

Falkirk Council

Unaudited Annual Report and Accounts
2023/24



Falkirk Council

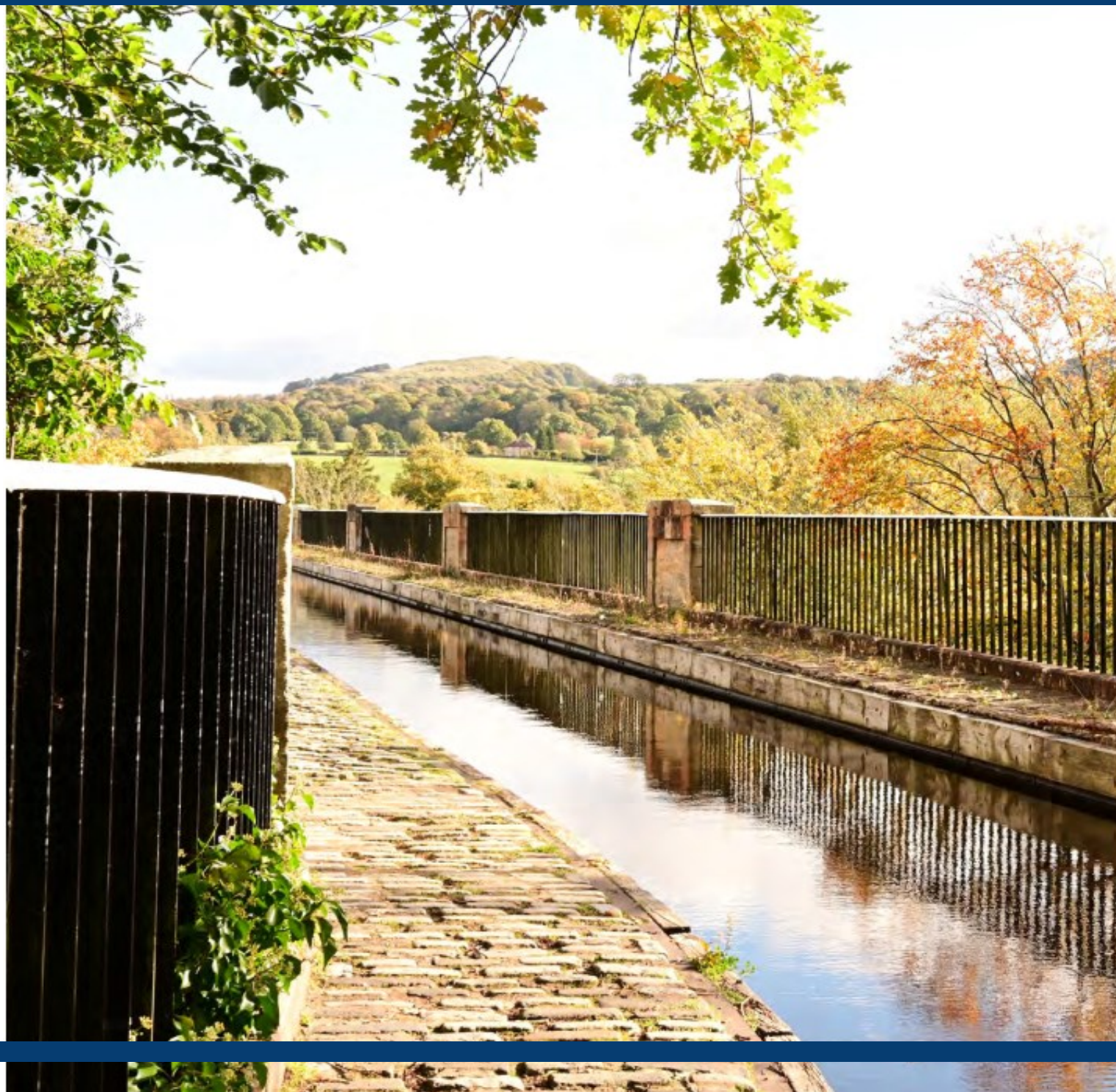


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Management Commentary

Management Commentary

The Management Commentary outlines the key messages about the Council's financial and service performance for 2023/24 and looks ahead to the future challenges and risks which we will face as we strive to meet the needs of the people in the Falkirk area. The Annual Accounts report the financial performance of the Council and its Group, demonstrating the stewardship of public funds used to support delivery of the Council's vision and key priorities. The required format and content of the Annual Accounts are set out in The Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

Our report starts by outlining some key facts about the Falkirk area.

Falkirk Facts

Falkirk Council

Elected Members

30



- ◆ SNP
- ◆ Labour
- ◆ Conservative
- ◆ Independent

Local Government elections were held on 5th May 2022. The Administration consists of 11 SNP Councillors.

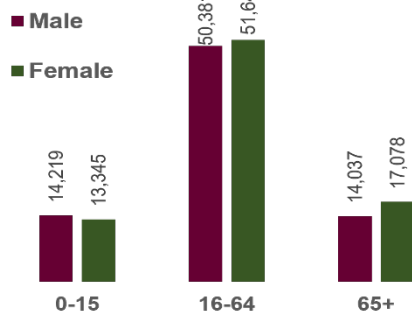
Population

160,700

Male Female



78,637 82,063



Life Expectancy



Falkirk Council Environmental Impact

27,990 est. Tonnes CO₂e in 2023/24 (24% reduction on previous year)

Economic Activity



3,495 Businesses operating across the Falkirk area



73% of Adults in employment



7,000 (13%) of households are workless



25.3% of all children in Falkirk are estimated to be living in poverty



2.8% (Apr 24) Unemployment Claimant Count



16.4% of population within the top 20% most deprived (SIMD20)



95.4% of the 1,766 young people leaving school entered a positive destination, with 93.2% entering higher/further education, training or employment.

Staff

7,960 - Full Time Equivalents

Male Female

1,964 25%
5,996 75%



Full Time 4,429
Part Time 3,531

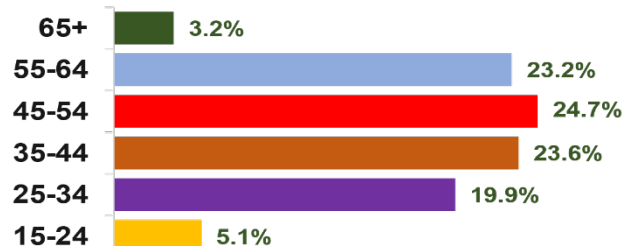


4.2% of staff from an ethnic minority



3.6% of staff with disabilities

Age



Vision and priorities

The Council works in close partnership with a number of other public sector partners, the Third Sector and increasingly with local communities to make Falkirk the best place we can, a place where everyone is supported to achieve their full potential. The Falkirk Plan 2021-2030 was developed by the Falkirk Community Planning Partnership and sets out 23 outcomes within the following 6 themes: working in partnership with communities, poverty, mental health, substance use, gender-based violence and economic recovery and employment. The Falkirk Plan is supported by 3 Year Delivery Plans which detail the actions and anticipated improvements.

The Falkirk Council Plan was approved in September 2023 which provides a strategic framework to deliver on the Falkirk Plan commitments. The vision and priorities within the Council Plan are:

Strong communities where inequalities are reduced and lives improved



Supporting stronger and healthier communities
Communities that are empowered, inclusive, resilient and safe



Promoting opportunities and educational attainment and reducing inequalities
Educational excellence, reduce poverty and inequality, and improve wellbeing



Supporting a thriving economy and green transition
An economy that is competitive, entrepreneurial, inclusive, and sustainable and an environment that we value, enjoy, protect and enhance

The Council Plan is linked to and supported by a range of strategies and plans, including the Falkirk Health and Social Care Partnership Strategic Plan, the Falkirk Council Financial Strategy, Falkirk Economic Strategy, Best Value Strategic Action Plan and the Falkirk Risk Management Assurance Policy and Framework.

How are we doing?

The performance of the Council is reported on the Falkirk Performs section of the Council's website [here](#). This includes information on our statutory performance, important performance indicators and benchmarking to compare performance with other organisations. External scrutiny and audit reports are also used as a means of identifying best practice and securing improvement.

The Council Plan contains a number of success measures and targets, with performance measured against each target to track progress. This is reported to Elected Members every six months at both the mid-year point and the end of the year for scrutiny purposes and performance is reviewed by the Corporate Management Team on a quarterly basis.

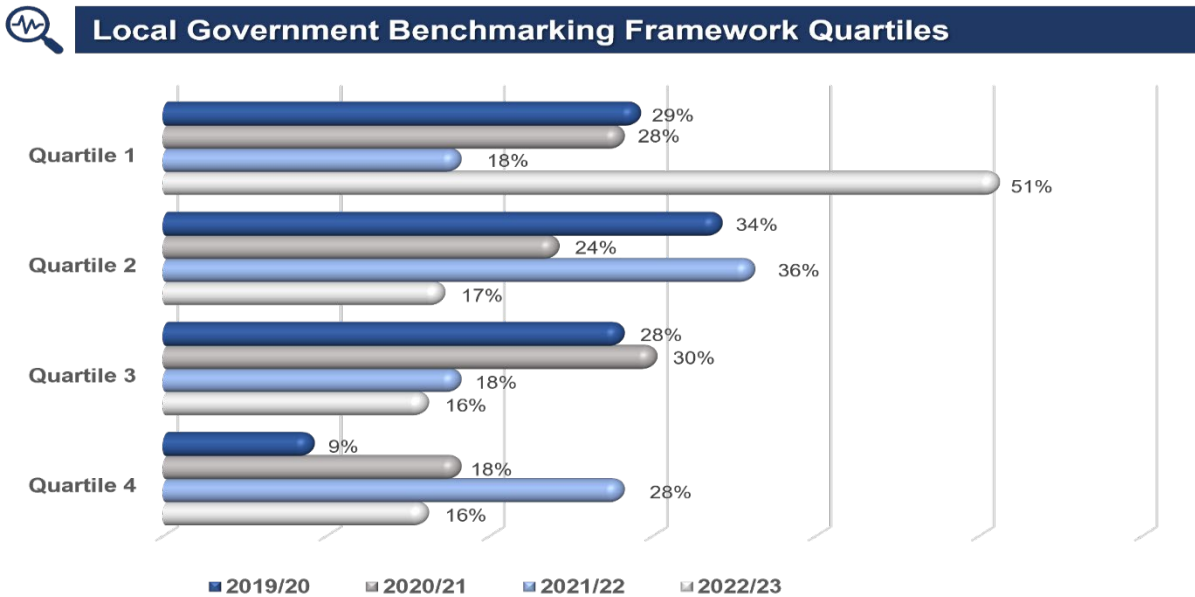
Following a Best Value Audit in 2021, nine key recommendations were made to help the Council address areas in need of improvement. In response the Council approved a Best Value Action Plan. Progress has been reported regularly to Elected Members. A collaborative officer/member self-assessment exercise was also undertaken which recognised improvements in the Council's approach to Best Value

In 2023 the Accounts Commission introduced a new structure to auditing Best Value. Best Value thematic reviews are now undertaken across all councils. For 2022/23 the thematic review focused on the effectiveness of Council Leadership. A report and action plan was considered by the Audit Committee in November 2023, and progress with implementing the actions was reported to Council in June 2024. For 2023/24 the thematic review focussed on workforce innovation, with the report and findings considered by the Audit Committee in June 2024.

Management Commentary

In addition to the reviews noted above, the Accounts Commission will prepare a Best Value report for each council every five years. For Falkirk Council, the Accounts Commission undertook a review of the 2022/23 Annual Audit Report and reported their findings in May 2024. In summary the Commission noted that while improvements had been made there was still substantial work to do. The report was considered by the Council in June 2024 and while the positive findings were welcomed, Council acknowledged the need for further improvement and an up-to-date position with all of the ongoing Best Value improvement actions was reported to Members.

The chart below summarises our performance trends with the Local Government Benchmarking Framework indicators. This framework reports on performance information across all 32 Councils, covering a wide range of service areas. In 2022/23 68% of indicators were within quartiles 1 and 2, an increase in comparison with the previous year.



Highlights in 2023/24

Some of the key achievements, during a challenging financial year for the Council, are shown below:



In May 2023, Balfour Beatty started the council's A9/A904 Westfield project, funded by the Tax Incremental Finance (TIF) scheme and £14 million from the Government's Levelling Up Fund. The project aims to enhance travel options, develop underused land, and boost the forthcoming Gateway development. This new development will offer a vibrant mix of retail, leisure, residential, and business facilities.



Hundreds of local children from low-income households gained access to free summer holiday activities in 2023. Almost 3,500 places in sports camps, fun days, and arts and crafts workshops were jointly funded by the council and Scottish Government. Partnering with sports groups, charities, and non-profits, the initiative looked to provide vulnerable children with free fun activities to help tackle summer poverty.

Management Commentary



Proposals to transform Bonnybridge and Slamannan public realms were approved on December 6, utilising the £1 million Regeneration Fund. The plan includes demolishing the Royal Hotel in Slamannan, creating green space, restoring the village clock, and public realm improvements. In Bonnybridge, enhancements will be made to the Toll roundabout, Memorial Park, Anderson Park, and a new Pump Track. These efforts support small settlements facing economic and environmental challenges.



The council partnered with Cireco to convert household waste into energy at the Earls Gate Energy Centre in Grangemouth, which started operations in summer 2023. The centre is capable of handling 37,000 tonnes of non-recyclable waste annually, generating enough power for 20,000 homes. The council is one of the first local authorities to use the modern, environmentally friendly solution that supports waste management, creates jobs and aligns with the council's Climate Emergency Action Plan.



The Denny Eastern Access Road (DEAR) was completed two months ahead of schedule, and features a 1.3km local distributor road connecting A872 Glasgow Road with A883 Broad Street. With a 30mph speed limit, the road includes an active travel path that benefits both pedestrians and cyclists. The project also demonstrates a strong commitment to environmental sustainability. A new culvert has been installed to allow the crossing of Little Denny Burn, complete with an otter pass to protect local wildlife. The project also features a landscaping buffer for the entire length of the road to provide a wildlife corridor connecting existing woodland areas.



In July 2023, the Council handed over keys to new homes in two developments, a £4.6 million project at Persia Court, Bainsford (19 homes) and the £4.5 million project at Torwood (24 homes). Both projects contribute to local housing provision and incorporate investment from the Scottish Government and the Council. The Council continues to invest in new and existing housing, with more projects underway, including Main Street, Bonnybridge, Salmon Court, Bo'ness, and Woodend Farm.

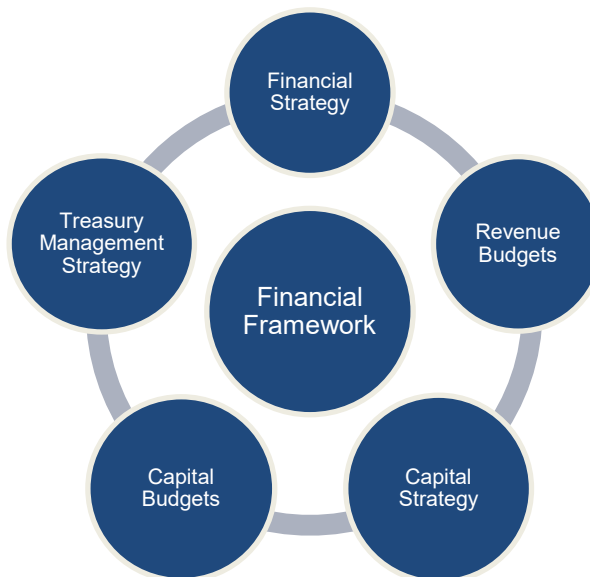


Falkirk Council has taken a significant step forward in its plans to build a new town hall with the appointment of a local contractor to demolish the former Callendar Square Shopping Centre and Antonine Hotel. The new town hall project, currently programmed for completion in November 2027, is expected to breathe new life into Falkirk's High Street, offering exceptional facilities including a 550-seat auditorium, flexible accommodation for commercial and community use and key council services, all within a modern civic space. Work on the design stage of the new town hall is ongoing. Engagement with stakeholders and the community will take place as the plans develop.

Financial Planning

A robust financial framework ensures resources are targeted to our outcomes. The key financial plans are shown in diagram opposite.

Most day-to-day revenue spending and income on our services is recorded within the General Fund (pages 34 to 38), with housing revenue income and expenditure managed in the Housing Revenue Account (pages 39 to 40). In addition to day-to-day expenditure, we have capital investment in our assets, including schools, houses, and infrastructure.



Service Concession Arrangements

In accordance with a financial flexibility approved by the Scottish Government, Falkirk Council adopted revised accounting arrangements in respect of its Private Finance Initiative (PFI) contracts, known as Service Concession Arrangements. These arrangements have allowed the Council to spread the cost of its two PFI schemes over the life of the asset rather than the life of the contract. These adjustments are time related and the overall payments to the PFI contractors remain the same. Note 24 provides further details of the revised repayment profile. For 2023/24 this has resulted in the release of a service concession adjustment of £76.5m in 2023/24 which has been credited to an earmarked reserve within the General Fund.

In 2023/24 the Council agreed to apply service concessions of £15.3m to balance the budget. The actual service concessions applied in 2023/24 was £9.6m. Council agreed to apply of £22.5m of service concessions for the 2024/25 budget. The Council also agreed in principle to set aside £30m of service concessions into an earmarked reserve for capital investment which can only be used when it is clear that the Council is in a more financially stable position.

Financial Performance

Financial information is part of the Council's performance framework with regular reporting to Elected Members. This section summarises our financial performance for 2023/24

(a) General Fund Revenue Expenditure 2023/24

The income received and expenditure incurred during 2023/24 is highlighted in the table below. The final expenditure was £422m (2022/23 £416m) which was funded from Government Grant, Council Tax, contributions from General Fund reserves and Capital Fund.

Management Commentary



Revenue 2023/24

	Budget	Actual	Variance	Adjustments	CIES
	£'m	£'m	£'m	£'m	£'m
Childrens Services	258.0	261.3	3.3	23.8	285.1
Social Work - Adult Services	94.9	94.5	(0.4)	(0.1)	94.4
Place Services	44.3	41.9	(2.4)	15.4	57.3
Transformation, Communities & Corporate Services	42.1	40.3	(1.8)	1.6	41.9
Valuation Board	1.5	1.5	-	-	1.5
Pay & Energy Provision	(1.0)	(2.3)	(1.3)	2.3	-
Capital Financing Costs	8.0	4.8	(3.2)	12.2	17.0
Total Expenditure	447.8	442.0	(5.8)	55.2	495.3
Government Grant	(346.0)	(346.0)	-	(31.7)	(377.7)
Council Tax	(78.5)	(78.3)	0.2	-	(78.3)
Contribution from General Fund Reserves	(21.4)	(15.8)	5.6	-	-
Contribution from Capital Fund	(1.9)	(1.9)	-	-	-
Total Income	(447.8)	(442.0)	5.8	(31.7)	(456.0)

The net expenditure for each service noted above varies from the Comprehensive Income and Expenditure Statement (CIES) as a result of a number of statutory accounting adjustments. Full details of these adjustments are explained in the Expenditure and Funding Analysis on page 52.

Overall expenditure on council services was £5.6m less than budgeted. This was an improvement of £1.7m on the financial position previously reported to Members in February. This was primarily due to reduced capital financing costs as a result of lower borrowing and interest costs. The budget, however, was supported by General Fund reserves of £15.8m. Due to the overall underspend, the application of these reserves was £5.6m less than planned. The reliance on non-recurring sources of funding is not a sustainable approach for the Council.

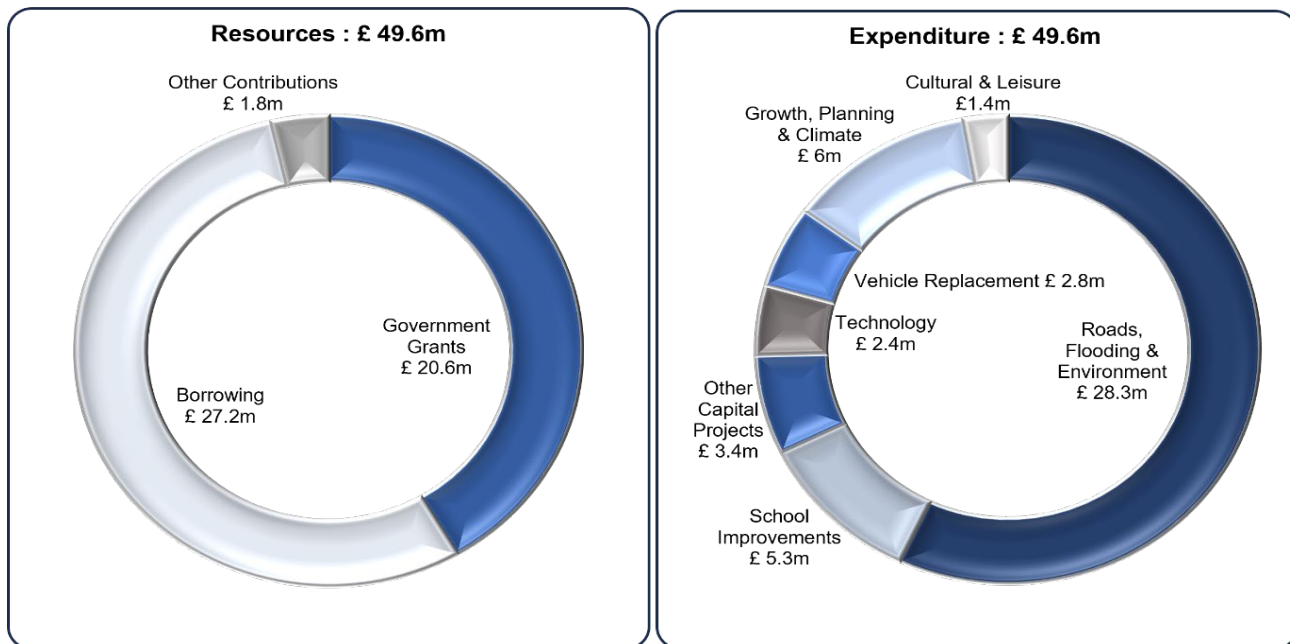
In terms of the budget variations across Council Services, Children's Services were c£3.3m over budget with higher teaching costs, repair and school transport costs the most significant factors contributing to this position. These additional costs were partially offset by lower costs of social care costs for children. The underspend within Transformation, Communities and Corporate Services was largely due to lower employee costs. For Place Services lower employee and waste disposals costs helped to offset higher expenditure on roads maintenance. Overall capital financing costs were c£3m below budget reflecting lower borrowing and interest costs and the provision provided for pay awards and energy was £1.3m less than required. In 2023/24 the council achieved £5.5m of approved budget savings, this was c70% of the full year target.

(b) General Fund Capital Programme 2023/24

In 2023/24 the final Council budget for General Fund capital investment was £55.6m with just under £50m (c89%) being delivered. It should be noted that the 2023/24 General Fund Capital Programme is part of a five-year plan and as such it is expected that there will be movement in spend across the years. Projects not delivered will be completed in forthcoming financial years. The diagrams below identify the key projects and how these were funded. Further details are provided at Note 23.



General Fund Capital 2023/24



(c) Usable Reserves

In 2023/24 the Council applied £15.8m of General Fund reserves. After service concessions and transfers from other reserves the overall General Fund increased to £124.5m. This increase was primarily due to the service concession adjustment noted above.

The Council's Reserve Policy provides for 2% of annual revenue expenditure (giving a range of £8.5m - £12.4m) to be held as a contingency against unforeseen events and emergencies. The uncommitted General Fund balance of £11.8m is marginally above the 2% target but within the overall policy range. The financial pressures facing the Council will continue to put pressure on our reserves in 2024/25 and going forward.

The Council also has a number of earmarked and other reserves to deliver specific commitments. The most significant in terms of value includes:

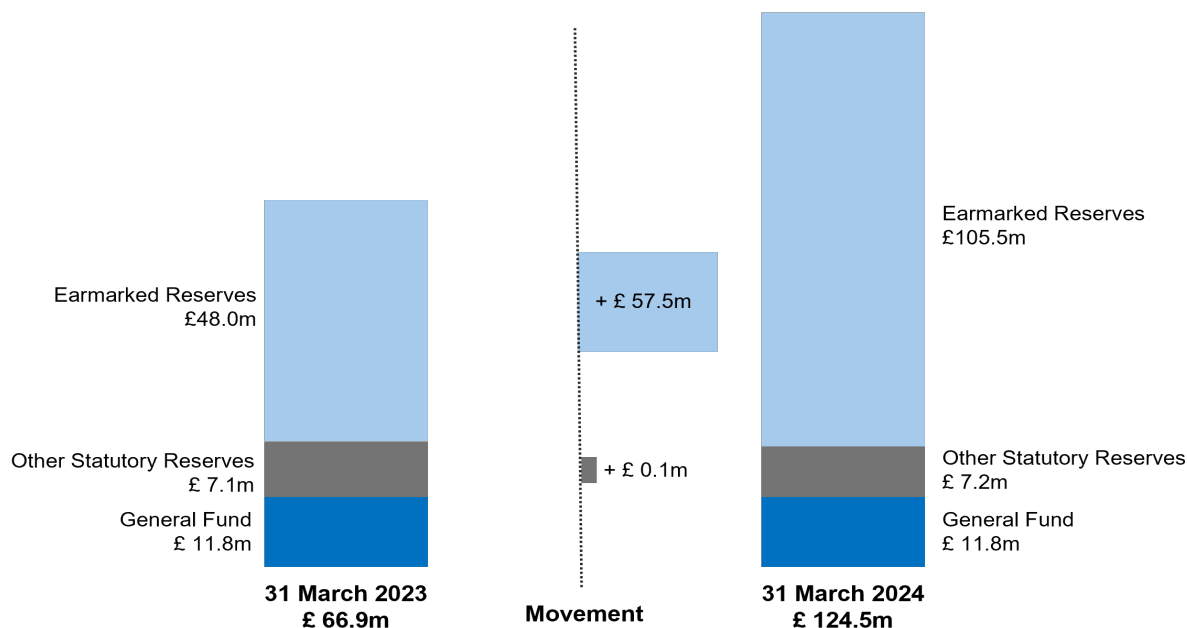
- Earmarked Reserves of £105.5m, which includes £66.9m relating to Service Concessions, £16.3m for other revenue grant income, spend to save funding of £3.1m principally earmarked to cover the costs of voluntary severance and fund various initiatives to deliver council priorities, £3.7m of earmarked reserves for various specific projects as approved by Council in March 2023 and £3.3m available as a contingency to meet future revenue and capital investment requirements within the Housing Revenue Account.
- Other Statutory Reserves include an Insurance Fund of £5.1m which is available to meet outstanding claims against the Council and is subject to valuation by an independent actuary.

