

FALKIRK COUNCIL

Subject: FALKIRK COMMUNITY TRUST – BUSINESS PLAN
Meeting: FALKIRK COUNCIL
Date: 12 February 2014
Author: CHIEF EXECUTIVE & CHIEF FINANCE OFFICER

1. INTRODUCTION

- 1.1 The Funding Agreement between the Council and Falkirk Community Trust (FCT) requires that the Trust submit, on an annual basis, an updated Business Plan for the following financial year for approval by the Council. A five year Business Plan Strategy (Appendix 1) sets out the priorities and objectives for the period 2014-2019. This is supported by an Annual Action Plan (Appendix 2) covering the period 2014-15.

2. SERVICE PROVISION

- 2.1 The current Business Plan for the financial year 2013/14 was approved by the Council in February 2013. The overall cost of these services to the Council was £12.495m.

- 2.2 The Business Plan Strategy sets out three high level objectives over a five year period as described below:

- Meeting Customer Needs
 - Improving our customer knowledge
 - Motivating and communicating
 - Social responsibility
 - Growing customer loyalty
 - Affordability and value for money
- Organisational Development
 - Sound governance
 - Organisational culture development
 - Employee empowerment
 - Policy development
- Financial Sustainability
 - Income generation
 - Income used to invest across the organisation
 - Strategic use of reserves
 - Partnership
 - Value for money

- 2.3 The Annual Action Plan for 2014/15 sets out more specifically the actions required to deliver the objectives and priorities detailed in the longer term Business Strategy and respond to opportunities as they arise.

3. REVENUE BUDGET 2014/15

- 3.1 In terms of the requirements of the Funding Agreement, the Business Plan should detail the financial resources required to provide the services specified by the Council. The Annual Action Plan provides a summary of these resources which is also presented in more detail at Appendix 3.
- 3.2 Being mindful of the financial constraints being faced by the Council, the budget includes savings of £0.605m.
- 3.3 To deliver the savings, the Trust has proposed an income target of £0.318m from a combination of new income generation and increasing its customer base. The proposals are referred to below:
- Applying an average increase of 5% (FCT1) across all fees and charges (£0.131m)
 - Introducing the payment of a block of swimming lessons (FCT3) through a direct debit scheme to help customers better manage their payments on a monthly basis instead of having to pay lump sums at a variety of times of the year. Swimming lesson participants who join the scheme will also be allowed to access all swimming pools free of charge, as the previously operated free swim initiative has not resulted in sustained increased usage and is therefore being withdrawn (£0.100m)
 - Addressing the inconsistency in charging for youth groups across School and Trust operated facilities (FCT2) by introducing a standard fee for school facilities which are currently free. Consultation will commence with the affected groups and close liaison with Education Services will ensure a consistent approach (£0.064m)
 - Generating an additional £0.023m by developing and enhancing services across the Trust (FCT4,5,8,9), including the programme of events at the Hippodrome
- 3.4 A review of the concessionary scheme is planned, although cardholders will continue to be provided with cards free of charge. The revised concessionary scheme will enable free swimming, allow access to a wider range of activities and at improved times, but with charges now being introduced to each activity apart from swimming.
- 3.5 Monthly charges for health and fitness memberships have once again been frozen to further encourage the local community to access these services for the general health and well-being of the community.
- 3.6 Service efficiency savings of £0.226m are included in the 2014/15 Budget. This includes a review of staffing levels and reducing overtime (FCT14,17,18,22) by £0.154m across the Trust, reducing the current security patrol service arrangements (FCT16) by £0.025m, and improving the gross profit margins (FCT15) within the Trading Company (£0.030m). Savings of £0.017m will also arise from operational efficiencies and savings expected following the installation of a new library management system (FCT19,20).

- 3.7 Overall the Trust has aimed to minimise reductions to service, however services will still require to be reduced in a limited amount of areas. It is proposed to save £0.044m by withdrawing financial support from the Kinneil Heritage Event and Grangemouth Children's Festival (FCT13). Closing the Zetland Park Kiosk (FCT10) over the winter period and the Neighbourhood Sports Centres, such as Hallglen, Stenhousemuir, Denny and Polmont (FCT11), on Saturday evenings will save £0.017m.
- 3.8 Members will recall that a decision was taken at the full Council Meeting on 20 June 2012 that the Trust would assume the responsibility for the day to day running of the Helix site. The budget has been increased by £0.520m to recognise that the Helix will be operational during 2014.
- 3.9 As part of the celebrations for the Commonwealth Games in Glasgow, the Trust's budget includes a sum of £0.020m to support the Queens Baton relay visiting the Falkirk area in June 2014. This funding will augment an anticipated external grant fund award of £0.010m from Event Scotland.
- 3.10 Taking into account all the budget movements this would produce a revised Annual Service Payment of £13.161m for 2014/15.
- 3.11 The Trust has completed Equality and Poverty Impact Assessments (Appendix 4) on its budget proposals.

4. CAPITAL PROGRAMME

- 4.1 The 2014/15 Action Plan also sets out for Members' consideration the Trust's recommendations and proposals for capital expenditure on cultural and sport assets for the financial year 2014/15. These proposals totalling £0.550m are as follows:
- £0.500m for the replacement of the outdoor athletics track at Grangemouth Stadium
 - £0.010m to replace the fire alarm at Bo'ness library
 - £0.040m for hall heating repairs at Hallglen Sports Centre
- 4.2 Members will be aware that within the leases and property licence granted to the Trust by the Council there is a clear division of responsibility for the maintenance of properties between the Council and the Trust. The proposals detailed above relate to works that will be the responsibility of the Council to carry out directly, as landlord, under the terms of the leases and property licence.

5. CONCLUSION

- 5.1 The Trust Board and Management Team submitted a Five Year Strategy and their Annual Action Plan timeously. The Action Plan will reflect the Trust's third full year of operation and it aims to minimise the impact of the savings requested by the Council. It builds on the achievements to date as well as recognising the need for change and development going forward. Officers of the Council are satisfied that the Trust continues to perform well and deliver a good service to the local community.

6. RECOMMENDATIONS

6.1 Members are asked to approve:

- (a) the Falkirk Community Trust Business Plan Strategy 2014-2019 and Annual Action Plan 2014-15;
- (b) a Service Payment of £13.161m to Falkirk Community Trust for 2014/15;
- (c) the capital expenditure proposals for 2014/15 as outlined in paragraph 4.1.

Chief Executive

Chief Finance Officer

Date: 16 January 2014

Contact Officer: Danny Cairney

LIST OF BACKGROUND PAPERS

1. Funding Agreement among Falkirk Council, Falkirk Community Trust Ltd and Falkirk Community Trading Ltd dated 30 June 2011

Any person wishing to inspect the background papers listed above should telephone Falkirk 01324 506388 and ask for Danny Cairney.



Falkirk Community Trust

Business Plan Strategy

2014-2019

INTRODUCTION

This Strategy sets a direction of travel for Falkirk Community Trust over the next 5 years and is about how our business can make the best possible contribution to improving quality of life for all communities in the Falkirk area. Our leadership role for culture and sport in the area is clear and our vision is for people to be the most creative and active they can be. We also have strong values and want these to be owned by everyone in the organisation and experienced by all who engage with us.

Now in our third year, the Strategy comes at a key time in our development and provides a much needed platform for change and modernisation going forward. It builds on some significant achievements to date and on the good progress made against our initial objectives as well as responding to the area's 10 year strategy for culture and sport - "Inspiring Active Lives".

The Board and management team have set new objectives and priorities based on a robust review process. An agreed set of objectives and priorities will help us to plan and prioritise our work and make sure that we ask the questions 'are we doing the right things?', 'how are we meeting needs?', 'what is the value of our contribution?' Questioning the 'how' and the 'what' is so important if we are to continue to maintain just the sort of balance we want – where our social agenda is not compromised by a drive to increase income and that those who can least afford to pay for our services are supported the most.

There are opportunities for us to improve our business; we are a young and dynamic organisation with plenty of enthusiasm and ambitious ideas. We are also wise enough to know that we cannot achieve all that we want to on our own and that partnership with others, particularly Falkirk Council, is paramount to our success; all the more so at a time when funding is so challenging.

It will be an exciting and hopefully fruitful next 5 years and a time when maintaining a firm focus on our priorities will put the organisation on a stronger footing thereafter.

Ian Scott
Chairman
November 2013

ABOUT US

Falkirk Community Trust has charitable status and is a not-for-profit organisation largely part funded by Falkirk Council to deliver culture, sport, recreation and library services. We manage over 80 sites across the Falkirk Council area and offer a huge range of programmes and activities for a wide variety of customer groups. We offer services of interest and value to all Falkirk area residents throughout their lives from pre-school to well into retirement.

The venues we operate and manage on behalf of Falkirk Council, are diverse and range from the unique heritage assets of Grade A listed Callendar House and Hippodrome Cinema, specialist facilities such as the regionally significant Grangemouth Indoor Athletics Centre to local libraries and sports centres that serve neighbourhood populations as well as 4 major parks. In September 2013 we took on the operation of the Helix a new transformational greenspace, that has both local community and tourism related objectives.

We have an annual turnover of £17m (12/13 figures) and circa 500 staff. We work in collaboration with a large number of organisations including local clubs and societies to ensure the best possible experiences are delivered to customers and communities.

The Trust is led by a Board of Directors comprising 5 nominees from Falkirk Council, 5 independent Directors, 1 employee director and has the ability to appoint 2 additional co-opted Directors. A wholly owned trading subsidiary delivers catering and retail activities which are not recognised as charitable. The Trust's founding Board Directors terms of office will expire during the life of this Strategy.

We were established in July 2011 and a review of our progress to date and our operating context provides the background to this Strategy on page 11.

OUR ASPIRATIONS

What's possible?

The Trust is young, and has enthusiastic and energetic people throughout the organisation. Whilst we are still to some extent in transition from the Council a change agenda is forming a new dynamic organisation capable of grasping all the opportunities that come its way. This Strategy is intended to help create possibilities that will make the most positive impact over the next 5 years.

The possibilities for us are many but some of the most significant factors that we should tap in to are:

- The already evident, post London 2012, increased interest and recognition across all sectors of the value and wider benefits of sport and culture to society;
- Sectors of society become more engaged and more demanding - the curriculum for excellence delivers more of the young adult population with an active lifestyle habit – whilst a growing elderly and SIMD population create a new focus;
- The focus on outdoor recreation in particular increases and is already evident through levels of investment in cycle infrastructure;
- Low interest rates and borrowing that is more viable continues coupled with potential Government release of additional capital funds¹;

¹ UK Government Spending Review June 2013

- Examples of NHS investment in preventative health measures via other Trusts making a real difference;
- The economic contribution that creative industries, cultural activity and sport can bring to local communities through an enterprising and entrepreneurial approach.

As well as background to strategic planning for culture and sport in this area, many of the above factors are the context for community planning more broadly across the Falkirk area.

Inspiring Active Lives: A Culture and Sport Strategy for Falkirk 2013 – 2023

The Trust led the creation of a Strategy that will help guide our work and that of our partners for the next 10 years. The Strategy takes account of the issues facing the area, and culture and sport specifically and sets the direction for all local culture and sport organisations. It looks to the Trust to lead the implementation of the Strategy through Delivery Plans created with relevant partners.

The 2 main aims are:

- To increase and broaden participation in culture and sport
- To help secure recognition for the Falkirk area as a vibrant place

“Inspiring Active Lives” is organised round 4 themes:

- **Participation:** improving sense of wellbeing, enriching lives of people of all ages and ensuring co-ordinated structures are in place to enable participation from the ‘grass roots’
- **Motivation:** connecting with people and motivating them to take part in opportunities that are relevant, accessible, affordable and meet expectations
- **Venues:** Providing a focal point for participation and community cohesion, attracting visitors, enhancing the image of the area and ensuring fit for purpose venues that meet expectations
- **Partnership:** making sure all forward plans are aligned to partner expectations.

The Business Strategy and annual business planning activity will be informed by “Inspiring Active Lives”.

OUR VISION MISSION AND VALUES

We created a vision and mission when we transitioned from the Council. Now we are beginning to mature as an organisation our Board and Management Team redefined our purpose and the way we go about our work.

Our Vision is that:

Falkirk's communities are the most creative and active they can possibly be

Our Mission is:

To lead culture and sport to enrich people's lives in the Falkirk area

In doing this we are committed to:

- **Valuing** the positive difference people make
- Acting with **integrity**
- Placing **people's needs** at the heart of everything we do
- Being **proud** of what we can achieve together.

WHERE WE ARE HEADED

Our ambition is for people to be the most creative and active they can be, to be inspired and motivated to participate, enjoy new experiences and to take part in activities that are relevant, affordable and accessible.

By 2019 as a result of this 5-year strategy:

Falkirk Community Trust will be operating from venues that people want to use, with a more responsive programme offering better quality for our customers. We will be a trusted and valued organisation, secure in our role as a leader for culture and sport and with diminishing reliance on Council funding; we will be more flexible, entrepreneurial and commercially minded. We will have created champions for culture and sport and have loyal volunteers and a workforce who motivate a huge cross section of the community to take part in culture and sport that improves their lives.

OUR OBJECTIVES

We will achieve the 5 year ambition through work focused on 3 strategic objectives:

- Meeting customer needs
- Organisational development
- Financial sustainability

Meeting customer needs

People are at the heart of everything we do, be they customers or potential customers.

But we need to know more about these markets and communicate more effectively, including motivating those that may be harder to reach. Underlying issues are ensuring quality, accessibility to facilities and programme, and maintaining the balance of universal provision with supported targeted activity.

Working to this objective will require:

- Improving our customer knowledge
- Motivating and communicating
- Social responsibility
- Growing customer loyalty
- Affordability and value for money

Organisational development

Growing up, getting stronger and maturing as a charitable company is critical to our development and if we are to live up to all our and our stakeholders' expectations.

Organisational flexibility and becoming more entrepreneurially minded is a step change that we must make and involve all our people in the process.

Working to this objective will require:

- Sound governance
- Organisational culture development
- Employee empowerment
- Policy development

Financial sustainability

Being efficient and effective and operating within our means.

This objective is crucial given the challenging public sector funding environment and underpins everything that we do. It is clear that we must become less reliant on Council funding and find new ways to ensure our development continues, and to meet customer needs. Many of the venues we operate require investment and improvement, funding for which has been in decline over many years. The ability to generate increased level of income will largely be dependent upon being able to provide a high quality experience to customers. We therefore need to get better at income generation, become more entrepreneurial and ensure that funds raised are invested in priorities determined on robust evidence.

Working to this objective will require:

- Income generation
- Income used to invest across the organisation
- Strategic use of reserves
- Partnership
- Value for money

HOW WE ARE GOING TO GET THERE

We have identified 5 strategic priorities that will be a focus for us. These are areas of work which are of significant importance to the future of the Trust and will make a considerable contribution to our delivery of the 10 year Strategy 'Inspiring Active Lives'. They will take time to work through and will be developed with detailed implementation plans for rolling out over 5 years. Initiative development will need staff time and resource allocation and this must be balanced against ensuring that our on-going operational functions continue to be delivered.

OUR PRIORITIES

Marketing

We have a diverse 'offer', with many products and a wide variety of customer bases. The range of product and customers gives great potential to cross sell more effectively. This is dependent on us having much better information about multiple users across the Trust and offering a consistent and joined up customer experience. We need to build our brand and generate new customers especially those that do not currently participate in culture or sport.

Over the next 5 years we will:

- Become more efficient by making use of marketing budgets more flexibly across the Trust;
- Make use of customer information, where it can be generated, to provide a stronger evidence base for decision making;
- Implement thematic marketing plans around customer bases with a focus on families, older people and those with less means;
- Seek ways to better integrate our customer sales activity and increase cross selling, building this into our plans for events, programmes and venues;
- Ensure that growing our brand awareness is something that everyone in the organisation can contribute to and become champions for the services that we deliver;
- Develop our digital communications and engagement appropriate to a range of audiences.

Information and Communication Technology

We need to invest in new modern digital technologies. Our key point of sale systems are outdated and do not provide us with sufficient management information or customer knowledge. We are unable to meet basic customer expectations such as online booking or joining. New technology could help us achieve efficiency savings in the longer term, better target our marketing, respond to trends, and communicate more effectively with our customers.

Over the next 5 years we will:

- Address the critical capacity of our Library Management System which is beyond the end of its life;
- Enable customers to book online prioritising services such as theatre and cinema ticket sales and sport and fitness courses and classes;
- Ensure a priority for improvement is our electronic point of sales systems, which allow us to chart customer usage across our services;
- Develop a clear understanding of our future needs and create a prioritised plan that allows us to improve our working culture, make best use of creativity and innovation, and manage information;

- Allocate resource to drive our ICT improvements forward and give careful consideration to the implications of our plans on financial resources and systems support services;
- Complete an ICT Strategy to plan and prioritise all of the above.

Venues and Programmes

The asset base has suffered from lack of investment and is now not particularly fit for purpose, a challenge for both the Council and the Trust. We need to be able to influence and advise on change and rationalisation, and that may require thinking differently about how venues are used. Customer expectations are ever changing and programme providers have to be fleet of foot to keep ahead of trends and meet customer needs.

Over the next 5 years we will:

- Be a key player at the Council's Asset Management Group and active in our advisory role;
- Develop a fully costed and prioritised Asset Management Plan that will cover the life of our venue leases;
- Monitor and respond to trends and identify opportunities for new programmes and uses of venues where return on investment can be optimised;
- Make sure we develop programmes that allow geographic access, create thematic content and encourage people to progress, maintaining a balance of both facility based and development activity and populist with more challenging content;
- Take a lead role in co-ordinating programme provision with others, be willing to innovate more and introduce new content, taking risks where considered manageable.

People and the Organisation

Our biggest internal investment is in employees. We all need to understand and be aware of how our contributions impact on our business outcomes. The capacity to be leaders at all levels, to innovate and develop ideas is vital to our success and people need to be empowered and encouraged to do so. We want to increase our ability to attract greater community interest and involvement in our work.

Over the next 5 years we will:

- Embed and grow the company culture, values and ethos;
- Roll out employee development action that fully engages all employees and supports them to meet the Trust objectives;
- Implement performance management more robustly across the organisation;
- Offer increased levels of volunteering to provide preparatory work experience for young people, to benefit those seeking to change employment prospects, and enhance older people's community contribution and personal wellbeing;
- Ensure we have the appropriate mix and blend of effective and value for money support services to meet our business needs.

Planning Together

We are leading the development of partnership plans for culture and sport. To do this well we need to listen to others and be involved in genuine community partnerships. Matching ambitions and community aspirations with increasingly demanding funding constraints will require partners to plan together in the best interests of the area we serve and not to compete. We want to be recognised as a partner of choice by local and national stakeholders.

Over the next 5 years we will:

- Seek to gain a better understanding of our social return on investment;
- Engage with partners to share any available research that would help us better understand community needs and be open to joint commissioning of research;
- Work with an increased range of local and national partners who ideally will describe us as excellent partners to work with;
- Ensure a wide range of views and contributions are taken account of in the Delivery Plans to implement 'Inspiring Active Lives';
- Build in accessible opportunities for engagement of communities and customers in our planning for improvement from the outset;
- Grow our presence and influence within the community planning framework.

DELIVERY

Delivery of this Strategy will be dependent on making best use of available resources, having robust action plans and effective monitoring of our progress.

Financial Strategy

Our financial planning is currently governed by an expectation that public sector funding will continue to decrease and we are assuming a minimum 3% decrease per annum over the next 5 years in the funding we receive from Falkirk Council. Funding from the Council currently makes up around 70% of the income we receive therefore sustained reduction will have a significant impact. We plan to continue to offset this through a combination of income generation, efficiencies and service reductions.

To minimise the financial impact on services our financial strategy is to focus on maximising income, particularly through increased participation, as well as reduce expenditure by improved efficiency. The scale of the savings, when considered over 5 years is such that the focus of our financial strategy may have to place greater consideration on service reduction proposals. The Annual Action Plans will set out our financial response to reductions in Council funding.

Annual Action Plans

We will deliver the objectives and priorities described in this Strategy through a series of annual action plans. Each action plan will be part of our annual submission to Falkirk Council in respect of our Funding Agreement and will be published at the end of March following conclusion of each year's funding settlement. The Annual Action Plan will consist of action that directly contributes to this Strategy and will not include routine operating activity. Delivery of the published Action Plan will be managed through a suite of Unit Action Plans across all our business functions as well as project plans for developing key initiatives.

Monitoring our Progress

We will monitor and report on our progress. Our work contributes to outcomes for the area. For example by operating from venues that people want to use, providing responsive programmes and developing a workforce who motivate the community to participate we can contribute to improving health and wellbeing, the tourism economy and enhancing the areas profile, community capacity building and reducing the impacts of poverty. We will report to community planning partners on the work we are doing to contribute to single outcome indicators. A focus on our objectives and priorities will make a strategic contribution to the Community Planning Partnership's Single Outcome Agreement (SOA). We have summarised this in Table 2 on page 14.

A suite of performance indicators will be set out in the annual Action Plans. Strategic indicators that will measure the success of this Strategy over the next 5 years are set out below.

Table1: Strategic Indicators

Objective	Strategic Indicator	Context
Financial Sustainability	Improve: the ratio of customer income to that secured from Falkirk Council	In 2012/13 our funding was 69% from Falkirk Council, 26% from customer income and the remainder from grants and fundraising
	Improve: the ratio of customer income to gross expenditure	In 2012/13 customer income was £4,540,000 and gross expenditure was £17,720,000
	Increase: level of income received from grants, fundraising and donations	In 2012/13 we secured £941,000
Meeting Customer Needs	Increase: customer admissions	In 2012/13 measurable admissions were 2.3 million
	Increase: customer satisfaction level	In 2012 our 1 st high level survey result was 86%
Organisational Development	Employee perception and engagement	In 2012 there was a 38.5% return rate to the 1 st employee survey and 67% enjoyed working for the Trust
	Stakeholder perception	We have yet to ask our key stakeholders what they think of us - we will do this in 2015
	Increase: Number of local clubs and organisations we work with	In 2012/13 we worked with over 100

OUR STORY

The Trust was created by Falkirk Council in July 2011 as a new way of delivering services to the communities of the Falkirk area. Whilst new to this area, leisure, and more recently culture trusts are not new models of delivery in Scotland. Some of the more successful trusts, with diminishing reliance on Local Authority funding, have been established for a decade or more. It is also worth noting that they started out in a less challenging financial period.

For the first 3 years of the life of the new Trust we set 6 critical objectives which reflected the early stage of our organisational development. They were:

- To ensure existing services are delivered effectively – mitigating any effects of transition, perceived or actual;
- To generate increased uptake of services and reduce net cost per user – beginning to take a more commercial approach to income generation;
- To develop a better understanding of our customers and improve our marketing activity – establishing new activities to lead to better communications and a stronger business base;
- To embed integrity, equality of opportunity, and social and environmental responsibility in how we undertake our business – beginning to establish a company culture;
- To manage an organisational transition to produce an effective Trust, that maintains and enhances relationships – managing changed relationships with stakeholders and growing partnerships;
- To create a positive working environment where staff use their skills and expertise to deliver valued contributions to the Trust – building a new team and getting ‘buy in’ to the new organisation.

We committed to review these objectives by November 2013 because we predicted that by then we would need to plan a new phase of development having spent our first 2 to 3 years putting in the necessary foundations for the organisation to begin to thrive.

Where are we now?

We have made good progress against our initial objectives: new activities have been introduced; customer income has increased; Trading Company subsidy has reduced; new marketing team and tools are in place; a first cross Trust customer survey yielded great results; review of key customer systems initiated; an approach to fees and charges where the least able to pay are supported the most was established; and introduced a programme of management training. We did this at a time when core funding from Falkirk Council decreased over the 3 years.

In reviewing our objectives, firstly we considered ‘where we are now’ in terms of our organisational leadership, planning, resources, partnerships, processes and performance. We concluded that:

- “Inspiring Active Lives: A Culture & Sport Strategy for Falkirk” provides us with a 10 year strategic vision, aims and themes for development and we should align our priorities more clearly at this strategic level;
- Our Asset Management Plan provides a position statement on our venues, many of which require investment and improvement, but there needs to be a much clearer understanding of lifecycle maintenance cost implications to generate robust evidence for decision making;
- We have set off as an organisation determined to involve our staff and we should develop the concept of everyone as ‘leaders’ and empower and encourage this throughout the organisation;

- We have made a good effort to be more open and engaging but we still do not know enough about our customers to generate meaningful evidence to support our decision making and we should develop a better customer journey profile;
- We have established a structured approach to planning and we should ensure that targets are more strongly aligned to business improvement activity and reflect our operating environment;
- We recognise a need for a focus on accountability for service performance and we should set a framework for defining individual responsibilities more clearly and monitoring priorities on an individual basis;
- We have established processes to monitor our activity and performance but we need to develop a better understanding of the true cost of individual service activities;
- Our new approach to creating delivery plans with our partners should yield more effective and co-ordinated services but we do not think we are always perceived as a partner of choice.

We are pleased with progress so far which has created a sound platform from which to develop.

What's on the horizon?

As a relatively new and still developing organisation the horizon for us must be about reaching maturity. Growing up, getting stronger and maintaining our good start – using it as a spring board to the next stage in our development - will be critical to our success in the next 5 years. Growth, although important in its own right, is crucial because there are a number of challenges and opportunities facing us that will require determination, focus and a clear sense of direction and identity as an organisation if we are to be in a position to pursue long term objectives.

Funding is set to become much more challenging. Falkirk Council like all Local Authorities across Scotland is facing a decrease in its revenue and many pressures for spending across its statutory functions. As we write this Strategy we anticipate a £1.9m reduction in our revenue funding over the next 3 years and, although current thinking² points to a particularly harsh next 2 years, we are planning for public sector funding to continue to decrease by a minimum of 3% per annum over 5 years.

The external fundraising environment, although becoming ever more competitive, remains healthy. The crucial success factors are being able to align funding to clear business and community needs and demonstrate match funds. Our Business Strategy and Annual Plans must concentrate on identifying needs, priorities and financial strategies that our Fundraising Strategy (2012-2015) can then support. That Strategy requires us to demonstrate that we are an organisation in our own right that delivers or exceeds defined outcomes in order to help evidence our credentials to new funding sectors.

Looking at the horizon we can see some further factors that are very likely to impact on us over the next 5 years including:

- The independence referendum in 2014 and local elections in 2017: whatever the outcome of the referendum it is likely to bring change and there may be continued centralisation of policy – we need to respond with strategic and flexible decision making and organisational structures;

² Centre for Public Policy for the Regions (CPPR) August 2013

- Greater demands on our role to support SIMD groups, increased demand for volunteering, creating job opportunities and training for young people – we need to create more opportunity and robustly evidence our activity;
- Personalised technology and its usage continues to increase giving greater opportunity for direct communication with people but hampered by our technology systems which require upgrading – we need to better harness technology to our advantage;
- Growing focus on carbon reduction will be a challenge for our energy inefficient buildings – we need to be sustainable but continue to deliver services where they are required;
- Regeneration through economic infrastructure investment will boost area revitalisation – we need to capitalise on any tourism economy opportunities;
- New formats of multi-sport hub type approaches to sports provision – we need to be part of this and support innovation;
- The first review of our Agreement with the Council to provide support services in 2014 – we need to continue to review service support mechanisms to make sure that they are effective and better meeting our needs;
- A review of Active Schools funding in 2015 and uncertainty of Youth Music Initiative funding – we need to continue to demonstrate the value of targeted work particularly with the secondary cohort.

We, along with Falkirk Council, face some significant challenges in the condition of the assets and the potential of facility failure is the most significant operating risk for the Trust. An Asset Management Plan is in development which will bring the need for tough decision making to the fore during the life of the Strategy. There may be little appetite from a political perspective for rationalisation and a desire to maintain the current geographic spread of provision is likely.

OUR CONTRIBUTION TO THE SINGLE OUTCOME AGREEMENT (SOA)

Table 2: Contribution to the SOA

Strategic Objective 1 – Meeting Customer Needs <i>People are at the heart of everything we do, be they customers or potential customers.</i>		
We will focus on:	Which will help us achieve:	And make a contribution to the SOA through:
<ul style="list-style-type: none"> Improving our knowledge of our customers Improving our IT systems Our communication and marketing Our ability to motivate people to participate and be more active Ensuring social responsibility is embedded Growing customer loyalty Providing affordability and value for money Accessible programmes and venues that people want to use 	<ul style="list-style-type: none"> More people, more active, more often Customer growth and retention Market penetration and new customers attracted incl from SIMD groups and older people Better targeted information and services to priority groups Employee/ volunteer/ community champions A stronger club/ volunteer infrastructure Innovation and flexibility in programming 	<ul style="list-style-type: none"> Contributing to the prevention agenda Physical activity health benefits Wellbeing health benefits Tourism economy visitor benefits Focus on Families (including early years), Older People and those in most need of support Participation leading to life skills, learning and confidence building Community capacity building eg volunteers running clubs etc Supporting “Fairer Falkirk”

Strategic Objective 2 – Organisational Development <i>Growing up, getting stronger and maturing is critical if we are to live up to stakeholders’ expectations.</i>		
We will focus on:	Which will help us achieve:	And make a contribution to the SOA through:
<ul style="list-style-type: none"> Ensuring sound governance Growing our company culture, values and ethos Empowering and developing our employees Policy development, strategy and project delivery Engaging with partners, communities and planning together 	<ul style="list-style-type: none"> A participative well engaged and trained workforce Partnerships yielding business / customer benefits Joint planning to make best use of resources Skills / training/ mentoring and coaching activity Volunteer growth and retention particularly young people 	<ul style="list-style-type: none"> Contributing to Community Planning development and improvement Maintaining jobs in Falkirk area Helping young people develop skills to get into work Being a responsive and collaborative partner Projects and plans helping raise area’s national profile and status

Strategic Objective 3 – Financial Sustainability <i>Being efficient and effective and operating within our means.</i>		
We will focus on:	Which will help us achieve:	And make a contribution to the SOA through:
<ul style="list-style-type: none"> • Income generation • Using income to invest across the organisation • Strategic use of reserves • Managing assets • Partnership • Ensuring value for money • Our charitable objectives 	<ul style="list-style-type: none"> • A diminishing reliance on Council funding • Return on investment • Venues that people want to use • Growth in external fundraising • New sponsors and donors attracted • Partner of choice for other charities/ foundations 	<ul style="list-style-type: none"> • Helping alleviate Council (ie partner) budget pressures • Attracting new investment in the area • Maintaining and investing in infrastructure and helping raise the area profile

OUR PLANNING FRAMEWORK AT A GLANCE

The 10 year area wide Strategy	“Inspiring Active Lives” A Culture and Sport Strategy for Falkirk” <i>A plan with four key themes for action across all culture and sport sectors that will be implemented through a series of partnership Delivery Plans led by the Trust</i>									
	Participation	Motivation	Venues	Partnership						
Our 5 year Business Strategy	Our aim is that by 2019: <i>Falkirk Community Trust will be operating from venues that people want to use, with a more responsive programme offering better quality for our customers. We will be a trusted and valued organisation, secure in our role as a leader for culture and sport and with diminishing reliance on Council funding; we will be more flexible, entrepreneurial and commercially minded. We will have created champions for culture and sport and have loyal volunteers and a workforce who motivate a huge cross section of the community to take part in culture and spot that improves their lives.</i>									
Our Objectives for 5 years	Meeting Customer Needs <i>People are at the heart of everything we do, be they customers or potential customers</i>	Organisational Development <i>Growing up, getting stronger and maturing is critical if we are to live up to stakeholders’ expectations</i>	Financial Sustainability <i>Being efficient and effective and operating with our means</i>							
Our Priorities for 5 years	Marketing	ICT	Venues & Programmes	People & Organisation	Planning Together					
Our 5 Annual Business Action Plans	<table><tr><td>2014-2015</td><td>2015-2016</td><td>2016-2017</td><td>2017-2018</td><td>2018-2019</td></tr></table>					2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
2014-2015	2015-2016	2016-2017	2017-2018	2018-2019						
Our Unit Action Plans and Business Strategies	<i>A suite of plans for individual business operating areas and cross cutting plans for Trading, Programmes & Events, Marketing and Helix are guided by the Business Strategy, Annual Business Action Plans, Marketing Strategy and Fundraising Strategy</i>									

Falkirk Community Trust gratefully acknowledges the support of Falkirk Council



Falkirk Community Trust

Annual Action Plan

2014-2015

Company Registration No. SC400657 | Charity No. SC042403

DRAFT

INTRODUCTION

This Action Plan is for our third full year of operating and is the first of new annual plans that will deliver our 5 year Business Strategy which was approved by the Trust Board in November 2013. Until now our focus has been on putting in place the necessary foundations for the Trust to thrive however a change agenda is forming a new more dynamic organisation. Since July 2011 we have made good progress with positive results including income generation and the introduction of new activities. We embedded our commitment to supporting those in most need through our fees and charges key principles and began a programme of strategic planning for culture and sport in this area.

The year ahead will be memorable and busy. As well as leading the creation of a number of partnership plans we will be delivering 'Memorial, Reflection, Restoration', a programme to commemorate WW1 and ahead of the Commonwealth Games organising the community celebration for the Queens Baton Relay visiting the area. The Helix, a major new site that we took over elements of in September 2013 will become fully open and we are planning the international launch of the Kelpies as part of the Year of Homecoming. The iconic Falkirk Steeple will celebrate its 200th anniversary and presents an opportunity to highlight our work with partners on the prestigious Falkirk Townscape Heritage (THI) initiative.

We will also focus on our Trading Company ensuring that its success in reducing net operating costs continues. This is one of several strands of income generation, including growing our programme, that are vital to our business if we are to continue to develop services for the communities in the area. Our response to a reduction in revenue funding is to generate more income and be more efficient in how we use our resources. Only by doing this can we continue to deliver all the accessible services we offer where cost is not a barrier to participation. This approach has also allowed us to minimise reduction to service provision however the extent of the funding challenge means that we have had to reduce opening in some of our facilities.

Our work with Falkirk Council on the Asset Management Plan is crucial as is the implementation of our Marketing Strategy. IT is critical and this year we will focus on replacing the Library Management System, exploring a way forward to improving the point of sales system and undertaking a full audit of all our systems.

With new events, activity and programmes the year ahead promises to be challenging and demanding. We will balance that with a strong focus on our core business activity, providing excellent services for our customers. We recognise the wider pressures on the Council and will work closely with partners to seek to maintain momentum in improving quality of life in the Falkirk area.

Maureen Campbell Chief Executive
November 2013

SCOPE OF THE ACTION PLAN

This is a high level plan for enhancing and protecting services and so does not encompass regular operational activity to deliver our core services and along with the Five Year Business Strategy replaces our previous annual Business Plan. Unit Action Plans for all our business functions as well as project plans for developing key initiatives ensure delivery of the Action Plan throughout the organisation.

FIVE-YEAR BUSINESS STRATEGY

We have created a 5 year strategy for business improvement. Our aim is that by 2019:

Falkirk Community Trust will be operating from venues that people want to use, with a more responsive programme offering better quality for our customers. We will be a trusted and valued organisation, secure in our role as a leader for culture and sport and with diminishing reliance on Council funding; we will be more flexible, entrepreneurial and commercially minded. We will have created champions for culture and sport and have loyal volunteers and a workforce who motivate a huge cross section of the community to take part in culture and sport that improves their lives.

3 strategic objectives provide the focus for our work:

- Meeting customer needs
- Organisational development
- Financial sustainability.

We have identified 5 strategic priorities which are of significant importance and will roll out implementation plans over the next 5 year. Priorities are:

- Marketing
- Information and Communications Technology
- Venues and Programmes
- People and the Organisation
- Planning Together.

ASSETS and RESOURCES

As at December 2013 we have 490 contracted employees (222 full-time and 268 part-time) and manage over 80 sites across the Falkirk Council area. Managing and caring for buildings, natural resources, equipment and collections in a well-planned and sustainable way is the bedrock for delivering our services. Our Asset Management Plan 2013-2019 sets out our approach to managing and maintaining these assets on behalf of Falkirk Council. Responsibility for capital investment rests with Falkirk Council as owners of the assets and the Trust is able to bid to the Council's capital programme for capital project funding.

