

Risks

The Council has a well embedded approach to the management of risk. This is summarised in the Annual Governance Statement (see pages 13 to 22). In 2021/22, the Council's [Risk Management Assurance Policy and Framework](#) was reviewed, and it will be further updated in 2022/23. The Council recognises that evaluation and monitoring of corporate and strategic risk is a key part of its role, and the Audit and Executive Committees consider regular Corporate Risk Update reports, including any changes to the Council's Corporate Risk Register. Risk management is also routinely considered by Service Management Teams over the course of the year, as part of Service Risk and Assurance Statement reviews, with oversight and co-ordination by the Corporate Risk Management Group, which is chaired by the Chief Finance Officer. The Corporate Risk Register captures all high and medium level risks, including the impacts of COVID-19. 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/Medium Term Financial Planning.• Robust and inclusive budget process.• Budget linked to Business Plan and the Council of the Future programme.• Financial Controls.	<ul style="list-style-type: none">• Sound governance framework.• Robust partnership processes - including policies, sharing of information, and training.• Public Protection Chief Risk Register.
Transformational Change	Climate Change
<ul style="list-style-type: none">• Officers and elected Members Board governance.• Established monitoring regime.• Links to Medium Term Financial Plan.• Programme Management Office support.• Council of the Future Risk Strategy Program, Risk Register and Project Risk Registers	<ul style="list-style-type: none">• Climate Emergency Action Plan – but Capital Budgets still to be identified to deliver on actions• Carbon Literacy Training and Carbon Budgeting• Plans and Targets to improve energy efficiency from e.g. buildings, fleet, and waste• Robust engagement to develop further actions and monitor progress

The Annual Governance Statement includes more details on the key governance issues relating to those Corporate Risks rated 'high' in 2021/22 (including issues relating to the Best Value Audit Report and COVID-19), and key improvement actions which will be taken to address these areas in 2022/23.

Outlook

Scottish local authorities have been faced with considerable financial challenges for a good number of years. These still don't show any sign of easing and the Council will continue to be faced with difficult decisions to manage and reduce expenditure over many years to come. The uncertainty created by Brexit and then COVID-19 has added to these challenges and this has been compounded by the current situation in Ukraine. The combined impact of these events has created significant inflationary pressures and disrupted supply chains, with increases in a wide range of goods and services such as gas and electricity, fuel and food. All this pushes up prices from the council's suppliers and contractors, increases interest rates, making it more expensive to borrow money to fund capital expenditure, as well as setting an expectation of higher pay increases.

The Bank of England recently noted that these inflationary pressures will lead to a deterioration in the outlook for world and UK growth. Weak economic growth over the long term significantly 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. The Scottish Government's Resource Spending confirmed that funding for councils will not increase until the end of 2025/26, which is estimated to result in a 7% real terms reduction for local government. In comparison, health and social care and social security spending will have a combined increase of 2.6% in real terms to 2026/27. 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 £69m.

While the impact of these pressures will be felt directly by the Council, our communities recovering from the worst effects of COVID-19 will also now be adversely impacted by the increasing cost of living. With regard to COVID-19, the Council has continued to administer a range of schemes to support individuals, families and businesses. In addition to Non Domestic Rates Relief for business sectors, £11.9m has been provided in business grants and £4.15m has been paid to low income families and individuals required to self-isolate. In

Management Commentary

June Members also recently agreed a further package of measures to help with the cost of living crisis and provide additional support to help improve household finances.

The increase in reserves at the end of 2021/22 will help the Council to mitigate the financial challenges that will emerge over the next financial year. COSLA and all 32 Councils will also continue to work closely to identify emerging risks and collate the financial pressures arising. This will be an ongoing process that will inform discussions with the Scottish Government over funding now and going forward.

The Council continues to regularly monitor its financial position and provide full financial updates to Council Management Team and the Council as appropriate, including options on addressing any new budget gaps and spending pressures. A range of savings options will be identified for elected member consideration to allow the Council to set a balanced budget for 2023/24.

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 £11.14m (2020/21 increase of £2.404m). 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. These can be viewed [here](#).

Conclusion

While the last financial year has been challenging it is clear that difficult times remain ahead over the foreseeable future and difficult decisions will need to be taken. The Council's planning framework will continue to ensure that the Council responds to these challenges and continues to ensure the desired outcomes for the Council area are delivered.

Amanda Templeman, CPFA
Chief Finance Officer
27 October 2022

Councillor Cecil Meiklejohn
Leader of Falkirk Council
27 October 2022

Kenneth Lawrie
Chief Executive of Falkirk Council
27 October 2022

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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 27 October 2022.

Signed on behalf of Falkirk Council

Councillor Cecil Meiklejohn
Leader of Falkirk Council
27 October 2022

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 2022 and the transactions of the Council and its group for year ended 31 March 2022.

Amanda Templeman, CPFA
Chief Finance Officer
27 October 2022

Annual Governance Statement 2021/22

Introduction

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 and 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: Significant Changes and Issues in 2021/22 and Actions in 2022/23; and
- Section 5: Conclusion and Opinion on Assurance.