Management Commentary

The diagram below summarises the movement in usable reserves during 2023/24.



Usable Reserves



As part of the 2024/25 budget process, Elected Members agreed to apply £22.5m of earmarked reserves (service concessions) to help balance the budget.

(d) Housing Revenue Account 2023/24

For 2023/24 the Council received £75.4m of funding and spent £78.7m on Housing Revenue Services, resulting in use of reserves of £3.3m. An analysis of funding and expenditure is provided below:



Housing Revenue Account 2023/24

	Budget £'m	Actual £'m	Variance £'m	Adjustments £'m	CIES £'m
Employee Expenses	13.1	11.8	(1.3)	(0.1)	11.7
Property Expenses	27.1	35.5	8.4	0.2	35.7
Other Expenses	11.2	11.5	0.3	(4.0)	7.5
Capital Financing Costs	23.1	19.9	(3.2)	3.1	23.0
Total Expenditure	74.5	78.7	4.2	(0.8)	77.9
Council House Rents	(64.1)	(63.9)	0.2	-	(63.9)
Other Income	(10.5)	(11.5)	(1)	4.2	(7.3)
HRA Reserves	0.1	(3.3)	(3.4)	3.3	-
Total Income	(74.5)	(78.7)	(4.2)	7.5	(71.2)

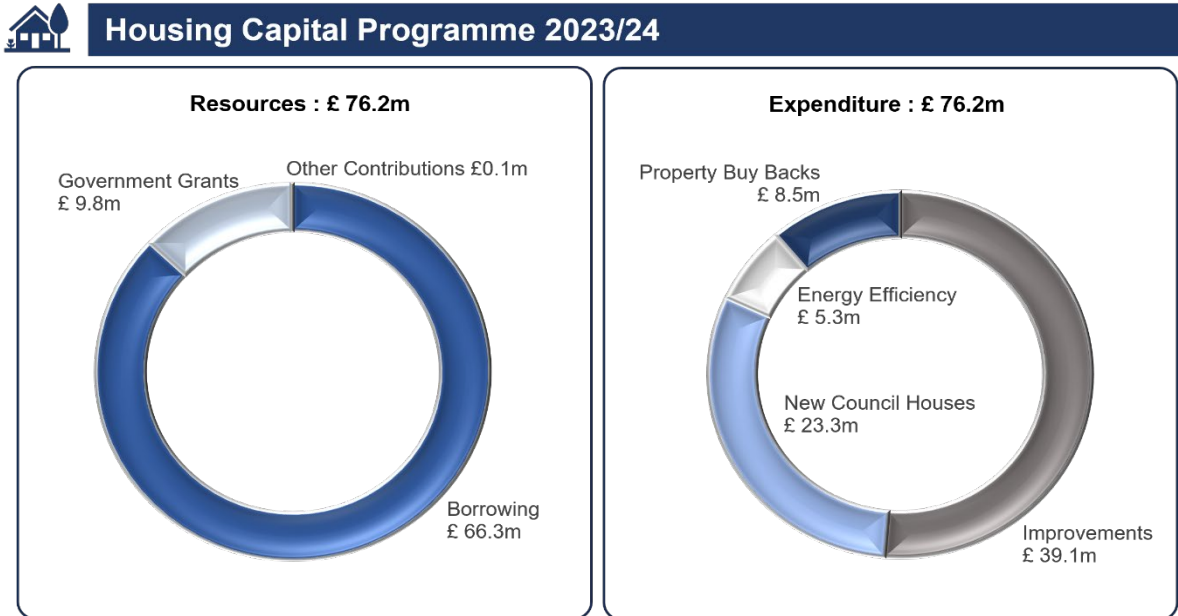
Expenditure on the Housing Revenue Account exceeded budget by over £3m. The most significant variation was an increase in property costs of over £8m due to increased repair work. These costs were partially offset by underspend on employee costs and lower capital charges reflecting reduced borrowing costs. Although the February Finance report to Members noted a significant increase in repair costs, it was recognised that the extent of the increased expenditure should have been identified and reported earlier in the financial year. Expenditure of this magnitude will be unsustainable going forward. In previous financial years there would have been the ability

Management Commentary

to manage property overspends with underspends elsewhere in the budget. However, inflationary pressures and increased borrowing costs flowing from the capital investment programme has reduced this capacity. A working group has been set up to review the system and processes used, and to improve the financial reporting processes

(e) Housing Capital Programme 2023/24

In 2023/24 the final Housing budget for capital investment was £76.4m with the actual capital expenditure of £76.2m just marginally below budget. The exhibit below identifies the key projects and how these were funded.



(f) The Balance Sheet

The diagram below summarises the Council's Balance Sheet as at 31 March 2024, with comparatives provided for the last financial year. The Balance Sheet provides a snapshot of the Council's financial position detailing assets, liabilities, and reserves. More information on the Balance Sheet is provided on page 36.



Management Commentary

The net assets of the Council have decreased by £102.4m (2022/23 net asset increase of £361.5m). The main reason for the decrease is that borrowing has increased by almost £99m to fund the investment in both the general fund and housing capital programmes.

(g) Financial Indicators

The Chartered Institute of Public Finance and Accountancy (CIPFA) Directors of Finance Section recommends the inclusion of certain “financial ratios” in the Management Commentary to assist the reader to assess the performance of Falkirk Council over the financial year and the affordability of its ongoing commitments. The following table provides the indicators with an explanation of each, grouped into CIPFA categories for the various areas of financial activity.

Financial Indicator	Commentary	2022/23	2023/24
Uncommitted general fund reserve as a % of annual net budget	Reflects the amount of funding available to manage unplanned events (Target – 2% of Revenue Expenditure)	2.81%	2.64%
In year council tax collection	Reflects Falkirk Council's effectiveness in collecting council tax debt (2022/23 Scottish Average – 95.7%)	96.9%	96.7%
Actual outturn compared to budgeted expenditure	How closely expenditure compares to the budget is a reflection of the effectiveness of financial management (Target – 98%-100%)	98.90%	98.73%
Ratio of Financing Costs to Net Revenue Stream	Shows how much of the Council's income is committed to repaying debt arising from the capital investment (Budget 2.68%)	2.1%	2.54%
Capital Financing Requirement	The Capital Financing Requirement reflects the underlying need to borrow for Capital Investment (Budget £244.5m)	227.4m	242.7m
External Debt Levels	The actual external debt and long-term liabilities of Falkirk Council. This should never exceed Falkirk Council's authorised limit (Budget £645m)	£525m (Limit) £284m (Actual)	£645m (Limit) £451m (Actual)

Risks

The Council has a well embedded approach to the management of risk. This is summarised in the Annual Governance Statement (see pages 15 to 25). In 2023/24, the Council's Risk Management Assurance Policy and Framework was reviewed. The Council recognises that evaluation and monitoring of corporate (strategic) and service (operational) risks is a key part of its role. Corporate Risk Updates were provided to the Executive 6-monthly during 2023/24, including reviews of the Corporate Risk Register and the Risk Management Improvement Plan. In addition, risk management is routinely considered by the Corporate Management Team (CMT) and the Service Management Teams (SMTs) quarterly, including CMT reviews of Corporate Risks and SMT reviews of Service Risk and Assurance Statement. The Risk Management Internal Audit review undertaken by West Lothian Council during 2023 provided 'Reasonable Assurance' on the effectiveness of risk management arrangements. The Corporate Risk Management Update to the Executive in June 2024 confirmed that most actions within the Risk Management Improvement Plan are complete and good progress has been made.

Management Commentary

The table below shows four high risk areas alongside a snapshot of the mitigating actions:

Financial Sustainability	Public Protection
<ul style="list-style-type: none">• Finance Strategy• Financial Controls and Standing Orders• Financial Strategy Group	<ul style="list-style-type: none">• Chief Officers' Group governance framework• Committees, including Child and Adult Protection• Chief Officer's Group and Committees' Risk Registers
Transformational Change	Equalities
<ul style="list-style-type: none">• Council of the Future Board• Links to Financial Strategy• Programme Management Office support	<ul style="list-style-type: none">• Equalities and Poverty Impact Assessments• Equalities Mainstreaming Report and Action Plan• Equalities Best Value Self-Assessment

The Annual Governance Statement (AGS) Action Plan and Corporate Risk Register provide more details on those Corporate Risks rated 'high', and a link to these can be found within the AGS.

Outlook

Scottish local authorities continue to be faced with considerable financial challenges as highlighted in the recent Accounts Commission publication on 2024/25 budgets. That publication highlights that the pressures are expected to increase in future years as more local authorities continue to face financial pressures with reduced reserves. The Council will continue to be faced with difficult decisions to balance future budgets through increasing income and reduction of expenditure. Whilst inflation is getting closer to the target set by the Bank of England, the impact of previous years inflation has now been 'baked in' to the Council's costs for areas such as gas and electricity, fuel and food, and this has also impacted on the expectations for higher pay increases. The inflationary challenge has meant that interest rate decreases are now expected to take longer and this makes it more expensive for the Council to borrow for capital investment, which ultimately impacts on the Council's revenue pressures.

There continues to be uncertainty and diverging views on when these inflationary pressures and rising interest rates will start to ease. Ongoing weak economic growth impacts on the amount generated from tax revenues which are required to fund all public services. For local government, any reduction in overall resources is compounded by the protection of other public services, such as health, defence and police services and also the implementation of new policy initiatives. A continuing combination of increasing costs and reduced funding will have a significant adverse impact on the Council's funding gap which is currently estimated at c£62m over the next five years.

Financial sustainability remains the biggest challenge facing the Council. In September 2022 the Scottish Government allowed additional flexibility for the accounting treatment of PFI/PPP Service Concession Arrangements. While these Service Concessions will not permanently address the Council's underlying budget deficit, they do buy the Council more time to address underlying budget issues. The Financial Strategy includes performance indicators for financial sustainability. One of these measures highlights that the Council must reduce reliance on non-recurring funding. However, for the 2024/25 budget, the use of non-recurring funding increased from the previous year. For the 2025/26 budget, the use of service concessions must reduce significantly. Further use of Service Concessions to invest in Council assets will be dependent on how successful the Council is in identifying and approving recurring savings, including those from its Transformation Agenda.

The Council continues to regularly monitor its financial position and provide full financial updates to Corporate Management Team, the Financial Strategy Group and the Executive as appropriate, including options on addressing any new budget gaps and spending pressures. A programme of public engagement events is being developed to try and ensure a better understanding of the Council's financial position at a local community level.

Supplementary Information

Group Accounts

Local authorities are required to prepare Group Accounts in addition to their own Council's accounts where they have a material interest in other organisations. Group Accounts have been prepared which consolidate the results of the Council and its interest in associated entities. The effect of the inclusion of the Council's interests on the Group Balance Sheet is to increase both Reserves and Net Assets by £14m (2022/23 increase of £15m). This represents the Council's share of the net liabilities in those entities.

Pension Fund

Falkirk Council is classed by statute as an administering authority and therefore has responsibility for operating and maintaining a pension fund for its own employees and those of constituent fund employers. Under the Council's governance arrangements, pension fund business has been delegated to a representative Pensions Committee and is overseen by a statutory Pensions Board. The Fund produces its own Annual Report and Accounts separate from those of the Council.

The amount of pension contribution payable by the Council in respect of the Local Government Pension Scheme is set every three years following a valuation of the Pension Fund carried out by Hymans Robertson, an independent actuary. The most recent valuation as at 31 March 2023 was signed by the actuary in March 2024. The funding level for the whole fund was 137%, with an overall surplus of £866m. This is a significant improvement in the 2020 funding level of 94% and a deficit of £152m. The most significant contributory factor was that future investment returns were anticipated to be higher than at 2020. For Falkirk Council the pension contribution rates have been set at 19.5% for the next three years from 1 April 2024. The next Fund valuation is scheduled to take place as at 31 March 2026 where contribution rates payable from April 2027 will be set.

Amanda Templeman, CPFA
Chief Finance Officer
**** ** 2024**

Councillor Cecil Meiklejohn
Leader of Falkirk Council
**** ** 2024**

Kenneth Lawrie
Chief Executive of Falkirk Council
**** ** 2024**

Explanatory & Assurance Statements

Statement of Responsibilities for the Annual Accounts

Falkirk Council Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the authority has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In Falkirk Council that officer is the Chief Finance Officer
- manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets
- ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), the Coronavirus (Scotland) Act 2020 and so far, as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003)
- approve the Annual Accounts for signature

I can confirm that these Annual Accounts were approved for signature by the Council at its meeting of ** ** 2024.

Signed on behalf of Falkirk Council

Councillor Cecil Meiklejohn
Leader of Falkirk Council
** ** 2024

The Chief Finance Officer Responsibilities

The Chief Finance Officer is responsible for the preparation of the authority's Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code).

In preparing the Annual Accounts the Chief Finance Officer has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with legislation
- complied with the Accounting Code (in so far as it is compatible with legislation).

The Chief Finance Officer has also:

- kept adequate accounting records which were up to date
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the accounts give a true and fair view of the financial position of the Council and its group as at 31 March 2024 and the transactions of the Council and its group for year ended 31 March 2024.

Amanda Templeman, CPFA
Chief Finance Officer
** ** 2024

Explanatory & Assurance Statements

Annual Governance Statement 2023/24

As specified in the Local Authority Accounts (Scotland) Regulations 2014, the Council is required to conduct a review of the effectiveness of its internal control systems at least once in each financial year. The Council must also include an Annual Governance Statement (AGS) as part of the Annual Accounts. This is consistent with the Code of Practice on Local Authority Accounting in the United Kingdom and guidance developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) entitled “Delivering Good Governance in Local Government: A Framework”.

The AGS includes the following:

- Section 1: Purpose of the AGS and the meaning of Good Governance;
- Section 2: The Council’s Governance Framework and Internal Control System;
- Section 3: Adequacy and Effectiveness of the Governance Framework;
- Section 4: AGS Action Plan Summary 2023/24 (in addition, a more detailed AGS Action Plan is published on the [Annual Accounts Pages on the Council’s internet](#)); and
- Section 5: Conclusion and Opinion on Assurance.

Section 1: Purpose of the AGS and the meaning of Good Governance

The CIPFA / SOLACE Framework 2016 includes seven principles for good governance, and the AGS Action Plan (at Section 4) sets out how we meet our commitments, presenting the primary sources of assurance against each principle. The principles are:

- Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Principle B: Ensuring openness and comprehensive stakeholder engagement.
- Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Principle E: Developing the entity’s capacity, including the capability of its leadership and the individuals within it.
- Principle F: Managing risks and performance through robust internal control and strong public financial management.
- Principle G: Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

The purpose of this Statement is to report publicly on the extent to which Falkirk Council complies with its governance arrangements on an annual basis, including how the Council have monitored and evaluated its effectiveness, and any planned changes in the coming period. The process of preparing the AGS itself adds value to the effectiveness of the governance and internal control framework.

The CIPFA / SOLACE Framework is clear that governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest, and accountable manner. The governance framework comprises the systems and processes, and cultures and values, by which local government bodies are directed and controlled.

Good governance leads to good management, good performance, good stewardship of public money, good public engagement and, ultimately, good outcomes for the Falkirk area’s citizens and service users.

Section 2: The Council’s Governance Framework and Internal Control System

The Council’s Governance Framework and Internal Control System is built upon the structure, systems, and processes as described within the following key documents (which were reviewed and agreed by elected Members in 2021/22, unless stated otherwise below):

- The [Falkirk Plan 2021 - 2031](#) and [The Council Plan 2022 - 27 \(reviewed September 2023\)](#);
- [Code of Conduct for Employees](#) and [Statutory Code of Conduct for Councillors](#);
- [Contract Standing Orders](#);
- [Financial Regulations](#);
- [Treasury Management Strategy \(annual review completed in April 2024\)](#); and

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- [Whistleblowing Policy, Anti-Fraud and Corruption Strategy, and Procedure for the Investigation of Corporate Fraud Referrals](#) (agreed at the Corporate Partnership Forum in [November 2021](#)).

The Council's [Standing Orders](#) set out the Council's governance and decision making structures, including the roles of Committees and Elected Members. A review of the Standing Orders is ongoing and is due to be completed in June 2024. In addition, the Council's system of internal control is highlighted within the [Risk Management Assurance Policy and Framework](#); and an assessment of the Council's key risks, internal controls, and assurance sources is contained within the Corporate Risk Register (CRR), which is included in the Corporate Risk updates to the Executive (6 monthly) and the Audit Committee (annually).

The governance framework is based on internal controls, including management and financial information, compliance with Financial Regulations, administration, supervision, and delegation. During 2023/24 this include regular Committee reports on the following:

- Best value, financial, and strategy reports to Council and / or the Executive;
- Internal Audit, Corporate Risk, and Corporate Fraud reports to the Audit Committee; and
- Performance reports by Council Services and Partners to the Scrutiny Committees

The system of internal control is a significant part of our governance framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives, or comply with controls, and can, therefore, only provide reasonable and not absolute assurance of effectiveness. It is based on an ongoing process designed to:

- evaluate the likelihood of those risks occurring and the impact should they occur;
- identify and prioritise the risks to the achievement of the Council's priorities; and
- manage those risks efficiently, effectively, and economically.

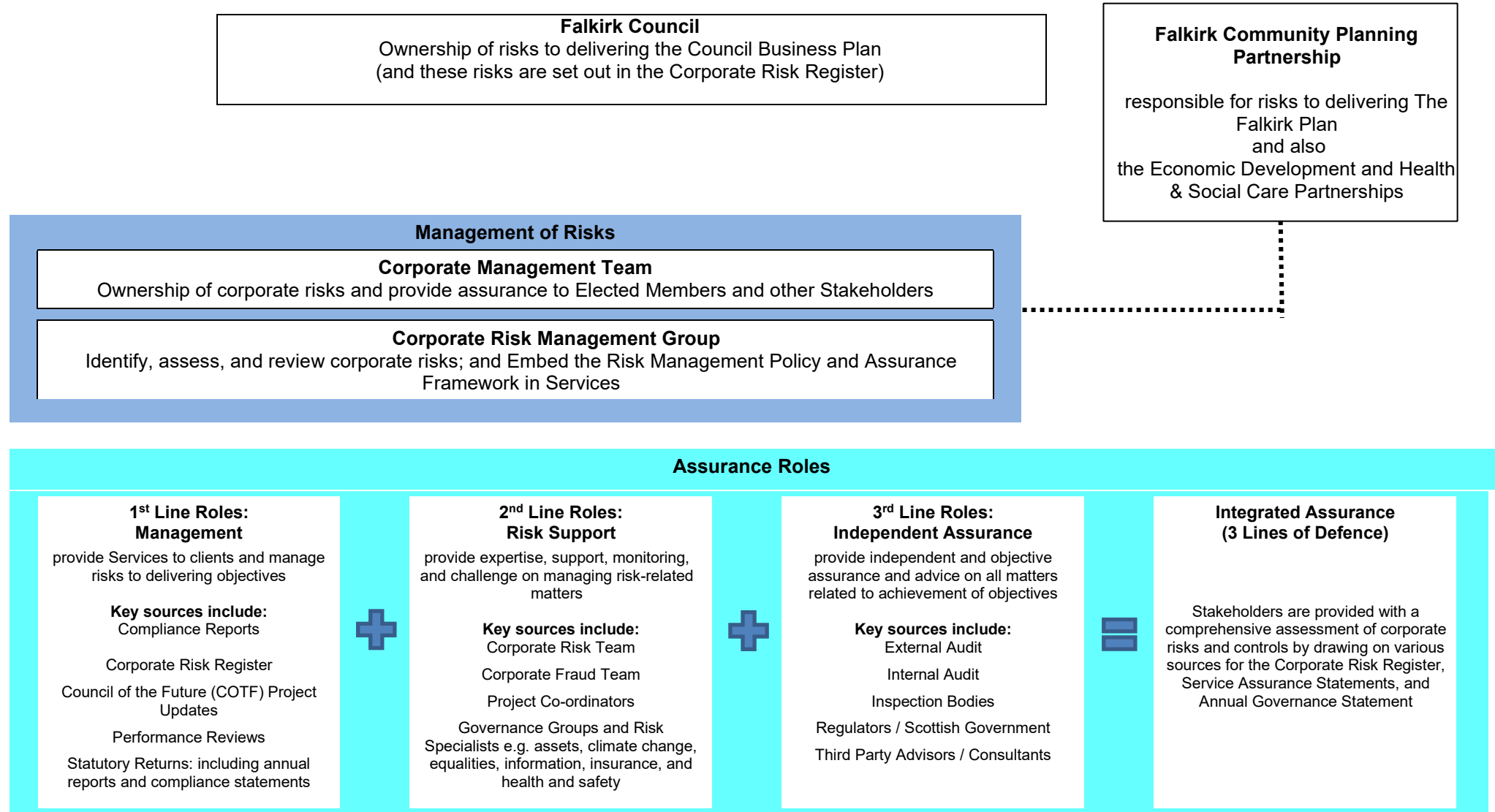
Assurance on the effectiveness of the Council's governance framework and internal control system comes from a variety of sources, including the 'three lines of defence' overleaf. The main improvements to the assurance framework during 2023/24 were:

- First Line Assurance was strengthened by the introduction of Compliance Reports, which provide the CMT with assurance on e.g. health and safety and data protection trends;
- Second Line Assurance was strengthened by CMT taking on direct oversight of corporate risks rather than delegating these to a CRM Group; and
- Third Line Assurance was strengthened by the re-introduction of some external inspections, including care homes, which had been reduced in the previous 2 years due to Covid-19.

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The Council's Risk and Assurance Framework

Note: This forms part of the [Risk Management Assurance Policy and Framework](#), and these sources feed into ongoing AGS Action Plan and Corporate Risk Register Reviews.



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Section 3: Adequacy and Effectiveness of the Governance Framework

This section provides assurance on the following elements of the governance framework:

- Audit Committee;
- Best Value and Performance;
- Standing Orders and Scrutiny;
- Fraud and Corruption;
- Internal Audit;
- Risk Management;
- Legal Compliance; and
- External Audits and Inspections.

The above themes are broadly covered by the CRR item “Leadership, Governance, and Decision Making”. This risk is currently rated as High Risk and Limited Assurance and it is expected to improve once the actions from the External Audit on Best Value in April 2024 have been more embedded

Audit Committee and Executive Assurance

The Audit Committee was held seven times throughout 2023/24 (including the meeting in April 2024), and they were responsible for reviewing the effectiveness of the assurance functions in place, including Internal Audit. This included a range of reports produced throughout the year by the Internal Audit, Risk, and Corporate Fraud Manager on Internal Audit progress and Corporate Fraud work. This included a Mid-Year 2022/23 AGS Action Plan update in November 2023; a 6-monthly Corporate Fraud Update in February 2024; and regular updates on the progress of the 2023/24 Internal Audit Plan.

The Executive received Corporate Risk Management updates in November 2023 and June 2024 (and the latter included an update on corporate risks to 31 March 2024). Briefings were held in advance of these meetings, which allowed for scrutiny and questioning of Officers to take place; and enabled Elected Members to seek assurance that any weaknesses or gaps that were identified in the risk management assurance reports were being addressed.

The Audit Committee and Executive also received a range of training during 2023/24, to improve their knowledge and confidence in fulfilling their duties. This included:

- Audit Committee training by Audit Scotland in April 2023;
- Corporate Fraud training by the Corporate Fraud Team in May 2023; and
- Corporate Risk Management Workshop with Elected Members in September 2023, including horizon scanning for any emerging risks to delivering the Council Plan.

The Audit Committee and Executive will continue to receive regular updates during 2024/25, and briefings will be held with the Executive in advance of each 6-monthly CRM Update. In addition, more formal risk management and assurance training will be organised as needed.

Best Value, Performance, and Transformational Change Assurance

The Corporate Management Team continue to monitor and provide updates to Elected Members on the improvements identified in previous Best Value reports, including equalities, financial sustainability, leadership and culture, and performance. Also, Audit Scotland’s Best Value Review in April 2024 will be considered by Council by June 2024.

The Council Plan was reviewed by the Executive in September 2023. To support this, the Executive also undertook a Horizon Scanning Workshop to identify risks to delivering the Council Plan, and any significant changes and emerging risks are captured in the CRR.

The Council Plan is supported by a range of strategies, including Assets, Digital, Finance, and Workforce Strategies, and these were each reviewed during 2023/24. To ensure these strategies are implemented effectively, more detailed action plans will be developed during 2024/25. Each of these strategies includes a

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review of the significant challenges to delivering them, including horizon scanning of medium-term changes or trends in the economy and funding, workforce requirements, and demand for Council services.

