

Local Government and Regeneration Committee  
Scrutiny of Scottish Government's Draft Budget 2014/15

SUMBISSION FROM FALKIRK COUNCIL

**Looking Back**

**1. Over the period of the 2011 Spending Review, to what extent have the resources provided to local government been sufficient to deliver on the joint priorities agreed between COSLA and the Scottish Government, and to deliver local government's statutory duties?**

Although the joint priorities and local government's statutory duties have been delivered within existing resources, substantial savings have had to be made in areas of discretionary spend in order to achieve this.

**2. Overall, how have local authorities dealt with the "flat-cash" (i.e. real terms reduction) revenue settlement, and what has been the impact on the delivery of services?**

Over the 3 years of the settlement Falkirk Council has identified the following budget gaps

2012/13 £9.9m  
2013/14 £10.7m  
2014/15 £10.9m

The impact of these gaps in terms of budget savings has however been mitigated by the deployment of a substantial amount of reserves as a short term expedient, rather than finding further savings

2012/13 £2.8m  
2013/14 £2.8m  
2014/15 £1.3m (estimated)

**3. Are there particular examples of good and bad practice across local authorities in dealing with the budget settlement? How is good practice shared and disseminated and how is bad practice addressed?**

Good practice includes the preparation of medium term financial strategies by nearly all Councils to identify the scale of the funding gaps for future years whilst proposing strategies for bridging the gaps. This includes the agreement of savings beyond the immediate one year horizon.

Good practice is disseminated through a variety of forums including CIPFA/Directors of Finance Section and informal networking. An example of this is that officials from Falkirk Council visited Aberdeen City and West Lothian Councils to examine their procedures for Priority Based Budgeting given that these Councils were held to be examples of best practice in that area.

We are not aware of any areas of bad practice across local government.

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**4. What has been local government's contribution to the delivery of the Scottish Government's Purpose, and its 16 National Outcomes, and how is this captured and measured?**

Falkirk Council's contribution to the 16 national outcomes, together with that of the Falkirk Community Planning Partnership is expressed within our Single Outcome Agreement, with performance being reported annually to the Scottish Government through our monitoring return. The Falkirk CPP has always reported positive progress and performance on the attainment of local outcomes with the majority of the performance indicators it uses for this purpose generally showing improvement.

**Looking forward**

**5. Over the years of the new Spending Review, are the resources being provided to local government sufficient to deliver on currently agreed priorities, and other statutory duties?**

As local authorities only know the resources allocated to them up to 2014/15 and indicative figure for 2015/16 it is difficult to say. However given the scale of the predicted cuts in funding in the short to medium term, it may become increasingly difficult to deliver on the agreed priorities and other statutory duties.

**6. What are the key challenges and pressures that local authorities face over the period of the new spending review, and what planning has been undertaken?**

Although the period of the new Spending Review will only be for one year (2015/16) most local authorities are aware through various sources (eg Improvement Service and Centre for Public Policy for Regions) that the majority of the austerity measures have still to impact on local government. Given that Central Government Grant is the most important element in the budget and that the spending review and settlement period will only be for one year, this materially undermines medium term financial planning.

In addition there are funding pressures which will impact upon local government from a variety of sources.

- those where we currently have a joint funding agreement with the Scottish Government including the annual inflationary uplift for free personal care and the funding shortfall for Council Tax Support. Clarification is especially required on the future funding intentions of the Scottish Government towards the estimated £40m national shortfall for Council Tax Support funding,
- those where we expect the Scottish Government to provide full funding such as the impact of the Children and Young People's Bill, Self Directed Support, Second Language in Schools and the Scottish Welfare Fund. Should the Scottish Government decide to move away from full funding then this will impact upon local government
- other areas such as the impact of the introduction of universal credit and the wider impacts of Welfare Reform such as the cost of homelessness, increased rent arrears (HRA), vulnerable people in need of support and the impact upon children and families. The impact of the recent Draft Guidance in the operation of the HRA in Scotland has also the potential to shift significant amounts of spend from the HRA to the General Fund. Furthermore there are the costs associated with the

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potential end to contracting out status with respect to Pension Funds as well as the ongoing costs associated with equal pay claims

Falkirk Council has produced a Medium Term Financial Strategy covering the period up to 2016/17 and identified an estimated £35m gap. Officers are currently preparing a list of savings options and other initiatives such as spend to save to help address that gap.

**7. What initiatives are being undertaken by local authorities to support the coherent delivery of measures to reduce greenhouse gas emissions?**

Falkirk Council has a Carbon Management Plan – key targets include:

1. Reduction of corporate CO<sub>2</sub> emissions by 20% by 2014/15 against a baseline of 2005/06
2. Services are required to reduce their annual CO<sub>2</sub> emissions by 1% p.a.
3. A new Climate Change Team will be established with dedicated officers

In addition, some completed initiatives include:

- An awareness and behavioural change programme
- Procurement of low CO<sub>2</sub> vehicles
- Revised energy management agreement in PPP secondary schools

And some live ones include:

- Street lighting conversion to LED
- Street lighting lantern replacement
- Building audits
- Rationalise community use of primary schools
- Voltage optimisation in schools

A new Climate Change Team has been established and the team is working with services to establish a carbon accountancy function to track progress against targets and projects for both corporate and service level.

The Council's Home Energy Strategy Team continues to work with the Scottish Government to deliver insulation and energy efficiency projects in homes, an initiative which also has greenhouse gas savings.

**8. What further measures are required during the period of the new Spending Review to ensure the delivery of the equalities agenda and support the development of the most vulnerable sections of society?**

We have to ensure that addressing equalities issues are mainstreamed across all national and local policy priorities. We also have to ensure that appropriate impact assessments are undertaken and inform decision making so that vulnerable people are not adversely disadvantaged.

**9. In what ways will the local government [benchmarking framework](#) be used in relation to the budget settlement?**

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We will utilise SOLACE benchmarks to provide a comparison of local against peer performance. This helps aid local and national scrutiny of SOA's and accompanying annual monitoring statements to ensure that both progress and performance are satisfactory and to help identify where improvement may be necessary

**10. How will the wider public service reform agenda support local authorities' ability to deal with the consequences of the budget settlement?**

It all depends on how much funding the Scottish Government allocates to the reform agenda as some initiatives if not properly funded with will only serve to exacerbate the funding gap. There is the well recognised challenge of trying to deal with current significant spend pressures driven by factors such as the economic climate and demographics in the context of constrained resources from Central Government Grant whilst endeavouring to redirect resources to preventative and early intervention strategies.