Agenda Item 6

Financial Strategy 2024/25 to 2028/29

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Falkirk Council

Title: Financial Strategy 2024/25 to 2028/29
Meeting: Falkirk Council
Date: 27 September 2023
Submitted By: Director of Transformation, Communities & Corporate Services

1. Purpose of Report

1.1. The purpose of this report is to present the Council with an updated Financial Strategy for the period of 2024/25 to 2028/29.

1.2. This report supports delivery of the Council Plan vision and priorities and specifically addresses the Financial Sustainability enabler.

2. Recommendations

2.1 It is recommended that Council:

(1) Approve the Financial Strategy, and the approach to balancing the financial gap, recognising that the figures therein are indicative and will be updated as required.

(2) Approve the Target Operating Model Principles, recognising that officers will reference these in future committee reports.

3. Impact on Climate Emergency Targets

3.1 The recommendations in this report will not have any impact on the Council's climate change targets directly. However, ultimately the majority of financial activity will impact on emissions in some way.

3.2 The Financial Strategy aligns to the Council Plan which clearly states a priority to support a green transition. Decisions that will be taken to tackle the financial challenges facing the Council could impact positively or negatively on that priority. For example, the reduction of buildings should impact positively on emissions. However, some low carbon alternatives for construction contracts for example, may be more expensive and financially unaffordable.

3.3 As previously highlighted, the Council will have to try and balance such competing priorities. For future spend, investment and budget proposals, it will be for Officers to clearly set out the options available, the costs, and the climate impact, for Members to consider.

4. Background

4.1. The March 2023 budget report included a projection of the financial gap for the period from 2023/24 to 2026/27 of £63.7m. The 2023/24 position was balanced using £15.3m of service concessions, meaning that this element of the gap effectively rolls forward to 2024/25.

4.2. Forecast outturn reports for 2023/24 are showing an improved position, meaning that a lower level of service concessions is expected to be required. However, there remains significant unknowns, such as the pay award, and the position remains fragile.

4.3. The Council Plan has financial sustainability as an enabler project and the corporate risk register recognises financial sustainability as a high risk for the Council. The Financial Strategy sets out a roadmap to address this.

4.4. For some months, Services have been asked to identify options to increase income/reduce expenditure through either transformation of service delivery or a reduction of services on offer. It has been made clear to both Officers and Members that achieving financial balance will require very difficult decisions. In September 2022, the Financial Strategy report highlighted that it was inconceivable that service reductions would not be necessary and this remains the case.

4.5. Finance reports to Members have highlighted the volatility and uncertainty in the economy and the impact that this has on projections and estimates. All figures in this paper must therefore be caveated and will be updated as more definitive information is available.

4.6. The development of the Financial Strategy is a complex process which requires a significant input of resources from both Officers and Members. The Corporate Management Team, Senior Leadership Group and Service Management Teams work closely to identify:

- Emerging pressures
- New funding opportunities
- Options for cost savings/income generation

4.7. In September 2022, Council agreed to the establishment of a Financial Strategy Group to have a focus on the financial strategy, rather than detailed operational savings. The aim was to foster a strong collaborative approach to the Council's financial challenges. This group has met regularly, considering key reports with a significant financial impact, and reports which support delivery of the Financial Strategy. The group has functioned well and no changes to this group are proposed.

5. Considerations

5.1 Current Position

5.1.1 The Financial Strategy appended to this report sets out a projected funding gap for the next five years of £64.4m. This is heavily front loaded with year one (2024/25) requiring c£34m to balance the budget. This is in large part due to the continued use of non-recurring funding (including service concessions) which is simply added to the next year gap. The estimate of gaps is set out in the table below:

	2024/25 £'m	2025/26 £'m	2026/27 £'m	2027/28 £'m	2028/29 £m	Total £'m
Gap	34.0	8.2	7.8	7.9	6.5	64.4

5.1.2 A broad range of assumptions have been made to calculate the £64.4m and there remains many unknown factors at this time. The assumptions which have been included to reach this gap are shown in Appendix 1 of the Strategy document. There is therefore the potential for the gap to shift significantly as more definitive information becomes available.

5.2 Options to Balance the Budget

5.2.1 The Strategy sets out four main areas to be considered to balance the budget gap and presents some models which show the relationship between the different options. The four main areas are:

Council Tax
Service Savings
Other Fees & Charges
Service Concessions

5.2.2 Each of these areas is presented in more detail in the Strategy. However, no individual service proposals are presented for approval at this stage. Instead, the report aims to set out a direction of travel.

5.2.3 The Strategy includes financial modelling which aims to show:

1. The impact of Council Tax increases on the need for service savings, recognising that higher Council Tax increases will mean a reduction in service savings required.

2. The relationship between the timing of savings approval and delivery and the use of service concessions, recognising that earlier delivery of savings will result in more service concessions being available for future investment.

5.2.4 Similar to the September 2022 Financial Strategy, a Council Tax Strategy has been included in the paper. This section of the Strategy provides context for the Council Tax charges in Falkirk compared to the rest of Scotland and considers the impact of Council Tax increases.

5.2.5 Substantial service savings will be required. These saving can be:

- Operational – no significant direct impact on front facing services from the perspective of service users
- Savings for approval – some impact on service users would be expected through the redesign, reduction or cessation of a service
- Transformational saving – part of the Council of the Future transformation and improvement programme, made up of projects that are targeted at significant changes in how services are provided whilst delivering significant financial benefits.

5.2.6 A series of savings targets for each of the three main Council services are included in the Strategy. Again, the impact of Council Tax on these targets is modelled.

5.2.7 The Strategy includes a section on service concessions. Previous reports to Members have emphasised that service concessions are not a sustainable way of balancing the budget as they do not address the underlying gap between income and expenditure. Financial sustainability can only be achieved where substantial recurring savings are identified as early as possible in the five-year period. Service concessions allow the Council some time to develop and approve substantial savings. However, the earlier that savings are identified, the more service concessions would be available for investment. The Strategy includes some modelling to demonstrate this point.

5.3 Target Operating Model

5.3.1 The 2022 Strategy highlighted that officers were reviewing the potential for the use of a Target Operating Model (TOM) in Falkirk. A TOM helps to set out how an organisation will deliver its services more effectively and efficiently.

5.3.2 The Strategy includes a set of TOM principles that can be applied by services as they work through what changes need to be made, particularly in relation to savings delivery. Members are asked to approve these principles. The principles represent phase one of the TOM project and if approved these principles would be referenced in future reports to committee where appropriate.

5.3.3 The benefits and resources required to deliver the next phase of the TOM project will be assessed by the TOM working group.

5.4 Budget Communications

5.4.1 The Strategy includes a section on budget communications. The Council recognises that improvements must be made in this area. This includes improved communications to increase understanding of the Council's financial position, and consultation and engagement using the right tools and methods. Four key areas of activity are planned as follows:

- Council Plan and Financial Strategy communication
- Consultation and communication support for in year service and policy decisions
- Communication on the budget setting process and meeting, including how Council's are funded and how Council Tax is spent
- Communication of outcomes, including areas of investment

5.5 Success Measures

5.5.1 Each of the Council Plan priorities and enablers has a series of success measures which will form the basis of performance reporting through the Falkirk Performs framework. Within the Financial Strategy the success measures are either Strategic (assessing the Council's approach to financial sustainability) or Operational (looking at the efficiency of specific areas of service delivery). Performance against the success measures will be reported to Scrutiny committee.

5.6 Next Steps

5.6.1 The Financial Strategy highlights the uncertainties that could impact on the funding gap, including:

- The Fiscal Framework under development between the Scottish Government and the Convention of Scottish Local Authorities (CoSLA), including the approach to 'directed funding'

- The Scottish Government 2024/25 budget allocation

- The 2023/24 pay award

- The general economic uncertainty and volatility, including inflation and interest rates.

5.6.2 As more information becomes available and the areas above are worked through, the figures in the Financial Strategy will be updated and where appropriate, further reports will be brought to Members.

5.6.3 Services are working through service delivery and policy changes that may have a financial impact. Where such changes are proposed, these reports will be presented to Members and factored into the financial projections. As was the case for the 2023/24 budget report, a summary of these decisions will be included in the 2024/25 budget report.

6. Consultation

6.1 The information in this report has been developed through consultation with the Services.

6.2 The Strategy includes an approach to communication of the Council's financial position and an approach to consultation of service proposals as appropriate. There will be consultation exercises required for some individual projects and proposals.

7. Implications

Financial

7.1 The financial implications are set out in the Strategy document.

Resources

7.2 There are no further resource implications. Officers have contributed a significant amount of time to the development of this Strategy. Services have also invested resources in identifying and scoping projects, as well as reviewing the information contained in the paper. As this Strategy evolves and develops, it is expected that further significant employee time will be required.

Legal

7.3 There are no legal implications arising from the recommendations in this report.

Risk

7.4 Financial sustainability remains the biggest risk facing the Council with the pressures not likely to abate in the foreseeable future. Fundamentally the Council is spending more than it can afford. This may lead to unplanned service interruptions, disruption for service users, reputational damage and ultimately to the Government bringing in external support to reduce Council spend. Risk is considered in more detail within the Strategy document.

Equalities

7.5 An initial Equality and Poverty Impact Assessment (EPIA) has been carried out for the Financial Strategy and a full EPIA is not required. The reason for this is that Members are being asked to approve two items today – the general approach to balancing the financial gap and the TOM principles. In both cases, there are no specific proposals for approval and therefore it is not possible to determine which specific groups of people will be impacted, what the impact would be and how it could be mitigated. However, it is recognised that proposals to balance the financial gap will have the potential to impact on all the people who live in the Falkirk Council area. Officers will therefore have to present robust EPIAs for all relevant proposals to help inform Members decision making.

Sustainability/Environmental Impact

7.6 There are no environmental impacts arising from the recommendations in this report.

8. Conclusions

8.1 The Financial Strategy summarises the key financial risks facing the Council and the huge challenge that lies ahead. Officers are working hard to identify proposals that will reduce the gap. Further updates will be presented to Members as required.

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Appendices

Appendix 1 – Financial Strategy 2024/25 to 2028/29

List of Background Papers:

Falkirk Council Financial Strategy

2024/25 - 2028/29

Falkirk Council

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Introduction

The Financial Strategy (the Strategy) for 2024/25 to 2028/29 should be seen in the context of the Council Plan, the wider Falkirk Plan and the various other strategies, plans and policies in place across the Council. This also includes the plans and strategies of the Council's key partners, for example the Integrated Joint Board Strategic Plan.

The Council Plan

Based on the themes in the Falkirk Plan* , the Council Plan is a five-year plan which sets out what the Council aims to achieve and how that will be done, making the most effective use of resources to deliver services. The Council Plan recognises that the Council cannot achieve these goals on its own, and must work with partners, including the public, private and voluntary sectors as well as communities. This approach will enable the Council to better deliver its Falkirk Plan commitments.