Service Directorate Plans will be finalised by June 2024 and published thereafter. These will include specific actions and performance indicators to support the Council Plan priorities. These will be reviewed by the CMT quarterly, and they will also be linked to the Corporate Risk Register and Service Risk Assurance Statements.

Performance on the Council Plan is scrutinised by CMT and the Scrutiny Committee, and reports are published on [Falkirk Performs](#). In addition, work on a new Data, Insights, and Performance Strategy (DIPS) commenced in 2023/24 alongside the development of a Target Operating Model (TOM). These will be further developed during 2024/25.

The delivery of the Council of the Future (COTF) Transformation Programme was changed from High Risk and Limited Assurance to Medium Risk and Substantial Assurance in Quarter 1 of 2024, as the Best Value Audit and the COTF Board's Annual Self-Assessment confirmed that most controls are effective.

Standing Orders and Scrutiny Committee Assurance

A Standing Orders Review Group was established during 2023/24 and the outcomes were considered by [Council in December 2023](#). The revised Standing Orders are expected to be considered and agreed by Council in June 2024 and implemented thereafter (in addition to the changes that were already agreed by Council in March 2024). The changes include streamlining Committee structures, including merging the two Executive and Scrutiny Committees into one for each; and improving Committee papers so that Elected Members receive more robust information when making decisions and scrutinising implications relating to climate change, equalities, resources, and risks. These changes will be supported by training for Managers and Elected Members during 2024/25.

The Scrutiny Committee have agreed a [Scrutiny Plan for 2024](#), which includes a review of the Council's Contact Centre performance. The Scrutiny Committee (External) receive regular updates on the performance of Community Planning Partners, including the Falkirk Health and Social Care Partnership, Police Scotland, the Scottish Fire and Rescue Service, and Third Sector organisations who receive Council funding. This includes the following the Public Pound reports, which provide assurance on the outcomes from the Council's funding to third sector organisations, for initiatives which support the priorities within the [Falkirk Plan 2021 - 2031 and the Council Plan](#).

Fraud and Corruption Assurance

Falkirk Council is determined to protect itself and the public from fraud and corruption, and, therefore, has a zero-tolerance approach. This approach includes a Corporate Fraud Team which is committed to the rigorous maintenance of the [Whistleblowing Policy and Anti-Fraud and Corruption Strategy and Procedure for Investigation of Corporate Fraud Referrals](#) (last updated in November 2021) which provides a framework for:

- encouraging fraud deterrence and prevention;
- raising awareness of fraud and corruption and promoting detection and zero tolerance;
- performing investigations and facilitating recovery;
- working with Human Resources to invoke disciplinary proceedings when required;
- referral to the Police and / or the Procurator Fiscal when appropriate; and
- monitoring, publicising, and updating the policy, strategy and related procedures.

The Chief Finance Officer, Chief Governance Officer / Monitoring Officer, and Director of Transformation, Communities, and Corporate Services meet quarterly with the Internal Audit, Risk, and Corporate Fraud Manager to discuss and review any significant corporate fraud investigations. The case review meetings also are an opportunity for the sharing of information relating to other potential cases being dealt with by HR or Procurement to address and take action on emerging themes.

In August 2021, the Audit Committee considered a report by the Internal Audit, Risk, and Corporate Fraud Manager ([here](#)) which provided assurance on the actions taken to mitigate the risks set out within Audit Scotland's report on Fraud and Irregularity in July 2021. The mitigations include financial controls and fraud governance, oversight, and internal controls; and fraud awareness, prevention, and investigation. These risks

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continue to be monitored as part of Quarterly Service Fraud Risk Assurance Statements, and the reviews take into account the learning within [Audit Scotland's Fraud and Irregularity Annual Report 2022/23](#).

The Council's mitigations to address fraud and irregularity include:

- Children's Services have controls in place to validate all applications for e.g. Clothing Grants, Education Maintenance Allowance (EMA), Free School Meals, and school admissions / placing requests;
- Place Services have controls in place to detect, deter, and disrupt breaches of environmental health, licensing, and trading standards regulations; and collaboration with community planning and economic partnerships and regulators to raise awareness amongst businesses and the public within the Falkirk area;
- Health and Social Care Partnership have controls in place to mitigate harm and tackle exploitation of vulnerable adults, fraud by care service providers, and checking applications for individual packages of care; and
- Transformation, Communities, and Corporate Services lead on Counter-Terrorism and Resilience Planning, which includes working with Council Services and Resilience Partners (including Police Scotland) to assess terrorism risks and develop mitigation and response plans. Mitigations are also in place for tackling Housing and Benefit Fraud.

The Council's mitigations to address fraud and irregularity also take into account the key risks and controls identified in [Scotland's Serious Organised Crime Taskforce Strategy \(SOC Strategy\)](#), which was last updated by the Scottish Government in March 2022, including mitigation actions which contribute to the following Council Plan priorities:

Communities:	Place:
<ul style="list-style-type: none">• Form stronger ties with our communities and partners to improve the lives of our most vulnerable; and• Ensure people feel safe within their community and live in high-quality housing.	<ul style="list-style-type: none">• Support sustainable economic recovery that benefits everyone; and• Reimagine our town centres, making them vibrant places to live, meet, eat, shop, and do business.

The SOC Strategy is also embedded into various Council Governance Groups, including:

- Falkirk Community Planning Board lead on the Falkirk Plan, which includes actions to embed the national objectives relating to Communities and Enterprise above;
- Falkirk Economic Partnerships share information with business and Police Scotland to help detect, deter, and disrupt fraud and crime in Town Centres;
- Local and Regional Resilience Planning Partnership lead on Counter-Terrorism risks, including assessing risks and developing response plans to emergencies; and
- Public Protection Chief Officers Group (COG) lead on the Community Justice and Community Safety Partnerships, including risk of harm to adult and children.

The Partnerships above provide Annual Governance Group Self-Assessments to the Council, which include a review of their remit, governance arrangements, and effectiveness.

Internal Audit Assurance

Resourcing issues within the Internal Audit team have had an impact on the workload of the team during 2023/24. The assurance work undertaken has ensured that an opinion will still be able to be formed. This is in part based on the reported progress with the management implementation of agreed Internal Audit recommendations.

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In June 2024 the Internal Audit, Risk, and Corporate Fraud Manager will provide the Audit Committee with an Annual Assurance Report on the adequacy and effectiveness of the Council's framework of governance, risk management, and control for the year ending 31 March 2024. The report will provide details of the position relating to the audits contained within the 2023/24 Internal Audit Plan and will highlight whether all recommendations made had been accepted by management, and once fully implemented will improve the Council's internal control environment.

Having taken all factors into consideration the Internal Audit Annual Report will report that substantial assurance can be placed on the adequacy and effectiveness of the Council's internal control system in the year to 31 March 2024. The Annual Assurance Report also confirms the organisational independence of Internal Audit.

Internal Audit operates in accordance with the Public Sector Internal Audit Standards (PSIAS) which apply to Local Government. The Internal Audit Team are subject to an independent evaluation of their compliance with PSIAS every 5 years. This review is ongoing, and the results will be reported to the Audit Committee during 2024/25.

A summary of reviews planned in 2024/25 by Internal Audit and External Audit (i.e. Third Line Assurance) has been included within the AGS Action Plan (at Section 4).

Risk Management Assurance

Corporate Risk Management updates are provided to the CMT (Quarterly), the Executive (6-monthly), and the Audit Committee (annually). This includes a review of the CRR and 2023-24 Risk Management Improvement Plan (RMIP), and (by exception) service risks. Good progress has been made on most items on the RMIP during 2023/24, including clearer actions on corporate risks; and further improvements will be made on Service Risk Training and Committee Paper Risk Considerations during 2024/25.

Service Management Teams (SMTs) maintain quarterly Service Risk Assurance Statements (SRASs), including significant risks, incidents, audits, and inspections. These feed into the Corporate Risk Management updates and the AGS Action Plan (at Section 4) by exception.

The Risk Management Internal Audit review undertaken by West Lothian Council during 2023/24 provided 'Satisfactory Assurance' on the effectiveness of the Council's risk management arrangements. The definition of 'Satisfactory Assurance' is that there were no findings ranked as 'High' importance, however, there were a moderate number of 'Low' and 'Medium' ranked findings. The CRM Update to the Executive in June 2024 confirmed that most actions are complete.

Council Governance Groups provide Annual Self-Assessments, which include a review of their remit and effectiveness. These are ongoing and the results will be included within the Annual Risk Management Assurance Report to the Audit Committee in October 2024. These Groups lead on risks such as Assets, Business Continuity, Equalities, Health and Safety, Information Management, Public Protection, Transformation, and Wellbeing. Some Groups also contribute to annual reports to the Scottish Government and / or Regulators, including statutory reports on Climate Change, Housing, and Procurement.

The Council's key partnerships, including the Falkirk Growth Deal, Forth Green Freeport, and the Falkirk Health and Social Care Partnership, have a Risk Management Strategy, Improvement Plan, and Strategic Risk Register. These are monitored by their Boards and / or Audit Committees.

The Local Resilience Partnership also maintain risk registers, impact assessments, and work-plans which address the civil contingencies risks identified within the National Risk Register; and further work is being done during 2024/25 to ensure these feed into the Council's Business Continuity Plans and the CRR.

Statutory Officers' Assurance

The Chief Finance Officer (CFO), Chief Governance Officer (CGO), and Chief Social Work Officer (CSWO) each have independent roles in monitoring the Council's compliance with regulations and standards in their respective areas; and they provide Annual Assurance Statements (in addition to Directors' Annual Assurance Statements).

The Chief Finance Officer (CFO) has overall responsibility for the Council's financial arrangements and is professionally qualified and suitably experienced to lead the Council's finance function and staff; and they feed

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into the Risk Management reviews outlined above. The CFO can confirm that the Council complies with the requirements of CIPFA's statement on 'The Role of the CFO in Local Government'.

The CFO's 2023/24 Annual Assurance Statement included the following matters:

- Finance Systems: work continues to improve the control environment for a number of systems. This has included the roll out of Power BI for Finance reports to improve the end users access to their financial data. The most significant area of financial control under review is Housing repairs and associated contract monitoring and processes. This area has recently been impacted by structural changes, a new Housing system (NEC), and issues with staffing in Finance.
- A Digital, Technology, and Innovation Board (DTIB) has been established during 2023/24 to provide strategic oversight of all digital and IT projects across the Council. This group has considered progress on the Cyber Security Action Plan (developed in 2022/23), the Digital Strategy (reviewed in 2023/24), and priority projects for 2024/25.
- A Financial Strategy was taken to Council in September 2023; and work has started on the revised Strategy in September 2024 and the budget consultations in Quarter 1 of 2025.

The CGO provides CMT with assurance on e.g. Health and Safety, Information Governance, and Procurement risks (including compliance with timescales on responses to Freedom of Information requests). The AGS Action Plan (at Section 4) shows a mixture of substantial and limited assurance on these areas.

The CSWO provides an annual report to the Scottish Government and ongoing updates to both the Council and IJB Committees; and these provide substantial assurance on public protection arrangements. In addition, Social Work inspections are reported to the Council's Scrutiny Committee and / or Children and Young People's Executive, as relevant (based on the roles within the Council's [Standing Orders](#)). In addition, the Falkirk IJB's Clinical and Care Governance and Audit Committees have similar arrangements in place for the monitoring of inspections relating to the Falkirk Health and Social Care Partnership.

Directors provide the Internal Audit, Risk, and Corporate Fraud Manager with Annual Assurance Statements confirming that Services have complied with the Financial Regulations and **the Code of Practice on Local Authority** Accounting in relation to 'Related Party Transactions' (such as Chief Officer appointments to independent Boards). No significant issues have been identified as part of the completion of these statements during 2023/24.

Directors have identified no new significant incidents or legal breaches during 2023/24; and all actions arising from Health and Safety Executive (HSE) improvement notices have been completed. The CRR also provides assurance on compliance with legal duties such as Community Empowerment, Equalities, and Operators Licences e.g. Fleet and Waste

External Audits and Inspections Assurance

The Council provides a range of assurance reports to the Scottish Government and / or regulators. This includes the annual reports by the Chief Social Work Officer and the annual reports on Climate Change, Housing, and Procurement. These reports are communicated to Elected Members through either Committees and / or Information Bulletins, and any significant outcomes and actions are also included in the AGS Action Plan (at Section 4).

There continues to be ongoing reviews by the Care Inspectorate and Education Scotland. These inspections have provided positive assurance outcomes on a range of areas, including some Schools and Care Homes being rated as very good or excellent. The actions from all inspections continue to be monitored by CMT and the outcomes are reviewed by relevant Committees, including the Children and Young People's Executive, the Integration Board (IJB), and / or the IJB Clinical and Care Governance Committee.

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Section 4: AGS Action Plan

The table overleaf summarises the AGS Action Plan for 2023/24; and a more detailed AGS Action Plan is published on the [Annual Accounts Pages on the Council's internet](#).

The AGS Action Plan includes outstanding actions carried forward from the 2022/23 AGS Action Plan, which were reviewed by the Audit Committee in February 2024, as well as any significant additional actions identified in the 2023/24 year-end assurance reports:

- 1st Line Management Assurance: including e.g. annual reports and action plans;
- 2nd Line Specialists Assurance: including Governance Group Self-Assessments; and
- 3rd Line Independent Assurance: including reviews by Internal Audit and External Audit.

In addition, the [CRR Details](#) include an overview of key assurance sources for each risk.

A mid-year AGS Action Plan update will be submitted to the Audit Committee by early 2025 to assess how actions are progressing in line with the March 2025 implementation dates.

2023/24 AGS Action Plan Summary

The AGS Action Plan Summary overleaf shows the status on each corporate risk assigned to CIPFA / SOLACE Good Governance Principles. In addition, the following publications on the Council's internet provide the following information:

- [Annual Accounts Pages](#): AGS Action Plan Details: sets out the key action plans being implemented for each risk below; and
- [CRM Pages](#): High Corporate Risk Details: include an overview of the risks, controls, and assurance sources on each risk.

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Assurance Level	
No Assurance:	Significant weaknesses in controls and / or actions overdue.
Limited Assurance:	Controls not effective and / or actions overdue or not measurable.
Substantial Assurance:	Controls are effective and / or measurable action plan is on track.
Assurance Unknown:	Controls need review and / or measurable action plan required.

	Corporate Risk:	Assurance Level: June 2023	Assurance Level: March 2024	Target of Substantial Assurance (if Limited Assurance)
Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law				
A	Leadership, Decision Making, and Governance	Limited	Limited	To be reviewed Quarter 1 of 2024.
A	Equalities Duties	Limited	Limited	September 2024
A	Health, Safety, and Wellbeing	Limited	Limited	October 2024
A	Premises Management Compliance	Limited	Limited	March 2025
Principle B: Ensuring openness and comprehensive stakeholder engagement				
B	Community Planning and Empowerment	Substantial	Substantial	
Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits				
C	Local Housing Strategy	Substantial	Substantial	
C	Procurement	Substantial	Substantial	
C	Public Protection	Substantial	Substantial	
C	Gender Based Violence	Limited	Limited	March 2025
C	Asset Management	Substantial	Substantial	
C	Major Capital Development Programmes	To be confirmed	Substantial	
C	Climate Change	No	Limited	Limited until projects are agreed to meet 2030 and 2045 targets.
C	Sustainable Growth, Economy, and Employment	To be confirmed	To be confirmed	To Be Confirmed by October 2024.
C	Attainment and Getting It Right for Every Child (GIRFEC)	Substantial	Substantial	
C	Poverty	Substantial	Substantial	
Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes				
D	Transformational Change: COTF Programme	Limited	Substantial	Assurance Level improved during 2023/24.
Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it				
E	HR and Workforce Planning	Substantial	Substantial	
Principle F: Managing risks and performance through robust internal control and strong public financial management				
F	Financial Sustainability	Limited	Limited	Limited until sustainable savings are agreed and delivered.
F	Resilience: Business Continuity and Partnerships	Limited	Limited	March 2025
F	Counter-Terrorism (CONTEST)	Limited	Limited	March 2025
F	Information Assets	Substantial	Substantial	
Principle G: Implementing good practices in transparency, reporting, and audit, to deliver effective accountability				
G	Assurance: Internal and External Audit Plans	Substantial	Substantial	
G	Health and Social Care Integration	Limited	Substantial	

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Section 5: Conclusion and Opinion on Assurance

The Leader of the Council and Chief Executive both recognise the importance of having a solid foundation of good governance and sound financial management. The Council has a strong record of financial management, as evidenced in the following External Audit reports:

- [2022/23 Annual Accounts](#);
- [2022/23 External Audit Annual Report](#); and
- [2022/23 Best Value Thematic Review](#).

These included an unqualified opinion on the 2022/23 Annual Accounts.

The Council undertook a review of the [Standing Orders](#) in 2023/24, and agreed changes to decision-making arrangements will be implemented during 2024/25.

This Statement is an objective appraisal of our governance framework and demonstrates that largely satisfactory risk, control, and governance systems are in place within Falkirk Council. This Statement also demonstrates that we have met our legal and statutory obligations to our residents, and we are committed to completing the actions identified in 2023/24 (at Section 4 above).

The Council is a complex organisation with interests in other organisations. This statement covers our relationships with the organisations included in the Council's Group Accounts for 2023/24. The Falkirk Integration Joint Board (IJB) have produced their own annual accounts, and these include an Annual Governance Statement. This is due to be considered by the IJB's Audit Committee in June 2024, and it will outline the ongoing risk and assurance reports that are provided to the IJB and their Audit Committee, and the Clinical and Care Governance Committee.

Signed on behalf of Falkirk Council

Councillor Cecil Meiklejohn
Leader of Falkirk Council

**** ** 2024**

Kenneth Lawrie
Chief Executive of Falkirk Council

**** ** 2024**

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Annual Remuneration Report 2023/24

The Local Authority Accounts (Scotland) Regulations 2014 require the annual accounts of the Council to contain a Remuneration Report. This Report for the financial year 2023/24 contains the information specified in the Schedule to the above Regulations.

All information disclosed in the tables below will be audited by Audit Scotland. The other sections of this Report will be reviewed by Audit Scotland to ensure that they are consistent with the accounts.

Senior Councillors' Remuneration Arrangements

The remuneration of Councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007, as amended by the Local Governance (Scotland) Act 2004 (Remuneration and Severance Payments) Amendment Regulations 2023. The Regulations provide for the grading of Councillors for the purposes of remuneration arrangements, as either the Leader of the Council, the Civic Head, who is the Provost, Senior Councillors or Councillors. The Leader of the Council and the Civic Head cannot be the same person for the purposes of payment of remuneration. A Senior Councillor is a Councillor who holds a significant position of responsibility in the Council's political management structure.

The salary that is to be paid to the Leader of the Council is set out in the Regulations. For 2023/24 the salary for the Leader of Falkirk Council is £40,205. The Regulations permit the Council to remunerate one Civic Head. The Regulations set out the maximum salary that may be paid to that Civic Head as £30,150.

The Regulations also set out the remuneration that may be paid to Senior Councillors and the total number of Senior Councillors the Council may have. The maximum yearly amount that may be paid to a Senior Councillor is 75% of the total yearly amount payable to the Leader of the Council (£30,154). The total yearly amount payable by the Council for remuneration of all of its Senior Councillors excluding the Leader of the Council, the Provost, and the Convener, is specified by the above Regulations and shall not exceed £351,769. The Council can exercise local flexibility in the determination of the precise number of Senior Councillors and their salary within these maximum limits. The Council agreed on 7 March 2018 that there will be 9 Level 1 Senior Councillors and 2 Level 2 Senior Councillors however, the Joint Consultative Committee was formally dissolved by Council on 27 June 2018 thereby reducing the number of Senior Councillors to 10 (9 Level 1 Senior Councillors and 1 Level 2 Senior Councillor). On 30 September 2020, the Council agreed to add a further Senior Councillor (Level 2). This arrangement recognised that as the Leader of the Opposition (being the leader of the largest Opposition Group, Labour) was remunerated as a Senior Councillor and given the current makeup of the Council, that the Leader of the other Opposition Group, Conservatives, should also be remunerated as a Senior Councillor (Level 2). On 1st June 2022, the Council agreed to reduce the number of Level 1 Senior Councillors from 9 to 6 by reducing the number of Portfolio holders and changing the Depute Provost to Level 3. An increase in the number of Level 2 Senior Councillors from 2 to 3 was agreed which included the Conveners of both the Planning Committee and the Civic Licensing & Licensing Board and the Leader of the Conservative Party was changed to Level 3. It was agreed to have 3 Level 3 Senior Councillors which include the Depute Provost, Convener of the Pensions Committee and Leader of the Conservative Party. A total of 12 Senior Councillors was agreed and is an increase of 1 from the previous year.

In 2023/24 Falkirk Council had 6 Level 1 Senior Councillors each with a salary of £26,943 and 3 Level 2 Senior Councillors with a salary of £24,149 and 3 Level 3 Senior Councillors with a salary of £22,586 and the remuneration paid to these Councillors totalled £302,388. The Regulations permit the Council to pay contributions or other payments as required to the Local Government Pension Scheme in respect of those Councillors who elect to become Councillor members of the pension scheme.

In addition to the Senior Councillors of the Council the Regulations also set out the remuneration payable to Councillors with responsibility of a Convener or Vice-Convener of a Joint Board such as a Joint Valuation Board. The Regulations specify the remuneration to be paid by the Council of which the Convener or Vice-Convener (as the case may be) is a member. The Council is also required to pay any pension contributions arising from the Convener or Vice-Convener being a member of the Local Government Pension Scheme.

The Council is reimbursed by the Joint Board for any additional remuneration paid to the member from being a Convener or Vice-Convener.

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Senior Employees' Remuneration Arrangements

The salary of senior employees is set by reference to national arrangements and local benchmarking. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets the salaries for the Chief Executives of Scottish Local Authorities. Circular CO/152 sets the amount of salary for the Chief Executive of Falkirk Council for the period 2023/24.

The salaries for Chief Officers are evaluated using the Hays Grading Scheme.

General Disclosure by Pay Band

The number of employees whose remuneration was £50,000 or more in 2023/24 is as follows:

Remuneration Bands	Number of Employees		Chief Officers		Teachers		SJC Employees	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
£50,000 - £54,999	140	696	-	-	71	584	69	112
£55,000 - £59,999	108	172	-	-	86	115	22	57
£60,000 - £64,999	82	95	-	-	53	58	29	37
£65,000 - £69,999	33	79	-	-	20	70	13	9
£70,000 - £74,999	13	62	1	-	9	51	3	11
£75,000 - £79,999	3	42	-	-	1	41	2	1
£80,000 - £84,999	5	20	1	-	3	13	1	7
£85,000 - £89,999	2	5	-	-	1	2	1	3
£90,000 - £94,999	7	1	5	1	1	-	1	-
£95,000 - £99,999	1	6	-	4	1	2	-	-
£100,000 - £104,999	5	3	4	1	1	2	-	-
£105,000 - £109,999	-	7	-	5	-	2	-	-
£110,000 - £114,999	-	2	-	-	-	1	-	1
£115,000 - £119,999	3	1	3	-	-	1	-	-
£120,000 - £124,999	-	2	-	2	-	-	-	-
£125,000 - £129,999	-	1	-	1	-	-	-	-
£145,000 - £149,999	-	1	-	1	-	-	-	-
£150,000 - £154,999	1	-	1	-	-	-	-	-
£160,000 - £164,999	-	1	-	1	-	-	-	-
Total	403	1,196	15	16	247	942	141	238

*There is a significant increase in the number of teachers over £50k due to the payment of back-dated pay award for 2022/23 being made in April 2023, along with the pay award for 2023/24.

Disclosure of Remuneration for Relevant Persons

The Regulations require that the report shows in tabular form, against the post held and name of each relevant person the total amounts, whether received or receivable, by each relevant person from Falkirk Council.

The information is provided in separate tables as follows:

Explanatory & Assurance Statements

Remuneration paid to Falkirk Council's Senior Councillors

Name	Position(s)	Salary, Fees and Allowances	Salary, Fees and Allowances
		2023/24 £	2022/23 £
David Balfour	Depute Provost	22,586	21,108
Robert Bissett	Provost	30,356	27,212
Gary Bouse	Portfolio Holder, Housing and Communities	26,943	24,401
William Buchanan	Planning Committee Convener	24,304	23,027
Fiona Collie	Portfolio Holder, Health and Social Care	26,943	24,401
Stacey Devine	Portfolio Holder, Public Protection	26,943	21,682
Paul Garner	Portfolio Holder, Economic Development	26,943	24,401
James Kerr	Leader of the Opposition (Conservative)	22,586	20,869
Cecil Meiklejohn	Leader of the Council	40,205	37,148
Laura Murtagh	Portfolio Holder, Education to 16/04/23	1,259	24,472
Iain Sinclair	Portfolio Holder, Climate Change to 16/04/23 and Education from 17/04/23	26,943	21,862
Alan Nimmo	Convener Central Scotland Valuation Joint Board	25,297	18,381
Anne Hannah	Leader of the Opposition (Labour)	24,149	20,038
Lorna Binnie	Pensions Committee Convener	22,895	18,883
Euan Stainbank	Civic Licensing Committee Convener	24,149	20,038
Bryan Deakin	Portfolio Holder, Climate Change from 17/04/23	25,745	-
Total		398,246	347,923

The amount recharged to Central Scotland Valuation Joint Board in 2023/24 was £6,929 (2022/23 £5,370).

There were taxable expenses of £896 (2022/23 £456) and no non-cash expenses and benefits in kind in 2023/24 (2022/23 Nil).

