

The background of the slide features a large, light blue watermark of the Coat of Arms of the Government of Yukon. The crest includes a crown with four maple leaves, a shield divided into four quadrants (top-left: a cross, top-right: a stag's head, bottom-left: a sailing ship, bottom-right: an eagle), and a ribbon at the bottom with the motto "A NE FOR A".

## **Agenda Item 3**

### **Revenue Budget 2024/25 and Financial Strategy**

# Budget Book

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## **REVENUE BUDGET 2024/25**

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# Agenda Item

## Revenue Budget 2024/25 and Financial Strategy Report

**Falkirk Council**

**Title:** Revenue Budget 2024/25 and Financial Strategy

**Meeting:** Falkirk Council

**Date:** 28 February 2024

**Submitted By:** Chief Executive and Director of Transformation,  
Communities and Corporate Services

**1. Purpose of Report**

- 1.1 This report sets out officers' views of the Council's budget gap for 2024/25 and considers this in the context of the Council's medium term financial position. The options to close that gap and balance the budget are listed below and officers' advice on those options is set out in the report.
- Service Concessions
  - Council Tax
  - Service Savings
  - Fees and Charges
  - Reserves
- 1.2 The 2024/25 Budget process aims to balance the statutory duty to set a balanced budget, alongside the needs of local communities which form the priorities within the Council Plan. The pressures facing the Council remain extremely challenging.
- 1.3 Whilst the focus of this report is on setting the 2024/25 Budget and Council Tax, it is essential that the budget is viewed in a medium-term context. Failure to adequately consider the medium-term impact of these decisions on the Council's financial sustainability will simply increase the likelihood of the Council facing a budget cliff edge within the next few years. This would increase the likelihood of further significant and unpalatable savings being taken from services that Members value, including sports and leisure provision and preventative spend. A short term approach will also bring further external scrutiny to the Council.
- 1.4 The Revenue Budget contains a significant distribution of funding to the Integration Joint Board (IJB) which has responsibility for in-scope Adult Health and Social Care.

- 1.5 Each Council is legally required to approve an annual balanced Budget and set a Council Tax, and there is a statutory requirement to do this by 11 March in the preceding financial year.
- 1.6 The Council Revenue Budget allocates spend of over £465m ( based on 2023/24 projected outturn) over the year, a significant investment in local services. This spend is focussed on a wide range of services which the communities need, and value and this funding must be used as effectively and efficiently as possible.
- 1.7 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 Financial Strategy, approved in September 2023 and a Capital Strategy, which is a separate item on today's agenda. The Housing Budget reports for both revenue and capital were considered and approved by Council at its meeting on 31 January.
- 1.8 The Council Plan approved by Members in September 2023 highlighted that Financial Sustainability is an enabler that will support the Council to deliver its vision and support all three Council priorities:
1. Supporting stronger and healthier communities.
  2. Promoting opportunities and educational attainment and reducing inequalities.
  3. Supporting a thriving economy and a green transition.
- 1.9 This report and its recommendations will directly address the Council's financial sustainability.

## **2. Recommendations**

### **2.1 Council is asked to:**

- (1) agree a balanced Budget for financial year 2024/25 based on this report and its Appendices;**
- (2) agree a Council Tax charge for 2024/25;**
- (3) agree to the application of Service Concession Arrangements in 2024/25 as set out in Appendix 1;**
- (4) agree the payment to the Integration Joint Board (IJB) for 2024/25, noting that any service changes as a result of this payment will be decided by the IJB;**
- (5) consider the reallocation of reserves as set out in section 5.16 of this report;**

- (6) 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) note that the Financial Strategy will be updated and presented to Members in September 2024.**

### **3. Climate Change Implications**

- 3.1 The draft Revenue Budget captures all the activities of the Council for the next financial year. These activities will collectively have significant climate implications. Two key strategies were approved in October 2023 which outlines our approach going forward as we drive towards net zero:
  - Climate Change Strategy 2023-2030 and associated Climate Emergency Action Plan
  - Local Heat and Energy Efficiency Strategies (LHEES)– strategy and delivery plan
- 3.2 The Council will continue to progress carbon reduction initiatives over the coming years as the following examples demonstrate:
  - Green the fleet by replacing Council vehicles with electric vehicles, and expanding the use of alternative fuels;
  - Reduce carbon emissions from Council assets by transferring buildings or making closures as outlined in the Strategic Property Review;
  - Continue to deliver household recycling services to prevent landfill and progress our energy from waste project;
  - Investing in energy efficiency and carbon footprint improvements in a number of operational buildings including lighting, fabric improvements, solar panels and air source heat pumps;
  - Carry out feasibility on district Heating networks and solar arrays to reduce energy costs for the Council and our communities; and
  - Collaborate with Partners to seek out carbon reduction investment opportunities.
- 3.3 However, despite the mitigations set out above, there is a high risk and limited assurance on meeting the ambitions set out in the Council's Climate Emergency Declaration, including a high risk of not meeting the Council's Target of Net Zero CO2 emissions by 2030, or the National Target of Net Zero emissions by 2045. This is predominantly linked to the fact insufficient capital funding is currently allocated by the Council to this activity. This fact has previously been reported to Council.
- 3.4 An update on how we monitor and manage emissions associated with revenue expenditure will be provided to members in due course.

## **4. Background**

- 4.1 Council considered and approved the Financial Strategy at a meeting on 27 September 2023. The aim of the Strategy was to map out how the Council will address its financial challenges in a planned and sustainable way. The Strategy set out the scale of the financial challenge facing the Council over the following four years, with an expected budget gap of c£64.4m.
- 4.2 A report was presented to the January Council providing an update on the indicative Local Government Settlement figures following the Scottish Government's budget announcement in December 2023.
- 4.3 As part of the Financial Strategy, Council also approved the Target Operating Model (TOM) principles and these are included at appendix 2 of this report.
- 4.4 Council considered the Integration Joint Board (IJB) Business Plan and savings options at its meeting on 6 December 2023.
- 4.5 A meeting of Council on 31 January 2024 considered and approved the Housing revenue and capital investment budgets.

## **5. Considerations**

### **5.1 Falkirk Council Plan 2022-2027**

- 5.1.1 The Falkirk Council plan for 2022-2027 was approved by Council in September 2022 and a refreshed Plan, focussing on actions and success measures was approved in September 2023. The Plan sets the strategic direction for the work that the Council does to achieve the vision of:

**Strong communities where inequalities are reduced and lives are improved.**

- 5.1.2 The Council has three priorities which aim to support this vision:

1. Supporting stronger and healthier communities
2. Promoting opportunities and educational attainment and reducing inequalities
3. Supporting a thriving economy and green transition







5.1.3 The Council also has three key enablers:

1. Financial sustainability
2. Transformation and improvement
3. Workforce planning

5.1.4 As the Council works through this exceptionally challenging time, it is essential that the priorities in the Council plan are considered as part of all decision making. This can be challenging, particularly during a time of financial constraint when reductions in spend, and therefore potentially service delivery must be taken. However, collaborative working and decision making can help to ensure that an approach is taken which has the lowest possible impact on the service priorities, whilst still delivering an improved financial position.

5.1.5 The charts on the following pages present data on service demand and spend against each of the three priorities. Commentary on the impact of this budget on each of the priorities is also provided. The Council reports on its performance against the success measures identified for the three priorities and three enablers in the Council Plan. The Performance Dashboard can be found at this link: [Falkirk performs - Performance and reporting | Falkirk Council](#)

**Supporting stronger and healthier communities**

<b>Day Care Services</b>  <b>Revenue Spend</b> <ul style="list-style-type: none"><li>• £ 5m</li><li>• 372 Clients</li></ul> <b>Capital Spend (5 Year Programme)</b> <ul style="list-style-type: none"><li>• £ 1m</li></ul>	<b>Sport &amp; Fitness</b>  <b>Revenue Spend</b> <ul style="list-style-type: none"><li>• £ 8m</li><li>• 1.4m Customer Visits</li><li>• 9 Main Facilities</li><li>• 5 School Facilities</li></ul>
<b>Care at Home</b>  <b>Revenue Spend</b> <ul style="list-style-type: none"><li>• £ 55m</li><li>• 2,573 Clients</li></ul>	<b>Residential Care Costs</b>  <b>Revenue Spend</b> <ul style="list-style-type: none"><li>• £ 43m</li><li>• 910 Clients</li></ul>

**Budget Headlines**

The Council supports stronger and healthier communities through its relationship with the Health and Social Care Partnership and through provision of leisure services and green spaces. Falkirk Integration Joint Board (IJB) are jointly funded by the Council and Forth Valley Health Board and are responsible for planning and adult health and social care services. This report seeks agreement on the payment to the IJB from the Council. The IJB are responsible for decisions necessary to deliver services within that funding envelope.

The Council's housing service also has a big role to play in supporting the delivery of this priority. The housing revenue and investment budgets were approved on 31 January 2024.

The Council Plan makes clear the Council's ambition to work collaboratively to increase the capacity and resilience of community groups. A key element of this has been the Community Choices programme that has supported communities to identify and vote on projects that are important to them. This programme is coming to a close, but work is underway to develop and embed an approach to mainstream a larger proportion of the budget. Mainstreaming would see the community have more say over how some funds are spent. The Council is also working on a ward based budgeting project.

The Council's Strategic Property Review will result in the reduction of Council owned and run facilities and will impact on leisure services. Throughout the development of property related proposals, officers have tried to mitigate the impact where possible. However, due to financial pressures, the reality is that the Council cannot afford to safely run, maintain and improve the number of facilities it currently owns. The Council must aim to develop an affordable provision with fewer, higher quality facilities.

