

Falkirk Council Council of the Future

Thinking Differently – The Financial Challenge

The Challenge for Local Government

Colin Mair, Chief Executive, Improvement Service

Scope

- The Council context: UK and Scottish
- Current challenges and opportunities
- Future challenges and opportunities
- Leading transformation

The Council Context

- Legal framework set by Scottish and UK Parliaments: duties and powers
- Financial framework set by Scottish Parliament: NDR; RSG; local tax powers (“capping”); powers to charge for services; “balanced budget” requirement
- Need and demand for local services shaped by economic and demographic factors outwith Council control
- But....“power of wellbeing”; substantial freedom on how to deliver; councils can propose change (e.g. OIOF); collaboration and partnership

The Financial Framework: 2018/19

1. UK Budget Autumn 2017: decisions about tax, spend and spending priorities



Barnet Share (adjusted)



2. Scottish Budget December 2017: decisions about tax spend and spending priorities



RSG and NDR

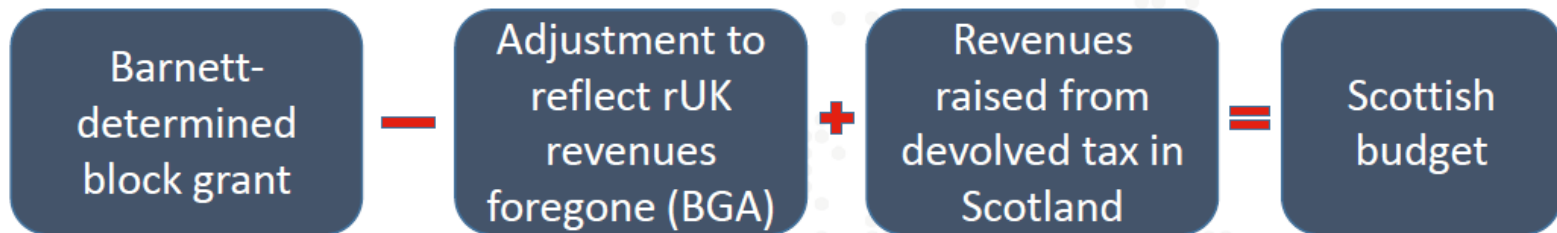


3. Council: 80% decided above; Council Tax, fees and charges and decisions about spending priorities

The revenues being transferred

Tax	Revenues (2015/16, £m)	Date
Land and Buildings Transactions Tax (LBTT)	£416	2015/16
Landfill Tax	£147	2015/16
NSND Income Tax	£11,214	2017/18
Air Passenger Duty	£275	2018/19
Aggregates Levy	£53	2019/20
VAT assignment	£4,982	2019/20

The Block Grant Adjustments (BGAs)