Remuneration paid to all Members in 2023/24 was:

2022/23 £'000		2023/24 £'000
675	Salaries	699
-	Allowances (Mileage)	1
3	Expenses	2
678		702

The annual return of Councillors' salaries and expenses for 2023/24 is available for any member of the public to view at all Council libraries and public offices during normal working hours and is also available on the Council's website at www.falkirk.gov.uk. Please follow the "Councillors" quick link on the Council's website.

Explanatory & Assurance Statements

Remuneration of Senior Employees of Falkirk Council

Name	Post Title	Salary, Fees, and Allowances £	Other Amounts £	Total Remuneration 2023/24 £	Total Remuneration 2022/23 £
K Lawrie	Chief Executive	160,741	-	160,741	153,270
M Bennie	Director of Place Services	124,372	-	124,372	117,422
K Algie	Director of Transformation, Communities and Corporate Services; Acting Director of Children's Services from 04/09/23	124,372	-	124,372	117,534
R Naylor	Director of Children's Services (left 30/10/23)	108,307 (full year equivalent 125,990)	-	108,307	118,802
A Templeman	Chief Finance Officer (Section 95 Officer)	109,973	-	109,973	103,824
S Lacey	Head of Social Work Children's Services (CSWO)	109,973	-	109,973	103,699

There were no payments to senior employees by way of Bonuses, Taxable Expenses or Benefits other than in cash.

There are no "Other Amounts" value in 2023/24 due to no election duties and related fees taking place (2022/23 £1,824). These payments are reimbursed by either the Scottish Government or the Government of the United Kingdom.

The senior employees included in the table include any local authority employee:

- who has responsibility for management of the local authority to the extent that the person has power to direct or control the major activities of the authority (including activities involving the expenditure of money), during the year to which the Report relates, whether solely or collectively with other persons,
- who holds a post that is politically restricted by reason of section 2(1) (a), (b) or (c) of the Local Government and Housing Act 1989(a),
- whose annual remuneration, including any remuneration from a local authority subsidiary body, is £150,000 or more.

Pension Benefits

Pension benefits for councillors and local government employees are provided through the Local Government Pension Scheme (LGPS).

Before 1 April 2015 the scheme provided final salary benefits that were calculated by reference to a member's salary and their number of years of membership in the scheme. For employees the best of the last three final years of salary is used to determine the benefit accrued whereas for Councillors it is their career average pay that is used.

Career average pay is worked out by taking the Councillor's pay for each year or part year ending 31 March (other than the pay in the final year commencing 1 April) which is then revalued to reflect the cost of living, as measured by the appropriate index (or indices) between the end of that year and the last day of the month in which scheme membership ends. The total of the revalued pay is then divided by the period of membership to calculate the career average pay.

Benefits that are built up after 31 March 2015 build up on a CARE basis for both employees and Councillors. Under CARE pension is built up annually and then revalued to reflect the cost of living, as measured by the Consumer Prices Index.

Explanatory & Assurance Statements

At retirement scheme members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The normal retirement age for both Councillors and employees is State Pension age or age 65 if later. However, benefits that were built before 1 April 2015 retain a normal retirement age of 65.

The LGPS operates a five-tier contribution system with contributions from scheme members being based on how much of their actual pay falls into each tier. To drive an efficient payroll these tiers are converted into steps of 0.1% to which pay ranges are attached. The pay ranges are then revalued each year to reflect the cost of living. This is designed to give more equality between the cost and benefits of scheme membership.

The steps and members contribution rates for 2023/24 were as follows:

Contribution Rate	Actual Pay Min	Actual Pay Max	Contribution Rate	Actual Pay Min	Actual Pay Max
5.5%	Up to	£26,044	8.4%	£73,158	£75,218
5.6%	£26,045	£27,671	8.5%	£75,219	£77,398
5.7%	£27,672	£29,516	8.6%	£77,399	£79,708
5.8%	£29,517	£31,330	8.7%	£79,709	£82,161
5.9%	£31,331	£32,558	8.8%	£82,162	£84,769
6.0%	£32,559	£33,887	8.9%	£84,770	£87,549
6.1%	£33,888	£35,329	9.0%	£87,550	£90,516
6.2%	£35,330	£36,900	9.1%	£90,517	£93,692
6.3%	£36,901	£38,616	9.2%	£93,693	£97,100
6.4%	£38,617	£40,500	9.3%	£97,101	£100,764
6.5%	£40,501	£42,550	9.4%	£100,765	£104,715
6.6%	£42,551	£44,043	9.5%	£104,716	£108,989
6.7%	£44,044	£45,645	9.6%	£108,990	£113,627
6.8%	£45,646	£47,367	9.7%	£113,628	£118,677
6.9%	£47,368	£49,225	9.8%	£118,678	£124,197
7.0%	£49,226	£51,234	9.9%	£124,198	£130,256
7.1%	£51,235	£53,414	10.0%	£130,257	£136,935
7.2%	£53,415	£55,788	10.1%	£136,936	£144,337
7.3%	£55,789	£57,424	10.2%	£144,338	£152,585
7.4%	£57,425	£58,686	10.3%	£152,586	£161,833
7.5%	£58,687	£60,005	10.4%	£161,834	£172,274
7.6%	£60,006	£61,385	10.5%	£172,275	£184,155
7.7%	£61,386	£62,829	10.6%	£184,156	£197,796
7.8%	£62,830	£64,343	10.7%	£197,797	£213,620
7.9%	£64,344	£65,932	10.8%	£213,621	£232,195
8.0%	£65,933	£67,601	10.9%	£232,196	£254,309
8.1%	£67,602	£69,357	11.0%	£254,310	£281,078
8.2%	£69,358	£71,206	11.1%	£281,079	£314,147
8.3%	£71,207	£73,157	11.2%	£314,148	and above*

The value of the accrued benefits has been calculated by reference to the member's age on the basis they have reached the age at which they are entitled to receive a full unreduced benefit on retirement; without exercising any option to commute pension into a lump sum; and without any adjustment for the effects of future inflation.

The benefits and accrual rates for each year of service are:

- **Before 1 April 2009**
A pension of $1/80$ x pensionable pay*
A lump sum of $3/80$ x pensionable pay*
- **Between 1 April 2009 and 31 March 2015**
A pension of $1/60^{\text{th}}$ x pensionable pay*
- **From 1 April 2015**
A pension of $1/49^{\text{th}}$ x pensionable pay*

*Pensionable pay is the relevant final pay, career average pay or career average revalued earnings.

Explanatory & Assurance Statements

The pension figures shown relate to the benefits that the person has accrued as consequence of their total pensionable service, which may include service derived from other employments, and not just their current appointment. The pension figures shown must be rounded to the nearest £1,000.

Pension Rights of Senior Councillors of Falkirk Council

The pension entitlements for Senior Councillors for the year to 31 March 2024 are shown in the table below, together with the contribution made by the Council to each Senior Councillor's pension during the year.

Accrued Pension Benefits					
Name	In Year Pension Contributions for year to 31/03/2024 £	As at 31/03/2024 Pension £	As at 31/03/2024 Lump Sum £	Difference from 31/03/2023 Pension £	Difference from 31/03/2023 Lump Sum £
David Balfour	5,195	6,000	-	1,000	-
Robert Bissett	6,935	4,000	-	1,000	-
Alan Nimmo	5,780	6,000	-	-	-
Gary Bouse	6,197	4,000	-	1,000	-
Fiona Collie	6,197	4,000	-	1,000	-
Paul Garner	6,197	5,000	-	1,000	-
Lorna Binnie	5,195	3,000	-	-	-
James Kerr	5,195	3,000	-	-	-
Cecil Meiklejohn	9,247	12,000	-	1,000	-
Laura Murtagh	275	3,000	-	-	-
Bryan Deakin	6,127	1,000	-	1,000	-
Euan Stainbank	5,554	1,000	-	1,000	-
Stacey Devine	6,197	1,000	-	1,000	-
Anne Hannah	5,554	1,000	-	1,000	-
Iain Sinclair	6,197	1,000	-	1,000	-
Total	86,042	55,000		11,000	

The pension benefits shown relate to the benefits that the individual has accrued as a consequence of their total pensionable service in the Scheme, and not just their current appointment.

Explanatory & Assurance Statements

Pension Rights of Senior Employees of Falkirk Council

The pension entitlements of Senior Employees for the year to 31 March 2024 are shown in the table below, together with the contribution made by the Council to each Senior Employee's pension during the year.

Name	Post Title	Accrued Pension Benefits				
		In Year Pension Contributions for year to 31/03/2024 £	As at 31/03/2024 Pension £	As at 31/03/2024 Lump Sum £	Difference from 31/03/2023 Pension £	Difference from 31/03/2023 Lump Sum £
S Lacey	Head of Social Work, Children's Services (CSWO)	25,294	17,000	-	2,000	-
K Lawrie	Chief Executive	36,970	73,000	87,000	8,000	5,000
K Lawrie	Returning Officer	-	1,000	-	-	-
R Naylor	Director of Children's Services (left 30/10/23)	15,946	82,000	5,000	4,000	-
K Algie	Director of Transformation, Communities and Corporate Services	28,978	59,000	83,000	6,000	5,000
M Bennie	Director of Place Services	28,978	29,000	-	5,000	-
A Templeman	Chief Finance Officer (Section 95 Officer)	25,294	26,000	19,000	4,000	1,000
Total		161,460	287,000	194,000	29,000	11,000

The pension benefits shown relate to the benefits that the individual has accrued as a consequence of their total pensionable service in the Scheme, and not just their current appointment.

Exit Packages

The Local Authority Accounts (Scotland) Regulations 2014 require a local authority to disclose the number of exit packages agreed in the financial year in bands as disclosed in the table below.

The total cost shown in the following tables is for exit packages that have been agreed, accrued for, and charged to the Comprehensive Income and Expenditure Statement or equivalent statements in 2023/24.

The costs in respect of compensatory and pension fund payments have been converted to capital values using factors agreed by the LGPS sub-committee of the Association of Consulting Actuaries in 1998 and published in November 1998, updated to 2009 values as advised by the actuary to the Falkirk Council Pension Fund. These factors have also been used to arrive at capital values for the equivalent costs in the Teachers' Pension Scheme.

There were no compulsory redundancies in either 2023/24 or 2022/23.

Exit Packages agreed with former employees of Falkirk Council

Bands	2022/23 No.	Total Payments £	2023/24 No.	Total Payments £
Up to £20k	3	12,379	3	29,292
Over £20k up to £40k	1	36,425	3	98,072
Over £40k up to £60k	-	-	2	90,983
Over £60k up to £80k	2	137,348	1	76,606
Over £80k up to £100k	1	89,098	-	-
Over £100k up to £150k	3	398,767	3	439,276
Number of Packages	10	674,017	12	734,229

Explanatory & Assurance Statements

Trade Union Facility Time

In accordance with the provisions of the Trade Union (Facility Time Publication Requirements) Regulations 2017, Falkirk Council is now required to report annually on the amount of time-off granted to Trade Union representatives and the associated costs. It is a requirement of the legislation that information relating to employees of the authority's education function is reported separately.

Falkirk Council – Facility Time Report for 1 April 2023 – 31 March 2024

Education 2022/23	Other 2022/23		Education 2023/24	Other 2023/24
22	28	Number of employees who were relevant union officials during the relevant period	20	24
19.52	21.66	Number of full-time equivalent employees	18.46	18.14
		Number of employees analysed by % of time spent on Facility Time		
6	5	• 0%	6	4
15	18	• 1%-50%	13	15
-	-	• 51%-99%	-	1
1	5	• 100%	1	4
£119,892	£153,071	Total cost of Facility Time	£124,597	£181,601
0.08%	0.13%	% of Total pay bill spent on Facility Time	0.08%	0.15%
16.54%	6.55%	% Time spent on paid trade union activities as % of total paid facility hours	18.92%	8.77%

Councillor Cecil Meiklejohn
Leader of Falkirk Council
**** ** 2024**

Kenneth Lawrie
Chief Executive of Falkirk Council
**** ** 2024**

Financial Statements

Comprehensive Income and Expenditure Statement

This Statement shows the economic cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

In this statement expenditure and a deficit are positive signage, income and a surplus are negative signage.

Falkirk Council 2022/23				Group	Falkirk Council 2023/24				Group
Gross Expend £'000	Gross Income £'000	Net Expend £'000	Net Expend £'000		Gross Expend £'000	Gross Income £'000	Net Expend £'000	Net Expend £'000	
294,299	(38,891)	255,408	255,408	Children's Services	316,446	(31,321)	285,125	285,125	
225,218	(128,301)	96,917	96,917	Social Work Adult Services	234,430	(140,026)	94,404	94,404	
76,012	(24,122)	51,890	51,867	Place Services	84,308	(26,939)	57,369	57,369	
87,663	(31,843)	55,820	55,892	Transformation, Communities & Corporate Services	75,341	(33,447)	41,894	41,787	
73,329	(70,355)	2,974	2,974	Housing Revenue Account	77,957	(71,238)	6,719	6,719	
1,431	-	1,431	1,431	Valuation Joint Board	1,460	-	1,460	1,460	
757,952	(293,512)	464,440	464,489	Net Cost of Services	789,942	(302,971)	486,971	486,864	
976	-	976	976	Other Operating Expenditure (Gains) or Losses on disposal of Non-Current and Current Assets	691	-	691	691	
				Financing and Investment Income and Expenditure					
34,448	(34,492)	(44)	(44)	(Surplus) or deficit on trading undertakings (Note 15)	-	-	-	-	
25,292	-	25,292	25,292	Interest Payable and Similar Charges (Note 38)	33,335	-	33,335	33,335	
-	(3,307)	(3,307)	(3,307)	Interest & Investment Income	-	(6,826)	(6,826)	(6,826)	
38,910	(32,260)	6,650	6,650	Pension interest cost & interest income on plan assets (Note 17)	47,293	(57,446)	(10,153)	(10,153)	
98,650	(70,059)	28,591	28,591		80,628	(64,272)	16,356	16,356	
				Taxation and Non-Specific Grant Income					
-	(72,923)	(72,923)	(72,923)	Council Tax	-	(78,331)	(78,331)	(78,331)	
-	(260,070)	(260,070)	(260,070)	Government Grants (Note 35)	-	(268,191)	(268,191)	(268,191)	
-	(41,038)	(41,038)	(41,038)	Capital Grants, Contributions & Donations (Note 35)	-	(31,670)	(31,670)	(31,670)	
-	(80,433)	(80,433)	(80,433)	Non-Domestic Rates redistribution	-	(75,322)	(75,322)	(75,322)	
-	(2,034)	(2,034)	(2,034)	Non-Domestic Rates – TIF	-	(2,498)	(2,498)	(2,498)	
-	(456,498)	(456,498)	(456,498)		-	(456,012)	(456,012)	(456,012)	
857,578	(820,069)	37,509	37,558	(Surplus) or Deficit on Provision of Services	871,261	(823,255)	48,006	47,899	
		-	4,848	Share of the (Surplus) or Deficit on Provision of Services by Associates & Joint Ventures			-	3,872	
			42,406	Group (Surplus) or Deficit				51,771	
		(126,321)	(126,321)	(Surplus) or Deficit on revaluation of non-current assets and current assets (Note 11b)			40,009	40,009	
		(480,647)	(480,647)	Remeasurements of pension assets/liabilities (Note 11c)			(172,064)	(172,064)	
		211,175	211,175	Effect of Asset Ceiling Limitation on Net Defined Benefit Asset (Note 11c)			186,532	186,532	
			(1,938)	Share of Other Comprehensive Income & Expenditure of Associates & Joint Ventures				(2,351)	
		(395,793)	(397,731)	Other Comprehensive Income and Expenditure			54,477	52,126	
		(358,284)	(355,325)	Total Comprehensive Income and Expenditure			102,483	103,897	

Financial Statements

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into "Usable Reserves" (i.e. those that can be applied to fund expenditure or reduce local taxation) and "Unusable Reserves". The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes.

Movement in Reserves Statement for the year ended 31 March 2024

	Falkirk Council Reserves					Council's Share of Group Entity Reserves			Total Group Reserves £ 000
	General Fund Balance	HRA Balance	Capital and Other Reserves	Total Usable Reserves	Unusable Reserves	Total Council Reserves	Usable	Unusable	
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	
Balance at 31/03/23	(49,700)	(6,617)	(10,633)	(66,950)	(921,699)	(988,649)	(15,492)	(9)	(1,004,150)
Movement in reserves during 2023/24									
Total Comprehensive Income and Expenditure	40,424	7,582	-	48,006	54,477	102,483	3,765	(2,351)	103,897
Adjustments between accounting basis and funding basis under regulations (note9)	(78,891)	14,383	(1,785)	(66,293)	66,293		(96)	96	
Adjustments to usable reserves permitted by accounting standards	(20,393)	(18,862)	-	(39,255)	39,255				
Transfers (to)/from Other Statutory Reserves	(2,133)	242	1,891	-					
									103,897
Balance at 31/03/24	(110,693)	(3,272)	(10,527)	(124,492)	(761,674)	(886,166)	(11,823)	(2,264)	(900,253)

Movement in Reserves Statement for the year ended 31 March 2023

	Falkirk Council Reserves					Council's Share of Group Entity Reserves			Total Group Reserves £ 000
	General Fund Balance	HRA Balance	Capital and Other Reserves	Total Usable Reserves	Unusable Reserves	Total Council Reserves	Usable	Unusable	
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	
									(641,326)
Transfer of Group Entities	(3,306)			(3,306)		(3,306)	(5,684)	1,492	(7,498)
Revised Balance at 31/03/22	(53,788)	(7,228)	(11,073)	(72,089)	(558,276)	(630,365)	(20,038)	1,579	(648,824)
Movement in reserves during 2022/23									
Total Comprehensive Income and Expenditure	39,356	(1,847)	-	37,509	(395,793)	(358,284)	4,896	(1,938)	(355,326)
Adjustments between accounting basis and funding basis under regulations (note9)	(19,510)	15,771	825	(2,914)	2,914	-	(350)	350	
Adjustments to usable reserves permitted by accounting standards	(13,770)	(15,686)	-	(29,456)	29,456	-	-	-	
Transfers (to)/from Other Statutory Reserves	(1,988)	2,373	(385)	-	-	-	-	-	
(Increase)/Decrease in 2022/23	4,088	611	440	5,139	(363,423)	(358,284)	4,546	(1,588)	(355,326)
Balance at 31/3/23	(49,700)	(6,617)	(10,633)	(66,950)	(921,699)	(988,649)	(15,492)	(9)	(1,004,150)

Financial Statements

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the asset and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the capital receipts reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis under regulations".

Council 2022/23	Group 2022/23		Council 2023/24	Group 2023/24	Notes
£'000	£'000		£'000	£'000	
		Non-Current Assets			
1,246,012	1,246,627	Property, Plant & Equipment	1,225,163	1,225,891	20
151,761	151,761	Infrastructure Assets	159,932	159,932	20
266	266	Heritage Assets	266	266	21
611	611	Intangible Assets	464	464	19
-	-	Long Term Investments	-	-	-
3,663	3,663	Long Term Debtors	3,286	3,286	28
1,402,313	1,402,928		1,389,111	1,389,639	
		Current Assets			
437	437	Inventories	403	403	29
33,566	33,161	Short Term Debtors	43,423	43,423	31
31,062	31,062	Cash and Cash Equivalents	10,920	10,920	32
2,248	2,644	Assets Held for Sale	7,946	8,043	
67,313	67,304		62,692	62,789	
		Current Liabilities			
(64,436)	(73,674)	Short Term Borrowing	(141,977)	(140,922)	26
(103,609)	(103,204)	Creditors (including provisions)	(94,375)	(94,375)	33
(168,045)	(176,878)		(236,352)	(235,297)	
		Long Term Liabilities			
(230,052)	(220,052)	Long Term Borrowing	(251,666)	(251,670)	26
-	-	Defined Benefit Pension Scheme Liability	-	-	17
(67,982)	(67,982)	Other Long-Term Liabilities	(58,801)	(58,801)	37
(14,898)	(14,898)	Capital Grants and Receipts Received in Advance	(18,818)	(18,818)	35
-	13,728	Liabilities in Associates and Joint Ventures	-	12,212	
(312,932)	(289,204)		(329,285)	(317,078)	
988,649	1,004,150	Net Assets	886,166	900,253	
(66,950)	(66,950)	Usable Reserves	(124,492)	(124,492)	10
-	(15,492)	Group Entities		(11,823)	39
(66,950)	(82,442)		(124,492)	(136,315)	
(921,699)	(921,699)	Unusable Reserves	(761,674)	(761,764)	11
-	(9)	Group Entities		(2,264)	39
(921,699)	(921,708)		(761,674)	(763,938)	
(988,649)	(1,004,150)	Total Reserves	(886,166)	(900,253)	

The unaudited accounts were issued on 24th June 2024.

Amanda Templeman, CPFA
Chief Finance Officer
**** ** 2024**

Financial Statements

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as: operating, investing, and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

Council 2022/23 £'000	Group 2022/23 £'000		Council 2023/24 £'000	Group 2023/24 £'000
		Operating Activities		
37,509	42,406	Net (surplus) or deficit on the provision of services	48,006	51,771
(1,886)	795	Transfer of FCT and FCSL	-	-
(101,573)	(106,470)	Adjust net surplus or deficit on the provision of services for non-cash movements	(27,545)	(31,310)
41,038	41,038	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	31,670	31,670
(24,912)	(22,231)	Net cash flows from operating activities	52,131	52,131
		Investing Activities		
79,991	79,991	Purchase of property, plant & equipment, investment property and intangible assets	93,085	93,085
(951)	(951)	Proceeds from the sale of property, plant & equipment, investment property and intangible assets	(608)	(608)
(39,621)	(39,621)	Other receipts and investing activities	(34,242)	(34,242)
39,419	39,419	Net cash flows from investing activities	58,235	58,235
		Financing Activities		
(75,615)	(75,615)	Cash receipts of short and long-term borrowing	(121,702)	(121,702)
7,217	7,217	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	8,423	8,423
68,613	68,613	Repayments of short and long-term borrowing	23,055	23,055
215	215	Net cash flows from financing activities	(90,224)	(90,224)
14,722	17,403	Net (increase) or decrease in cash and cash equivalents	20,142	20,142
(45,784)	(48,465)	Cash and cash equivalents at the beginning of the reporting period	(31,062)	(31,062)
		Cash and cash equivalents at the end of the reporting period		
(58)	(58)	Cash held by Officers	(58)	(58)
(1,200)	(1,200)	Bank Current Accounts	1,597	1,597
(29,804)	(29,804)	Short-term deposits	(12,459)	(12,459)
(31,062)	(31,062)		(10,920)	(10,920)

The cash flows for operating activities include interest paid of £33.3m (2022/23 £25.3m) and interest received of £6.8m (2022/23 £3.3m).

Financial Statements

Adjust net surplus or deficit on the provision of services for non-cash movements:

Council 2022/23 £'000		Council 2023/24 £'000
(142)	Net Gain/(Loss)	(691)
(572)	Amortisation of Intangible Assets	(358)
(38,459)	Depreciation & Impairment of Fixed Assets	(50,146)
(39,127)	Net Charges for Retirement Benefits	-
(8,429)	Increase / (Decrease) in Debtors	8,142
(14,672)	(Increase) / Decrease in Creditors	15,542
(172)	Increase / (Decrease) in Stock	(34)
(101,573)		(27,545)

Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities:

28,411	Capital Grants General Fund	21,729
12,627	Capital Grants HRA	9,941
41,038		31,670

Supplementary Statement

Housing Revenue Account Income and Expenditure Statement

This account reflects the statutory requirement to account separately for Council Housing and it shows the major elements of housing revenue expenditure and capital financing costs and how these are met by rents, housing support grant and other income.

2022/23 £'000		2023/24 £'000
(63,322)	Dwelling Rents	(65,863)
(1,408)	Non-Dwelling Rents	(1,364)
(4,006)	Other Income	(4,011)
(68,736)	Total Income	(71,238)
28,813	Repairs and Maintenance	34,340
20,624	Supervision and Management	19,548
19,818	Depreciation and Impairment of Non-Current Assets	22,974
839	Rent, Rates, Taxes & Other Charges	955
657	Other Expenditure	452
712	Increase/(Decrease) in Bad Debts Provision	(312)
71,463	Total Expenditure	77,957
2,727	Net Expenditure of HRA Services as included in the Comprehensive Income and Expenditure Statement	6,719
247	HRA Services Share of Corporate and Democratic Core	247
2,974	Net Expenditure of HRA Services	6,966

HRA Share of Operating Income and Expenditure included in the Comprehensive Income and Expenditure Statement:

65	(Gain)/Loss on Sale of HRA Non-Current Assets	1
7,982	Interest Payable and similar charges	11,988
(523)	Interest and Investment Income	(863)
282	Pensions Interest Cost and Expected Return on Pension Assets	(569)
(12,627)	Recognised Capital Grant Income	(9,941)
(1,847)	(Surplus)/Deficit for the Year	7,582

Movement on the Housing Revenue Account Statement

2022/23 £'000		2023/24 £'000
(7,228)	Balance on the HRA at the end of the previous year	(6,617)
(1,847)	(Surplus) or Deficit for the year on HRA Income and Expenditure Statement	7,582
15,771	Adjustments between Accounting Basis and Funding Basis under Statute	14,383
(15,686)	Adjustment to Usable Reserves permitted by Accounting Standards	(18,862)
(1,762)	Net (Increase) or Decrease before transfers to or from Reserves	3,103
2373	Transfers to or (from) Reserves	242
611	(Increase) or Decrease in Year on the HRA	3,345
(6,617)	Balance on the HRA at the end of the Current Year	(3,272)

Supplementary Statement

Housing Revenue Account Disclosures

Adjustments between Accounting Basis and Funding Basis under Statute

2022/23 £'000		2023/24 £'000
(65)	Gain or (loss) on sale of HRA non-current assets	(1)
5,024	Capital expenditure charged to the HRA	-
(4,131)	Depreciation and Impairment	(4,112)
6,353	Statutory Repayment of Debt (Loans Fund Advances)	7,652
(4,085)	HRA share of contributions to or from the Pensions Reserve	857
(18)	Accumulated Absences Account	(18)
66	Difference between any other item of income and expenditure determined in accordance with the Code and statutory HRA requirements	64
12,627	Recognised Capital Grant Income	9,941
15,771	Total	14,383

Housing Stock

The Council Housing Stock at 31 March 2024 was 16,856 properties in the following categories.