The proposals in this budget report include increases to fees and charges for sports and leisure. Agreement of the leisure related increases has been delegated to the Director of Place Services. However, the Council's concessionary charging policy is designed to try and protect low income households. The Go Card PLUS concessionary card also includes care-experienced young people, refugees and asylum seekers living in Falkirk.

## Promoting opportunities and educational attainment and reducing inequalities

### Schools



#### Revenue Spend

- £ 119m
- 1,702 Teachers
- 11,592 Primary Pupils
- 9,690 Secondary Pupils

### Early Years



#### Revenue Spend

- £ 31.5m
- 481 Early Years Officers
- 39 Nursery Classes
- 14 Early Learning & Childcare Centres
- 2,591 Children

### School Buildings



#### Revenue Spend

- £ 54.7m
- 8 Secondary Schools
- 48 Primary Schools
- 3 Special Schools

#### Capital Spend (5 year programme)

- £ 43m School Investment
- £ 3m Connected Learning

### Looked After Children



#### Revenue Spend

- £ 19.4m
- 74 Children and young people in residential care/residential schools
- 283 Children in Kinship & Foster Care

### Libraries



#### Revenue Spend

- £ 3.1m
- 8 Libraries
- 402,010 Customer Visits (22/23)
- 392.051 Library Issues (22/23)

### Budget Headlines

Services such as Education, Childrens Social Care and Libraries have a vital role in achieving this priority, supporting children and young people to benefit from high quality services which allow them to access opportunities and thrive.

The Council has tried to protect the budgets associated with these areas as much as possible but that is becoming increasingly difficult. This budget includes a proposal to consult on a review of the learning week. This proposal has been carefully developed to minimise impact on educational attainment.

There is a further saving proposed to reduce spend on childrens social work, with a focus on reducing potential duplication within commissioned services.

Increases to various charges have been proposed in this budget. A number of these charges would be subject to the Council's concessionary charging policy which is designed to protect low income households and care experienced children, through the Go Card PLUS.

## Supporting a thriving economy and green transition

### Roads & Street Cleansing

#### Revenue Spend

- £ 6m
- 1,028 km of footways/paths
- 993 km of carriageways
- 283 bridges/underpasses/culverts



#### Capital Spend ( 5 Year Programme)

- £ 30m

### Waste

#### Revenue Spend

- £ 13m
- 74,500 households
- 25 Refuse Vehicles
- 79,500 tonnes (total)
- 41,150 tonnes (recycled)



#### Capital Spend ( 5 Year Programme)

- £ 1m

### Street Lights

#### Revenue Spend

- £ 2m
- 99.5% of Street Lights are LED
- 27,413 Street Lights



#### Capital Spend ( 5 Year Programme)

- £ 4m

### Bus Subsidies

#### Revenue Spend

- £ 1.2m
- 65,000 Journeys per annum
- 12 Bus Routes
- 580,000 miles per annum



### Other Capital Spend (5 Year Programme)

#### Vehicles

£ 8 m



#### Green Vehicles

£ 3m



#### Flood Prevention

£ 3m



#### Energy Efficiency

£ 8m



#### Property Enabling Funds

£6m



#### New Falkirk Town Hall

£ 45m



### Budget Headlines

Services such as roads, street cleaning, waste, flood management and economic development support this priority. The savings proposals included in this report would have a minimum impact on this priority. However, this report, and the Capital ones on today's agenda, highlight that the Council needs to develop a sustainable investment strategy to maintain infrastructure assets including roads, flood protection and drains.

The Council has also entered into partnerships to deliver large scale infrastructure improvements and environmental improvements through the Forth Green Freeport, the Growth Deal as well as the Tax Incremental Financing scheme and Levelling Up Funding. This type of investment will be essential to support the green transition.

## Target Operating Model (TOM)

- 5.1.6 In September 2023, Council approved a series of TOM principles (see Appendix 2). The aim of a TOM approach is to develop a view of what the Council could and should look like in the medium to long term. Once this view is understood and approved, it can be used to underpin planning and resource allocation that will support delivery of the changes required.
- 5.1.7 The set of principles approved by the Council is effectively phase one of the TOM project and these principles should provide reassurance to Members that all of the appropriate options and approaches have been considered when proposals are being developed.
- 5.1.8 Whilst officers are still developing the TOM approach, it is anticipated that the TOM principles will be used to help develop, assess and deliver any service changes and the associated savings. All savings recommendations put forward will align with the TOM, minimise discretionary spend and allow the Council, as a smaller organisation, to focus on achieving the priorities set out in the Council Plan.

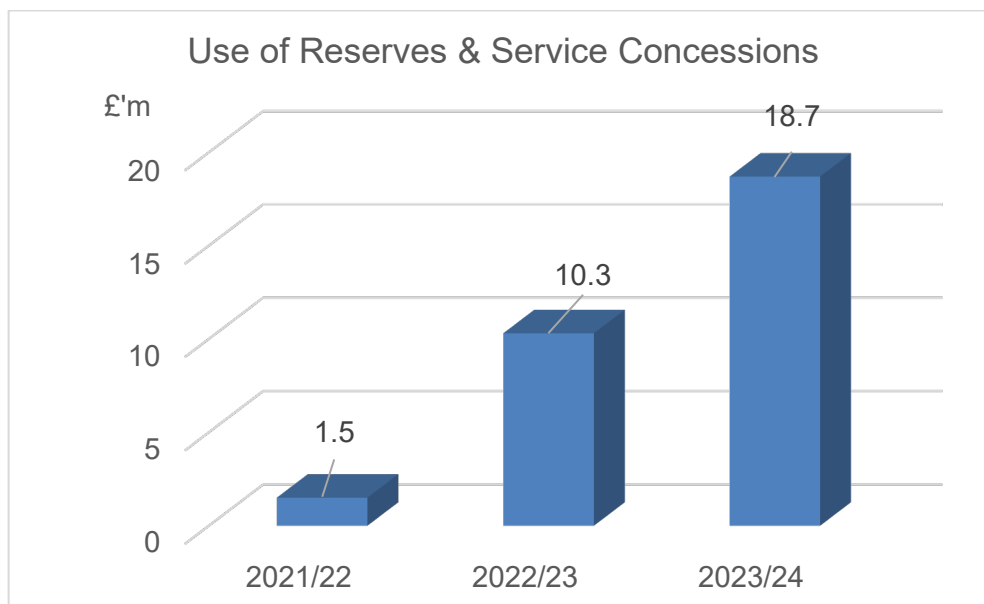
- 5.1.9 The Financial Strategy report noted that it was unlikely that a TOM process would produce any output before this budget meeting. However, there is evidence that the Council is making decisions, considering proposals or undertaking activity that aligns with the TOM principles and some examples are provided below:

Decision/Proposal/Activity	TOM Principle
Strategic Property Review	We significantly reduce our number of buildings, only retaining those that are core to our business.
Community Asset Transfer Work & Fund (linked to SPR above)	We make best use of all community assets, maximising sharing with partners.
Continued promotion and development of MyFalkirk which offers 158 services online, with 59% of households in Falkirk signed up to it. The system has taken over 1.4m transactions.  The system will be developed further to make more interactions with the Council easier.	Digital self-service is the default means of accessing Council services.  Digital transformation makes our services accessible, responsive, and efficient.  We use data to better plan, manage and design services.
Improving access to information for absence/payroll/workforce through Power BI dashboards	Digital transformation makes our services accessible, responsive, and efficient.  We use data to better plan, manage and design services.
Development of the Roads Defect Dashboard allowing the teams to track key metrics daily with no manual processing.	Digital transformation makes our services accessible, responsive, and efficient.  We use data to better plan, manage and design services.

## 5.2 Falkirk Council Financial Context

- 5.2.1 The purpose of the report is to set the revenue budget and council tax for 2024/25. However, it is absolutely essential that the decisions being made are seen in the context of the Council's medium term financial position. The decisions being taken will have a direct impact on the pressures facing the Council in the next few years and the overall financial sustainability of the organisation. Council is reminded that where reserves or service concessions are used in a year, the value of that amount is simply added to the funding gap in the following year. That approach is not compatible with financial sustainability.

- 5.2.2 The Council's financial position has been in decline for a number of years. The cost of living crisis that impacted local communities also impacted on the cost of running Council services at a time when demand for services is increasing. The Council has a structural deficit – in short the Council is spending more than it can afford on a day to day basis. To date, the Council has met much of this deficit through one-off (non-recurring) funding. However, at some point in the near future, this non-recurring funding will run out. There is a high degree of risk that when this happens, the Council will be unable to balance its budget without a very large Council Tax increase and/or substantial service reductions. This requires the Council to take a planned approach to the challenge in line with the Financial Strategy.
- 5.2.3 The Financial Strategy presented to and approved by Council in September 2023 set out the main mechanisms for dealing with this structural deficit:
- Council Tax increases
  - Fees & Charges increases
  - Service Savings
- 5.2.4 These three areas represent recurring ways to balance the budget. The only way to achieve financial sustainability will be to balance the budget through these means. In September 2023, the Council approved the Target Operating Model (TOM) principles that set out how the Council could approach service delivery and critically noted that the Council would become a smaller, more focussed and more efficient local authority.
- 5.2.5 The Financial Strategy also covered the use of service concessions. Service concessions are one-off funds which are backed by borrowing. The Financial Strategy noted that service concessions can be used to balance the budget to allow further time to make the necessary adjustments to the three recurring options shown above. Adopting that strategy means that one would expect to see the Council's reliance on non-recurring funding to balance the budget, reducing over time and indeed this is one of success measures identified for the financial sustainability enabler in the Council Plan. However, it is evident that in the last three years, the reliance on non-recurring means to balance the budget has actually increased, as shown in the chart below:



- 5.2.6 The Council needs to fundamentally address this issue to ensure that the Council is working towards a more sustainable financial position.