Robust financial management is critical to our success and integral to our forward planning. We are planning for a £1.9m reduction in our revenue funding from Falkirk Council over the next 3 years. We have responded in 2014-2015 with a plan that facilitates a budget reduction of £605,000. We propose to offset the reduction in funding from the Council as follows:

- Income generation and growth plans £318,000
- Securing efficiency savings £226,000
- Service reductions £61,000.

We currently (January 2014) envisage budget movement between 2013-2014 and 2014-2015 as outlined in Table 1 below.

Table 1: Budget 2014-2015

Budget Heading	2013-2014	2014-2015
	£,000's	£,000's
Employee Expenses	10,880	11,181
Property Expenses	1,885	2,090
Transport Expenses	252	252
Supplies & Services	3,318	3,797
Third Party Payments	50	50
Support Services	857	891
Total Expenditure	17,242	18,261
Service Payment	12,495	13,161
Other Income	4,747	5,100
Total Income	17,242	18,261

FEES and CHARGES

The Trust is a charitable company and it is important that we are able to continue to fully meet our charitable purposes. A key principle is to ensure delivery of affordable and discounted prices that support those least able to pay. A review of our concessions scheme undertaken in 2013-2014 proposes a number of actions to attract more of those who are in greatest need of financial support and enable access to a wider range of discounted activity. A general increase in charges of 5% for 2014-2015 has been factored into our income generation proposals. We are shifting towards membership driven programmes that will build loyalty and offer a better customer service. In 2014-2015 we will introduce a swimming lesson membership. We will monitor the implementation of both the concessions scheme and the general increase of charges throughout 2014-2015 to ensure our key principles are met.

ACTION PLAN

The Action Plan 2014-2015 is the first of 5 annual plans for delivering our 5 year Strategy and is structured under each of our 3 strategic objectives. It sets out year one actions to meet these objectives, address our priorities and respond to opportunities. The Action Plan does not include regular operational activity to deliver our core services.

Table 2: Annual Action Plan 2014-2015

	Actions	Context /Detail	Milestone/Output
	Strategic Objective 1 – Meeting Customer Needs <i>People are at the heart of everything we do, be they customers or potential customers.</i>		
1.1	Deliver a heritage engagement programme including a celebration of the Steeple 200 th anniversary	Older People/intergenerational activity <ul style="list-style-type: none"> Part of the Townscape Heritage Initiative, led by Falkirk Council which , has attracted national investment from HLF and Historic Scotland worth £5m over 5 years; Delivered in partnership with Falkirk Local History Society and Falkirk Council the engagement programme will improve understanding of the heritage value of the town centre as well as providing opportunities for debating/imagining its future use. 	<ul style="list-style-type: none"> A celebratory event raises profile of the Steeple and its place in the town centre and Community engagement programme in Year 1.
1.2	Deliver John Muir Festival and John Muir Events Programme – across the Falkirk Council area	Families. <ul style="list-style-type: none"> This initiative will be part of a Central Scotland wide launch of the John Muir Way which runs from Dunbar to Helensburgh; UZ Arts has been commissioned to produce a festival running from 21-26 April 2014 which will be preceded by 'Home' (see 1.6 below). 	<ul style="list-style-type: none"> Curated artists' programme and associated community involvement by 23rd April Community engagement programme attracts 500 participants.

1.3	Host with partners, a day long visit of the Queens Baton Relay in the Falkirk Area	<p>Families</p> <ul style="list-style-type: none"> • The event will bring together a wide range of local and national partners to celebrate the commonwealth, the sport and culture opportunities in the area and to look forward to the Commonwealth Games in Glasgow; • It is an excellent opportunity to inspire people of all ages to be more active and promote the work of the Trust and the partnership with the Council to a wide audience. 	<ul style="list-style-type: none"> - An event programme on 24th June involving many of the school children in the area - An evening community celebration event at the Helix - National media coverage.
1.4	Commence operating the Kelpies Visitor Centre	<p>Families</p> <ul style="list-style-type: none"> • The opening of the Visitor Centre will mark a final stage in the completion of the Helix and will be a focus for visitors particularly those from outside the area including international visitors; • It will be a key opportunity to connect visitors to the wider Falkirk area as well as to the diverse programme of opportunities available across the Helix site throughout the year. 	<ul style="list-style-type: none"> - The Kelpies Visitor Centre opens in August 2014 and attracts 50,000 visits to the paid for programme.
1.5	Deliver a four year programme - Memorial, Reflection, Restoration - commemorating WW1	<p>Older People/intergenerational</p> <ul style="list-style-type: none"> • Commemoration programme will commence in July 2014, 100 years after the start of WW1; • Working with community interest groups we believe there is great opportunity to engage older people and promote intergenerational activity. 	<ul style="list-style-type: none"> - A programme of exhibitions, workshops and screenings.
1.6	Deliver 'Home' – the international launch of the Kelpies and Helix	<p>Brand Awareness</p> <ul style="list-style-type: none"> • This initiative has attracted national investment from EventScotland (part of the Signature Programme for Homecoming 2014) and Creative Scotland; • The event will celebrate the next stage in the completion of the Helix site and the partnership between the funders, Project Partners and site operators to create Scotland's newest tourist attraction. 	<ul style="list-style-type: none"> - Evening event held over 2/3 nights in April 2014; - Creation of series of memorable images for promoting Falkirk as a cultural place.
1.7	Plan for Year of Food and Drink 2015	<p>Brand Awareness</p> <ul style="list-style-type: none"> • This is the first of the post-Winning Years, Focus Years promoted by EventScotland; • We want to ensure a link between local and national promotional priorities (2015-18) and make the connection with the Trust trading elements. 	<ul style="list-style-type: none"> - Opportunities identified by April 2014 and if feasible commence planning thereafter.

1.8	Make a greater contribution to area visitor and tourism development	<p>Brand Awareness</p> <ul style="list-style-type: none"> • We want to strengthen partnerships to achieve greater collective value to raise the profile of Falkirk as destination, contribute to destination marketing and increase understanding of national trends; • VisitFalkirk is a key partnership. 	<ul style="list-style-type: none"> - Increase in visits from outwith the area to key venues - Improvement in Trading Company performance.
1.9	Implement the Customer Consultation and Engagement Strategy	<p>Customer Knowledge</p> <ul style="list-style-type: none"> • We engage and consult with customers at a number of levels, from a 3 yearly high level survey to capturing verbal comments on the front line; • We developed a strategy to improve our planning and consistency of process across the organisation to help us anticipate customer needs and respond to customer demands. This strategy will be implemented across the Trust. 	<ul style="list-style-type: none"> - 3 sports facility focus groups established by October 2014 - Priorities for programme / venue exit surveys identified - Digital Engagement Strategy developed March 2015.
1.10	Plan high level Customer and Non Customer Survey	<p>Customer Knowledge</p> <ul style="list-style-type: none"> • We undertook a first survey in Spring 2012 across our main facilities and off site with non-customers, which we found very helpful in preparing the Culture and Sport Strategy and it gave us a baseline measure of our customer service performance and a better understanding of the barriers to participation; • Research is fundamental for helping evidence based decision making, informing strategy development and improving knowledge of our customer as well as non-customer profiles will help us to meet their needs (an element of 1.9 above). 	<ul style="list-style-type: none"> - Tender process for high level survey in place by March 15.
1.11	Create Web and Social Media Development Strategy	<p>Customer knowledge</p> <ul style="list-style-type: none"> • We need to develop the website, online facilities and social media presence to be effective in both business to audience marketing as well as peer-to-peer marketing and grow reputation with stakeholders. Activity will support a digital engagement strategy for customer consultation; • This must also be in tandem with ICT plans as we require adequate infrastructure and capacity to support the ease we are aiming for e.g. online booking and systems identifying cross-service users. 	<ul style="list-style-type: none"> - Social media and web strategy by April 2014 to drive the following: - Continuing increased engagement through social media platforms - Increased web traffic - Build new customer bases - Implementation of new systems which are fit for purpose digitally.

1.12	Create and implement a volunteer development policy with partners	<p>Champions</p> <ul style="list-style-type: none"> The Trust and partners engage with many volunteers in various areas of activity and there are many processes and procedures used across the organisation. We want to ensure that volunteering is valued and loyal volunteers are rewarded through effective training; A policy will create a common approach when working with volunteers ensuring that there are a standard set of measures and checks in place and that we are able to develop effective volunteers who can get the most out of the opportunities offered. 	<ul style="list-style-type: none"> - Policy in place and operating from August 2014 - Increased numbers of volunteers year on year - Local clubs and associations strengthened by the development of good quality volunteers.
1.13	Grow the Helix volunteering programme	<p>Champions</p> <ul style="list-style-type: none"> Volunteering as part of the Helix project has generated a great deal of interest, volunteers have grown and developed through the capital phase of the project and are enthusiastic and motivated champions; Working with partners we want to ensure volunteering opportunity continues to develop and utilising the experience of the Helix champions we will implement a number of volunteer programmes. 	<ul style="list-style-type: none"> - 40 additional volunteers by March 2015 - Volunteer champions leading new strands of work.
<p>Strategic Objective 2 – Organisational Development</p> <p><i>Growing up, getting stronger and maturing is critical if we are to live up to stakeholders' expectations.</i></p>			
2.1	Launch the Culture and Sport Strategy and establish a monitoring framework	<p>Policy Development</p> <ul style="list-style-type: none"> This is an overarching 10 year Strategy that will be delivered through a series of sector specific partnership Delivery Plans; We need to ensure that we have appropriate monitoring and evaluation in place and that output contributes to the areas Single Outcome Agreement (SOA). 	<ul style="list-style-type: none"> - Partnership progress is reported to stakeholders in March 2015 - Positive contribution to SOA indicators.
2.2	Prepare, with partners, an Arts Delivery Plan for the area to include a Public Art Plan (2015-20)	<p>Policy Development</p> <ul style="list-style-type: none"> The previous Arts Strategy for the area expired in 2009 and the Public Art Strategy in 2011; Art in public spaces is a key element of our approach to engaging communities, it is proposed that the Arts Delivery Plan includes Public Art. 	<ul style="list-style-type: none"> - By March 2015.
2.3	Prepare, with partners, a Libraries Delivery Plan for the area	<p>Policy Development</p> <ul style="list-style-type: none"> Library usage is falling in Falkirk but rising in some other places; there are 	<ul style="list-style-type: none"> - By November 2014.

		<p>powerful national lobbies and arguments in favour of libraries;</p> <ul style="list-style-type: none"> • This new plan needs to consider how to make our libraries more relevant, more connected, more animated and how to address the 'value gap'. 	
2.4	Prepare, with partners, a management and forward development plan for Kinneil Estate	<p>Policy Development</p> <ul style="list-style-type: none"> • The Estate's built and natural heritage mixed offer requires an integrated approach to planning to secure funding; • A strong local community of interest exists and presents an ideal opportunity to plan together. 	- By June 2014.
2.5	Launch and roll out the area's Heritage Delivery Plan 2013-18 with partners	<p>Policy Development</p> <ul style="list-style-type: none"> • We led development of the plan to support general wellbeing and a sense of identity and to encourage them to make active contributions to stewarding the future; • Contribution from the local voluntary sector was actively sought. Consultation took place with Falkirk Council and the Scottish Railway Preservation Society. Following Council approval we will need to work together to implement the plan. 	<ul style="list-style-type: none"> - Launch by April 2014 - Year 1 actions implemented and reported on.
2.6	Develop and implement an Events Strategy	<p>Policy Development</p> <ul style="list-style-type: none"> • FCT supports a diverse programme of events. The events may be at community, local or national level and some are of international significance; • We need to maximise our capacity to attract, host and benefit from events and bring clearer focus to our events approach and help prioritise investment and work going forward. 	- Strategy developed by March 2015.
2.7	Implement Marketing Strategy	<p>Policy Development</p> <ul style="list-style-type: none"> • We want to embed a sound well planned marketing approach across the Trust and identify areas where niche activity could be developed, as well as geographic areas where market penetration is low; • This will allow more calculated targeting, robust and systematic planning and support the development of exciting new product. 	<ul style="list-style-type: none"> - Marketing plans developed across the Trust ensure planning is the basis of all activity - Increased new customer participation and spread of users across the area - Increased focus on thematic and targeted marketing campaigns.
2.8	Prepare, with partners, a Sports Delivery Plan for the area	<p>Policy Development</p> <ul style="list-style-type: none"> • There are a large number of sporting groups and interests in the area as 	- Plan developed by February 2015.

		<p>well as ourselves – many regional and local clubs, national governing bodies and sportscotland;</p> <ul style="list-style-type: none"> This Plan will seek to address the priorities of all these interests and consider how collectively we minimise duplication of effort, work together to develop our skill base and increase participation in sport at all levels. 	
2.9	Prepare a management and forward development plan for Callendar Park in conjunction with relevant partners	<p>Policy Development</p> <ul style="list-style-type: none"> A visitor destination, the Park is a heritage asset both in its own right and as the surrounding to Callendar House; We need to ensure that its management and forward development is sympathetic to the heritage, integrated with the House, addresses the infrastructure needs of a strategic destination and meets the needs of local people and visitors alike (element of 3.3 below). 	<ul style="list-style-type: none"> Plan initiation document agreed by March 2015 to ensure appropriate contribution to agreed approach to Callendar House Stables and Park development.
2.10	Prepare a management and forward development plan for Muiravonside Country Park with partners as appropriate	<p>Policy Development</p> <ul style="list-style-type: none"> Popular with families and for walking this large rural site is in need of investment to ensure it continues to be attractive, and to secure funding; We need a plan that will not only help determine maintenance and management needs going forward but will also identify new opportunities for people to be more active and engaged in planning park improvements, outdoor activities and environmental learning. 	<ul style="list-style-type: none"> First draft Plan developed by December 2014.
2.11	Seek approval of Sports Pitch Strategy	<p>Policy Development</p> <ul style="list-style-type: none"> We commissioned a Sports Pitch Strategy for the area which identifies the need for provision of a network of up to six 3G synthetic pitches across the area to minimise pressures on deteriorating and unsustainable grass pitches; The Strategy will be a key component of forward funding bids and is a requirement of sportscotland. Further discussion with sportscotland and the SFA in 2014 will ensure current thinking is fully taken account of ahead of approval. 	<ul style="list-style-type: none"> Sports Pitch Strategy approved by Board and subsequently Falkirk Council by March 2015 Continue to seek funds for additional synthetic pitch provision by March 2015.
2.12	Prepare, with partners, a Physical Activity Plan for the area	<p>Policy Development</p> <ul style="list-style-type: none"> This plan aims to strengthen and further develop specific areas of physical activity - cycling, walking, keep moving, sport; It needs to ensure there is a cohesive link to the development of the Forth 	<ul style="list-style-type: none"> Plan refined and agreed by all partners July 2014 Increase in participation in all specific

		<p>Valley Physical Activity Plan to ensure health services have an integrated approach;</p> <ul style="list-style-type: none"> The Plan has a key contribution to the Single Outcome Agreement, and will ensure effective use of resources and support funding applications. 	<p>areas of activity.</p>
2.13	Prepare, with partners, a forward development plan for the Helix	<p>Policy Development</p> <ul style="list-style-type: none"> Phase 1 of the capital works will be complete in 2014 when fully operational activity will commence; There are a number of opportunities, some already identified, for future phases of the development and we want to commence forward planning with the project partners. 	<ul style="list-style-type: none"> Agree scope of work and activity required to continue forward development by September 2014
2.14	Monitor and report on performance of the 5 year Business Plan Strategy	<p>Sound Governance</p> <ul style="list-style-type: none"> We need to ensure implementation is managed, progress is reported to our stakeholders and planning for delivery is integrated throughout the organisation; All annual action plans include performance targets which are reviewed regularly by our Board and reported to Falkirk Council. 	<ul style="list-style-type: none"> Performance reported to the Trust's Audit & Performance Group quarterly Following the Public Pound report to Falkirk Council in October 2014 Business Plan and Unit Action Plans regularly and systematically reviewed
2.15	Roll out a performance review framework	<p>Sound Governance</p> <ul style="list-style-type: none"> Our senior management team utilised elements of the Public Sector Improvement Framework as a self-assessment to evaluate performance when creating our 5 year Business Plan Strategy; We believe the Trust would benefit from applying such techniques more widely within the organisation to build our capacity particularly around evidence based decision making. 	<ul style="list-style-type: none"> Two team level self-assessment exercises undertaken
2.16	Review Board Director Recruitment plans	<p>Sound Governance</p> <ul style="list-style-type: none"> The term of office for 3 directors will conclude during 2014/15. Each is eligible for reappointment; At each opportunity for refresh the Board will consider the appropriate mix of skills and experience that it considers to be necessary for the next phase of the company's development. 	<ul style="list-style-type: none"> Board continues at full complement with an appropriate mix of skills and expertise
2.17	Ensure support services are delivered effectively, meet our needs and provide a	<p>Sound Governance</p> <ul style="list-style-type: none"> 10 SLAs currently exist to provide our support services by the Council 	<ul style="list-style-type: none"> Improvement plan monitored and reviewed

	'value for money' service	<p>which are due to end in June 2015 and an improvement plan was agreed in 2013 by both parties;</p> <ul style="list-style-type: none"> • A review is required by August 2014 to determine how best to have these services provided beyond June 2015 	<p>in conjunction with service providers May 2014.</p> <ul style="list-style-type: none"> - Recommendations for delivery beyond June 15 considered by the Board August 2014
2.18	Further develop and implement Stakeholder Engagement Plan.	<p>Organisational Culture</p> <ul style="list-style-type: none"> • Stakeholders are vital to our work. Effective communication ensures that we optimise the potential to maximise the contribution we make to each other's work; • Our stakeholders' engagement plan will be developed and implemented to ensure that all stakeholders are appropriately engaged. We will listen to their feedback in future programme developments or improvements. 	<ul style="list-style-type: none"> - Stakeholder Communications work well.
2.19	Improve Employee Communications	<p>Organisational Culture</p> <ul style="list-style-type: none"> • Our own employees are one of our most important resources – in terms of the vital work they carry out on a day-to-day basis but also as ambassadors for the work of the Trust within the community. As such, their understanding of and ability to communicate the Trust's key messaging is an excellent way of spreading information by word of mouth and via passionate, enthusiastic voices; • We aim to build staff knowledge of other services and indeed as our own best customers; enabling greater knowledge between teams of the Trust about overall product/offering is vital. 	<ul style="list-style-type: none"> - More engaging and informative e-newsletter – increased open and click rates - Feasibility for inter-team “getting to know you” events explored
2.20	Conduct Employee Survey	<p>Employee Development</p> <ul style="list-style-type: none"> • Following our first employee survey in 2012 we undertook to repeat this biannually to ensure our employees are engaged, feel valued and to provide an indication of employee satisfaction; • The results are shared across the Trust and an action plan is developed and agreed through consultation with teams. 	<ul style="list-style-type: none"> - Employee survey conducted by April 2014 - Results reported by June 2014 - Action plan developed by September 2014
2.21	Complete an Employee Development Plan	<p>Employee Development/Empowerment</p> <ul style="list-style-type: none"> • To date a focus has been placed on our senior staff in relation to management and leadership development. Front line training has continued mainly around legislative needs of a health and safety nature; 	<ul style="list-style-type: none"> - Training needs analysis completed for key post holders by April 2014. - Training plan completed for key groups of

		<ul style="list-style-type: none"> A more strategic approach is required to review the needs of key post holders and subsequent identification of planned training interventions. We also need to encourage and support staff seeking development opportunities through job shadowing, coaching, external visits etc. 	<p>staff by June 2014.</p> <ul style="list-style-type: none"> Employment Development Plan completed by September 2014.
Strategic Objective 3 – Financial Sustainability <i>Being efficient and effective and operating within our means.</i>			
3.1	Refurbish Kinneil Museum	<p>Investment</p> <ul style="list-style-type: none"> We secured £48k from HLF for 90% funding of improvements to displays on the ground floor; Critical to the project is significant levels of community engagement and Friends of Kinneil are a valuable partner and capable of opening up engagement opportunities within the community. 	<ul style="list-style-type: none"> Exhibition themes scoped through community engagement by April 2014 Refurbished exhibition area by September 2014.
3.2	Prepare Kinneil House Feasibility Study	<p>Investment</p> <ul style="list-style-type: none"> There is strong community commitment to the redevelopment of the site/access to Kinneil House (element of 2.4 above); We need to Work with FC Development Services, Friends of Kinneil and Historic Scotland to scope a brief to explore options for Kinneil House. 	<ul style="list-style-type: none"> Feasibility Report and process agreed with partners by June 2014.
3.3	Review development plans for Callendar House and Stables Block	<p>Investment</p> <ul style="list-style-type: none"> Our application to HLF in 2013 was unsuccessful and we need to revisit the concept and plan with Falkirk Council and HLF; Emergency works to the Stables Block is required and we need to consider this in the context of the wider Asset Management Plan. 	<ul style="list-style-type: none"> Revised approach agreed with all parties by March 2015.
3.4	Implement the Asset Management Development Plan 14/15 actions	<p>Investment</p> <ul style="list-style-type: none"> Our Asset Management Plan to optimise the use of our venues is being developed through a number of actions undertaken in conjunction with Falkirk Council to inform long term decision making and enable investment planning through a costed plan; With Falkirk Council we are taking action to improve repairs and maintenance arrangements including monitoring of effectiveness and costs; We need to ensure that the use of facilities can be maximised, which may require the provision of alternative activities potentially being funded in 	<ul style="list-style-type: none"> Asset Management Plan costed by March 2015 Improved performance of the repairs and maintenance service Funding opportunities from external commercial organisations identified by July 2014.

		partnership with external organisations.	
3.5	Implement 2014/15 Council capital funded projects and plan 2015/16 investment proposals	<p>Investment (element of 3.4 above)</p> <ul style="list-style-type: none"> • We have identified 3 critical areas of spend for the capital allocation of £550,000 to meet the Council's criteria of considering bids of 'inescapable high priority'; • We want to make best possible use of the 15/16 allocation of £550,000 and develop proposals that support our Asset Management Plan; • The first Council owned and Trust operated full size 3G synthetic pitch is planned utilising £690k available from Falkirk Council's capital programme, subject to approval of a business case. 	<ul style="list-style-type: none"> - 3 capital projects delivered: <ul style="list-style-type: none"> o Grangemouth Stadium Track o Bo'ness Library Fire alarm o Hallglen Sports Centre heating repairs - 15/16 proposals identified by September 2015 - Implement a business plan for the installation of one full size 3G synthetic pitch from March 2014
3.6	Explore potential for new use of Neighbourhood Sports Centres	<p>Investment</p> <ul style="list-style-type: none"> • Many of our Neighbourhood Sports Centres are underutilised and for a number of reasons are not performing as well as they might; they are very valuable local assets and could offer more attractive services for local people; • We want to explore options for delivery of new activities from these venues and will begin dialogue with external suppliers to understand what opportunities may exist and test feasibility in consultation with key interest groups (element of 3.4 above). 	<ul style="list-style-type: none"> - Externally funded opportunities identified by July 2014.
3.7	Improve our approach to planning ICT	<p>Investment</p> <ul style="list-style-type: none"> - Systems are out of date, incompatible with each other, do not meet the basic needs of customers and constrain evidence based decision making and marketing. Many procedures and processes are paper based, bureaucratic by nature and limited by the current infrastructure; - It will be costly to update and we need to begin a planned and structured approach to improvement to take advantage of up to date technology that ensures the most effective information support systems are identified. 	<ul style="list-style-type: none"> - New Library Management System implemented. - Audit and analysis of existing systems undertaken and compared with a needs analysis by June 2014. - Priorities determined and approach to longer term strategy development and funding by January 2015.
3.8	Implement a 'Spend to Save' project to provide a new health and fitness facility	<p>Investment/ Income Generation</p> <ul style="list-style-type: none"> • Subject to approval by Falkirk Council we will invest approximately £1m of development funds from their 'spend to save' initiative with the intention of generating additional levels of income; 	<ul style="list-style-type: none"> - New health and fitness facility opened by January 2015

		<ul style="list-style-type: none"> We want to nurture partnership opportunities with external commercial organisations as we anticipate becoming dependent upon their partnership funds to enable the delivery of 'profitable' activity programmes or services in the future. 	
3.9	Implement a Trading Plan for 2014/15	<p>Income Generation</p> <ul style="list-style-type: none"> The Trading Company has made good progress in addressing its overall financial performance. The plan for 2014/15 is to drive it into a profitable position so that the current Council subsidy can be directed to other services. 	<ul style="list-style-type: none"> The Trading Company makes a net profit than can be passed onto the main charity.
3.10	Prepare a bid to HLF for Muiravonside Country Park.	<p>Income Generation</p> <ul style="list-style-type: none"> We received constructive feedback from HLF for our pre-application proposal for funding to improve Visitor Centre interpretation and signage as a part of works to re-open this venue, if successful we expect to complete works in 14/15; Linked to our work to create a Development Plan for the park we see this bid as a first phase of securing investment for this site. 	<ul style="list-style-type: none"> Funding secured and project delivery plan executed by March 2015.
3.11	Implement Fundraising Strategy	<p>Income Generation</p> <ul style="list-style-type: none"> We want to support our work by generating income from a range of funders, sponsors and donors and have been growing our capacity to do so; External funding continues to be competitive and we have considered targets for growth in relation to match funding, capacity and time to develop bids. 	<ul style="list-style-type: none"> £300,000 of external funds awarded in 2014/15 Including 2 one-off awards of over £50,000, one of which to be £150,000 or over in 2014/15.
3.12	Implement a Procurement Strategy	<p>Efficiencies</p> <ul style="list-style-type: none"> We have started to review our approach to procurement; We will continue this work in 2014/15 and look to drive efficiencies through combined purchasing arrangements. The focus for 14/15 will be in catering and sports equipment. 	<ul style="list-style-type: none"> Better procurement realises cashable savings of £30,000.
3.13	Secure Energy Management Savings	<p>Efficiencies</p> <ul style="list-style-type: none"> We are a high energy user particularly on many of our large sites. Work to date with the Council on improving our plant and equipment, modernising lighting and pool covers for example has delivered tangible savings. We will continue this work which is becoming more critical as energy costs rise and budgets reduce. 	<ul style="list-style-type: none"> Improvement projects identified to reduce energy consumption.

MONITORING AND EVALUATION

Performance Management

We measure and evaluate our performance in two ways:

- Numerical performance measures routinely collected over a period of time
- Customer, employee and stakeholder perceptions - on-going and through planned survey work.

Table 3: Numerical Performance Measures

Strategic Objective	Performance measure	Performance context	Performance 11/12	Performance 12/13	Performance 13/14 Q1+Q2+Q3	Target 14/15
Meeting Customer Needs	1. Number of concessionary admissions across all Trust services	Previously was the leisure card and health pass admissions; by introducing a new concessionary scheme we expect an increase in uptake in 14/15	84,775	92,273	98,485	132,500
	2. Number of admissions by young people across all our venues and programmes	A priority in our marketing strategy is Families; we expect to see an increase in uptake in 14/15	678,171	717,826	565,428	810,000
	3. Number of programmes and activity sessions for older people across all Trust services	A priority in our marketing strategy is Older People; we will gather new baseline information to inform future monitoring	n/a	n/a	n/a	n/a
	4. Number of adult admission to all sport and leisure venues	Performance has been rising and we expect a further increase in performance in 14/15	593,721 ¹	627,536 ¹	509,886	730,000
	5. Number of juvenile admissions to all sport and leisure venues	Performance has been rising and we expect a marginal increase in performance in 14/15	532,807 ¹	591,306 ¹	355,937	550,000
	6. Number of concession admissions to all sport and leisure venues	Previously the leisure card and health pass admissions; by introducing a new concessionary scheme we expect an increase in uptake in 14/15	77,078 ¹	80,793 ¹	59,873	92,000
	7. Attendance at sport and recreation development programmes	Performance in Sports Development & Active Schools has been rising and we expect a further increase on 12/13 on performance in 14/15. Community Recreation and Ranger Service	120,851 ²	125,951 ²	127,140 ³	155,500

Strategic Objective	Performance measure	Performance context	Performance 11/12	Performance 12/13	Performance 13/14 Q1+Q2+Q3	Target 14/15
		programmes will be added into this measure going forward				
	8. Number of visits to libraries	Visits have been decreasing for some time and at best we expect to maintain performance in 14/15 while we plan improvement action	733,914	619,063	478,642	600,000
	9. Number of active borrowers from libraries	The rate of decline is slowing and a small increase is evident so we expect a marginal increase in 14/15	28,067	25,976	25,781	26,000
	10. Number of issues including digital material	The rate of decline is slowing but no increase evident as yet and we expect to maintain issues in 14/15 whilst we plan improvement action	1,039,591	927,074	678,234	900,000
	11. Number of admissions to arts venues	A sustained growth trend is beginning to level off but we expect to continue to increase admissions in 14/15	107,659	119,287	78,929	113,000
	12. Attendance at arts development programmes	Performance is stabilising and we expect a marginal increase in performance in 14/15	52,837	63,258	47,661	62,700
	13. Number of visits to heritage venues	Performance has been steady. Revised data collection at Kinneil in 13/14 will reset a baseline which we expect to increase at both venues	35,595	36,769	32,686	38,000
	14. Attendance at heritage development programmes	Strong performance experienced recently is slowing and we expect to maintain in 14/15	6,568	9,507	7,073	9,100
	15. Number of complaints received	A revised complaints handling process introduced in 13/14 may reset a baseline which we expect to maintain in 14/15	120	94	77	Maintain
Organisational Development	16. Number of volunteers engaged	A new baseline will be established; based on 12/13 estimates we expect this to increase	n/a	500 est	n/a	Increase

Strategic Objective	Performance measure	Performance context	Performance 11/12	Performance 12/13	Performance 13/14 Q1+Q2+Q3	Target 14/15
	17. Number of clubs and organisations worked with	A new baseline will be established; based on 12/13 estimates we expect this to increase	n/a	100 est	n/a	Increase
	18. Sickness Absence - % days lost	Aim to reduce to below 4%	3.34%	4.03%	3.40%	4% or less
	19. Staff Turnover - % turnover	Aim to reduce turnover	11.7%	8.6%	4.0%	Reduce
Financial Sustainability	20. Customer income raised	Aim to increase income	n/a	£4,540,000	£3,868,355	£4,701,000
	21. Grant income secured ⁴	Aim to maintain income	n/a	£941,000	£113,046 ⁵	n/a
	22. Funds awarded from competitive grants and donor sectors	Funding is competitive and dependent on match we aim to increase on 12/13 position	n/a	£144,053	£481,886	£300,000

¹Excluding figures for Polmonthill Ski Centre, Grangemouth Golf Course and Callendar Park Par 3 – breakdown into adult/juvenile/concession currently unknown.

²Excluding Community Recreation and Ranger Service activities – to be scoped going forward.

³Excluding Ranger Service activities – to be scoped going forward.

⁴ For example, Youth Music Initiative (YMI), Active Schools, Fairer Scotland Fund, National Governing Body contributions.

⁵ Grant income due during quarter four makes up a significant element of this measure.

Perception Indicators

We gather customer and visitor perception through feedback and survey systems both venues based and via digital media. Our second employee survey is planned in spring 2014, our second high level customer survey in 2015 and our first stakeholder survey in 2015.

Risk Management

The Trust has a Risk Management Policy and we review and update our Risk Register as part of the business planning process. Currently in January 2014 there are 46 risk descriptions in the register. Significant risks for this plan are summarised in Table 4 below.

Table 4: Risk Summary

Risk Level	Risk Description	Mitigation
High	Funding is not available to maintain buildings or the Council has pressing need for investment elsewhere in its portfolio.	This is a universal risk shared with the Council and the Trust is working with the Council to implement an Asset Management Plan.
High	Funding from the Council to the Trust is reduced due to other Council priorities and budget constraints.	The Trust is pursuing a strategy to shift reliance on Council funding in the medium term.
Medium	The recession continues and constrains customer ability to spend.	The Trust's pricing strategy and programme is tailored and marketed to customer profiles and ability to pay.
Medium	Over reliance on out of date IT systems and network which is not focussed on Trust's business does not provide adequate service to customers of business information	SLA with the Council for IT services. Online booking to improve customer point of sales experience is identified as a priority.
Medium	Change in local and national political position. The referendum result will be known during the life of this plan.	Regular communications with local elected members and networking with national organisations to consider likely impact.

OUR PLANNING FRAMEWORK AT A GLANCE

The 10 year area wide Strategy

“Inspiring Active Lives” A Culture and Sport Strategy for Falkirk”

*A plan with four key **themes** for action across all culture and sport sectors that will be implemented through a series of **partnership Delivery Plans** led by the Trust*

Participation	Motivation	Venues	Partnership
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Our 5 year Business Strategy

Our aim is that by 2019:

Falkirk Community Trust will be operating from venues that people want to use, with a more responsive programme offering better quality for our customers. We will be a trusted and valued organisation, secure in our role as a leader for culture and sport and with diminishing reliance on Council funding; we will be more flexible, entrepreneurial and commercially minded. We will have created champions for culture and sport and have loyal volunteers and a workforce who motivate a huge cross section of the community to take part in culture and sport that improves their lives.

