SUBMISSION FROM FALKIRK COUNCIL

SPENDING REVIEW

1. After the 1 year Settlement for the current year, the restoration of the 3 year timeframe is welcome.

INCREASING DEMAND FOR SERVICES

2. The Council and its services is continually forward planning for the delivery of services. In addition to assessing current demand our corporate Research and Information team work with services to undertake medium and longer term assessments of need and demand. This work is used to inform the planning of our community planning partnership and was critical in informing the review of our Strategic Community Plan and underpinning SOA. Our first SOA set out quite a comprehensive picture of current and future need within our area in socio economic and demographic terms.

3. However we recognise that we do need to improve our medium/long term financial planning and this will be an important dimension feeding into our overall planning.

4. As Falkirk is a growing area, we not only have to understand the impact of an elderly population has on our area but also as one of the few areas with an increasing birth rate, we have to also plan for services for families, children and younger people. We also have a high inward migration of families although this has slowed somewhat in the last year or so. The planning that goes around ensuring our services are capable of meeting these varying needs is critical if we are to ensure any savings we seek to make take account of these growing pressures.

5. Falkirk Council enjoys a productive and close partnership based working relationship with key Community Planning partners in the public, private and third sectors. We see our Strategic Community Plan, Single Outcome Agreement & Monitoring Statement as well as the Council's Corporate Plan as key instruments in being able to demonstrate our achievements and attainment of local outcomes to the communities and citizens of the Falkirk Council area.

6. We are concerned that as spending cuts get deeper and the stresses and strains associated with key partners going through significant change and reform, many of our key relationships and goodwill built up over many years will come under increasing pressure.

7. As a Community Planning Partnership we are very aware of the influence and impact the decisions we make can have on the wellbeing and prosperity of local communities and citizens. That is why last year we instigated formal information gathering and a cross partnership assessment of our key spending decisions, so that we are aware of potential adverse impacts and can make every effort to mitigate these. This is a continuing piece of work which we will both adapt and
improve as we gain experience of mutual assessment. We are focused on minimising significant adverse impacts as well as being aware of our cumulative effect as a partnership.

PUBLIC SERVICE REFORM

8. The Council is constantly reviewing its options for Service delivery and in consequence this is a very dynamic area. By way of illustration:-

   a) Shared Service delivery with neighbouring councils
   b) Membership of the East Central Scotland HUB partnership
   c) Pursuit of a Forth Valley wide review of property assets with partner organisations

9. It is recognised that there is direction of travel from a resource based approach to one of outcomes. This will, however, in practice prove to be challenging.

10. We currently look at some areas of funding against outcomes including our funding to external bodies, continued funding for certain priorities e.g. alcohol and drugs, poverty etc.

11. However a totally outcome based system of budget distribution is questionable in terms worth.

OVERALL FUNDING LEVELS

12. The bulk of a council’s income comes from the grant Settlement and given this is “flat” in cash terms this reflects a real terms reduction relative to inflation and increased demand.

13. Council Tax remains frozen and, moreover, there is no longer any earmarked grant in the Settlement to fund the £70m p.a. compounding cost.

14. As for a longer-term assessment this has several strands:-

   a) As noted above, the “flat” grant settlement means that the resource to local government is being eroded over the period due to inflation and increased demand.
   b) Council Tax no longer operates in the true meaning of a tax as in reality councils have no power to increase it. There is no longer earmarked grant and the implication of this will become more significant due to the compounding impact. A further point is that councils are locked into whatever level their tax rate was at the time the freeze was implemented.
   c) The resources for local government in the Settlement are predicated significantly on increased NDRI. The capacity to actually deliver these assumptions is viewed in some quarters as optimistic. If the projected level of yield is not in reality delivered this will create a further squeeze on resources.
REDUCING EXPENDITURE

15. All the bullet points in this section will be factored into the budget process which is currently underway and will conclude in early February when Council approves the budget. The position does not really become clear until December when individual councils learn what their resources will be. There are important reference points such as the Corporate and Community Plans and Poverty Strategy which will guide the budget process.

16. Falkirk Council is leading efforts to stimulate positive and beneficial behaviour across all partners through sharing good practice and deploying partnership based approaches such as the partnership wide extension of our Public Social Partnership pilot. This is extending out with the Council boundary for the benefit of Forth Valley based partners as well. Initial results from this community oriented procurement model entail the early influence of key stakeholders in specifying services prior to tendering. We are finding that this is securing both better outcomes and improved value for money.

17. As part of its commitment to supporting those experiencing the most significant levels of deprivation and poverty the Council is exposing all key decisions to a rigorous integrated poverty and equality impact assessment so that any significant adverse impacts can be designed out or mitigated whenever possible. This is something we intend to extend to the Community Planning Partnership as well.