* Six themes in The Falkirk Plan: Working in Partnership with Communities, Poverty, Mental Health and Wellbeing, Substance Use, Gender-Based Violence and Economic Recovery

The Council Plan focusses on the vision, priorities, and values of the Council:

VISION:

Strong communities where inequalities are reduced and lives are improved.

PRIORITIES:

Supporting stronger and healthier communities

Promoting opportunities and educational attainment and reducing inequalities

Supporting a thriving economy and green transition

VALUES:

Responsive, Innovative, Trusted & Ambitious

In addition, there are three enablers to support delivery of the vision and priorities:

- Financial Sustainability
- Council of the Future (COTF) – Transformation & Improvement
- Valued and Sustainable Workforce

Purpose of the Financial Strategy

The Strategy supports all the Council Plan priorities and enablers within the Council Plan and has a number of purposes:

- It sets out a robust assessment of the financial health of the Council, highlighting challenges and pressures and where action needs to be taken.
- It provides a framework that should be used and referenced as part of any decision-making activity within the Council.
- It demonstrates that the Council is financially planning for the future.
- It sets out a roadmap for the Council to get to a position of financial sustainability. Fundamentally that means shifting service delivery models to make sure that spending is within resources available.
- It flags up the financial risks that the Council should be aware of when planning for the future.

However, the Strategy is prepared at a point in time, and relies on a series of assumptions and estimates. During 2022, the economy shifted dramatically from a period of relative stability, low inflation and interest rates to a period of extreme volatility, cost of living pressures and increasing interest rates. 2022 demonstrated how global events, such as the conflict in Ukraine, can have a massive impact at a local and individual level. At a UK level, the focus has been on reducing inflation, mainly through increases to the bank base rate. Whilst inflation is starting to slow, it remains well above the target level, with the Bank of England expecting a return to 2% inflation in early 2025. All of this demonstrates the uncertainty that remains within the global economy, and this will no doubt impact on Falkirk Council.

Council Budget

The Council budgets are split into four key areas which reflect the legislative and statutory accounting requirements that the Council must meet. The four areas are:

- General Fund Revenue
- General Fund Capital
- Housing Revenue Account
- Housing Capital

This strategy focusses on the General Fund Revenue budget which includes delivery of Council services excluding housing. This is the area of the Council finances which is under the most pressure.

General Fund Revenue Budget

The Financial Strategy presented to Council in September 2022 provided more detail on how the Council budgets operate. In addition, the budget consultation exercise provided more detailed information on Council Budgets, and this can be accessed at this link.

The Council must set a balanced budget each year and over the last few years, this task has become increasingly difficult. This Strategy sets out the estimate of the budget gap and the approach that the Council is taking to addressing this challenge.

Capital Strategy

The Council is required to prepare a separate Capital Strategy and which aligns to both the Council Plan and Financial Strategy. The Capital Strategy is considered by Council at the same time as both the revenue and capital budgets. This is essential to ensure that revenue implications of capital investment are fully understood and reflected in the revenue budget. Any borrowing by the Council will result in a cost to the revenue budget. It is critical therefore that any borrowing is clearly linked to the delivery of council priorities.

The most recent Capital Strategy was approved by Council on 1 March 2023 and it outlines how planned capital investment will help to deliver the Council's priorities. Importantly the Capital Strategy must be affordable in the context of the revenue budget and the figures included in this document include assumptions on borrowing requirements and costs associated with the capital investment. The next Capital Strategy will be considered by Council as part of the 2024/25 budget setting process.

Housing

The Council has over 16,600 housing properties. Rental and other housing related income (approximately £70m per annum) is ring-fenced, meaning that it is accounted for separately and can only be used for the benefit of housing tenants. The service regularly consults with housing tenants to ensure that they are actively involved in decision making, including consultation on rent setting and satisfaction surveys.

The Housing service is heavily regulated and has a variety of key documents that set out how it plans and delivers services. Links are included for the most up to date documents at the time of writing, but some documents are due to be considered by Executive in October 2023.

- Local Housing Strategy
- Housing Need and Demand Assessment 2022
- Scottish Social Housing Charter Annual Report (external site)
- Housing Asset Management Plan 2019 - 2024
- Housing Investment Programme

Capital investment in new build houses, significant upgrades and the buy-back of ex-Council houses is funded through the ring-fenced housing income. A long-term plan is regularly updated to ensure that investment is affordable, sustainable and prudent in the context of the anticipated future housing rent increases and cost pressures.

The Housing revenue and capital budgets are set separately from the main Council budget. For 2023/24, budgets were set in February 2023. A consultation exercise on future housing rent increases for 2024/25 to 2026/27 is currently underway.

Economic Review And Outlook

The Financial Strategy presented to Members in September 2022 noted that Falkirk Council was facing unprecedented pressures which meant that any financial projections were extremely difficult. It also noted that the economic environment is volatile and that meant that people, businesses and governments were under serious financial pressure.

These pressures came from:

- Conflict in Ukraine leading to inflationary pressures
- Increasing interest rates
- Cost of living crisis
- Funding restrictions
- Increasing demand for services
- Recovery from the pandemic

A year on and little has fundamentally changed, albeit there is a sense that some pressures, such as inflation are starting to ease slightly. Conversely there are some views that the increasing interest rate will have a negative impact on growth which could result in recession. Fundamentally, the Council faces a huge degree of uncertainty for the current financial year (2023/24) and beyond.

Economic Outlook

At a UK level, the economic outlook is exceptionally challenging with government borrowing pushed to its highest level since the mid-1940s. The rise in borrowing costs means the cost of servicing the government debt is at its highest since the 1980s. In addition, the UK Government faces the same rising demand for services and associated costs, alongside pressures to meaningfully tackle climate change and an aspiration to increase defence spending. The combination of these pressures may have a negative impact on all public sector spending. However, in recent years, most of the pressure has fallen to so-called “unprotected budgets” which includes local government.

In May 2023 the Scottish Government published its latest Medium Term Financial Strategy (MTFS) along with the Scottish Fiscal Commission’s forecasts. A summary of the main points arising from the MTFS is noted below:

- The Scottish Resource Budget is increasing up to 2027/28 in both cash and real terms.
- However, spending is expected to outgrow funding, leading to a growing funding gap for the Scottish Government.
- The Capital Budget is expected to see a cash and real terms decline in each year to 2027/28 with a funding gap rising to almost £1bn by 2025/26.

For both the revenue and capital budgets, the Scottish Government have published upside and downside scenarios. It is worth noting that the Capital budget will be under pressure, even in the event of the upside scenario.

The Scottish Government recognises that difficult spending decisions lie ahead. With a focus on tackling poverty, areas like childcare and social security are likely to be prioritised which could have a negative impact on ‘unprotected’ areas within local government.

In May 2022, the Resource Spending Review sought to hold the total public sector pay bill at around 2022/23 levels whilst returning the overall size of the public sector broadly to pre-Covid-19 levels. The updated Scottish Government MTFS assumes that both wages and the workforce will grow over time. However, there is no assumption in the Falkirk Council strategy that there will be growth in the workforce.

The Scottish Fiscal Commission published their economic and fiscal forecasts in May 2023, taking into account the Scottish Government's MTFS. The headline message from the forecast is that economic growth (measured by the gross domestic product) for 2023/24 is expected to be higher than forecast in December but thereafter growth is a little slower than previously projected.

Projections for living standards and overall economic growth are shown below:

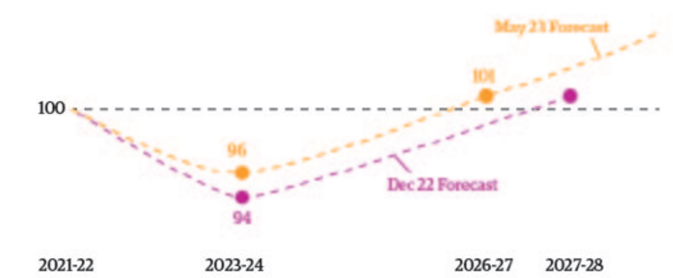
Economy

High inflation sees real disposable incomes per person fall by 4% by the end of 2023-24, Scotland's highest fall in living standards on record.

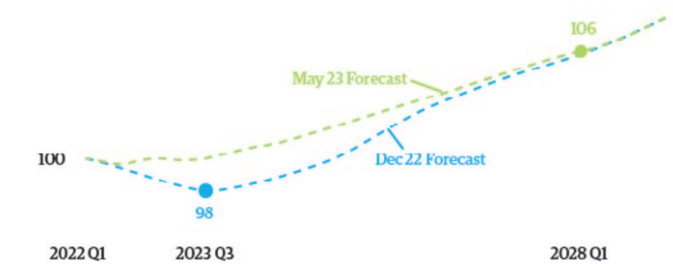
Living standards will take until 2026-27 to recover to their 2021-22 level. This outlook is improved since our December 2022 forecast reflecting lower energy price expectations.

In line with the latest Gross Domestic Product (GDP) data and the improved outlook for energy prices we now forecast the economy to remain broadly flat in 2023-24 rather than fall into a shallow recession.

Living standards to fall by less than previously expected



GDP to remain broadly flat this year



Source: Scottish Fiscal Commission – Scotland's Economic and Fiscal Forecasts – May 2023

Economic growth and tax receipts have a direct impact on the amount of funding that the Government has available to spend. The relatively low and fragile growth projected in both the UK and Scotland suggests challenging budget settlements for the public sector.

The Verity House Agreement

The Scottish Government and CoSLA (Convention of Scottish Local Authorities) signed the Verity House Agreement (external site) on 30 June 2023. This Partnership Agreement is a high-level framework document that sets out a shared vision for a more collaborative approach to delivering shared priorities, with a focus on:

- Tackling poverty
- Transforming the economy through a just transition to deliver net zero
- Delivering sustainable person-centred public services

The document emphasises the need for regular and meaningful engagement between local authorities and the Scottish Government and respect for each other's democratic mandate.

The agreement states that "powers and funding for Local Government will be reviewed regularly to ensure adequacy and alignment with effective delivery of outcomes". The agreement also states that "from this point onwards, the default position will be no ring-fencing or direction of funding, unless there is a clear joint understanding for a rationale for such arrangements for example where quantum needs to be assessed over a transitional period to ensure the costs are accurately understood. Additionally, current funding lines and in-year transfers will be reviewed ahead of the draft 2024/25 Budget Bill, with a view to merging into General Revenue Grant funding (more details will be set out in the Fiscal Framework)".

It is anticipated that the Fiscal Framework will be available in late 2023, but it is not available at the time of writing.