Our Objectives for 5 years

Meeting Customer Needs
People are at the heart of everything we do, be they customers or potential customers

Organisational Development
Growing up, getting stronger and maturing is critical if we are to live up to stakeholders' expectations

Financial Sustainability
Being efficient and effective and operating with our means

Our Priorities for 5 years

Marketing	ICT	Venues & Programmes	People & Organisation	Planning Together
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Our 5 Annual Business Action Plans

2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
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Our Unit Action Plans and Business Strategies

A suite of plans for individual business operating areas and cross cutting plans for Trading, Programmes & Events, Marketing and Helix are guided by the Business Strategy, Annual Business Action Plans, Marketing Strategy and Fundraising Strategy

OUR PURPOSE

Our Vision

Falkirk's Communities are the most creative and active they can be

Our Mission

To lead culture and sport to enrich people's lives in the Falkirk area

Our Values

Valuing the positive
difference people
make

Acting with
integrity

Placing **people's
needs** at the heart
of everything we do

Being **proud** of
what we can achieve
together

2014/15 Community Trust Budget**Objective Analysis**

	2013/14 Budget Outturn Prices £	2014/15 Budget September 2013 Prices £	2014/15 Budget Outturn Prices £
<u>SERVICE</u>			
Business Development	2,262,000	2,433,640	2,443,360
Parks	2,397,930	2,777,140	2,805,550
Trading	71,350	35,510	41,200
Libraries	2,647,370	2,607,170	2,631,170
Arts	931,160	898,910	909,370
Heritage	1,023,770	1,005,940	1,016,370
Sports & Fitness	3,161,830	3,224,910	3,314,220
NET EXPENDITURE	12,495,410	12,983,220	13,161,240
SERVICE PAYMENT	(12,495,410)	(12,983,220)	(13,161,240)
SURPLUS/(DEFICIT)	-	-	-

2014/15 Community Trust Budget

Subjective Analysis

	2013/14 Budget Outturn Prices £	2014/15 Budget September 2013 Prices £	2014/15 Budget Outturn Prices £
<u>EXPENDITURE</u>			
<u>EMPLOYEE EXPENSES</u>			
SJC Employees	10,683,460	10,870,920	10,979,690
Pension/Termination Costs	42,790	42,790	42,790
Indirect Employee Expenses	154,310	158,790	158,900
Total Employee Expenses	<u>10,880,560</u>	<u>11,072,500</u>	<u>11,181,380</u>
<u>PROPERTY EXPENSES</u>			
Repairs and Maintenance	352,550	352,550	357,810
Maintenance of Grounds	23,110	23,110	23,460
Grounds Maintenance Internal Recharges	166,930	166,930	169,400
Energy Costs	784,800	924,800	979,580
Rents	62,300	62,300	62,300
Water Services	165,210	165,210	166,880
Fixtures and Fittings	53,420	53,420	53,420
Cleaning & Domestic Supplies	271,260	270,430	271,450
Property Insurance	1,000	1,000	1,000
Other Property Expenses	4,910	4,910	4,910
Total Property Expenses	<u>1,885,490</u>	<u>2,024,660</u>	<u>2,090,210</u>
<u>TRANSPORT EXPENSES</u>			
Direct Transport Costs	9,050	7,770	7,790
Transport Recharges	216,690	200,840	201,860
Transport Insurance	12,930	29,040	29,520
Mowers	12,990	12,990	13,180
Total Transport Expenses	<u>251,660</u>	<u>250,640</u>	<u>252,350</u>
<u>SUPPLIES & SERVICES</u>			
Equip, Furniture and Materials	903,810	889,310	889,310
Training Materials	13,500	13,500	13,500
Services	617,420	605,000	605,080
Catering	376,470	375,070	375,070
Clothing, Uniforms & Laundry	25,000	25,000	25,000
Printing, Staty & Gen Off Exps	173,670	172,870	173,950
Communications & Computing	309,960	299,960	300,680
Miscellaneous Supplies	897,740	1,414,140	1,414,140
Total Supplies & Services	<u>3,317,570</u>	<u>3,794,850</u>	<u>3,796,730</u>
<u>THIRD PARTY PAYMENTS</u>			
Other Agencies	49,820	49,820	49,820
Total Third Party Payments	<u>49,820</u>	<u>49,820</u>	<u>49,820</u>
<u>SUPPORT SERVICES</u>			
Falkirk Council Charges	856,880	890,820	890,820
Total Falkirk Council Charges	<u>856,880</u>	<u>890,820</u>	<u>890,820</u>

2014/15 Community Trust Budget

Subjective Analysis

	2013/14 Budget Outturn Prices £	2014/15 Budget September 2013 Prices £	2014/15 Budget Outturn Prices £
TOTAL EXPENDITURE	17,241,980	18,083,290	18,261,310
<u>INCOME</u>			
Other Government Grants	62,540	62,540	62,540
Other Grants, Reimburse & Costs	336,660	336,660	336,660
Customer and Client Receipts	3,385,790	3,710,790	3,710,790
Rents Received	60,840	60,840	60,840
Falkirk Council Service Payment	12,495,410	12,983,220	13,161,240
Interest	18,000	18,000	18,000
Miscellaneous Income	882,740	911,240	911,240
TOTAL INCOME	17,241,980	18,083,290	18,261,310
SURPLUS/(DEFICIT)	-	-	-

2014/15 Community Trust Budget

Summary of Movements

	<u>£'000</u>
2013/14 Budget	0
Add: Budget Changes	
1 <u>Employee Expenses</u>	
Increments	77
Pensions	66
Auto Enrolment	250
Employee Insurance	5
Employee Savings	(154)
Security Patrol Savings	(25)
Neighbourhood Sport Centres	(10)
Zetland Park	(7)
Festivals	(10)
	<u>192</u>
2 <u>Property Expenses</u>	
Utilities	140
Cleaning	(1)
	<u>139</u>
3 <u>Transport Expenses</u>	
Transport Recharges/Insurance	(1)
	<u>(1)</u>
4 <u>Supplies & Services</u>	
Insurance	3
Festivals	(34)
Library Management System	(10)
Helix	520
Other Movements	(2)
	<u>477</u>
5 <u>Support Services</u>	
Falkirk Council Charges	34
	<u>34</u>
6 <u>Income</u>	
Income from Falkirk Council	(488)
Increased Fees & Charges	(131)
Swimming Lessons	(100)
Youth Groups	(64)
Trading Income	(30)
Other Movements	(28)
	<u>(841)</u>
2014/15 Base Budget at September Prices	<u>0</u>
Add: Inflation	0
2014/15 Budget at Outturn Prices	<u>0</u>

**2014/15 FALKIRK COMMUNITY TRUST SAVINGS OPTIONS
BY IMPACT LEVEL**

EQUALITY AND POVERTY IMPACT ASSESSMENT – 2014/15 BUDGET OPTIONS				
REFERENCE CODE	DESCRIPTION	SAVINGS £'000	Assessment of Impact	Comments
EPIA RISK RATING – NO IMPACT				
FCT3	Introduce direct debit swimming lesson membership	100	Income generation from programme access and booking change – no impact	Potential new benefits to generate more customers
FCT4	Expansion of pre-school programme	5	Income generation from expanded programme – no impact	
FCT5	Expansion of Learn to Swim programme	5	Income generation from expanded programme – no impact	
FCT9	Development of Hippodrome programme	7	Income generation from improved programme – no impact	
FCT14	Savings in Community Access to Schools team	25	Internal organisational change and utilisation of vacant posts – no impact	
FCT15	Reduction in Trading Company deficit	30	Internal process and procurement efficiencies – no impact	
FCT16	Savings in security patrol services	25	Internal organisational change – no impact	
FCT17	Savings in Arts Development services	30	Savings generated through post vacancy – no impact	Vacancy held over last 3 years
FCT18	Savings in Library services	65	Savings generated through reduction in additional hours payments and use of vacant posts – no impact	
FCT19	Library management system maintenance savings	10	Savings generated through effective procurement – no impact	
FCT20	Savings in Falkirk Youth Theatre	7	Improved management efficiencies – no impact	
		309		

EPIA RISK RATING – LOW IMPACT				
REFERENCE CODE	DESCRIPTION	SAVINGS £'000	Assessment of Impact	Comments
FCT1	Increase charges by an average of 5%	131	We are aware of the potential impact of increased costs particularly on families. This can be offset by the availability of free access programmes eg Active Schools and discounted/free access to people/families in receipt of a range of benefits and older people therefore the proposal is considered low risk in relation to level of income.	EPIA process informed by consideration of the whole programme offer across free, paid for and concessionary activity.
FCT2	Introduce charges to under 16 clubs using school facilities	64	We are aware that some clubs may pass on charges to participants which may discourage club membership and children may miss out on sporting and social development and fewer opportunities should clubs reduce their capacity. The level of charge is lower than comparable authorities therefore the impact is considered low.	EPIA will be informed by consultation and club expectation that the inconsistency of charging between schools and sports centres will be resolved.
FCT8	Introduce charges for heritage events	6	This is estimated to have a low impact as the introduction of charges brings the heritage programme in line with visual arts programme and anecdotal feedback from customers indicates a willingness to pay.	EPIA process informed by consideration of the whole programme offer across free, paid for and concessionary activity.
FCT10	Zetland Park Kiosk and public toilets closure in winter	7	This is estimated to have low impact due the closure of the public toilets in winter which will be mitigated by public access to the nearby Grangemouth Complex toilets.	EPIA process informed by evaluation of current service usage and availability of alternative service delivery
FCT11	Neighbourhood Sports Centres closure on Saturday evening	10	The proposal will be offset by the transfer of any bookings to main centres and for one-off special events to be hosted if possible. Due to the very small number of bookings affected this is considered low impact.	EPIA process will be informed by consultation with affected groups and HR polices in respect of changes to hours worked.

FCT13	Withdraw from Kinneil Heritage event and Grangemouth Children's Festival	44	As one off events additional to Grangemouth Children's Day and Bo'ness Children's Fair, they are considered as non-essential services and it is hard to make a direct link to either the objectives of the Trust or the Council's priorities. We recognise communities will be disappointed although the proposal is considered low risk.	EPIA process informed by consideration of the whole offer in the Grangemouth and Bo'ness communities.
		262		

EPIA RISK RATING –MEDIUM IMPACT				
REFERENCE CODE	DESCRIPTION	SAVINGS £'000	Assessment of Impact	Comments
FCT22	Review and rationalisation of Callendar House front of house operations	34	This proposal is subject to a review of staffing and is considered medium impact until the review is completed.	EPIA process will be informed by HR policies and the results of the review.
		34		

	Number of Options	Savings £'000
No Impact	11	309
Low Impact	6	262
Medium Impact	1	34
High Impact		
TOTAL	18	605

IMPACT ON PEOPLE			
LOW	MEDIUM	HIGH	VERY HIGH
<p>No or low level of impact on:</p> <ul style="list-style-type: none"> Any of the protected equality groups; Quality of life for vulnerable groups; Access to services; Income Workforce and employment opportunities <p>Mitigating actions/ adjustments not required</p>	<p>Medium level impact on:</p> <ul style="list-style-type: none"> Some of the protected equality groups; Quality of life for vulnerable groups; Access to services Income Workforce and employment opportunities <p>Mitigating actions/ adjustments have been identified and these will further inform the proposal.</p> <p>Consultation could further inform/amend this potential impact rating.</p>	<p>High level impact on:</p> <ul style="list-style-type: none"> Some/all of the protected equality groups Quality of life for vulnerable groups; Access to services Income Workforce and employment opportunities <p>Some mitigating actions/ adjustments have been identified however the removal of all potential impact may not be possible.</p> <p>Consultation could further inform/amend this potential impact rating.</p>	<p>Very high level of impact on:</p> <ul style="list-style-type: none"> Causing disproportionate impact for some/all of the protected equality groups; Quality of life for vulnerable groups restricted; Access to services restricted Income Workforce and employment opportunities <p>Some mitigating actions/ adjustments made however the removal of all potential impact may not be possible.</p> <p>Consultation could further inform/amend this potential impact rating.</p> <p>Unable to identify mitigating actions.</p>

FALKIRK COUNCIL

Subject: REVENUE BUDGET 2014/15
Meeting: FALKIRK COUNCIL
Date: 12 February 2014
Author: CHIEF EXECUTIVE & CHIEF FINANCE OFFICER

1. INTRODUCTION

- 1.1 This report sets out the Administration's Revenue Budget proposals for the financial year 2014/15 which have been informed by the Council's priorities in the 2012-17 Corporate Plan and the Single Outcome Agreement. A projected financial position for the subsequent 3 years is reflected in the emerging Medium Term Financial Plan in Section 8 of this report.
- 1.2 There are also 3 other reports in this Budget booklet dealing with the:-
- a) General Capital Programme
 - b) Housing Revenue Account and Council House Rents
 - c) Housing Investment Programme

Together, these 4 elements of the budget cover the full spectrum of the Council's service activities and provide firm proposed costs for 2014/15 and provisional spend proposals for the subsequent 2 years. Business Plans for Falkirk Community Trust have been considered in a preceding agenda item.

- 1.3 The budget is presented against the backdrop of a continuing challenging economic climate and precarious public finances which are expected to prevail over the medium term and quite likely beyond.

2. SPENDING REVIEW AND SCOTTISH GOVERNMENT BUDGET

- 2.1 The draft Scottish Budget sits within the framework of the 2012/13 – 2014/15 Spending Review period. In September 2013, the Scottish Government presented its draft Budget for 2014/15. A report on this was submitted to Executive on 8 October and a copy is attached at Appendix 1. At the time of writing, this Budget is still going through the Scottish Parliament approval process.
- 2.2 A condition of the level of funding contained in the Scottish Budget is that local authorities deliver on specific commitments, which will be monitored, with adverse grant consequences for non-delivery:-
- Maintain the council tax freeze
 - Maintain teacher numbers in line with pupil numbers and secure places for all probationers who require one, under the teacher induction scheme

As in previous years, it is not open to Councils to select elements of the package, it is all or nothing. It is anticipated that all Councils will agree to these terms.

- 2.3 Some of the other significant elements which flow from the Budget and impact on local government are set out below:-
- 2.3.1 Provision is made to deliver on the Scottish Government's commitment to fully fund the additional costs of the early learning and childcare proposals.
- 2.3.2 Continuation of the £23m/£17m split between the Scottish and local governments to maintain the funding for the Council Tax Reduction scheme.
- 2.3.3 An expectation that partnerships working with a preventative approach to the delivery of outcomes will continue. Community Planning Partnerships (CPP's) should deploy resources towards the jointly agreed priorities set out in each CPP's Single Outcome Agreement. [see paragraph 4.4]
- 2.3.4 A sum of £20m was announced to increase discretionary housing payments and thus help mitigate the impact of the "bedroom tax" in the current financial year.
- 2.3.5 The Capital resources are broadly as anticipated and reflect the significant reprofiling of grant previously advised to Members.

3. LOCAL GOVERNMENT FINANCE SETTLEMENT

- 3.1 Over 80% of the Council's net expenditure is financed from central government grant and in consequence this is a critical element in balancing the budget. The overall Settlement was on a "flat cash" basis and whilst Falkirk did slightly better than this, the shortfall in grant relative to inflation is material.
- 3.2 Finance Circular 6/2013 was issued by the Scottish Government in December and reported to Executive in January (see Appendix 2). The circular gave the detailed grant figure for 2014/15 and aggregate grant for 2015/16 as noted in the table below.

	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>
	<u>£'m</u>	<u>£'m</u>	<u>£'m</u>
Scotland	9,766.391	9,804.911	9,800.601
Falkirk Council	272.532	275.393	?
Year on Year Increase	0.62%	1.05%	

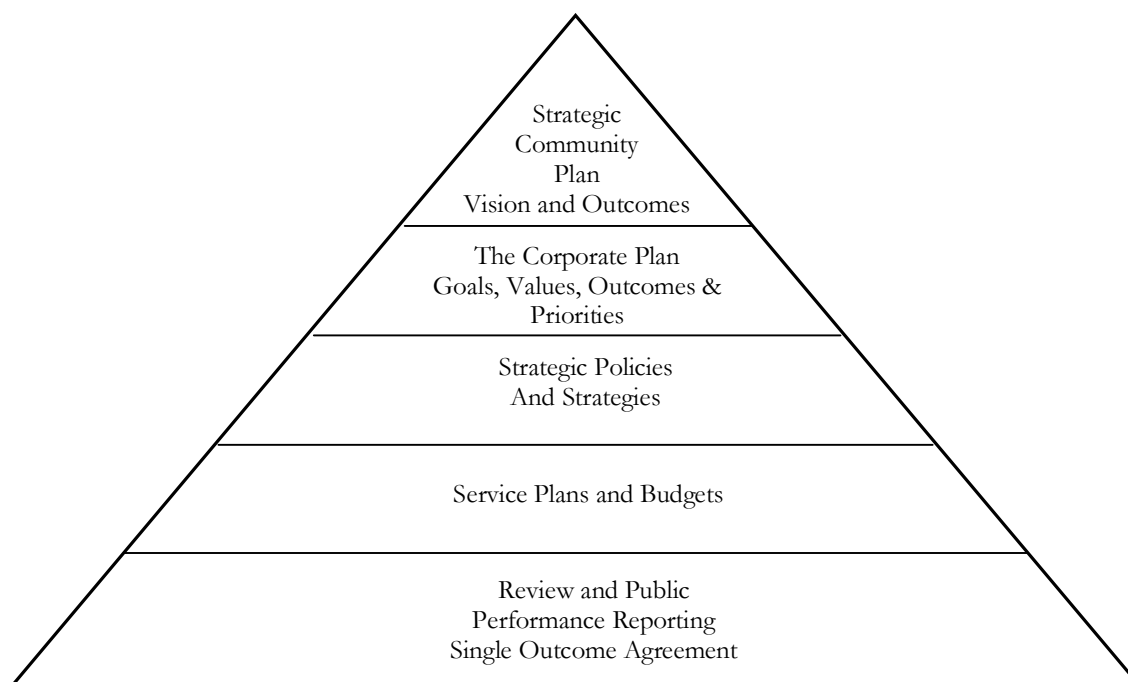
The 2014/15 grant proved to be marginally better (£300k) than anticipated due to the decrease in funding for the Council Tax Reduction Scheme not being as great as expected. The basis of the grant allocation for 2015/16 is still the subject of discussion between the Scottish Government and Cosla.

It should be noted that the grant figures above for Falkirk Council have been adjusted to reflect amounts held back for Council Tax Reduction Scheme, Scottish Welfare Fund and Language Provision as the related expenditure is contained within the Council budget.

- 3.3 Members have previously been advised that there has been a shift in the balance of the funding distribution, with an increasing amount being funded by Non-Domestic Rate income. This income, in addition to the normal increase in rate poundage, is predicated on increased yield as the country recovers from the recession. Should this increased yield not be forthcoming, the Scottish Government has guaranteed the full funding envelope and will bridge the difference.
- 3.4 The Scottish Government has confirmed that the Non-Domestic Rate poundage increase will be restricted to 2% in alignment with the position in England. An improvement in the Small Business Bonus Scheme was announced as was an expansion of the Fresh Starts rates relief.
- 3.5 The Circular also covers Capital Grant which is dealt with in the relevant report later in this agenda.

4. OUR BUDGET IN CONTEXT

- 4.1 The resources we utilise, essentially finance, assets and workforce, need to mesh effectively to support what the Council aims to achieve with regards to the future of our area. Members have established 16 outcomes we are striving to achieve and these are clearly set out in the Strategic Community Plan and in our 2012-17 Corporate Plan where priorities have also been identified. These outcomes underpin the vision for our area reinforced in our Strategic Community Plan. Each year we report on progress on achieving our outcomes through our Single Outcome Agreement. Members are presented with a progress report in October each year on how the Council and our partners are working to achieve those outcomes.



- 4.2 The challenges faced by the Council and our Services in addressing the issues of importance within our communities are not only reflected in the Strategic Community Plan but are then worked through our Corporate Plan to individual Service Plans. Each year we review the context within which the Council and individual Services are operating, the resources we have to deliver our services, how we will address needs and then plan how we are going to achieve the best outcomes we can. This work is detailed within Service Performance Plans that are published annually.
- 4.3 The Service Performance Plan process is constantly being reviewed and refined to ensure that it remains fit for purpose e.g. linking the Service Plan with the recently introduced Peer Reviews and reporting format for Performance Panel reports.
- 4.4 It is important to appreciate that the process and structure of the budget is significantly changing, being much more integrative in nature in terms of interface with Community Planning Partners and with a related greater focus on outcomes and priorities. There are two main strands to this. Firstly, there is the Joint Resourcing agenda which requires Community Planning Partners to mobilise their joint resources to deliver Single Outcome Agreement priorities. Secondly the Public Bodies (Joint Working) Scotland Bill anticipates the establishment of Health and Social Care Partnerships by April 2015, prior to which Councils and NHS Boards are expected to identify the resources which will transfer to the new partnerships in the form of a joint budget.
- 4.5 There is also a clear and important linkage with the Medium Term Financial Plan which is considered at Section 8.

5. OVERALL BUDGET POSITION

- 5.1 The Council is facing a gap of £10.5m in 2014/15 between its projected resources and spending requirements. To comply with both financial prudence and the legal requirement to produce a balanced budget, this gap requires to be bridged.

- 5.2 Key cost drivers leading to this gap include:-

	<u>£'m</u>
• Pay Awards	2.008
• Demographics	0.490
• Salary Increments	0.446
• Fuel & Energy Charges	0.315
• Indexation of PPP/NPDO Contracts	0.551
• Non-pay Inflation	3.952

- 5.3 The statement below shows how it is proposed to close this financial gap. Subsequent paragraphs expand on these components.

	<u>£'m</u>	<u>£'m</u>	<u>£'m</u>
(a) Financial Gap			10.5m
(b) Bridged by:			
- Review of base budget (para 5.4)		2.8	
- Corporate Initiatives (para 5.5)		1.1	
- Savings proposed by Services and Trust (para 5.6)		4.5	
- Spend to Save Initiatives (para 5.7.5)		0.4	
- Application of Reserves (para 5.7)			
o General Fund	1.5		
o Devolved Schools Management	0.2	1.7	10.5m

- 5.4 The proper starting point for closing the budget gap is to review existing underspends. This is done in association with Services and where it is agreed that elements are no longer required and without impacting on service standards, they are adjusted. If not adjusted in this way pressures are inevitably created for savings in other areas and, moreover, these elements will flow through and show as Service underspends.

- 5.5 Corporate Initiatives flow from proactive work to generate savings in areas such as
- Procurement – Undertake a review and examine scope for additional savings opportunities along with increased contract compliance (£0.900m)
 - Asset Management – Management of Non Domestic Rates Appeals (£0.210m)

- 5.6 The bulk of the savings come from Services and these are considered in section 6 supplemented by Services' summaries located within each Service section in the booklet.

5.7 Reserves

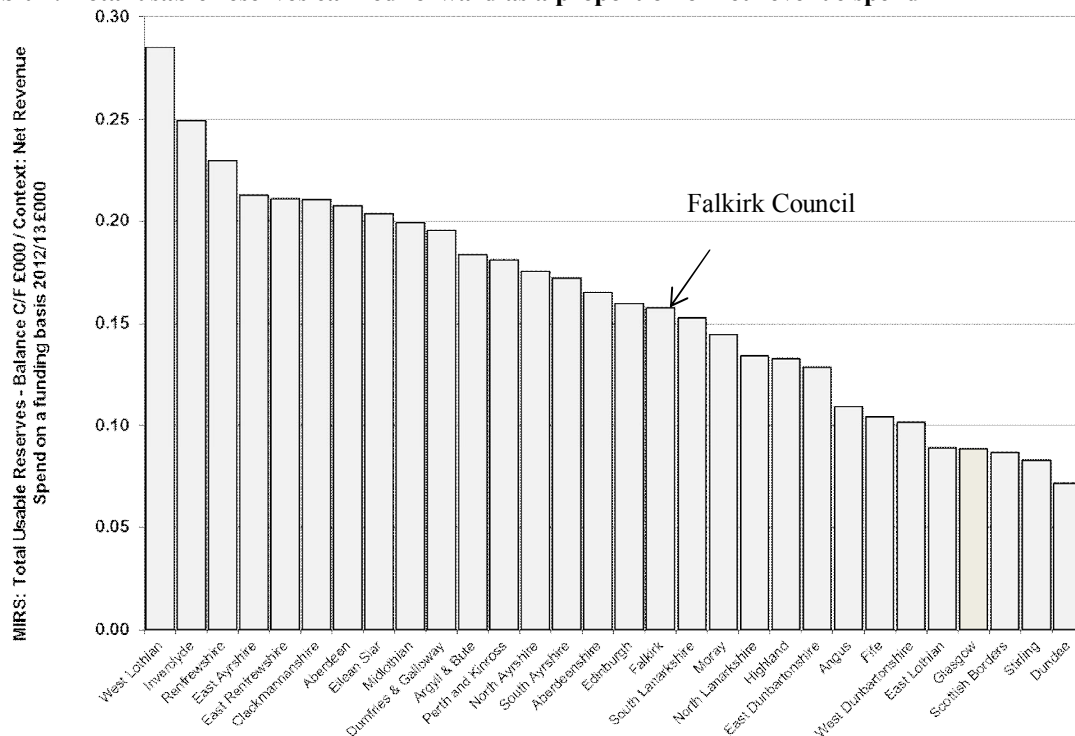
- 5.7.1 A report was presented to the 14 January meeting of the Executive showing the latest position on reserves. A primary purpose of that report was to inform budget decision-making. In summary, the estimated balances on the revenue reserve funds at 31 March 2014 are as follows:

	<u>£'m</u>	
• General Fund	14.0	[see paras 5.7.2-5.7.4]
• Spend to Save Initiatives	1.0	[see para 5.7.5]
• Education Devolved Schools Management	5.6	[see para 5.7.6]
• Economic Development	0.9	
• Energy Efficiency	0.4	
• Insurance Fund	4.4	
• Repairs & Renewals	1.1	
	<u>£ 27.4</u>	

Other than the General Fund these reserves are earmarked for particular purposes and in consequence the funds, in large measure, are already spoken for.

- 5.7.2 The Council's approved reserve strategy is based on a range of 2% on net (£7m) and gross (£10m) expenditure. The Accounts Commission in their 2013 Overview note that, "Typically, these (reserves) are in the range of one to four percent of net cost of services. A number of councils have non-earmarked general fund reserves greater than the level set out in their policies, which may be prudent in the current environment". It is useful to see how Falkirk Council's reserves compare with other councils and the following chart sourced from Audit Scotland is helpful in this respect.

Exhibit 4: Total usable reserves carried forward as a proportion of net revenue spend



Source: Audit Scotland - 2012/13 analytical review of council accounts

- 5.7.3 The General Fund balance includes £2.2m underspend forecast for the 2013/14 financial year as reported to Executive in January. The budget balancing statement at para 5.3 shows that it is proposed to deploy £1.5m from the General Fund Reserve in 2014/15. This will reduce that reserve down to £12.5m, relative to the Council's reserve strategy range of £7-£10m. It is important to recognise that the deployment of reserves for this purpose and particularly of a large scale is not sustainable. This is both because the reserves are finite and the underlying gap between expenditure and available resources is not being addressed. This is a point forcibly made by Audit Scotland, the Council's auditors. The level of reserves should also be placed in the context of the expected scale of cuts anticipated in forthcoming years as set out in section 8. The deployment of reserves implied in the medium term strategy allied to the proposed replenishment of Spend to Save resources per para 5.7.5 would over the medium term take the level of reserves down to the strategy floor.

- 5.7.4 It should be appreciated that the General Fund Reserve's primary purpose is to deal with significant unexpected liabilities impacting on the Council and in these terms can be viewed as a "financial shock-absorber". One topical illustration of this is the current Pensions Bill which would remove national insurance protection from public sector schemes such as the LGPS. Whilst the details are not yet clear and implementation is not scheduled until 2016, it could cost the Council circa £4m p.a. The challenge of Welfare Reform is another example.
- 5.7.5 The Council had previously agreed to set aside £3.5m from the General Fund as an earmarked resource to fund Spend to Save Initiatives. This initiative has proved to be very successful and allowed projects such as rental lease buyouts and "refreshing the profession" in Education to progress. Indeed, only £1m of these earmarked funds remain and should Members elect to approve a proposal from the Trust at the 25 February Executive this balance will be depleted. In consequence, it is proposed that £1.5m of General Fund reserves are earmarked to replenish this fund and Services should be diligent in identifying savings options for evaluation.
- 5.7.6 A primary purpose of the Education Devolved Schools Management Reserve is to manage the timing differences between the academic and financial years. A review of this Reserve has led to an assessment that it had accumulated a level of balance that would allow a proportion to contribute to helping balance the Council's overall financial gap. In consequence, it is proposed to draw on £0.2m for this purpose.
- 5.7.7 As noted at para 6.2, should the Equality & Poverty Impact Assessment process result in any savings proposals not being progressed, any such shortfall would be covered by reserves as would any other relevant savings necessitating future consultations. This could amount to a maximum of c£0.700m.

6. SERVICE BUDGETS

- 6.1 This section of the report summarises the position for each Service area. The detail for the Services is presented at Appendix 3 and this forms the bulk of the budget booklet. Within each Service section there is a Summary of Movements statement which details changes from 2013/14.
- 6.2 Equality and Poverty Impact Assessments have been carried out on the Revenue Budget proposals. Information on the process undertaken in assessing the impact on equalities is attached at Appendix 5 together with, at Appendix 5b, a summary of the assessed impact in relation to each budget proposal summarised from the fuller assessments. Members will see in the following paragraphs that where savings have been proposed by Services that these are cross-referenced in the EQIA summary at Appendix 5b. Where after following due process of consultations and engagement it is decided not to progress a particular savings proposal, the shortfall will be covered by Reserves (see para 5.7.7). Officers have also ensured that the Budget proposals are consistent with the Council's Anti-Poverty Strategy.
- 6.3 A separate item on the Council's agenda presents the Community Trust's Business Plan. The Trust's Business Plan is in alignment with the budget proposals contained in this report.

6.4 **Education**

- 6.4.1 The Education Services budget includes provision for pay awards, increments, increased pension costs and price inflation and is set to increase by £2.379m to £169.322m (1.4%). This incorporates £1.559m to implement the early learning and childcare provisions contained within the Children and Young People Scotland Bill which includes increasing nursery provision from 475 hours to 600 hours per annum. In addition an allowance of £0.414m has been made to cover the full cost of delivering the entitlement to 25 hour teaching time per week for all primary aged pupils which was implemented in August 2013. There is also a provision of £0.200m to reflect demographic pressures.
- 6.4.2 The budget has been adjusted to take account of rebasing adjustments of £0.650m which reflect current projected underspends in some operational areas. It is also proposed to reduce teaching costs (ED5, 7, 8) by £0.380m while still maintaining the commitment to meet nationally agreed targets. This will be achieved through a range of measures aimed at reducing and rationalising management structures and achieving timetabling efficiencies. A saving of £0.500m (ED1, 3, 9-12) is also proposed through the review and reduction in the number of support staff across the Service.
- 6.4.3 A further proposal aims to save £0.125m through a programme of voluntary severance and early retirement packages for teachers. This “Refreshing the Profession” initiative has been financed under the Spend to Save Scheme.
- 6.4.4 A proposal will be considered by the next meeting of the Education Executive to amend the Councils Admissions Policy to Denominational Schools by only automatically accepting catchment children who have been baptised as Roman Catholics (ED30). This will mean that all other children will have to submit a placing request. This proposal whilst giving additional controls over admissions will also provide anticipated savings of £0.307m, as free transport is not provided for placing request children. This proposal will, however, be subject to a statutory consultation.
- 6.4.5 Further operational savings are proposed to be obtained through a range of measures including reviewing the contractual arrangements (ED19, 23, 25) for the secondary schools (£0.210m), reducing £0.060m from the repairs and maintenance budgets (ED17) and £0.050m from schools per capita budgets (ED22). In addition it is proposed to save £0.065m by stopping free swimming lessons (ED29) for primary 5 pupils.
- 6.4.6 It is also proposed to make efficiency savings of £0.050m by reallocating staff (ED16) between Sealock House and Camelon Education Centre and promoting the use of parental contracts (ED24) for transporting children with additional support needs rather than taxis (£0.010m).
- 6.4.7 It is also further proposed to increase fees and charges by £0.171m. These proposals include increasing childcare fees by 5% (ED15), ensuring charges reflect the higher cost of providing baby care(ED4) and aligning the charges of schools lets (ED21) to those of the Community Trust. It is proposed, however, to freeze the cost of school meals, ensuring that Falkirk Council will still have one of the lowest charges within Scotland. Details of these increases are provided in Appendix 3 to this report.

6.5 **Social Work**

- 6.5.1 The Social Work budget is set to increase by £2.140m to £89.715m (2.4%). Provision for pay awards, incremental increases for staff, increased pension costs and provision for price inflation for purchase of care from external providers are the main reasons for the increase. There is also provision of £0.250m to reflect demographic movements. Savings of £0.237m are anticipated from proposed reviews of procurement arrangements for the purchase of community care from external providers (SW11 and SW13), £0.103m from proposed reductions in staffing (SW24), £0.050m from a review of transport eligibility and charging (SW6) and £0.340m as a result of budget rebasing. There is also provision for increased income of £0.165m from non-residential charging and meals charges (SW1 and SW7), an additional £0.100m from external agencies (SW10) and savings of £0.010m from changing invoice processing arrangements (SW3 and SW25). Proposed changes to fees and charges are included in Appendix 3 to this report. These include charges made to other local authorities for services provided by Falkirk Council.
- 6.5.2 The budget includes expenditure funded by the Change Fund for Older People's Services which provided nationally £80m in 2012/13, £80m in 2013/14 and £70m in 2014/15. The fund is distributed through NHS boards and spending is overseen by local partnerships on the basis of local change plans which are agreed between NHS boards, local government and the third and independent sectors. The allocation to the Falkirk Partnership in each of these years was £2.14m/£2.15m/£1.89m respectively. The Scottish Government has confirmed that this will be replaced in 2015/16 by a £100m fund which will be available to be allocated via Health Boards in 2015/16 to help drive the shift towards prevention.

6.6 **Development Services**

- 6.6.1 The Development Services budget including provision for pay awards, increments, increased pension costs and price inflation is set to reduce by £1.204m to £34.922m (3.3%). As part of the rebasing exercise, the budget has been reduced by £0.500m to reflect the projected resource requirements for managing waste disposal. Savings of £0.095m are also anticipated by changing the residual waste collection from fortnightly to 3-weekly as previously approved by Members at the full Council meeting on 11 December 2013 and reducing the amount of waste actually sent to landfill. The budget provision for bus services was enhanced in 2012 by £0.350m in order to allow the emergency replacement of services about to be withdrawn by a commercial bus operator. This will now be saved by a combination of retendering, alternative timetabling and service adjustment all in accordance with the Council's existing policies (DV8).
- 6.6.2 Spend to save initiatives will lead to a total budget saving of £0.740m as a result of lease buy-outs at Central Park and reduced costs for street lighting as previously approved by Members.
- 6.6.3 It is also proposed to remove the rail concession (DV6) which allows half fare rail travel for elderly and disabled people, resulting in a budget saving of £0.060m. Alternatives to the rail concession include the Scotrail cards for disabled people and senior citizens, this allows the traveller up to a third off standard and first class travel throughout the UK. In addition there is also the free national bus pass and the Dial a Journey Scheme.

- 6.6.4 Increased income of £0.123m (DV4) will arise should Members approve the introduction of charges for public parking at the Municipal Buildings. This level of saving will be contingent on satisfactory completion of the relevant statutory process. Further, in the event that it is determined by Members that this car park should be included in the “Free after three” and free Christmas parking initiatives, this sum will reduce to £0.092m. Blue badge holders will be exempt from these charges. Further savings of £0.390m (DV2, 5, 14) will be generated by reducing both staffing costs and supplies and services.

6.7 **Corporate & Neighbourhood Services**

The Corporate & Neighbourhood Services budget is set to increase by £0.123m to £15.685m (0.8%). Provision has been made for pay awards, increased pension costs and the Hostel Grant which was previously a specific grant and is now mainstreamed in the Finance settlement. There is provision for £0.150m additional income from proposed increases in charges for Bereavement Services and Trade Waste together with a proposed new charge on developers for the provision of bins for new houses (CN17, 19 and 12). There are also savings of £0.500m from the budget rebasing exercise and £0.250m (CN15) in Fleet costs which have been allocated to individual Services. Proposed changes to fees and charges are also included in Appendix 3 to this report.

6.8 **Miscellaneous**

The Miscellaneous Services budget has reduced by £0.669m to £10.759m (5.9%). After providing £0.226m for additional costs relating to the carbon reduction commitments scheme £0.095m reduced income from housing benefit admin subsidy, the budget has reduced by £0.900m for corporate procurement savings (CE3) and £0.210m for non-domestic rates appeals (CS1). Included in these calculations is a proposed saving of £0.034m generated by concentrating the provision of registration services within the existing offices in Grangemouth, Denny and Falkirk and closing the offices in Bo’ness, Brightons and Larbert (CE15). The Bo’ness and Brightons offices currently operate on a part time basis, the former for 21 hours per week and the latter for 9 hours. They have the lowest number of registrations per office among the 6 offices. Closure of these offices, which are owned by the Council, would also give rise to the potential for disposal on the open market which could generate a capital receipt estimated to be in the region of £0.048m. The registration office in Larbert has already been highlighted for redevelopment. It is in a fairly poor condition and registration is now the sole occupant of the building. If a registration office was to be maintained in Larbert, alternative premises would be required. Premises within the Health Centre have been costed at c.£28k per annum but would not include provision to carry out wedding ceremonies. Taking this opportunity to rationalise the registration estate would generate property savings in addition to greater flexibility for office cover with existing staffing resources. A preliminary screening assessment of the proposal for equalities purposes has not identified any adverse impact on groups with protected characteristics but this will be further clarified from analysis of usage data if it is agreed to take the proposal forward. In the event that a materially adverse impact is identified, a report would be submitted to Council for further consideration but, if not, the proposal would be implemented.

6.9 **Trading Account**

The Building Maintenance Trading Account is budgeted to make a surplus of £0.772m which is in line with the current year’s budget.

6.10 **Central Support Services**

The budget for Central Support Services is set to rise by £0.170m to £23.297m (0.7%). This takes into account an increase of £0.245m covering increased Capital Charges and Central Support reallocation. The budget makes provision for increased pensions contributions, salary increments, and inflation and there is provision of £0.025m for increased income from Printworks (CE 11) Provision is also made for savings of £0.366m arising from the budget rebasing exercise.