### 5.3 Wider Economic Context

- 5.3.1 On a global level, the potential for further fiscal shocks remains. The conflict in Ukraine and the Middle East continues and the potential impact for the UK and local economy is hard to project. Inflation has been stubborn and interest rates remain high. There remains the potential for volatility and fiscal shocks during the period of the Financial Strategy.
- 5.3.2 The economic challenges facing the UK are significant. In general, there is agreement between the political parties that the national debt as a proportion of Gross Domestic Product needs to reduce. However, the tax burden is also viewed as high and there is not a desire to increase taxation. At the same time, public services are showing signs of strain and further cuts to those services will exacerbate the problem. To avoid making any of these three issues worse, the economy needs to significantly improve but economists believe this is unlikely in the short term. It is unlikely that the significant financial pressures facing the public sector and local authorities will ease anytime soon.
- 5.3.3 It is important that Members recognise that uncertainty will impact on the financial projections going forward and that there will be movements reported throughout the year. This should not however, be considered a reason to defer decision making as the economic outlook is not expected to result in a significant improvement in local government funding in the short to medium term.
- 5.3.4 Financial sustainability remains the biggest challenge and one of the highest risks facing the Council. The Council's Best Value Assurance Report in January 2022 explicitly set out that the Council is not in a financially sustainable position and that clear plans to reach such a position were not in place. The Council Plan also set out that financial sustainability is a critical enabler to support the Council to deliver on its priorities.

### 5.4 Local Government Financial Settlement

- 5.4.1 A [report](#) was presented to Council in January 2024 which set out the main points arising from the Scottish Government Budget and the Local Government Settlement. Scottish Government grant funding provides approximately 80% of the Council's budget and as such is the foundation of much of the budget process.
- 5.4.2 Since the January report negotiations on the Settlement have continued between the Scottish Government and the Convention of Scottish Local Authorities (CoSLA).
- 5.4.3 On 12 February the Cabinet Secretary for Education and Skills wrote to all local authorities on teacher numbers and learning hours (Appendix 3). That letter confirmed that from 2024/25 the additional funding for teacher numbers of £145.5m will be distributed via specific resource grants, conditional on councils agreeing at the outset to maintain teacher numbers. The value of the specific grant and the conditions are not known at the time of writing. The letter also sets out the intention to prescribe, through regulations, the minimum teaching hours that should be available.
- 5.4.4 The final parliamentary debate on the 2024/25 Budget Bill is scheduled for 27 February 2024 with the Local Government order debated on 28 February 2024.
- 5.4.5 The table below shows that Falkirk's provisional Revenue Support Grant (RSG) from the Scottish Government has increased in cash terms by £4.1m (1.15%) from its 2023/24 level, to £359.9m. However, after excluding funding for existing and new commitments, including the full year effect of 2023/24 pay commitments, the core grant has decreased by c£4.4m or 1.24%. The overall decrease of £4.4m is more than anticipated in the Financial Strategy in September 2024, increasing the Council's Budget Gap by £1.2m.

	Movement £'m	RSG £'m	Inc/(Dec) %
Scottish Government Grant 2023/24		308.5	
Early Years Specific Grant 2023/24		<u>15.7</u>	
<b>Sub Total</b>		<b>355.8</b>	
Core Grant Decrease	(4.4)		(1.24%)
Free School Meals	0.2		0.06%
Personal Care	0.1		0.03%
Pay Commitments 2023/24	<u>8.2</u>		2.30%
		<b>4.1</b>	1.15%
<b>Scottish Government Grant 2024/25</b>		<b>359.9</b>	

- 5.4.6 The overall Settlement also incorporates an estimate of specific grants, the most significant includes the Pupil Equity Fund (£3.96m), and Justice Services (£2.69m). The actual funding will be notified by the relevant Scottish Government Policy Team.
- 5.4.7 The Settlement also includes an element of undistributed funding. The most significant elements include Social Care (£230m), Discretionary Housing



Payments (£92.7m) and Teachers Induction Scheme (£37.6m). Each councils' share has still to be confirmed. 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.

- 5.4.8 The increase in pension contributions for teachers is 3% in 2024/25. The Scottish Government has confirmed that should the UK Government provide funding for teacher pensions contributions, this will be passed through to local government. This is expected to be c£2.8m but this is not yet confirmed.
- 5.4.9 Members will be aware of the UK Government funding announcement for £600m of support to local government in England. Of this £600m, £100m was already anticipated, leaving £500m of additional support. This could be expected to have Barnett Consequentials for the Scottish Government of c£45m. The Scottish Government will consider this funding as part of the UK Government 6 March Spring Statement. Should additional funding be allocated to Falkirk Council it is anticipated that this would reduce the use of service concessions. Members will be updated as more information becomes available.
- 5.4.10 A significant element of the Local Government Financial Settlement for 2024/25 is the introduction of a one-year Council Tax freeze. The Scottish Government has set aside £144m of funding which will be allocated to local authorities if they agree to freeze Council Tax rates at 2023/24 levels. The Scottish Government state that this funding is the equivalent of a 5% Council Tax increase across Scotland.
- 5.4.11 The Falkirk Council share of the funding noted above is £3.845m. This equates to a 4.8% Council Tax increase locally. However, if the core grant reduction is taken into account, the additional funding would be c£2.5m, equivalent to a c3.3% Council Tax increase. It is important to note that the funding gap for the Council assumes a 5% Council Tax increase each year. Council Tax is considered further at section 5.8 of this report.
- 5.4.12 The Deputy First Minister and Cabinet Secretary for Finance wrote to all local authorities on 2 February 2024 asking for local authorities to confirm whether or not they intend to accept the Council Tax freeze (Appendix 4). The request was discussed at CoSLA Leaders meetings, noting that the majority of Councils would not be in a position to set out their intention prior to the budget setting meeting taking place with full Council and CoSLA submitted a letter to the Scottish Government to confirm this position.
- 5.4.13 The Non-Domestic Rates poundage rate in Scotland has been provisionally set at 49.8p. The intermediate property rate (value over £51,000) will increase from 51.1p to 54.5p. The higher property rate (value over £100,000) will increase from 52.4p to 55.9p.
- 5.4.14 There are a range of reliefs noted in the settlement letter, but there are no substantial changes to NDR and these changes are not expected to have an impact on Falkirk Council's budget. More detail on these reliefs was included in the Financial Settlement report presented to Council on 31 January 2024.:
- 5.4.15 The [Finance Circular](#) also covers Capital Grant which is dealt with in the subsequent report in these Budget papers.



## 5.5 Budget Gap 2024/25

- 5.5.1 As set out in the Financial Strategy, a fundamental issue for the Council is that there is not enough money on an annual basis to pay for the services as they are currently delivered – there is a structural budget deficit. There are several unknowns, for example pay awards and inflation, and the budget gap makes assumptions on what financial pressures the Council is likely to face moving forwards.
- 5.5.2 There is significant risk, particularly around pay awards as employees make up approximately 60% of our budget. Any variation in pay award from budget therefore has the potential to have a big impact. The Council had budgeted for a pay award of 3% but negotiations on the 2024/25 pay award have not yet started.
- 5.5.3 The Council has previously budgeted for a Council Tax increase of 5% per annum and this is built into the budget gap figure across the five years.
- 5.5.4 In September 2023, the Financial Strategy presented a budget gap of £34.0m in 2024/25. That gap is now £30.8m, and a summary of the movement is shown below:

	2024/25 £'m
<b>Budget Gap – Financial Strategy – September 2023</b>	34.0
Increases:	
Core Grant Decrease	1.2
Teaching Costs	2.0
School Transport	1.1
Inflationary Increases	0.1
<b>Sub Total Increases to Gap</b>	<b>4.4</b>
Decreases:	
Employers Pension Contributions*	(4.1)
Inflation Adjustments	(1.7)
Change Fund	(1.1)
Loan Charges	(0.4)
Misc. Adjustments	(0.3)
<b>Sub Total Decreases to Gap</b>	<b>(7.6)</b>
<b>Current Estimated Gap 2024/25</b>	<b>30.8</b>

\*This saving is subject to the Pensions Committee approval of Employer Contributions. Pensions Committee will consider this in March 2024 and this assumption is based on the information discussed to date.

- 5.5.5 The Council has a statutory duty to set a balanced budget and the budget gap must be addressed. The most sustainable and prudent way to do this is to reduce the recurring expenditure or increase income, and realistically it will take both means to balance the position. Previous reports to Members have highlighted that the use of one-off funding, such as reserves is not a sustainable

way to balance the budget and indeed External Audit have previously criticised the Council for taking this approach. However, it is reasonable to use one off funding to facilitate the delivery of savings that will take time to deliver. This requires a more medium-term approach to budget setting.

- 5.5.6 This report contains officer's advice on the options that are available to address the budget gap:

	Report Section
Service Concessions	5.7
Council Tax	5.8
Service Savings	5.9
Fees and Charges	5.14
Reserves	5.16

## 5.6 Five Year Budget Gap

- 5.6.1 As noted above, the 2024/25 budget must be considered in the context of the Financial Strategy. Decisions can't be made in isolation. The gap for the period of the five-year Financial Strategy is shown below:

	2024/25 £'m	2025/26 £'m	2026/27 £'m	2027/28 £'m	2028/29 £'m	Total £'m
<b>Financial Gap</b>	30.8	8.1	8.3	8.4	6.9	<b>62.5</b>

- 5.6.2 As set out in the paragraphs below, the Council has taken a number of difficult decisions in the last year that will help it move towards a position of financial sustainability. It is essential that the Council continues on this path. Previous reports to Council have highlighted that failure to address a gap in one year, simply adds to the pressure in the next year. Over the last few years, the Council's financial gap has been rolled forward, growing year on year. As a result, the issue of financial sustainability has overshadowed much of the work of the Council both for Members and officers. Addressing this issue in a decisive way, as quickly as possible, will allow the Council to ensure focus is on delivery of the Council Plan and the Council priorities.
- 5.6.3 A series of models have been developed to look at how the Council may bridge its funding gap. Both of these models are illustrations only to demonstrate how a balanced budget could be achieved; one model is based on accepting the Council Tax freeze and the other is based on rejecting the freeze and increasing Council Tax by 8% in 2024/25. Assumptions are also made on future levels of savings.