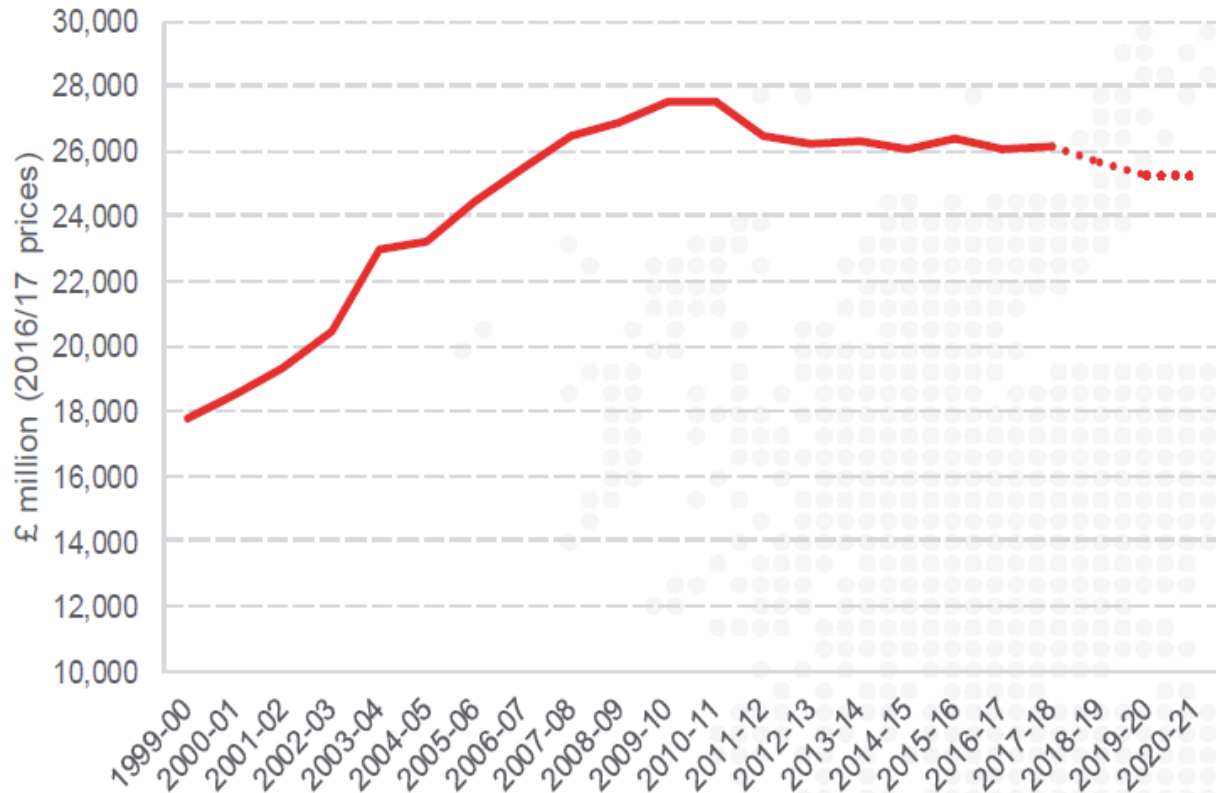
- Purpose of BGA: counterfactual estimate of tax revenues foregone by UK Government
- If revenues from devolved tax are higher than BGA, Scottish budget is better off than without tax devolution.....
- But if Scotland grows more slowly then the Scottish budget will be worse off.

FRASER OF ALLANDER INSTITUTE

www.strath.ac.uk/fraser



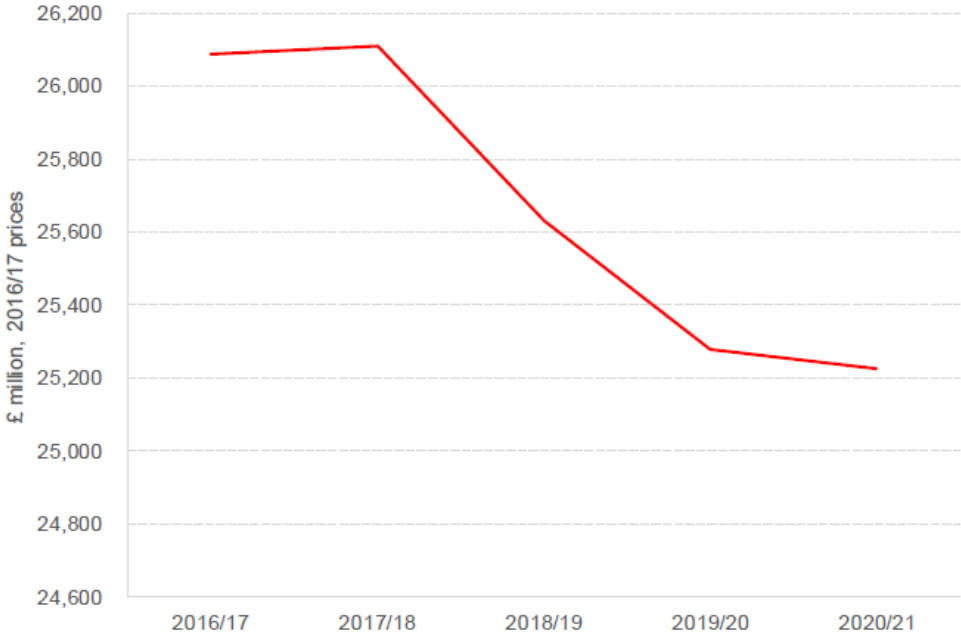
Resource plans in historical context



FRASER OF ALLANDER INSTITUTE

www.strath.ac.uk/fraser

Outlook for SG's resource block grant



FRASER OF ALLANDER INSTITUTE

www.strath.ac.uk/fraser




Income Tax Composition

	Percentage of Tax Payers	Percentage of Tax Receipts
£20,000 or less	43%	8%
£30,000 or less	69%	23%
£50,000 or less	91%	48%
£50,000 to £70,000	5%	13%
£70,000 to £100,000	2%	11%
£100,000+	2%	28%