Directed Funding

As local authorities have faced a progressively challenging financial position, the nature of Scottish Government funding has come under increasing scrutiny. A key area of focus has been on ring-fenced or directed support, i.e., directed funding where funding is provided for a specific purpose set out by the Scottish Government. There are conflicting views of the amount of funding that is directed, as illustrated in Audit Scotland's Local Government in Scotland Overview 2023:

Views on ring-fenced or directed elements of the Scottish Government's revenue funding to local government

Scottish Government's view	COSLA's view	Our Calculation
Only the specific revenue grant is formally ring-fenced to fund identified policies. Other funding commitments are directed for national policy commitments but are not formally ringfenced. In 2021/22, the specific revenue grant was £776 million, representing seven per cent of total revenue funding for Local Government.This included funding for early learning and childcare expansion, Pupil Equity Fund and criminal justice social work.	**Includes the specific revenue grant plus obligations created by current and past Scottish Government policy initiatives and fixed obligations such as loan charges.** In 2021/22, COSLA estimated that these represented 65 per cent of Local Government revenue funding. As part of their estimate COSLA include all school teaching staff costs (due to the national commitment to maintain teacher numbers), all adult social work costs devolved to IJBs alongside other policies such as universal Free School Meal provision for P1-5.	**We include the specific revenue grant and funding outlined in local government finance circulars and Scottish Government budget documents as being directed for national policy initiatives.** For 2021/22, we estimated that ring-fenced and directed funding totalled £2.7 billion, representing 23 per cent of total revenue funding for Local Government. A large amount of this was to support elements of education and social care service provision.

Source: Accounts Commission - Local Government in Scotland Overview 2023

This approach to directed funding can be seen in a number of areas:

- The nature of the funding settlement for the Integration Joint Board is set out in the Health and Social Care Partnership section of this report.
- In 2022/23 the Scottish Government introduced minimum teacher numbers that each local authority should have in post.
- There are a number of specific grants such as pupil equity fund and criminal justice and also funding allocations such as free school meals, whole family wellbeing fund and the Scottish Welfare Fund, that must be spent on the activity and services outlined in the funding letter.

CoSLA have been seeking changes to the Scottish Government approach to funding local authorities, noting that each year a higher proportion of funding is 'directed', reducing Local Government flexibility. It is anticipated that the Fiscal Framework will start to address this issue. However, it must be understood that where flexibility is granted, local authorities will still have to take difficult decisions to cease or reduce existing services which have, up till now, been funded through directed funding.

Following publication of the Fiscal Framework, the assumptions in this document will be updated as required and reported to Members.

Review Of 2022/23

2022/23 was a hugely challenging year for the Council, its partners, and its communities. Rising inflation, cost of living crisis, pay award disputes, strike action alongside a rising demand for services and ongoing recovery from the pandemic, put the Council under significant financial pressure.

Drive for Efficiencies

In 2022/23, recognising the scale of the financial challenge, the Chief Executive wrote to all services asking for rigorous cost control to be undertaken and for services to do all they could to deliver approved savings and generate efficiencies where possible. To support this work, a recruitment freeze was put in place which required scrutiny of all vacancies and recruitment requests with an emphasis on deferment of non-essential posts. This freeze remains in place for 2023/24.

2022/23 Financial Outturn

At the time of writing, the financial outturn for 2022/23 is in draft and subject to external audit. The draft position, reported to Executive in June 2023, shows that overall, the Council had a revenue underspend of £4.6m.

The positive outturn for 2022/23 was mainly due to the following areas:

- A reduction in energy costs compared to budget with energy costs being volatile and difficult to predict throughout the year
- Savings arising from the teachers strike action
- Additional income from the wind up of the Falkirk Community Trust (i.e., the transfer of funds back to the Council)
- Savings on loan charges (i.e., the cost of borrowing was lower than budgeted due to reduced spend/borrowing in prior years)

Whilst the 2022/23 financial outturn was better than anticipated, much of the benefit came from one-off benefits, such as the teachers strike. The Council needs to minimise reliance on this type of benefit and balance its budget through recurring options, with spend focussed on the priorities in the Council Plan.

In March 2023, as part of the budget report Members took a decision to transfer £4.5m of the underspend into earmarked reserves, essentially reserves with a specific purpose which would either help the Council to deliver its priorities or support future savings and transformation work.

The General Fund reserve (effectively the Council's contingency fund) at 31 March 2023 was £11.8m. Given the level of uncertainty, it is reasonable that the reserve is increased wherever possible to provide some protection in future years.

2022/23 Council of the Future (COTF) Projects

The COTF programme is the delivery arm of the Transformation and Improvement enabler in the Council Plan. Now in Wave 3 of the programme, the main achievements in 2022/23 were:

- The approval by Executive of a revised COTF Governance Framework .
- Progression of 11 Transformation Projects, delivering £0.5m savings for 2022/23 and projected savings of £4.8m for 2023/24. The overall end of year performance of these projects was reported to Scrutiny in June 2023.
- Progression of a range of improvement, efficiency, and enabler projects, as part of the Council's approach to continuous improvement, cost reduction and enabling the delivery of the Council's transformation projects.

Project	2022/23 Progress
Strategic Property Review (SPR) **Office Transformation**	• The Executive agreed in principle to make 133 council-owned buildings available for transfer to communities. Where transfers are not possible the intention would be that the buildings close over the next two years on a phased approach. • At the start of 2023, public consultation took place with expression of interests submitted from over 70 groups, with follow-up work taking place in 2023/24. • Falkirk Council has invested £1.6m to transform space under the main stand of the Falkirk Stadium into modern offices that will enable it to close at least three outdated properties – finalised June 2023.
Connected Falkirk	Project progress up to and including 2022/23: • 13,000 digital devices to all Primary 6 to Secondary 6 school pupils and 1,650 digital devices to Primary 1 to Primary 5 classes; digital devices to every class teacher (1,873), supported by an accredited professional learning programme. • Fast, reliable Internet connectivity in all 58 schools through the provision of Wi-Fi 6 access points.
Libraries	• Review of the Library Service to deliver £0.5m of savings, with the strategic vision for Falkirk's libraries and Library Services Strategic Plan approved. • All 8 Libraries upgraded to Connected Falkirk Wi-Fi which automatically connects to: - School pupils Connected Falkirk iPads. - Falkirk Council laptops.

2023/24 Financial Projection

The first projection of the 2023/24 financial year was presented to Executive on 22 August 2023. Caution must be applied when considering this report as it is based on the first 3 months of the financial year and there are a number of significant areas which could impact on the outturn (see Appendix 1 on assumptions).

Council services are expected to underspend by c1% of budget which equates to c£3m. This is due to reduced employee costs and increased income from a range of fees and charges. Borrowing costs are expected to be a further £1.5m below budget, taking the total projected underspend to £4.5m for the year.

The 2023/24 revenue budget was balanced by using £18.7m of funds that are non-recurring, i.e., the Council would have to underspend by £18.7m to have a sustainable balanced position. That is the highest level of non-recurring funds that the Council has used within any annual budget. Based on the current projected outturn, the Council will need to use £14.2m of reserves which remains an unsustainable position.

The projected outturn must be considered in the context of the continuing uncertainty over critical areas, such as pay awards, and the future financial challenges.

Council Priorities & Budget Decisions

Financial sustainability must be achieved to allow the Council to deliver on the Council Plan priorities, enabling service provision and investment where necessary.

It can be challenging to align funding and priorities during a period of financial constraint. Funding is targeted at core services, for example provision of schools, and essential works such as roads maintenance and a clear link to Council priorities is not always obvious. In addition, service savings must be identified, and no service area can be fully protected from budget reductions, making it sometimes difficult to demonstrate the link between decisions and priorities.

It is important that Members have all the necessary information about any budget proposals before a decision is made; this includes the impact on service users, and any equality issues. The funding constraints mean that it is inevitable that service reductions will have an impact on service users. It is important therefore that the Council engages effectively with those affected and that mitigations are put in place where possible. The Council priorities are obviously an important part of that decision making process.

Best Value Assurance Report 2021

The Falkirk Council Best Value Assurance Report 2021 noted that the Council had to make and implement big decisions about how to deliver sustainable services and make significant and necessary savings. During 2022/23, a renewed focus was put on taking significant decisions to Members, particularly for issues that had previously been difficult to resolve. Examples include:

- Decision on new Falkirk Town Hall (first raised more than a decade ago)
- Strategic Property Review (first raised in 2016)
- Denny Eastern Access Route (first raised in 1970s)
- Gateway Site (discussed since 2012)
- Waste Review with associated delivery of £1m of savings
- Employability Review to delivery £0.5m of savings (an area never previously supported for efficiencies)
- Review of the Library Service to deliver £0.5m of savings

In each of the projects above, efforts have been made to try and balance the Council Plan priorities, financial sustainability challenge and the needs of local communities.

An updated Best Value report on the effectiveness of the leadership of the development of the Council's strategic priorities, is expected to be finalised by Audit Scotland shortly.

Priorities & Investment Decisions

Whilst the financial position of the Council makes any new investment activity difficult, the Council has demonstrated that when funding is identified, investment activity is driven by Council priorities. In the March 2023 budget paper, the Council agreed to earmark reserves to either target priorities, or to support the delivery of service changes and the achievement of savings. Examples of where March investment decisions are directly linked to Council priorities are highlighted below:

Investment	Narrative	Priority
Community Choices	A further £0.5m of funding invested in the established and successful Community Choices programme to ensure this continues for another financial year.	Supporting stronger and healthier communities
Foster Carers	A spend to save investment of £0.45m to provide adaptations/conversions for existing Falkirk foster carers homes to allow them to support more children.	Promoting opportunities and educational attainment and reducing inequalities
Permanency Assessments	A spend to save investment of £0.05m to expedite permanency assessments for children where there is an option for adoption. This investment will be used to recruit social workers on a fixed fee basis for each assessment.	Promoting opportunities and educational attainment and reducing inequalities
Household Support Fund	A further round of the Household Support Fund of £0.25m was agreed for winter 2023/24, providing vital cash support to low-income households. This will help households access food, fuel and other essentials whilst also encouraging take up of advice and support services. £0.25m will support approximately 1,375 low-income households.	Promoting opportunities and educational attainment and reducing inequalities
Regeneration Fund	£1m of funding was earmarked to support infrastructure improvements in the five town centres and also the two pilot villages of Bonnybridge and Slamannan. Officers will bring forward reports to Committee to draw down on these funds.	Supporting a thriving economy and green transition
Climate Change	£0.25m was earmarked to support feasibility studies into a more sustainable energy solution for the Council such as solar array, windfarm or heat network opportunities.	Supporting a thriving economy and green transition

Council of the Future

The criteria for Council of the Future transformation projects were reviewed in August 2022. The criteria now include the need to demonstrate a strategic fit with the Council Plan priorities or the enabling projects. The Change Fund template and evaluation process for any bids, includes this criterion.

