

FALKIRK COUNCIL

Subject: REVENUE BUDGETS 2011/12 – 2014/15
Meeting: FALKIRK COUNCIL
Date: 6 OCTOBER 2010
Author: CHIEF EXECUTIVE/DIRECTOR OF FINANCE

1. INTRODUCTION

- 1.1 The last financial position Report to Policy & Resources Committee in August gave Members an update on preparatory work being undertaken in respect of the next three years budgets. Based on the work of COSLA and the Strategic Funding Review Group, the Report estimated having to find savings of c£45m over the three year period 2011/12 – 2013/14. It was also reported, however, that the period of the next spending review is now to include 2014/15 i.e. a four year period and consequently the savings figure could be c£60m over the next four years. It is emphasised that the results of the UK spending review will not be published until 20 October and detailed grant figures will not be known until around end November/December, so the exact savings target will not be known until then. It is extremely important to also emphasise this is not just a single year problem and the budget strategy will require to identify savings over the medium term.

2. PREPARATORY WORK

- 2.1 In view of this very serious position, the Report advised Members that Services are in the process of prioritising services to identify potential areas of savings. In addition, the results of a customer survey which asked for views on areas which could reduce budget pressures detailed over 700 suggestions and Appendix 1 highlights a summary of the public's views received to date. Staff have also been proactive in submitting numerous suggestions on how the Council can make savings and these are being considered at Service level. There are now a number of strands to the preparatory work presently being undertaken and they are summarised below:-

2.2 Service Prioritisation

The next stage of the public consultation will involve using the October Falkirk News to both inform the public of what it costs to provide key Council Services (using a number of examples) and secondly to assist the prioritisation exercise underway by seeking the public's views on what the Council's priorities should be before Members make resource allocation decisions. This takes the form of a series of questions, which while not exhaustive, is intended to provide the public with a better perspective on some of the tough challenges and hard choices that will require to be made. (Appendix 2 refers)

2.3 **Efficiencies**

There will also be more than ever a requirement for the Council to look at how we can best try to deliver the same services at less cost by making sure the Council is as efficient as possible. For example, further savings will require to be found from how we procure our goods and services, transport costs are being reviewed and better ways of working e.g. through a Shared Service arrangement with other Community Planning Partners or other local authorities e.g. Pensions Pathfinder project will need to be considered. Members are also aware we are exploring the option of a trust for some services which has the potential to save the Council c£1m per year on rates.

2.4 **Workforce Planning**

In addition to Service prioritisation, Members are aware that over 60% of our costs are employee related and another important strand to the budget strategy will be workforce planning to make sure with the resources available that we have the right workforce of the right size and with the right skills for the future. As reported previously, the Council has already saved £0.6m a year by restructuring the most senior management and a review of middle management capacity is now underway to produce further savings. Furthermore, consultation has started with the Trade Unions to review employees terms and conditions. Some initiatives have already been put in place, with the aim of achieving a saving in employee costs of £2m in the current year. There has, as Members are aware, been a voluntary severance trawl for employees over 50, saving over £1m this year alone and a severance policy is being negotiated. Employees can submit an application for Voluntary Severance at any time under existing arrangements. Posts are also only being filled where it is considered essential. Employees have also been asked to think about flexible working opportunities, such as career breaks and voluntary reduced hours. Overtime working is also being reduced but it is inevitable that there will continue to be a reduction in the Council's workforce.

2.5 **Income Generation**

Another theme in progress is exploring new ways of bringing income into the Council. As an example, Members are aware of the new Charging Policy introduced recently for a number of non-residential social care services. Other services will require to be closely scrutinised to establish if we can afford to continue to provide them without charge. We will also require to review all current levels of charges particularly where they are low compared to the Scottish average.

2.6 **Asset Management**

The Council has a large property portfolio and we will require to look and see if savings can be achieved by making better use of properties e.g. schools, area offices, reviewing opening hours, moving some services to sharing properties with other public sector partners. In essence, we must explore any opportunities for property rationalisation.

2.7 **Joint Boards**

The Council is a major contributor to funding the Police, Fire and Rescue and Valuation Joint Board Services. In this regard both Police and Fire have submitted reports outlining their respective strategies for considering potential areas of savings. While the emergency services are undoubtedly a high priority it is only right that given the scale of the cuts that every service is seen to be making a contribution in the tough years ahead.

2.8 **Current Year Budget**

The current year's budget was approved prior to the General Election. Members will be aware that the new coalition government introduced an emergency budget with Scotland's share of cuts (£332m) in the current year being deferred. However, to avoid a 'double whammy' next year it is essential that all services endeavour to make savings in the current year's budget to reduce the impact on the level of cuts required next year and thereafter. It is likely that without the deferral, this Council's share of the £332m cuts would have been approximately £3m in the current year.

2.9 **Voluntary Sector Organisations**

The Council spends around £5m each year supporting voluntary sector organisations who provide a diverse range of highly-valued services. The Council is examining the scope to achieve further savings in this area.

2.10 **Council Tax Increase**

The Council Tax in the Falkirk area is the second lowest in mainland Scotland and is presently around 7% below the Scottish average. Council Tax levels throughout Scotland have been frozen for three years and the Council will require to give careful consideration to the potential to generate increased income from this source. A 2% increase would provide around £1.2m per annum and equates to around £1.80 per month for a Band D property. Around two thirds of the properties are within the A to C Council Tax bands and would therefore have lower increases.

2.11 **Services Currently Provided**

The level of cuts anticipated is also so severe that we may simply not be able to continue to sustain all the services the Council currently provides. Consequently, the public are also being asked for their views on a range of examples of potential service reductions. Again, the list is not exhaustive but is intended to stimulate public debate on just what services the Council should continue to provide during these difficult times.

2.12 **Equality Impact**

The Budget Strategy acknowledges the requirement to carry out an appropriate Equality Impact Assessment of all budget related matters and Services are fully aware of the necessity to undertake appropriate assessments.

3. **CONCLUSION**

- 3.1 This report gives a further update on the preparatory work being undertaken as a result of the significant level of cuts that will be required in the coming years. It outlines a number of strands as part of the overall budget strategy and updates Members on progress to date including further consultation with the public to give them the best chance to air their views before Members take decisions on what will undoubtedly be the very hard choices this Council will have to make.

4. RECOMMENDATION

- 4.1 That Members note the latest update report on preparing the Revenue Budgets 2011/12 – 2014/15.**

Chief Executive

Director of Finance

Date: 4 October 2010

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LIST OF BACKGROUND PAPERS

NIL