2022/23 Number		2023/24 Number
2,736	One bedroom and under	2,757
8,969	Two bedrooms	9,044
4,509	Three bedrooms	4,546
486	Four bedrooms	490
19	Five bedrooms and larger	19
16,719	Total	16,856
£73.31	Average Weekly rent (52 week basis)	£74.92

The increase in housing stock numbers is a combination of the new build activity that the Council has been undertaking and the buy-back programme where the Council buys back Council houses that had previously been sold.

Rent Arrears

Rent Arrears at 31 March 2024 were £8,409,364 (£8,320,635 in 2022/23).

Bad Debt Provision

An impairment of £4.974m (£5.283m in 2022/23) has been provided in the Balance Sheet for irrecoverable rents, a decrease of £0.309m from the provision in 2022/23

Losses on Void Properties

2022/23 £'000		2023/24 £'000
1,450	Dwelling Rents	1,453
373	Non-Dwelling Rents	435
1,823	Total	1,888

Supplementary Statement

Council Tax Income Account

The council tax income account (Scotland) shows the gross income raised from council taxes levied and deductions made under statute. The resultant net income is transferred to the Comprehensive Income and Expenditure Statement of the authority.

2022/23 £'000		2023/24 £'000
(94,054)	Gross Council Tax Levied	(101,247)
162	Prior Year Adjustments	195
(93,892)	Total Income	(101,052)
8,892	Council Tax Reduction	9,897
1,101	Provisions Against Bad and Doubtful Debts	957
10,976	Other Discounts and Reductions	11,867
20,969	Total Expenditure	22,721
(72,923)	Net Council Tax Income transferred to General Fund	(78,331)

The Council Tax Charge

The actual Council Tax is levied according to the Base Band 'D' charge and weighted in accordance with ratios detailed above. The charges set for each Band for 2023/24 are as follows:

Band	£ per Dwelling
A*	£757.68
A	£909.21
B	£1,060.75
C	£1,212.28
D	£1,363.82
E	£1,791.91
F	£2,216.21
G	£2,670.81
H	£3,341.36

* Band 'A' with Disabled Persons Relief

Supplementary Statement

Calculation of the Council Tax Base per 2023/24 Budget

	Band A*	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
No. of Dwellings	N/A	22,221	19,423	7,163	9,431	9,240	6,056	3,074	81	76,689
Exempt Dwellings	N/A	1,007	537	198	166	104	48	21	2	2,083
Chargeable Dwellings	N/A	21,214	18,886	6,965	9,265	9,136	6,008	3,053	79	74,606
Disabled Reduction	N/A	74	97	52	65	101	63	26	-	478
Adjusted Chargeable Dwellings	74	21,237	18,841	6,978	9,301	9,098	5,971	3,027	79	74,606
Discounts (25%)	34	13,204	7,921	3,279	3,171	2,068	875	314	7	30,873
Discounts (due to being second homes)	-	26	28	20	12	18	4	1	-	109
Discount (long term empty properties)	-	358	199	97	73	50	25	13	2	817
Discount (occupied by disregarded adults)	-	3	3	-	5	1	2	1	-	15
Not entitled to discount	40	7,646	10,690	3,582	6,040	6,961	5,065	2,698	70	42,792
Effective Dwellings	66	17,743	16,746	6,100	8,463	8,547	5,737	2,941	76	66,419
Ratio to Band D	5/9	2/3	7/9	8/9	1	1 1/3	1 5/8	2	2 4/9	
No. of Band D Equivalents	37	11,829	13,025	5,422	8,463	11,230	9,323	5,759	186	65,274
Add: Estimated Growth in tax base										627
Less: Dwellings for which collection of Council Tax is considered to be doubtful – 98.12% collection offset by prior year collection										1,091
Council Tax (£'000)										88,388
Less: Impact of Council Tax Reduction Scheme (£'000)										(9,897)
Budgeted Council Tax Base (£'000)										78,491

Supplementary Statement

Non-Domestic Rates Account

The non-domestic rate account reflects the statutory obligation for billing authorities to maintain a separate non-domestic rate account. The statement shows the gross income from the rates and deductions made under statute. The net income is paid to the Scottish Government as a contribution to the national non-domestic rate pool.

2022/23 £'000		2023/24 £'000
(91,227)	Rate Levied (including large Business Supplement)	(97,652)
	Less:	
14,974	Reliefs and Other Deductions	12,151
629	Write-Off of Uncollectable Debts	2,162
(75,624)	Net Non-Domestic Rate Income	(83,339)
4,962	Adjustments to previous years National Non-Domestic Rates	9,407
2,034	Non-Domestic Rate Income Retained by Authority (TIF)	2,498
(68,628)	Contribution to Non-Domestic Rate Pool	(71,434)
(80,433)	Distribution from Non-Domestic Rate Pool	(75,322)
(80,433)	Income Credited to the Comprehensive Income and Expenditure Statement	(75,322)

Rate Pounding

The Non-Domestic Rates (NDR) charge for each property is determined by the rateable value placed upon it by the Assessor, multiplied by the National Rate Pounding which is set by Scottish Ministers. For 2023/24 the Rate Pounding was set at 49.8 pence for properties with a rateable value up to £51,000; an intermediate rate of 51.1 pence for properties with rateable values from £51,001 to £100,000; and a higher rate of 52.4 pence for properties with rateable values more than £100,000.

Empty Property Relief

From the 1 April 2023, Empty Property Relief was devolved to local authorities. Expenditure on Empty Property Relief was £1.27m in 2023/24.

Analysis of Rateable Values as at 1 April 2023

	No. of Premises	Rateable Value £'000	%
Shops	1,396	31,798	16.1
Hotels and Public Houses	116	5,268	2.7
Offices	936	12,774	6.5
Industrial – Factories, Warehouses, Stores and Workshops	1,451	49,783	25.3
Sports, Leisure, Cultural, Entertainment, Caravans, Holiday Sites	431	6,434	3.3
Garages and Petrol Stations	63	2,628	1.3
Education and Training	79	14,415	7.3
Public Service Subjects	158	8,746	4.4
Quarries and Mines	18	1,521	0.8
Petrochemical	15	36,198	18.4
Religious	112	1,769	0.9
Health/Medical and Care Facilities	150	14,157	7.2
Undertaking	40	9,357	4.7
Communications, Advertising and Other	387	2,133	1.1
Total	5,352	196,981	100.0

Supplementary Statement

Common Good Funds

Common Good Funds were inherited from the former burgh authorities of Bo'ness, Denny, Grangemouth, and Falkirk in 1975 and are used solely for the benefit of the residents of these areas. Kilns House is part of the former Falkirk Town Council and was revalued at 1 April 2016.

Total 2022/23 £'000		Former Bo'ness Town Council 2023/24 £'000	Former Denny Town Council 2023/24 £'000	Former Grangemouth Town Council 2023/24 £'000	Former Falkirk Town Council 2023/24 £'000	Total 2023/24 £'000
Income and Expenditure Account						
Income						
-	Revaluation Gain				(144)	(144)
-	Asset Sale				(245)	(245)
(23)	Rents Received	-	-	-	-	-
(18)	Interest	(3)	-	(1)	(44)	(48)
(41)	Total Income	(3)	-	(1)	(433)	(437)
Expenditure						
27	Depreciation	-	-	-	15	15
54	Other	-	-	-	-	-
9	Revaluation Impairment	-	53	-	262	315
90	Total Expenditure	-	53	-	277	330
49	(Surplus)/Deficit for Year	(3)	53	(1)	(156)	(107)
Balance Sheet						
1,011	Fixed Assets	7	168	-	651	826
762	Investments	59	7	24	965	1,055
1,773	Net Assets	66	175	24	1,616	1,881
Financed by:						
212	Asset Revaluation Reserve	5	45	-	118	168
799	Capital Adjustment Account	2	123	-	533	658
762	Revenue Reserve	59	7	24	965	1,055
1,773		66	175	24	1,616	1,881

Amanda Templeman, CPFA
Chief Finance Officer
** ** 2024

Note 1: General Accounting Policies

General Principles and Accounting Concepts

The Annual Accounts summarise the Council's transactions for the 2023/24 financial year and its position at the year-end of 31 March 2024. The Council is required to prepare Annual Accounts by the Local Authority Accounts (Scotland) Regulations 2014. Section 12 of the Local Government in Scotland Act 2003 requires that the accounts are prepared in accordance with proper accounting practices. The Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code) and the Service Reporting Code of Practice 2023/24 (SERCOP), supported by International Financial Reporting Standards (IFRS).

The Code of Practice on Local authority Accounting is issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LA(S) AAC).

The Accounts are designed to illustrate the financial performance in the year as well as the position of the Council as at 31 March 2024. Comparative figures for the previous financial year are also provided.

In accordance with IAS 8: Accounting Policies, the Council regularly reviews its accounting specific policies to ensure that they remain the most appropriate. The Code defines accounting policies as "the principles, bases, conventions, rules and practices applied by an authority in preparing and presenting accounts."

The accounting concepts of 'materiality', 'accruals', 'going concern' and 'primacy of legislative requirements' have been considered in the application of accounting policies. In this regard the materiality concept means that information is included where it is of such significance as to justify its inclusion. The accruals concept requires the non-cash effects of transactions to be included in the accounts for the year in which they occur, not in the period in which payment is made or income received. The going concern concept assumes that the Council will not significantly curtail the scale of its operation. In cases where accounting principles and legislative requirements conflict, the latter will apply.

The selection of accounting policies can have a significant impact on the figures shown in the accounts and as such they are required to be disclosed in these accounts. The policies shown in notes 1 to 5 in general impact on the accounts as a whole. More specific accounting policies are also disclosed against the relevant notes to the accounts.

Any departures from the above Codes of Practice are stated in the notes to the financial statements. In addition, these accounts have been prepared under the historic cost convention, other than changes resulting from the revaluation of certain categories of non-current assets.

As noted in the management commentary by the Chief Finance Officer, Group Accounts have been prepared which reflect the Council's interest in the Central Scotland Valuation Joint Board, FCSL (Holdings) Ltd, Common Good Funds and Falkirk Integration Joint Board (IJB).

Basis of Preparation

The Council's financial statements for 2023/24 have been prepared on a going concern basis. The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. The provisions in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting. In accordance with the CIPFA Code of Local Government Accounting (2023/24), the Council is required to prepare its financial statements on a going concern basis unless informed by the relevant national body of the intention for dissolution without transfer of services or function to another entity. The accounts are prepared on the assumption that the Council will continue in operational existence for the foreseeable future.

Falkirk Council considered the Revenue Budget and Financial Strategy for 2024/25 at its meeting on 28 February 2024. In order to maintain a balanced budget for 2024/25, the Council was required to bridge a budget gap of £31.1m which included £22.5m of service concessions and service savings of £8.6m. The Council continues to face unprecedented challenges in delivering essential services whilst resources are constrained. The latest projections show the Council has a budget gap of c£31m in 2025/26. In addition to known costs, there remains a risk that further costs will continue to be incurred. Going forward work will continue to develop the Financial Strategy, and further updates and savings options will be considered by the Council. Measures available to the

Notes to the Financial Statements

Council include the use of service concessions, reprioritisation of earmarked reserves and balances, revisions to service delivery or service standards and identification of additional saving measures.

The Council has established a minimum uncommitted general fund target of £8.5m. The uncommitted general fund balance at 31 March 2024 is £11.8m. Should additional cost pressures exceed the remaining general reserve balance, the Council will consider a range of options to balance the budget, as outlined above.

The Council's Treasury Management Strategy ensures that there is sufficient cash is available to meet its requirements. Falkirk Council has a high level of balances of cash short term investments, totalling £14.4m at 31 March 2024. Normally when investments mature, they are reinvested for periods up to a year. Typically, cash has been invested in highly liquid instruments, such as the overnight bank account or money market funds, to ensure that the funds are available as required. The Council's cash flow is monitored daily by management and the Council does not forecast any cash flow shortage. The Council has ready access to cash through the money market and borrowing with the PWLB and issues with access to cash are therefore a low risk for the Council.

On this basis, the Council is satisfied that it has sufficient reserves and liquidity to continue as a going concern for a period of at least 12 months from authorisation of the financial statements.

Accrual of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser, and it is probable that economic benefits or service potential associated with the transaction will flow to the Council
- revenue from the provision of services is recognised when the Council can reliably measure the percentage of completion of the transaction, and it is probable that economic benefits or service potential associated with the transaction will flow to the Council
- supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet
- expenses in relation to services received (including those rendered by employees) are recorded as expenditure when the services are received, rather than when payments are made
- interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract
- where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where there is evidence that debts are unlikely to be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Changes in accounting estimates are accounted for prospectively i.e. in the current and future years affected by the change.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Balance Sheet and Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

Charges to Revenue for Non-Current Assets

Service revenue accounts, support services and the trading accounts are debited with the following amounts to record the real cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses attributable to the clear consumption of economic benefits on tangible non-current assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible non-current assets attributable to the service.

The Council is not required to raise council tax to cover depreciation, impairment losses, revaluation losses, or amortisations. However, it is required to make an annual contribution from general fund balances to reduce its overall borrowing requirement. Depreciation, impairment losses, revaluation losses, and amortisations are therefore substituted by a funding contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two. More information on the accounting for and disclosure around infrastructure assets held by the Council can be found at Note 20.

Value Added Tax

Income and expenditure exclude any amounts related to VAT, as all VAT collected is payable to Her Majesty's Revenue & Customs (HMRC) and all VAT paid is recoverable from HMRC.

Revenue Expenditure Funded from Capital Under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income & Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

Overheads and Support Services

Changes to the 2016/17 Code for Telling the Story removed the requirement to report services in the Comprehensive Income and Expenditure Statement in accordance with the specifications in the Service Reporting Code of Practice (SERCOP). As a result, the costs of Central Support Services are no longer allocated out to all Services.

Note 2: Accounting Standards that have been issued but have not yet been adopted

The following standards have been adopted in the 2024/25 Code and will therefore be applicable to authorities to local authorities for the 2024/25 financial year reporting:

- **IFRS16 Leases**

The implementation date for IFRS16 was originally 1 April 2020 for local authorities but this has been deferred three times and is now 1 April 2024. It was felt appropriate to include the delay of this standard due to its potential impact on future accounting. Both the 2022/23 and the 2023/24 Codes will allow for adoption as of 1 April 2022 or 2023, however, Falkirk Council has chosen to wait for the implementation date.

This new standard eliminates nearly all off balance sheet accounting for lessees as existing rules no longer apply for treating lease transactions as operating or finance leases. All contracts that convey the right to use an asset for a period of time in exchange for consideration could meet the definition of a lease and will require to be examined. An exemption exists for low value assets such as tablets, computers, and telephones, although identification is still required. The implementation and compliance with IFRS16 is recognised as potentially significant for most lessees, particularly if they do not already have an in-house lease information system.

- **Classification of Liabilities as Current or Non-current (Amendments to IAS 1)**

This amendment requires liabilities to be classified as non-current if the entity has a substantive right to defer settlement for at least 12 months at the end of the reporting period.

- **Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)**

This amendment adds subsequent measurement requirements for sale and leaseback transactions.

- **Non-current Liabilities with Covenants (Amendments to IAS 1)**

This amendment provides clarity on how to classify liabilities and introduce new disclosure requirements for liabilities subject to covenants.

- **International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12)**

This amendment applies to multinational groups with a minimum level of turnover and introduces a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

- **Supplier Finance Arrangements (Amendments to IAS7 and IFRS 7)**

This amendment requires additional disclosures about its finance arrangements.

Note 3: Critical Judgements in Applying Accounting Policies

In applying these accounting policies, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Annual Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.
- The Code has adopted the International Public Sector Accounting Standards (IPSAS) definition of Investment Property as one that is used solely to earn rentals or for capital appreciation, or both. Property that is used to facilitate the delivery of services or production of goods as well as to earn rentals or for capital appreciation does not meet with the definition of investment property under IPSAS 16 and is accounted for as Property, Plant and Equipment. The Council has examined its portfolio of property, in particular those which were classified as investment properties under the Code and concluded that they do not meet the definition of an investment property as noted above. Instead, these properties are held for economic development purposes and are now classified as Property, Plant and Equipment. The value of these assets within the Council's accounts is £49.6m.

Notes to the Financial Statements

- The Council is deemed to control the services provided under the Private Finance Initiative agreements for the provision of school buildings, maintenance, and other facilities (Class 98 and Falkirk Schools Gateway Ltd). The accounting policies for Private Finance Initiatives have been applied to these arrangements and the schools (valued at net book value of £257.9m at 31 March 2024) are recognised as Property, Plant and Equipment on the Council's Balance Sheet.
- Acting as a principal or agent in financial transactions – the Council has applied a judgement in determining the recognition of income and expenditure related to Scottish Government grants where it may be considered to be either an agent or the principal in receiving and distributing funds.

Note 4: Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

The Annual Accounts contain estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends, and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet as at 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming financial years are as follows:

Provisions

The Council has made a provision for the settlement of claims for back pay arising from Equal Pay and Holiday Pay. However, uncertainty remains as settlement negotiations are ongoing.

Pensions Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which earnings are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Hymans Robertson LLP, a firm of consulting actuaries, are engaged to provide the Council with expert advice about the assumptions to be applied.

The actuarial inputs into the pension liability valuation are subject to annual review and have a significant impact on the potential valuation. Historically it is common for small changes in the discount rate, salary assumption rate and pension rate to have material impacts on the year end valuations on a year-to-year basis. The potential impact of future changes is outlined below. The valuation of pension fund assets and liabilities as at 31 March 2024 is £1,251m and £1,065m respectively.

More information on the key assumptions used in the actuarial valuation of the estimates is available in Note 17 to the accounts, including information on the key assumptions, risks, and sensitivities. An update is also included in this note on the latest development around a number of equalisation adjustments to pension liabilities which have occurred in LGPS and may continue to materially impact the valuation of the Council's liability going forward.

Guaranteed Minimum Pension (GMP)

GMP was accrued by members of the Local Government Pension Scheme (LGPS) between 6 April 1978 and 5 April 1997. The value of GMP is inherently unequal between males and females, however overall equality of benefits was achieved for public service schemes through the interaction between scheme pensions and the Second State Pension. The introduction of the new Single State Pension in April 2016 disrupted this arrangement and brought uncertainty over the ongoing indexation of GMPs, which could lead to inequalities between men and women's benefits. The fund's actuary has carried out calculations in order to estimate the impact that the GMP indexation changes will have on the liabilities of the Council for financial reporting purposes. The estimate assumes that the permanent solution eventually agreed will be equivalent in cost to extending the interim solution to all members reaching state pension age from 6 April 2016 onwards. This increased liability has been reflected in the annual accounts as a past service cost in 2019/20 and no further impact assessed at 31 March 2024.

Notes to the Financial Statements

Effect if Actual Results Differ from Assumptions

The effects on the net pension liability to changes in individual assumptions can be measured. The following table shows the sensitivity of the results to the changes in the principal assumptions used to measure the scheme liabilities:

Sensitivities at 31 March 2024	Approx % increase to Employer Liability	Approx monetary amount £'000
0.1% decrease in Real Discount Rate	2	18,544
0.1% increase in the Salary Increase Rate	0	2,396
0.1% increase in the Pension Increase Rate	2	16,456

In addition, the actuary has estimated that a one-year increase in life expectancy would approximately increase the Employers Defined Benefit Obligation by around 4%.

Property, Plant and Equipment

Assets are depreciated over useful lives that are dependent on a number of assumptions including the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance. Significant changes to the assumptions on spend for repairs and maintenance for example, could impact on the useful lives of the assets.

Effect if Actual Results Differ from Assumptions

If the useful life of the asset is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge would increase.

Property Valuations

In 2023/24, the valuation of the following assets was reviewed as at 31 March 2024:

- Education properties were fully revalued which led to a valuation decrease of £22.7m on the previous year totalling £450.9m. Education properties are valued on an EUV basis using a market value comparison (EUV-MV) and where assets are considered specialised e.g. primary schools depreciated replacement cost on a modern equivalent basis where appropriate (DRC/MEA)
- Housing stock – this was a desktop impairment review which led to valuation of £527.4m which presents an decrease of £24.1m on the previous year. Housing Stock is valued on an EUV basis for Social Rent (EUV-SH)

As noted above – these valuations were undertaken to ensure that the carrying value is not materially different from the current value.

The changes in valuation in assets in 2023/24, compared to 2022/23, represent updated information around the assets since the most recent full valuation, in particular the cost of replacing assets based on RICS indices for the changes in market value of housing properties and adjustments for social rent discounts for housing stock.

Effect if Actual Results Differ from Assumptions

The net book value of all Council property, plant, and equipment subject to revaluation through the 5-year revaluation cycle is £1.385 billion. All property assets were subject to an impairment review of revaluation in 2023/24. The impact of a 5% change in valuation of these would be £69.2m, either resulting in an increase or decrease in the Council's revaluation reserve or an additional impairment charge. There would be no impact on the Council's general fund.

Arrears

As at 31 March 2023 the Council has Council Tax debt due of £18.9m, housing rents of £8.4m and sundry debtors of £7.9m. Management reviewed these balances at 31 March and determined that an allowance for doubtful debts of £14.4m, £5.0m and £2.3m was appropriate for the respective balances based upon historical assessment of recoverability/review of individual balances and correspondence with third parties/ageing analysis at year end. However, it is recognised that in the current economic climate and taking into account the impact of COVID-19 there is increased uncertainty around the recoverability of debtor balances. Management has continued to review all material outstanding balances at the year-end subsequent to 31 March and has not determined any further allowance is required based on recovery to date.

An increase of 5% in the value of the above provisions would amount to c.£0.722m, c.£0.249m and c.£0.114m respectively.

Note 5: Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the balance sheet date and the date when the Annual Accounts are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Annual Accounts are adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the Annual Accounts are not adjusted to reflect such events, but where a category of events would have a material effect disclosure is made in the notes of the nature of the events and their estimated financial effect.

There have been no such events up to the date of authorisation.

Events taking place after the date of authorisation for issue are not reflected in the Annual Accounts.

Notes to the Financial Statements

Note 6: Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by the Council in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated between the Council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2022/23			2023/24			
Net Expenditure Chargeable to the General Fund and HRA Balances £'000	Adjustments between the Funding and Accounting Basis (Note 7) £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000		Net Expenditure Chargeable to the General Fund and HRA Balances £'000	Adjustments between the Funding and Accounting Basis (Note 7) £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
244,191	11,217	255,408	Children's Services	259,065	26,060	285,125
91,308	5,609	96,917	Social Work Adult Services	94,443	(39)	94,404
29,469	22,421	51,890	Place Services	41,943	15,426	57,369
45,376	10,444	55,820	Transformation, Communities & Corporate Services	40,282	1,612	41,894
(1,762)	4,736	2,974	Housing Revenue Account	3,103	3,616	6,719
1,431	-	1,431	Valuation Joint Board	1,460	-	1,460
410,013	54,427	464,440	Net Cost of Services	440,296	46,675	486,971
7,727	21,840	29,567	Other Income and Expenditure	4,793	12,254	17,047
(413,425)	(43,073)	(456,498)	Taxation and Non-Specific Grant Income	(424,342)	(31,670)	(456,012)
(405,698)	(21,233)	(426,931)	Total Other Income and Expenditure	(419,549)	(19,416)	(438,965)
4,315	33,194	37,509	(Surplus) or Deficit	20,747	27,259	48,006
(57,711)	-	-	Opening General Fund & HRA Balance at 31 March 2022	(56,317)	-	-
(3,306)	-	-	Transfer of FCT & FCSL Balances	-	-	-
4,315	-	-	Less/(Add) Deficit or Surplus on General Fund and HRA Balance in Year	20,747	-	-
385	-	-	Transfers to/(from) Other Statutory Reserves	(1,891)	-	-
			Service Concessions	(76,504)	-	-
(56,317)			Closing General Fund and HRA Balance at 31 March 2023	(113,965)		

For a split of this balance between the General Fund and the HRA – see the Movement in Reserves Statement.