6.11 **Falkirk Community Trust**

In the event that Council accepts the proposals included in the Trust's Business Plan which appear earlier on the agenda for this meeting, the Council's payment to Falkirk Community Trust for 2014/15 will be £13.161m. This represents an increase of £0.666m (5.3%) on the previous year's Service Payment.

6.12 **Workforce**

- 6.12.1 As is explained in previous paragraphs within this section of the report, there are areas being presented for Members' consideration which necessitate a reduction of up to c45 in workforce numbers if the respective savings are to be achieved. Such impact on the workforce is always one which the Council has aimed to avoid. Despite such an approach, it has been necessary to consider options which reduce workforce spend. This is inevitable with a gap in budget of c£10.5m for the next year, and spend on workforce equating to c60% of the Council's budget.
- 6.12.2 In this regard, meetings with Trade Unions are being held with a view to progressing options which may help to achieve such changes in workforce. The preferred method will be by voluntary means through the use of the severance policy, the redeployment policy and any other such voluntary methods. In addition, discussions will be held with the Trade Unions to assess whether changes to terms and conditions can be identified as an alternative method of achieving such workforce related savings. It must be highlighted however, that the Trade Unions have indicated that they are unwilling to enter into discussions unless there is a potential for the loss of jobs.
- 6.12.3 A formal statutory notice covering the option of redundancy will require to be issued to the Trade Unions to comply with the Council's obligations under employment legislation, and to ensure that the Trade Unions are aware that redundancy may become necessary, in the event that there are insufficient volunteers or changes to conditions to achieve the savings attributable to workforce spend.
- 6.12.4 As detailed in Appendix 5 of this report, the equality and poverty impact assessments associated with any proposed changes which require to be considered as part of the statutory notice, will be refined as the impact on the workforce is better determined in these areas following consultation with the Trade Unions.
- 6.12.5 During such discussions, consideration will be given to all options which could help to achieve the necessary savings in workforce spend and avoid compulsory redundancies. As can be seen from the Medium Term Financial Plan in Section 8 of this report, the Council is faced with a budget gap which is now estimated to be c£35m over three years to 2017/18. This is equivalent to a reduction in spend of c11% of the Council's net revenue budget and as such, discussions will also be aimed at achieving sustainable savings which may also assist in reducing workforce spend in future years. A variety of options in this regard will be considered including the following areas:

- Targeted Voluntary Severance - Those areas highlighted in this report which impact on workforce numbers will be targeted to identify reductions in workforce through voluntary severance. In addition, where there is a potential to achieve sustainable savings for future years in other areas of service delivery, employee groups in these areas will also be approached.
- Review of Previous Severance Applications - applications from employees for severance have been received since the initial trawl in 2010. Since then, c240 applications have been granted. Of those that were rejected, the reason was mainly due to the post requiring to be re-filled and/or the cost of the severance. Given the lapse in time since the receipt of some of these applications, they will be revisited to determine whether any can now, in the current budget climate, be granted. There is however, an issue in relation to the cost of such severances which is addressed below.
- Review of Vacancies - As vacancies arise through normal turnover, they are normally assessed by each Service to ensure it is essential to continue to fill the post given the need to achieve savings. Arrangements will now be put in place to increase the level of scrutiny of such posts on a cross service basis. In addition, consideration will be given to filling vacancies, as appropriate, on different contractual arrangements, e.g., temporary or alternative working hours to assist with any further reductions that are required in future years.
- Redeployment - the option of redeployment will be considered for all posts on which the budget proposals have an impact. In addition, redeployment will now be promoted as an option which employees can volunteer for, as well as an option which will be available to managers to discuss with employees to determine whether the employee may be interested in being considered for redeployment.
- Terms and Conditions - as detailed above, consideration will be given to options for reviewing terms and conditions which may assist with current and longer term savings. This will be discussed with the Trade Unions and in turn, employees will be asked for their views on areas for possible change, to assist with such discussions.
- Working Patterns - In accordance with the agreement reached with the Trade Unions in April 2012, the working patterns of relevant employee groups will continue to be considered in consultation with Trade Unions to determine whether beneficial changes can be made which will assist with service delivery and reduce overtime costs.

6.12.6 In addition to the above, a Business Transformation project has commenced with the aim of reviewing areas of service delivery to ensure the most efficient and effective methods of delivery are being implemented, assessing the basis for delivery, the mode of delivery, the resources utilised and the opportunities for changes and improvements. Ultimately, the project aims to contribute to the overall projected savings to be achieved by the Council in the medium to long term. Examples of initial workstreams being considered through this project include:

- Further developing e-procurement;
- Increased efficiency in methods of internal re-charging;
- Mobile and Home Working
- System Integration
- Integration of HR and Payroll functions;
- Review of cleaning schedules.
- Review of fleet efficiency

- Review of commissioning arrangements for social care services arising from the implementation of self directed support

Research work is also being undertaken to assess additional workstreams which will be taken forward during 2014/15, with a view to achieving efficiencies and savings. Relevant employee groups will be contacted as each project workstream progresses. This may result in targeted voluntary severance and/or redeployment in such areas being considered along with other initiatives, as detailed above, to enable efficiencies and savings to be achieved. A further report on such work will be presented to Members as this project progresses.

- 6.12.7 As also detailed above, the severance policy will be a key tool to help managers achieve workforce savings. There are however, a reducing number of severance applications being approved and as noted, this is often due to the cost of the severance. In approving any application managers must achieve, within a period of 5 years, savings that equate to 100% of the severance applicant's salary. This has proved in recent months to be increasingly difficult. With this in mind, it is suggested that a change is made to the savings level for a time defined period, reducing the saving requirement to the equivalent of 50% of salary over a period of 5 years. If agreed, it is further suggested that this be applied from the date of the decision to 31st March 2015, for any applications received within that period with a leaving date of any time up to and including 31st March 2017. Such an approach will enable managers to approve severances over the next year which will assist with workforce planning arrangements over the next three financial years.
- 6.12.8 In addition, it is further suggested that work is undertaken in consultation with the Trade Unions, to develop a revised severance policy which will reduce the overall cost of the severance package. If considered appropriate, options for a revised scheme will be presented to Members for consideration, with any changes to the severance package being applicable from 1st April 2015 onwards. This approach may also help to encourage applications for severance over the next year, with the aim of assisting in achieving workforce savings that are of a voluntary nature.
- 6.12.9 Appropriate Equality and Poverty Impact Assessments will be undertaken, as detailed in Appendix 5 of this report and as required, for the workforce related initiatives and projects which are progressing.
- 6.13 **External Funding**
- 6.13.1 It is proposed that the funding for external organisations that fall within the Following the Public Pound organisations remains the same in the coming year with the exception of the area discussed in the following paragraph. Given the projected financial pressures the Council is facing and the resultant impact on service delivery capacity, it would be prudent for external organisations to plan for a potential reduction in Council funding in future years.

- 6.13.2 A review of services for those affected by abuse is currently underway. There is currently a lack of a strategic service specification directing provision of services within this category. Officers have identified that there may be a degree of duplication in service provision and uncertainty regarding how performance is currently supporting Council and community planning partner's priorities. The review will consider short term impacts of any change in terms of ongoing support for service users, and also longer term impacts which will ensure that services focus on early and/or preventative interventions. It is anticipated that by establishing a consistent service specification, which places national policy translated into local delivery at the core, an efficiency saving of £0.068m (SW22) is achievable during the coming financial year. Recommendations of the review will be reported to Scrutiny Committee in the first instance, for referral to Executive for final approval.
- 6.13.3 The Council in addition to awarding funding to organisations provides in-kind support to external organisations, including, for example, free or reduced lets of Council owned premises or property. It is proposed that this type of support should continue in line with Council policy, as a direct contractual relationship is formed between the Council and the external organisation. However, the Council has also for historical reasons provided support by contracting with suppliers to provide equipment, such as stages, for external organisations and it is suggested that this type of in-kind support should cease. The main reason for this is that there is no direct contractual relationship between the external organisation and the supplier. This situation exposes the Council to potential financial claims over which it has no control. It is suggested that organisations should continue to submit applications for support, but if successful, a grant should be provided to the organisation so that it can contract direct with the supplier. This would not result in any reduction in support for external organisations as the allocation of the grant would be the same value as that allocated last year. It is anticipated that this will apply mainly to Bo'ness Children's Fair Festival and Dawson Gala day.

The full list of funding to external organisations that fall under the Following the Public Pound is noted in Appendix 4.

7. SERVICE INITIATIVES

- 7.1 Notwithstanding the challenges the Council faces to produce a balanced budget, the following are highlighted as examples of resources directed to priority areas:-
- The Capital Programme for next year contains a sum of £1.6m to accommodate projects being completed under the Tax Increment Financing Scheme. The associated financing costs are designed to be met by additional income from Non-Domestic Rates
 - Education Services budget incorporates a sum of £1.559m to implement the early learning and childcare provisions contained within the Children and Young People Bill
 - An allowance of £0.414m has been made to cover the full cost of delivering the entitlement to 25 hour teaching time per week for all primary aged pupils
 - A sum of £0.450m has been added to the Education and Social Work budgets to recognise the demographic pressures being faced by the Services especially in terms of early years provision and services to older people
 - Freezing the cost of school meals, ensuring that Falkirk Council will still have one of the lowest charges within Scotland
 - The budget contains a sum of c£0.100m reflecting an increase to the Living Wage to bring it up from £7.50 per hour to £7.65 per hour

In addition, certain funding elements originally included as part of the 2012/13 budget have been retained.

- The Development Services budget contains a sum of £0.500m to continue the accelerated youth employment programme and the Falkirk Employability Award continues to be met from existing resources
- The Social Work budget contains £0.100m for the employment of 3 additional Welfare Advice staff who will continue to provide assistance in helping to protect claimants' benefit entitlement
- A sum of £0.290m has been retained in the Education Budget to fund the successful nurturing programme in primary schools. In addition, £0.031m has been retained to continue to provide free school meals in our Special Schools
- The Miscellaneous Services budget includes £0.020m to continue funding to the Citizens Advice Bureau for the Armed Services Advice Project
- The Social Work budget also contains a sum of £0.195m to provide 5 additional OT qualified community care worker posts.

8. MEDIUM TERM FINANCIAL PLAN

- 8.1 It is good practice for an organisation of the scale of Falkirk Council and with its diverse range of activities, to have a medium term financial planning horizon. This is certainly something Audit Scotland supports and encourages. Moreover, this needs to align with the objectives, outcomes and priorities as set out in the Council's Corporate Plan.
- 8.2 The Scottish Government's 3 year Settlement covering the period 2012/13 to 2014/15 provided an initial underpinning to the medium term financial plan. This was supplemented by the Scottish Government's 1 year spending review for 2015/16. Although the 2015/16 figures have still to be agreed at individual Council level, an estimate can be made as to Falkirk Council's share. The Medium Term Financial Plan by its nature also contains other important assumptions in terms of pay awards, inflation, demographics etc.
- 8.3 Whilst financial planning for this budget (2014/15) can take place with the security of knowing the government grant funding under the current Settlement and to some extent, the subsequent year, the position post 2015/16 is uncertain. Given the continued precarious state of the public finances and the Chancellors' recent Autumn Statement, where an additional year of austerity (2018/19) has been added, the outlook for the public sector and local government in particular is concerning.
- 8.4 To illustrate this point, a recent paper from the Improvement Service has estimated a cash reduction in grant of 3.8% for Scottish Councils over the period 2016/17 to 2018/19. To some extent this should be mitigated for Councils such as Falkirk which have rising populations. These figures are of course themselves based on a range of assumptions such as continued protection of Health and the performance of the wider economy and as such should be treated with a degree of caution. The following statement shows the implications for the Council's budget gap for the next 3 years based on the Improvement Service paper and with further assumptions for the deployment of reserves.

	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>
	<u>£'m</u>	<u>£'m</u>	<u>£'m</u>
Core Gap	8.5	8.8	8.8
Assumed Grant Loss	-	3.0	5.4
Reserves Impact*	0.5	-	-
	9.0	11.8	14.2
Cumulative	9.0	20.8	35.0

* Assumption of usage of Reserves of £1.15m in each of the three years.

Over the 3 year period the projected accumulated deficit amounts to £35m. This level of deficit is an important context for assessing the level of reserves the Council holds and how best they should be deployed. In addition these figures do not include a potential shortfall of £4m in 2016/17 for increased employers NI through the loss of contracting out status.

- 8.5 Accepting the figures are derived from estimates and the position will inevitably ebb and flow as information crystallises, the broad quantum of the deficit is however robust. This represents an immense challenge for the Council going forward. It is anticipated that the Council will need to move to a multi-year approach to budgeting with a continued focus on priorities as reflected in the Corporate Plan and with a particular need for engagement and consultation with partners, the public and stakeholders.

9. COUNCIL TAX

- 9.1 After taking account of the share of the additional funding of £70m to allow the Council Tax to be frozen for the seventh consecutive year, the 2014/15 Budget can be summarised as follows:

	<u>£'m</u>
Total Net Expenditure (see Appendix 3)	329.354
Less: Scottish Government General Grant and share of Non-Domestic Rates	275.393
Surplus Balances deployed	1.689
Balance to be met from Council Tax	52.272
Council Tax yield of £1	£57,030
Therefore, Band D Council Tax	£1,070

- 9.2 Members will be aware that Council Tax Benefit was abolished from April 2013 with responsibility transferring from the DWP to the Scottish Government who are now operating their own Council Tax Reduction Scheme. Scottish Government has confirmed that for 2014/15 the Council Tax Reduction will continue to be calculated in the same way as the former Council Tax Benefit scheme. This will ensure claimants remain protected from the changeover. The funding to deliver the scheme is now included in the Scottish Government Grant albeit at a reduced level.

9.3 The charge for each band is set out in the following table:-

	No of Chargeable Dwellings	% of Houses in Band	Ratio to Band D	Annual Council Tax
Band A	21,419	30.4	6/9	713.33
Band B	18,849	26.8	7/9	832.22
Band C	6,345	9.0	8/9	951.11
Band D	8,275	11.7	9/9	1,070.00
Band E	8,213	11.7	11/9	1,307.78
Band F	4,957	7.0	13/9	1,545.56
Band G	2,328	3.3	15/9	1,783.33
Band H	60	0.1	18/9	2,140.00
TOTAL	70,446	100.0		

10. CONCLUSION

10.1 Members are presented with a balanced Budget as legally required. The capacity to achieve this is greatly influenced by the level of the grant settlement and more so in the context of a continuing Council Tax freeze. Services have had to identify some challenging savings to achieve a balanced budget. On a positive vein, however, the Budget does contain proposals for new initiatives which will help our community. Given the projected economic climate and precarious state of the public finances, it is inevitable that Council will face difficult decisions over the medium term.

11. RECOMMENDATIONS

11.1 It is recommended that Council considers the foregoing budget proposals and determines whether to:

- (a) accept the Draft Budget for 2014/15 as proposed in this report and as appended
- (b) levy a Council Tax for 2014/15 as follows:-
 - (i) A Council Tax to be paid in respect of a chargeable dwelling in Council Tax Valuation Band D of £1,070, representing a nil increase;
 - (ii) A Council Tax to be paid in respect of a chargeable dwelling in each of the other Council Tax Valuations Bands in accordance with Section 74 (1) of the Local Government Act 1992 (as set out in paragraph 10.3 above);
- (c) replenish the earmarked Spend to Save Reserve by £1.5m as set out in para 5.7.5;
- (d) agree that any shortfall in savings proposals flowing from due Equality & Poverty Impact Assessment process, together with other necessary consultations, will be covered by reserves (paras 5.7.7 & 6.2 refer);
- (e) agree to delegate authority to the Chief Executive to issue a statutory notice to the Trade Unions in respect of the workforce implications of the budget proposals;

- (f) note the actions being taken to assist with reductions in workforce spend, and to avoid compulsory redundancies as far as possible, as outlined at Section 6;
- (g) note the development of the Business Transformation project and agree to such work progressing with updates being provided to the Executive at appropriate stages;
- (h) agree to change the savings criteria contained within the Severance Policy as detailed at Section 6 ;
- (i) agree to a further review of the Severance Policy to reduce the cost of the severance package with a report being submitted to the Executive on proposed changes, as detailed at Section 6;
- (j) instruct Chief Officers to deliver Services within the specific budget allocation for each Service and authorise them to take such actions as may be required to give effect to the service delivery proposals outlined in section 6 of this report.

Chief Executive

Chief Finance Officer

Date: 31 January 2014

Contact Officer: Bryan Smail

LIST OF BACKGROUND PAPERS

1. Scottish Government Finance Circular No. 6/2013

Any person wishing to inspect the background papers listed above should telephone Falkirk 01324 506300 and ask for Bryan Smail.

FALKIRK COUNCIL

Subject: SCOTTISH GOVERNMENT DRAFT BUDGET 2014/15
Meeting: EXECUTIVE
Date: 8 October 2013
Author: CHIEF FINANCE OFFICER

1. INTRODUCTION

- 1.1 The Cabinet Secretary for Finance, Employment and Sustainable Growth, Mr Swinney, presented his 2014/15 draft budget to the Scottish Parliament on 11 September. This report outlines the main content in so far as it relates to local government. The opportunity is also taken to relate this to the preparation of Falkirk Council's budget for 2014/15 together with provisional budgets for the subsequent two years.

2. BACKGROUND

- 2.1 The draft Scottish Budget sits within the framework of the 2012/13 -2014/15 Spending Review Period which has previously been reported to Members. An indicative settlement is provided for 2015/16 reflecting the 2015/16 UK Spending Review.
- 2.2 Mr Swinney places his proposals in the context of decisions taken by the UK Government and a focus on delivery of joint (with local government) priorities of growing the economy together with protecting front-line services and the most vulnerable in our society.

3. IMPLICATIONS FOR LOCAL GOVERNMENT

- 3.1 Mr Swinney sets out the position with respect to local government in his letter to the COSLA President a copy of which is appended. Detailed information at the individual Council level will follow in due course. Councils will in return for the settlement, be expected to continue to deliver specific commitments:-

- Maintain the council tax freeze
- Maintain teacher numbers in line with pupil numbers and secure places for all probationers who require one under the teacher induction scheme

As in previous years it is not open to Councils to select elements of the package, it is all or nothing, and severe grant clawback will result if a council fails to accept these terms. In such a case the Council Leader is required to advise the Cabinet Secretary of their council's position.

- 3.2 Some of the other matters covered in the letter are:-

- a) The Scottish Government recognises COSLA's concern over the undue input focus on the teachers' numbers criteria noted above. In consequence, there is a willingness to have a dialogue on the possibility of adopting outcome measures to improve attainment for children and young people.

- b) Provision is made to deliver on the Scottish Government's commitment to fully fund the additional costs of the early learning and childcare proposals.
- c) Continuation of the £23m/£17m split between the Scottish and local governments to maintain the funding for the Council Tax Reduction scheme.
- d) A grant contribution will be made to help finance the application of the new supply teacher pay rates.
- e) An expectation that partnerships working with a preventative approach to the delivery of outcomes will continue. Community Planning Partnerships (CPP's) should deploy resources towards the jointly agreed priorities set out in each CPP's Single Outcome Agreement.
- f) Flowing from e) £100m is available to be allocated to Health Boards in 2015/16 to help drive the shift towards prevention as part of the integration of adult health and social care provision. This replaces the Change Fund for older peoples' services and will be a partnership resource accessible to Councils along with the third and independent sectors.

Other areas of interest to Councils contained in the draft budget are captured in the subsequent paras.

- 3.3 A sum of £20m was announced to increase discretionary housing payments and thus help mitigate the impact of the "bedroom tax" in the current financial year.
- 3.4 The settlement continues to tilt local government's resources away from grant and towards non domestic rate income, albeit the Scottish Government does guarantee the overall support, should the latter not in practice materialise.
- 3.5 The Capital resources are broadly as anticipated and reflect the significant reprofiling of grant previously advised to Members. Some additional capital grant is expected relating to the Childrens and Young Peoples Bill, but a detailed allocation has yet to be received.

4. FALKIRK COUNCIL'S BUDGET POSITION

- 4.1 A separate report on this agenda shows a projected outturn for the current financial year based on the position at August. This is still very early in the financial year and within a multi-service gross budget of £500m there is considerable scope for movement e.g. a severe winter. That report also sets out the position on the Council's reserves. Jointly, these evolving elements will provide a platform for considering the preparation of the Council's budget for 2014/15 and beyond.
- 4.2 Given the expected long-term profile of the austerity regime and with an expectation that the most challenging cuts are yet to come in financial years 2016/17 and beyond, it is appropriate to approach the budget preparation on a three year basis, reflecting the Medium Term Financial Strategy. This is very much an approach most councils are adopting and it is one very much encouraged by Audit Scotland.

- 4.3 The table below shows the current best estimate of the projected budget gap over the next three years.

	2014/15	2015/16	2016/17
	£m	£m	£m
Budget Gap	10.9	10.2	13.9
Cumulative	10.9	21.1	35.0

It is important to appreciate that there are a multiplicity of variables and assumptions which feed into these figures reflecting for example pay awards, different types of inflation and demographics. The most important are pay awards and the level of government grant. In terms of the latter we have a robust position for the next two financial years, but the Spending Review thereafter is likely to be very challenging.

- 4.4 In operational terms we know that the budget preparation will be coloured by a more structured and engaged approach from the Trade Unions who have signalled that they wish to be notified of any budget savings options which relate to staff, and moreover, wish to be able to assess these in the context of savings options in other areas. The process of Equality and Poverty Impact Assessments also require savings options to be explored with impacted parties. It is thus inevitable that a more open and transparent assessment of savings options will be necessary going forward.
- 4.5 Flowing from this it is proposed that an early initial Budget Seminar be arranged for all Members to inform them in more details of the Council's financial position and to consider savings options being investigated by officers.

5. OTHER MATTERS

- 5.1 The Local Government and Regeneration Committee has invited Falkirk Council to give oral evidence at its meeting on 9 October to consider the Scottish Government's 2014/15 draft budget. It is anticipated that the Chief Finance Officer will attend on behalf of the Council.

6. CONCLUSIONS

- 6.1 The first part of this report focused on the Scottish Government's draft Budget which will need to be approved by the Scottish Parliament. Whilst there are not material changes to the fundamentals announced and agreed last year there are some adjustments which are of interest to Councils.
- 6.2 The second part of the report has utilised the Scottish Government's draft Budget as both a backcloth and a trigger for the Council to consider its own financial position and looming budget(s).

7. RECOMMENDATIONS

7.1 Members are invited to note:-

- a) The Scottish Government's draft Budget for 2014/15 and indicative position for 2015/16.
- b) The Council's financial position as set out in section 4.

7.2 Agree that a Budget Seminar for all Members be organised consistent with para 4.5

Chief Finance Officer

Date: 17 September 2013

LIST OF BACKGROUND PAPERS

- 1. Scottish Government Draft Budget 2014/15.

Any person wishing to inspect the background papers listed above should telephone Falkirk 01324 506300 and ask for Bryan Smail.

FALKIRK COUNCIL

Subject : LOCAL GOVERNMENT FINANCE SETTLEMENT 2014/15
Meeting : EXECUTIVE
Date: 14 January 2014
Author : CHIEF FINANCE OFFICER

1. INTRODUCTION

- 1.1 On 11 December 2013, the Scottish Government issued Finance Circular No. 6/2013 which provides local authorities with details of their provisional revenue and capital allocations for 2014/15. It also includes an update on grant changes for 2013/14 and these are reflected in the financial position report elsewhere on the agenda. In addition, the Circular provides figures at national level only for 2015/16. These figures are provisional and are subject to debate by the Scottish Parliament in February 2014.
- 1.2 The Circular also provides details of the increase in business rates poundage levels and confirmation of the relief thresholds.

2. BACKGROUND

- 2.1 The Cabinet Secretary for Finance, Employment and Sustainable Growth wrote to COSLA on 11 September 2013 reaffirming the terms of the settlement to be provided to local government in return for the provisional funding allocations set out in this Circular.
- 2.2 The terms of the settlement included specific commitments and my report of 8 October 2013 to this Committee outlined these commitments which are shown below:
- Maintain the Council Tax Freeze over the 3 years of the Spending Review period (2012/13 – 2014/15)
 - Maintain teacher numbers in line with pupil numbers and secure places for all probationers who require one, under the teacher induction scheme
- 2.3 The previous “sign-off” arrangements have been retained in that only those Councils who do not intend to take up the offer and agree the full package of measures outlined above are required to write to the Cabinet Secretary setting out the reasons why they do not wish to comply, by no later than 10 March 2014. The Leader of the Council has indicated that Falkirk Council intends to continue to deliver these commitments and as such will not be writing to the Cabinet Secretary.

3. REVENUE FUNDING

3.1 The amount of all-Scotland local government funding is set out in the following table.

	<u>2014/15</u> <u>£'m</u>	<u>2015/16</u>
Total Revenue Funding	9,804.911	9,800,601
Less: Teachers Induction Scheme	27.600	37.600
Criminal Justice Social Work	86.450	86.450
Council Tax Reduction Scheme	343.000	343.000
Council Tax Reduction Scheme Admin	7.050	-
Scottish Welfare Fund (SWF)	-	-
Discretionary Housing Payments	20.000	-
Changes to AME Grants	(0.247)	-
Distributed Revenue Funding	9,321.058	
Distributed as:		
General Revenue Funding	6,643.576	
Non-Domestic Rates	2,664.000	
Ring-Fenced Grants	13.482	
	9,321.058	

3.2 The distribution of the indicative allocations for 2015/16 are the subject of ongoing consideration following COLSA Leaders' decision that the allocations for 2014/15 should be rolled forward for 2015/16. An update on the 2015/16 allocations will be provided once these considerations have concluded. In addition, no totals are shown for the 2015/16 allocation as the figures contained in the Circular did not add up. I am still awaiting confirmation on the position from the Scottish Government.

3.3 The Scottish Government has held back distribution of the Scottish Welfare Fund monies as they were aware that COSLA would be making a pitch for additional administration funding and there was a need to utilise the 2013/14 underspend. Following the issue of Circular 6/2013, COSLA has now agreed with the Scottish Government that the allocation previously advised for 2013/14 can be regarded as a minimum allocation for 2014/15 as follows:-

	<u>National</u> <u>£'m</u>	<u>Falkirk</u> <u>£'m</u>
Community Care Grants	23.000	0.634
Crisis Grants	9.995	0.293
Administration	4.459	0.126
	<u>37.454</u>	<u>1.053</u>

Discussions will continue between the Scottish Government and COSLA regarding additional funding for administration costs.

4. REVENUE FUNDING – FALKIRK COUNCIL

- 4.1 Falkirk Council's grant allocation for 2014/15 is £266.111m and is in line with the anticipated sum as part of the settlement announced last year. It is analysed as follows:-

	<u>2014/15</u>
	<u>£'m</u>
General Revenue Funding	191.386
Non-Domestic Rates	74.713
Ring-Fenced Grants	0.012
	<hr/>
	266.111

This sum is c£0.300m more than had been anticipated in the Council's Medium Term Financial Plan due to the decrease in funding for the Council Tax Reduction Scheme not being as severe as anticipated.

5. CAPITAL FUNDING

- 5.1 The Scotland wide figures shown below reflect the reprofiling previously reported to Members with £120m being deducted in 2012/13 and a further £100m in 2013/14; this being repaid over the subsequent 2 years £120m in 2014/15 and £100m in 2015/16. Falkirk Council's funding allocation for 2014/15 is £9.728m.

- 5.2 The all Scotland figures are noted below.

	<u>2014/15</u>	<u>2015/16</u>
	<u>£'m</u>	<u>£'m</u>
General Capital Grant	622.975	672.200
Specific Capital Grants	127.722	123.200
Distribution for SPT	22.524	21.900
	<hr/>	<hr/>
	773.221	817.300

- 5.3 As is the case with the Revenue Budget, the Scottish Government has not allocated the 2015/16 budget to individual Council level as they are the subject of further consideration. There is the prospect that Falkirk may receive a more benign allocation than was anticipated.

- 5.4 Falkirk Council's share of the 2014/15 funding is in line with expectations and is analysed below:-

	<u>2014/15</u>
	<u>£'m</u>
General Capital Grant	9.564
Specific Capital Grant	0.164
	<hr/>
	9.728

6. NON-DOMESTIC RATES

- 6.1 The Scottish Government has confirmed the increase for the Non-Domestic Rate poundage will be restricted to 2%.
- 6.2 The Scottish Government has also confirmed more assistance for small businesses under the Small Business Bonus Scheme by increasing the upper threshold for businesses with multiple properties from £25,000 to £35,000 for the lifetime of this Parliament. The table below continues the revised 2014/15 thresholds:

Combined Rateable Value (RV) of all Business Properties in Scotland	
	<u>2014/15</u>
Up to £10,000	100%
£10,001 - £12,000	50%
£12,001 - £18,000	25%
£18,001 - £35,000	25% on each individual property with a rateable value not exceeding £18,000 *

* This will allow a business with 2 or more properties with a cumulative RV of under £35,000 to qualify for relief at 25% on individual properties with a RV of up to £18,000.

- 6.3 As announced earlier, the Scottish Government will also expand the Fresh Start rates relief to give 50% relief to businesses who take on even more kinds of long term empty properties to help rejuvenate high streets. This includes additional types of empty premises, including those previously used as pubs, hotels and restaurants. Further guidance will be provided early in the new year when the regulations are finalised.
- 6.4 As previously confirmed, the revised 2012/13 Business Rates Incentivisation Scheme (BRIS) targets are currently under consideration by COSLA and individual local authorities and a final decision will not be taken until the 2012/13 audited returns are available (February 2014). Targets for future years will be considered once the 2012/13 review is complete.

7. SUMMARY

- 7.1 Finance Circular 6/2013 provides details of the provisional financial support which will be made available to Councils for 2014/15. The level of government funding has a very significant impact on the Council's budget and work is continuing to present spending plans for Members' consideration in February 2014.

8. RECOMMENDATION

Members are invited to note the provisional Local Government Finance Settlement 2014/15.

Chief Finance Officer

Date : 13 December 2013

LIST OF BACKGROUND PAPERS

1. Scottish Government Finance Circular No 6/2013
2. Report to Executive Committee by Chief Finance Officer on 8 October 2013

Any person wishing to inspect the above background papers should telephone Falkirk (01324) 506371 and ask for John Flannigan.

FALKIRK COUNCILSUMMARY OF THE REVENUE BUDGET 2014/15

<u>SERVICE</u>	<u>2013/14</u> <u>Estimate</u> <u>at Outturn</u> <u>Prices</u> <u>£'000</u>	<u>2014/15</u> <u>Estimate</u> <u>at Outturn</u> <u>Prices</u> <u>£'000</u>
Education Services	166,943	169,322
Social Work Services	87,575	89,715
Development Services	36,126	34,922
Corporate & Neighbourhood Services	15,562	15,685
Miscellaneous Services	11,428	10,759
Trading Accounts	(780)	(772)
Sub-Total	316,854	319,631
Falkirk Community Trust	12,495	13,161
Capital Financed from Current Revenue	500	500
Joint Valuation Board	1,255	1,251
Add: Adjustment for Capital Charges	(4,348)	(5,189)
Total Net Expenditure	326,756	329,354
Less: Aggregate External Finance	272,532	275,393
Less: Use of Reserves		
General Fund	2,281	1,500
Devolved Schools Management	500	189
Council Tax (see below)	51,443	52,272
Total Income	326,756	329,354
Estimated yield of £1 Council Tax	56,483	57,030
Council Tax (Band D)	£1,070	£1,070
Product	60,437	61,022
Less: Council Tax Reduction Scheme	8,994	8,750
	51,443	52,272

2014/15 Education Services Budget

Service - Objective Analysis

	2013/14 Budget Outturn Prices <u>£</u>	2014/15 Budget September 2013 Prices <u>£</u>	2014/15 Budget Outturn Prices <u>£</u>
<u>SERVICE</u>			
Early Years	5,911,800	7,224,590	7,299,350
Primary Education	58,385,780	58,631,300	59,305,250
Secondary Education	77,152,250	75,963,520	77,123,640
Special Education	14,643,170	14,444,760	14,706,680
Psychological Service	889,440	820,750	831,520
Curriculum for Excellence Priorities	4,926,990	4,931,140	4,974,100
Community Learning & Development	4,167,070	4,162,030	4,208,300
Community Halls	866,130	862,350	873,120
NET EXPENDITURE	<u>166,942,630</u>	<u>167,040,440</u>	<u>169,321,960</u>

2014/15 Education Services Budget

Service - Subjective Analysis

	2013/14 Budget Outturn Prices £	2014/15 Budget September 2013 Prices £	2014/15 Budget Outturn Prices £
<u>EXPENDITURE</u>			
<u>EMPLOYEE EXPENSES</u>			
Former APT&C	24,068,350	23,943,270	24,173,030
Teachers	73,270,770	73,355,080	74,102,780
Former Manual	2,576,290	2,581,370	2,606,980
Pension/Termination Costs	6,310	6,310	6,310
Indirect Employee Expenses	912,860	933,320	933,880
Total Employee Expenses	100,834,580	100,819,350	101,822,980
<u>PROPERTY EXPENSES</u>			
Repairs and Maintenance	1,492,420	1,432,420	1,450,490
Grnds Maint Internal Recharges	76,920	76,920	77,960
Energy Costs	2,691,210	2,938,430	3,104,080
Rents	91,330	91,330	91,330
Rates/Council Tax	4,998,910	4,946,410	5,094,780
Water Services	530,880	530,880	536,220
Fixtures and Fittings	127,990	127,990	127,990
Cleaning & Domestic Supplies	2,944,160	3,056,860	3,059,910
Property Insurance	196,490	187,600	187,610
Total Property Expenses	13,150,310	13,388,840	13,730,370
<u>TRANSPORT EXPENSES</u>			
Transport Recharges	96,200	103,030	103,450
Transportation Costs	3,243,820	2,885,870	2,928,370
Total Transport Expenses	3,340,020	2,988,900	3,031,820
<u>SUPPLIES & SERVICES</u>			
Equip, Furniture and Materials	388,040	-486,960	-486,960
Services	901,460	836,140	836,140
Catering	4,774,190	4,875,100	4,875,100
Printing, Staty & Gen Off Exps	143,480	143,480	144,920
Communications & Computing	521,770	521,770	523,280
Contribution to Funds	10,000	10,000	10,000
Miscellaneous Supplies	834,120	2,349,650	2,349,650
Total Supplies & Services	7,573,060	8,249,180	8,252,130
<u>THIRD PARTY PAYMENTS</u>			
Health Authorities	575,600	575,600	575,600
Internal Recharges	99,940	99,940	99,940
Other Local Authorities	564,250	564,250	586,820
Other Agencies	5,350,410	5,350,530	5,475,200
Community Schools Project	11,471,580	11,361,590	11,842,040
Falkirk Schools Project	13,685,280	13,577,280	13,788,650
Total Third Party Payments	31,747,060	31,529,190	32,368,250

2014/15 Education Services Budget

Service - Subjective Analysis

	2013/14 Budget Outturn Prices £	2014/15 Budget September 2013 Prices £	2014/15 Budget Outturn Prices £
TRANSFER PAYMENTS			
Payments to Pupils/Students	894,610	894,610	908,030
Total Transfer Payments	<u>894,610</u>	<u>894,610</u>	<u>908,030</u>
SUPPORT SERVICES			
Central Support Recharges	2,973,960	2,850,340	2,888,350
Departmental Recharges	4,671,780	3,602,640	3,791,320
Total Support Services	<u>7,645,740</u>	<u>6,452,980</u>	<u>6,679,670</u>
CAPITAL CHARGES			
Capital Charges	11,772,890	11,772,890	11,772,890
Total Capital Charges	<u>11,772,890</u>	<u>11,772,890</u>	<u>11,772,890</u>
 TOTAL EXPENDITURE	 <u>176,958,270</u>	 <u>176,095,940</u>	 <u>178,566,140</u>
 INCOME			
Specific Government Grants	14,000	14,000	14,000
Other Government Grants	1,102,310	1,102,310	1,102,310
Other Grants,Reimburse & Conts	224,870	224,870	224,870
Customer and Client Receipts	3,101,970	3,150,970	3,150,970
Rents Received	34,250	156,250	156,250
Internal Recharges	4,744,560	3,613,420	3,802,100
Charges to Other Bodies	741,840	741,840	741,840
Charges to Staff	2,220	2,220	2,220
Miscellaneous Income	49,620	49,620	49,620
TOTAL INCOME	<u>10,015,640</u>	<u>9,055,500</u>	<u>9,244,180</u>
 NET EXPENDITURE	 <u>166,942,630</u>	 <u>167,040,440</u>	 <u>169,321,960</u>

EDUCATION SERVICES BUDGET 2014/15
Summary of Movements

£'000

2013/14 Budget 166,943

Add: Budget Changes

1	<u>Employee Expenses</u>	
	Pension Contributions	90
	Auto Enrolment	140
	Teachers - Full Year Effect of P1&2 Standardised Teaching Times	414
	Teachers - Demographics	200
	Staff Savings	
	- School Clerical/Admin	(100)
	- Early Years Staffing	(50)
	- Community Learning & Development Staffing	(100)
	- Education HQ Staffing	(200)
	- Teachers	(380)
	- Psychologists	(50)
	Employee Related Insurances	20
		<u>(16)</u>
2	<u>Property Expenses</u>	
	Property Insurance	(9)
	Building Cleaning	113
	Energy	277
	Rates	(52)
	Savings - Energy (Falkirk Schools Project)	(30)
	Savings - Repairs & Maintenance	(60)
		<u>239</u>
3	<u>Transport Expenses</u>	
	Savings - Parental Contracts	(10)
	Savings - School Transport	(307)
	Savings - Primary 5 School Swimming	(35)
	Other Changes	1
		<u>(351)</u>
4	<u>Supplies & Services</u>	
	Catering	101
	Government Funding - Early Years	1,559
	Insurances	(36)
	Savings - Per Capita	(50)
	Savings - P5 School Swimming	(30)
	Savings - Camelon Education Centre	(50)
	Copyright Licences	(43)
	Budget Realignment	(650)
	Spend to Save - Refreshing the Profession	(125)
		<u>676</u>

5	<u>Third Party Payments</u>	
	Falkirk Schools Project	(78)
	NPDO	40
	Savings - Review PPP/NPDO Contracts	(180)
		<u>(218)</u>
6	<u>Support Services</u>	
	Central Support Charges	(62)
	Departmental Recharges	(1,131)
		<u>(1,193)</u>
7	<u>Income</u>	
	Departmental Recharges	1,131
	Savings - Childcare Fees	(49)
	Savings - School Lets	(122)
		<u>960</u>
	2014/15 Base Budget at September Prices	167,040
	Add: Inflation	2,282
	2014/15 Budget at Outturn Prices	<u>169,322</u>

EDUCATION SERVICES

REVIEW OF FEES AND CHARGES 2014/15

It is proposed to review the following range of charges for services delivered within Education:-

<u>SCHOOL MEALS</u>	<u>Current 2013/14</u>	<u>Proposed 2014/15</u>
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It is proposed that breakfast charges and pupil meal prices will be maintained at current levels.