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29£ m	Total £m	Service Concession Balance
<b>Model A – accept Council Tax freeze year 1 only; use SCA to smooth out Council Tax</b>							
Budget Gap (5% Council Tax)	30.849	30.206	20.221	13.494	8.909	-	<b>30.032</b>
Council Tax Increases	-	(4.800)	(4.400)	(4.000)	(3.335)	(16.535)	
Approve All Savings inc fees and charges	(8.713)	(13.442)	(10.683)	(3.535)	(1.574)	(37.947)	
Assumption of Future Year Savings	-	-	-	(4.000)	(4.000)	(8.000)	
<b>Remaining Gap - SCAs</b>	<b>22.136</b>	<b>11.964</b>	<b>5.138</b>	<b>1.959</b>	<b>-</b>	<b>(62.482)</b>	

Band D Council Tax	1,363.82	1,513.84	1,672.79	1,840.07	2,005.68
Year on Year Increase	-	150.02	158.95	167.28	165.61
Cumulative Increase	-	150.02	308.97	476.25	641.86

5.6.4 Under Model A there is approximately £30.0m SCAs left at the end of the five years. Under Model A use of SCAs in 2024/25 higher than budgeted for 2023/24 (£15.3m); significantly higher than actual projected in 2023/24 (£11.3m). Illustrative Council Tax increases for the next five years, to balance the budget by year 5, could be:

Year 1 – accept freeze.

Year 2 – 11% Council Tax increase

Year 3 – 10.5% Council Tax increase

Year 4 – 10% Council Tax increase

Year 5 – c9% Council Tax increase

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	Total £m	Service Concession Balance
<b>Model B – reject Council Tax freeze year 1; use SCA to smooth out Council Tax</b>							
Budget Gap (5% Council Tax)	30.849	26.606	17.821	11.894	8.109	-	<b>38.432</b>
Council Tax Increases	(3.600)	(3.600)	(3.600)	(3.200)	(2.535)	(16.535)	
Approve All Savings inc fees and charges	(8.713)	(13.442)	(10.683)	(3.535)	(1.574)	(37.947)	
Assumption of Future Year Savings	-	-	-	(4.000)	(4.000)	(8.000)	
<b>Remaining Gap - SCAs</b>	<b>18.536</b>	<b>9.564</b>	<b>3.538</b>	<b>1.159</b>	<b>-</b>	<b>(62.482)</b>	

Band D Council Tax	1,493.38	1,635.25	1,790.60	1,951.76	2,107.90
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Year on Year Increase	129.56	141.87	155.35	161.15	156.14
Cumulative Increase	-	271.43	426.78	587.94	744.08

5.6.5 Under Model B there is a £38.4m SCAs left at the end of the five years. Under Model B use of SCAs in 2024/25 higher than budgeted for 2023/24 (£15.3m); significantly higher than actual projected in 2023/24 (£11.3m). Illustrative Council Tax increases for the next five years, to balance the budget by year 5, could be:

Year 1 – 9.5% Council Tax increase

Year 2 – 9.5% Council Tax increase

Year 3 – 9.5% Council Tax increase

Year 4 – 9% Council Tax increase

Year 5 – c8% Council Tax increase

5.6.6 Both of the above models set out a plan that would see the Council balance the budget by year five, based on current assumptions and both models are designed to show a balance of service concessions available for investment at the end of the five year period.

## 5.7 Service Concessions

5.7.1 The Financial Strategy approved by Council in September 2023 set out some of the background to the service concessions (SCAs). The Strategy and other finance reports to Council have set out some broad principles for the use of SCAs:

- The use of SCAs does not address the underlying budget deficit of the Council but instead allows some reprofiling of the budget gap, in effect buying some time to address the underlying issues. Focus must therefore be on the identification and approval of recurring savings.
- SCAs provide an opportunity to invest in Council assets, but only if the Council can balance the budget through recurring means. The Council desperately needs more investment in its asset base and the importance of this opportunity should not be underestimated.

5.7.2 The Financial Strategy included a series of success measures to assess delivery of the Financial Sustainability enabler. One of these is that the Council reduces its reliance on non-recurring funds to balance the budget. This is a critical measure that helps to demonstrate that the Council is moving to a more financially stable and sustainable position.

5.7.3 Flowing from the points above, officers have recommended that SCAs are used to:

1. demonstrate a reduced reliance on SCAs over the life of the Strategy; and
2. ensure a balance of at least £30m is available for investment.

- 5.7.4 Whilst no decision should be taken on the future use of SCAs until there is more certainty on the Council's financial position, officers have identified a number of areas for potential investment, including:
- Improvements to school buildings
  - Improvements to leisure facilities
  - Support for the new town hall
  - Digital device provision for schools (Connected Falkirk)
- 5.7.5 Appendix 5 sets out a range of projects which Members could choose to invest in, if a sufficient balance of SCAs is retained.
- 5.7.6 The benefits of retaining SCAs and balancing the budget through recurring means, is clear and Members should be fully aware of this when taking budget decisions.
- 5.7.7 For the avoidance of doubt, the only recurring means available to Members to balance the revenue budget are:
- Council Tax increases
  - Fees & Charges increases
  - Service Savings
- 5.7.8 To date, officers have developed proposals totalling c£38m for the next five years. These savings will form the basis of proposals that may be brought forward to Members in the coming year. If, for modelling purposes, it is assumed the Council approve all of these savings, and a Council Tax rate of 5% is assumed for each of the next five years, that would leave approximately c£25m still to find through recurring savings or additional income. The challenge is significant.
- 5.7.9 In 2023/24 financial projections have shown that the application of service concessions is likely to be lower than budgeted due to service underspends. To the extent that there are underspends against budget in 2024/25, officers would propose to take the same approach.

## **5.8 Council Tax**

- 5.8.1 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.
- 5.8.2 In 2023/24 Falkirk Council increased Council Tax by 7%. The national average increase was 5.24%. However, as noted in the Financial Strategy, Falkirk Council has had a historically low level of Council Tax and in 2022/23 was the 5<sup>th</sup> lowest in mainland Scotland. Following the 2023/24 increase, Falkirk became the 6<sup>th</sup> lowest in mainland Scotland.

Council	2023/24 Band D charge	Difference Compared to Scottish Average
Shetland Islands	£1,260.61	-£155.89
Na h-Eileanan Siar	£1,290.75	-£125.75
South Lanarkshire	£1,300.81	-£115.69
Angus	£1,316.68	-£99.82
North Lanarkshire	£1,320.78	-£95.72
Dumfries & Galloway	£1,334.85	-£81.65
Scottish Borders	£1,356.11	-£60.39
<b>Falkirk</b>	<b>£1,363.82</b>	<b>-£52.68</b>
Orkney Islands	£1,369.21	-£47.29
Fife	£1,385.18	-£31.32
West Lothian	£1,390.96	-£25.54
Aberdeenshire	£1,393.42	-£23.08
West Dunbartonshire	£1,398.98	-£17.52
Perth & Kinross	£1,403.69	-£12.81
Clackmannanshire	£1,410.96	-£5.54
East Renfrewshire	£1,415.22	-£1.28
East Dunbartonshire	£1,415.66	-£0.84
<b>Scotland average</b>	<b>£1,416.50</b>	<b>£0</b>
Highland	£1,427.18	£10.68
Inverclyde	£1,429.77	£13.27
Moray	£1,430.69	£14.19
East Lothian	£1,435.62	£19.12
Renfrewshire	£1,436.17	£19.67
City of Edinburgh	£1,447.69	£31.19
North Ayrshire	£1,452.12	£35.62
South Ayrshire	£1,453.16	£36.66
Argyll & Bute	£1,479.20	£62.70
Stirling	£1,481.50	£65.00
Dundee City	£1,486.43	£69.93
East Ayrshire	£1,487.44	£70.94
Aberdeen City	£1,489.55	£73.05
Glasgow City	£1,499.00	£82.50
Midlothian	£1,514.73	£98.23

- 5.8.3 Whilst Falkirk's relatively low Council Tax has benefitted residents, it has been one of the factors that has contributed to the Council having a significant budget deficit and a lack of available investment in infrastructure. The Financial Strategy highlighted that Falkirk should move towards the national average for Council Tax. However, the Council Tax freeze, discussed further below, impacts on this approach.
- 5.8.4 In 2024/25 the Scottish Government has introduced a Council Tax freeze which Councils can choose to implement or not. If Falkirk choose to accept the freeze, it will receive £3.845m from Scottish Government which is the equivalent of c4.8% increase in Council Tax. However, when the reduction in grant, noted in para 5.4.5. is taken into account, it is the equivalent of 3.3% increase in Council Tax. Both are below the assumptions built into the gap modelling. Should

Falkirk decide to increase Council Tax, it will not receive the £3.845m from Scottish Government.

5.8.5 The Financial Strategy presented to Council in September 2023 modelled an annual Council Tax rise of 5, 7 and 9%. It is important to remind Members that the five-year budget gap of £62.5m is based on an annual Council Tax increase of 5%. That means that Members would have to increase Council Tax beyond 5% to reduce the funding gap. An increase in Council Tax will not take away the need for savings, but it will reduce the amount of savings required and could potentially help the Council to avoid some of the most difficult potential savings.