Notes to the Financial Statements

Note 7: Expenditure and Funding Analysis – Adjustments

Adjustments between Funding and Accounting Basis 2023/24

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note 1) £'000	Net change for the Pensions Adjustments (Note 2) £'000	Other Differences (Note 3) £'000	Total Adjustments £'000
Children's Services	25,106	(1,001)	1,955	26,060
Social Work – Adult Services	353	(457)	65	(39)
Place Services	15,918	(571)	79	15,426
Transformation, Communities & Corporate Services	3,273	(1,998)	337	1,612
Housing Revenue Account	4,133	(288)	(229)	3,616
Net Cost of Services	48,783	(4,315)	2,207	46,675
Other Income and Expenditure from the Expenditure and Funding Analysis	(9,263)	(10,153)	-	(19,416)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statements Surplus or Deficit on the Provision of Services	39,520	(14,468)	2,207	27,259

Adjustments between Funding and Accounting Basis 2022/23

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note 1) £'000	Net change for the Pensions Adjustments (Note 2) £'000	Other Differences (Note 3) £'000	Total Adjustments £'000
Children's Services	495	13,417	(2,695)	11,217
Social Work – Adult Services	158	5,387	64	5,609
Place Services	16,242	6,058	121	22,421
Transformation, Communities & Corporate Services	6,501	3,811	132	10,444
Housing Revenue Account	915	3,803	18	4,736
Net Cost of Services	24,311	32,476	(2,360)	54,427
Other Income and Expenditure from the Expenditure and Funding Analysis	(25,584)	6,368	(2,017)	(21,233)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statements Surplus or Deficit on the Provision of Services	(1,273)	38,844	(4,377)	33,194

(1) Adjustments for Capital Purposes

This column includes depreciation and impairment of non-current assets, amortisation of intangible assets, capital grants and contributions which have been applied to capital financing, gains, and losses on the disposal of non-current assets, statutory charges for the financing of capital investment, capital expenditure charged against the General Fund and HRA balances and any adjustments involving the Capital Fund.

(2) Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income. This represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs; and the net interest on the defined benefit liability charged to the CIES

Notes to the Financial Statements

(3) Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute include the amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements, the amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements and the removal of the impact of internal recharges in accordance with Code requirements

Note 8: Expenditure and Income Analysed by Nature

The authority's expenditure and income are analysed as follows:

2022/23 £'000		2023/24 £'000
	Expenditure	
334,841	Employee benefits expenses	325,366
395,177	Other services expenses	374,305
62,381	Depreciation, amortisation, impairment	90,271
25,292	Interest payments	33,335
38,910	Pensions interest cost	47,293
977	Loss on the disposal of assets	691
857,578	Total Expenditure	871,261
	Income	
(328,004)	Fees, charges, and other service income	(302,971)
(3,307)	Interest & investment income	(6,826)
(32,260)	Pensions interest income on plan assets	(57,446)
(155,390)	Income from council tax, non-domestic rates	(156,151)
(301,108)	Government grants and contributions	(299,861)
(820,069)	Total Income	(823,255)
37,509	(Surplus) or Deficit on the Provision of Services	48,006

Notes to the Financial Statements

Note 9: Adjustments between Accounting Basis and Funding Basis Under Regulations 2023/24

This Note details the adjustments that are made to the total Comprehensive Income and Expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

	General Fund Balance £'000	HRA Balance £'000	Capital Reserves £'000	Total Usable Reserves £'000	Unusable Reserves £'000
Depreciation, impairment, and downward revaluation of non-current assets	(46,034)	(4,112)	-	(50,146)	50,146
Amortisation of intangible assets	(358)	-	-	(358)	358
Impairment of Investment	-	-	-	-	-
Statutory Repayment of Debt (Loans Fund Advances)	2,854	7,652	-	10,506	(10,506)
Capital expenditure charged to the General Fund Balance (CFCR)	-	-	-	-	-
Statutory Repayment of Debt (PFI)	8,423	-	-	8,423	(8,423)
Capital Receipts applied to fund Capital Expenditure	-	-	813	813	(813)
Capital Grant used to repay loans principal	-	-	(1,990)	(1,990)	1,990
Capital Grants Received	21,729	9,941	-	31,670	(31,670)
Capital Receipts Received	-	-	(608)	(608)	-
Net Book Value of Asset Disposals	-	-	-	-	1,298
Amount by which pension costs calculated in accordance with the Code (i.e., in accordance with IAS 19) are different from the contributions due under the pension scheme regulations	13,611	857	-	14,468	(14,468)
Net transfer to or from the Accumulated Absences account required by legislation	(2,189)	(18)	-	(2,207)	2,207
Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements	266	64	-	330	(330)
Net (Gain)/Loss on Sale of Assets	(689)	(1)	-	(690)	-
Application of Service Concessions	(76,504)	-	-	(76,504)	76,504
Total Adjustments	(78,891)	14,383	(1,785)	(66,293)	66,293

Movements in Usable and Unusable reserves are set out in more detail in Notes 10 and 11 respectively.

Notes to the Financial Statements

Adjustments between accounting basis and funding basis under regulations 2022/23

	General Fund Balance £'000	HRA Balance £'000	Capital Reserves £'000	Total Usable Reserves £'000	Unusable Reserves £'000
Depreciation, impairment, and downward revaluation of non-current assets	(28,221)	(4,131)	-	(32,352)	32,352
Amortisation of intangible assets	(572)	-	-	(572)	572
Impairment of Investment	(834)	-	-	(834)	834
Statutory Repayment of Debt (Loans Fund Advances)	3,024	6,353	-	9,377	(9,377)
Capital expenditure charged to the General Fund Balance (CFCR)	4,076	5,024	-	9,100	(9,100)
Statutory Repayment of Debt (PFI)	7,217	-	-	7,217	(7,217)
Capital Receipts applied to fund Capital Expenditure	-	-	1,316	1,316	(1,316)
Capital Grants Received	28,412	12,627	-	41,039	(41,039)
Capital Receipts Received	-	-	(491)	(491)	-
Net Book Value of Asset Disposals	-	-	-	-	633
Amount by which pension costs calculated in accordance with the Code (i.e., in accordance with IAS 19) are different from the contributions due under the pension scheme regulations	(35,042)	(4,085)	-	(39,127)	39,127
Net transfer to or from the Accumulated Absences account required by legislation	2,233	(18)	-	2,215	(2,215)
Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements	274	66	-	340	(340)
Net Loss/(Gain) on Sale of Assets	(77)	(65)	-	(142)	-
Total Adjustments	(19,510)	15,771	825	(2,914)	2,914

Movements in Usable and Unusable reserves are set out in more detail in Notes 10 and 11 respectively.

Note 10: Usable Reserves

Reserves are amounts set aside for specific purposes outwith the definition of provisions. They are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year and included within the Net Cost of Services in the Comprehensive Income & Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure in that year.

Section 93 of the Local Government (Scotland) Act 1973 requires the Council to have a General Fund. Schedule 3 to the Local Government (Scotland) Act 1975 also allows local authorities to establish a Repairs and Renewals Fund, an Insurance Fund, and a Capital Fund. Other reserves have also been established to meet the accounting requirements of the Code.

2022/23 £'000	Usable Reserves	2023/24 £'000
(56,317)	General Fund	(113,965)
(5,096)	Insurance Fund	(5,132)
(1,980)	Repairs & Renewals	(2,043)
(3,218)	Capital Receipts Reserve	(3,146)
(339)	Capital Grants and Receipts Unapplied Account	(206)
(66,950)	Total	(124,492)

Notes to the Financial Statements

(a) General Fund

	Balance at 1 April 2023 £'000	Balance at 31 March 2024 £'000	Movement £'000	Purpose of Reserve
General Fund (Unearmarked)	(11,821)	(11,821)	-	Council's reserve strategy is to provide for 2% of annual revenue expenditure (currently £8.5m- £12.4m) to be held as a contingency against unforeseen events and emergencies
HRA	(6,617)	(3,272)	3,345	HRA reserve to meet future revenue and capital investment
Grants	(19,168)	(17,724)	1,444	Carry forward of grant funding not yet utilised.
Devolved School Management	(2,268)	(1,207)	1,061	The Devolved School Management Reserve enables schools to carry forward balances to be utilised in future years.
Spend to Save	(2,663)	(3,087)	(424)	Earmarked to cover the costs of Voluntary Severance, funding spend to save initiatives and supporting enabler projects to deliver Council priorities.
Central Energy Efficiency Fund	(914)	(1,089)	(175)	This fund allows for energy efficiency works to be completed. Savings generated are paid back into the fund for the delivery of future projects.
Place Services	(1,816)	(1,613)	203	Place Services have three funds split across the three operational areas of Invest Falkirk, Growth Planning and Climate and Environment & Operations.
COVID-19 Grants	(6,500)	(2,242)	4,258	Carry forward of COVID-19 grant funding not yet utilised.
Earmarked Reserves	(4,550)	(2,775)	1,775	On the 1 st March 2023 the Council approved a number of earmarked reserves, including £0.5m for Childrens & Families, £1m Regeneration Fund, £0.5m for Community Choices and £0.5m for 20mph speed zones.
TIF Reserve	-	(1,315)	(1,315)	Non-domestic rate income from Tax Incremental Financing (TIF) is ringfenced and specifically used to fund various infrastructure projects. This funding will be carried forward to meet costs in future years.
Empty Property Relief	-	(899)	(899)	In 2023/24 empty property relief for non-domestic properties was devolved to local authorities. This fund will be used to mitigate exceptional costs arising from properties becoming vacant.
Service Concessions	-	(66,921)	(66,921)	Service Concession Arrangements released £76.5m of which £9.6m was applied in 2023/24. The Council approved the application of £22.5m for the 2024/25 Budget and also agreed, in principle, to set aside £30m for capital investment which can only be used with it is clear that the Council is in a more financially stable position.
Total	(56,317)	(113,965)	(57,648)	

(b) Insurance Fund

An updated independent actuarial valuation of the Insurance Fund was undertaken in March 2024. This has established that there are sufficient funds to meet its outstanding liabilities in respect of Property, Liability and Motor Insurance claims. There is no material risk which remains unfunded. The balance of the Fund as at 31 March 2024 is £5.132m (£5.096m as at 31 March 2023).

Notes to the Financial Statements

(c) Repairs & Renewals

The Repairs and Renewals Fund is used to finance repairs, maintenance, replacement, or renewal of fixed assets.

2022/23 £'000	Repairs & Renewals Fund	2023/24 £'000
(1,739)	Balance at 1 April	(1,980)
(538)	Appropriation to/(from) General Fund	(63)
297	Application of Fund	-
(1,980)	Balance at 31 March	(2,043)

(d) Capital Receipts Reserve

The Capital Receipts Reserve holds proceeds from the sale of assets which have been set aside to use for a specific purpose at a future date.

2022/23 £'000	Capital Receipts Reserve	2023/24 £'000
(3,332)	Balance at 1 April	(3,218)
(491)	Capital Receipts received in year	(608)
605	Capital Receipts applied to fund Capital Expenditure	680
(3,218)	Balance at 31 March	(3,146)

(e) Capital Grants and Receipts Unapplied Account

This reserve comprises Section 75 contributions from developers and capital grants/contributions for which conditions often apply. The movement on this reserve is as follows:

2022/23 £'000	Analysis of the Capital Grants & Receipts Unapplied Account	2023/24 £'000
(1,050)	Balance at 1 April	(339)
6	Movement in Capital Grants & Contributions held for standard use	133
705	Movement in Capital Receipts held to fund the financial impact of COVID-19	-
(339)	Balance at 31 March	(206)

(f) Capital Fund

Schedule 3 of the Local Government (Scotland) Act 1975 permits a local authority to establish a Capital Fund. In 2023/24 councils agreed to accept General Capital Grant in place of General Revenue Grant. Statutory Guidance (Local Government Finance Circular 6/2023) allowed the grant to be transferred to the capital fund. This grant has then been used to repay loans principal.

2022/23 £'000	Capital Fund	2023/24 £'000
-	Balance at 1 April	-
-	Capital Grant received in year	(1,990)
	Capital Grant applied to repay loans principal	1,990
	Balance at 31 March	

Notes to the Financial Statements

Note 11: Unusable Reserves

Certain reserves are kept to manage the accounting processes for non-current assets and financial instruments as well as retirement benefits and do not represent usable resources for the Council.

2022/23 £'000	Unusable Reserves	2023/24 £'000
(356,774)	Capital Adjustment Account	(277,890)
(575,487)	Revaluation Reserve	(496,223)
7,512	Accumulated Absences Account	9,719
-	Pension Reserve	-
3,050	Financial Instruments Adjustment Account	2,720
(921,699)	Total	(761,674)

(a) Capital Adjustment Account

The Capital Adjustment Account contains the difference between amounts provided for depreciation and amounts that require to be charged to revenue to repay the principal element of external loans. It also contains the amount of impairment charged to revenue to the extent that the revaluation reserve does not contain a revaluation gain relevant to a specific asset.

2022/23 £'000		2023/24 £'000
61,707	Depreciation/ impairment and downward revaluation of non-current assets	91,259
572	Amortisation of intangible assets	358
834	Impairment of Investment	-
(9,377)	Statutory Repayment of Debt (Loans Fund Advances)	(10,506)
(9,100)	Capital expenditure charged to the General Fund Balance (CFCR)	-
(7,217)	Statutory Repayment of Debt (PFI)	(8,423)
(41,039)	Capital Grants Applied to Fund Capital Expenditure	(31,670)
(575)	Capital Receipts Applied to Fund Capital Expenditure	(680)
566	Net Book Value of Asset Disposals	1,297
(192)	Deferred Interest on AUC	-
(444)	Reduction in Kinneil Landfill Provision	-
-	Service Concessions	76,504
(29,457)	Adjustment between CAA and Revaluation Reserve for depreciation that is related to the revaluation balance rather than Historic Cost	(39,255)
(356,774)	Balance at 31 March	(277,890)

(b) Revaluation Reserve

The Revaluation Reserve records the increase in value of non-current assets as a result of revaluation. These increases are offset by the depreciation charge incurred as a result of the revaluation of each asset. On disposal of an asset, the reserve is reduced by any balance it may hold in relation to that asset. Any downward revaluations will be processed through the revaluation reserve up to the value of any previous credits which may exist. The balance in the revaluation reserve represents an increase in the net worth of the Council. However, these gains would only be recognised if the assets were sold, and a capital receipt generated.

2022/23 £'000		2023/24 £'000
(478,688)	Balance at 1 April	(575,487)
65	Net Book Value of Assets Disposals	-
(126,321)	Loss/(Gain) on Revaluation of Non-Current Assets	40,009
29,457	Adjustment between CAA and Revaluation Reserve for depreciation that is related to the revaluation balance rather than Historic Cost	39,255
(575,487)	Balance at 31 March	(496,223)

Notes to the Financial Statements

(c) Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The credit balance on the Pensions Reserve currently shows that resources are sufficient to meet the benefits earned by past and future employees. Statutory arrangements continue to ensure that adequate funding is available to meet pension benefits that are due to be paid.

2022/23 £'000		2023/24 £'000
(480,647)	Remeasurements of Pension Assets/Liabilities	(172,064)
39,127	Amount by which pension costs calculated in accordance with the Code (i.e. in accordance with IAS 19) are different from the contribution due under the pension scheme regulations	(14,468)
211,175	Effect of Asset Ceiling Limitation on net defined benefit Asset	186,532
	Balance at 31 March	

(d) Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2022/23 £'000		2023/24 £'000
9,727	Balance at 1 April	7,512
(2,215)	Net transfer to or from earmarked reserves required by legislation	2,207
7,512	Balance at 31 March	9,719

(e) Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Council uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Council's case, this period is the unexpired term that was outstanding on the loans when they were redeemed. As a result, the balance on the Account at 31 March 2024 will be charged to the General Fund over the next 30 years.

2022/23 £'000		2023/24 £'000
3,391	Balance at 1 April	3,050
(341)	Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements	(330)
3,050	Balance at 31 March	2,720

Note 12: Material Items of Income and Expense

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance. There were no material items requiring additional disclosure in 2023/24.

Note 13: Related Party Transactions

The Council is required to disclose material transactions with related parties – that is bodies or individuals that have potential to control or influence the Council or to be controlled or influenced by the Council.

Scottish Government

The Scottish Government is a related party as it exerts significant influence through legislation and funding.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' remuneration, allowances and expenses paid in 2023/24 is shown in the Annual Remuneration Report.

Other Public Bodies

The Council undertakes material transactions with Central Scotland Valuation Joint Board and Falkirk Integration Joint Board, which are detailed in the tables below. Falkirk Integration Joint Board is a formal partnership between NHS Forth Valley and Falkirk Council as established under the Public Bodies (Joint Working) (Scotland) Act 2014 to lead the integration, strategic planning and commissioning of adult health and social care services in the Falkirk area.

Entities Controlled or Significantly Influenced by Falkirk Council

The Council has significant interests in the following organisations:

- Falkirk Schools Gateway Ltd operate four schools for Falkirk Council under a NPDO arrangement. Falkirk Council has representation on the Board of Falkirk Schools Gateway Ltd
- Falkirk Community Justice Partnership consists of statutory partners and is currently chaired by the Service Manager for Justice Services
- Family Centres – Falkirk Council has a Service Level Agreement with Aberlour (Langlees Family Centre) and One Parent Families whereby an agreed level of service is provided for an agreed fee.
- Falkirk Towns Ltd is a company limited by guarantee initially established by Falkirk Council and is funded by BID Levy that Falkirk Council collects on their behalf. The Council has a representative that sits on the Board of Directors
- Central Scotland Green Network Trust is a partnership body funded mainly by Scottish Government. Falkirk Council is one of the partner bodies.
- Committed to Ending Abuse (CEA) Ltd is a limited company and registered Scottish Charity committed to ending all forms of abuse which receives funding from Falkirk Council.

Other material transactions with related parties were as follows:

Income 2022/23 £'000	Expenditure 2022/23 £'000		Income 2022/23 £'000	Expenditure 2023/24 £'000
		Other Public Bodies		
91,951	82,593	Falkirk Integration Joint Board	92,567	98,691
17	1,431	Central Scotland Valuation Joint Board	19	1,460
120	-	Falkirk Council Pension Fund	120	-
		Entities Controlled or Significantly Influenced by Falkirk Council		
-	6,060	Falkirk Schools Gateway Ltd		7,324
253	-	Falkirk Community Justice Partnership	253	-
-	193	Family Centres	-	193
-	489	Falkirk Towns Ltd	-	286
	217	Committed to Ending Abuse (CEA Ltd)		184
434	196	Falkirk Community Stadium Ltd	-	-
	636	Central Scotland Green Network Trust	-	344
92,775	91,815	TOTAL	92,959	108,482

Notes to the Financial Statements

Outstanding balances for related parties were as follows:

2022/23 Debtor £'000	2022/23 Creditor £'000		2023/24 Debtor £'000	2023/24 Creditor £'000
		Other Public Bodies		
-	16,662	Falkirk Integration Joint Board	-	10,434
10	-	Central Scotland Valuation Joint Board	12	-
		Entities Controlled or Significantly Influenced by Falkirk Council		
-	-	Falkirk Schools Gateway	225	(545)
-	41	Family Centres	-	91
-	289	Falkirk Towns Ltd	-	271
-	-	Committed to Ending Abuse (CEA Ltd)	-	45
-	-	Central Scotland Green Network Trust	-	122
10	16,992	TOTAL	237	10,418

Note 14: External Audit Fee

The agreed external audit fee for Falkirk Council for 2023/24 was £393,834, which includes a rebate of £4,676 (£359,132 in 2022/23). Audit Scotland will also charge £2,600 for the audit of the Temperance Trust (£2,500 in 2022/23). These fees were for work undertaken in accordance with the Code of Audit Practice. No non-audit services were provided by Audit Scotland.

Note 15: Statutory Trading Accounts

Section 10 of the Local Government in Scotland Act 2003 requires that each Statutory Trading Account should at least break-even over a rolling 3-year period. The figures are based on International Financial Reporting Standards as specified in the Code of Practice for Local Authority Accounting. For the purposes of determining whether the Statutory Trading Account has met the financial objective, interest payable and receivable should be included.

The Council agreed to change the status of the Building Maintenance Division from a Statutory Trading Account to a recharge account within the HRA. The principal reason for this change in accounting practice was to remove the internal charging mechanism which created an unnecessary level of bureaucracy and cost to maintain a system where the Council is effectively charging itself. The measures to ensure the Service continues to demonstrate best value will remain in place including benchmarking, competitive tendering, service review and production of key performance indicators.

Actual Year to 31/03/22 £'000	Actual Year to 31/03/23 £'000	Building Maintenance Trading Account/	Actual Year to 31/03/24 £'000
31,003	34,492	Turnover	-
30,988	34,448	Expenditure	-
15	44	Surplus/(Deficit) per CIES	-
(67)	(173)	Interest	-
(52)	(129)	Surplus/(Deficit) for Financial Return Purposes	

Note 16: Agency Arrangements

The Council has an agreement with Scottish Water whereby it collects water and waste charges in conjunction with collection of Council Tax. The income received from this service in 2023/24 was £583,027 (£511,295 in 2022/23).

Note 17: Defined Benefit Pension Schemes

As part of the terms and conditions of employment, the Council offers retirement benefits to its employees. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future pension entitlement.

The Council participates in two pension schemes, the rules of which are made under the terms of the Public Services Pensions Act 2013.

The Local Government Pension Scheme

The scheme provides defined benefits for non-teaching employees and is administered locally by the Council. The scheme is funded which means that the Council and the scheme members pay contributions into a fund, calculated at a level that is intended to balance the pensions liabilities with investment assets. The contribution rate of employees is tiered between 5.5% and 12% depending on the level of members' salary.

The fund is used to pay pension and lump sum benefits to scheme members and their dependants. Contributions to the fund are made by active members and by participating employers. Income also flows into the fund through its investments which include equities, property, and bonds.

The assets and liabilities of the Council's pension arrangements as at 31 March 2024 have been calculated by Hymans Robertson a firm of independent Consulting Actuaries.

The principal risks of the Council's participation in the Local Government Pension Scheme are diverse economic cycles, varying levels of investment return and changes in mortality rates. All of these are factors which could impact on the Council's cash flow position as they could require the actuary to set a revised employer contribution rate having undertaken the three-yearly valuation of the pension fund.

Whilst there is always an element of uncertainty as to the extent of any change in the contribution rate, the actuary is obliged to have regard to the Fund's Funding Strategy which is to take a prudent long-term view of liabilities and maintain as constant an employer contribution rate as possible.

Around 33 employers currently participate in the Falkirk Council Pension Fund. If any Fund employer were to be wound up and unable to pay its share of any fund deficit, that liability would fall on the employers remaining in the Fund, including Falkirk Council.

The Council is itself a guarantor of the pension liabilities of Haven Products Ltd. There was no requirement for the guarantor role to be activated during 2023/24

Falkirk Council has delegated pension fund business to its Pensions Committee which comprises six elected members from Falkirk Council and three co-opted members representing Trade Unions, Pensioners and Other Fund employers. The work of the Pensions Committee is overseen by a statutory Pension Board which consists of four trade union representatives and four employer representatives.

In accordance with the requirements of International Accounting Standard 19 "Employee Benefits" (IAS 19), the Council is required to disclose certain information concerning assets, liabilities, income, and expenditure related to Pension Schemes for its employees.

Regulation 55 of the Local Government Pension Scheme (Scotland) Regulations 2014 requires that an Administering Authority must prepare a pension fund annual report. Statutory guidance issued by the Scottish Government and contained in the Local Government Finance Circular No. 1/2011 requires that the annual report is to be published separately from the Council's accounts and is to be subject to a separate audit opinion.

The annual report of the Falkirk Council Pension Fund in respect of year 2023/24 can be inspected online at www.falkirkpensionfund.org by following the links to local government pension scheme.

The Teachers' Pension Scheme

The scheme is administered by the Scottish Public Pensions Agency (SPPA) and provides defined benefits for teaching employees. The employee contribution rate ranges from 7.2% to 11.9% depending on the level of teachers' salary. The Council contributes towards the costs of the scheme by making contributions based on a percentage of members' pensionable salaries.

Notes to the Financial Statements

In addition to both of the schemes above, the Council has powers to grant additional benefits under Discretionary Payments Regulations relating to teaching and non-teaching employees. On occasion, benefits under the regulations may be awarded by the Council where an employee leaves in the interests of the efficiency of the service or on the grounds of redundancy. These are unfunded schemes meaning that there are no investment assets built up to meet the pension liabilities. These benefits have been accounted for on a defined benefit basis.

The cost of retirement benefits in the Net Cost of services is recognised when employees earn them, rather than when the benefits are eventually paid as pensions. The following information is in relation to the Comprehensive Income and Expenditure Statement.

Comprehensive Income and Expenditure Statement

31/03/23 £'000		31/03/24 £'000
65,383	Current Service Cost	25,676
38,910	Interest Cost	47,293
(32,260)	Interest Income on Plan Assets	(57,446)
762	Past Service Costs/(Gains)	1,016
72,795	Total	16,539

Reconciliation of present value of defined benefit obligation

31/03/23 £'000		31/03/24 £'000
1,421,769	Opening Defined Benefit Obligation	996,741
65,383	Current Service Cost	25,676
38,910	Interest Cost	47,293
8,198	Contributions by Members	8,634
	Remeasurements:	
(10,483)	Change in demographic assumptions	(23,597)
(563,165)	Change in financial assumption	(40,674)
68,751	Other experience	91,445
762	Past Service Cost	1,016
(31,034)	Benefits paid	(39,254)
(2,350)	Unfunded Benefits Paid	(2,517)
996,741	Closing Defined Benefit Obligation	1,064,763

Reconciliation of the movements in the fair value of plan assets

31/03/23 £'000		31/03/24 £'000
1,191,424	Opening Fair Value of Plan Assets	1,207,916
32,260	Interest Income on Plan Assets	57,446
	Remeasurements:	
-	Other Experience	(47,315)
(24,250)	Return on Plan Assets excluding the amount included in net interest	35,378
31,318	Contributions by Employer	28,490
8,198	Contributions by Members	8,634
2,350	Contributions in respect of unfunded benefits	2,517
(31,034)	Benefits Paid	(39,254)
(2,350)	Unfunded Benefits Paid	(2,517)
1,207,916	Closing Fair Value of Plan Assets	1,251,295

Notes to the Financial Statements

Disclosure of Net Pensions Asset/Liability

Local Government Pension Schemes

The underlying assets and liabilities for retirement benefits attributable to the Council at 31 March 2024 are as follows:

31/03/23 £'000		31/03/24 £'000
-	Net Liability	-
211,175	Net Asset	186,532
(211,175)	Effect of Asset Ceiling Limitation on Net Defined Benefit Asset	(186,532)
Closing Net Asset / Liability		

The net position above includes the sum of £29.9m for year ended 31 March 2024 (£30.3m for 31 March 2023) being unfunded liabilities related to the award of discretionary benefits.