Breakfast Clubs

Breakfast (full rate)	1.30	1.30
Breakfast (reduced rate)	0.65	0.65

Nursery Schools

2 Course Meal	1.60	1.60
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Primary Schools

Meal Tray Options	1.80	1.80
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Secondary Schools

Meal Deal Options	1.80	1.80
2 Course Meal	2.30	2.30

Adult Meals (inclusive of VAT)	3.95	3.95
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CHILDCARE PLACES

It is proposed that charges will be increased by 15p wef June 2014:-	£3.35 per hour	£3.50 per hour
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OTHER FEES & CHARGES

It is also proposed to increase all other fees and charges within the Service by an average of 3% (subject to roundings and de-minimis constraints). These include area such as Music Tuition, Community Lets and Community Hall Rents.

2014/15 Social Work Services Budget

Service - Subjective Analysis

	2013/14 Budget Outturn Prices <hr/> £	2014/15 Budget September 2013 Prices <hr/> £	2014/15 Budget Outturn Prices <hr/> £
<u>EXPENDITURE</u>			
<u>EMPLOYEE EXPENSES</u>			
Former APT&C	40,774,970	41,287,430	41,699,610
Former Manual	2,237,990	2,268,040	2,290,690
Indirect Employee Expenses	718,110	730,790	731,520
Total Employee Expenses	<hr/> 43,731,070	<hr/> 44,286,260	<hr/> 44,721,820
<u>PROPERTY EXPENSES</u>			
Repairs and Maintenance	295,430	295,430	302,290
Maintenance of Grounds	420	420	430
Grnds Maint Internal Recharges	5,040	5,040	5,120
Energy Costs	518,160	518,160	549,230
Rents	342,330	342,330	349,180
Rates/Council Tax	235,150	235,150	242,130
Water Services	103,950	103,950	105,000
Fixtures and Fittings	23,240	23,240	23,240
Expenses of Operational Bldgs	7,470	7,470	7,470
Cleaning & Domestic Supplies	256,880	266,200	266,450
Property Insurance	32,050	26,030	26,030
Total Property Expenses	<hr/> 1,820,120	<hr/> 1,823,420	<hr/> 1,876,570
<u>TRANSPORT EXPENSES</u>			
Direct Transport Costs	11,280	4,250	4,360
Transport Recharges	606,270	630,590	633,830
Transportation Costs	484,550	459,550	466,760
Total Transport Expenses	<hr/> 1,102,100	<hr/> 1,094,390	<hr/> 1,104,950
<u>SUPPLIES & SERVICES</u>			
Equip, Furniture and Materials	841,410	841,410	841,410
Training Materials	203,490	203,490	203,490
Services	282,380	282,530	283,760
Catering	525,110	515,990	523,170
Clothing, Uniforms & Laundry	54,770	54,770	54,770
Printing, Staty & Gen Off Exps	94,580	94,580	95,130
Client Amenities	51,510	51,510	51,510
Communications & Computing	583,890	578,890	581,200
Contribution to Funds	45,000	45,000	45,000
Miscellaneous Supplies	511,390	579,350	579,350
Total Supplies & Services	<hr/> #REF!	<hr/> #REF!	<hr/> #REF!

2014/15 Social Work Services Budget

Service - Subjective Analysis

	2013/14 Budget Outturn Prices <hr/> £	2014/15 Budget September 2013 Prices <hr/> £	2014/15 Budget Outturn Prices <hr/> £
<u>THIRD PARTY PAYMENTS</u>			
Health Authorities	379,790	379,790	389,280
Internal Recharges	2,630,090	2,552,750	2,602,710
Other Local Authorities	353,990	353,990	368,150
Private Contractors	11,793,110	11,918,110	12,188,060
Other Agencies	20,039,130	19,473,950	19,969,930
Residential/Long Term Paymnt	26,201,140	26,398,140	27,056,290
Total Third Party Payments	#REF!	#REF!	#REF!
 <u>TRANSFER PAYMENTS</u>			
Payments to Individuals	3,454,510	3,454,510	3,522,090
Total Transfer Payments	3,454,510	3,454,510	3,522,090
 <u>SUPPORT SERVICES</u>			
Central Support Recharges	2,470,520	2,558,010	2,593,570
Departmental Recharges	2,790,000	3,061,070	3,094,430
Total Support Services	5,260,520	5,619,080	5,688,000
 <u>CAPITAL CHARGES</u>			
Capital Charges to Services	412,270	412,270	412,270
Total Capital Charges	412,270	412,270	412,270
 TOTAL EXPENDITURE	#REF!	#REF!	#REF!
 <u>INCOME</u>			
Other Government Grants	3,825,070	3,792,470	3,792,470
Other Grants,Reimburse & Conts	10,535,510	10,649,340	10,649,340
Customer and Client Receipts	9,359,140	9,554,140	9,554,140
Internal Recharges	5,755,110	5,941,000	5,976,910
Charges to Other Bodies	3,295,900	3,420,490	3,445,170
Charges to Staff	25,590	25,590	25,590
TOTAL INCOME	#REF!	#REF!	#REF!
 NET EXPENDITURE	#REF!	#REF!	#REF!

SOCIAL WORK SERVICES BUDGET 2014/15
Summary of Movements

£' 000

2013/14 Budget 87,575

Add: Budget Changes

1	<u>Employee Expenses</u>	
	Increments	190
	Increase in Pension Contributions	144
	Auto Enrolment	282
	Staff Savings	(103)
	Other Employee Expenses	42
		<u>555</u>
2	<u>Property Expenses</u>	
	Other Movements	<u>3</u>
3	<u>Transport Expenses</u>	
	Other Movements	<u>(8)</u>
4	<u>Supplies & Services</u>	
	Other Movements	<u>54</u>
5	<u>Third Party Payments</u>	
	Provision for Demographic Growth	250
	Budget Re-basing	(340)
	Community Care Procurement	(237)
	Review of Abuse Services	(68)
	Other Movements	75
		<u>(320)</u>
6	<u>Support Services</u>	
	Central Support Recharges	<u>358</u>
7	<u>Income</u>	
	Income from Other Agencies	(100)
	Community Care Clients Contribution	(165)
	Change Fund - Grant Income to offset Expenditure	(131)
	Other Movements	(190)
		<u>(586)</u>

2014/15 Base Budget at September Prices 87,631

Add: Inflation 2,084

2014/15 Budget at Outturn Prices 89,715

SOCIAL WORK SERVICES

REVIEW OF FEES AND CHARGES 2014/15

Older Peoples Homes

	<u>Current Charge</u> <u>Per Resident</u> <u>Per Week</u> £	<u>Proposed Charge</u> <u>Per Resident</u> <u>Per Week</u> £	<u>Proposed Charge</u> <u>For pre-April 2008 residents</u> <u>Per week with</u> <u>Transitional Protection</u> <u>And maximum 2.6% increase</u> £
		Current Charge Plus 2.6% Increase	
Burnbrae	698.99	717.16	650.80
Cunningham House	698.99	717.16	717.16
Grahamston	698.99	717.16	710.56
Oakbank	698.99	717.16	652.90
Summerford	698.99	717.16	658.58
Torwoodhall	698.99	717.16	717.16

All placements made to our Older Peoples Homes by other Local Authorities or Health have been charged at actual cost from 1 April 2010.

Rowans Short Breaks Service

	<u>Current Charge</u> <u>Per night</u> £	<u>Proposed Charge</u> <u>Per night</u> £
Client's contribution	8.80	9.00

Day Centre Charges to Other Local Authorities

	<u>Current Charge</u> <u>Per client</u> <u>Per day</u> £	<u>Proposed Charge</u> <u>Per client</u> <u>Per day</u> £
Bainsford	89.26	91.58
Camelon	92.93	95.35
Oswald Avenue	78.14	80.17
Dundas	146.16	149.96

Work Experience Programme

Charge to Other Local Authorities

	<u>Current Charge</u>	<u>Proposed Charge</u>
	<u>Per client</u>	<u>Per client</u>
	<u>Per day</u>	<u>Per day</u>
	£	£
ASSET	88.58	90.88

Meals on Wheels, Lunch Clubs and Day Centre Lunches

	<u>Current Charge</u>	<u>Proposed Charge</u>
	<u>Per Meal</u>	<u>Per Meal</u>
	£	£
Meals on Wheels	2.20	3.40
Lunch Clubs	2.20	3.40
Day Centre Clients	2.20	3.40

Housing with Care Meal Charges

	<u>Current Charge</u>	<u>Proposed Charge</u>
	<u>Per Meal</u>	<u>Per Meal</u>
	£	£
Breakfast	0.72	0.74
Lunch	1.87	1.92
Tea	0.85	0.87

Joint Dementia Initiative

	<u>Current Charge</u>	<u>Proposed Charge</u>
	<u>Per client</u>	<u>Per client</u>
	<u>Per week</u>	<u>Per week</u>
	£	£
“Time to Share” - Respite	76.40	78.40

Charges for Non Residential Services Subject to Weekly Cap

	<u>Current Charge</u> <u>Per Week</u>	<u>Proposed Charge</u> <u>Per Week</u>
	£	£
Domicillary Care (over 65's)	5.00	5.45
MECS	3.00	3.20
	<u>Current Charge</u> <u>Per Delivery</u>	<u>Proposed Charge</u> <u>Per Delivery</u>
Shopping Service	5.00	5.45
	<u>Current Charge</u> <u>Per Hour</u>	<u>Proposed Charge</u> <u>Per Hour</u>
Care at Home (under 65's)	9.00	9.80
	<u>Current Charge</u> <u>Per Week</u>	<u>Proposed Charge</u> <u>Per Week</u>
Day Care	23.90	26.00

Maximum Weekly Charges for Services Subject to Weekly Cap

	<u>Current Charge</u> <u>Per Week</u>	<u>Proposed Charge</u> <u>Per Week</u>
Under 65's	23.90	26.00
Over 65's	13.00	14.10

2014/15 Development Services Budget

Service - Objective Analysis

	2013/14 Budget Outturn Prices <u>£</u>	2014/15 Budget September 2013 Prices <u>£</u>	2014/15 Budget Outturn Prices <u>£</u>
<u>SERVICE</u>			
Planning & Transportation	7,897,990	7,244,100	7,430,600
Roads & Design	12,296,610	12,138,880	12,502,420
Economic Development & Environmental	15,931,360	14,723,610	14,988,850
NET EXPENDITURE	<u>36,125,960</u>	<u>34,106,590</u>	<u>34,921,870</u>

2014/15 Development Services Budget

Service - Subjective Analysis

	2013/14 Budget Outturn Prices £	2014/15 Budget September 2013 Prices £	2014/15 Budget Outturn Prices £
<u>EXPENDITURE</u>			
<u>EMPLOYEE EXPENSES</u>			
Former APT&C	14,256,080	14,020,980	14,165,700
Former Manual	5,921,060	5,936,040	5,995,420
Indirect Employee Expenses	687,900	677,280	677,380
Total Employee Expenses	20,865,040	20,634,300	20,838,500
<u>PROPERTY EXPENSES</u>			
Repairs & Maintenance	482,730	482,730	489,970
Grnds Maint Internal Recharges	81,330	81,330	82,560
Energy Costs	1,360,200	1,263,200	1,378,120
Rents	1,153,110	1,153,110	1,200,920
Rates/ Council Tax	431,430	431,430	444,330
Water Services	31,780	31,780	32,100
Fixtures & Fittings	4,240	4,240	4,240
Expenses of Operational Bldgs	10,000	10,000	10,000
Cleaning & Domestic Supplies	187,590	196,710	196,930
Property Insurance	230,380	234,780	235,570
Other Property Expenses	102,740	102,740	102,740
Total Property Expenses	4,075,530	3,992,050	4,177,480
<u>TRANSPORT EXPENSES</u>			
Direct Transport Costs	1,098,970	1,055,460	1,087,030
Transport Recharges	1,697,680	1,825,330	1,837,840
Transport Insurance	10,780	10,780	11,050
Other Transportation Costs	51,500	51,500	51,500
Total Transport Expenses	2,858,930	2,943,070	2,987,420
<u>SUPPLIES & SERVICES</u>			
Equip, Furniture and Materials	2,435,380	2,406,150	2,460,280
Services	1,107,160	1,150,720	1,152,970
Catering	4,030	4,030	4,030
Clothing, Uniforms & Laundry	42,030	41,030	41,030
Printing, Staty & Gen Off Exps	173,650	169,550	170,640
Communications & Computing	416,550	407,140	408,430
Contribution to Funds	13,000	13,000	13,000
Miscellaneous Expenses	2,705,120	2,695,210	2,796,030
Total Supplies & Services	6,896,920	6,886,830	7,046,410
<u>THIRD PARTY PAYMENTS</u>			
Internal Recharges	1,505,740	1,505,740	1,536,150
Other Local Authorities	141,220	141,220	141,220
Grants to Voluntary Orgs	15,220	15,220	15,220
Private Contractors	6,325,550	5,337,510	5,504,830
Other Agencies	4,627,120	4,631,600	4,635,800
Roads Sub-contractors	710,760	710,760	710,760
Total Third Party Payments	13,325,610	12,342,050	12,543,980

2014/15 Development Services Budget

Service - Subjective Analysis

	2013/14 Budget Outturn Prices <u>£</u>	2014/15 Budget September 2013 Prices <u>£</u>	2014/15 Budget Outturn Prices <u>£</u>
<u>SUPPORT SERVICES</u>			
Central Support Recharges	1,667,170	1,711,480	1,731,270
Departmental Recharges	<u>3,100,130</u>	<u>3,491,900</u>	<u>3,491,900</u>
Total Support Services	<u>4,767,300</u>	<u>5,203,380</u>	<u>5,223,170</u>
 <u>CAPITAL CHARGES</u>			
Operating Leasing Charges	1,125,790	482,540	482,540
Capital Charges to Services	<u>6,421,500</u>	<u>6,421,500</u>	<u>6,421,500</u>
Total Capital Charges	<u>7,547,290</u>	<u>6,904,040</u>	<u>6,904,040</u>
 TOTAL EXPENDITURE	<u>60,336,620</u>	<u>58,905,720</u>	<u>59,721,000</u>
 <u>INCOME</u>			
Other Government Grants	1,386,380	1,386,380	1,386,380
Insurance Recoveries	73,910	73,910	73,910
Other Grants	1,469,940	1,469,940	1,469,940
Customer and Client Receipts	2,295,810	2,433,710	2,433,710
Rents Received	3,994,500	3,978,020	3,978,020
Internal Recharges	14,481,020	14,948,070	14,948,070
Charges to Other Bodies	477,000	477,000	477,000
Miscellaneous Income	<u>32,100</u>	<u>32,100</u>	<u>32,100</u>
TOTAL INCOME	<u>24,210,660</u>	<u>24,799,130</u>	<u>24,799,130</u>
 NET EXPENDITURE	<u>36,125,960</u>	<u>34,106,590</u>	<u>34,921,870</u>

DEVELOPMENT SERVICES BUDGET 2014/15

Summary of Movements

£'000

2013/14 Budget 36,126

Add: Budget Changes

1	<u>Employee Expenses</u>	
	Pension Contributions	70
	Staff Savings	(250)
	Overtime	(40)
	Other Movements	(11)
		<u>(231)</u>
2	<u>Property Expenses</u>	
	Electricity	(97)
	Cleaning	9
	Other Movements	5
		<u>(83)</u>
3	<u>Transport Expenses</u>	
	Other Movements	84
4	<u>Supplies & Services</u>	
	Savings - Supplies & Services	(100)
	Insurance	55
	Other Movements	35
		<u>(10)</u>
5	<u>Third Party Payments</u>	
	Waste Treatment Costs	(595)
	Rail Concessions	(60)
	Bus Service Contracts	(350)
	Other Movements	21
		<u>(984)</u>
6	<u>Support Services</u>	
	Central Support Recharges	44
	Departmental Recharges	360
	Other Movements	32
		<u>436</u>
7	<u>Capital Costs</u>	
	Lease Rental	(643)
8	<u>Income</u>	
	Car Parking	(123)
	Rents	15
	Internal Recharges	(467)
	Other Movements	(13)
		<u>(588)</u>

2014/15 Base Budget at September Prices	34,107
Add: Inflation	815
2014/15 Budget at Outturn Prices	<u>34,922</u>

DEVELOPMENT SERVICES FEES & CHARGES 2014/15

NEW CHARGES as follows –

Transport Planning

The Transport Planning Unit has introduced a new charge for the removal of signs and posters affixed to bus stops and shelters. This charge is in line with charges already made by Roads Services for the removal of unauthorised signs from other street furniture.

UNAUTHORISED SIGNS AND GOODS	2014/15
Lightweight Signs and Posters affixed to street furniture using ties, e.g. Housing Developer Flags, Estate Agents, Advertisements, posters etc	£12 per item – when collected as part of a group in the same area or route £57 – when single item requires collected

Roads and Development

A proposal to introduce a charge for parking at the Municipal Buildings in Falkirk is being considered by Members. The parking tariff would be in line with charges made in other comparable Falkirk Council public car parks.

INCREASES TO EXISTING FEES as follows –

Planning and Environment

The charge for the Falkirk Local Development Plan – Proposed Plan has been increased to £28.15 (plus postage & packing) to reflect actual production costs.

	2013/14	2014/15
Falkirk Local Development Plan	£20.00 plus p&p	£28.15 plus p&p

Please note that fees and charges for Development Management, Building Standards and Consumer Protection Trading Standards are set by statute and will be updated as soon as we are notified

2014/15 Corporate and Neighbourhood Services Budget

Service - Objective Analysis

	2013/14 Budget Outturn Prices £	2014/15 Budget September 2013 Prices £	2014/15 Budget Outturn Prices £
<u>SERVICE</u>			
Building Services	358,390	354,190	360,900
Grounds Maintenance	3,062,340	2,830,090	2,852,140
Cemeteries & Crematorium	(894,460)	(972,150)	(1,010,330)
Waste Disposal	1,132,230	1,106,460	1,120,500
Street Cleansing	2,749,250	2,829,190	2,855,500
Refuse Collection	3,853,660	3,645,390	3,679,550
Environmental Initiatives	942,980	922,400	931,060
Sign Factory	362,090	391,810	398,430
Private Sector Housing	755,610	751,040	759,580
Housing Loans	2,390	2,180	2,200
Maintenance of Grounds & Other Council Property	1,771,520	1,768,280	1,779,160
General Fund Homelessness	1,465,540	1,946,110	1,955,920
NET EXPENDITURE	15,561,540	15,574,990	15,684,610

2014/15 Corporate and Neighbourhood Services Budget

Service - Subjective Analysis

	2013/14 Budget Outturn Prices £	2014/15 Budget September 2013 Prices £	2014/15 Budget Outturn Prices £
<u>EXPENDITURE</u>			
<u>EMPLOYEE EXPENSES</u>			
Former APT&C	5,698,740	6,416,120	6,480,300
Former Manual/Craft	13,121,670	13,311,620	13,444,780
Indirect Employee Expenses	447,060	351,180	353,560
Total Employee Expenses	<u>19,267,470</u>	<u>20,078,920</u>	<u>20,278,640</u>
<u>PROPERTY EXPENSES</u>			
Repairs and Maintenance	213,650	205,920	208,960
Maintenance of Grounds	292,110	339,110	344,210
Grnds Maint Internal Recharges	393,170	393,170	397,110
Housing Repairs-Ext Contractor	490	490	510
Energy Costs	263,400	263,040	278,820
Rents	103,130	103,130	103,130
Rates/Council Tax	377,110	421,100	433,730
Water Services	67,020	65,770	66,440
Fixtures and Fittings	10,050	10,050	10,050
Cleaning & Domestic Supplies	231,070	228,960	231,580
Property Insurance	27,530	19,180	19,230
Other Property Expenses	4,430	4,650	4,650
Total Property Expenses	<u>1,983,160</u>	<u>2,054,570</u>	<u>2,098,420</u>
<u>TRANSPORT EXPENSES</u>			
Direct Transport Costs	4,353,640	4,075,590	4,104,310
Transport Recharges	3,656,510	3,634,050	3,650,950
Transport Insurance	353,820	359,570	360,150
Total Transport Expenses	<u>8,363,970</u>	<u>8,069,210</u>	<u>8,115,410</u>
<u>SUPPLIES & SERVICES</u>			
Equip, Furniture and Materials	1,528,840	1,500,360	1,508,150
Services	242,960	241,310	241,330
Catering	1,518,700	1,513,220	1,561,020
Clothing, Uniforms & Laundry	99,810	99,810	99,810
Printing Staty, Gen Off Exps	66,080	71,080	71,740
Communications & Computing	148,210	148,640	149,160
Contribution to Funds	8,000	8,000	8,000
Voids & Irrecoverables	8,400	11,400	11,810
Miscellaneous Supplies	342,000	238,280	238,290
Total Supplies & Services	<u>3,963,000</u>	<u>3,832,100</u>	<u>3,889,310</u>

2014/15 Corporate and Neighbourhood Services Budget

Service - Subjective Analysis

	2013/14 Budget Outturn Prices <hr/> £	2014/15 Budget September 2013 Prices <hr/> £	2014/15 Budget Outturn Prices <hr/> £
<u>THIRD PARTY PAYMENTS</u>			
Internal Recharges	247,930	782,930	782,930
Other Agencies	489,330	489,330	489,330
Repair/Improvement Grants	199,220	199,220	199,220
Scottish Welfare Fund	927,820	927,820	927,820
Payments to Sub-Contractors	20,890	15,240	15,240
Total Third Party Payments	<hr/> 1,885,190	<hr/> 2,414,540	<hr/> 2,414,540
<u>SUPPORT SERVICES</u>			
Central Support Recharges	1,226,650	1,223,360	1,233,920
Departmental Recharges	2,060,260	1,941,740	1,962,800
Total Support Services	<hr/> 3,286,910	<hr/> 3,165,100	<hr/> 3,196,720
<u>CAPITAL CHARGES</u>			
Loans Fund	14,370	12,770	12,770
Capital Charges to Services	2,356,590	2,682,360	2,682,360
Total Capital Charges	<hr/> 2,370,960	<hr/> 2,695,130	<hr/> 2,695,130
TOTAL EXPENDITURE	<hr/> 41,120,660	<hr/> 42,309,570	<hr/> 42,688,170
<u>INCOME</u>			
Insurance Recoveries & Commission	130,130	130,130	130,130
Other Grants, Reimburse & Conts	145,590	139,430	139,700
Customer and Client Receipts	2,868,980	2,937,070	2,986,730
Rents Received	115,900	116,620	118,560
Internal Recharges	11,805,220	12,535,690	12,615,900
Charges to Staff	11,350	10,050	10,050
Income from Loans Advanced	13,800	12,350	12,350
Catering Internal recharge	4,454,040	4,489,580	4,564,540
Building Clean Int Trad Rechgs	4,012,620	4,152,170	4,194,490
Grnds Maint Int Trading Rechgs	1,474,660	1,674,660	1,691,410
Veh Maint Int Trad Rechgs	30,000	30,000	30,000
Miscellaneous Income	496,830	506,830	509,700
TOTAL INCOME	<hr/> 25,559,120	<hr/> 26,734,580	<hr/> 27,003,560
NET EXPENDITURE	<hr/> 15,561,540	<hr/> 15,574,990	<hr/> 15,684,610

CORPORATE & NEIGHBOURHOOD SERVICES BUDGET 2014/15

Summary of Movements

£'000

2013/14 Budget	15,562
Add: Budget Changes	
1. <u>Employee Expenses</u>	
Pension Contributions	43
Pension Contributions - Auto Enrolment	76
Budget Rebasing	(145)
Other Movements	(44)
	<u>(70)</u>
2. <u>Property Expenses</u>	
Mercury Abatement Costs - Offset by additional Income	47
Other Movements	7
	<u>54</u>
3. <u>Transport Expenses</u>	
Fleet Services Recharge	69
Fuel Costs	(131)
Other Movements	(3)
	<u>(65)</u>
4. <u>Supplies & Services</u>	
Budget Rebasing	(100)
Other Movements	(39)
	<u>(139)</u>
5. <u>Third Party Payments</u>	
Hostels Grant - Funding now mainstreamed	535
Other Movements	(6)
	<u>529</u>
6. <u>Support Services</u>	
Central Support Recharges	(27)
	<u>(27)</u>
8. <u>Capital Charges</u>	
Home Loans	(1)
	<u>(1)</u>
9. <u>Income</u>	
Sign Factory Sales	94
Budget Rebasing	(255)
Increased Crematorium Fees - Mercury Abatement	(47)
Bereavement Charges	(100)
Other Movements	40
	<u>(268)</u>
2014/15 Base Budget at September Prices	15,575
Add: Inflation	110
2014/15 Budget at Outturn Prices	<u>15,685</u>

CORPORATE & NEIGHBOURHOOD SERVICES

REVIEW OF FEES AND CHARGES 2014/15

Commercial Waste Collection Charges per Annum for Once a Week Collections

Container Size	Current Annual Charge	Proposed Annual Charge from 1st April 2014
240 Litre container	£234.20	£246.90
360 Litre container	£336.80	£354.90
660 Litre container	£610.90	£642.40
1100 Litre container	£857.40	£900.90
Sacks per roll of 50	£67.40	£71.40

Commercial Waste Collection Charges per Annum for Trade Waste Blue Bin Recycling Service

Container Size	Current Annual Charge	Proposed Annual Charge from 1st April 2014
240 Litre container	£124.70	£134.70
360 Litre container	£167.80	£181.20
660 Litre container	£320.60	£344.90
1100 Litre container	£428.80	£460.70
140 Litre container (Food)	N/A	£181.40
Labels per pack 25 Cardboard	£46.00	£49.30

Sizes are quoted as examples of containers. Customers will receive detailed information relating to their specific container size and frequency of collection.

Prices shown are exclusive of VAT.

Household Waste Charge to Developers

for Containers including delivery to Household

Container Size	Current Annual Charge	Proposed Charge per Bin from 1st April 2014
240 Litre container	N/A	£23.40
360 Litre container	N/A	£41.75

Prices shown are exclusive of VAT.

Waste Disposal Charges rate per tonne
Kinneil Kerse Landfill Site

Waste type	Current charge per tonne	Proposed charge per tonne from 1st April 2014
Inert waste	£4.00	£4.00

Rate per tonne is inclusive of VAT and Landfill Tax (where applicable).

Small Trader Tipping Ticket
Kinneil Kerse & Roughmote Household Waste Recycling Centres

Mixed Waste	Current charge per ticket	Proposed charge per ticket from 1st April 2014
Rate per Small Trader Tipping Ticket	£93.87	£96.22

Recyclable Waste	Current charge per ticket	Proposed charge per ticket from 1st April 2014
Rate per Small Trader Tipping Ticket	£24.00	£24.00

Small Trader Tipping Tickets for vehicles up to 3.5 tonnes gross vehicle weight. Rate shown is inclusive of VAT and Landfill Tax (where appropriate).

Note

Landfill Tax is to increase in 2014/15 from £72 per tonne to £80 per tonne.

Household Special Uplifts

Waste type	Current charge	Proposed charge per uplift from 1st April 2014
Household	£22.00	£22.00

This charge per uplift is inclusive of VAT and will be levied on households where the demand for uplifts is in excess of 2 per annum i.e. first 2 uplifts free of charge and each uplift thereafter charged at £22.00.

Commercial Waste Special Uplifts Fridges

Waste type	Current charge	Proposed charge per uplift from 1st April 2014
Small Fridge or Freezer	£55.00	£55.00
Large Fridge or Freezer	£100.00	£100.00

These charges are inclusive of VAT.

Commercial Waste Special Uplifts

Waste type	Current charge	Proposed charge per uplift from 1st April 2014
Mixed Waste	£94.30 per hour	£96.65 per hour
Recyclable Waste	£69.70 per hour	£71.44 per hour

These charges are inclusive of VAT please note min charge 30 mins

MOT's & Hackney Tests

	Current charge	Proposed Charge from 1st April 2014
Hackney		
Hackney Test	£65.50	£65.50
Hackney Re-test inc MOT	£32.75	£32.75
Hackney Re-test not inc MOT	£5.50	£5.50
Subsequent Re-tests	£65.50	£65.50
Non-arrival/same day cancellation	£64.00	£64.00
Cancelled with up to 24 hrs notice	£43.00	£43.00
Cancelled with up to 48 hrs notice	£32.75	£32.75
Meter resets and calibration	£14.00	£14.00
Public		
Class IV cars	£54.85	£54.85
Class IV private passenger vehicles & Ambulances 9-12 Passengers	£57.30	£57.30
Class VII – Goods vehicles		
Over 3000 kg up to 3500 kg	£58.60	£58.60
Duplicate MOT certificates	£10.00	£10.00

All charges are outwith the scope of VAT.

Pest Control

Prevention of Damage by Pests Act 1949

Current charge per hour

Proposed charge per hour from 1st April 2014

Commercial

£38.10
(plus minimum £9.60 for
materials)

£39.30
(plus minimum £9.90 for
materials)

Falkirk Crematorium

Current charge

Proposed Charge from 1st April 2014

Cremation – Adult (resident)
with music

£496.00

£588.00

Saturday Cremation – Adult
(resident) with music

£496.00

£706.00

Cremation – Adult (non –
resident) with music

£789.00

£920.00

All charges are exempt from VAT.

It is also proposed to increase all other Crematorium fees & charges by an average of 13 % (subject to rounding).

Burial Grounds

	Current charge	Proposed charge from 1st April 2014
Interment fees – Adult (resident)	£334.00	£378.00
Saturday Interment fees – Adult (resident)	£334.00	£454.00
Interment fees – Adult (non-resident)	£334.00	£583.00
Saturday Interment fees – Adult (non-resident)	£334.00	£699.00
Saturday Interment fees – (resident) cremated remains	£91.00	£124.00
Saturday Interment fees – (non-resident) cremated remains	£91.00	£191.00
Lair Purchase (resident)	£366.00	£415.00
Lair Purchase (non-resident)	£366.00	£639.00
Genealogy/Lair Search	N/A	£26.00

All charges are outwith the scope of VAT.

It is also proposed to increase all other Burial Grounds fees & charges by an average of 13% (subject to rounding).