The Next Five Years

- Budget scenarios clearer: Block Grant falls for each year to 2021/22
- Fiscal receipts grow below UK level so negative Barnett adjustment
- Major growth commitments: £500 million real growth for NHS; 30 hours pre-school per week circa £500 million; protection against inflation for Police budget
- Over 55% of Scottish budget so....
- Local government: around 3% per annum reduction to 2021/22; ring-fenced additional support for deprivation in schools and social care; 3% Council Tax increase permitted (0.7%)
- Factoring in economic , fiscal and welfare

Points

- Local government share of Scottish budget likely to fall
- If Education and Care protected (60% of budget) much bigger cuts on the remaining budget
- Rights and entitlements and tax levels may be reviewed to balance pressures (e.g. concessionary travel; FPC; basic/higher rate of income tax)
- Funding services  Economic growth, welfare

Next Phase Challenges

- “Low hanging fruit” already taken: need for much more fundamental transformation
- Staff have taken substantial real wage cuts over 8 years: permanent wage strategy?
- Weak economic growth: limited devolved fiscal base (only 12% earn enough to pay higher rate)
- Clear priorities so challenge for non-priority services: 35%
- Brexit impacts

Falkirk	2014	2016	2024	2034	2039	Total % Change	Total % Change Scotland
All Ages	157,690	159,380	164,073	169,107	170,870	8%	6.60%
0-15	28,288	28,359	28,233	27,946	28,112	-1%	1.40%
16-29	25,296	25,344	24,940	25,438	24,978	-1%	-7.60%
30-44	31,797	31,172	30,300	29,832	29,688	-7%	-0.90%
45-59	35,013	36,092	34,985	31,192	31,722	-9%	-6.80%
60-74	25,074	25,860	29,437	34,132	32,717	30%	15.60%
75+	12,222	12,553	16,178	20,567	23,655	94%	85.40%
85+	3,023	3,157	4,343	6,498	7,503	148%	131.10%

Transformation Matrix

Strategy



Outcomes

Objectives

Capacity & Delivery

Quality Assurance & Scrutiny

Reputation & Accountability



Innovation & Change



Resource Mobilisation

4 Ps

- Positioning: fit for future
- Prioritisation: fit for purpose
- Provisioning: capacity to deliver
- Performance: efficiency, productivity, impact


Making the Shift: Rethinking Public Services

- The outcome focus
- Reducing inequalities: “failure demand”
- Prevention and early intervention
- Public service integration around people and place
- Working with communities to work better for communities

National Reform Initiatives

- Review of NHS
- Review of Local Decision Making
- Education Reform: NIF + governance review
- CES: substantial increase in participation (including prescription of mechanisms); transfer of assets and services to community leadership: LOIPs

Leading Change (1): “Mindset”

- “Future proofing”  “Making the future”
- Leading public service reform locally
- Proposing legislative change
- Recognising and using all capacities in a purposeful way (e.g. economic muscle, PWB, etc.)

Leading Change (2): Rethinking Local Governance

- Key principles established: subsidiarity, asymmetry and empowerment so...
- Getting it right for Falkirk: not sorting Scotland
- Honest exploration of national, regional and local roles and relationships over time
- “Nurturing” community governance: growing the future

Leading Change (3): Letting People In

- Full and honest information and explanation about challenges, constraints, options, etc.
- Openness to community and volunteer participation
- Encouraging and supporting “participation requests”: bringing new resources into play
- Core business not add on

“The revolution will not be televised
You will not be able to stay at home
It will not be brought to you by Xerox
in four parts without commercial interruption
You cannot skip out for a beer between programmes
because the revolution will not be televised”

Gil Scott-Heron: “The Revolution will not be Televised”