5.8.6 The forecast yield from Council Tax is presented in the table below in 1% increments:

%age increase	2023/24 Outturn £'000	Forecast Growth £'000	Increased Yield £'000	Total Increase £'000	Total Yield £'000
0%	78,291	400	0	400	78,691
5%			3,935	4,335	82,626
6%			4,721	5,121	83,412
7%			5,508	5,908	84,199
8%			6,295	6,695	84,986
9%			7,082	7,482	85,773
10%			7,869	8,269	86,560
12%			9,443	,843	88,134
15%			11,804	12,204	90,495
17%			13,377	13,777	92,068
20%			15,738	16,138	94,429

5.8.7 The impact of the increases in the table above are shown below for Band D on both an annual and a weekly basis:

%age increase	Revised Band D Charge £	Increase from 2023/24 £	Weekly Increase from 2023/24 £
0.00%	1,363.82	0.00	0.00
5.00%	1,432.01	68.19	1.31
6.00%	1,445.65	81.83	1.57
7.00%	1,459.29	95.47	1.84
8.00%	1,472.93	109.11	2.10
9.00%	1,486.56	122.74	2.36
10.00%	1,500.20	136.38	2.62
12.00%	1,513.84	150.02	2.89
15.00%	1,527.48	163.66	3.15
17.00%	1,568.39	204.57	3.93
20.00%	1,636.58	272.76	5.25

- 5.8.8 There are just over 13,000 low-income households, already in receipt of Council Tax Reduction (CTR), who would be protected from any increase that Council approves.
- 5.8.9 In addition to the protection of households already receiving CTR, any household in financial difficulty can quickly check if they would be entitled to CTR, and other means tested benefits, via an online calculator (<https://falkirk.gov.uk/services/benefits-support/benefit-calculator.aspx>). Where CTR is then awarded those households would not only see their net charge reduce but also be protected from any future increases. Anyone looking for support can visit or phone Advice and Support Hub [Advice and Support Hubs | Falkirk Council](#).
- 5.8.10 Briefings and reports to Members have also highlighted that a sustainable solution to investment in the Council's assets is desperately needed. The Capital Programme includes a number of annual rolling programmes that effectively support the day to day running of key services like Roads, Street Lighting, significant building maintenance and ICT. Services have highlighted that each of these areas needs more investment than currently provided through the capital grant. This has been made worse by the reduction of £0.819m in capital grant funding for 2024/25.
- 5.8.11 If Members choose to increase Council Tax, a 'capital levy' could be added to support additional investment in capital, with an emphasis on the rolling programmes. A 1% increase in Council Tax would support approximately £10m of investment. Officers have identified that this could be used as follows:
- £4m for road improvements
  - £2m for flood prevention and gully renewal
  - £2m for essential ICT (including PC replacement in schools)
  - £0.6m for Learning Estate improvements
  - £0.5m for the relocation of the Inclusion and Wellbeing Service to new accommodation



- £0.9m to address the reduction in Scottish Government capital grant for 2024/25

- 5.8.12 The linkages between the Revenue Budget and the Capital Strategy and Programme are very important, particularly during a time of interest rate rises. Both these capital items are considered later on this agenda. Capital investment decisions have material implications for revenue forward planning. Proper regard must be had to the requirements of the Prudential Code, including affordability.
- 5.8.13 The future of Council Tax remains uncertain. A Joint Working Group on Sources of Local Government Funding and Council Tax Reform has been established to progress this. The proposed alteration to ratios for Bands E-H did not progress, after consultation, but this consultation has provided significant insight. There was also an indication in January, from a Scottish Government minister that the timetable for fundamental reform of the Council Tax system would come forward within weeks, potentially during stage three amendments of Budget Bill.

## 5.9 Service Budgets

- 5.9.1 This section of the report summarises the position for each Service area with a focus on:
- Key facts on the Service
  - Overall budget provision
  - Pressure facing the Service
  - Savings proposals
- 5.9.2 A summary of savings options identified by officers during the Budget process is set out at Appendix 6 and summarised below. This summary shows the savings that have been approved and those that are still to be approved. For those still to be approved, more detailed budget templates are included in the appendices.

	Childrens Services £'000	Place Services £'000	TC&C Services £'000	Total £'000
<b>Approved Savings</b>	-	0.602	-	<b>0.602</b>
<b>Operational Savings</b>	1.890	1.380	1.663	<b>4.933</b>
<b>Savings for Consideration</b>	0.665	0.050	0.020	<b>0.735</b>
<b>Total</b>	<b>2.555</b>	<b>2.032</b>	<b>1.683</b>	<b>6.270</b>

- 5.9.3 Transformation and Improvement is one of three core enablers in [Council Plan](#). At its core, is the Council of the Future (COTF) Change Programme. Embedded within the Council's [Financial Strategy](#) it is designed to help the Council to deliver on its financial sustainability commitments and support the delivery of the Council Plan's vision and priorities, moving projects at pace.
- 5.9.4 15 projects are currently being taken forward as part of the COTF programme and where appropriate, savings from those projects have been included in the table above or in future year savings estimates. The 15 projects include a number of improvement, efficiency and enabler projects as part of the Council's

approach to continuous improvement, cost-reduction and enabling the delivery of the Council's transformation projects.

- 5.9.5 Children and Families are revising and refreshing the Closer to Home strategy. Whilst a significant progress has been made to date, the project has been impacted by pressures including Covid and the National Transfer Scheme. A revised project plan is therefore under development. This project will sit outside of the COTF governance process but a new Closer To Home Governance Board has been established, chaired by the Chief Executive.
- 5.9.6 In previous years Council allocated £1m to the Change Fund to support delivery of COTF projects. However, demand for resource has been lower than anticipated. The balance of the existing Change Fund will be transferred to the Spend to Save reserve and the recurring allocation will be released back to the General Fund, reducing the funding gap.

## **5.10 Children's Services**

- 5.10.1 The proposed Children's Services budget for 2024/25 is £278.166m. For reference, the current projected outturn for Children's Services for 2023/24 is an overspend of £3.344m.

### **Service Pressures and Challenges**

- 5.10.2 Children's Services accounts for over 58% of the Council's budget and the scale of the financial challenge means that savings must be found in this area. It is evident therefore that significant changes to the way that services are delivered will have to be made.
- 5.10.3 Pressures on the Children's Services budget have continued during 2023/24. Further pressure is anticipated during 2024/25, including:
- Teachers pay awards for 2024/25; 3% has been built into the budget across all staff groups but the ask is currently much higher.
  - School transport pressures.
  - Uncertainty over savings delivery with some savings remaining subject to further consultation.
  - The SG draft budget has set aside £16M to increase the pay rate to £12 per hour for early learning and childcare workers in the private and third sector. Work is ongoing to develop and implement this policy and any impact on the Council will be flagged in future financial projection report.
  - Volatility and rising costs in the Children and Families division.
  - Increasing pressure in the Children and Families division from the National Transfer Scheme.

## Operational Savings

- 5.10.4 All Services have identified operational savings. These are savings which are expected to have no significant direct impact on front facing services from the perspective of Service users. The savings flow from changes that can be made in the exercise of Chief Officer's delegated authority to deploy staff and resources and as such they do not require Members' approval. Both the TOM principles and a Zero-Based Budgeting (ZBB approach) can be helpfully used in identifying and taking forward these savings. The nature of these savings varies and for Children's Services this includes:

Description	£m in 2024/25
DSM adjustments to reflect demographic changes, alignment with external funding grants, changes to school management structures and increased use of digital technology to deliver the curriculum.	1.031
Redesign of structures, processes and procedures to accommodate employee reductions through vacancy management, voluntary severance and other voluntary staff reductions.	0.705
Reduction in operational budgets used to deliver services	0.154
	<b>1.890</b>

## Savings for Consideration

- 5.10.5 The balanced budget presented in this report includes the following savings with the details included at Appendix 7.

Description	£m in 2024/25	EPIA Impact
Remove Funding for Police Officers in Schools	0.065	Medium
Children & Families Savings	0.600	High
	<b>0.665</b>	

- 5.10.6 Section 5.4 of this report highlights the correspondence from the Scottish Government placing conditions on funding relating to teacher numbers and the introduction of regulations on learning hours (Appendix 3). At the time of writing, the exact conditions relating to teacher numbers are unknown and as a result, the Council cannot bring forward proposals for this area as part of the 2024/25 budget.
- 5.10.7 It is of note that Education and the IJB make up c70% of the Council's budget. It is extremely challenging for the Council to bridge the funding gap without making significant savings in these areas. Clearly for Education such savings would have to involve teachers which make up 26% of the Council's budget and 44% of Education's budget. If Education and IJB remain protected, significant savings will have to come from other service areas, coupled with high Council Tax rises.

## **Planned Consultation**

- 5.10.8 Officers in Childrens Services have been working in collaboration with Head Teachers to develop a proposal to amend the school week. This is in response to the need to identify significant savings over the next five years whilst protecting service delivery and avoiding any reduction in the curriculum offer available. Further detail on this proposal is included at Appendix 8.
- 5.10.9 It is recognised that this proposal represents a significant change for the staff, children and their families. A consultation exercise will therefore be undertaken, and a full report will be brought back to Members for consideration. That report will also include the impact of the recent Scottish Government correspondence, as more information should be available at that stage.

## **5.11 Place Services**

- 5.11.1 The proposed Place Services budget for 2024/25 is £41.843m. For reference, the current projected outturn for Place Services for 2023/24 is an underspend of £3.285m.