2014/15 Miscellaneous Services Budget

Service - Objective Analysis

	2013/14 Budget Outturn Prices <u>£</u>	2014/15 Budget September 2013 Prices <u>£</u>	2014/15 Budget Outturn Prices <u>£</u>
<u>SERVICE</u>			
Registration	300,710	242,470	249,350
Grants & Donations	672,380	671,120	671,140
Local Tax Collection	876,160	751,310	774,670
Other Services	3,235,390	2,259,710	2,275,970
Corporate & Democratic Core	3,048,330	3,321,540	3,363,120
Non-Distributed Costs	2,957,860	2,851,670	2,917,830
Licensing	267,030	304,050	311,140
Housing Benefit	70,300	149,330	195,910
NET EXPENDITURE	<u>11,428,160</u>	<u>10,551,200</u>	<u>10,759,130</u>

2014/15 Miscellaneous Services Budget

Service - Subjective Analysis

	2013/14 Budget Outturn Prices £	2014/15 Budget September 2013 Prices £	2014/15 Budget Outturn Prices £
<u>EXPENDITURE</u>			
<u>EMPLOYEE EXPENSES</u>			
Former APT&C	647,060	710,270	717,370
Pension/Termination Costs	3,659,580	3,553,580	3,636,010
Indirect Employee Expenses	10,570	11,630	11,630
Total Employee Expenses	4,317,210	4,275,480	4,365,010
<u>PROPERTY EXPENSES</u>			
Repairs and Maintenance	7,030	7,030	7,140
Energy Costs	32,940	20,120	21,320
Rents	60,660	850	850
Rates/Council Tax	19,090	9,410	9,690
Water Services	11,760	11,760	11,880
Cleaning & Domestic Supplies	18,700	7,870	7,870
Property Insurance	2,850	1,780	1,780
Other Property Expenses	30,050	30,050	30,050
Total Property Expenses	183,080	88,870	90,580
<u>SUPPLIES & SERVICES</u>			
Equip, Furniture and Materials	60,130	60,130	61,630
Services	454,540	(705,440)	(705,440)
Printing, Staty & Gen Off Exps	70,440	70,440	70,810
Communications & Computing	259,960	259,960	260,030
Contribution to Funds	392,350	392,350	392,350
Miscellaneous Supplies	1,146,090	1,337,090	1,337,090
Total Supplies & Services	2,383,510	1,414,530	1,416,470
<u>THIRD PARTY PAYMENTS</u>			
Joint Board	156,030	156,030	159,930
Internal Recharges	229,260	229,260	229,260
Other Agencies	2,051,760	2,051,760	2,051,760
Grants to Voluntary Orgs	166,400	166,400	166,400
Total Third Party Payments	2,603,450	2,603,450	2,607,350
<u>TRANSFER PAYMENTS</u>			
Housing Benefits & Rent Allowances	41,908,040	41,725,610	42,998,490
Total Transfer Payments	41,908,040	41,725,610	42,998,490
<u>SUPPORT SERVICES</u>			
Central Support Recharges	6,764,730	7,085,630	7,178,870
Departmental Recharges	8,800	-	-
Total Support Services	6,773,530	7,085,630	7,178,870

2014/15 Miscellaneous Services Budget

Service - Subjective Analysis

	2013/14 Budget Outturn Prices <u>£</u>	2014/15 Budget September 2013 Prices <u>£</u>	2014/15 Budget Outturn Prices <u>£</u>
<u>CAPITAL CHARGES</u>			
Capital Charges	15,480	15,480	15,480
Total Capital Charges	<u>15,480</u>	<u>15,480</u>	<u>15,480</u>
TOTAL EXPENDITURE	<u>58,184,300</u>	<u>57,209,050</u>	<u>58,672,250</u>
<u>INCOME</u>			
Other Government Grants	42,047,170	41,772,360	43,011,330
Customer and Client Receipts	600,700	600,700	600,700
Rents Received	5,200	5,200	5,200
Internal Recharges	1,165,500	1,161,970	1,178,270
Charges to Other Bodies	433,200	533,200	533,200
Charges to Staff	20,000	20,000	20,000
Interest Received	351,950	432,000	432,000
Miscellaneous Income	2,132,420	2,132,420	2,132,420
TOTAL INCOME	<u>46,756,140</u>	<u>46,657,850</u>	<u>47,913,120</u>
NET EXPENDITURE	<u>11,428,160</u>	<u>10,551,200</u>	<u>10,759,130</u>

MISCELLANEOUS SERVICES BUDGET 2014/15
Summary of Movements

£' 000

2013/14 Budget 11,428

Add: Budget Changes

1	<u>Employee Expenses</u>	
	Transfer Registrars from Governance	73
	Pension Strain	(106)
	Other Movements	(9)
		<u>(42)</u>
2	<u>Property Expenses</u>	
	Centralisation of Registration Service	(34)
	Other Movements	(60)
		<u>(94)</u>
3	<u>Supplies & Services</u>	
	CRC Energy Efficiency Scheme	226
	Non Domestic Rates Appeals	(210)
	Corporate Procurement Savings	(900)
	Other Movements	(85)
		<u>(969)</u>
4	<u>Transfer Payments</u>	
	Discretionary Hsg Pmt - Funding to be confirmed	(180)
	Other Movements	(2)
		<u>(182)</u>
5	<u>Support Services</u>	
	Central Support Recharges	321
	Other Movements	(9)
		<u>312</u>
6	<u>Income</u>	
	Interest on Revenue Balances	(80)
	Discretionary Hsg - Funding to be confirmed	180
	Contribution from Scottish Water	(100)
	Hsg Benefit Admin Subsidy	95
	Other Movements	3
		<u>98</u>

2014/15 Base Budget at September Prices 10,551

Add: Inflation 208

2014/15 Budget at Outturn Prices 10,759

MISCELLANEOUS SERVICES

REVIEW OF FEES AND CHARGES 2014/15

	<u>Current Charge</u> £	<u>Proposed Charge</u> £
Taxi Driver Application Fee	195	195
Taxi Driver Renewal Fee	100	100
Taxi Operator Application Fee	235	235
Taxi Operator Renewal Fee	120	120

Statutory Charges

A number of fees chargeable by local registrars for births, deaths, marriages and civil partnerships are set by the General Registrars Office.

Non-Statutory Charges

	<u>Current Charge</u> £	<u>Proposed Charge</u> £
Additional Fees for Life Events during normal working hours	180	180
Additional Fees for Life Events on a Saturday	210	210
Additional Fees for Life Events on a Sunday	240	240
Additional Fees for Life Events on Public Holidays	250	250
Non-Refundable Deposits	100	100

2014/15 Trading Accounts Budget

Service - Objective Analysis

	2013/14 Budget Outturn Prices <u>£</u>	2014/15 Budget September 2013 Prices <u>£</u>	2014/15 Budget Outturn Prices <u>£</u>
<u>1. STATUTORY TRADING ACCOUNTS</u>			
Operating Surpluses:-			
Building Maintenance	(779,630)	(594,140)	(772,880)
TOTAL OPERATING SURPLUSES	<u>(779,630)</u>	<u>(594,140)</u>	<u>(772,880)</u>

2014/15 Trading Accounts Budget

Service - Subjective Analysis

	2013/14 Budget Outturn Prices £	2014/15 Budget September 2013 Prices £	2014/15 Budget Outturn Prices £
<u>EXPENDITURE</u>			
<u>EMPLOYEE EXPENSES</u>			
Former APT&C	2,150,110	2,062,500	2,083,130
Former Manual/Craft	10,933,120	10,772,040	10,879,760
Indirect Employee Expenses	335,110	322,900	328,050
Total Employee Expenses	13,418,340	13,157,440	13,290,940
<u>PROPERTY EXPENSES</u>			
Repairs and Maintenance	41,480	41,480	42,110
Energy Costs	102,890	102,890	109,060
Rents	96,410	96,410	96,410
Rates/Council Tax	93,200	93,200	96,000
Water Services	16,930	16,930	17,100
Fixtures and Fittings	3,000	3,000	3,000
Cleaning & Domestic Supplies	50,300	61,540	61,540
Property Insurance	4,780	4,300	4,300
Total Property Expenses	408,990	419,750	429,520
<u>TRANSPORT EXPENSES</u>			
Direct Transport Costs	378,560	368,680	377,920
Transport Recharges	1,195,030	1,233,220	1,237,840
Transport Insurance	36,780	36,780	37,700
Total Transport Expenses	1,610,370	1,638,680	1,653,460
<u>SUPPLIES & SERVICES</u>			
Equip, Furniture and Materials	5,145,850	5,049,240	5,173,940
Services	36,780	34,080	34,080
Clothing, Uniforms & Laundry	33,900	33,900	33,900
Printing Staty, Gen Off Exps	24,670	24,670	24,830
Communications & Computing	60,930	60,930	61,200
Miscellaneous Supplies	129,440	129,440	130,750
Total Supplies & Services	5,431,570	5,332,260	5,458,700
<u>THIRD PARTY PAYMENTS</u>			
Payments to Sub-Contractors	5,819,880	5,360,440	5,494,450
Total Third Party Payments	5,819,880	5,360,440	5,494,450
<u>SUPPORT SERVICES</u>			
Central Support Recharges	416,740	390,990	396,470
Departmental Recharges	231,760	312,260	312,260
Total Support Services	648,500	703,250	708,730

2014/15 Trading Accounts Budget

Service - Subjective Analysis

	2013/14 Budget Outturn Prices £	2014/15 Budget September 2013 Prices £	2014/15 Budget Outturn Prices £
<u>CAPITAL CHARGES</u>			
Capital Charges to Services	52,640	52,640	52,640
Charges to Revenue	10,000	10,000	10,000
Total Capital Charges	62,640	62,640	62,640
 TOTAL EXPENDITURE	 27,400,290	 26,674,460	 27,098,440
 <u>INCOME</u>			
Internal Recharges	349,000	481,000	481,000
Interest Received	(20,680)	(14,000)	(14,000)
Build Maint Int Trading Rechgs	27,851,600	26,801,600	27,404,320
TOTAL INCOME	28,179,920	27,268,600	27,871,320
 TOTAL OPERATING SURPLUS	 (779,630)	 (594,140)	 (772,880)

2014/15 Central Support Services Budget

Objective Analysis

	2013/14 Budget Outturn Prices <u>£</u>	2014/15 Budget September 2013 Prices <u>£</u>	2014/15 Budget Outturn Prices <u>£</u>
<u>SERVICE</u>			
Chief Executive Office	325,040	294,880	297,980
Chief Executive: Governance	2,551,310	2,514,360	2,543,350
Chief Executive: Finance	7,920,930	7,781,660	7,866,570
Corporate Services	8,161,710	8,350,390	8,426,110
General & Common Services	2,296,930	2,239,830	2,258,380
Administrative Buildings	1,870,860	1,872,960	1,904,420
NET EXPENDITURE	<u>23,126,780</u>	<u>23,054,080</u>	<u>23,296,810</u>

2014/15 Central Support Services Budget

Subjective Analysis

	2013/14 Budget Outturn Prices £	2014/15 Budget September 2013 Prices £	2014/15 Budget Outturn Prices £
<u>EXPENDITURE</u>			
<u>EMPLOYEE EXPENSES</u>			
Former APT&C	15,086,110	14,726,520	14,882,000
Former Manual	116,400	111,600	112,720
Indirect Employee Expenses	290,980	281,360	282,710
Total Employee Expenses	15,493,490	15,119,480	15,277,430
<u>PROPERTY EXPENSES</u>			
Repairs and Maintenance	189,980	186,450	189,260
Energy Costs	232,690	232,690	246,650
Rents	429,960	443,260	443,260
Rates/Council Tax	433,680	439,130	452,320
Water Services	61,650	61,650	62,270
Fixtures and Fittings	690	690	690
Cleaning & Domestic Supplies	229,830	243,010	243,200
Property Insurance	22,850	20,830	20,830
Other Property Expenses	3,500	3,500	3,500
Total Property Expenses	1,604,830	1,631,210	1,661,980
<u>TRANSPORT EXPENSES</u>			
Direct Transport Costs	320	110	110
Transport Recharges	40,720	34,320	34,530
Total Transport Expenses	41,040	34,430	34,640
<u>SUPPLIES & SERVICES</u>			
Equip, Furniture and Materials	83,400	83,400	83,400
Services	811,840	817,660	818,280
Catering	103,400	105,860	105,860
Clothing, Uniforms & Laundry	1,300	1,300	1,300
Printing, Staty & Gen Off Exps	185,530	178,530	179,850
Communications & Computing	747,870	751,670	753,620
Members Expenses	699,130	699,130	708,950
Miscellaneous Supplies	443,020	456,830	456,830
Total Supplies & Services	3,075,490	3,094,380	3,108,090
<u>THIRD PARTY PAYMENTS</u>			
Other Agencies	185,130	173,130	173,130
Total Third Party Payments	185,130	173,130	173,130
<u>SUPPORT SERVICES</u>			
Central Support Recharges	2,907,850	2,938,430	2,978,520
Departmental Recharges	10,340	45,580	45,580
Total Support Services	2,918,190	2,984,010	3,024,100

2014/15 Central Support Services Budget

Subjective Analysis

	2013/14 Budget Outturn Prices <u>£</u>	2014/15 Budget September 2013 Prices <u>£</u>	2014/15 Budget Outturn Prices <u>£</u>
<u>CAPITAL CHARGES</u>			
Capital Charges to Services	338,460	432,790	432,790
Total Capital Charges	<u>338,460</u>	<u>432,790</u>	<u>432,790</u>
 TOTAL EXPENDITURE	 <u>23,656,630</u>	 <u>23,469,430</u>	 <u>23,712,160</u>
 INCOME			
Other Government Grants	52,980	52,980	52,980
Insur Recoveries & Commission	41,000	41,000	41,000
Customer and Client Receipts	107,500	103,000	103,000
Rents Received	49,980	49,980	49,980
Internal Recharges	111,550	111,550	111,550
Charges to Other Bodies	23,240	23,240	23,240
Charges to Staff	14,000	14,000	14,000
Miscellaneous Income	129,600	19,600	19,600
TOTAL INCOME	<u>529,850</u>	<u>415,350</u>	<u>415,350</u>
 NET EXPENDITURE	 <u>23,126,780</u>	 <u>23,054,080</u>	 <u>23,296,810</u>

CENTRAL SUPPORT SERVICES BUDGET 2014/15
Summary of Movements

	<u>£'000</u>
2013/14 Budget	23,127
Add: Budget Changes	
1. <u>Employee Expenses</u>	
Rebasing Exercise	(366)
Transfer of Registration Staff to Miscellaneous Services	(73)
Increments	42
Pension Contributions	51
Other Movements	(28)
	<u>(374)</u>
2. <u>Property Expenses</u>	
Other Movements	26
	<u>26</u>
3. <u>Transport Costs</u>	
Other Movements	(7)
	<u>(7)</u>
4. <u>Supplies & Services</u>	
Other Movements	(66)
	<u>(66)</u>
5. <u>Third Party Payments</u>	
GIS Unit subscription	(12)
	<u>(12)</u>
6. <u>Support Services</u>	
Central Support Services allocation	151
	<u>151</u>
7. <u>Capital Charges</u>	
Capital Charge Depreciation	94
	<u>94</u>
8. <u>Income</u>	
Other Movements	115
	<u>115</u>
2014/15 Base Budget at September Prices	23,054
Add: Inflation	243
2014/15 Budget at Outturn Prices	<u>23,297</u>

All Funding Allocated By Category

Services for Children

APPENDIX 4

Organisation	Service	2012/2013 Budget	2013/2014 Budget	2014/2015 Budget proposal	Suggested Saving
Priority 1					
Speech and Language Therapy (NHS)	E	515,040	515,040	515,040	
Cluaran - (Barnardos - Teachers)	E	222,710	222,710	222,710	
Cluaran (Barnardos)	SW	465,239	465,239	465,239	
New Beginnings (Barnardo's)	E	192,341	192,341	192,341	
Children's Rights: Who Cares Scotland	SW	27,970	27,970	27,970	
Children's Rights: Quarriers	SW	86,200	86,200	86,200	
Aberlour Trust - CLASP(Camelon & Larbert)	E	315,162	315,162	315,162	
Bo'ness Family Centre (Barnardos)	E	314,605	314,605	314,605	
Aberlour Trust - Langlees Family Centre	E	225,012	225,012	225,012	
One Parent Families Scotland - Braes Family Centre	E	136,064	136,064	136,064	
Signpost Time 4 Us Project	C&N	15,000	15,000	15,000	
Signpost Time 4 Us Project	SW	30,000	30,000	30,000	
Signpost Rent	C&N	3,200	3,200	3,200	
Priority 2					
Axis (Barnardos)	SW	110,952	110,952	110,952	
AXIS (Barnardos)	C&N	33,724	33,724	33,724	
SACRO	C&N	46,104	46,104	46,104	
SACRO	SW	81,088	81,088	81,088	
Home Start Denny	E	29,488	29,488	29,488	
Sport 4 Youth	C&N	77,274	38,637	38,637	
LAC Psychologist	SW	90,000	84,500	84,500	
		3,017,173	2,973,036	2,973,036	0

Marginalised Groups

Organisation	Service	2012/13 Budget	2013/2014 Budget	2014/2015 Budget proposal	Suggested Saving
Priority 1					
Independent Living Association	SW	29,604	29,604	29,604	
Princess Royal Trust for Carers	SW	141,898	141,898	141,898	
WRVS Meals-on-Wheels	SW	10,400	10,400	10,400	
Priority 2					
Central Scotland Racial Equality Council	C&N	15,200	15,200	15,200	
Forth Valley Family Support	C&N	20,000	20,000	20,000	
Linkliving	C&N	14,114	14,114	14,114	
Salvation Army	C&N	10,745	10,745	10,745	
Action Group	C&N	90,000	90,000	90,000	
Falkirk & District Assoc for Mental Health	SW	177,777	177,777	177,777	
Forth Valley Sensory Centre	SW	56,470	56,470	56,470	
Alzheimer Scotland	SW	63,219	63,219	63,219	
Priority 3					
CVS Falkirk & District - Health project	SW	18,430	18,430	18,430	
		647,857	647,857	647,857	0

Community Safety

Organisation	Service	2012/13 Budget	2013/2014 Budget	2014/2015 Budget proposal	Suggested Saving
Priority 2					
Central Scotland Fire and Rescue	C&N	5,645	5,645	5,645	
Falkirk Bid District - Taxi marshalling	C&N	20,000	20,000	20,000	
Denny Community Support Group	C&N	22,000	22,000	22,000	
		47,645	47,645	47,645	0

Abuse Related Services

Organisation	Service	2012/13 Budget	2013/2014 Budget		Suggested Saving
Priority 1					
Falkirk & District Women's Aid	C&N	244,170	244,170		
Priority 3					
Open Secret	SW	149,446	149,446		
Central Scotland Rape Crisis & Sexual Abuse Centre	SW	15,689	15,689		
Relationship Scotland	SW	9,353	9,353		
		418,658	418,658	350,658	68,000

Money & Debt Advice

Organisation	Service	2012/13 Budget	2013/2014 Budget	2014/2015 Budget proposal	Suggested Saving
Priority 2					
Linkwide - OPAP	C&N	66,495	-	-	
G'mouth & Bo'ness CAB	C&N	108,987	143,987	143,987	
Denny & Dunipace CAB	C&N	102,838	102,838	102,838	
Armed Forces Project - Denny CAB	C&N	20,000	20,000	20,000	
Falkirk CAB	C&N	186,695	186,695	186,695	
Denny & Dunipace CAB	SW	9,624	9,624	9,624	
G'mouth & Bo'ness CAB	SW	9,624	9,624	9,624	

Falkirk CAB	SW	9,624	9,624	9,624	
MacMillan Money Matters	C&N	50,000	50,000	50,000	
Veterans Scotland Adviser	C&N	30,000	-	-	
		593,887	532,392	532,392	-

Community Development

Organisation	Service	2012/13 Budget	2013/2014 Budget	2014/2015 Budget proposal	Suggested Saving
Priority 2					
Denny Community Support Group	E	29,536	29,536	29,536	
Kersiebank Community Project	E	9,897	9,897	9,897	
Dennyloanhead Community Hall Ltd	E	12,561	12,561	12,561	
The Powerstation	E	10,620	10,620	10,620	
CVS Falkirk & District (Core)	C&N	113,747	113,747	113,747	
Priority 3					
Community Grants Programme (Small grants)	C&N	153,000	155,500	155,500	
Community Councils	C&N	10,380	10,380	10,380	
Dobbie Hall Trust		14,356	14,356	14,356	
Worker Education Association	E	49,635	49,635	49,635	
		403,732	406,232	406,232	0

Health

Organisation	Service	2012/13 Budget	2013/2014 Budget	2014/2015 Budget proposal	Suggested Saving
Priority 2					
Sport Central		20,637	20,637	20,637	
		20,637	20,637	20,637	0

Economic Development

Organisation	Service	2012/13 Budget	2013/2014 Budget	2014/2015 Budget proposal	Suggested Saving
Priority 2					
Falkirk Town Centre Management	D	188,309	188,309	188,309	
Visit Scotland	D	43,503	43,503	43,503	
Priority 3					
Scottish Railway Preservation Society		48,451	48,451	48,451	
		280,263	280,263	280,263	0

Environment/Sustainability

Organisation	Service	2012/13 Budget	2013/2014 Budget	2014/2015 Budget proposal	Suggested Saving
Priority 2					
CSFT Area Programme	D	22,772	22,772	22,772	
Falkirk Environment Trust	D	27,750	27,750	27,750	
		50,522	50,522	50,522	0

Other

Organisation	Service	2012/13 Budget	2013/2014 Budget	2014/2015 Budget proposal	Suggested Saving
Priority 3					
Grangemouth Children's Day & Dawson Gala Day	C&N	14,472	14,472	14,472	
Bo'ness Fair	C&N	30,429	30,429	30,429	
		44,901	44,901	44,901	0

	2012/13 Budget	2013/2014 Budget	2014/2015 Budget proposal	Suggested Saving
Overall Total	5,525,275	5,422,143	5,354,143	68,000

	2013/2014 allocation	Total Saving suggested by services
Services for Children	2,973,036	0
Marginalised Groups	647,857	0
Community Safety	47,645	0
Abuse Related Services	418,658	68,000
Money & Debt Advice	532,392	-
Community Development	406,232	0
Health	20,637	0
Economic Development	280,263	0
Environment/Sustainability	50,522	0
Other	44,901	0
	5,422,143	68,000

	2013/2014	Total Saving identified
Education	2,062,671	0
Social Work	1,587,107	68,000
Development	282,334	0
Corporate & Neighbourhood	1,406,587	0
Unallocated (Previous Community S	83,444	0
	5,422,143	68,000

EQUALITY AND POVERTY IMPACT SCREENING

1. CONTEXT

- 1.1 Falkirk Council needs to make projected savings of £35 million over the 3 year period to 2016/17. In order to achieve this, we have asked our Services to identify a number of budget savings options and this report sets out the EPIA process which was undertaken.
- 1.2 The need for savings is based on forward financial planning and takes in to account other pressures on the council's budget such as an increasing demand on services from a growing and changing population. Budgets have also been rebased to exclude the effect of inherent underspends.
- 1.3 This budget has been built using a set of guiding principles that reflect the Council goals in terms of:
 - Developing a thriving, sustainable and vibrant economy
 - Improving the health, safety and wellbeing of our citizens and communities
 - Increasing our efforts to tackle disadvantage and discrimination
 - Enhancing and sustaining an environment in which people want to live and visit
- 1.4 Complementary to these aspirations the Council is committed to sound financial management as a basis for achieving our priorities, providing good quality services and protecting those who are most vulnerable.
- 1.5 At the heart of the Council's commitment to delivering our priorities will be better ways of working; improvement to service delivery; making sure that the services we deliver are the services our citizens want and need in order to create resilient communities. We will take steps to engage our managers and staff in this as well as consulting with our citizens to ensure that as a Council we are ambitious in our solutions and resilient to cope with future anticipated austerity.
- 1.6 Carrying out equality and poverty impact assessments will help us inform our financial decision making thus helping to ensure that the hard decisions we will have to make on balancing the budget are made in a way that is as fair as possible.

2. BACKGROUND – EQUALITY ACT 2010

- 2.1 The Equality Act 2010 places a General Duty on Falkirk Council to eliminate discrimination, promote equality of opportunity and to promote good relations between different groups according to nine “protected characteristics” (age, religious belief and non-belief, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, sex and sexual orientation).

- 2.2 The legislation also sets out a number of duties that all local authorities need to comply with in order to demonstrate that the decisions they make are carried out in a fair, transparent and accountable way and consider the needs of different members of the community. This is achieved through assessing the impact that changes to policies and practices could have on different protected groups set out in legislation. In addition the Council extended this impact analysis to include a poverty and impact assessment.
- 2.3 Assessing the potential impact of our decisions for equalities communities is an important part of our decision-making process, and we have used our equality and poverty impact assessment process against all relevant individual Service budget options. We have looked at the potential of combined or cumulative impact of the proposals as part of the assessment process and this does not present concern.
- 2.4 We understand that more people are experiencing financial pressures and worries in the current economic climate. This is for a range of reasons, including lack of employment, increased costs of living, low pay, pay freezes and reductions or changes in benefits as a consequence of welfare reform. These national changes can often impact much more significantly on equalities groups and we have taken this into account when assessing our savings options by extending our consideration not just to include equality but to include the poverty impact as well.
- 2.5 Some of our savings options involve making increases to our service charging arrangements and where this is considered, it is important to understand the potential for disproportionate impact where individuals are living on low incomes. In this regard the work which the Council is committed to in relation to welfare reform should mean that we consider the potential impact from any change to charging arrangements and how this could impact on both our concessions arrangements and our commitment to making sure that individuals on low incomes are supported to ensure that they are making the most of our income maximisation programmes.
- 2.6 The work that has been done in the equality and poverty impact assessments for all savings options indicates that there are some equalities communities that might potentially be disproportionately affected by a combination of the national and wider pressures listed above, and our proposals for 2014/2015. We have identified mitigations which will service to alleviate the impact.
- 2.7 We are also aware that there are some equality protected characteristics which we mention very little within our equality and poverty impact assessments. These include gender reassignment, marriage and civil partnership, pregnancy and maternity, religion or belief and sexual orientation. This may be because some of these groups are not specifically or disproportionately affected by our options, but we recognise that this may also be because we have gaps in monitoring information. Making improvements to our equality data capture will be a priority for the Council going forward and has already been identified as part of our equality outcomes.

3. EQUALITY AND POVERTY IMPACT ASSESSMENT PROCESS (EPIA)

- 3.1 In line with guidance issued by the Equality and Human Rights Commission, Falkirk Council has carried out a rigorous equality impact assessment process which we have extended to include poverty in recognition of the links which exist between poverty and inequality; thus ensuring that the equality and poverty impact is taken account of as part of the budget setting process. This process will help to ensure that 'due regard' has been taken of the potential impact on front line services and vulnerable people within Falkirk District who have a protected characteristic. This has been achieved by:
- Requiring Services from September to October 2013 to undertake an initial equality screening assessment of all the savings options identified and based on this to carry out a full EPIA where required.
 - Briefings took place across Services on the process of assessment and a briefing was also conducted for Elected Members on the EPIA process.
 - Completed initial and full assessments were returned to the Corporate Policy lead officers for Equality and Poverty for review and discussion; to test consistency and to consider where proposals might result in cross cutting themes requiring a combined assessment across services.
 - A consistent definition of equality and poverty impact has been applied. This is set out in Appendix 5a.
- 3.2 For any savings options that were rated "Medium" through to "High" in terms of potential equalities and poverty risks Services were advised to carry out more detailed work on mitigation and management of said options and to plan for appropriate consultation with any affected service users, staff and community groups.
- 3.3 The key information used to determine the equality and poverty impact is derived from data i.e. equality monitoring data on staff and service users compared to local and national equality and poverty data captured from the Census and other research sources. Knowing who our staff and customers are in terms of the equality profile helps determine the level of potential impact from decisions.
- 3.4 Consultation is also a key requirement of any equality and poverty impact assessment process. It provides the opportunity for services to consult with staff, service users and the community on changes to the way that they plan to deliver and provide services. The results from consultation will not only provide a 'temperature check' in relation to any potential savings option but offer the potential to explore different delivery methods which may contribute to more mitigation of impact and which could further reduce the risk rating.
- 3.5 As can be seen from the previous paragraphs equality and poverty impact assessment is an *iterative process*. This means that for some budgetary savings proposals the full impact may not be known until it is informed by consultation or some another process such as a service review. In these cases the impact rating prior to this will be subject to those outcomes and as a consequence may be amended to a lesser impact rating.
- 3.6 Equality risk ratings were scrutinised over December 2013 and the equality and poverty risk values by Service and by impact were determined. Appendix 5b outlines this information.

4. ASSESSMENT OF SAVINGS PROPOSALS 2014/2015

- 4.1 Of the options being put forward in 2014/2015 those with no, or a low impact rating represent £2.947 million of the Council's overall saving of £5.028 million.

The definition of a low impact rating is one where mitigating actions/adjustments are readily made or not required

- 4.2 By way of example; the option to reduce the subsidy to ScotRail (DV6) which allows half fare train travel for elderly or disabled people who hold an entitlement card. This covers the Falkirk Council area during weekdays and extends at the weekend to Glasgow, Edinburgh, Stirling and Perth. Alternative concessions exist which would mitigate this reduction e.g. the local dial-a-journey (covering Falkirk, Stirling and Clackmannanshire); Scotrail card for Senior Citizens allows up to 1/3 off standard and first class travel throughout the UK. There is also the free national bus pass.

- 4.3 Of the options being put forward in 2014/2015 those with a medium impact rating represent £0.413 million of the Council's overall year one saving of £5.028 million

The definition of a medium impact rating is one where mitigating actions/adjustments have been identified and these will further inform the proposal by potentially reducing the level of risk.

- 4.4 By way of example; the option to increase bereavement charges (CN12). This proposal identifies the charges differentiated between burial and cremation. A consultation to ensure that the views of particular groups has been considered and in particular the views of faith groups. This consultation has been undertaken as part of the Policy Development Panel on Bereavement which is due to report shortly.

- 4.5 Of the options being put forward in 2014/15 those with a high impact rating represent £1.668 million of the Council's overall year one saving of £5.028 million.

The definition of a high impact rating is one where some mitigating actions/adjustments can be made however the removal of all potential impact may not be possible. Consultation could further inform/amend this potential impact rating.

- 4.6 By way of example; these options are connected to staff savings and have been grouped together across services in recognition of the need to institute statutory consultation through an HR managed process. In addition a contributory factor to this risk rating is linked to the gender differentiation which exists in different occupational groupings.

- 4.7 The effects of the budget options on staffing will be addressed using our existing severance and redeployment policies which have previously been subject to equality impact assessment.

- 4.8 Another consideration for the 'high impact' rating is that once the staffing changes are understood in more detail this will inform the potential direct service delivery impact and allow for the identification of further mitigation actions in order to reduce the level of risk.

- 4.9 The high concentration of low equality risks and the low ratio of medium level impact risks against the proposed savings options indicate the added value which the equality and poverty impact assessment process has contributed to the budget setting process in determining the level of equality and poverty risk against financial decisions.

- 4.10 The result of the EPIAs mean that only 3 options require further work under the terms of the EPIA. The first of these is the review of abuse services which is covered separately in the budget report. The second is charging for bereavement services which has already been subject to consultation with stakeholders. The results of this will be reported back to the Executive as part of the full review of bereavement policies. The third is a review of Registration Services. This proposal involves service re-design proposals of Registration Services and offices. Data usage is currently being captured on the level of footfall along with information on building repair and maintenance as well as information available from previous customer surveys. Whilst it is estimated that the impact is likely to be low internal discussions are taking place at the moment on the preferred method of public consultation.

5. PUBLICATION OF EQUALITY AND POVERTY IMPACT ASSESSMENTS

- 5.1 Within the terms of the Equality Act 2010 there is a requirement to publish impact assessments once they are finalised. We will be publishing our budget related impact assessments on the Council website. It is anticipated that the low rated assessments can be published in March with medium risk assessments following thereafter. High risk assessments will be dependent on the results of other statutory consultation.
- 5.2 The first report to be published will be this overall screening assessment covering the EPIA process as part of budget decision making; providing information on risk and assessment against the year one proposals as well as contextualising the outcome as per the process against the legal duty.
- 5.3 The individual EPIA's publication will be confirmed after the February budget meeting. The budget proposals identified as low risk will be the first to be finalised, signed off and published. Those rated as medium/high will follow in line with different consultation processes (e.g. some options will require statutory consultation processes) and timeframes.

6 ASSESSMENT OF SAVINGS PROPOSALS

Savings by Service Area

- 6.1 The Council has sought to balance the impact of service savings across the range of Council functions unfortunately in order to secure a balanced budget difficult decisions are necessary which means that not all services could be protected. Where these services have budget options rated medium/high impact we will work to ensure risks are mitigated as far as possible. Indeed a great deal of work has taken place since options were identified to mitigate any potential risk.

Assessment of workforce implications

- 6.2 The Council's various Services put forward options to make efficiencies through changes which result in a reduction of workforce numbers. Section 6.12 of the budget report provides further information on how this process will be managed.
- 6.3 For equality purposes the information thus far has identified the possible net employee changes included from each Service proposal. This information is still subject to clarification through the steps being taken with the Trade Unions as outlined in section 6.12. As this work progresses, it will lead to a better informed service delivery impact assessment. Equality and Poverty Impact Assessments will be refined as the individual Service savings proposals are implemented.

- 6.4 The Council's HR Service is committed to ensuring that the Council is as capable as possible to deliver services to our diverse communities by reflecting that diversity in the make-up of the work force. To minimise any unwelcome impacts resulting from these proposals, HR will undertake appropriate impact assessments, as required, in consultation with the Trade Unions as part of the discussions on progressing the workforce changes necessary to implement any decisions taken by Members. If issues were to arise as a result, these would of course be highlighted.

7. SUMMARY OF EQUALITY IMPACT SCREENING

- 7.1 The general assessment is that the Council's budget for 2014/2015 and in particular the savings options could have an impact upon people because of age, disability, and gender. However, public sector austerity creates a climate for significant savings requirements and through the process of equality and poverty assessment every effort has and will be made to identify and act on mitigation where it is possible.
- 7.2 The Council can demonstrate a robust process of development, implementation and review of the EPIA process and as such is confident that it has complied with duties set out within the Equality Act and has taken into consideration the protected characteristics in considering the implications for its budget and has charged Services to put in place actions to minimise the equality impact of its 2014/2015 budget.
- 7.3 In terms of the identified mitigating actions these will be subject to Service monitoring in order to assure their effect.
- 7.4 This process will also produce lessons to be learnt to improve the equity of arrangements for impact assessing our 2015/16 budget and beyond. As a result we believe that this report has satisfied the requirement to assess the equality and poverty impacts of our 2014/2015 Budget.

IMPACT ON PEOPLE			
LOW	MEDIUM	HIGH	VERY HIGH
<p>No or low level of impact on:</p> <ul style="list-style-type: none"> Any of the protected equality groups; Quality of life for vulnerable groups; Access to services; Income Workforce and employment opportunities <p>Mitigating actions/ adjustments not required</p>	<p>Medium level impact on:</p> <ul style="list-style-type: none"> Some of the protected equality groups; Quality of life for vulnerable groups; Access to services Income Workforce and employment opportunities <p>Mitigating actions/ adjustments have been identified and these will further inform the proposal.</p> <p>Consultation could further inform/amend this potential impact rating.</p>	<p>High level impact on:</p> <ul style="list-style-type: none"> Some/all of the protected equality groups Quality of life for vulnerable groups; Access to services Income Workforce and employment opportunities <p>Some mitigating actions/ adjustments have been identified however the removal of all potential impact may not be possible.</p> <p>Consultation could further inform/amend this potential impact rating.</p>	<p>Very high level of impact on:</p> <ul style="list-style-type: none"> Causing disproportionate impact for some/all of the protected equality groups; Quality of life for vulnerable groups restricted; Access to services restricted Income Workforce and employment opportunities <p>Some mitigating actions/ adjustments made however the removal of all potential impact may not be possible.</p> <p>Consultation could further inform/amend this potential impact rating.</p> <p>Unable to identify mitigating actions.</p>

**2014/15 SAVINGS OPTIONS
BY IMPACT LEVEL**

EQUALITY AND POVERTY IMPACT ASSESSMENT – 2014/15 BUDGET OPTIONS				
REFERENCE CODE	DESCRIPTION	SAVINGS £'000	Assessment of Impact	Comments
EPIA RISK RATING – NO IMPACT				
CE11	Increase income from Printworks	25	Commercial income generation – no impact	
CS1	Non domestic rates – settlement of appeals	210	Internal process change – no impact	
CS3	Review of Corporate Procurement	900	Savings generated through effective procurement – no impact	
CN15	Savings in fleet services	250	Improved management of fleet – no impact	
CN17	Increase charges for trade waste by 5%	40	Commercial income generation – no impact	
CN19	Refuse collection charge introduced for developers for bins for new housing	10	Commercial income generation – no impact	
ED19	Review of PPP/NPDO contractual arrangements	150	Internal process change – no impact	
ED23	Review arrangements for MITIe management of energy consumption	30	Internal process change – no impact	
SW3	Changes to the processing of residential charges	5	Internal process change – no impact	
SW25	Income from non residential care – change to billing frequency	5	Internal process change – no impact	
DV5	Reduction in supplies, services –	100	Internal process change – no impact	
ED22	Reduce primary budgets by 1.5% and secondary budgets by 3%	50	Internal process change – no impact	This budget is primarily used for school supplies such as stationery, classroom supplies and equipment, janitorial supplies, etc.
12		1,775		

EPIA RISK RATING – LOW IMPACT				
REFERENCE CODE	DESCRIPTION	SAVINGS £'000	Assessment of Impact	Comments
CE15	Review Registration Services	34	Whilst it is estimated that the impact is likely to be low, internal discussions are taking place on the preferred method of consultation if required following an assessment of usage data	EPIA process is being informed through analysis of data usage on the level of footfall along with information on building repair and maintenance as well as information available from previous customer surveys.
ED29	Stop free swimming lessons for P5 pupils	65	This is estimated to have a low impact as provision is restricted to P5 and alternative provision is available via the Community Trust and at Secondary School/s	EPIA process is being informed through information from teaching and curriculum staff
DV4	Additional income generated from car parking at Municipal Buildings	123	Blue badge holders will continue their protection from charges therefore this is considered low impact.	EPIA will be informed by consultation.
DV6	Reduce rail concessions	60	We are aware of the impact of this proposal on older and disabled people however given the availability of alternative concessions (Scotrail and free bus travel) for this group this is considered low impact	EPIA process is being informed through the availability of alternatives and their promotion.
ED4	Full cost recovery on baby provision	29	We are aware of the impact of childcare costs on women and families however we estimate this impact to be low based on the level of savings realised.	EPIA process is being informed by ensuring that the increase is guided by the Council's charging and concession policy and action to increase awareness on options to maximise income
ED15	Increase childcare fees by 5%	20	We are aware of the impact of childcare costs on women and families however the level of increase is significantly lower than comparable providers	EPIA process is being informed by the Council's charging and concession policy and action to increase awareness on options to maximise income

ED24	Promote use of parental contracts rather than taxis	10	Parental contracts offer parents of transport-entitled pupils with additional support needs the option of driving the children to school themselves and claiming the mileage from the Council. This presents a significant saving compared with the cost of escorted taxis and many parents find it a more convenient solution and on this basis is considered low impact.	EPIA process is mitigated by maintaining the parental contract solution as optional.
ED25	Reduce Trust hours of use of schools	30	This proposal spreads the reduction in hours over a number of schools as opposed to just one thereby reducing the potential impact.	EPIA process will be informed by analysis of any duplicate provision
SW6	Introduce eligibility criteria and charging policy for transport	50	Individuals in receipt of DLA payments will receive an element for transport and income maximization options will be promoted thus making this a low impact proposal.	EPIA process will be informed by the external review which may identify further actions.
SW7	Introduce full cost recovery for meals	64	This option means that some older people and people with disabilities who come into contact with specific services will be charged the full cost of any meals they consume.	EPIA indicates that any adverse impact is mitigated by ensuring that charges comply with the Council charging and concessions policy
SW10	Resource transfer income	100	Anticipated inflationary increase in Resource Transfer income therefore considered to be low impact	EPIA completed
SW11	Supporting people – remove provision for inflation	200	Spend to be managed within the totality of existing budget	EPIA completed
SW13	External home care provision	37	This option would see a slight shift in the balance of provision between in-house and externally purchased home care. Such a shift could be achieved without impacting on current service users.	EPIA process completed.