Capital

The Best Value review of the Council's capital programme resulted in the establishment of the Strategic Asset Modernisation Board to ensure a more effective mechanism for monitoring, intervening and reporting on the capital programme. This revised governance model includes more scrutiny on new capital investment bids to ensure that they have a strategic fit against the Council Plan priorities. In June 2023, a self-assessment exercise, undertaken against the new arrangements, recognised that good progress had been made and that further improvement actions have been identified. In 2021/22, 60.5% of the planned Capital Programme for the general fund services was delivered. In 2022/23, 87.9% of the planned Capital Programme was delivered, reflecting the significant work undertaken to reprioritise and refine the Programme. The improvement work was reported to Scrutiny Committee.

Summary Of Financial Position

A summary of the projected financial position for the next five years is shown in the table below. This takes into account all of the factors that are known at this time alongside several financial assumptions which are set out in more detail at Appendix 1.

	2024/25 £'m	2025/26 £'m	2026/27 £'m	2027/28 £'m	2028/29 £'m	Total £m	Report Section
Funding Gap (based on 5% Council Tax Increase)	34.0	8.2	7.8	7.9	6.5	**64.4**	6 & 8
Savings Identified	13.1	12.2	6.9	1.5	-	**33.7**	-
Savings Still to Find	**20.9**	**(4.0)**	**0.9**	**6.4**	**6.5**	**30.7**	-

It is recognised that service concessions will continue to be required to temporarily bridge the budget gap, while further savings options are identified, particularly in the early part of the Strategy period. However, service concessions are a temporary fix, and any service concessions that are applied in one year, for example 2024/25, will add to the financial gap in the following year (2025/26). The more that service concessions are required to balance the budget, the less likelihood there is of service concessions being available for investment (see section on service concession arrangements).

The summary below shows how service concessions would be used if the same level of savings was approved each year. If the Council can identify and approve more savings earlier, particularly for 2024/25, the Council will be able to reduce reliance on service concessions as a short-term fix for the budget gaps.

	2024/25 £'m	2025/26 £'m	2026/27 £'m	2027/28 £'m	2028/29 £'m	Total £m	Report Section
Funding Gap (based on 5% Council Tax Increase)	34.0	8.2	7.8	7.9	6.5	64.4	6 & 8
Average Annual Savings Required	(12.9)	(12.9)	(12.9)	(12.9)	(12.8)	(64.4)	9 & 10
Service Concessions Applied	(21.1)	(16.4)	(11.3)	(6.3)	-	(55.1)	11
Service Concessions Reversed	-	21.1	16.4	11.3	6.3	55.1	11
Funding Gap	-	-	-	-	-	-	

General Fund Revenue – Future Funding Gap

The funding gap is the difference between the anticipated income and expenditure of the Council. More information on the income and expenditure of the Council can be found here.

The budget report presented to Members in March 2023 set out a four-year funding gap of £63.7m for 2023/24 to 2026/27, with £37.8m for 2024/25 to 2026/27. The funding gap has now been updated to reflect the 2022/23 outturn, 2023/24 projection and anticipated income and expenditure for the period 2024/25 to 2028/29. An explanation of the main changes to the forecast is shown on the following page.

	2024/25 £'m	2025/26 £'m	2026/27 £'m	2027/28 £'m	2028/29 £'m	Total £m
Gap Presented in March 2023	20.4	9.2	8.2	-	-	**37.8**
New Budget Years	-	-	-	9.9	9.0	**18.9**
Increase CTax assumption to 5%	(1.6)	(1.7)	(1.8)	(2.0)	(2.2)	**(9.3)**
Inflation & Demographics	1.7	(0.4)	-	-	-	**1.3**
Pay Award Increased to 3%	1.3	1.4	1.5	1.6	1.7	**7.5**
IJB Pay Award Funding (2022/23)	1.2	-	-	-	-	**1.2**
Reversal of Service Concessions	15.3	-	-	-	-	**15.3**
Service Concession Repayment	0.7	0.2	0.8	0.1	0.3	**2.1**
Pension Assumptions	(0.9)	(0.9)	(0.9)	(1.0)	(1.0)	**(4.7)**
Revenue Support Grant Changes	(0.7)	(0.4)	(0.3)	(0.4)	(0.7)	**(2.5)**
Energy Prices	(2.4)	-	-	-	-	**(2.4)**
Capital Charges	(1.5)	0.3	(0.1)	(0.8)	(0.4)	**(2.5)**
Other Movements	0.5	0.5	0.4	0.5	(0.2)	**1.7**
Revised Gap – September 2023	**34.0**	**8.2**	**7.8**	**7.9**	**6.5**	**64.4**

The most up to date assessment of the five-year financial gap is £64.4m, with the largest gap is in 2024/25. That is because the 2023/24 budget gap was met through the use of c£15m of service concessions. Any time non-recurring funds are used to balance the position, the gap is simply carried forward to the next financial year. The gap in 2024/25 is high due to the high level of non-recurring funds used in the past. To fundamentally address the funding gap, recurring savings and income need to be identified.

The funding gap is based on a best assessment of the income and expenditure of the Council over the five-year period. As is always the case with financial projections, the further into the future that assumptions are made, the more uncertain they become. There will undoubtedly be movements in some of the assumptions which will be revised in future Financial Strategy reports. The main assumptions are highlighted in Appendix 1.

Bridging The Funding Gap

Effectively there are only two ways to bridge the funding gap of c£64.4m:

1. Increase income
2. Reduce expenditure

In reality, the Council will have to do both. There are four main variables when looking to bridge the funding gap:

Council Tax	The Council receives around 18% of its income from Council Tax. In the 2023/24 budget, the Council expects to receive £78.5m in Council Tax. Further information on Council Tax is set out later in this document. Falkirk has traditionally had one of the lowest council tax rates in mainland Scotland. However, the Council has provided many services at a level higher than the national average. These two approaches do not align, leading to some of the financial pressures the Council is facing.
Service Savings	Service savings can come from several approaches: • Efficiencies • Service delivery changes • Transformation (the Council of the Future workstream) The Council has been managing funding gaps for over ten years, and as a result, many of the easier efficiency savings have been taken. This means that the decisions that the Council may be asked to take are likely to be more challenging with a larger impact for service users.
Other Fees & Charges	The Council receives around 3% of its gross income from fees and charges which are set as part of the budget process. Some of these are statutory fees where the rates are determined nationally, and others are locally determined fees. These fees cover services such as planning applications, burial and cremation services, and visits to local amenities like leisure centres. Whilst the Council has tried to keep such charges relatively low, this then impacts on the resources available to invest in the services themselves. A phased review of income is underway and the output from this will feed into the budget setting process.
Service Concessions	Service concessions don't address the underlying structural deficit, but they help the Council to buy time and manage the position over the five-year period. Service concessions therefore remain an essential tool in balancing the Council budget over the next five years. However, the Council must continue to work toward reducing the reliance on service concessions for revenue budget purposes, thereby allowing future consideration of service concessions for longer-term investment. Undoubtedly there will be significant reliance on service concessions, but the aim is to do this in a planned and measured way to achieve breakeven by year five of the Financial Strategy. Balancing the budget through recurring savings and income, will mean that service concessions can be used in a positive way through investment to support the delivery of Council Plan priorities.

Council Tax Strategy

Council Tax income accounts for approximately 18% of the Council's funding. It is therefore an extremely important consideration for the Financial Strategy and the budget setting process.

Previous reports to Members have highlighted that Falkirk has traditionally had a lower level of Council Tax than the Scottish average for a long time. The cumulative impact of this is that Falkirk Council has collected significantly less income from Council Tax than the Scottish average and importantly has therefore had less to spend on vital Council services. However, at the same time, Falkirk Council has delivered some services at a level above the Scottish average or statutory requirements. This has contributed to the level of funding gaps that the Council faces, and the reliance on non-recurring funding. This approach is not sustainable.

The Financial Strategy report in September 2022 proposed an approach to Council Tax where the Council would incrementally increase Council Tax to be in line with the Scottish average. Members noted the approach but did not agree it. However, in March 2023, Council agreed to increase Council Tax by 7% as part of the budget setting process. The average rise in the rest of mainland Scotland was 5.25%, with the highest increase set in Orkney at 10%.

	Falkirk Band D £	Scottish Average Band D £	Difference £	Falkirk Rank in Mainland Scotland
2022/23	£1,275	£1,347	£72	5th lowest (8th incl. Islands)
2023/24	£1,364	£1,419	£55	6th lowest (9th incl. Islands)

If Council Tax did not change in other mainland Scotland council areas, Falkirk Council would have to increase Council Tax by 5.65% to reach the national mainland average.

If other local authority areas apply the same average increase as 2023/24, the Band D average would be £1,495 and Falkirk Council would have to increase Council Tax by 9.62% to reach this.

As part of the financial strategy, the impact of an increase in Council Tax of 5%, 7% and 9% has been considered. A summary of this for 2024/25 is shown below:

Council Tax Band	5% Increase	7% Increase	9% Increase
A	£45.46	£63.64	£81.83
B	£53.04	£74.25	£95.47
C	£60.61	£84.86	£109.11
D	£68.19	£95.47	£122.74
E	£89.60	£125.43	£161.27
F	£110.81	£155.13	£199.46
G	£133.54	£186.96	£240.37
H	£167.07	£233.90	£300.72
Overall Yield	£4.332m	£5.882m	£7.382m
Rank if other LAs increased by 5.25%	5th lowest (8th incl. Islands)	6th lowest (9th incl. Islands)	13th lowest (16th incl. Islands)

Impact of Council Tax Rises

As at the end of July 2023, around 17% of households are eligible for some form of Council Tax Reduction (CTR).

Council Tax Band	Pension Age			Grand Total			Grand Total
	One Adult	More than one adult	Total	One Adult	More than one adult	Total	
A	480	1,885	2,365	1,046	4,139	5,185	7,550
B	446	831	1,277	1,045	1,583	2,628	3,905
C	99	188	287	209	368	577	864
D	60	153	213	117	173	290	503
E	52	66	118	75	62	137	255
F	25	17	42	31	29	60	102
G	9	3	12	18	8	26	38
H		1	1				1
Grand Total	1,171	3,144	4,315	2,541	6,362	8,903	13,218

When the Council Tax charge is increased, that means that more people become eligible for CTR. 400 more households receive CTR at the end of July 2023, than did in July 2022.