## **Service Pressures and Challenges**

- 5.11.2 Pressures and uncertainties in 2024/25 include:
- The volatility of waste recycle in the market which can lead to large swings in income.
  - Volatility in waste tonnages, driven by changes in people's behaviour, can lead to significant changes in costs.
  - The price volatility on construction materials and supplies, and key third-party contractors has a direct impact on areas such as roads. This may put pressure on the cost of work and ability to progress work programmes in line with original schedules.
  - The volatility of the economic climate for construction and house developments has an impact on the level of Planning Fee and Building Warrant income that the service receives.
  - Potential reduction in uptake of services due to higher prices could cause an overall net reduction in income.

## Approved Savings

- 5.11.3 At recent meetings Members have approved a number of policy changes which have saving implications. These have been built into the 2024/25 budget and are set out below:

Description	£m in 2024/25	Committee Approval & Date
Strategic Property Review	0.226	Council 31 January 2024
Amalgamation of Upper Braes Local Bus Services	0.075	Executive 28 November 2023
Conversion of Bus Services to Demand Responsive Pilot in the Whitecross, Standburn and Wallacestone areas	0.125	Executive 28 November 2023
Rationalise Taxi Marshalling Budgets	0.010	Agreed under delegated powers. Confirmed at Members Briefing - 16 February 2023
Publicity and Promotion Budget	0.009	Agreed under delegated powers. Confirmed at Members Briefing - 16 February 2023
Reduction in Employment & Training Service Provision	0.106	Executive 17 January 2023
Introduce charges for Shopmobility Service	0.004	Executive 28 November 2023
Removal of Taxicard Service	0.047	Executive 28 November 2023
	<b>0.602</b>	

## Operational Savings

- 5.11.4 All Services have identified operational savings. These are savings which are expected to have no significant direct impact on front facing services from the perspective of Service users. The savings flow from changes that can be made in the exercise of Chief Officer's delegated authority to deploy staff and resources and as such they do not require Members' approval. Both the TOM principles and a Zero Based Budgeting (ZBB approach) can be helpfully used in identifying and taking forward these savings. The nature of these savings varies and for Place Services this includes:

Description	£m in 2024/25
Redesign of processes and procedures to reduce costs	0.200
Reduction in operational budgets used to deliver services	0.375
Redesign of structures, processes and procedures to accommodate employee reductions through vacancy management, voluntary severance and other voluntary staff reductions	0.307

Description	£m in 2024/25
Improved processes to ensure an increase in income/improved collection of income.	0.498
	<b>1.380</b>

### Savings for Consideration

- 5.11.5 The balanced budget presented in this report includes the following savings with the details included at Appendix 7.

Description	£m in 2024/25	EPIA Impact
Removal of Free Dog Waste Bags	0.020	Low
Cancel Annual Callander Park Firework Display	0.030	Low
	<b>0.050</b>	

## 5.12 Transformation, Communities and Corporate Services

- 5.12.1 The proposed Transformation, Communities and Corporate Services (TCCS) budget for 2024/25 is £38.326m. For reference, the current projected outturn for TCCS for 2023/24 is an underspend of £1.258m.

### Service Pressures and Challenges

- 5.12.2 Corporate Services in particular have been more heavily impacted by budget reductions in the past. However, this approach is not sustainable as front line services are looking for more support to deliver significant service delivery changes and improvements.
- 5.12.3 Pressures and uncertainties in 2024/25 are similar to previous years, including:
- A relatively high number of vacant posts, in part due to the recruitment freeze, putting pressure on workloads.
  - Increasing costs associated with ICT infrastructure, including hardware and software costs.
  - Pressure in recruiting staff for essential ICT and digital posts, due to competition from the private sector.
  - Pressures in procurement where inflationary uplifts are impacting on the ability to deliver significant savings.

### Operational Savings

- 5.12.4 All Services have identified operational savings. These are savings which are expected to have no significant direct impact on front facing services from the perspective of Service users. The savings flow from changes that can be made in the exercise of Chief Officer's delegated authority to deploy staff and resources and as such they do not require Members' approval. Both the TOM principles and a Zero Based Budgeting (ZBB approach) can be helpfully used in

identifying and taking forward these savings. The nature of these savings varies and for TCCS this includes:

Description	£m in 2024/25
Reduction in operational budgets used to deliver services	0.080
Redesign of structures, processes and procedures to accommodate employee reductions through vacancy management, voluntary severance and other voluntary staff reductions	0.958
Use of digital technology to deliver previously manual processes	0.325
Improved processes to ensure an increase in income/improved collection of income.	0.100
Empty Property Relief	0.200
	<b>1.663</b>

### Savings for Consideration

- 5.12.5 The balanced budget presented in this report includes the following saving with the details included at Appendix 7.

Description	£m in 2024/25	EPIA Impact
Cessation of the Scheme of Assistance – Small Repair & Hand Person Scheme	0.020	Low
	<b>0.020</b>	

### 5.13 Social Work Adult Services

- 5.13.1 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. The proposed budget for 2024/25 is £4.156m an increase of £0.132m from 2023/24.

### 5.14 Fees and Charges

- 5.14.1 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.

## Approved Fees & Charges

- 5.14.2 In 2023/24 the Council is budgeted to receive approximately £15m from fees and charges. At recent meetings Members have approved a number of fees and charges. These have been built into the 2024/25 budget and are set out below:

Description	£m in 2024/25	Committee Approval & Date
Increase in Swimming Pool charges	0.076	Falkirk Council 31 January 2024
Discretionary Planning Charges	0.100	Executive 6 December 2022
Muiravonside Park	0.050	Executive – 9 May 2023
	<b>0.226</b>	

## Fees & Charges for Consideration

- 5.14.3 Each year existing and new charges are reviewed in line with the Policy as part of the budget process and the proposed changes for 2024/25 can be accessed [here](#). The budget for 2024/25 incorporates additional income of £2.4m from rebasing and increases to existing charges. A summary of the expected income to be received from fees and charges in 2024/25 is detailed at Appendix 9.
- 5.14.4 The most significant income received from fees and charges is within Place Services, where it is proposed to increase prices on average by 10%. The exceptions for Members are noted within the table below. Sport and Leisure, previously within Childrens Services, has moved to Place Services, along with the delegation to review fees and charges on an ongoing basis, provided there is no detrimental impact on those in poverty. Overall sports fees and charges are increasing on average by 7%.
- 5.14.5 Within Childrens Services, the most significant charges are for school meals and childcare. It is proposed to increase school meals by 20p (c10% increase) and both childcare fees and hall lets by 10%. It should be noted that work is underway to align education and sport & fitness charges across council buildings and any significant impact will be reported to Members.
- 5.14.6 Most of the fees and charges within TCC Services are set by statute, such as licensing fees for taxis, gambling and premises. Within discretionary charges it is proposed to increase fees for life events by 10%.
- 5.14.7 Charges below have been highlighted due to their nature or the increase proposed.



Description	Increase £m in 2024/25	EPIA Impact
Increase in fees & charges for Childrens Services	0.074	Low
Increase for Car Parking Charges – short 30min parking increasing from 50p to £1 and other charges increasing by 30%	0.160	Low
Increase Brown Bin Collections from £25 to £45	0.680	Low
30% Uplift for Cemeteries and Crematorium Fees	0.597	Low
Revised Bulky Uplift Arrangements from £35 to £45	0.048	Low

5.14.8 There are a large number of fees and charges set across the Council and the review and benchmarking of charges can be resource intensive. The Council's approach to setting fees and charge will be further developed during 2024/25. The intended policy approach is to move towards the Scottish average for fees and charges where we are currently below average.

5.14.9 The Council will also work with the Integration Joint Board to consider adult social care charging for future years.

## **5.15 Integration Joint Board (IJB)**

5.15.1 The Integration Scheme for Falkirk Health and Social Care Partnership sets out the methodology for determining funding to the Integration Joint Board (IJB). This requires an IJB business case to be presented to both the Council and the Health Board for consideration. The [IJB business case](#) was approved by the IJB on 1 December 2023 and was presented to Council at its meeting on 6 December 2023.

5.15.2 The Local Government Finance Settlement confirmed additional funding of £11.5m to support the uprating of Free Personal and Nursing Care rates and £230m to deliver a £12 per hour minimum pay settlement for adult social are workers in commissioned services via agreed contract uplifts. The allocation for individual IJBs has not been confirmed at the time of writing. The grant will be passed through to the IJB in full.

5.15.3 In 2022/23 the Scottish Government provided some funding to meet the costs of pay awards. The IJB share of this was calculated at £1.2m, however it was proposed that this funding was not passed to the IJB as financial projections demonstrated that they could meet this cost from existing non-recurring resources. This was repeated in 2023/24. However, the funding proposed for the IJB for 2024/25 includes the passthrough of the £1.2m. If Members chose not to do this, the Council budget gap would improve by £1.2m but IJB financial pressures would worsen by £1.2m.

5.15.4 The draft business case presented to December Council showed an overall funding shortfall for the IJB of £19.362m, which includes £6.502m of Large Hospital Services and £6.492m for Primary Healthcare Services. This figure

included a funding shortfall for Social Care Services of £6.275m. This position has moved as follows:

	Budget Gap £'m
Per December Business Case	6.275
Impact of Scottish Government Funding*	tbc
Additional Service Pressure	1.472
Pay Award Pressure	0.394
Pension Contribution reduction	(0.828)
Social Care Inflation adjustment	(0.386)
Revised Gap Figure	<b>6.927</b>

\* This is the difference between assumption and actual.

