

The background of the slide features the coat of arms of the Government of Nunavut. It is a shield-shaped emblem with a crown on top. The crown has four points, each with a stylized flower. The shield is divided into four quadrants. The top-left quadrant shows a yellow cross on a blue background. The top-right quadrant shows a white reindeer head on a blue background. The bottom-left quadrant shows a white sailing ship on a blue background. The bottom-right quadrant shows a white eagle with spread wings on a blue background. Below the shield is a banner with the text "ANE FOR A'".

Agenda Item 3

Revenue Budget 2024/25 and Financial Strategy

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 second supplementary report should be read alongside the Revenue Budget 2024/25 and Financial Strategy report (the substantive report) and the first supplementary report which has been presented as part of today's agenda.
- 1.2 This report provides an update on the financial settlement for capital and an update on negotiations between CoSLA and the Scottish Government.
- 1.3 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.
- 1.4 This report and its recommendations will directly address the Council's financial sustainability.

2. Recommendations

- 2.1 **Council is asked to note the contents of this report and take these into account when considering the recommendations in the substantive Revenue Budget report.**

3. Climate Change Implications

- 3.1 The substantive report on today's agenda highlights the impact of the Revenue Budget on the Council's climate change ambitions.

4. Background

- 4.1 The report to Falkirk Council on 31 January 2024 on the Local Government Financial Settlement sets out the basis of the initial settlement from Scottish Government. Updates on the settlement have been included in the substantive budget report and the first supplementary budget report.
- 4.2 Today's agenda includes a report on the Capital Programme. In paragraph 5.2.5 and 5.2.6, the report highlights that clarity had been sought on the funding arrangements for the Grangemouth Flood Protection Scheme.

5. Considerations

5.1 Update on the Local Government Financial Settlement - Capital

- 5.1.1 The Capital Programme report on this agenda notes that the Scottish Government funding for the Grangemouth Flood Protection Scheme (GFPS) to date has been c£9m more than anticipated, based on the traditional 80:20 split of funding for flooding projects (80% met by the Scottish Government and 20% met by the Council). £4.5m of the 'overpayment' was recovered by the Scottish Government in 2023/24 through a reduction to the General Capital Grant (GCG). However, the capital settlement for 2024/25 did not indicate any further reduction in GCG.
- 5.1.2 The Council has taken a prudent approach within the Capital Programme report, assuming that the remaining c£4.5m of 'overfunding' would be removed from the GCG. Clarity from the Scottish Government has been requested during the budget process.
- 5.1.3 Discussions with the Scottish Government indicate that the remaining £4.5m will not be recovered. However, some clarity has been requested on the terms of the funding.
- 5.1.4 The first supplementary paper notes that £62.7m of potential funding is contingent on the acceptance of the council tax freeze and the UK Spring Budget on 6 March 2024. In the event that further funding is allocated, a report will be brought back to Council, and it is proposed that an update on the £4.5m of funding noted above, is included in this report.

5.2 CoSLA and Scottish Government Correspondence

- 5.2.1 The first supplementary report includes the letter issued by the Scottish Government on 23 February 2024 as an Appendix. The CoSLA response to that letter is included at Appendix 2 to this report. The CoSLA letter includes the following:
 - A request for reassurance that funding being made available to island communities is not contingent on a council tax freeze.
 - Commentary on the impact of continuing to ringfence spending on school staff and a request for a commitment to maintain a focus on outcomes for

children and young people ... and to seek a holistic view of support for young people in our education establishments.

- A request for written assurance that the administration will not implement a freeze in future years.

6. Consultation

- 6.1 The substantive budget report provides information on the consultation that has taken place in respect of the budget.

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 The substantive budget report provides information on the risks that are associated with the revenue budget.

Equalities

- 7.5 The substantive budget report provides information on the equality impacts that are associated with the revenue budget.

Sustainability/Environmental Impact

- 7.6 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 This paper provides an update on the financial settlement for capital and the negotiations between the Scottish Government and CoSLA.

Chief Executive

Director of Transformation, Communities and
Corporate Services

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Date: 26 February 2024

Appendices

Appendix 1 Letter from CoSLA to Deputy First Minister 26 February 2024

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

From: COSLA President Cllr Shona Morrison; COSLA Vice President Cllr Steven Heddle; and COSLA Resources Spokesperson Cllr Katie Hagmann



Shona Robison MSP – Deputy First Minister

Via email: DFMCSF@gov.scot

Cc: Ellen.Leaver@gov.scot

26 February 2024

Dear Shona,

We are writing in response to your letter of 23 February wherein you confirmed the Scottish Government position that the additional £62.7m funding proposed in your letter of 21 February is contingent on a council tax freeze by local authorities in Scotland. For the avoidance of any doubt, while the letter expresses a view on the compatibility of an increase in council tax and the additional funding being made available to the island authorities, we do not understand that funding to be contingent on a council tax freeze.

This decision marks a significant departure from the offer presented by you at our meeting on 21 February – namely, that the funding of £17.7m and £45m in consequentials is being provided to restore the cut in the GRG and is not contingent on any local authority agreeing to freeze the Council Tax. We would highlight that this clarification came too late for councils which were setting budgets on and prior to 23 February.

Scotland's 32 Council Leaders considered your letter at our meeting on 23 February and agreed unanimously to the following position.

We, as COSLA Leaders, are clear that it is for individual Local Authorities to set their own level of Council Tax without sanction or financial detriment imposed by Scottish Government. The decision that additional funding, which would support better outcomes for everyone in our communities, should be held back on the basis that the democratic decision making of Councils is not in line with a commitment to a Council Tax Freeze by Scottish Government Ministers is not appropriate and continues to be a significant breach of the Verity House Agreement. Additionally, it is not consistent with the statement of the First Minister that councils which do not implement a freeze will not be sanctioned.

We have shared the impact of the financial situation facing all councils and all communities with you, the First Minister and the Minister for Local Government, Empowerment and Planning throughout the last few months. Sanctions and recurring penalties in relation to setting Council Tax levels should not be applied as they will fundamentally mean less money for the communities which we all serve.

In relation to the suggestion that there will be re-imposed ringfencing and restrictions on council budgets in relation to the input measure of teacher numbers, COSLA Leaders were clear that we remain committed to improving outcomes for children and young people and Councils have set out ambitious stretch aims including tackling the poverty related attainment gap. Councils place immense value on the work of teachers and school staff to support these aims. However, the health, wellbeing and attainment of children and young people cannot be achieved by

schools alone. We must look at the services and projects that support children and young people in school and beyond the school gates.

Any decision to ringfence spending on school staff will force even deeper cuts on services like social work support, early intervention services, cultural services, youth work and libraries, all of which are vital to supporting children and young people.

We would ask for your commitment to maintain a focus on the outcomes for children and young people, to move away from input measures and to seek a holistic view of support for young people in our education establishments.

Finally, we wish to continue to work with you in a meaningful way for the people we serve and would ask you to reconsider the position of penalties in relation to council tax freeze in 2024/25 and future years. Looking ahead, we are seeking your written assurance that your administration will not implement a freeze in future years.

Yours sincerely,

Cllr Shona Morrison

Cllr Steven Heddle

Cllr Katie Hagmann