The net defined benefit asset at 31 March 2024 has been measured to the lower of the surplus in the defined benefit plan and the asset ceiling.

In deriving the asset ceiling, assumptions have been made on the present value of the economic benefits available in the form of refunds from the plan and reductions in future contributions to the plan. No economic benefit has been recognised with regards to a refund as it is an entitlement which is not wholly within the Council's control. The economic benefit associated with a reduction in future contributions, recognising a minimum funding requirement for future service, has been estimated as the present value of employer future service costs less the present value of future employer contributions. This economic benefit, however, cannot be reduced below zero where the present value of future employer contributions exceed the present value of future service costs.

Using assumptions consistent with those used to determine the defined benefit obligation at 31 March 2024, the asset ceiling has been valued at £186m, recognising the following:

- Net present value of employer future service costs: £241.9 million
- Net present value of employer future contributions: £262.1 million.

Actuaries have recognised the weighted average duration of the benefit obligation which takes account of the average time until payment of all expected future discounted cash flows, based on membership and the financial and demographic assumptions. Falkirk has been allocated into a Medium category with a weighted average duration of 17 years

Fair Value of Employer Assets

The assets held by the Pensions Fund are primarily a mixture of equities, bonds and property and an expected rate of return has been set equal to the discount rate of 4.80% (4.75% for year ended 31 March 2023).

Notes to the Financial Statements

Quoted Prices in Active Markets 31/03/23 £'000	Prices not Quoted in Active Markets 31/03/23 £'000	Total 31/03/23 £'000		Quoted Prices in Active Markets 31/03/24 £'000	Prices not Quoted in Active Markets 31/03/24 £'000	Total 31/03/24 £'000
Equity Securities						
73,759	-	73,759	Consumer	86,258	-	86,258
64,697	-	64,697	Manufacturing	101,270	-	101,270
42,070	-	42,070	Energy and Utilities	50,003	-	50,003
87,854	-	87,854	Financial Institutions	92,116	-	92,116
39,528	-	39,528	Health & Care	46,089	-	46,089
97,879	-	97,879	Information Technology	93,685	-	93,685
11,803	-	11,803	Other	10,840	-	10,840
417,590	-	417,590		480,261	-	480,261
Debt Securities						
49,448	-	49,448	UK Government	127,419	-	127,419
22,538	-	22,538	Other	17,499	-	17,499
71,986	-	71,986		144,918	-	144,918
Private Equity						
-	14,550	14,550		-	8,064	8,064
Real Estate						
-	74,817	74,817	UK Property	-	71,366	71,366
-	100	100	Overseas Property	-	22	22
-	74,917	74,917		-	71,388	71,388
Investment Funds and Unit Trusts						
311,857	-	311,857	Equities	224,121	-	224,121
64,195	-	64,195	Bonds	59,202	-	59,202
-	131,355	131,355	Infrastructure	-	191,966	191,966
46,802	24,884	71,686	Other	-	30,824	30,824
422,854	156,239	579,093		283,323	222,790	506,113
Cash and Cash Equivalents						
49,780	-	49,780		40,550	-	40,550
962,210	245,706	1,207,916	Total	949,052	302,242	1,251,294

A substantial portion of employer assets are invested in global financial markets. Valuations can therefore be affected by the strength of local currency against sterling.

The main assumptions used in the calculations have been:

31/03/23 % p.a.		31/03/24 % p.a.
2.95	Pension Increase Rate	2.80
3.55	Salary Increase Rate	3.30
4.75	Discount Rate	4.80

Investment Returns

The return on the fund in market value terms for the period to 31 March 2024 is estimated based on actual fund returns and index returns where necessary. Details are given below:

Actual Returns from 1 April 2023 to 31 March 2024	4.3%
Total Returns from 1 April 2023 to 31 March 2024	7.7%

Notes to the Financial Statements

Demographic assumptions – Mortality

Average future life expectancy calculated by the Pension Fund Actuary at age 65 are summarised below:

	Males	Females
Current Pensioners	19.7 years	22.8 years
Future Pensioners	20.8 years	24.6 years

Commutation

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2009 service and 75% for post-April 2009 service.

Projected pension expense for the year to 31 March 2025

The following table sets out the estimation of the pension cost for 2024/25, based on the assumptions as at 31 March 2024 (the start of the period).

Analysis of projected amount to be charged to operating profit for the year to 31 March 2025

Year Ended	£'000
Projected Current Service Cost	(26,149)
Interest on Obligation	(50,999)
Interest Income on Plan Assets	59,956
Past Service Cost	-
Total	(17,192)

The estimated Employer's contributions for the year to 31 March 2025 will be approximately £23.617m.

The pension fund's approach to meeting its obligations is set out in its Funding Strategy Statement. The funding policy is to achieve a funding level of 100% of liabilities. At present, while the fund is showing a positive overall balance of £187m, the underlying strategy is to require employers to make up any deficit contributions over periods of up to 20 years, but also maintain contribution levels at as stable a rate as possible.

In order to achieve the desired stability, Falkirk Council's contribution rate has been determined as part of a pooled group, including Clackmannanshire and Stirling Councils.

Teachers' Pension Scheme

During the year, the Council paid £21.026m (£17.422m in 2022/23) to the Scottish Government in respect of teachers' pension costs and this was based on 23% of teachers' pensionable pay.

The Council is also required to meet the costs of benefits arising from compensatory added years, as well as the costs arising from the early release of benefits in the Teachers' Pension Scheme. In 2023/24, these amounted to £1.110m, representing 1.46% of pensionable pay (£0.945m, representing 1.25% of pensionable pay in 2022/23).

With regard to the Teachers' Pension Scheme, there were no contributions outstanding at the year end.

Note 18: Leases

(a) The Council as Lessee

Finance Leases

The Council currently has no finance lease arrangements with the Council acting as lessee.

Notes to the Financial Statements

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income & Expenditure Statement as an expense of the services benefitting from use of the leased property, plant, or equipment.

The Council has acquired several properties by entering into operating leases. The Council has also acquired several electric vehicles by entering into operating leases, however these leases are fully funded by grant income received from the Scottish Government.

The future minimum lease payments due under non-cancellable leases in future years are:

31/03/23 £'000		31/03/24 £'000
374	Not later than one year	280
1,165	Later than one year and not later than 5 years	452
633	Later than five years	293
2,172	Total	1,025

The expenditure charged to Council Services in the Comprehensive Income and Expenditure Statement during the year in relation to these was:

31/03/23 £'000		31/03/24 £'000
501	Minimum lease payments	314
(17)	(Grant funding receivable)	-
484	Total	314

(b) The Council as Lessor

Finance Leases

The Council leases out Northfield Quarry to Tillicoultry Quarries Ltd on a finance lease with a remaining term of 4 years.

The Council has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term. The gross investment is made up of the following amounts:

31/03/23 £'000		31/03/24 £'000
	Finance lease debtor (net present value of minimum lease payments):	
76	Current	82
402	Non-Current	320
85	Unearned finance income	55
563	Gross investment in the lease	457

The gross investment in the lease and the minimum lease payments will be received over the following periods:

Gross Investment in the Lease 31/03/23 £'000	Minimum Lease Payment 31/03/23 £'000		Gross Investment in the Lease 31/03/24 £'000	Minimum Lease Payment 31/03/24 £'000
106	76	Not later than one year	105	82
457	402	Later than one year and not later than 5 years	352	320
-	-	Later than five years	-	-
563	478	Total	457	402

Notes to the Financial Statements

Operating Leases

The Council leases out land and buildings to provide suitable affordable accommodation for local businesses in the interests of economic development.

The future minimum lease payments receivable under non-cancellable leases in future years are:

31/03/23 £'000		31/03/24 £'000
3,251	Not later than one year	3,669
7,810	Later than one year and not later than five years	7,185
18,946	Later than five years	16,102
30,007	Total	26,956

Note 19: Intangible Assets

Intangible assets are assets that do not have physical substance but are identifiable and controlled by the Council (e.g., software licences). These assets will bring benefits to the Council for more than one financial year.

Intangible assets have been initially valued at cost and are then amortised on a straight-line basis to the Comprehensive Income and Expenditure Statement over the economic life of the investment from the year after the year of purchase. Accounting treatment of intangible assets is the same as Property, Plant and Equipment. However, intangible assets are not revalued, as the fair value of the assets held by the Council cannot be determined by reference to an active market.

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licenses and software.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the major software suites used by the Council is 5 years.

The largest single intangible asset for the Council is automation software which has a carrying value of £0.117m as at 31 March 2024.

The movement on intangible asset balances during the year is as follows:

Other Assets 2022/23 £'000		Other Assets 2023/24 £'000
	Balance at start of year:	
5,846	Gross carrying amounts	6,027
(4,844)	Accumulated amortisation	(5,416)
1,002	Net carrying amount at start of year	611
	Additions:	
181	Purchases	211
(572)	Amortisation for the period	(358)
611	Net carrying amount at end of year	464
	Comprising:	
6,027	Gross carrying amounts	6,238
(5,416)	Accumulated amortisation	(5,774)
611		464

Notes to the Financial Statements

Note 20: Property, Plant and Equipment

This note details the movement in Property, Plant and Equipment (PPE) during 2023/24. The valuation bases, useful lives and depreciation methods are described below.

Property, Plant & Equipment Movements in 2023/24

	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant and Equipment £'000	Community Assets £'000	Assets under Construction £'000	Surplus Assets £'000	Total £'000
							1,945,107
Additions	41,313	5,696	5,829	1,612	44,032	-	98,482
Revaluations:							
Recognised in Revaluation Reserve	-	94,525	-	-	-	-	94,525
Recognised in Provision of Services	-	4,458	-	-	-	-	4,458
De-recognition:							
Disposals	-	(912)	(1,681)	-	-	-	(2,593)
Assets reclassified to/from Held for Sale	-	(1,031)	-	-	-	(4,267)	(5,298)
Other Movements in Cost or Valuation	15,554	5,465	332	1,419	(25,214)	-	(2,444)
As at 31 March 2024	805,940	1,150,615	67,207	25,068	72,945	10,462	2,132,237
Accumulated Depreciation & Impairment as at 1 April 2023	228,525	409,502	47,142	6,689	1,151	6,086	699,095
Depreciation:							
Charge for Year	22,520	32,845	6,698	803			62,866
Impairment Losses/(Reversals):							
Recognised in Revaluation Reserve	24,161	98,545				553	123,259
Recognised in Provision of Services		23,207				200	23,407
De-recognition:							
Disposals		(6)	(1,547)				(1,553)
As at 31 March 2024	275,206	564,093	52,293	7,492	1,151	6,839	907,074
Net Book Value							
31 March 2023	520,548	632,912	15,585	15,348	52,976	8,643	1,246,012
31 March 2024	530,734	586,522	14,914	17,576	71,794	3,623	1,225,163

Notes to the Financial Statements

Property, Plant & Equipment Movements in 2022/23

	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant and Equipment £'000	Community Assets £'000	Assets under Construction £'000	Surplus Assets £'000	Total £'000
							1,722,335
Additions	46,093	7,855	5,621	1,032	21,152	-	81,753
Revaluations:							
Recognised in Revaluation Reserve	2,505	122,619	-	-	-	2,752	127,876
Recognised in Provision of Services	-	11,221	-	-	-	-	11,221
De-recognition:							
Disposals	-	(1,467)	(1,857)	-	-	-	(3,324)
Assets reclassified to/from Held for Sale	-	(729)	-	-	-	1,093	364
Other Movements in Cost or Valuation	-	1,128	882	-	197	2,675	4,882
As at 31 March 2023	749,073	1,042,414	62,727	22,037	54,127	14,729	1,945,107
Accumulated Depreciation & Impairment as at 1 April 2022	207,562	374,062	40,313	5,994	1,151	6,064	635,146
Depreciation:							
Charge for Year	19,349	29,489	8,644	695	-	-	58,177
Impairment Losses/(Reversals):							
Recognised in Revaluation Reserve	1,614	(335)	-	-	-	-	1,279
Recognised in Provision of Services	-	7,185	-	-	-	22	7,207
De-recognition:							
Disposals	-	(899)	(1,815)	-	-	-	(2,714)
As at 31 March 2023	228,525	409,502	47,142	6,689	1,151	6,086	699,095
Net Book Value							
31 March 2022	492,913	527,725	17,768	15,011	31,627	2,145	1,087,189
31 March 2023	520,548	632,912	15,585	15,348	52,976	8,643	1,246,012

Notes to the Financial Statements

Infrastructure Assets

2022/23 £'000		2023/24 £'000
139,967	Net carrying amount at 1 April	151,761
(7,715)	Depreciation	(8,294)
19,509	Additions	16,465
151,761	Balance outstanding at 31 March	159,932

On 29 August 2022 the Scottish Government confirmed in Local Government Finance Circular 09/2022 that it has provided a temporary statutory override to the accounting and disclosure requirements related to infrastructure assets in local government financial statements, whilst more permanent updates are developed within the CIPFA/LASAAC Code of Practice for Local Authority Accounting ("the Code"). The allowed changes are applicable for the 2021/22 financial year through to the 31 March 2024 financial year.

The Council has applied both available statutory overrides for infrastructure assets:

- Statutory Override 1: For accounting periods commencing from 1 April 2021 until 31 March 2024 a local authority is not required to report the gross cost and accumulated depreciation for infrastructure assets.
- Statutory Override 2: For accounting periods commencing from 1 April 2010 until 31 March 2024 the carrying amount to be derecognised in respect of a replaced part of an infrastructure asset is to be taken to be and accounted for as a nil amount. No subsequent adjustment shall be made to the carrying amount of the asset with respect to that part.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e., repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Assets are carried in the Balance Sheet using the following measurement bases:

- Council dwellings – current value, determined using the basis of existing use value (Social Housing – Beacon Method)
- infrastructure, community assets and assets under construction – historical cost
- surplus assets – fair value, estimated at highest and best use from a market participant's perspective
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV, except where there is no market-based evidence of fair value).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Depreciation is not charged on Assets Held for Sale.

Notes to the Financial Statements

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as Assets Held for Sale and their recoverable amount at the date of the decision not to sell.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing.

Depreciation

Depreciation is provided by a straight-line allocation of depreciable amounts over useful lives. Depreciation is charged in the year of acquisition, but no depreciation is charged in the year of disposal. An exception is made for assets without a determinable finite useful life (i.e., freehold land and certain Community Assets) and assets that are not yet available for use (i.e., assets under construction). Typical useful lives are determined by the valuer:

	Typical Lives
Buildings	10-50 years
Council Dwellings	21-25 years
Vehicles, Plant & Equipment	5-25 years
Infrastructure	10-50 years

If building assets are depreciated over lease terms the life may be lower than 10 years. Where an item of Property, Plant and Equipment has a valuation in excess of £1m and has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation & Impairment

The Council's annual rolling valuation programme, undertaken by external valuers, ensures assets requiring valuation are valued at least every 5 years. This ensures that the values in the Balance Sheet are not materially different from an assets fair value at the year-end. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. However, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Assets are assessed at each year-end to determine if there is any indication that an asset may be impaired. For the 2023/24 accounts, this assessment has been performed by external valuers. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the revaluation reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); or
- where there is no balance in the revaluation reserve, or an insufficient balance, the excess value is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Valuation Disclosure

All of the Council's land and buildings are subject to a rolling programme of revaluation. This effectively means that each asset has to be revalued at least once within a five-year period, always as at 31 March of the year. The revaluations are performed externally by the District Valuer or external property surveyors.

In 2023/24 the Council's Education Assets were revalued as at 31 March 2024. This resulted in a net downwards revaluation of these assets of £22.7m.

The valuation of operational Land and Building assets has been split by category as updated in the table below:

Notes to the Financial Statements

Category	Last/Next Full Valuation	Valuation Basis
Education - Primary & Secondary Schools	31 March 2024/ 31 March 2029	Where the assets were considered to be non-specialised e.g., Nurseries, these were valued on the basis of an Existing Use Value using a Market Value comparable.
Education - Other	31 March 2024/ 31 March 2029	Where the assets were considered to be specialised e.g., primary schools, these were valued on the basis of Depreciated Replacement Cost based on a modern equivalent asset basis where appropriate.
Non-Operational Assets	31 March 2023 / 31 March 2028	Market Value
HRA – Other non-specialised Operational	31 March 2023 / 31 March 2028	Existing Use Value
Other, including Community Asset and some Offices	31 March 2023 / 31 March 2028	Open Market Value for Existing Use or where recognised as specialised, Depreciated Replacement Cost
Social Work	31 March 2022 / 31 March 2027	Open Market Value for Existing Use
HRA - Council Dwellings	31 March 2021 / 31 March 2026	Existing Use Value – Social Housing (EUV-SH)
Vehicles, Plant & Equipment	Not applicable	Historical Cost
Infrastructure Assets	Not applicable	Historic Cost
Assets Under Construction	Not Applicable	Cost
Surplus Assets	Not applicable	Fair value equivalent to market Value

Annually, outwith the 5-year full valuation rolling programme, a desktop review is carried out for the following asset categories:

1. Council Dwellings
2. Education Assets

A desktop review was carried out by the District Valuer for council dwellings which resulted in a downwards revaluation of these assets of £24.1m. No other desk top review was carried out in 2023/24.

The sources of information and assumptions made in producing the various valuations are set out in a valuation certificate and report.

Capital Commitments

As at 31 March 2024, the Council has entered into a number of contracts for the construction, enhancement or purchase of Property, Plant and Equipment in 2023/24 and future years, budgeted to cost £51.5m. Commitments at 31 March 2023 were £86.8m. The major commitments are:

Project	£'m
Replacement Windows and Doors 4-year contract (Housing)	17.4
New Build Housing	16.1
Heating & Gas Infrastructure (Housing)	7.3
Energy, Efficiency & Climate Change	4.5
External Fabric Improvements (Housing)	1.8
TIF	1.3
Denny Eastern Access Road	0.8
Other Housing Contracts	0.4
Various / Misc. Contracts	1.9
Total	51.5

Notes to the Financial Statements

Note 21: Heritage Assets

Heritage Assets are defined as assets which have historical, artistic, scientific, technological, or environmental qualities and are held and maintained principally for their contribution to knowledge and culture. It is a distinct asset class which is reported separately from Property, Plant and Equipment and Intangible Assets.

Heritage Assets are recognised where cost or valuation information is available. Where the cost or value is not available, and the cost of obtaining the information is disproportionate in terms of the benefit derived, the Code does not require the assets to be recognised on the Balance Sheet. Where valuation is available, this is based on insurance valuation. Any increases in valuation are accounted for in accordance with the Council's general policies on revaluation.

Heritage Assets are reviewed periodically where there is evidence of physical deterioration or breakage. Where impairment losses are identified, they are accounted for in accordance with the Council's general policies on impairment. The Council does not consider it appropriate to charge depreciation in respect of Heritage Assets due to the undetermined lives and high residual values.

With the exception of Civic Regalia and one item of art, the Council does not consider that reliable cost or valuation information can be obtained and consequently there is limited recognition of Heritage Assets on the Balance Sheet.

2022/23 £'000		2023/24 £'000
266	Cost or Valuation as at 1 April	266
-	Movements	
-	Accumulated Depreciation and Impairment as at 1 April	-
-	Movements	-
266	Net Book Value as at 31 March	266

The total net book value of Heritage Assets at 31 March 2024 is £0.266m, of which £0.211m relates to Civic Regalia.

Heritage Assets were initially recognised in the Balance Sheet in 2011/12. The initial recognition was via the Revaluation Reserve. Thereafter, in 2013/14, £0.048m was added for Town Centre Sculptures, with a further £0.007m added in 2016/17 for a memorial statue.

Note 22: Assets held for Sale

Current 2022/23 £'000	Non Current 2022/23 £'000		Current 2023/24 £'000	Non Current 2023/24 £'000
2,287	-	Balance at 1 April	2,248	-
(363)	-	Assets Newly Classified as Held for Sale	5,726	-
		Revaluation losses:		
-	-	Recognised in Revaluation Reserve	(1,222)	-
(80)	-	Recognised in Provision of Services	(339)	-
		Revaluation gains:		
130	-	Recognised in Revaluation Reserve	1,792	-
297	-	Recognised in Provision of Services	1	-
(23)	-	Assets sold	(260)	-
2,248		Balance outstanding 31 March	7,946	

Note 23: Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI/PPP contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

2022/23 £'000		2023/24 £'000
430,247	Opening Capital Financing Requirement	466,184
	Capital Investment:	
103,072	Property, Plant and Equipment	125,570
180	Intangible Assets	211
327	Revenue Expenditure Funded from Capital under Statute	327
	Sources of Finance:	
(575)	Capital receipts	(680)
(41,371)	Government grants and other contributions	(32,001)
	Sums set aside from revenue:	
(9,101)	Direct revenue contributions	-
(9,378)	MRP/loans fund principal	(10,506)
(7,217)	Assets acquired under PFI / PPP contracts	(8,423)
466,184	Closing Capital Financing Requirement	540,682
	Explanation of movements in year:	
52,532	Increase in underlying need to borrow (unsupported by government financial assistance)	93,427
(9,378)	MRP / Loans Fund Principal	(10,506)
(7,217)	PFI / PPP contract unitary charge payment	(8,423)
35,937	Increase / (Decrease) in Capital Financing Requirements	74,498

Note 24: Private Finance Initiative (PFI) and Similar Contracts

PFI contracts are agreements to receive services, where the responsibility for making available the assets needed to provide the services passes to the PFI contractor. If the Council is deemed to control the services that are provided under its PFI schemes and if ownership of the assets will pass to the Council at the end of the contracts for no additional charge, the Council should carry the assets used under the contracts on its Balance Sheet, as part of Property, Plant and Equipment.

Under the revised accounting arrangements for PFI that were introduced for 2009/10 by the 2009 SORP, the criteria for asset recognition moved from risk and reward to issues about the control of service provision as well as control over the residual value of the asset. An exercise was carried out which concluded that the two PFI schemes operated by Falkirk Council would result in the assets being recognised on the Balance Sheet.

The two PFI Schemes operated by Falkirk Council are:

- Class 98 Ltd, for the provision of 5 schools with payments due from August 2000 and terminating in August 2025. In June 2022 the Council agreed to take all necessary administrative, technical and contractual steps to bring the contract to an end at 1st August 2025 and transfer the schools back to the Council.
- Falkirk Schools Gateway Ltd for the provision of 4 schools with payments due from January 2009 and terminating in March 2040.

The Code requires that when these assets are recognised an equal and opposite entry is made to credit a finance lease liability. The asset is depreciated in line with normal Council policy and the finance lease liability is written down annually by the apportioned element of the PFI unitary charge.

Notes to the Financial Statements

The amounts payable to the PFI operators each year are analysed into five elements:

- Fair value of the services received during the year – debited to the relevant service in the Comprehensive Income & Expenditure Statement
- Finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)
- Lifecycle replacement costs – proportion of the amount payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

As the above scenario would result in a reduction in the total sum charged to the Comprehensive Income and Expenditure Account as compared to previous accounting arrangements, statutory intervention has been agreed with the Scottish Government (Finance Circular 4/2010) the intention of which is as far as possible, to put local authorities in a neutral finance position as compared to the previous accounting treatment of PFI arrangements. Two statutory charges have therefore been created:

- Statutory Charge for the Repayment of Debt (for the element of the Unitary Payment designated for the repayment of the finance lease liability)
- Capital Expenditure Charged to General Fund (for the element of the Unitary Payment designated for lifecycle replacement costs).

The inclusion of these two Statutory Charges within the Movement in Reserves Statement should ensure that there is no effect on the General Fund Balance.

(a) Movement in Assets

	Class 98 £'000	Falkirk Schools Gateway Ltd £'000	2023/24 £'000
Balance as at 1 April 2023	113,665	157,264	270,929
Net Additions during year	-	52	52
Revaluation	21,813	(22,202)	(389)
Depreciation	(5,198)	(7,472)	(12,670)
Net Book Value 31 March 2024	130,280	127,642	257,922

(b) Movement in Liabilities

	Class 98 £'000	Falkirk Schools Gateway Ltd £'000	2023/24 £'000
Balance as at 1 April 2023	14,734	61,124	75,858
Repaid during year	(5,912)	(2,378)	(8,290)
Balance as at 31 March 2024	8,822	58,746	67,568
of which:			
Current	6,588	2,460	9,048
Long Term	2,234	56,286	58,520
Total	8,822	58,746	67,568

Notes to the Financial Statements

(c) Estimated Future Unitary Payment Obligations

Basic Annual Payments	Class 98	Service Charges £'000	Interest £'000	Finance Lease Repayment £'000	2023/24 £'000
Within one year		2,735	5,463	6,588	14,786
In the second to fifth years inclusive		898	1,826	2,234	4,958
Total		3,633	7,289	8,822	19,744

The figures shown above for the Basic Annual Payment assume an indexation rate of 0% on a fixed part of the Basic Annual Payment with the balance indexed at 13.9% per annum as per the operator's financial model.

Basic Annual Payments	Falkirk Schools Gateway Ltd.	Service Charges £'000	Interest £'000	Finance Lease Repayment £'000	2023/24 £'000
Within one year		7,615	7,981	2,460	18,056
In the second to fifth years inclusive		32,671	32,881	11,304	76,856
In the sixth to tenth years inclusive		50,701	41,032	15,654	107,387
In the eleventh to fifteenth years inclusive		43,726	50,792	26,979	121,497
In the sixteenth to twentieth years inclusive		2,518	3,850	2,349	8,717
Total		137,231	136,536	58,746	332,513

The figures shown above for the Basic Annual Payment assume an indexation rate of 13.9% as per the operator's financial model.