- 5.15.5 The IJB is projected to have reserves of approximately £16.7m as at 31 March 2024 (for both social care and health). Members will note that use of IJB reserves is a decision for the IJB. It is also for the IJB to approve savings to balance their budget position.
- 5.15.6 The Council has responsibility for setting charges and the overall proposals include an average rise of 8.5% on residential and 3% on non-residential fees. An individual's contribution to care home fees is financially assessed taking into account chargeable income (after allowable deductions). As a result, any increase in income, particularly pensions will be roughly equivalent to the increase in fees. The increase will vary across users but will be broadly in line with the state pension uplift which will increase by 8.5%.
- 5.15.7 The Housing Revenue Account (HRA) budget was considered by Members on 31 January 2024. The HRA passes funding of £1.164m per annum to the IJB for garden aid and disabled aids and adaptations.
- 5.15.8 Taking the above factors into account, the proposed payment to the IJB is as follows:

	Funding £'m
General Fund 2023/24	91.076
Share of £230m SG Funding	tbc
2023/24 Pay award	1.173
Free Personal Care & Nursing Care	<u>0.137</u>
General Fund 2024/25 Allocation	<b>92.386</b>
Housing (ring fenced HRA Tenants)	1.164
Capital (Private Sector Housing Grants)	<u>0.327</u>
Total IJB Payment	<b>93.877</b>

5.15.9 The payment to the IJB in future years will continue to be subject to annual review.

## 5.16 Reserves

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

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

5.16.2 Members have been advised regularly that applying reserves to achieve a balanced budget is not sustainable and does not address the fundamental budget deficit. In addition, the Council has been repeatedly criticised for using reserves to balance the budget to avoid difficult decisions. Reserves can and should be used in a more prudent and effective way to support future cost reductions which may need time to deliver.

5.16.3 Proposals for the use of reserves should be either:

- targeted towards actions that will improve opportunities for transformation and support the achievement of recurring savings, and benefits in future years; or
- used for non-recurring spend that will contribute directly to the achievement of Council Plan priorities and the support of communities.

5.16.4 As part of the 2023/24 Revenue Budget, Members chose to allocate £4.550m of reserves to a range of projects including an inflationary risk reserve, investment in Children and Families, a Regeneration Fund and an increase to the Household Support Fund. These options all represented non-recurring costs. £1m of funding was set aside for Earmarked Inflationary Risks but this has not

been applied in 2023/24. Members may wish to consider a reallocation of this reserve with options identified by officers including:

- £0.8m to increase the Regeneration Fund; and/or
- £0.2m to support low income households and tackle poverty.

5.16.5 The Council's General Fund Reserve is expected to be £11.8m at the year end and a balance of £1.5m is anticipated for the Repairs and Renewals Fund.

## **5.17 Administration Proposal**

5.17.1 At the time of writing the Administration's proposed budget has not been finalised. It is anticipated that this will be issued as a supplementary report in advance of the meeting. At that stage an updated Appendix 1 will be provided.

## **5.18 Community Engagement**

### **Approach to Community Engagement**

5.18.1 To improve communication and engagement with its community, the Council has developed a targeted Marketing and Communications Plan for 2024/25 to ensure that engagement, communication, and interaction levels improve across all council services and communities. This plan has been aligned with the Council's financial planning approach and will aim to ensure improved communication levels between the council and the community it serves.

5.18.2 The Marketing and Communications Plan will enhance the understanding of the budget-setting process, provide clarity on Council Tax, and engage with both internal and external audiences. At all times, everything the council does should revert back to the four key RITA values - to be Responsive, Innovative, Trusted and Ambitious and all marketing and communication activity will be based around this.

### **Key Objectives of the Marketing & Communication Plan 2024/25:**

5.18.3 The three key objectives of the Marketing & Communication Plan are:

- To educate and inform various audiences about the budget process and outcomes for 2024/25; to improve the community understanding of Council Tax; to increase understanding of council decision-making, conduct targeted community consultation using appropriate tools and methods, and clearly communicate the budget process and outcomes.
- To ensure that community engagement is purposeful with the key message that the Council is attentive, values community input in shaping decisions, and participation holds significance. We will also encourage active community engagement through our online Participate+ platform.
- To increase understanding amongst employees through clear communication of the importance and aims of the Council Plan and the Financial Strategy.

5.18.4 Through this new approach, the Council aims to build community understanding, engagement, and support for the budget planning process. The

Council wants to be in a position where information gathered from increased community engagement will be used to help the Council shape the future of Falkirk by taking into consideration the valuable input from the community it serves.

- 5.18.5 Participate+ is the new community engagement platform, launched in September 2023. The aim is to help council services and teams to better engage with, support, and learn from local communities and citizens. Participate+ (Citizens Lab) replaced the existing Citizen Space tool and offers a massive improvement in functionality to help the Council carry out better and more informed decision-making. The system will streamline engagement and allows users to collect and manage data and community intelligence.
- 5.18.6 Participate+ provides the ability to:
- conduct online surveys
  - capture geographic information
  - allow users to leave locality-based comments and insights
  - gather user demographic data at registration and at the project level
  - facilitate participatory budgeting and empower community members to shape their neighbourhoods
  - conduct online workshops, webinars, and live polls directly with communities and groups
  - stay connected with users through automated updates on individual engagements
  - analyse data and produce reports including an AI function that analyses qualitative data
  - allow engagement to be targeted at representative groups ensuring equal access and representation to all members of our communities.
- 5.18.7 The roll out of the Citizens Lab platform across the Council will include the recruitment and training of service champions, workshops, technical support and project planning tools.
- 5.18.8 As part of the Strategic Property Review community groups are being supported to engage in Community Asset Transfers of community halls and centres through the Empowering Communities Fund. Groups undergoing or planning to begin the Community Asset Transfer (CAT) process can apply for a grant from this Fund. It covers the costs associated with CAT, such as legal fees and expert advice with a maximum award of £12,500. Successful recipients will be invited to participate in capacity-building activities alongside the Falkirk Council Community Development Team and CVS Falkirk. This collaborative effort aims to boost each project's potential, ensuring long-term viability and growth. The fund is open until March 2025.

### **Community Choices**

- 5.18.9 Round 4 of the Community Choices Programme will also be delivered in 2024. Falkirk Council has allocated £3.5m to Community Choices, capital projects. This is a form of participatory budgeting that enables people to have a direct say on how money is spent in their community. This is achieved through a voting process and to date 55,000 eligible votes have been made by

members of the community. 123 groups have been successful and received grant funding.

- 5.18.10 Community Choices is in its fourth and final phase. It is the Council's ambition to adopt a council wide approach to Participatory Budgeting to reach the target of 1% of the Council's budget being allocated through this mechanism. Through a public vote, participatory budgeting offers a democratic way for local residents to have a direct say in how public money can be used to address their priorities and invest in local, community led projects. The Council of the Future project, Ward Based Budgeting will develop this approach further during 2024/25.

### **Collaboration with Falkirk's Health and Social Care Partnership**

- 5.18.11 Falkirk Council are working alongside Falkirk Health and Social Care Partnership to deliver a fund of over £3.5m to be invested in local community projects, created by local groups and voted for by local residents. The fund is divided across Falkirk Council's 9 electoral wards.

## **5.19 Workforce**

### **Workforce Changes**

- 5.19.1 The Council Plan covers the work required to deliver on priorities whilst supporting the financial strategy. The financial position and the changes we require to ensure financial sustainability will result in a smaller workforce. This is inevitable with over 60% of Council spend being on workforce costs. As projects and savings are identified, reports will be submitted to Committee which will highlight any relevant staffing implications, allowing Members the opportunity for scrutiny. Where there is a staffing implication, reports and options are shared at the earliest opportunity with Trade Union colleagues, ensuring open and transparent engagement and relevant consultation. This also includes engagement with teams impacted by any changes.
- 5.19.2 Where necessary and as proposals are agreed, work will be done to achieve the required workforce reductions through a variety of voluntary mechanisms, as far as possible. This will include a retraining programme as part of a redeployment process to support recruitment and retention issues within the HSCP, by offering the option of a change in career. In the 2023/24 budget, a reserve was set up to support this. Any voluntary options will be in line with the Council's policies.
- 5.19.3 It must be noted that using such voluntary methods is becoming increasingly challenging given the on-going need to reduce workforce numbers. Where there is a risk of redundancy, everything possible will be done to avoid this. In such circumstances and even where redundancy may eventually be avoided, there is still an obligation to provide an appropriate statutory notice to both Trade Unions and employees which will be implemented as part of the process of appropriately managing reductions. In this regard, steps will be taken to ensure the Council complies with its legal obligations. These processes have commenced in some areas and will continue to progress as necessary and in line with good practice and/or statutory requirements.
- 5.19.4 Trade Unions have also received briefings on the budget.

- 5.19.5 The Policy on Time Off for Trade Union Duties and Activities sets out the Council's commitment to encourage participation through effective consultation, communication and the sharing of decision making. This includes consulting and negotiating with recognised trade unions on a wide range of issues. For this to be productive, it is recognised that reasonable time off facilities should be available to trade union representatives. The Policy sets out facility time provisions for recognised Trade Unions, based on a formula applied to annual membership numbers.
- 5.19.6 It has previously been recognised that the pressures associated with the Strategic Property Review, the budget deficit position and ongoing change projects require significant consultation and engagement with the Trade Unions. Consequently, a temporary increase of 0.4FTE facility time provision for each of the recognised Trade Unions (two days per week), in addition to the membership-based facility time allocation, was previously agreed. This arrangement was due to run until 31 March 2024 on an interim basis. Given the ongoing pressures associated with the areas highlighted above which requires ongoing consultation and engagement with the Trade Unions, it is recommended that the additional 0.4 FTE for each of the recognised Trade Unions is extended for a further year until 31 March 2025. The total estimated monthly cost of an extension to the additional facility time is £3,370 (£40,440 per annum).