DV8	Removal of additional bus contract subsidy	350	This subsidy is linked to usage rates and this determines the decision about subsidy removal	EPIA is informed by data on usage.
14		1,172		

EPIA RISK RATING – MEDIUM IMPACT				
CN12	Increase bereavement charges	100	This option is being explored to create differentiated pricing between burial and cremation.	EPIA process recognises that consideration is needed of the impact this may have for faith groups and as such this is deemed a medium impact
DV2	Reduce overtime community safety team	40	Reduce spend on overtime on lamp inspections and attendance to noise complaints. The reduction in overtime on lamp inspections will have no impact as it arises from changes to working arrangements. This has a medium rating due to the potential impact on anti-social behaviour.	EPIA has been informed by call and use data and a recognition that more placement of monitoring equipment may be needed.
ED16	Relocation of staff from Camelon Centre to Sealock House	50	This option will be supported by various HR policies and the impact is considered medium	EPIA will be informed by various HR related policies
ED21	Change to Trust pricing structure for all school lets	122	Charging rates remain below market rates for similar facilities.	EPIA will be informed by charging and concession policy.
SW1	Increase income from non-residential charging	101	The charging arrangements for non-residential social care were subject of a previous consultation and EQIA. The proposal to increase charges are in line with inflation and benefit uplifts since the implementation of charges.	Initial EPIA completed
5		413		

EPIA RISK RATING – HIGH IMPACT				
ED30	Proposal to amend the Admissions policy in relation to denominational schools	307	The proposal if adopted will have a differential impact between different religious groups.	EPIA will be informed from the results of the statutory consultation
ED17	Reduce frequency of repairs and maintenance	60	There is the potential for reductions in maintenance to impact on staff as well as impact on the standard of building (which currently is above the Scottish average) which is why this has a high rating.	EPIA will be informed statutory notice if confirmed
DV14 *	Reduce staff costs by 1.6%	250	The Councils workforce is approximately 2/3rds women therefore potentially this option could impact on women's employment and employment opportunities. These proposals have been identified as high impact at this point in time however the outcome of the statutory notice and management of reductions using voluntary severance, vacancy management and other voluntary options will serve to mitigate this proposal. This could result in the impact rating reducing.	EPIA will be informed by the results from statutory notice
ED1 *	Reduce level of admin / support by conducting review of service	100		
ED3 *	Reduce level of early years workforce with view to sessionalise provision	50		
ED5 *	Reduce teaching staff to within national agreements (could move to low or medium depending on further info from Education)	100		
ED7 *	Reduce teaching staff / rationalise subjects and management structures (could move to low or medium depending on further info from Education)	200		
ED8 *	Reduce special education teachers and managers	80		
ED9 *	Reduce psychological service staff	50		
ED10 *	Reduce CLD staff	100		
ED11 *	Reduce education central and admin staff	100		
ED12 *	Reduce education central officer staff	100		
SW22	Review of abuse services (Following initial work on the review, the EPIA will be revised and may move to medium however consultation will take place as part of review)	68	We know from local data that the largest group recipients of abuse related services are women and girls. Therefore this impact rating is high subject to the outcome of the review.	Initial EPIA completed. Full EPIA will be informed from the result of the review.

SW24 *	Reduction in core staffing budget	103	This proposal has been identified as high impact at this point in time however the outcome of the statutory notice and management of reductions using voluntary severance, vacancy management and other voluntary options will serve to mitigate this proposal. This could result in the impact rating reducing.	Initial EPIA completed. Full EPIA will be informed by the results from statutory notice
14		1,668		

* The proposals marked with an asterisk have been classified as being of high impact at this stage. They involve some reduction in jobs with the potential for some impact on service provision and, as such, have the potential to have a high impact. If Council agrees to pursue these proposals, they will be the subject of consultation with trade unions. The outcome of the consultations and the nature of the decisions to be taken to implement the budget proposals is not known, at this stage. It is likely that the classification of the impact associated with each of the decisions required to be taken will fall as their precise nature becomes clearer.

	Number of Options	Savings £'000
No Impact	12	1,775
Low Impact	14	1,172
Medium Impact	5	413
High Impact	14	1,668
TOTAL	45	5,028

FALKIRK COUNCIL

Subject : **THREE YEAR GENERAL CAPITAL PROGRAMME**
2014/15 – 2016/17
Meeting : **FALKIRK COUNCIL**
Date : **12 February 2014**
Author : **CHIEF FINANCE OFFICER**

1. INTRODUCTION

- 1.1 This report and appendices set out the proposed capital investment plans of Falkirk Council for the next three financial years on all areas of service delivery, with the exception of Council Housing which is reported separately to this Council meeting. The proposals contain ambitious investment plans of £81.8m over 3 years including the Tax Increment Financing (TIF) scheme.
- 1.2 The investments are set around an estimated level of resources as outlined in Section 3 of this report and any variations in these resources will have inevitable consequences on the programme as it moves forward.
- 1.3 Whilst the programme shows the investment over the next 3 years, consideration has been given to the effect on future resources of major projects that do not complete in that period and the ongoing need for investment in the Council's roads infrastructure, vehicles, IT, etc.

2. BACKGROUND

- 2.1 Capital bids templates were sent out to Services at the beginning of the Capital Budget process. The information included in the bid sheets was used as the primary basis for assessing the bids. The assessment process included alignment with the Council's priorities, as used in the revenue budget process, the risks associated with the project, the objectives of the project and legislative requirements.

3. RESOURCES

- 3.1 Overall resources required for the 3 years total £81.8m from the following sources:
 - Prudential Borrowing = £14.9m (18%)
 - Scottish Government Capital Grant = £42.4m (52%)
 - Capital Receipts = £2.4m (3%)
 - Other Funding (Planning Gains etc.) = £9.6m (12 %)
 - Prudential Borrowing for TIF Projects = £12.5m (15%)

- 3.2 The Scottish Government has confirmed the General Capital Grant for 2014/15 at individual Council level but only the Scotland wide grant for 2015/16 has been announced. Although the Scottish aggregate 2015/16 base figure is circa £60m higher than the 2014/15 base grant, at this stage it is unclear to what extent, if any, Falkirk Council will receive a share of this increase. Therefore the General Capital Grant of £11.3m assumed for 2015/16 may be subject to change and any movement will be reported back to Members for approval of amendments to the programme. The 2016/17 General Capital Grant assumes an allocation of £9.6m but this will not be known until the next round of financial settlement figures are announced. The anticipated grant for the new Carrongrange Secondary School has been included in 2015/16 (£3m) and the remainder (£2m) in 2016/17.
- 3.3 The grant figures in the capital programme include the impact of the grant reprofiling exercise undertaken by the Scottish Government as part of the 2011 Spending Review. The Falkirk impact of this exercise is as follows: -£1.213m (2012/13), -£1.011m (2013/14), £1.213m (2014/15), £1.011m (2015/16).
- 3.4 The grant figure includes an allocation of £0.918m in 2014/15 for Children and Young People. Although the Government have intimated that a similar sum will be provided for 2015/16, we await confirmation of this amount in the grant settlement and therefore we have not provided for this in the current 2015/16 capital budget.
- 3.5 During 2013/14 the Scottish Government created a £25m Regeneration Capital Grant Fund to provide financial support to projects that will help to deliver large scale improvements to deprived areas. All 32 local authorities were invited to submit bids for projects meeting the funding criteria but unfortunately Falkirk Council's bid of £3.6m was not successful. Funding of £10m has now been allocated to successful authorities with the remaining £15m still uncommitted. Falkirk Council will submit further bids to try and secure a share of this funding when the Scottish Government commence the next phase.
- 3.6 The National General Capital Grant figure for 2015/16 includes an element of funding which is to be distributed to authorities for large flood prevention projects. Discussions are ongoing between the Scottish Government and COSLA as to the exact value of the funding. There is a strict criterion for award of funding e.g. the scheme must already have been granted approval and necessary planning permission. However at this time Falkirk Council does not have schemes which meet the criterion for this funding.
- 3.7 Capital receipts include the sale of surplus property assets. Also included are anticipated ring-fenced property disposals covering investment in the Business Property Reinvestment Programme and the Denny Regeneration Scheme.
- 3.8 Other Funding consists of known planning gains and funding from revenue, including Earmarked Reserves.
- 3.9 Prudential borrowing for projects included in the Tax Increment Financing (TIF) Scheme projects has been shown separately given both its scale and unique nature.
- 3.10 Considerable Prudential Borrowing is required to balance the proposed profile of expenditure but repayments are considered to be manageable within the confines of the Prudential Borrowing Rules as reflected in the appended prudential indicator statements.

4. SERVICE INVESTMENT

- 4.1 The appended programme (Appendix 1) represents the full range of proposed projects. These will be supplemented in due course by carry forward expenditure attributable to delays caused by factors such as weather conditions, but this position will not be known until the close of the financial year. Slippage in 2013/14 on major projects, as reported to Executive on 14 January 2014, has been shown separately.
- 4.2 The format of the budget has been updated to provide Members with additional information on the major stand-alone projects. Appendix 1 shows the total project budget along with the split over a number of years. Members have also been given information on the design stage a project is currently at.
- 4.3 The following paragraphs give an overview of the most significant Service projects.
- 4.4 **Education**
- 4.4.1 Investment continues to be made to properties across the school estate, with the most notable single projects being a new Carrongrange school and extensions to Antonine and St. Joseph's primary schools
- 4.4.2 Rolling Programmes will continue to fund general property improvements to address condition surveys, capacity issues for all schools and any essential upgrades to Community Education properties.
- 4.4.3 £0.918m has been included in 2014/15 to facilitate the expansion of early learning and childcare hours provision. The Government have also intimated that the same sum will be provided for 2015/16. Education Services plan to report to Education Executive in April 2014 with detailed investment proposals for these monies.
- 4.5 **Development Services**
- 4.5.1 Roads projects include provision for structural works on the Council's roads network along with continued investment in Bridge Strengthening and Lighting upgrades.
- 4.5.2 Provision has been made for additional car parking at Falkirk High Station. It should be noted that grant funding has been applied for to support this budget.
- 4.5.3 Provision is made under the Economic Development Programme for the ongoing regeneration works in Denny Town Centre.
- 4.5.4 The Denny Eastern Access Road is predicated on attracting developer contributions to fund most of the project.
- 4.5.5 Significant investment continues to be directed to Flood Prevention and in particular the Grangemouth Flood Prevention Scheme.
- 4.6 **Social Work**
- 4.6.1 The major project for Social Work is the improvement of Older Peoples' Accommodation. The Service awaits the completion of the options appraisal exercise and will report back to Members in due course.

4.7 **Corporate & Neighbourhood**

- 4.7.1 The main project for this Service is the rolling replacement of the Council's operational vehicles.
- 4.7.2 Provision has been made for the essential building works at the Crematorium, replacement for the cremators and additional interment space.
- 4.7.3 Budgets are also included for upgrades to the Council's core parks and playparks.
- 4.7.4 The ICT budget provision for all Services is now included within Corporate and Neighbourhood Services. Appropriate governance arrangements will be put in place to allocate available funding as appropriate across all services.

4.8 **Community Trust Investment**

- 4.8.1 Responsibility for capital investment in assets operated by Falkirk Community Trust lies with the Council and a budget is included to enable priority improvements. The Trust has included capital plans within their proposed Business Plan for 2014/15 which will be considered for approval elsewhere on the agenda.

4.9 **TIF Projects**

- 4.9.1 Initial budgets are included for the range of infrastructure projects under the Scottish Government's TIF initiative. This is matched by discrete prudential borrowing and other funding streams within Reserves.

5. PRUDENTIAL INDICATORS

- 5.1 A series of Prudential Indicators are used to demonstrate that capital spending plans are affordable, prudent and sustainable. Appendix 2 details these indicators over the 3 year programme.

6. CONCLUSION

- 6.1 Despite the funding constraints, this capital investment programme will help the Council and its Services to meet Community, Corporate and Service Plan priorities and improve facilities for the Falkirk area and its community. Moreover, this injection of investment should make a significant contribution to assisting the local economy in a difficult and challenging climate.
- 6.2 The programme will be monitored and controlled closely by Finance Services in association with other Services with periodic reporting to Committee on progress.

7. RECOMMENDATION

- 7.1 **Members are invited to approve the General Services Capital Programme and note the Prudential Indicators.**

Chief Finance Officer

Date: 28 January 2014

LIST OF BACKGROUND PAPERS

1. Scottish Government Finance Circular 6/2013

Any person wishing to inspect the above papers should telephone Falkirk (01324) 506300 and ask for Bryan Smail/Carole McGhee/Amanda Templeman.

Falkirk Council

**GENERAL
CAPITAL PROGRAMME**

2014/15 to 2016/17

THREE YEAR

INVESTMENT PLAN

FALKIRK COUNCIL
GENERAL CAPITAL PROGRAMME

THREE YEAR INVESTMENT PLAN

2014/15 to 2016/17

INDEX

Section 1	Summary of Investment Plans
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	Corporate & Neighbourhood Services
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	Development Services – Flooding & Environmental
	Development Services - Economic Development
	Community Trust - Culture & Leisure
	Social Work Services
	Corporate & Neighbourhood Services
	Central Support
	TIF

SECTION 1

SUMMARY OF INVESTMENT PLANS

FALKIRK COUNCIL

GENERAL CAPITAL PROGRAMME

FUTURE INVESTMENT PLANS

	2014/15 £000	2015/16 £000	2016/17 £000
<u>EXPENDITURE</u>			
EDUCATION SERVICES	4,713	8,425	6,150
DEVELOPMENT SERVICES	7,520	8,032	12,350
COMMUNITY TRUST	550	550	550
SOCIAL WORK SERVICES	1,814	51	51
CORPORATE & NEIGHBOURHOOD SERVICES	4,493	5,768	4,178
CENTRAL SUPPORT SERVICES	440	400	100
TIF	1,640	6,189	7,876
TOTAL EXPENDITURE	21,170	29,415	31,255
<u>RESOURCES</u>			
FALKIRK COUNCIL BORROWING	3,678	7,906	3,397
SCOTTISH GOVERNMENT GRANTS	13,548	14,500	14,380
CAPITAL RECEIPTS – PROPERTY SALES	600	550	1,200
OTHER FUNDING (Grants/ Section 75/CFCR)	2,598	1,341	5,633
BORROWING FOR TIF	746	5,118	6,645
TOTAL RESOURCES	21,170	29,415	31,255

SECTION 2
SERVICE INVESTMENT PLANS
FINANCIAL

FALKIRK COUNCIL

GENERAL CAPITAL PROGRAMME

NOTE

Each project in the capital programme has been allocated one of the symbols in the key below. The purpose of these symbols is to give Members additional information on the design stage and cost basis of each major project.

KEY



Feasibility/Appraisal Stage - Costs at this stage are based on broad basic unit costs based on a typical example.



Outline Design Stage – Proposals will include outline specifications and preliminary cost information and costs will be based on for example per square metre, from similar project types.



Detailed Design Stage – Proposals will include full co-ordinated designs to inform procurement/tender packages and contract construction information. Costs will be based on analysis of work packages, e.g. floors, windows, roof, earthworks, drainage etc



Tenders Received - The construction contract cost is now known. Costs can however fluctuate due to contract variations.








These budget headings represent a number of smaller projects which will be reported to Members on an aggregate basis.

FALKIRK COUNCIL

GENERAL CAPITAL PROGRAMME










EDUCATION SERVICES

	PREVIOUS YRS SPEND £'000	ESTIMATED SLIPPAGE 2013/14 £'000	BUDGET			FUTURE YEARS £'000	PROJECT BUDGET £'000	PROJECT DESIGN STAGE
			2014/15 £'000	2015/16 £'000	2016/17 £'000			
Major Projects								
New Carrongrange Secondary School	-	-	-	6,000	4,000	-	10,000	
Antonine Primary School Extension	525	955	1,000	-	-	-	2,480	
St Joseph's Primary School Extension	47	-	645	275	-	-	967	
			1,645	6,275	4,000			
Other Investments								
Community Education Properties			150	150	150			
Capital Improvements – All Schools			2,000	2,000	2,000			
Expansion of Early Learning and Childcare Provision			918	-	-			
			3,068	2,150	2,150			
TOTAL EDUCATION			4,713	8,425	6,150			

FALKIRK COUNCIL

GENERAL CAPITAL PROGRAMME

DEVELOPMENT SERVICES

ROADS & TRANSPORT INVESTMENT	PREVIOUS YRS SPEND £'000	ESTIMATED SLIPPAGE 2013/14 £'000	BUDGET			FUTURE YEARS £'000	PROJECT BUDGET £'000	PROJECT DESIGN STAGE
			2014/15 £'000	2015/16 £'000	2016/17 £'000			
Major Projects								
River Avon Gorge Bridge	34	-	40	30	-	27,759	27,863	
Falkirk High Station Car Park	31	-	400	135	-	-	566	
Denny Eastern Access Road	184	-	-	200	4,000	2,500	6,884	
			440	365	4,000			
Major Improvements & Structural Works								
Bridge Assessments and Strengthening			720	720	720			
Structural Works – Roads			2,650	2,650	2,650			
Structural Works – Lighting			600	600	600			
Road Safety (includes Cycling & Pedestrian schemes)			300	300	300			
Cycling, Walking, Safer Streets			240	240	240			
			4,510	4,510	4,510			
Other Investments								
Land Compensation			20	-	-			
TOTAL ROADS & TRANSPORT			4,970	4,875	8,510			

FALKIRK COUNCIL

GENERAL CAPITAL PROGRAMME

DEVELOPMENT SERVICES

**FLOODING &
ENVIRONMENTAL
INVESTMENT**

Major Projects

Flood Prevention Assessment -
Grangemouth




Flood Prevention

Flood Assessment & Minor Projects

Countryside & Environmental

Falkirk Countryside Access Strategy
Fund

**TOTAL FLOODING &
ENVIRONMENTAL**

PREVIOUS YRS SPEND £'000	ESTIMATED SLIPPAGE 2013/14 £'000	2014/15 £'000	BUDGET 2015/16 £'000	2016/17 £'000	FUTURE YEARS £'000	PROJECT BUDGET £'000	PROJECT DESIGN STAGE
-	-	200	200	2,500	104,520	107,420	
		150	150	150			
		190	90	190			
		540	440	2,840			

**ECONOMIC DEVELOPMENT
INVESTMENT**

Major Projects



Town Centre Regeneration – Denny
Town Centre

**Factory Buildings and Industrial
Estates**

Business Property Reinvestment

**TOTAL ECONOMIC
DEVELOPMENT**



**TOTAL DEVELOPMENT
SERVICES**

PREVIOUS YRS SPEND £'000	ESTIMATED SLIPPAGE 2013/14 £'000	2014/15 £'000	BUDGET 2015/16 £'000	2016/17 £'000	FUTURE YEARS £'000	PROJECT BUDGET £'000	PROJECT DESIGN STAGE
1,639	511	1,410	2,717	1,000	351	7,628	
		600	-	-			
		2,010	2,717	1,000			
		7,520	8,032	12,350			




FALKIRK COUNCIL

GENERAL CAPITAL PROGRAMME

COMMUNITY TRUST

	PREVIOUS YRS SPEND £'000	ESTIMATED SLIPPAGE 2013/14 £'000	BUDGET			FUTURE YEARS £'000	PROJECT BUDGET £'000	PROJECT DESIGN STAGE
			2014/15 £'000	2015/16 £'000	2016/17 £'000			
Culture & Leisure Strategy								
Culture & Leisure Strategy Fund			300	300	300			
Trust Property Investment			250	250	250			
TOTAL COMMUNITY TRUST			550	550	550			

SOCIAL WORK SERVICES

	PREVIOUS YRS SPEND £'000	ESTIMATED SLIPPAGE 2013/14 £'000	BUDGET			FUTURE YEARS £'000	PROJECT BUDGET £'000	PROJECT DESIGN STAGE
			2014/15 £'000	2015/16 £'000	2016/17 £'000			
Major Projects								
Older Peoples' Accommodation	4	1,496	1,500	-	-	-	3,000	
Older People								
MECS Conversions			64	51	51			
Capital Improvements			250	-	-			
TOTAL SOCIAL WORK			1,814	51	51			

FALKIRK COUNCIL

GENERAL CAPITAL PROGRAMME





CORPORATE & NEIGHBOURHOOD SERVICES

	PREVIOUS YRS SPEND £'000	ESTIMATED SLIPPAGE 2013/14 £'000	2014/15 £'000	BUDGET 2015/16 £'000	2016/17 £'000	FUTURE YEARS £'000	PROJECT BUDGET £'000	PROJECT DESIGN STAGE
Major Projects								
Crematorium – New Cremator	20	750	770	1,270	-	200	3,010	?
Cemeteries – Additional Interment Space	55	-	300	475	775	970	2,575	?
			1,070	1,745	775			
Administrative Buildings and Equipment								
Vehicle Replacement			2,375	2,375	2,375			
Corporate IT Investment (will take into account Education ICT allocation)			550	1,150	530			
			2,925	3,525	2,905			
Other Local Services								
Kinneil Kerse Landfill Restoration			300	300	300			
Core Parks Improvements			108	108	108			
Playparks Upgrades			90	90	90			
			498	498	498			
TOTAL CORPORATE & NEIGHBOURHOOD			4,493	5,768	4,178			


FALKIRK COUNCIL

GENERAL CAPITAL PROGRAMME

CENTRAL SUPPORT SERVICES

	PREVIOUS YRS SPEND £'000	ESTIMATED SLIPPAGE 2013/14 £'000	BUDGET			FUTURE YEARS £'000	PROJECT BUDGET £'000	PROJECT DESIGN STAGE
			2014/15 £'000	2015/16 £'000	2016/17 £'000			
Administrative Buildings and Equipment								
Accommodation			300	300	-			
Adaptations for the Disabled			100	100	100			
			400	400	100			
Other Local Services								
Community Safety			40	-	-			
TOTAL CENTRAL SUPPORT			440	400	100			

TIF

	PREVIOUS YRS SPEND £'000	ESTIMATED SLIPPAGE 2013/14 £'000	BUDGET			FUTURE YEARS £'000	PROJECT BUDGET £'000	PROJECT DESIGN STAGE
			2014/15 £'000	2015/16 £'000	2016/17 £'000			
TIF Programme								
All Projects	2,358	-	1,640	6,189	7,876	48,977	67,040	
TOTAL TIF PROGRAMME			1,640	6,189	7,876			

SECTION 3
SERVICE INVESTMENT PLANS
DESCRIPTION

NOTES
For
CAPITAL PROJECTS

The following pages provide brief descriptions of the projects contained in the previous pages of Council Service expenditure profiles.

EDUCATION SERVICES

CARRONGRANGE SECONDARY SCHOOL

Additional high school facility part funded by the Scottish Futures Trust.

ANTONINE PRIMARY SCHOOL

Phase 1 of the works was completed in 2013/14 and provided 3 new classrooms. Phase 2 works provides a new nursery, gym hall extension, staffroom, servery and car park extension and is due to be completed in 2014/15.

St JOSEPH'S PRIMARY SCHOOL

A permanent extension to create additional classrooms, ancillary accommodation, new reception area, car park extension and provide an additional playground. This replaces previous modular accommodation.

COMMUNITY EDUCATION PROPERTIES

Rolling programme provision to address essential building condition upgrades.

CAPITAL IMPROVEMENTS – ALL SCHOOLS

Amalgamated rolling programme to cover school capacity/demographic pressures, asset management plans, pre five expansion, primary school hall extensions and primary school kitchen upgrades.

EXPANSION OF EARLY LEARNING AND CHILDCARE

Projects will be identified to facilitate the Scottish Government's objective to expand provision of early learning and childcare hours. Detailed spending proposals will be reported to Education Executive in April 2014.

DEVELOPMENT SERVICES

ROADS & TRANSPORT - INVESTMENT

RIVER AVON GORGE BRIDGE

Provision towards preparation costs of a new approach road and bridge over A801 River Avon. Delivery and timing of the final scheme are subject to finalisation of a viable external funding package.

FALKIRK HIGH STATION CAR PARK

Construction of additional car parking at Slammanan Road for Falkirk High Station. Development Services have applied for grant funding from the Scottish Government Rail Investment Fund to support this project.

DENNY EASTERN ACCESS ROAD

Construction of a south eastern bypass of Denny connection Broad Street to Glasgow Road. The DEAR will alleviate problems at Denny Cross. Delivery and timing of the scheme is subject to substantial funding from local house building developer contributions.

BRIDGE ASSESSMENTS AND STRENGTHENING

The continuing programme of strengthening bridges and other structures in the Council's road network where this has been identified as being necessary through the assessment programme and annual bridge inspection regime.

STRUCTURAL MAINTENANCE – ROADS

The rolling programme of structural maintenance of roads and footways throughout the Council area including the reconstruction of roads and other remedial works.

STRUCTURAL MAINTENANCE – LIGHTING

Continuing programme of replacing street lighting columns that are life expired and the upgrading of existing street lighting across the Council area.

ROAD SAFETY

Rolling programme provision for schemes which have been identified through route accident reduction plans, other accident analyses and surveys carried out on routes to school. The programme also covers the continued progression of cycling facilities throughout the Council area.

CYCLING, WALKING, SAFER STREETS

Scottish Government ring-fenced grant for projects to improve safer routes to schools, cycling and walking facilities.

LAND COMPENSATION

A budget to cover the Council's statutory duty to compensate property owners for loss of property value arising from transport projects and to install noise insulation at properties where the noise exceeds set statutory limits due to the opening of the transport project.

DEVELOPMENT SERVICES – (Continued)

FLOODING & ENVIRONMENTAL - INVESTMENT

FLOOD ASSESSMENT & MINOR PROJECTS

Annual provision to assess flood risk and implement minor works to protect our communities.

FLOOD PREVENTION SCHEME – GRANGEMOUTH

The implementation of alleviation works to mitigate local flood damage to property and businesses in the Grangemouth area. This project is part funded through the TIF programme and part Government grant funded.

FALKIRK COUNTRYSIDE ACCESS STRATEGY FUND

Part of our statutory duty to prepare a core paths plan and manage the access network.

ECONOMIC DEVELOPMENT - INVESTMENT

DENNY TOWN CENTRE REGENERATION

Implementation of Falkirk Council's scheme for Denny Town Centre Regeneration, including a new library, quality retail units and demolition of derelict and not fit for purpose housing blocks.

BUSINESS PROPERTY REINVESTMENT – FUTURE PROJECTS

Continued investment in the development of the Council's business property portfolio in line with the approved Business Property Reinvestment Strategy. Investment is dependent on capital receipts from previous developments including the Abbotsford Business Park

COMMUNITY TRUST

FUTURE LEISURE STRATEGY FUND

This allocation will be used to support investment in a range of Culture and Leisure projects designed to maintain or improve current facilities.

TRUST PROPERTY INVESTMENT

A programme to support investment in Trust buildings.

SOCIAL WORK SERVICES

OLDER PEOPLES' ACCOMMODATION

Funding to continue residential care home upgrades. An options appraisal exercise is currently being undertaken by Hubco to allow a strategic review of residential care provision across the authority.

MECS CONVERSIONS

Ongoing programme of upgrading MECS stock and purchase of additional units.

CAPITAL IMPROVEMENTS

Ongoing programme to support investment in various Social Work projects.

CORPORATE & NEIGHBOURHOOD SERVICES

CREMATORIUM - NEW CREMATORS

Replacement of three cremators at Falkirk Crematorium and substantial investment in upgrading the facilities. This work will be necessary to meet new statutory mercury emissions.

CEMETERIES – ADDITIONAL INTERMENT SPACE

A project to address the anticipated lack of cemetery capacity in a number of burial grounds.

VEHICLE REPLACEMENT

Rolling programme provision of replacement of Council's operational vehicles.

CORPORATE IT INVESTMENT

Replacement of Corporate file servers and other investment needs to maintain the Council's IT services. This provision will be considered alongside Education ICT investment.

KINNEIL KERSE LANDFILL RESTORATION

Continuation of required investment programme for restoration of the Kinneil Kerse landfill site.

CORE PARKS IMPROVEMENTS

A rolling programme to further develop and implement improvements to the Council's seven core parks.

PLAYPARKS UPGRADES

Provision for ongoing upgrade to play equipment in local playparks in line with the Parks Development Plan.

CENTRAL SUPPORT SERVICES

ACCOMMODATION

Provision towards improvements to Council's operational properties. The main provision will be towards essential works to ensure the Municipal Buildings remains operational pending a longer term solution.

ADAPTIONS FOR THE DISABLED

Provision to ensure reasonable access to our buildings for people with a disability.

COMMUNITY SAFETY

Provision to allow Falkirk Council to respond where there is a danger to the public.

TIF

TIF PROGRAMME

Includes a number of projects such as the Grangemouth flood defences, M9 junction upgrades and other infrastructure.

FALKIRK COUNCIL
PRUDENTIAL CODE INDICATORS
[including TIF but excluding HRA]

PRUDENTIAL INDICATOR		2014/15	2015/16	2016/17	COMMENTS
1.	Ratio of Financing Costs to Net Revenue Stream	5%	5%	5%	Shows how much of the Council's income is committed to repaying debt arising from capital investment.
2.	Incremental Impact of Capital Expenditure on Council Tax	£4.63	£1.58	£9.88	Affordability Indicator showing implications of capital expenditure and its financing on the "bottom-line". This indicator now takes into account all revenue consequences of capital. As such, the impact is already built into the proposed revenue budget.
3.	Gross Borrowing	£'m	£'m	£'m	This is a key Prudence Indicator which shows that over the medium term external borrowing will only be for a capital purpose. The capital financing requirement reflects the underlying need to borrow to finance assets. It should be noted that the sums included as "Accounting Adjustment – Finance Lease Liabilities," are not an increase in borrowing or need to borrow, they are merely a presentational change as a result of the requirement to report under International Reporting Standards (IFRS).
	Gross External Borrowing	258.7	276.2	290.3	
	Accounting Adjustment – Finance Lease Liabilities	<u>120.6</u>	<u>115.4</u>	<u>109.8</u>	
		<u>379.3</u>	<u>391.6</u>	<u>400.1</u>	
	Capital Financing Requirement (includes HRA)	306.3	323.9	338.3	
	Accounting Adjustment – Finance Lease Liabilities	<u>125.1</u>	<u>120.5</u>	<u>115.3</u>	
		<u>431.4</u>	<u>444.4</u>	<u>453.6</u>	

PRUDENTIAL INDICATOR		2014/15	2015/16	2016/17	COMMENTS
4.	Capital Expenditure	£'m 21.2	£'m 29.4	£'m 31.3	Simply the planned capital expenditure per the appended Capital Programme (including TIF).
5.	Capital Financing Requirement (General Fund only)	£'m 307.9	£'m 307.0	£'m 301.9	The Capital Financing Requirement reflects the underlying need to borrow for Capital Investment.
6.	Authorised Limit (AL) for External Debt:- Borrowing Accounting Adjustment - Finance Lease Liabilities	£'m 279.4 <u>120.6</u> <u>400.0</u>	£'m 294.6 <u>115.4</u> <u>410.0</u>	£'m 310.2 <u>109.8</u> <u>420.0</u>	This sets the maximum level of External Debt, based on capital investment plans and allowing some headroom over the Operational Boundary (see 7) for exceptional circumstances. It should be noted that the sums included as “Accounting Adjustment - Finance Lease Liabilities” are not an increase in the debt limits they are merely a presentational change as a result of the requirements to report under International Financial Reporting Standards (IFRS).
7.	Operational Boundary (OB) for External Debt:- Borrowing Accounting Adjustment – Finance Lease Liabilities	£'m 274.4 <u>120.6</u> <u>395.0</u>	£'m 289.6 <u>115.4</u> <u>405.0</u>	£'m 305.2 <u>109.8</u> <u>415.0</u>	This is set at a lower level than the Authorised Limit and is a robust estimate of the External Debt level arising from Capital Investment Plans. It should be noted that the sums included as “Accounting Adjustment – Finance Lease Liabilities” are not an increase in External Debt, they are merely a presentational change as a result of the requirement to report under International Financial Reporting Standards (IFRS).
8.	Actual External Debt	£'m <u>N/A</u>			This is an actual rather than estimated Indicator and will be reported when outturns become available.
9.	CIPFA Code of Practice for Treasury Management in the Public Services	Code has been adopted by the Council			The Treasury Management Code is designed to ensure prudence in treasury operations.

FALKIRK COUNCIL

Subject: HOUSING REVENUE ACCOUNT & COUNCIL HOUSE RENTS 2014/15 – 2016/17
Meeting: FALKIRK COUNCIL
Date: 12 February 2014
Author: JOINT REPORT BY DIRECTOR OF CORPORATE & NEIGHBOURHOOD SERVICES AND CHIEF FINANCE OFFICER

1. INTRODUCTION

- 1.1 There is a statutory requirement on local authorities to review the level of council house rents annually. This report presents for Members' consideration, a draft Housing Revenue Account (HRA) for the financial year 2014/2015 and makes recommendations on the level of council house and other rental charges. The report also gives consideration to indicative rent increases for 2015/16 and 2016/17.

2. BACKGROUND

- 2.1 Falkirk Council is landlord to approximately 16,000 tenants (2014/15 mid-year estimate). The Scottish Government has intimated that the cost of providing council housing requires to be self-financing from house rents and other income, although a small amount of grant is received for hostels. In reviewing council house rents, Members should also be aware that approximately 9,200 (58%) of council tenants are in receipt of Housing Benefit. 6,800 (42%) of those are in receipt of a passported award which means that about 4 in every 10 tenants will be fully protected from any change in their rent unless they are affected by the Welfare Reform changes that were implemented during 2013/14 and are outlined at paragraph 2.3.
- 2.2 The remaining c2,400 (16%) of council tenants are in receipt of a partial award of Housing Benefit. It should be noted that most of those will also be protected from the impact of the rent increase, however there will be a few of those tenants who will find they have more rent to pay.
- 2.3 Significant changes were made to the Housing Benefit calculation from April 2013 as part of the Government's ongoing Welfare Reform programme:
1. Social Sector Size Criteria for under occupancy (approx. 2,400 working age Falkirk Council tenants);
 2. Benefit Cap for those whose income from Social Security Benefits including Housing Benefit exceeds a cap (approx 10 Falkirk Council tenants affected).

Those subject to the size criteria face a 14% or 25% reduction in the rent used to calculate their benefit award. Most of them will have more rent to pay if increase is applied.