CAPITAL SPENDING

18. As with the Revenue Budget the Capital Budget is currently underway. It is known at the aggregate level that there will be a significant reprofiling of Capital Grant with a reduction in years 1 & 2, albeit the figures at an individual council level will not be known until December.

19. The resource base is further undermined by the fragile state of the property market which constrains the capacity to generate capital receipts.

20. The capacity to maintain capital spend by using Prudential Borrowing will become evident as the Council’s budget processes progress and a robust overview can be formed.

EQUAL PAY

21. A provision of £5m is contained in the Council’s accounts and this represents 1.5% of net expenditure. This remains a very dynamic and fast changing arena as evidenced by a further 200+ post 2006 claims received in the past few weeks.

22. In addition the implementation of the living wage will have an impact on the Council’s budget.
WELFARE REFORM AND OTHER LEGISLATION

23. Information remains very limited pending the Act being passed and, more critically, the Regulations which will flow from it. Moreover, the DWP is still consulting with Councils on options. What is very clear, however, is that the scale and nature of the changes will have a pronounced impact on both councils and the recipients of benefits.

OTHER INFORMATION

1. OUR APPROACH TO EFFICIENT GOVERNMENT AND BEST VALUE

1.1 In order to ensure efficiency and best value, Falkirk Council has targeted a number of areas where we can either identify significant savings or have recognised a need to utilise our resources more effectively.

Procurement

1.2 The Council spends around £200m per annum on a wide variety of goods, services and works. Through our Procurement Strategy we recognise the strategic importance of effective and efficient procurement, in enabling the Council to deliver our goals.

1.3 The Council continues to adopt and implement procurement best practice, through:

- More effective market engagement e.g.: the advertising of our tenders on the Public Contracts Scotland Portal, by holding ‘meet the buyer’ events throughout the year and joining the Supplier Development Programme.
- Use of the Scottish Procurement “Procurement Journey” toolkit
- Improved supplier and contractor management systems have also improved service reliability and quality.
- Collaboration at a national, sectoral and regional level.
- Expanding the use of more efficient “purchase to pay” systems e.g.: procurement cards.
- Increased emphasis on Sustainable procurement e.g.: the continued use of specific contractual clauses such as the adoption of Community Benefits as “business as usual” continues to deliver training and employment opportunities (c100 placements) to residents in the Falkirk Council area even through the recession.
- Adopted a Public Social Partnership approach to specify and then procure specific services. This approach has proved beneficial even in its pilot phase and thus we will over the coming months identify areas of service that would be appropriate to review in this way.
Procurement improvement have enabled the Council realise significant cash savings of c£2m. These savings have been delivered across all Council activities and include Care, Telephony, Water Services, Building Materials, Transportation and Facility Management and Property Services.

**Physical Asset Management**

1.4 The Council has a broad and diverse asset portfolio with a total value of over £0.5 billion. It includes Council housing, operational buildings and an industrial and commercial portfolio, as well as roads, bridges, street lighting and public open space. Our approach to the management of these community resources contributes to ensuring that our area looks better, feels better and thinks differently. This has included carrying out a critical review of service operational property from a best value perspective to ensure resources are most appropriately targeted to enhance service delivery.

1.5 Asset management is a key priority for the Council and a critical means of providing better services. Our Asset Management Strategy – Better Assets, Better Services, recognises that customer and employee expectations in the provision of services and facilities are of the highest order. Significant efforts are required by the Council to ensure that our portfolio matches these expectations.

1.6 We are working to ensure that our assets are modern and ‘fit for purpose’ - meeting ever more exacting standards of efficiency, compliance and sustainability. By adopting best practice in asset management, the Council aims to maximise the benefits from its extensive range of land, property, and other assets, gain efficiency savings, as well as optimise investment decisions, modernise working practices and gain better service provision.

1.7 In addition we are working with the Health Service, Police and Fire Service to review all public sector assets in the Falkirk Council area to ensure that we are utilising the whole public sector estate to best and most efficient effect. The work has already produced a comprehensive review of all premises utilised or owned by the public sector in the area, and we are now examining ways we can ensure maximum value from these assets.

**Workforce Management**

1.8 Falkirk Council understands that in order to provide the highest quality services, we must ensure that we have the highest quality staff that are available to provide the best services to all of our communities. This is reflected in our workforce strategy ‘Better People, Better Services’. We know that our level of absence management has for a number of years been higher than the Scottish average. To address this we have
implemented a range of measures to ensure our employees are healthy, happy and here.