### **Workforce Package**

- 5.19.7 Whilst the financial strategy will result in a number of workforce changes, it is essential that we remain a good employer to ensure we can continue to motivate and support our employees. Our workforce package must remain attractive, and we must ensure we can continue to recruit and retain good quality employees.
- 5.19.8 As explained in previous budget reports, and to help manage continuing recruitment and retention issues across the workforce, work to review the Scottish Joint Council pay structure for those posts sitting in the middle to upper level, is progressing. Alongside this and taking account of the financial strategy, terms and conditions will be reviewed to ensure our package remains modern and fit for purpose. Where appropriate a further report will be submitted for consideration to Members on these matters.
- 5.19.9 It is necessary for the Council to implement the Fair Work First Principles to ensure ongoing access to public sector grants and funding. There are currently two mandatory criteria from the Fair Work First principles that have been identified; (i) Payment of at least the Real Living Wage (RLW) (currently £12/hr), and (ii) Appropriate channels for effective workers' voice. At present we do not pay apprentices the RLW and we have been granted an exemption from this for 2023/24 and 2024/25 grants/funding. Discussions are ongoing with Trade Unions in relation to the implementation of this and the proposed timescales. This will come at a cost of c.£1m.

## **5.20 Equality and Poverty Impact Assessments**

- 5.20.1 An initial Equality and Poverty Impact Assessment (EPIA) has been completed for the revenue budget as a whole with a full EPIA not required. However, some

consideration on the overall impact of the budget is included in the tables below. EPIAs are completed by officers within each Service when a saving option is developed and these are signed off by the Service Director. Services must fully consider the impact of savings options and policy changes on people sharing protected characteristics and people in poverty. This reflects the Council's responsibilities under the Equality Act 2010 and associated regulations.

- 5.20.2 An EPIA has been produced for each saving that Members are being asked to consider and these have been included within the savings appendix in this report. Each EPIA has been reviewed by the Council's Equalities Officer. A summary of the impact assessment for each of the savings options under consideration is shown in the table below:

Saving for Consideration	EPIA Status	EPIA Outcome
Remove Funding for Police Officers in Schools	Full EPIA Complete	Medium
Children and Families Savings	Full EPIA Complete	High
Removal of Free Dog Waste Bags	Full EPIA Complete	Low
Cancel Annual Callander Park Firework Display	Full EPIA Complete	Low
Cessation of the Scheme of Assistance – Small Repair & Hand Person Scheme	Full EPIA Complete	Low

- 5.20.3 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. Consideration of the EPIAs for the budget saving proposals does not suggest a significant cumulative impact on a particular group. Whilst the Children and Families saving has been rated high, the work that will take place to achieve this saving will consider ways to mitigate the potential impact. For example, the review of funding for externally commissioned services will seek to minimise duplication and ensure a more targeted approach to service delivery. Further consultation will be undertaken, and Childrens Rights and Wellbeing Impact Assessments will form part of this.

- 5.20.4 The table below summarises the outcome of the individual EPIAs undertaken on significant fees and charges proposals. All fees and charges in the table below are assessed as having a low impact.

Fees & Charges for Consideration	EPIA Status	EPIA Outcome
Increase in fees & charges for Childrens Services	Full EPIA Complete	Low
Increase for Car Parking Charges – short 30min parking increasing from 50p to £1 and other charges increasing by 30%	Full EPIA Complete	Low
Increase Brown Bin Collections from £25 to £45	Full EPIA Complete	Low
30% Uplift for Cemeteries and Crematorium Fees	Full EPIA Complete	Low



Fees & Charges for Consideration	EPIA Status	EPIA Outcome
Revised Bulky Uplift Arrangements from £35 to £45	Full EPIA Complete	Low

- 5.20.5 EPIAs are used to inform decisions but they should not prevent Members from taking difficult decisions. They help to ensure that Members and officers have fully considered the impact on protected characteristic groups before a decision is taken. Often impacts can be mitigated to some extent by some other action or change to a service; however, the impacts need to be known and understood before this can happen.

## 6. Consultation

- 6.1 The approach to consultation is set out in the body of the report.

## 7. Implications

### Financial

- 7.1 The financial implications of the recommendations in this paper are set out in the body of the report.

### Resources

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

### Legal

- 7.3 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.

### Risk

- 7.4 Many of the risks associated with the Revenue Budget are discussed in the body of the report. Specific risks that the Council should be aware of include:
- Economic uncertainty – As noted earlier in the report, there is a continuing risk of economic shocks which could impact on the 2024/25 budget. The prospect for inflation and interest rates is uncertain.
  - Pay awards which account for c60% of the Council's budget have not been settled. The Council has included an assumption for pay awards of 3% - c£8m. However, this is significantly below the pay awards for the last two years and may not be accepted. No further funding has been identified to support an increased award.
  - Scottish Government expectations on teacher numbers and teaching hours, and any potential penalties have not been made clear at this time.

However, the savings proposed are considered likely to breach the limits that the Government may set.

7.5 The Council's risk framework includes a Corporate Risk Register, Corporate Risk Assurance Policy, and Improvement Plan.

7.6 A key risk associated with this report is failure to deliver Best Value and demonstrate effective Leadership, Governance, and Decision Making in use of resources. The Revenue Budget is closely associated with the following corporate risks:

### High Risk

- *Financial Sustainability:* This includes risk of insufficient funding to deliver the Council Plan. This risk is rated High and 'Limited Assurance' due to economic and funding uncertainties in bridging any budget gap. However, the Council has a target risk of Medium. Reaching the target risk of Medium will be extremely challenging until significant recurring savings are found. The key mitigation is the Financial Strategy which is monitored by Council and the Financial Strategy Group.
- *Climate Change:* This includes risk of failure to deliver on the Council's Climate Emergency Declaration. The risk is currently rated 'Limited Assurance' due to the significant gap in funding to meet the ambitions set in 2030 and 2045. The key mitigation is the Climate Emergency Action Plan.
- *Poverty:* This includes risk of budget decisions and economic conditions further increasing poverty on communities. The risk is currently rated 'Substantial Assurance' because of the mitigations which are in place, such as the Fairer Falkirk and Income Maximisation Strategies.
- *Sustainable Growth, Economic, and Employment Opportunities:* This risk is closely related to the risk of poverty and also includes risk of failure to deliver on projects e.g. the Growth Deal. The key mitigations are economic strategies, plans, and risk registers which are monitored by the Council, Economic Partnerships, and the Community Planning Board. The assurance level and mitigations will be reviewed during 2024, taking into account changing economic conditions, progress on the implementation of the Growth Deal, and the Forth Green Freeport project.

### Medium Risk

- *Financial Controls;*
- *Procurement,* including legal compliance, fraud, and contractor performance;
- *Asset Management, Digital, and Workforce,* including delivery of these strategies in order to deliver efficiencies and improved services; and
- *Services' Operational risks,* including management of operational challenges, service transformation, and delivery of operational budget savings.

- 7.7 More details of the high risks above, including a summary of the risks, controls, and additional mitigations for each can be found on the Corporate Risk Register (which is published on the [risk management pages on the Council's internet](#)).

### **Risk Management**

- 7.8 The approach to managing all corporate risks includes:
- *Horizon scanning of emerging risks*: for financial sustainability this includes modelling of variables such as economic conditions, income, and savings.
  - *Corporate Risk Register and Risk Management Improvement Plan*: reviewed by the Executive 6-monthly and the Audit Committee annually.
  - *Governance Groups*: including oversight of the Financial Strategy by the Financial Strategy Group.
  - *Annual Governance Statements*: include assurances from Management, Governance Groups, Internal and External Audit, and Inspection Bodies.
- 7.9 More specifically, the approach to financial risk management includes assessing and monitoring risks to further embed good governance and provide assurance. This includes horizon scanning and financial planning to help inform the Financial Strategy, and related financial documents.

### **Equalities**

- 7.10 Preparation of Equality and Poverty Impact Assessments (EPIAs) are an integral part of the budget process. Information on the EPIA process is provided in the body of the report. EPIAs for the savings to be considered by Members are included as appendices to this report.

### **Sustainability/Environmental Impact**

- 7.11 There are no sustainability/environmental impacts arising from the report recommendations. However, it is recognised that the Council's activities will have a significant impact on carbon emissions. All services will be working towards delivery of the Council's carbon reduction commitments as set out in the Council's Declaration of a Climate Emergency in 2019.

## **8. Conclusions**

- 8.1 The development of the 2024/25 Revenue Budget must be seen in the context of the medium-term Financial Strategy, reflecting the very difficult times ahead. However, this position is not unique to Falkirk Council and the wider public sector is experiencing ever-growing pressure. Part of the challenge remains the continual economic uncertainties.
- 8.2 This report aims to set out some key principles that Members should have regard to when considering budget savings options and setting the Council Tax and budget for 2024/25:

- The Council must continue to focus on the development, consideration and approval of recurring savings to balance the budget and achieve a financially sustainable position;
- In 2023/24 Falkirk Council's Council Tax was the 6<sup>th</sup> lowest in mainland Scotland. In this time of financial constraint, this approach is not sustainable.
- The use of Service Concession Arrangements for 2024/25 is inevitable. If the Council focusses on the delivery of recurring savings, alongside a sustainable level of Council Tax, SCAs could be used for investment in future years. However, to facilitate this, the Council would have to be in a more financially secure position.

8.3 The report provides an interim update on the Financial Strategy outlook which will continue to be challenging in the years ahead. An updated Financial Strategy will be presented to Members in September 2024.

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Chief Executive

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Director of Transformation, Communities and Corporate Services

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## **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:

- Working Paper Files