A full Equality and Poverty Impact Assessment (EPIA) was carried out during last financial year, and it estimated that 264 households would be brought into scope of CTR if a 4% Council Tax rise was applied. This is consistent with the growth of 400 households in receipt of CTR when a 7% rise was introduced, and this suggests that CTR eligibility will increase by c60 households for every 1% of increase applied.

The publicity around the 2023/24 increase was used to promote both the availability of CTR but also wider support and this approach will be repeated annually to support low-income households. As a direct result of survey responses suggesting lower awareness in young adult households (under 26), and ethnic minorities, a targeted approach was applied to these groups.

Despite the increase in Council Tax charges, the fact that £150 Scottish Government Cost of Living payment was not applied (as it had been in 2022/23), and the wider economic situation, collection rates for 2023/24 remain on par with pre-Covid-19 levels but that may hide situations where households are prioritising Council Tax over other living costs.

Scottish Government Consultation on Council Tax

The Scottish Government has undertaken a consultation on Council Tax changes. The consultation closed on 20 September 2023 and the proposals in that consultation document have not been included in the projections within this report at this stage.

The proposal under consultation would see those houses in bands E to H paying a higher level of Council Tax than is currently the case. The aim of this is to try and make Council Tax more progressive, i.e., taking a higher percentage of tax from people who have higher incomes. A copy of the consultation document can be found here.

Members will be kept updated on this area through future financial reports.

Service Savings

The funding gap is projected to be c£64.4m. To date, Services have identified c£34m of savings which could be delivered over the next five years. Many of these will be subject to Members approval. If Members approve all the savings options, a gap of £30.7m will remain. This gap will have to be met through a combination of additional income (council tax and fees and charges) and further service savings.

	2024/25 £'m	2025/26 £'m	2026/27 £'m	2027/28 £'m	2028/29 £'m	Total £m
Funding Gap	34.0	8.2	7.8	7.9	6.5	64.4
Savings Identified to Date:						
Childrens	(8.0)	(7.1)	(2.8)	(0.5)	-	(18.4)
Place	(3.4)	(4.0)	(3.0)	(1.0)	-	(11.4)
TCC	(1.7)	(1.1)	(1.1)	-	-	(3.9)
Total Savings	(13.1)	(12.2)	(6.9)	(1.5)	-	(33.7)
Gap	20.9	(4.0)	0.9	6.4	6.5	30.7

As noted above, the gap in 2024/25 is high due to the high level of non-recurring funds used in the past. Service concessions, if used effectively, can help to smooth out the gap profile so that bridging the gap can be done in a more managed and planned way.

Services have been asked to identify opportunities for savings wherever possible. These opportunities can be identified through a variety of means, including:

- Rebasing of budgets to take into account current underspends.
- Benchmarking of service delivery against other local authorities.
- Service review exercises which could include the use of the zero based budgeting methodology where appropriate (as set out in the December 2022 budget report).

However, Members should be clear that these exercises will result in the same or similar proposals being developed that Services are already bringing forward. The types of savings being developed are shown in the table below:

Saving Type	Definition
Operational	These are savings which are expected to have no significant direct impact on front facing services from the perspective of service users. Savings from the recruitment freeze for example are likely to fall into this category. These savings do not require Member approval.
Savings for Approval	Savings that require approval will usually have some kind of impact on service users. This could be through the redesign, reduction, or cessation of a service. Members therefore must approve this type of savings.
Transformational	Falkirk Council has been operating the Council of the Future transformation and improvement programme for several years. This programme is designed to support the delivery of significant changes in how services are provided and to generate significant financial benefits for the Council. Importantly Council of the Future projects should help to support delivery of the Council priorities. Such savings will usually require Member approval.

Council of the Future (COTF)

Transformation and Improvement is one of the core enablers in the Council Plan and this is supported by the Council of the Future programme.

As an enabler in the Council Plan, the strategic performance of the programme is reported to Scrutiny, as part of the Council's Performance Management Framework.

In terms of programme management, there are currently eight transformation projects ongoing across the Council which are managed through the COTF governance arrangements.

- Children's Services' Service Redesign and Infrastructure
- Review/Redesign Sport & Leisure Provision
- Strategic Property Review (SPR)
- Transformation of Roads, Grounds Maintenance and Street Cleansing
- Waste Phase 2
- Support for you (feasibility review ongoing)
- Digital, Technology and Infrastructure
- Ward-Based Budgeting

Change Fund

Council also approved a £1m Change Fund as part of the 2023/24 budget setting process. The Change Fund supports the COTF programme and the delivery of projects to enable ongoing change across the Council and deliver on budget savings. The approval process for awarding and tracking any investment from the Change Fund is part of the COTF governance framework.

Savings Targets

To manage the funding gap, a system of setting targets for services has been used. The funding gap of £64.4m represents around 15% of the Council's current annual budget. Setting targets can be difficult because the ability of some services to make changes can be challenging compared to others. Nonetheless, targets have been set for all Council services.

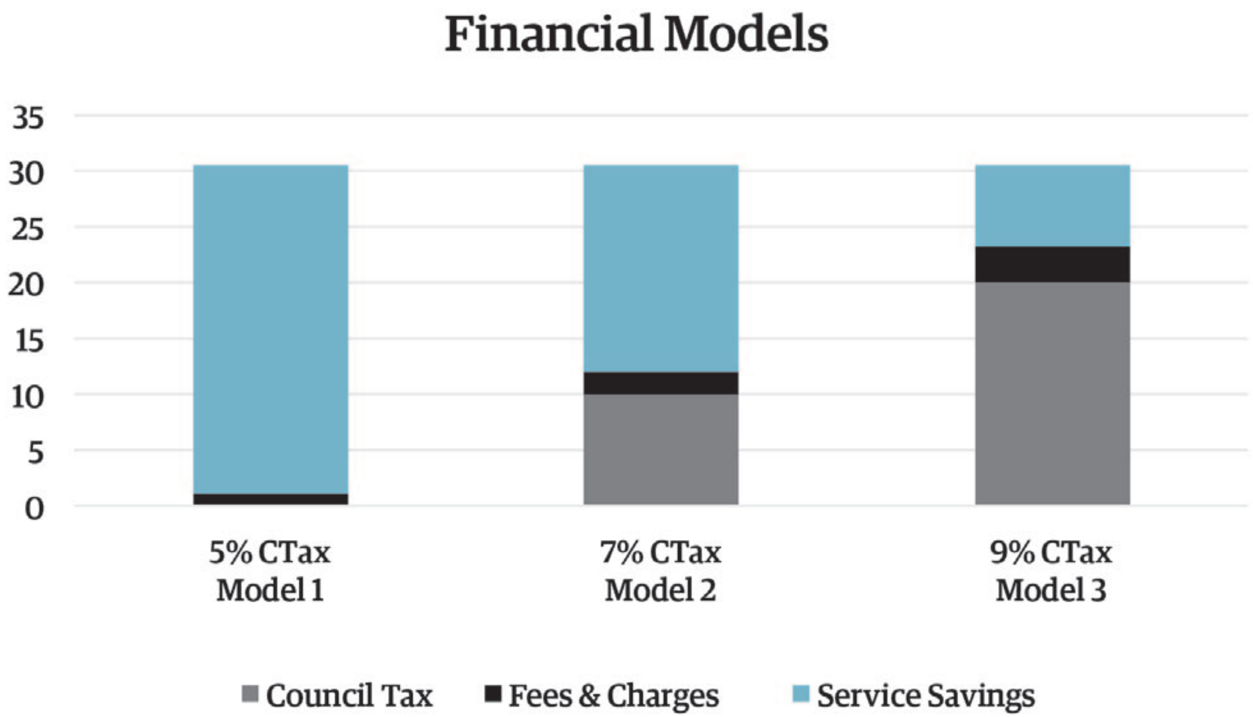
In recent years, support services, i.e., those that don't provide front line services directly, have been significantly reduced. It is evident that there is limited scope to reduce these areas further without a negative impact on service delivery.

Childrens Services, the largest service within the Council, has until recently, been relatively protected from significant budget reductions. However, £3.7m was removed from the budget in 2023/24. Given the scale of expenditure in Childrens Services (2023/24 budget is £262m, c57% of the Councils total budget), it is not possible to get to a financially sustainable position without significant budget reductions in this service. A challenging target has therefore been set for Childrens Services and the ability to achieve this target will be highly dependent on Scottish Government decisions in this period, particularly around teaching numbers.

It is important to note that targets may be amended to reflect future work (for example outputs from the Target Operating Model work).

Council Tax and the Impact on Service Savings

There are numerous ways to model how the gap of £30.7m could be bridged. A decision in one area will have a direct impact on another, for example, more Council Tax will mean less service savings and vice versa. This is illustrated in the chart below:



The chart shows that a 5% Council Tax, and £1m increase in fees and charges, will mean c£30m more service savings have to be identified and approved. If Council Tax was increased by 7% per annum, and fees and charges increased by £2m, service savings of c£19m would have to be identified and approved. If Council Tax was increased by 9% per annum, and fees and charges increased by £3m, service savings of c£8m would have to be identified and approved. Fundamentally, a decision to increase Council Tax and fees and charges would reduce the amount of service savings required and vice versa.

The allocation of targets, based on varying levels of Council Tax increase, is shown in the table overleaf:

A. Savings Targets based on Funding Gap with 5% Council Tax Increase per annum = £64.4m

	2024/25 £'m	2025/26 £'m	2026/27 £'m	2027/28 £'m	2028/29 £'m	Total £m		Savings to Date £'m	Difference £'m
Targets:									
Childrens	8.1	7.2	7.4	8.8	8.5	**40.0**		18.4	21.6
Place	4.0	4.4	3.3	1.8	1.9	**15.4**		11.5	3.9
TCC	0.8	1.6	2.4	2.0	2.2	**9.0**		3.9	5.1
	12.9	**13.2**	**13.1**	**12.6**	**12.6**	**64.4**		**33.8**	**30.6**

B. Savings Targets based on Funding Gap with 7% Council Tax Increase per annum = £54.4m

	2024/25 £'m	2025/26 £'m	2026/27 £'m	2027/28 £'m	2028/29 £'m	Total £m		Savings to Date £'m	Difference £'m
Targets:									
Childrens	6.8	6.1	6.2	7.5	7.2	**33.8**		18.4	15.4
Place	3.4	3.7	2.8	1.5	1.6	**13.0**		11.5	1.5
TCC	0.7	1.4	2.0	1.7	1.8	**7.6**		3.9	3.7
	10.9	**11.2**	**11.0**	**10.7**	**10.6**	**54.4**		**33.8**	**20.6**

C. Savings Targets based on Funding Gap with 9% Council Tax Increase per annum = £44.4m

	2024/25 £'m	2025/26 £'m	2026/27 £'m	2027/28 £'m	2028/29 £'m	Total £m		Savings to Date £'m	Difference £'m
Targets:									
Childrens	5.4	4.8	5.0	5.9	5.7	**26.8**		18.4	8.4
Place	2.9	3.3	2.5	1.3	1.5	**11.5**		11.5	-
TCC	0.6	1.1	1.6	1.3	1.5	**6.1**		3.9	2.2
	8.9	**9.2**	**9.1**	**8.5**	**8.7**	**44.4**		**33.8**	**10.6**

Other Fees & Charges

The Council receives around £19m from fees and charges. Some of the fees and charges are set on a statutory basis where the Council has no ability to amend the fees. However, most fees and charges are approved by the Council as part of the budget setting process.

