

A16. Falkirk Council Annual Accounts 2020/21 and Falkirk Temperance Trust Accounts 2020/21

The committee considered a report by the Director of Corporate and Housing Services presenting the unaudited Falkirk Council Annual Accounts 2020/21 and Falkirk Temperance Trust Accounts 2020/21.

The Local Authority Accounts (Scotland) Regulations (The Regulations) 2014 requires the Council to submit the Unaudited Annual Accounts of the Council and Falkirk Temperance Trust (the Unaudited Accounts) for the financial year ended 31 March 2021 to the Auditor by the statutory deadline of 30 June 2021. Under the Regulations, a Committee of the local authority, whose remit includes audit and governance functions, must also meet to consider the Unaudited Annual Accounts by 31 August 2021.

The convener remarked that the management commentary was clear and well illustrated and generally more readable.

In regard to the accounts, the committee asked why the number of SJC employees in the £50,000 - £54,999 band had increased from 23 in 2019/20 to 58 in 2020/21 - overall, there was an increase from 129 employees to 159. The Director of Corporate and Housing Services explained that this was in the main due to the annual pay award and incremental wage rises, both of which had taken a number of employees into the higher band.

Following a question, the Chief Finance Officer explained that the regulations required the unaudited accounts to be considered by Council. In terms of Standing Orders this was delegated to the Audit Committee on. The report was before the committee 'for consideration' and therefore members could ask questions of the detail and, if so minded, make comment as part of the formal audit process.

The committee asked why only senior councillor pensions contributions were published in the accounts. Grace Scanlin, EY, explained that the regulations required the remuneration report to include certain information and this included the pensions rights of senior councillors, not all councillors.

Members noted the £2.3m overspend from Children Services in 2020/21, which was due in the main to increased costs for providing external residential care and unachieved budget savings relating to the Closer to Home project. The committee asked therefore what the impact of this would be on the anticipated savings of the project for 2021/22 and if the project would now achieve its anticipated savings by the project end. Mr McNeill undertook to provide a written response.

The Chief Finance Officer added that the budget gap was reflected in the Council's Business Plan and the Council faced challenges ahead. Council of the Future was a fundamental platform to address the financial challenges and would produce a win/win situation because the projects were aimed at reducing cost and improving services. The Closer to Home project was a good example of this – it had the capacity to deliver change and also to make a difference to our client groups. The COTF Change Programme

would not close the gap by itself – other strands such as Zero Based Budgeting would play a part. Members too would face difficult choices in the next budget process – the gap was estimated to be £18m for 2022/23. He added that key variables affecting the scale of the gap would be the pay award and the Revenue Support Grant

The committee turned to the rental income from shop premises and questioned if it had decreased due to the pandemic and if the number of vacancies had altered. The Acting Director of Development Services stated that the portfolio was healthy with the property estate 95% let. Letting had increased as an impact of the pandemic, particularly in industrial premises. The backlog of rent payments was not showing as a budget pressure because actions had been put in place with tenants for repayments.

Members sought for clarity on whether the pandemic had continued to make auditing difficult in 2021/22 and whether the Accounts would be published by the deadline of 30 September (and available to the committee on 20 September for consideration ahead of Council approval). Grace Scanlin stated that the target was the end of October although this could be extended into November. The delay was in the main due to the impacts of Covid and also there had been some 'drag' due to issues that affect all Councils.

Decision

The Committee noted the report.