1.9 Our approach to absence management is a holistic one, taking account of all areas which potentially impact on absence. From health and safety, including the development of a comprehensive Health, Care and Safety Strategy, to a wide package of flexible working arrangements aimed at improving employee attendance to a target level of 4%. We have over a number of years seen a significant reduction in absence across the Council to the point where we are nearly meeting our 4% target. We have specific areas of service where absence is higher and are working with these to examine how we can achieve reductions whilst supporting employees to come to work when it is appropriate that they do so.

1.10 In addition to continuing to review our approach to absence management, we are now in the process of reviewing our workforce strategy to ensure it meets the changing needs of the Council in the current financial climate. We recognise that we must change the shape of our workforce to respond to such challenges whilst continuing to employ and retain a highly motivated and skilled workforce who are committed to the delivery of first class services.

1.11 We have sought to improve the services we deliver by joining areas of service delivery where this makes sense to do so. We have recently approved a new structure for our services that we will be implementing over the coming months. We do recognise that there are challenges in moving to a more streamline management structure and must ensure that employees are supported through this transition.

**Modernising the Way We Work**

1.12 The Council has a track record of using technology to improve the way we deliver services and enhance the lives and opportunities of people within our communities.

1.13 Our priorities for modernisation are found in two key documents – 21st Century Action Plan and an underpinning ICT Strategy. Our 21st Century Action Plan guides the modernisation agenda for all our services focusing on a number of key areas:

- Improving public access to information.
- Integrating front and back office systems and processes to improve performance and a stronger customer focus.
- Improving citizen consultation and communication.
- Achieving the Government’s Electronic Service Delivery (ESD) targets.
- Delivering better customer services.

1.14 In addition to continuing to expand the services we deliver online, we have continued to expand the use of our integrated online booking system. Once this has been fully implemented it will allow people to book council
facilities and services online. To complement this we will shortly be implementing an electronic payment system that will allow payments to be made for services and bookings and be attributed to the correct service account automatically.

1.15 We highlighted last year a number of improvements in the way we manage our properties. This year we further enhanced our housing service through the implementation of Homespot. Homespot is Falkirk Council's Choice Based way of letting homes. Homes available for let are advertised and applicants can decide which homes they wish to be considered for on line or through accessible terminals in one stop shops. We advertise our vacant properties every two weeks and people can apply for them on line, through a housing office or using a free phone telephone system. These services complement the increasing use of our repairs by appointment service which has dramatically increased the efficiency of our service to our tenants.

1.16 The Council continues to develop our eplanning system which allows planning applications to be made online as well as providing applicants with more information on the process. We said this last year and though the system has been further developed this year with the addition of online development planning efficiency savings are not yet apparent.

1.17 We have been actively pursuing improvements identified in the way we deliver some key back office services. These include the use of electronic payslips and HR / payroll ‘self-service’ to assess where they can provide us with efficiencies; both in the way we work and the resources we utilise to deliver services.

Continuous Improvement

1.18 In order to ensure we continue to identify areas for efficiency and improvement, the Council has adopted a system of self assessment – PSIF (Public Sector Improvement Framework). We have identified specific areas to review and have already undertaken six self assessments including a corporate review. These assessments have resulted in improvement plans being agreed and these will be progressed throughout this year.

1.19 Already we have undertaken 8 areas of self assessment, with another two being undertaken this financial year. We have a programme to cover all areas of service within the next four years. We have also undertaken a self assessment on our community planning partnership and will be using that assessment as a basis for reviewing and improving our arrangements for partnership working.
2. KEY AREAS FOR 2011 /2012 AND ONWARDS

2.1 The Council will continue to focus on delivering efficiency savings in order to ensure we provide the highest quality services at a cost our communities and citizens expect. Efficiencies are becoming increasingly important not just to improve the levels of service we can provide, but also as a means of achieving financial savings. Over the coming years as public spending reduces significantly, all areas of service will be subject to scrutiny and the requirement to be as efficient and effective as is possible.

2.2 We have to be clear what are efficiencies i.e. those areas where by streamlining processes etc we can deliver the same quality of service to the same number at a lower cost or more people at the same cost.

2.3 Specific areas we will look to identify and derive efficiencies from include:

- Better and more effective procurement in line with the Council’s Procurement Strategy and Improvement Plan;
- A reduction costs with a more joined up service delivery both internally and with our partners;
- Managing our physical assets;
- Ensuring we understand and target services to meet the needs of our most vulnerable customers;
- Ensuring we modernise the way we work; and
- Continuing the integrated service agenda, streamlining bureaucracy and improving the performance of our services.

2.4 To ensure we are fully focused on efficiencies we have for the first time included within our service plans areas for efficiency for this and the coming years. Each service has been asked to identify where they will seek to improve efficiency over the next year.

Falkirk Council

21 October 2011