Service Concession Arrangements

Within the Local Government Finance Circular 10/2022 – Finance Leases and Service Concession Arrangements, the Scottish Government has outlined a provision for financial flexibility which allows local authorities to apply a retrospective recalculation of the annual charges to the General Fund in relation to the principal capital repayment element of service concession arrangements for PFI contracts. The application of this flexibility makes no change to the actual payments to the contractor.

The adjustments are time related and the overall repayments charged to the General Fund will remain unchanged. Falkirk Council has approved the application of this flexibility and the adoption of the resultant revised accounting arrangements in respect of its PFI contracts and the capital repayment element of the contracts have been reviewed and adjusted in a manner consistent with the accounting of other fixed assets. Under the revised accounting arrangements, an annuity-based repayment schedule has been identified as prudent, sustainable, affordable and reflecting the anticipated flow of benefits from the assets. This has resulted in the rescheduling of charges to the General Fund over a 40-year useful economic life of the assets rather than the current contract terms with the release of a service concession adjustment of £76.504m up to 2023/24 and reprofiling of the costs over the next 29 years to 2053.

	Current Payment Profile £'000	Revised Payment Profile £'000	Service Concession Adjustment £'000
Payable 2023/24	84,641	8,137	(76,504)
Payable within 2-5 years	19,715	14,578	(5,137)
Payable within 6-10 years	15,209	25,081	9,872
Payable within 11-15 years	23,598	35,867	12,269
Payable within 16-20 years	9,046	32,588	23,542
Payable within 21-25 years	-	29,791	29,791
Payable within 26-30 years	-	6,167	6,167
	152,209	152,209	

Note 25: Contingent Assets and Liabilities

A contingent asset or liability arises where an event has taken place that gives the Council a possible asset or obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably. Contingent assets and liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

(a) Contingent Assets

There are no contingent assets.

(b) Contingent Liabilities

- (i) Falkirk Schools Project – Falkirk Council has entered into a Public Private Partnership with Class 98 Ltd to provide five schools. In terms of the Project Agreement, the Council is liable for outstanding senior debt following termination of a Class 98 Ltd event of default. At 31 March 2024, this totalled £4.8m (£9.5m as at March 2023).
- (ii) The Limitation (Childhood Abuse) (Scotland) Act 2017 removed the three-year time limit on claims for child abuse. Historic claims are therefore likely against Falkirk Council and its predecessors. Whilst the Scottish Government has put in place a Redress Scheme for survivors of historical child abuse in care, individuals have the option to progress via this route for a capped pre-determined amount (funded by various organisations, including all 32 Scottish Councils) or to pursue a claim against Falkirk Council directly.
- (iii) On 8 September 2021, a fatality was reported upon a Falkirk Council Road construction site with the incident still remaining open under Health and Safety Executive. A separate accident occurred in the Council's Dalgrain depot on 23rd February 2022 with this incident now reported as closed by HSE. Reports were submitted to the Procurator Fiscal and a fine or fixed penalty is anticipated for both of these incidents with timescales unknown. Whilst the legal costs may be met via Council insurance policies, any fine or penalty would be met by the Council. It is not possible to estimate a likely fine or penalty at this time.

Note 26: Loans Outstanding

These loans were raised to finance the capital expenditure of the Council. The source of these loans as at 31 March 2024 was as follows:

2022/23 £'000	Short & Long Term Borrowing	2023/24 £'000
Short Term Borrowing		
(48,000)	Temporary Borrowing	(60,000)
(12,464)	Public Works Loans Board	(75,836)
(2,950)	Accrued Interest	(4,611)
(63,414)	Total Short Term Borrowing	(140,447)
Long Term Borrowing		
(192,737)	Public Works Loan Board	(214,401)
(26,000)	Market Bonds	(26,000)
(10,000)	Temporary Borrowing	(10,000)
(1,315)	Accrued Interest	(1,265)
(230,052)	Total Long Term Borrowing	(251,666)

Short-Term Borrowing per the Balance Sheet is £141.977m. This figure includes temporary borrowing of £140.447m and £1.530m in respect of Third-Party balances which are invested in the Loans Fund as at 31 March 2024.

Note 27: Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the obligation. Provisions are charged as an expense to the appropriate service revenue account in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year and appropriate adjustments made to the level of provision. The provisions are included in the accounts in accordance with IAS37.

(a) Equal Pay & Holiday Pay Claims

Employment Tribunal proceedings have been raised against the Council by a number of staff relating to Equal Pay and Holiday Pay. The information usually required by International Accounting Standard 37 (Provisions, Contingent Liabilities and Contingent Assets) is not disclosed in respect of this provision on the grounds that it can be expected to prejudice seriously the outcome of the proceedings.

(b) Insurance Claims

- (i) Prior to local government reorganisation in 1996 the extant councils, Central Regional Council and Falkirk District Council, entered into a solvent run-off arrangement with their insurer, MMI, with the aim of having sufficient assets to meet outstanding insurance claims. This essentially means that liabilities, as they arise, can be met from available resources. The outcome of litigation has created a financial liability for Falkirk Council as successor Council. Consequently, a provision of £0.720m was created. This provision has been drawn down by £0.521m up to 31 March 2023, with a further draw down of £0.057 in 2023/24. The balance on the provision at 31 March 2024 is £0.142m, (£0.199m as at 31 March 2023).
- (ii) The Council has received a number of historic child abuse claims. A provision of £0.200m has been made to reflect new legislation extending the period in which claims could be made. Historic insurance policies have been traced however there remains the policy excess to be funded. The public redress scheme may not have an effect on these numbers as there is a larger financial incentive to pursue claims against the local authority directly.

Notes to the Financial Statements

Note 28: Long Term Debtors

Balance 31/03/23 £'000		Advanced 2023/24 £'000	Repaid 2023/24 £'000	Balance 31/03/24 £'000
479	Northfield Quarry	29	(106)	402
48	Owner Occupiers	-	-	48
2,779	Scottish Fire Service	-	(280)	2,499
117	Social Work Deferred Payments	-	-	117
240	Redding Park Development	-	(20)	220
3,663	Total	29	(406)	3,286

The outstanding debt in respect of the Scottish Fire Service is shown on the Council's balance sheet as a long-term debtor. The balance will be written down over the life of the loans on payment of an annual account raised to Scottish Fire Service.

Note 29: Inventories

Consumable Closing Stocks are valued at average cost.

The value of stocks as at 31 March 2024 is shown below:

	2023/24 Opening Stock (Restated) £'000	Purchases / Additions £'000	Stock Write Downs £'000	Recognition as an expense £'000	2023/24 Closing Stock £'000
Stocks	437	1,729	(3)	(1,760)	403

Note 30: Construction Contracts

Work in progress under construction contracts is accounted for using the percentage of completion method. Contract revenue is matched with contract costs incurred in reaching the state of completion at the Balance Sheet date.

As at 31 March 2024, the Council's Building Maintenance Division had several construction contracts in progress. The income derived from the value of work completed at 31 March 2024 was established using a stage of completion methodology based on architects' certificates obtained at the year end. There were no sums due as at 31 March 2024.

Notes to the Financial Statements

Note 31: Debtors

2022/23 £'000		2023/24 £'000
17,098	Central government bodies	22,840
2,009	Other local authorities	1,989
3,318	NHS Bodies	2,890
34,469	Other entities and individuals	38,928
-	Falkirk IJB	-
56,894		66,647
(23,328)	Provision for Bad Debt	(23,224)
33,566	Total Debtors	43,423

Note 32: Creditors

2022/23 £'000		2023/24 £'000
(3,741)	Central government bodies	(2,459)
(474)	Other local authorities	(516)
(434)	NHS Bodies	(587)
(82,198)	Other entities and individuals	(78,732)
(16,762)	Falkirk IJB	(12,081)
(103,609)	Total Creditors	(94,375)

Note 33: Cash and Cash Equivalents

2022/23 £'000		2023/24 £'000
1,257	Bank Current Accounts	(1,539)
29,805	Deposits with UK Banks, Building Societies & Local Authorities	12,459
31,062	Total	10,920

Note 34: Trust and Third-Party Funds

The Council administers and acts as trustees, where applicable, to a number of third-party funds none of which are registered as a Charity under the Charities and Trustee Investment (Scotland) Act 2005. Whilst each fund has specific objectives and conditions, most were gifted into the trust of the Council to provide assistance to the poor and needy and to pay for the maintenance and upkeep of lairs. The Council acts as the sole trustee for all funds except one.

The purposes of the largest General Trust Funds held by Falkirk Council are:

Funds for which the Council Acts as Sole Trustee:

- Provost's Fund for Necessitous Poor (£60,822) - to provide donations to residents of the former Burgh of Falkirk at the sole discretion of the Provost.
- Shank's Bequest (£28,091) - to provide donations to the needy of Denny.
- Candyend Trust (£85,494) - to provide donations to specific organisations assisting the elderly in the Muiravonside area.
- Alexander Douglas King Bequest (£19,928) – bequest for the promotion and advancement of education of art at Bo'ness Academy.
- McNair Bequest (£10,169) – bequest for the benefit of Bo'ness Academy.

Notes to the Financial Statements

Fund for which the Council is not Sole Trustee

- Odenwald Trust (£23,862) - to foster twinning exchanges between the Council and the Odenwald region in Germany. The Fund is managed by the three successor Councils of Central Regional Council who previously administered it. Each of the Councils from Stirling, Falkirk and Clackmannanshire has appointed one Trustee along with one appointed from the Odenwald Association.

Temperance Trust

The Temperance Trust is a registered charity (SC001904) administered by Falkirk Council. As at 31 March 2024 there are three trustees of the Trust – Provost Robert Bissett, Councillor Sarah Patrick and Councillor Euan Stainbank. Temperance Trust funds are available to assist mainly organisations operating within Falkirk dealing with alcohol abuse and other forms of substance addiction. As at 31 March 2024 the Trust had available funds of £165,365. The funds do not represent assets of the Council and are not included in the Council's Balance Sheet. Annual Report and Accounts are available for the Temperance Trust.

General 2022/23 £'000	Temperance 2022/23 £'000		General 2023/24 £'000	Temperance 2023/24 £'000
Income				
(8)	-	Investment Income	(15)	(4)
Expenditure				
-	-	Awards and Other Expenses	-	-
(8)	-	Deficit / (Surplus) for the Year	(15)	(4)
Balance Sheet				
Fixed Assets				
3	162	External Investments	3	166
302	-	Internal Investments	317	-
305	162	Net Assets	320	166
(297)	(162)	Fund Balance at 1 April	(305)	(162)
(8)	-	Deficit/(Surplus) for Year	(15)	(4)
(305)	(162)	Fund Balance at 31 March	(320)	(166)

Note 35: Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants/contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants and Receipts Unapplied Account. Where it has

Notes to the Financial Statements

been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants and Receipts Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement during the year.

2022/23 £'000	Credited to Services	2023/24 £'000
(3,879)	Criminal Justice	(3,961)
(26,447)	Housing DWP Subsidy	(26,760)
(393)	Education Maintenance Allowances	(385)
(2,889)	ETU Programmes	(1,605)
(592)	Home Insulation Scheme	(1,430)
(11,915)	Integration Fund	(11,151)
(3,962)	Pupil Equity Fund	(3,962)
(16,846)	Early Years Expansion	(16,151)
(988)	COVID-19 Funding	-
(3,110)	Resettlement	(1,747)
(964)	Shared Prosperity Fund	(1,614)
(6,513)	Other Grants	(3,181)
(78,498)	Total	(71,947)

2023/23 £'000	Credited to Taxation and Non Specific Grant Income	2023/24 £'000
(20,204)	Scottish Government – General Capital Grant	(10,299)
(2,088)	Scottish Government – Specific Capital Grants	(4,677)
(11,106)	Scottish Government – Other Grants	(9,844)
(2,785)	Other Grants	(5,614)
(1,251)	Developers Contributions	(285)
(3,604)	Other Contributions	(951)
(41,038)	Capital Grants, Contributions and Donations	(31,670)
(260,070)	Revenue Support Grant	(268,191)
(260,070)	Government Grants	(268,191)

Notes to the Financial Statements

Capital Grants Received in Advance

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them which require the monies to be returned to the giver. The balances at the year-end are as follows:

2022/23 £'000	Capital Grants and Receipts Received in Advance	2023/24 £'000
(2,650)	Scottish Government	(874)
(10,041)	Developers Contributions	(10,128)
(2,207)	Other Contributions	(7,816)
(14,898)	Total	(18,818)

Note 36: Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability of another. The term 'financial instrument' covers both financial liabilities and financial assets. Financial instruments are initially measured at fair value and are carried at their amortised cost. Where no reliable measurement exists, they will be measured at cost. Fair Value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The valuation technique used to measure the fair value of financial instruments depends on where they sit in the fair value hierarchy (level 1, 2 or 3). There were no changes to the valuation techniques used in 2023/24 for financial instruments.

The Council has no financial instruments measured at Fair Value through Comprehensive Income.

Categories of Financial Instruments in the Balance Sheet

Long Term 31/03/23 £'000	Current 31/03/23 £'000		Long Term 31/03/24 £'000	Current 31/03/24 £'000
Investments				
-	-	Long Term Investments	-	-
Other Financial Assets				
-	30,899	Temporary Deposits	-	14,403
2,490	283	Loan Debt – Central Scotland Fire & Rescue Service	2,206	283
1,581	40	Other Loans & Receivables	1,536	45
-	33,566	Trade Debtors	-	43,423
4,071	64,788		3,742	58,154
Borrowings				
(192,737)	(12,464)	PWLB Debt	(226,067)	(64,170)
(26,000)	-	Non PWLB Debt	(26,000)	-
(10,000)	(48,000)	Temporary Short-Term Loans	(10,000)	(60,000)
(228,737)	(60,464)		(262,067)	(124,170)
Other Financial Liabilities				
-	(103,609)	Trade Creditors	-	(94,375)

Investments

The Council does not have any investments.

Other Financial Assets

The Council has loan debt due from Scottish Fire and Rescue Service, recognised in 2013 when the services were transferred from the Council and repayable annually until 2042.

Notes to the Financial Statements

The Council does not have any soft loans.

The majority of financial assets held are with other local authorities and banks and the Council's policy is to invest in approved counterparties for no more than 12 months. Local authorities are excluded from an impairment loss calculation. Deposits with other counterparties mature in less than 12 months and the credit risk is extremely low, consequently no credit losses are anticipated and therefore an impairment loss has not been calculated.

Borrowings

The Council has a significant long term loan portfolio with the Public Works Loan Board (PWLB) as well as four money market loans. These are all held on the Balance Sheet at amortised cost. Interest on these borrowings is charged to the Comprehensive Income & Expenditure Statement (CIES).

The fair value of these borrowings can be assessed under Fair Value hierarchy Level 2, using net present values of cash flows expected over the remaining life of the debt to estimate the value of future payments. This will be higher than amortised cost as the Council's portfolios of loans includes fixed rate loans where interest payable is higher than rates available on similar loans in the market at the balance sheet date.

Carrying Amount 31/03/23 £'000	Fair value 31/03/23 £'000		Carrying Amount 31/03/24 £'000	Fair value 31/03/24 £'000
205,201	202,519	PWLB Debt	290,237	277,394
26,000	26,142	Non-PWLB Debt	26,000	24,677
58,000	57,664	Temporary Loans	70,000	70,797
289,201	286,325	Total Debt	386,237	372,868

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

In previous years, the Council has modified its Loan Debt and the costs of this restructuring are added to amortised cost as an Effective Interest Rate (EIR) liability written down over the life of the debt. The impact on balances is spread over the life of the debt by an annual transfer between the CIES and the Financial Instruments Adjustment Account (FIAA).

Other Financial Liabilities

Other Financial Liabilities include Trade Creditors. There is no difference between the carrying amount and the Fair Value of Trade Creditors.

Nature and Extent of Risk Arising from Financial Instruments

Key Risks

The Council's activities expose it to a variety of financial risks. The key risks are:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments
- Re-financing risk – the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms
- Market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements

Overall Procedures for Managing Risk

The Council's treasury management practices operate to minimise exposure to the unpredictability of financial markets and aim to protect the financial resources available to fund services. The Council has formally adopted the requirements of the CIPFA Treasury Management Code of Practice.

Notes to the Financial Statements

The Treasury Management Strategy for the forthcoming year is approved annually by Council. This Strategy sets out criteria for both borrowing and investing and selecting investment counterparties in compliance with the Government Regulations

Risk Management is carried out by Treasury Management staff, under policies approved by the Council in the Annual Treasury Management Strategy. The Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed periodically.

In accordance with the Prudential Code for Capital Finance in Local Authorities, the Council sets Prudential, and Treasury Indicators for the following five years as part of its annual budget report approved by full Council. Reports are submitted annually to Council providing a mid-year update and, after the year end, reporting on the actual performance against Treasury and Prudential Indicators.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are not made with financial institutions unless they meet identified minimum credit criteria set out in the Council's Treasury Management Strategy which is based on leading Credit Reference Agency ratings. The Annual Treasury Management Strategy also imposes maximum amounts and time limits in respect of each financial institution.

The Council also lends to other Local Authorities. To minimise the risks involved, lending is limited to £10m per Local Authority.

The Council does not generally allow credit for its trade debtors and £4.3m of the £8.6m balance is past its due date for payment. The past due amount can be analysed by age as follows:

	£'000
Less than 31 days	848
31 – 60 days	264
61 – 90 days	48
More than 90 days	3,156
Total	4,316

The Council initiates a deferred charge on property in circumstances where clients, requiring the assistance of Social Work Services, are unable to meet their immediate financial liabilities. The total collateral at 31 March 2024 was £0.55m.

Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through cash flow management procedures required by the Code of Practice.

The Council has ready access to borrowings from the Money Markets to cover any day-to-day cash flow need, and whilst the PWLB provides access to longer term funds, it also acts as a lender of last resort to councils (although it will not provide funding to a council whose actions are unlawful). The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Re-financing and Maturity Risk

The approved treasury indicator limits for the maturity structure of debt are the key parameters used to address re-financing and maturity risk. The Council approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. The team will monitor the maturity profile of financial liabilities and amend the profile through either new borrowing or the rescheduling

Notes to the Financial Statements

of the existing debt. They will also monitor the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs. The maturity analysis of financial liabilities is as follows:

31/03/23		Approved Maximum Limits		31/03/24
£'000		%	£'000	£'000
60,464	Less than one year	35	135,183	135,836
11,670	Between one and two years	20	77,247	34,210
49,368	Between two and five years	20	77,247	56,825
20,000	Between five and ten years	30	115,871	11,667
39,381	Between ten and twenty years	30	115,871	49,381
41,000	Between twenty and thirty years	30	115,871	31,000
28,318	Between thirty and forty years	30	115,871	28,318
39,000	Between forty and fifty years	40	154,495	39,000
289,201	Total			386,237

Market Risk

Interest rate risk - the Council is exposed to interest rate movements on its borrowings and investments and rate changes have a direct impact on the CIES and General Fund or HRA balances. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. An increase in short term interest rates would increase the amount payable on short term borrowings (if variable rate) and potentially increase the amount receivable for investments.

Borrowings are held in the Balance Sheet at amortised cost rather than fair value, so any gains and losses to fair value as a result of a change in interest rates will not have an impact on the Balance Sheet.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws on the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately.

If all interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£'000
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on variable rate investments	(144)
Impact on Other Comprehensive Income and Expenditure	(144)
Share of overall impact credited to the HRA	(87)
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	(20,271)

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Price Risk and Foreign Exchange risk - The Council does not invest in equity shares and consequently is not exposed to gains or losses arising from movements in the prices of shares. The Council does not lend or borrow in foreign currencies and has no exposure to gains or losses arising from movements in exchange rates.

Note 37: Other Long-Term Liabilities

2022/23		2023/24
£'000		£'000
(67,568)	PFI Finance Lease Liabilities	(58,520)
(414)	PFI Deferred Income	(281)
(67,982)	Total	(58,801)

Note 38: Interest Payable

2022/23 £'000		2023/24 £'000
13,706	Interest Paid	19,624
11,586	Finance Lease Interest PFI / NPDO	13,711
25,292	Total	33,335

Note 39: Group Accounts

1. Group Accounting Policies

The Group Accounting policies are those specified for the single entity accounts. The accounting policies of all group members are materially the same as those of the single entity.

Disclosure of Interest in Other Entities

The Council has adopted the recommendations of Chapter 9 of the Code, which requires local authorities to consider their interest in all types of entity to incorporate into Group Accounts.

A full set of Group Accounts, in addition to the Council's Accounts has been prepared which incorporates material balances from identified bodies.

Nature of Combination

The Council has accounted for its interest in its Associates and Joint Ventures by the equity method of accounting.

With regard to Central Scotland Valuation Joint Board, the Council's interest reflects the requisition share paid by the Council. Goodwill has not arisen as no consideration was paid for such interests.

All intra-group transactions have been eliminated from the Group Accounts as part of the consolidation process.

2. Financial Impact of Consolidation

By including the Subsidiary and Associate bodies (details of which are shown in Notes 4 and 5 below), the effect on the Group Balance Sheet is an increase in Reserves of £14.087m. This represents the Council's share of the net liabilities in those entities.

3. Combining Entities

Falkirk Council administers the Common Good Funds for the four former Town Councils of Bo'ness, Grangemouth, Falkirk and Denny. These funds can only be used for a limited range of purposes. They are not assets of the Council and are not included in the Council's Balance Sheet, however, they have been included in the Group Account Statements and consolidated in full.

The accounting period end for all entities is 31 March 2024. Copies of the most recent audited accounts of the group entities are available from the Chief Finance Officer, Falkirk Council.

Subsidiaries

Falkirk Council no longer has any subsidiaries.

Notes to the Financial Statements

Associate

Central Scotland Valuation Joint Board

This Board is jointly administered by the Councils of Clackmannanshire, Falkirk and Stirling and appoints an Assessor for the valuation area who also acts as Electoral Registration Officer. Falkirk Council is requisitioned for 49.2% of expenditure, based on adjusted population.

Joint Ventures

Falkirk Integration Joint Board

Falkirk Integration Joint Board (IJB) is a statutory body established to integrate health and social care services between Falkirk Council and NHS Forth Valley. The contribution provided by Falkirk Council in 2023/24 was £98.7m (£89.1m in 2022/23). The IJB Board comprises 6 voting members consisting of 3 elected members from Falkirk Council and 3 non-executive Health Board members.

4. Group Income and Expenditure of Associates and Joint Ventures

Share of the (Surplus) or Deficit on Provision of Services by Associates and Joint Ventures

2022/23 £'000		2023/24 £'000
304	Central Scotland Valuation Joint Board	88
4,544	Falkirk Integration Joint Board	3,784
4,848	Total	3,872

Share of Other Comprehensive Income & Expenditure of Associates and Joint Ventures

2022/23 £'000		2023/24 £'000
(1,938)	Central Scotland Valuation Joint Board	(2,351)
(1,938)	Total	(2,351)

5. Group Entities Reserves

2022/23 Total £'000	Reserves	Central Scotland Valuation Joint Board £'000	Common Good Funds £'000	Falkirk Integration Joint Board £'000	2023/24 Total £'000
(15,492)	Usable	(137)	(1,055)	(10,631)	(11,823)
(9)	Unusable	(1,439)	(825)	-	(2,264)
(15,501)	Total	(1,576)	(1,880)	(10,631)	(14,087)

6. Non-Consolidation Interests in Other Entities

The Council has a relationship with the following entities which have been set up for specific purposes but have not been consolidated into the Group.

- Trust Funds - Although administered by Falkirk Council, these have been excluded under the quantitative assessment of materiality.
- The Hub Initiative - This was established to aid the delivery of capital investment projects across Scotland. Equity and working capital is split amongst the private sector (60%), the 17 public sector bodies (30%) and the Scottish Futures Trust (10%). Falkirk Council has no particular control or influence and, therefore, their interest is immaterial.

Notes to the Financial Statements

- Community Schools 2008 Charity – This was established to receive and disburse monies contractually received from the NPDO Schools project holding company to voluntary groups and organisations providing recreational facilities in the Council area. Falkirk Council has no significant influence.
- Forth Green Freeport – Falkirk Council was one of the partners in a successful bid to operate a Green Freeport in Scotland – the Forth Green Freeport. The successful bid was submitted by a consortium of public and private organisations, including Falkirk Council, City of Edinburgh Council, Fife Council, Babcock, CalaChem, Forth Ports, Ineos and others. The aims of the project include:
 - To support delivery of a just transition to net zero
 - To attract inward investment
 - To build international trade and export capability
 - To create high quality and well paid jobs

The project is overseen by the Forth Green Freeport Board. Falkirk Council also has a role as Accountable Body which primarily means that the Council will oversee the Seed Capital funding and ensure it is spent in accordance with the appropriate terms and conditions. The Council is represented on the Board by one councillor – Councillor Alan Nimmo, and the Chief Finance Officer as the Accountable Body representative. The Freeport will see the creation of a number of tax sites and the overall delivery and management of these will be co-ordinated by an Operating Company. Councillor Alan Nimmo and the Chief Finance Officer are both Directors of this Operating Company. The Operating Company was incorporated in February 2024, with no transactions in 2023/24.

Independent Auditor's Report

Independent auditor's report to the members of Falkirk Council
and the Accounts Commission

Reporting on the audit of the financial statements



Falkirk Council