

EE23. Financial Overview

The Emergency Executive considered a report by the Director of Corporate and Housing Services which provided an initial assessment of the impact on the Council's finances of COVID-19. The report also provided some initial considerations for the budget planning process. The focus of the report was on the General Fund Services, further reports would provide updates on the Council's capital programme. The report sought approval of several new savings proposals for the current financial year.

Net expenditure as at 31 March 2020 was £350.6m which was £1.782m (0.5%) above the resources available. This was a marginal increase of £0.406m in comparison with the position that was reported in January. The significant movements were:-

- Children's Services – Increased overspend primarily due to significantly higher residential care costs and higher teaching costs. The increases had been partially offset by a contribution of £0.723m from the Devolved School Management Reserve.
- Development Services – improved position due to lower waste services costs
- Corporate & Housing – lower employee costs across the service and reduced supporting people costs had contributed to the increased underspend
- Integration Joint Board – Due to higher care costs there would be an overspend
- Capital Charges – A planned repayment of historic debt had not been undertaken due to the more pressing need to maintain the Council's reserve balance. This had increased the underspend by c£1.1m from the previous position.

In responding to the crisis the Council had incurred significant additional costs (i.e. costs additional to business as usual). The most significant were social care costs. Additional measures would add to the cost pressures, particularly with regard to the opening of schools. There were five main financial risks:-

- Government funding not sufficient to cover the loss of income and additional costs
- Planned budget savings not being achieved
- Recharges to Capital
- Funding for the IJB Mobilisation Plan not sufficient
- Rewind of the furlough scheme not aligning with the Trust's ability to operate full revenue generating capacity.

New savings proposals which required approval from the Emergency Executive for 2020/21 were:-

- Closure of Public Toilets - £0.138m
- Closure of canteen facilities at Municipal Buildings and Abbotsford House - £0.030m
- Cessation of Special Uplifts in Waste Services - £300k

- Reintroduction of Flower Bedding in Grounds Maintenance - £100k (currently on hold due to the impact of COVID restrictions)
- Reintroduction of Pest Control in Waste Services - £100k (a separate report on this service would be considered later in the meeting).

The Emergency Executive adjourned at 10.40am and reconvened at 10.50am with all members present as per the sederunt.

Decision

The Emergency Executive:-

- (1) noted Council's year-end financial position subject to Audit for 2019/20;**
- (2) noted the initial assessment of the current financial year and recognised the need for proactive action to manage the situation which may merit a special Members' workshop;**
- (3) noted the need for all Services to exercise effective financial control;**
- (4) noted the initial considerations of the Medium Term Financial Plan and 2021/22 budget process;**
- (5) noted the need to determine a Zero Based Budget type budget process suitable for Falkirk Council;**
- (6) in relation to the proposed savings and in light of the announcement on Tuesday on further financial support for Councils and more generally the uncertain financial position, agreed:-**
 - (i) that the savings should not be taken forward at this time to allow further work to be done on the priorities agreed in the previous item, on recovery plans, and the financial position;**
 - (ii) that an important element of this work would be the workshop with members;**
 - (iii) that public engagement would be a key strand of the work;**
 - (iv) that the outcome should be a set of strategic proposals for addressing the financial issues properly informed by and understanding of the impacts of any proposed changes on our communities, and**
 - (iv) that the outcome was reported to Council at its September meeting.**