The abolition of Housing Benefit and the roll-out of Universal Credit has been delayed and is now not expected to take place until at least April 2016. A review of funding and charging arrangements for affected properties will need to be undertaken before Universal Credit takes effect. Examples of this are charges that occur in temporary accommodation and private sector leasing and include furnishings and water and sewerage charges, etc.

3. TENANT CONSULTATION

- 3.1 Social landlords have an obligation to consult tenants regarding proposals to change rents and have regard to their views in setting new rent levels. As such, a tenant consultation exercise was undertaken during November/December 2013.
- 3.2 The consultation sought tenant feedback on the indicative rent increase for 2014/15 agreed in February 2013 as part of the 2013/14 budget. Tenants were consulted on an indicative increase of 3.6%, equivalent to £1.99 per week.
- 3.3 Tenants were consulted through a variety of methods to encourage responses. The consultation mechanisms were promoted through a combination of advertising; a newsletter article and direct notification to people who have previously expressed an interest in participating in consultation exercises. The following methods of consultation were undertaken:
- A postal questionnaire, supported by an article and survey in the tenants newsletter “In the Neighbourhood”
 - An on-line survey and feedback via email
 - A presentation and question and answer session at the Tenants and Residents Forum
 - Information sessions held at each Neighbourhood Office, where information on rent levels was provided and views were sought from people visiting the offices
- 3.4 The consultation sought the views of tenants on whether they felt the indicative rent increase for 2014/15 was affordable; whether they felt that the rent increase represented value for money and how satisfied or dissatisfied they were with Falkirk Council as their landlord.
- 3.5 A total of 148 survey returns were received, which represents an increase of approximately one-third on previous year response levels. The local office information sessions provided the greatest number of responses. The majority of respondents were either satisfied or very satisfied with the indicative rent increase in terms of its affordability (60% compared to 64% in 2012) and value for money (64% compared to 62% in 2012). When asked about overall satisfaction with the Council as a landlord, the majority of respondents (76%) were satisfied or very satisfied, similar to last year’s satisfaction levels.
- 3.6 Analysis of the comments received back from the survey, indicate that tenants’ concerns around affordability are influenced by the pressures being experienced on household incomes due to wider economic factors. In particular, concerns related to the impacts of Welfare Reform changes and the recession were a common theme. The response feedback highlights the importance of the current work being undertaken in respect of assisting people from falling into poverty, including enhanced welfare benefit and debt advice; access to welfare fund resources and mechanisms to help people in larger homes mitigate the impacts of size criteria benefit changes.

4. PERFORMANCE

- 4.1 The budgeted current average rent stands at £55.41 per week and Appendix 1 illustrates a breakdown of what tenants are paying for. Members will note that 69% of the current rent is directed at repaying borrowing costs and paying for the cost of day to day maintenance and improvements, while the remainder is towards the costs of managing tenancies.
- 4.2 Since the 2013/14 budget was approved there have been a number of new build and mortgage to rent properties added to the housing stock and a continued reduction in the number of house sales. This has had an effect on the actual average weekly rent which is now calculated to be £55.47 per week as a result of a slightly different profile of house types.

4.3 The Scottish Government publishes a set of performance indicators for council housing, which allow comparison of the Council's performance against the other 25 local authority landlords. Based on a comparison of actual outturn figures for last financial year (2012/13), the main points arising are that Falkirk Council had:

- The 3rd lowest rent
- The 3rd highest level of repairs and improvement expenditure per house
- The 6th lowest supervision and management costs

5. SCOTTISH HOUSING QUALITY STANDARD (SHQS)

5.1 Members will be aware that the Council continues to invest in the housing stock through the HRA Investment Programme and Repairs and Maintenance contracts. A full stock condition survey of the Council's 16,000 houses was completed three years ago and identified that approximately £400 million at today's prices will be required to be spent over the next 30 years to ensure the Council's housing stock is properly maintained in line with SHQS.

5.2 The Council has in place a Housing Asset Management Plan, providing a strategic and planned approach to maintaining and improving our housing stock. The Plan sets the framework and basis for future capital and revenue investment. It will therefore be necessary for capital and revenue funding to be aligned with future investment requirements, to ensure that the Council's housing stock continues to be maintained in accordance with SHQS beyond 2015. This approach is integral to the development of the Housing Investment Programme and corresponding revenue budget decision-making.

5.3 It is proposed that approximately £60m is provided in 2014/15 both in revenue and capital funding to maintain and improve our housing stock and associated estates. This investment covers both internal and external work to our housing stock, along with environmental improvements to our estates and other housing assets, including garage sites and lock-ups.

6. HOUSING REVENUE ACCOUNT

6.1 Expenditure on the draft Housing Revenue Account for 2014/2015 is estimated to be some £54.4m. There is a shortfall of £1.7m which requires an average rent increase of £103.48 p.a. or £1.99 per week (+3.6%) on the existing average rent. A summary of the draft Housing Revenue Account is shown at Appendix 2.

The main influences in preparing the Budget are summarised below:-

- (i) Employee Expenses (+£42,000)
Employee expenses are expected to increase by £42,000 (0.7%) mainly due to increments and pay inflation.
- (ii) Property Costs (+£1,050,000)
Property costs are set to increase by £1,050,000 (4.2%) after allowing for the impacts of building and property related inflation.

(iii) Supplies & Services (+£119,000)

Supplies & Services have increased by £119,000 (3.0%) after allowing for a higher level of irrecoverable rents due to the effect of benefit changes and general inflationary increases. As outlined in para 2.3 above, the Government's Welfare Reform Programme has significantly impacted on those tenants currently in receipt of Housing Benefit. Whilst it is too early to fully assess the longer-term impacts on the HRA from Welfare Reform changes, the Council has initially seen an increase of c30% in rent arrears since April 2013. This is consistent with the experience of other Local Authorities. As such, a higher level of irrecoverable rents due to the effect of benefit changes has been provided.

As other welfare reform changes are introduced going forward, tenants will experience further financial pressures making it more difficult to meet their rent liability, increasing the likelihood of further increases in the level of arrears. Consequently, this will place increased pressure on the HRA and in particular reserves; rent levels and the affordability of future improvement and maintenance work.

Access to additional advice and support has been put in place to assist affected tenants through the change process and these measures will be core service priorities in the coming year.

(iv) Capital Charges (-£5,234,000)

There will be reduced capital charges of £5,234,000 (41.3%) as a result of long-term debt maturing and this has allowed for increased CFCR of £3.5m.

The capital charge estimates for 2015/16 and 2016/17 also include provision for the financing of the Housing Investment Programme being considered by Members as a separate item on the agenda. The financing costs of this ongoing investment have been accommodated within the recommended HRA budget as a result of the anticipated reduction in the Council's level of housing debt in 2014/15.

(v) Council House Stock

The number of houses available for letting is also a significant factor in determining rent levels. Sales in the current year are projected at 50. It is estimated that a further 50 will be sold next year. An estimated 168 houses have been added to the stock in 2014/15 for new build, buy-backs and mortgage to rent properties.

(vi) HRA Reserves

In previous years, reserves have been used to mitigate the level of annual rent increases. As a result of long-term debt maturing and the resultant reduced loan charges, the use of reserves is not required for this purpose in the short-term. This has allowed for additional CFCR to be included in the Housing Investment Programme, which will help in reducing future loan charge costs for the HRA.

The Housing Revenue Account reserve balance is projected to be £5.1m by 31st March 2014. A financial modeling exercise of the HRA over the forthcoming 50 year period has been undertaken to assess the reserve position going forward. In order to maintain future rent increases at an affordable level, the current projected level of reserves (£5.1m) is considered to be prudent to meet future revenue and capital investment requirements. This level is in line with the Scottish average of c10% of annual expenditure.

(vii) Income

In last year's report it was highlighted that the Scottish Government intended to review the arrangement for the ring-fenced grant for hostel funding. This grant has now been mainstreamed and the Council has been informed that this will reduce from the current level of £0.545m to £0.535m in 2014/15 and £0.423m in 2015/16. Depending on the overall local government finance settlement for future years, our indicative funding for 2016/17 and 2017/18 is £0.310m and £0.198m respectively. The indicative budget in appendix 2 takes account of this.

7. RENT CHARGES

- 7.1 Appendix 3 illustrates for Members the existing and proposed house rental charges by house size, based on a proposed increase of 3.6%.
- 7.2 It is proposed that lock-up rent charges are increased by 3.6% in line with house rents. As such, the current average lock-up rent will increase from approximately £5.52 per week to £5.72. The total stock of lock-up garages is approximately 2,800 and this charge will generate net income of £650,000.
- 7.3 It is also recommended that the rent of garage sites increase from £76 per annum to £77 per annum which will yield around £53,000 net income in total from approximately 700 occupied sites.
- 7.4 It is recommended that the Castings Hostel rents are increased in line with the average increase in house rents from £142.65 per room per week (excluding fuel charges) to £147.78 per room per week.
- 7.5 It is also recommended that the homeless properties income generated from rent and service charges increase in line with the average increase in house rents from £165.37 average per property per week to £171.32 property per week.

8. FINANCIAL YEARS 2015/16 AND 2016/17

- 8.1 To assist Members in the strategic planning process, Appendix 2 also gives an **indication** of the likely Revenue Budget and rent increases required for the two financial years beyond 2014/15. Summary figures are detailed below taking account of the additional borrowing required to fund the Housing Investment Programme being considered separately by Members. It should be noted that these indicative rents are subject to the uncertainties of rates of inflation, interest rates and the number of houses sold.

<u>Financial Year</u>	<u>Indicative Budget</u>	<u>Indicative Rent Increase</u>
	£'000	
2015/16	56,271	£2.06 p.w. (3.6%)
2016/17	58,349	£2.14 p.w. (3.6%)

- 8.2 The indicative budget and rent increases will be used as the basis of tenant consultation to be undertaken later in 2014. The outcomes of this consultation will be reflected in next year's HRA budget report.

9. CONCLUSIONS

- 9.1 Increasing rent levels is the only way Falkirk Council, as landlord, can continue to have sustained investment programmes to improve its housing stock. The rent increase of £1.99 referred to above allows for additional investment to assist in meeting the requirements of the Scottish Housing Quality Standard and demand for affordable housing.
- 9.2 The proposed rent increase is in line with the level tenants were consulted on, with the majority of respondents satisfied in terms of affordability and value for money.
- 9.3 The report also provides an indication of future budget levels and rent increases for 2015/16 and 2016/17 to assist Members in the strategic planning process.

10. RECOMMENDATIONS

Members are invited to approve the Draft Housing Revenue Account budget for 2014/15, with the following specific recommendations:-

- 10.1 **Rent increase of 3.6% to be applied from 1st April 2014. The average fortnightly charge would therefore increase from £120.16 to £124.47, based on the 24 fortnightly periods with no rent being charged during the fortnightly periods commencing 30 June 2014 and 29 December 2014.**
- 10.2 **Lock-up garage rentals to increase from an average of £5.52 per week to £5.72 per week.**
- 10.3 **Garage site rentals to increase from £76 per annum to £77 per annum.**
- 10.4 **Castings Hostel rentals increase from £142.65 per room per week to £147.78 per week (excluding fuel charges)**
- 10.5 **Homeless property rentals increase from an average of £165.37 per week to £171.32 per week.**
- 10.6 **Note the indicative budgets and rent increases for 2015/16 and 2016/17 as representing the best information available at this time.**

Chief Finance Officer

Director of Corporate & Neighbourhood Services

Date: 5 February 2014

LIST OF BACKGROUND PAPERS

1. * Revenue Budget Working Papers

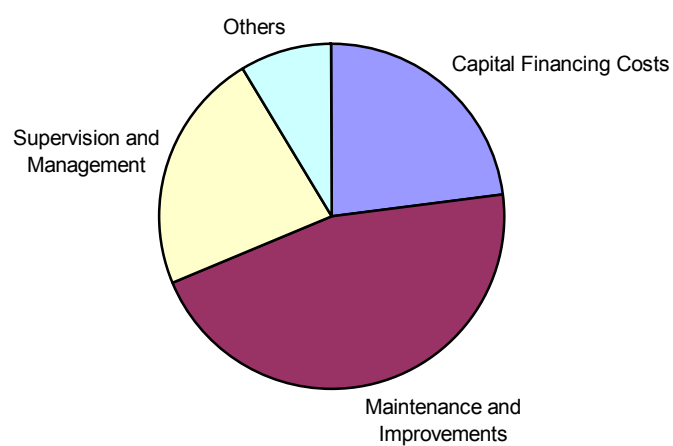
* Item not for publication on the grounds that it involves the disclosure of exempt information as defined in Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973.

Any person wishing to inspect the above background papers should telephone Falkirk (01324) 506300 and ask for Mr. B. Smail or (01324) 590788 and ask for Mr. D. McGhee.

WHAT TENANT PAYS FOR
2013/14 REVENUE BUDGET

	£ per week	%
Capital Financing Costs	14.65	23
Maintenance and Improvements	28.84	46
Supervision and Management	14.41	23
Others	5.38	8
Total Expenditure	<u>63.28</u>	<u>100</u>
<u>Less :</u> Income	7.87	
Average Weekly Rent	<u>55.41</u>	

Analysis of Total Expenditure



FALKIRK COUNCIL
2014/15 HOUSING REVENUE ACCOUNT

	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
Employee Expenses	6,383	6,425	6,581	6,741
Property Expenses	24,715	25,765	26,399	27,176
Transport Expenses	32	32	33	33
Capital Funded from Current Revenue	1,355	4,855	3,755	3,455
Supplies & Services	4,021	4,140	4,189	4,220
Third Party Payments	1,791	1,865	2,124	2,320
Support Services	4,105	3,900	4,032	4,170
Capital Charges	12,686	7,452	9,158	10,234
	<u>55,088</u>	<u>54,434</u>	<u>56,271</u>	<u>58,349</u>
Financed By:				
House Rents	44,860	46,485	48,536	50,567
Other Income	6,084	6,277	5,994	5,962
Use of Reserves	2,538	-	-	-
	<u>53,482</u>	<u>52,762</u>	<u>54,530</u>	<u>56,529</u>
Shortfall to be financed by rent increase	1,606	1,672	1,741	1,820
Estimated Housing Stock	16,128	16,116	16,244	16,338
Required Annual Rent Increase	£102.96	£103.48	£107.12	£111.28
Weekly Rent increase (£)	£1.98	£1.99	£2.06	£2.14
Weekly Rent increase (%)	3.6%	3.6%	3.6%	3.6%
Weekly Rent	£55.47	£57.46	£59.52	£61.66

Note

Figures for years 2015/16 to 2016/17 are indicative only

	£m	£m	£m	£m
HRA Balances	£5.1	£5.1	£5.1	£5.1
	(projected)			

Average Increase	£1.99 Per Week	£4.31 Per Fortnightly Rent Period	£103.48 Per Year
Maximum Increase	£3.00 Per Week	£6.50 Per Fortnightly Rent Period	£156.00 Per Year

(Annual Amounts equal Fortnightly Amounts times 24)

<u>Indicative Average Weekly Rent</u>				<u>Average Fortnightly Period Rent</u> <u>(24 Periods per year)</u>		
<u>No of</u> <u>Bedrooms</u>	<u>Existing</u> <u>Budgeted</u> <u>Rent</u> <u>£</u>	<u>Average</u> <u>Weekly</u> <u>Increase</u> <u>£</u>	<u>Proposed</u> <u>Budgeted</u> <u>Rent</u> <u>£</u>	<u>Existing</u> <u>Budgeted</u> <u>Rent</u> <u>£</u>	<u>Average</u> <u>Period</u> <u>Increase</u> <u>£</u>	<u>Proposed</u> <u>Budgeted</u> <u>Rent</u> <u>£</u>
1	45.86	1.65	47.51	99.37	3.58	102.95
2	54.48	1.96	56.44	118.03	4.25	122.28
3	61.56	2.22	63.78	133.37	4.80	138.17
4+	68.16	2.45	70.61	147.67	5.32	152.99
All	55.47	1.99	57.46	120.16	4.31	124.47

NOTE : RENT IS CHARGED OVER 24 FORTNIGHTS & NO RENT WILL BE PAYABLE DURING THE FOLLOWING PERIODS :-

WEEKS 13 & 14
WEEKS 39 & 40

COMMENCING 30TH JUNE 2014
COMMENCING 29TH DECEMBER 2014

ENDING 13TH JULY 2014
ENDING 11TH JANUARY 2015

FALKIRK COUNCIL

Subject: HOUSING INVESTMENT PROGRAMME 2014/15 - 2016/17
Meeting: FALKIRK COUNCIL
Date: 12 February 2014
Author: DIRECTOR OF CORPORATE & NEIGHBOURHOOD SERVICES

1. INTRODUCTION

- 1.1 This report sets out the 3 year forward planning assumptions for the HRA Investment Programme for the years 2014/15 to 2016/17 (Appendix 1).

2. BACKGROUND

- 2.1 Members will be aware of the Council's requirement to ensure its housing stock meets the SHQS by 2015. To enable this to be achieved and to ensure this standard is maintained beyond 2015, a comprehensive stock condition survey was undertaken in 2010. The survey results provide the Council with an overall position statement regarding the condition of its housing stock and provide clarity on whether a property currently passes or fails the 2015 Scottish Housing Quality Standard (SHQS). The survey results also provide the basis for the Council's Housing Asset Management Plan.
- 2.2 The Stock Condition Report provides information relating to specific house types, building designs or geographic locations and identifies:
- Properties which currently meet the SHQS
 - Properties which fail to meet the SHQS
 - Properties where there are specific problems in achieving the SHQS due to their construction type i.e. non traditional type properties
 - The resources and solutions required to be explored ahead of the 2015 target.
- 2.3 The surveys have also assessed the curtilage of all properties and this information will assist in addressing future investment needs in respect of environmental improvement works.
- 2.4 The stock condition database and Housing Asset Management Plan therefore identifies future works necessary to ensure that all Falkirk Council properties are fully SHQS compliant and are the key drivers to the 3 year HRA Investment Programme.
- 2.5 The Housing Asset Management Plan which was approved by Members in February 2013 gave a commitment to provide an annual update detailing the impact of the Housing Investment Programme on the SHQS position and this is detailed in Section 3 below.

3. STOCK CONDITION SURVEY UPDATE

- 3.1 In accordance with the interpretation of the SHQS criteria, approximately 81% (c13,000 properties) of our stock currently meets the standard, compared to 70% previously. The remainder of our stock is at various stages of meeting the SHQS criteria and some will only require minor alterations in order to bring them up to the required standard. These findings show a continued improvement since the sample stock condition surveys were undertaken in 2009, which indicated that approximately 33% of the stock met SHQS at that time. It is considered that the Council should be well placed to meet the SHQS by 2015. On-going repair and investment work on these properties will however be required to maintain that standard up to and beyond 2015, in line with the Housing Asset Management Plan.
- 3.2 A positive outcome of the investment strategy to date is that Falkirk Council has no properties which currently fail the Tolerable Standard or the Serious Disrepair (Primary) elements criteria. This reflects previous year's investment to address these issues.
- 3.3 In terms of those properties currently assessed as not meeting SHQS (19% c3,000 properties), the main areas requiring improvement are:
- Energy Efficiency (c2,700 properties) – Installation of insulation and efficient central heating systems
 - Modern Facilities (c70 properties) – Upgrading of kitchen and bathroom facilities
 - Healthy, Safe and Secure (c50 properties) – Upgrading and installation of new smoke detectors and improved systems for electrical and gas safety
 - Serious Disrepair (Secondary) (c280 properties) – Improvement to secondary elements including roof coverings, chimney stacks and rainwater goods.
- 3.4 Members will recall that an additional £15m (£5m p.a.) over 3 years was provided in the 2012/13 Housing Investment Programme. Recognising the priority work required to bring the remaining 19% of our housing stock to SHQS, the proposed Housing Investment Programme in Appendix 1 continues this provision of additional resources, particularly in relation to heating replacement and electrical work.
- 3.5 The planned investment programme, including the additional resources, together with the continuation of the existing level of revenue funding of repair and maintenance, should ensure the necessary improvement in our stock to meet the SHQS by 2015.

4. SHQS HOUSING INVESTMENT (£51.1m)

- 4.1 As outlined in Section 3, to date 81% of the Council's housing stock meets SHQS. The priority improvement works necessary to enable the remaining proportion of the stock to meet the SHQS by 2015 have been identified. A total of £51.1m has been provided over the next 3 years for SHQS investment. The programme will facilitate improvement work to ensure all our stock meets SHQS by 2015 and to ensure this standard is maintained beyond 2015. The main focus of investment required is energy efficiency improvements, along with those areas identified in paragraph 3.3 above.

4.2 In relation to the procurement of capital contracts, this will be carried out in accordance with the Council's Contract Standing Orders. A combination of competitive tendering and single tendering arrangements are expected to be used, the latter involving the Council's Building Maintenance Division, when Best Value can be clearly evidenced.

4.3 The key features of the SHQS Housing Investment Programme for 2014/15 are detailed below, with proposed expenditure figures for 2014/15 shown in brackets:

4.4 Elemental Improvements (£11.4m)

In line with the last two years Investment Programme, additional funding has continued to be provided in order to undertake SHQS priority work over the next 3 years. Proposed expenditure on fabric improvements e.g. re-roofing and roughcasting, has been set at £6.7m, with electrical works of £3.0m and £1.7m of kitchen and bathroom replacement also planned. As part of the electrical works expenditure, £1m per annum has been provided over the next 3 years to establish an installation programme(s) of Carbon Monoxide detectors. It is anticipated that c4,100 properties will be upgraded during 2014/15.

4.5 Energy Efficiency Works (£4.9m)

The heating replacement budget reflects the previous levels of investment undertaken and will enable the remaining uneconomical and inefficient heating systems to be replaced to ensure they meet SHQS requirements by 2015. This investment will improve the energy efficiency of these properties. It is estimated that c1,900 properties will benefit from having energy efficient heating installed or replaced in 2014/15.

4.6 Estate Improvements (£0.5m)

The programme continues the provision of £0.5m included in previous years to enable a rolling programme of estate landscaping improvement works to be undertaken, in conjunction with the Council's Estates Management division.

4.7 Priority Areas (£2.7m)

Funding of £2.5m has been made in 2014/15 to complete the refurbishment of the Council high rise flats. This investment will ensure the Council has completed all blocks by 2015, in line with SHQS requirements.

4.8 Health & Safety (£0.35m)

As in previous years funding has been provided to allow a range of health and safety type works (£0.35m) to be undertaken e.g. asbestos removal.

5. NON-SHQS HOUSING INVESTMENT PROGRAMME (£36.8m)

5.1 A total of £36.8m has been provided in the 3 year programme for non SHQS investment.

5.2 The key features of the non SHQS Housing Investment Programme for 2014/15 are detailed below, with proposed expenditure figures for 2014/15 shown in brackets:

5.3 New Build Council Housing (£9m)

The Investment Programme provides resources for the continuation of the Council's new house building programme. Funding is provided to enable the completion of the following projects, delivering a further 242 new homes, additional to the 132 already completed, increasing the Council's new build programme to c374 new houses.

• Windsor Road, Falkirk	24 units
• Parkhall Drive, Maddiston	40 units
• Merchiston Avenue, Falkirk	67 units (Ph 1 & 2)
• Tinto Drive, Grangemouth	56 units
• Fairlie Street, Camelon	10 units
• Main Street, Stenhousemuir	15 units
• Broad Street, Denny	9 units
• Duke Street, Denny	18 units
• Seaview Place, Bo'ness	3 units

- 5.4 The proposed Investment Programme included in Appendix 1 provides for the completion of the programme of 374 units, with a total financial provision of £13.74m.
- 5.5 The above projects are included within the Council's Strategic Local Programme (SLP) approved by Members in August 2013 and form the basis of grant funding applications to the Scottish Government. The projects listed above have been approved, with Scottish Government funding in place. This funding is reflected within the Scottish Government New Build Grant Funding line of the Investment Programme in Appendix 1. No Scottish Government funding is in place for Council new build projects beyond those listed. However, should additional funding become available, consideration of including additional projects will be undertaken as part of the on-going budget monitoring and reporting process.
- 5.6 **Property Buy-Backs (£5m)**
The current year Investment Programme established a provision of £5m to fund the buy-back of ex-Council properties to help meet housing demand. It is projected that around 80 additional homes will have been purchased by the end of the current financial year. Provision of £5m per annum over the next three financial years has been made to continue the acquisition programme. This will fund the acquisition of around 70-80 additional homes per annum.
- 5.7 **Mortgage to Rent (£1.5m)**
The Investment Programme now includes provision for the costs of buying houses under the Mortgage to Rent initiative. The initiative is demand led and as such the estimated provision is based on current year levels of demand, which maybe subject to change. The revenue consequences of the additional borrowing required to fund the acquisition costs will be met from the rent income from these newly acquired properties.
- 5.8 **Other Works – LHS Initiatives (£0.7m)**
This provision will enable a continued programme of initiatives (£0.7m) designed to meet housing demand identified in the Local Housing Strategy e.g.: remodelling of properties; acquisitions and the tenants incentive scheme.
- 5.9 **Window Leasing Buy-Back (£0.5m)**
Continued provision of c£0.5m per annum over the next three financial years has also been made to meet the costs of buying out window leases. The buy-out of leasing costs will deliver longer-term financial benefits to the Housing Revenue Account.

6. RESOURCES FOR 2014/15 (£36.5m)

- 6.1 Within the context of the Prudential Regime it has been estimated that approximately £1.6m will be available from the sale of Council houses in 2014/15. This reflects the 2013/14 financial year budget and assumes that sale receipts continue to reflect the current down-turn due to the continued economic uncertainty and availability of lending.
- 6.2 The Housing (Scotland) Bill indicates an expected date of 2017 for the abolition of the right to buy. Whilst this is outwith the timescale of this report, financial modelling has confirmed that the abolition of right to buy would be broadly cost neutral i.e.: the lost capital receipts and corresponding additional borrowing costs, would be offset by retaining the rental income which we'd otherwise expected to lose.
- 6.3 House sales receipts will be supplemented in 2014/15 by revenue resources of £4.9m, energy efficiency grant related income estimated at £0.3m, Scottish Government New Build Grant of £2.1m, Scottish Government Mortgage to Rent Grant of £0.45m and total borrowing of £27.2m, which includes Mortgage to Rent borrowing. Relevant Prudential indicators for the period are appended in Appendix 2.
- 6.4 In total, the above assumptions provide an estimated £36.5m for new investment in 2014/15. From a strategic planning perspective it is proposed that the Council make resources available of £26.1m in 2015/16 and £25.2m in 2016/17, to ensure our stock meets SHQS requirements and enables the continuation of initiatives to meet the increasing demand for affordable houses. The resource breakdown is detailed in Appendix 1.
- 6.5 Members should note that the borrowing required to fund the Investment Programme requires to be met from the Council's Housing Revenue Account (HRA) through rental income. The financing costs of the Investment Programme have been accommodated within the recommended HRA budget. Given the long-term impacts and affordability of the capital investment programme, the financial impacts on the HRA budget have been modelled over the next 50 years to ensure future financial viability of the HRA budget.
- 6.6 It should also be noted that whilst the Investment Programme outlined in Appendix 1 represents planned new investment, provision will also be made to finance any slippage within the 2013/14 programme. Slippage within the 2013/14 programme should therefore be considered additional to the Investment Programme outlined in Appendix 1. The impact of slippage and projects carried forward from 2013/14 will be reported to Members following the end of the current financial year.

7. SUMMARY

- 7.1 The key priorities in respect of the Housing Investment Programme are outlined in this report along with a proposed expenditure profile covering the next 3 financial years 2014/15 - 2016/17. The 3 year programme assumes a total investment of £87.9m, an average of c£29.3m per annum.
- 7.2 The programme continues the additional investment necessary to meet the outcomes of the house condition survey and keeps the Council on course to achieve the SHQS by 2015.

- 7.3 Over the life of the programme c£51m will be spent on improving and maintaining our existing council housing stock to the SHQS and c£37m in delivering a range of initiatives to deliver new and additional affordable homes and to expand the scope of housing options to help meet tenants housing needs.

8. RECOMMENDATION

Members are invited to:

- 8.1 **Approve the expenditure proposals outlined in the 2014/15 to 2016/17 Housing Investment Programme in Appendix 1**

DIRECTOR OF CORPORATE & NEIGHBOURHOOD SERVICES

Date 31 January 2014

Ref:

Contact Officer: David McGhee, Head of Resources & Procurement, ext 0788

APPENDIX 1

2014/15 to 2016/17 HOUSING INVESTMENT PROGRAMME

PROPOSED EXPENDITURE PROFILE

	2014/15 £'000	2015/16 £'000	2016/17 £'000
SCOTTISH HOUSING QUALITY STANDARD (SHQS) WORKS			
Elemental Maintenance & Improvements			
External Fabric Improvements	6.700	7.700	7.700
Kitchen/Bathroom Renewal	1.700	1.700	1.700
Electrical Works	3.000	3.000	3.000
Sub-Total	11.400	12.400	12.400
Energy Efficiency Works			
Replacement Heating	4.900	2.200	2.200
Sub-Total	4.900	2.200	2.200
Estate Improvements			
Estate Landscaping Improvement Work	0.500	0.500	0.500
Sub-Total	0.500	0.500	0.500
Priority Areas			
High Rise Flats	2.500	0.000	0.000
Other Priority Areas	0.200	0.200	0.200
Sub-Total	2.700	0.200	0.200
Health & Safety	0.350	0.350	0.350
NON-SHQS WORKS			
New Build Housing			
Construction Works	9.024	2.800	1.920
Sub-Total	9.024	2.800	1.920
Property Buy-Backs	5.000	5.000	5.000
Mortgage to Rent	1.500	1.500	1.500
Other Works (LHS Initiatives)	0.700	0.700	0.700
Window Leasing Buy-Back	0.459	0.497	0.469
Sub-Total	7.659	7.697	7.669
Total Expenditure	36.533	26.147	25.239
Resources			
Prudential Borrowing	26.162	17.336	18.384
Mortgage to Rent Borrowing	1.050	1.050	1.050
Council House Sales & Other Receipts	1.600	1.600	1.600
Energy Section Income	0.300	0.300	0.300
CFCR	4.855	3.755	3.455
Scottish Government Mortgage to Rent Grant	0.450	0.450	0.450
Scottish Government New Build Grant	2.116	1.656	0.000
Total Income	36.533	26.147	25.239

FALKIRK COUNCIL
HRA PRUDENTIAL CODE INDICATORS

PRUDENTIAL INDICATOR		2014/15	2015/16	2016/17	COMMENTS
1.	Ratio of Financing Costs to Net Revenue Stream	13%	16%	18%	Shows how much of the Council's HRA income is committed to repaying debt arising from capital investment.
2.	Incremental Impact of Capital Exp. on weekly Rent	£5.60	£3.30	£5.70	Affordability Indicator showing implications of capital expenditure and its financing on the "bottom-line". The indicator takes into account increased revenue contributions to capital hence the impact on the weekly rent. This has been fully accounted for in the Revenue Budget
3.	Capital Expenditure	£36.5m	£26.1m	£25.2m	Simply the planned capital expenditure per the appended HRA Capital Programme
4.	Capital Financing Requirement	£123.5m	£137.4m	£151.7m	The Capital Financing Requirement reflects the underlying need to borrow for HRA Capital Investment

FALKIRK COUNCIL

**Subject: THE LOCAL GOVERNANCE (SCOTLAND) ACT 2004
(REMUNERATION) AMENDMENT REGULATIONS 2013**
Meeting: FALKIRK COUNCIL
Date: 12 FEBRUARY 2014
Author: CHIEF GOVERNANCE OFFICER

1. INTRODUCTION

- 1.1 The purpose of this report is to bring to the attention of Council changes to the remuneration levels for members brought about by the Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2013 and to seek a decision on those payments where the level lies within the discretion of Council.

2. REMUNERATION

- 2.1 As members are well aware, there has been no increase in the levels of remuneration prescribed by the relevant regulations for four years. This has now been addressed by the 2013 Regulations referred to above which were passed in the Scottish Parliament on 7 January 2014 and which come into effect on 18 February 2014.

Councillors and Council Leader

- 2.2 The Regulations provide for a 1% increase in the prescribed remuneration levels for the year ending 31 March 2014 and an additional 1% with effect from 1 April 2014. This applies to payments made to councillors and to the Council Leader and means that, with effect from 18 February 2014:
- the basic remuneration to councillors will increase to £16,396p.a. backdated to 1 April 2013 and will further increase to £16,560p.a. from 1 April 2014;
 - remuneration to the Council Leader will increase to £32,795p.a. backdated to 1 April 2013 and will further increase to £33,123p.a. from 1 April 2014.

Civic Head

- 2.3 The level of remuneration to the Council's civic head (in our case, the Provost) and senior councillors lies within the discretion of Council within certain parameters. The current maximum payment available for the civic head role is £24,353p.a., however Council agreed a payment of £23,179p.a. in 2007 and has not applied any increase since then. Under the Regulations, the maximum that could be awarded to 31 March 2014 is £24,596p.a. and from 1 April 2014 is £24,842p.a. A 1% increase applied to the current payment would amount to £23,411 and a further 1% would increase that figure to £23,644.

Senior Councillors

- 2.4 For senior councillors, the decision on remuneration levels rests with Council provided no councillor is paid more than 75% of the Leader's salary and provided also that the total amount to be paid to all senior councillors does not exceed a set figure calculated by reference to a formula set out in the Regulations. Falkirk Council is authorised to appoint up to 14 senior councillors. Maximum remuneration levels under the Regulations are shown below:

Senior Councillor Remuneration Levels			
	Current maximum level	Maximum to 31.03.14	Maximum from 1.04.14
	£24,353	£24,596	£24,842
Total maximum	£284,106	£286,945	£289,815

- 2.5 At its meeting on 24 April 2013, Council determined its current remuneration framework for senior councillors, appointing 13 at two payment levels: £21,803 and £18,280 as follows:

Senior Councillor (Level 1)	Senior Councillor (Level 2)
£21,803	£18,280
Depute Provost	Leader of the main Opposition Group
Economic Development Portfolio Holder	Convener of the Joint Consultative Committee
Education Portfolio Holder	
Environment Portfolio Holder	
Housing Portfolio Holder	
Culture, Leisure & Tourism Portfolio Holder	
Public Protection Portfolio Holder	
Resources Portfolio Holder	
Convener of the Planning Committee	
Convener of the Appeals Committee	
Depute Leader	

- 2.6 While it is for Council to determine the level of remuneration for senior councillors within the limits set out above, if the same approach is applied to these payments as to the others referred to in this report, i.e. a 1 % increase to 31 March 2014 and a further 1% from 1 April, the payments would increase as follows:

	Currently	To 31.03.14	From 1.04.14
Level 1	£21,803	£22,021	£22,242
Level 2	£18,280	£18,462	£18,646

- 2.7 Payments at these levels would amount to £279,155 in the year to 31 March 2014 and £281,954 in the following year, which is well within the allowable total.
- 2.8 Allowance has been made for the increases referred to in this report in the revenue budget to be considered at this meeting.

Joint Boards

- 2.9 For information, Council is advised that the Regulations also provide for increases in the level of remuneration paid to conveners and vice conveners of joint boards. In practice, this now only applies, in our area, to the Valuation Board. Payment to the convener will increase from £20,294 to £20,497 for the period to 31 March 2014 and to £20,702 from 1 April 2014 while for vice conveners the current payment of £19,279 will increase to £19,472 and then to £19,667.

3. RECOMMENDATIONS

3.1 It is recommended that Council:

- (i) notes the terms of the Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2013;**
- (ii) notes the increase in the level of remuneration that will be paid to councillors and to the Council leader in accordance with the said Regulations;**
- (iii) determines the level of remuneration to be paid to the civic head and to the senior councillors;**
- (iv) notes that the changes in remuneration will come into effect on 18 February 2014 and will be backdated to 1 April 2013.**

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Chief Governance Officer

Date: 31 January 2014

Contact officer: Rose Mary Glackin, ext.5076

LIST OF BACKGROUND PAPERS

None