for SJC employees was introduced in 2006 as part of the implementation of the 'single status' agreement. Our craft workforce were then aligned to these arrangements in 2009/10. The chief officer pay structure has been in place since 2011. The pay structures for teaching employees is determined nationally and continues to be kept under review; the most recent review was implemented in 2019.
- 4.16.8 The role that officers undertake continues to evolve as the Council makes changes to the way in which services are delivered, and as workforce numbers change. This applies to all posts. There is a need to ensure the Council continues to review the grade individuals are paid to ensure it reflects equal pay differentials. Work will be done to consider the pay rates for chief officers who have experienced a change to their responsibilities. This will be done within the scope of the existing chief officer pay structure to ensure they remain appropriately paid within this structure. This will ensure that the Council continues to have a robust and auditable pay structure, and that employees are fairly treated with regards to equal pay commitments.
- 4.16.9 For the SJC pay structure, work continues to be undertaken to ensure posts are correctly paid. This is on-going with regular reviews of grades as and when posts change. There is however, a requirement as part of the 2018-2021 national pay agreement, for all Councils to fully consolidate the Scottish Local Government Living Wage (SLGLW) by March 2021 (there is scope to extend this deadline to 2022 but only through a collective agreement with Trade Unions). The Council currently pays the SLGLW and applies this to all allowances and pension. This is

currently paid as a top up to basic pay, outwith the pay structure. This new requirement means that the SJC pay structure must be changed to have the SLGLW as the lowest point in the actual pay structure. This has a knock on effect for higher parts of the pay structure, to ensure the structure remains robust and there are appropriate differentials between the grades for different posts. The structure also requires to be sustainable and easy to understand by the workforce.

- 4.16.10 To progress this work, a Rewards Specialist has been supporting the Council in its review of the pay structure. This review will also consider any anomalies in the structure to ensure these are addressed as part of this review, for example, the Grade O which Members previously approved as part of the structure. A number of options are available and are currently being assessed. This assessment includes a number of factors including an equality impact assessment, sustainability, robustness and affordability. It must be highlighted that there are inevitably additional costs in implementing such changes. To achieve the objectives of this exercise, such costs are targeted at the bottom end of the pay structure. It is likely that any such review will have a minimum cost of c£2.5m over 5 years, although this will not necessarily offer a long term sustainable solution. As such, £500k has been added into the budget projections from 2020/21 in recognition of the additional costs. Further work is being undertaken to refine the options and fully assess the costs. A further, more detailed report, will be submitted to Members with recommendations once this work has been done.

Trade Union Engagement

- 4.16.11 Given the level of changes being developed and undertaken through the Business Plan, and in turn, the need to continually review the impact on the workforce to ensure effective workforce planning, it is essential that Trade Union colleagues have the ability to participate in appropriate discussions. This includes those activities directly linked to the workforce strategy including the workforce package, as well as Council of the Future activities and projects which may impact on the workforce and in turn the workforce plans. The Council's Policy on time off for Trade Union duties and activities provides Trade Unions with time off using a formula based on their annual membership numbers. This does not however, take into account the additional commitments which come from the work associated with the Business Plan and through the various Council of the Future meetings. It is therefore intended that facility time is increased by 0.2 FTE (one day per week) for each of our recognised Trade Unions on a temporary basis of 24 months. This will continue to be reviewed to ensure it meets the Council's needs in this regard and/or is still required.

5. Consultation

5.1 Refer to sections 4.5, 4.6 and 4.16.2 of the report.

6. Implications

Financial

6.1 Preparation of a balanced Budget and compliance with it thereafter is a cornerstone of the Council's corporate governance obligations.

Resources

6.2 There are significant resources required to prepare the Budget and the ultimate Budget decisions will of themselves impact on resources.

Legal

6.3 No legal implications arise from the report recommendations, other than to note that it is a legal requirement to set a balanced Budget before the statutory deadline date in March (albeit it is not invalid merely because it is set on or after that date).

Risk

6.4 Risk is considered both in terms of delivery as reflected in the savings templates or set out in Appendix 6 as part of the EPIA process.

Equalities

6.5 Preparation of Equality and Poverty Impact Assessments (EPIA's) are an integral part of the budget process.

Sustainability/Environmental Impact

6.6 This is considered as part of the evaluation of savings options.

7. Conclusion

7.1 Each Budget round brings its own particular challenges, but the [understandably] late grant settlement this year presents major challenges for both Members and officers.

7.2 It is appropriate to highlight the uniquely strong interface in this Budget with the General Services Capital Programme. This is due to the option to increase council tax by an inflationary element, which would facilitate the progression of a range of important projects.

7.3 The updated MTFP Budget Gaps confirm that Members will continue, over the medium term, to face difficult, but necessary decisions. This emphasises both the need to think strategically and the centrality of the Council of the Future transformation agenda.

7.4 Both Members and officers need to be aware that the 2020/21 Budget will require effective budgetary control to ensure that there is no overspend. This is particularly so given the anticipated reduction in the level of reserves. Directors need to be proactive and effective in managing their Service budgets.

7.5 Finally, whilst the focus is inevitably on the savings required to achieve a balanced Budget, sight is sometimes lost of the c£0.5B gross revenue expenditure which is approved. This provides a wide portfolio of valuable and valued services.

Chief Executive

Director of Corporate and Housing Services

**Authors – Bryan Smail, Chief Finance Officer, 01324 506300,
Danny Cairney, Senior Corporate Finance Manager, 01324 506388
Margaret Smith, Accountancy Services Manager, 01324 506366
Rebecca McDonald, Change Programme Manager, 01324 506293
bryan.smail@falkirk.gov.uk
danny.cairney@falkirk.gov.uk
margaret.smith@falkirk.gov.uk
Rebecca.mcdonald@falkirk.gov.uk**

Date - 18 February 2020

Appendices:-

As per contents page to Budget Booklet.

List of Background Papers:-

**The following papers were relied on in the preparation of this report in terms of the Local Government (Scotland) Act 1973
Budget Working Paper Files**