An income review of fees and charges has started for 2024/25 and beyond. The aim of the review is to maximise the potential income to the Council. This review does not include income linked to work being undertaken as part of the Strategic Property Review activity.

The review has initially focussed on the top ten income streams for each service area. The aim is to take each income stream and consider:

- Total income received in 2022/23
- Projected income for 2023/24 based on revised charges
- Volume of transactions
- Benchmarking of charges with other Councils
- The range of options for charges for 2024/25
- The impact that these options would have on the funding gap

The potential to increase income will come from rebasing budgets, increasing existing charges and new charges. In terms of rebasing, the August Projection report noted a number of areas where projected income is exceeding budget, including garden refuse charges, bereavement services and street cleansing. This additional income will be factored into the base budget going forward.

The most significant budgeted income streams currently received from non-statutory fees and charges is detailed at Appendix 2. Proposals for increasing charges will be based on a number of factors including benchmarking and customer demand. For illustrative purposes the potential additional income from increases of between 5% and 9% is £0.7m-£1.3m.

In addition, Services are being asked to consider opportunities for new charges where none are currently in place.

Service Concessions

The Council has received reports and briefings on the use of Service Concession Arrangements (SCAs) over the last two years, with a report on 23 February 2023 containing much of the technical information associated with these transactions.

Background

The service concession flexibility is connected to PFI/PPP contracts. Under existing regulations, local authorities, account for these assets and the associated debt repayments over the life of the contracts – typically 25 years. The flexibility on offer allows local authorities to stretch out the repayments going through the accounts to reflect the life of the assets – typically 40 to 50 years. The impact of this is that, in accounting terms, the annual charge to the Council is reduced as the same charge is effectively spread over a longer period of time.

The Council has previously recognised that whilst the option to use service concessions is welcome, a cautious approach is required. The benefits must be applied prudently otherwise there is a danger of a financial cliff edge in future years.

Service concessions provide an opportunity to buy some time for the Council during which time the Council needs to refocus and redesign services. The services delivered must be affordable on an annual basis through available funding, not through technical accounting adjustments such as service concessions. The preferred approach would be to meet the revenue budget gap through recurring savings and retain as much of the service concessions as possible, to use for capital investment. However, the Council must be on a more stable financial footing before a decision to use service concessions for investment, as opposed to revenue budget support, could be taken.

The Council approved the application of the revised guidance for service concession arrangements on 1 March 2023 and 28 June 2023. These approvals resulted in a retrospective benefit to the Council of c£71m. On 1 March 2023, Council agreed to apply £15.3m of service concessions to help balance the Council's revenue budget for 2023/24.

Current Position

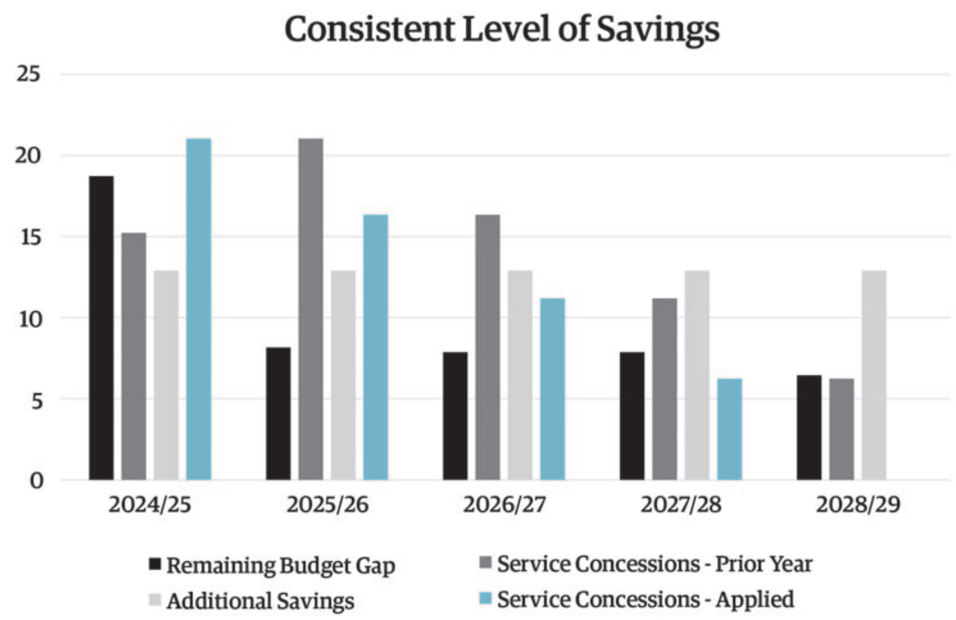
The financial projection report for 2023/24 presented to Executive on 22 August 2023 anticipated that not all £15.3m of service concessions will be required for 2023/24, with a current estimate of £10.7m required. A revised summary of the service concession reserve is shown in the table below:

Service Concessions	£'m
Retrospective Adjustment	70.955
SCAs available in 2023/24	5.549
SCAs due in future years	7.175
Total SCAs available	**83.679**
SCAs applied in 2023/24	(10.755)
SCAs Balance	**72.924**

Impact of Savings v Service Concessions

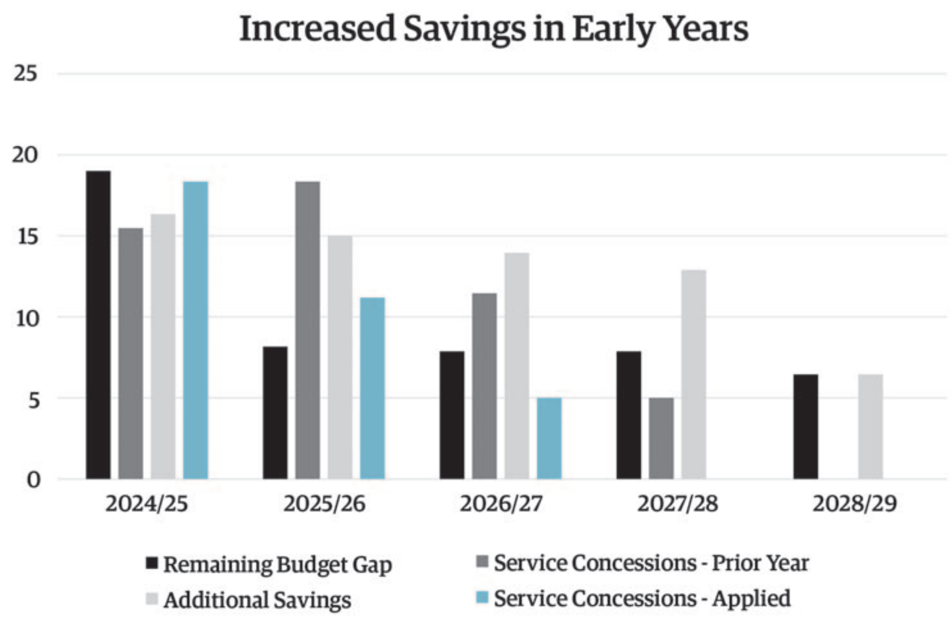
There are numerous ways to model how service concessions could be used. The level of savings identified, and the timing of those savings, has a direct impact on the amount of service concessions available for investment. It must be emphasised that the ideal scenario is for substantial recurring savings to be identified as early as possible in the five-year period, so that more service concessions are available for investment.

Model 1 – Consistent Level of Savings



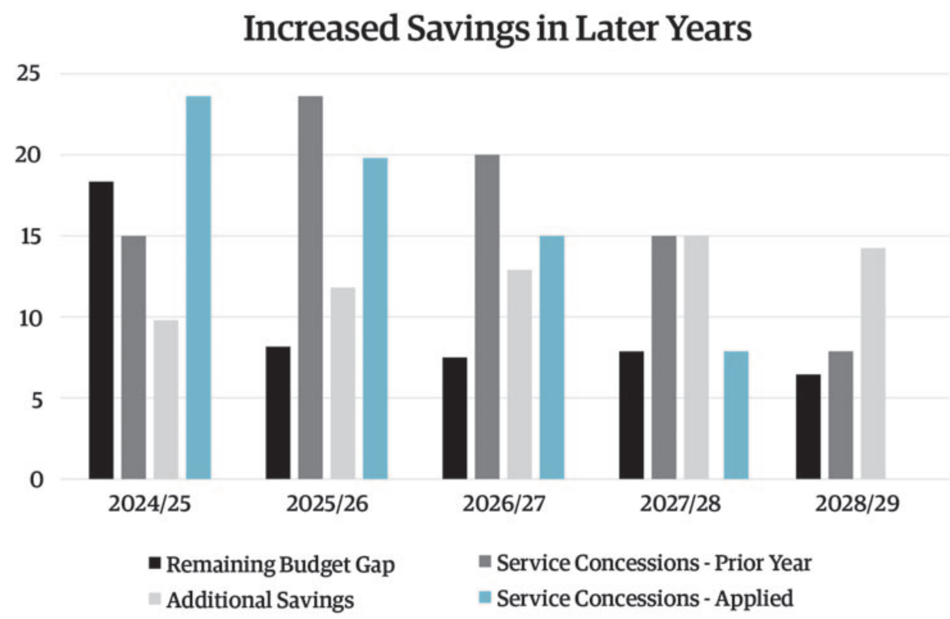
Section 5 of this report included a model that assumed a consistent level of savings each year. This is shown in the chart above. Based on current estimates of the funding gap (with 5% Council Tax rise per annum), £65.8m service concessions would be needed (including 2023/24), leaving c£18m available for future investment.

Model 2 – Increased Savings in Earlier Years



This model assumes that savings of £16m, £15m, £14m, £12.9m and £6.5m are identified across the period. Based on current estimates of the funding gap (with 5% Council Tax rise per annum), £44.9m service concessions would be needed (including 2023/24), leaving c£39m available for future investment.

Model 3 – Increased Savings in Later Years



This model assumes that savings of £10m, £12m, £13m, £15m and £14.4m are identified across the period. Based on current estimates of the funding gap (with 5% Council Tax rise per annum), £77.8m service concessions would be needed (including 2023/24), leaving c£5.9m available for future investment.

Target Operating Model

Members have agreed to consider implementing a Target Operating Model (TOM) approach to Council planning. The aim of such an approach is to develop a view of what the Council could and should look like in the medium to long term. Once this view is understood and approved, it can be used underpin planning and resource allocation that will support delivery of the changes required.

TOM Principles

The budget report approved by Members in March 2023 noted that as part of the development of the TOM, a set of principles would be produced that could be applied by Services as they work through what changes need to be made, particularly in relation to savings delivery. The set of principles is effectively phase one of the TOM project and if approved by Members these principles will be adopted by Services. As noted in the budget report, these principles should provide reassurance to Members that all of the appropriate options and approaches have been considered when proposals are being developed.

A working group of Chief Officers was established to develop the draft principles. The draft principles have also been considered by the Senior Leadership Group (the full Chief Officer group) on several occasions. The 11 principles are presented for Members consideration and approval. It is recommended that if approved, these principles will be referenced in future reports to committee where appropriate.

Budget Setting and the TOM

Officers will use the TOM principles to develop, assess and deliver any service changes and the associated savings. All savings recommendations put forward will align with the TOM, minimise discretionary spend and allow the Council, as a smaller organisation, to focus on achieving the priorities set out in the Council Plan.

Next Steps for TOM

A full TOM approach is complex and resource intensive. The TOM working group is considering what a second phase of the TOM development process could look like for the Council and will assess the resource requirements alongside the potential benefits. This process is likely to take some time and is unlikely to produce any output before the February/March 2024 budget meeting. Progress updates will be presented to Members as part of the Financial Strategy update papers.

SERVICE DELIVERY	MODERN WORKFORCE	DIGITAL & DATA	COMMUNITY ASSETS
Principle 1:	Principle 4:	Principle 7:	Principle 10:
We are a smaller, more focused, and efficient organisation. To achieve our savings targets our number of FTE staff will reduce significantly. The slimmed-down Council will be focussed on the priorities set out in our Council Plan, with an emphasis on targeting resources to statutory services and areas of greatest need.	**We only deliver services directly where that offers best value.** Where possible and for all services, we consider alternative delivery models such as commissioning and shared services.	**Digital self-service is the default means of accessing council services.** We aim for seamless end-to-end self-service with more transactions capable of being successfully completed in a single visit. We offer digital advice and support to those who need it.	**We significantly reduce our number of buildings, only retaining those that are core to our business.** Our asset portfolio will be cost efficient, consist of better-quality buildings, and minimise climate change implications.
Principle 2:	Principle 5:	Principle 8:	Principle 11:
There is greater emphasis on partnership working. Communities are empowered to be less dependent on services that we have traditionally provided. We signpost to partners, encourage community self-sufficiency, and work with partners to provide joined-up services that are customer focused.	**Our workforce is flexible, adaptable, and focussed on front-line delivery.** Our workforce will be empowered to respond to customer needs using the right tools and technology. Repetitive and low value tasks will be automated and reduced.	**Digital transformation makes our services accessible, responsive, and efficient.** We will take full advantage of digital technology to improve and transform our services.	**We make best use of all community assets, maximising sharing with partners.** We focus on our localities and develop our service offerings based on place-based strengths and needs. We maximise opportunities for sharing assets with partners. Communities own and operate their own local assets.
Principle 3:	Principle 6:	Principle 9:	
We focus on prevention and early intervention. Using Scottish Service Design principles, we aim to reduce costs while improving outcomes for individuals and families by reducing demand for services.	**Our staff have the right skills to focus on our priorities.** Staff will be given the opportunity to reskill and retrain. We make use of flexible working arrangements, accessing diverse pools of skills and capabilities.	**We use data to better plan, manage and design services.** We will improve our use of data, analytics, and insights to better respond to customer needs and focus resources on our priorities.	

Health & Social Care Partnership

Relationship

The Falkirk Health and Social Care Partnership (the Partnership) is one of the most important partners that the Council works with. The Partnership delivers health and social care and support for adults and older people with, for example, mental health problems, long term physical conditions and substance misuse problems. Services are delivered by the HSCP workforce, and through the Third and Independent sector partners. The Partnership aims to enable people in Falkirk to live full and positive lives within supportive and inclusive communities.

Funding Arrangements

The Partnership is run by the Integration Joint Board (IJB) and the IJB is primarily funded through contributions from Falkirk Council and NHS Forth Valley. The Board has responsibility for planning, resourcing, and operating services in line with the Strategic Plan (external site). It then directs NHS Forth Valley and Falkirk Council to work together in partnership to deliver health and social care services based on their decisions, making best use of available resources. The Partnership is responsible for the operational management of a number of the adult health and social care services that are commissioned.

The Scottish Government has to date put some parameters around the level of funding that the Council must pass to the IJB. In recent years this has tended to be based on previous year spend being retained at existing levels plus any additional ring-fenced funding being passed through to the IJB in full. The Council therefore has limited ability to reduce the funding to the IJB but could increase funding if deemed appropriate and affordable.

Whilst there has been no reduction in funding to the IJB in recent years, there has been growing demand pressures on the health and social care sector, provider sustainability concerns and significant inflationary pressures from the current financial crisis. However, it is for the IJB to make decisions on how to balance the Partnership budget, not the Council or Health Board.

IJB Business Case

Each year the IJB prepares a business case which is presented to the Council and the Health Board around November. The business case sets out critical information on the year ahead for the Partnership, highlighting for example pressures, planned activity and financial information. The business case is formally presented to Council so that Members can consider it as part of their budget setting process.

2023/24 Budget

In March 2023, the Council approved a payment of £91.4m to the IJB, of which £89.9m was from the General Fund, £1.2m from the Housing Revenue Account and £0.3m was capital monies ringfenced for private sector housing grants. Given the previous guidance from the Scottish Government on funding packages to the IJB, it is anticipated therefore that at least £89.9m will be provided to the IJB in 2024/25. However, in reality it is likely that additional funding will be provided by the Scottish Government and passed through to the IJB.

Pay Award Funding

In November 2022, the Deputy First Minister and Cabinet Secretary for Covid Recovery issued a letter to local authorities which permitted some flexibility in the allocation of resources. As a result of this correspondence, the Council decided that pay award funding for 2022/23 would not be passed to the IJB in either 2022/23 or 2023/24 (£1.2m each year). The rationale for this decision was based on an assessment of need, the Council's reliance on non-recurring funding and the IJB's relatively positive financial position. In both years, the IJB has been able to absorb the deficit. However, the IJB has flagged concerns that this approach is not sustainable and has a clear ask that the pay award funding for 2022/23 is reinstated for the 2024/25 budget.

The figures presented earlier in this report assume that the pay award funding for 2022/23 is reinstated in 2024/25. This increases the funding gap for 2024/25 for the Council by £1.2m. During the budget setting period, including consideration of the IJB Business Case, Members may decide to continue to reinstate this funding, or defer reinstatement till later years, based on an assessment of need. It will be important that the implications of any decision are fully understood and communicated to Members as part of their budget decisions.

Oakbank

It is important that the Council and the IJB have a positive relationship which works collectively to deliver the Falkirk Plan. An example of how the Council and IJB have worked successfully together in 2023 is the new build housing development at Oakbank. The Council Housing Service has embarked on a new build development of 28 additional homes, including 21 amenity flats and 7 wheelchair bungalows. The objective is to allocate these properties to older tenants with ambulant disabled housing needs and wheelchair users. Such specialist housing costs more to build than standard housing units. However, it was recognised that this kind of development can provide significant social value to the community by enabling people to live independently for longer and in homes that meet their needs. Recognising the benefits that the development will bring, alongside the increased costs, the IJB agreed to allocate £1m of their housing related reserve to this project.

Looking Ahead

It can be challenging to balance the priorities and financial pressures across the Council and the IJB. Recent Audit Scotland reviews have stressed the need for collaborative working and service redesign across the public sector and the Council and the IJB are working to identify opportunities to collaborate in a way that will help both organisations to deliver on their plans and priorities within available resources. This includes consideration of how adult and children's social work services can work closer together, a review of the built estate with the aim of ensuring that the Partnership has appropriate facilities to deliver a high standard of care, and a collaborative approach to the review of sports and leisure services across the area. It is important that the Council and the Partnership consider their built estate requirements together, identifying opportunities to co-locate and provide services in a more efficient way, and a more convenient way for service users.

Budget Communications

It is important that the Council communicates effectively with its communities. That communication can have varying purposes, including:

- To promote a shared understanding of the challenges being faced by the Council
- To inform communities on how the Council operates and how they can be involved
- To gather the views of communities to contribute to service delivery changes and inform decision making
- To gather information on the impact of service changes, particularly from an equalities perspective

It is essential however that communication is relevant and has a clear and defined purpose. Some budget proposals, for example further significant raises to Council Tax and service reductions or cessations, are likely to be unpopular. However, it is inconceivable that the Council can move to a financially sustainable position without such proposals, given the scale of the financial challenge.

Consultation and communication activities have tended to be more successful where a single issue or connected range of issues is presented for consideration. Previous budget consultations, asking for views on much more broad and general issues, have tended to be less successful.

The Council's Communications and Marketing Team and the Communities Team have been working with Finance to develop a refreshed approach to budget related communications. The objective of this work is to effectively communicate the Council's budget planning process, initiatives, and spending decisions, while fostering understanding, engagement and support. To do this, the Council needs to:

- Increase understanding of the key documents that will shape decision making
- Consult and engage with the community on budget related issues at the right time, using the right tools and methods
- Clearly communicate the budget process and outcomes

There are four key areas of activity planned:

Council Plan and Financial Strategy	The content of these documents, and the outcome of their consideration by Council will be communicated internally and externally.
In Year Service and Policy Decisions	In 2022/23, Services took service delivery and policy changes to committee for decision throughout the year. This had several benefits. Previously many decisions were often taken as part of the budget setting process, meaning that there was limited scope for debate and discussion. The revised approach ensured that proposals were considered thoroughly, with Members having more time to question and debate before making their decision. It is therefore intended that this approach will continue. To support this, guidance has been prepared for Services, setting out the essential steps that must be considered as part of the process, including: • Data gathering • Consultation requirements • Equality impact • Communication requirements Services will be supported by the Communities Team, Communications and Marketing Team, Finance and Equalities Team. In addition, support can be requested from the Programme Management Office, Digital and Innovation Teams and Corporate Risk Co-ordinator as required.
Budget Setting Meeting	In 2022/23, information was presented as part of the consultation exercise, to explain how the Council's finances operate and the financial challenges facing the Council. Whilst this was a positive step, it was recognised that the presentation of information could be improved. Further activity is therefore planned, focussing on: • What the Council does • How the Council is funded • The role of Council Tax and how it is spent
Outcomes	The outcomes of the budget setting meeting will be clearly communicated, including areas of investment and the benefit of that investment. Whilst the Council is facing a huge financial challenge, it continues to invest £455m in service delivery.

Success Measures

The Council Plan includes a series of success measures for each of the Council's priorities and enabler projects. Financial sustainability is an enabler project, and this Strategy therefore includes a set of success measures. There are two broad sets of success measures:

Strategic	This is a set of measures that are designed to measure the financial health of the organisation, not only in the short term but also in the medium and longer term.
Operational	These are measures that look at how efficiently and effectively the Council is managing the service delivery and budgets for specific operational services. The measures have been selected from the Local Government Benchmark Framework (LGBF) which allows comparison with other local authorities and the Scottish average. This type of measure can be used to identify areas for review/efficiency savings.

Financial Sustainability - Operational Measures	Baseline on which Target is set	Proposed Target
Cost per attendance of sport and leisure facilities (LGBF)	£7.92	£6.81
Cost of parks and open spaces per 1,000 of the population (LGBF)	£15,202	£15,175
Cost per library visit (LGBF)	£8.08	£6.29
Net cost of waste collection per premise (LGBF)	£63.44	£63.40
Net cost per waste disposal per premises (LGBF)	£64.46	£64.40
Net cost of street cleansing per 1000 population (LGBF)	£13,797	£13,007
Road cost per kilometre (LGBF)	£9,951	£9,900
Support services as a % of total gross expenditure (LGBF)	3.3%	3.50%
The cost per dwelling of collecting Council Tax (LGBF)	£4.45	£4.50
Cost of Planning & Buildings Standards per planning application (LGBF)	£5,302	£4,956
Cost of Trading Standards & Environmental Health per 1000 population (LGBF)	£19,517	£19,495

Financial Sustainability - Strategic Measures	Baseline on which Target is set	Proposed Target
Bridging the budget gap – at least 90% of savings identified over the period of the financial strategy	New measure	90%
Reducing reliance on non-recurring reserves to balance the budget gap over the period of the financial strategy	0.41%	0.5%
Healthy and efficient use of reserves – maintain reserves within the range of the general fund reserves policy	4.18%	2% (minimum)
Percentage of savings delivered in year	70%	95%
Percentage of income due from Council Tax received by the end of the year (LGBF)	96.5%	96.6%
Gross Rent arrears (all tenants) as at 31 march each year as a percentage of rent due for the reporting year (LGBF)	11.2%	10.2%
Ratio of general fund income that is used to fund borrowing costs from capital investment (LGBF)	2.1%	4.1%*
Ratio of housing income that is used to fund borrowing costs from capital investment (LGBF)	19.8%	34.8%*

* These figures are not targets as such, but the budgets as currently approved by Members as part of the General Fund and Housing Investment Programmes.

Risk

Risk Strategy

The development, reporting and monitoring of the Financial Strategy is an important part of managing the Council's financial sustainability risk, as it aims to identify financial challenges at an early stage, sets out the targets that the Council must work towards and provides a foundation for all decisions with a financial impact. The Strategy helps to ensure a shared understanding of the position, encouraging the Council officers, Members and communities to work together to tackle the issues.

The key risks and mitigating actions relating to the achievement of financial sustainability have been incorporated throughout the Financial Strategy, for example:

- Key Risks are set out within the Economic Review and Funding Gap sections;
- Key Mitigation Actions are set out in the Bridging the Gap section; and
- Success Measures will give an indication of how well the risks are being managed.

Risk management is also an integral part of the Council's decision-making, including:

- consideration of risks in Committee Papers, including an assessment of the impact of approving or not approving budget savings and transformation options;
- scrutiny of Corporate Risks by the Executive, and scrutiny of risk management, internal control, and governance arrangements by the Audit Committee; and
- Elected Members have received training and guidance to help them scrutinise risks effectively, and there is ongoing risk management support as needed.

Corporate Risk Register

The Council maintains a Corporate Risk Register (CRR) which sets out the risks associated with delivery of the Council Plan priorities. Following consideration of the Council Plan in September 2023, officers will review the CRR to ensure it accurately reflects the refreshed Council Plan.

There are two main corporate risks that link to this Financial Strategy. Details of these risks are shown in the table below:

Risk	Description	Current Assessment of Risk Level	Target Risk Level
Financial Sustainability	The Council's Financial Strategy and Budget Reports set out the need to deliver annually recurring budget savings to continue to meet statutory duties and provide sustainable services. There is a risk that if recurrent savings are not found then the Council will have insufficient funding to deliver Services, and so will be unable to deliver on the commitments made in the Council Plan. In addition, there is a risk that delays in identifying savings increase the budget gaps, reduce reserves, and increase the potential severity of service reductions in future years.	High	Medium
Transformation & Delivery of the Council of the Future Programme	The Council's Council of the Future Programme aims to deliver transformational services. There is a risk that the Council does not deliver on its Council of the Future Change Programme objectives because of a lack of political buy-in and approval for projects. The risk includes failure to recognise, and act upon, the need for transformational change, continuous improvement, and financial benefits/or failure to plan for, and implement, appropriate change/financial benefits. This risk also includes potential missed opportunities and failure to deliver the right services, to the right people, in the right way, and within budget.	High	Medium

Current Risk Ratings and Appetite/Tolerance

The risk of not achieving financial sustainability is currently rated high. This reflects the significant funding gap forecast and the difference between savings required and savings identified. However, the aim is to reduce the risk to medium, recognising that it will be difficult to get to a low risk, in part due to major impact of failing to achieve financial sustainability. This includes being unable to deliver services and the negative impact this would have on the wellbeing of citizens.

The risk of not delivering on the Council of the Future programme is currently rated high with a target rating of medium. The high rating reflects the importance of these significant change projects in helping to achieve financial sustainability. The revised governance arrangements for the programme will help to mitigate this risk.

This means that the Executive are willing to tolerate a high risk on delivery of the Financial Strategy and COTF Transformation in the medium-term in order to achieve the Council's priorities; but the Target Risk (Appetite) is medium risk.

Other Key Corporate Risks

The following high corporate risks may impact on delivery of the Financial Strategy:

- The risks of not delivering on Council's priorities relating to Poverty and Inequalities are both rated as High Risk because of the scale of the challenges. The mitigations include the Fairer Falkirk and Income Maximisation Strategies, and the Equalities Mainstreaming Action Plan;
- The risks of not delivering on Council's priorities relating to Sustainable Growth and Investment Programmes are rated as High / Medium Risk. The mitigations include Programme Risk Registers and governance arrangements;
- The risk associated with the potential National Care Service is rated high because of the many uncertainties around how this might impact on Children's Services and the IJB. Risks will be assessed by work-streams as changes become clearer.

Further Information can be found on the Corporate Risk Management section of the Council's website, including a copy of the Council's Risk Management Policy and most recent Corporate Risk Register.

Appendix I: Income & Expenditure Assumptions

Income:	Assumption Fees and Charges
General Revenue Grant from Scottish Government	The budget gaps assume a 0.8% (£2.6m) reduction in 2024/25 due to a known adjustment for the removal of funding for supported borrowing and flat cash for the next 4 years.
Council Tax	The gap in this report assumes an annual Council Tax increase of 5%.
Other Fees & Charges	The budget gap does not incorporate any increases from existing or new fees and charges. Any proposals that are approved by Members will help to reduce the gap.
Income:	**Assumption**
Pay Awards	A pay increase of 3% has been assumed each year. There is significant risk in this assumption because the pay award for 2023/24 hasn't been agreed yet and the ask from the Trade Unions is significantly higher than 3%. The budget currently assumes that any award beyond 3% will be met through additional funding from the Scottish Government. However, it may be that the Council has to make a further contribution, which would add to the recurring cost pressures.
Energy	Energy inflation reflects the projected contract price increases received from the Scottish Government Procurement Team. For 2024/25 electricity is projected to increase by c13% and gas by c32%.
Other Inflation	Other inflation factors are adjusted in line with the projections from the Bank of England and contractual conditions as appropriate.
Employers Pension Contributions	The volatility of the financial markets has seen an increase in the valuation of most Pension Funds in the UK. Every three years the Pension Fund goes through a detailed actuarial valuation exercise. Following this exercise, the contributions for employers are reviewed and the rates set for the following three years. With such volatile markets, these rates can significantly change between valuations and this can have a significant financial impact for employers. The valuation exercise and contribution review for Falkirk Pension Fund has not yet completed. However, initial indications are that the contribution requirements will reduce from current and previously budgeted levels. The figures included in the funding gap calculation assume that contributions are held at current levels, but not increased over the period. This assumption will be updated when further information is available.
Loan Charges	Loan Charge costs are based on projections of capital investment over the next five years and the borrowing required to fund it, alongside estimates of interest rates. This has been an area of huge volatility since 2022/23 and the changes in interest rates can have a significant impact.

The assumptions in the table have the potential to result in fairly big movements in the financial position due to the large sums involved. Officers of the Council have considered the range of scenarios for each of these assumptions and selected the most probable outcome based on information available at this time.

Appendix II: Fees and Charges

	2023/24 Budget £m	Rebasing £m	Revised Budget £m	5% Increase £m	7% Increase £m	9% Increase £m
Entertainment Shows	0.143	-	0.143	0.007	0.010	0.013
Hall Hires	0.408	-	0.408	0.020	0.029	0.037
Tuition Fees	0.456	-	0.456	0.023	0.032	0.041
School Meals	1.294	-	1.294	0.065	0.091	0.116
Child Care Fees	0.410	-	0.410	0.021	0.029	0.037
On Street Car Parking	0.095	-	0.095	0.005	0.007	0.009
Off Street Car Parking	0.746	-	0.746	0.037	0.052	0.067
Dry Recyclate Income	1.500	-	1.500	0.075	0.105	0.135
Special Uplift	0.130	-	0.130	0.007	0.009	0.012
Swimming Lessons	0.575	-	0.575	0.029	0.040	0.052
Catering	1.493	-	1.493	0.075	0.105	0.134
Electric Vehicle Charging	0.210	-	0.210	0.011	0.015	0.019
Helix Visitor Centre	0.600	-	0.600	0.030	0.042	0.054
Street Cleansing	0.183	0.228	0.411	0.021	0.029	0.037
Trade Waste Collection	0.358	-	0.358	0.018	0.025	0.032
Brown Bins	0.410	0.412	0.822	0.041	0.058	0.074
Crematorium	1.176	0.305	1.481	0.074	0.104	0.133
Burial Grounds	0.673	-	0.673	0.034	0.047	0.061
Sports & Fitness	2.854	-	2.854	0.143	0.200	0.257
TOTAL	**13.714**	**0.945**	**14.659**	**0.736**	**1.029**	**1.320**

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