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

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):

- The [Falkirk Plan 2021 - 2031](#), [Corporate Plan 2020 - 22](#), and [Interim Business Plan](#);
- [Standing Orders](#) (includes Committees and Decision-Making);
- [Codes of Conduct for Elected Members](#) and Officers (currently being reviewed);
- [Contract Standing Orders](#);
- [Financial Regulations](#);
- [Risk Management Assurance Policy and Framework](#); and
- [Whistleblowing Policy, Anti-Fraud and Corruption Strategy, and Procedure for the Investigation of Corporate Fraud Referrals](#).

The Council's [Standing Orders](#) set out the Council's governance and decision making structures; including the roles of different Committees and Elected Members. In addition, the Council's system of internal control is highlighted within the [Risk Management Assurance Policy and Framework](#). An assessment of the Council's key risks and internal controls is contained within the Corporate Risk Register, which is presented and considered by Audit Committee and the Executive on a regular basis (the most recent Audit Committee paper was presented in [March 2022](#)).

The governance framework is based on internal controls, including management and financial information, Financial Regulations, administration, supervision, and delegation. During 2021/22 this included:

- A review of [Financial Regulations](#);
- Having in place comprehensive budgeting systems and a formal budget setting process;

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- Having in place management information systems and regular monitoring reports, including performance and financial reporting;
- Preparation of quarterly Service Assurance statements by each Director;
- Statutory assurance reports on key areas, such as housing, procurement, and social work;
- Regular reporting to the Audit Committee, including internal audit, risk, and corporate fraud progress reports; and
- Partnership reporting to the Council's External Scrutiny Committee, including reports by the Community Planning and the Health and Social Care Partnerships.

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 shown in the risk and assurance framework below. These sources include management, risk, and other specialists, as well as internal and external audit and inspection bodies. The three lines of defence model will be embedded in the further development of the Corporate Risk Register and [Risk Management Assurance Policy and Framework](#) during 2022/23.

The Council's Internal Audit, Risk and Corporate Fraud Manager holds the responsibilities of the 'Head of Internal Audit', as defined in the CIPFA Statement on the Role of the Head of Internal Audit and of the 'Chief Audit Executive', as defined in the Public Sector Internal Audit Standards, (PSIAS). Internal Audit provide independent assurances and their activities are designed to add value and improve the Council's operations. This in turn helps the Council accomplish its strategic ambitions by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of the Council's risk management, internal control and governance processes.

As required by PSIAS, the Internal Audit, Risk, and Corporate Fraud Manager prepares an annual Internal Audit Plan and undertakes a programme of Internal Audit reviews, which take account of the risks identified in the Council's Corporate Risk Register and Internal Audit's own assessment of risk. The Audit Committee approves the Internal Audit Plan and programme of work, and regularly monitors the performance of Internal Audit. Assurance on the effectiveness of Internal Audit and the Audit Committee are provided within Section 3 below.

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The Council's Risk and Assurance Framework

Note that this is based on the current Falkirk Plan and Corporate Plan, Standing Orders, and Risk Management Assurance Policy and Framework – but these will be reviewed in 2022/23.

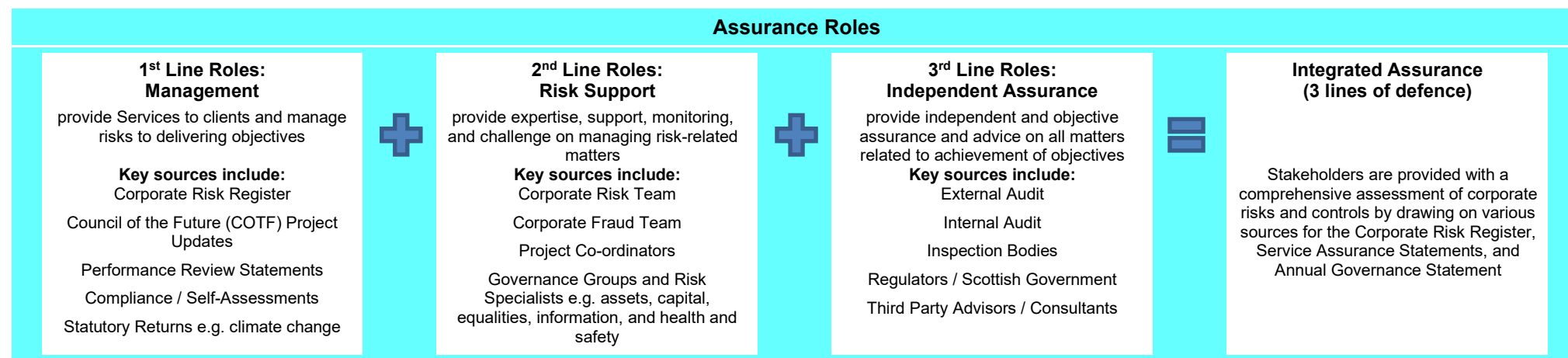
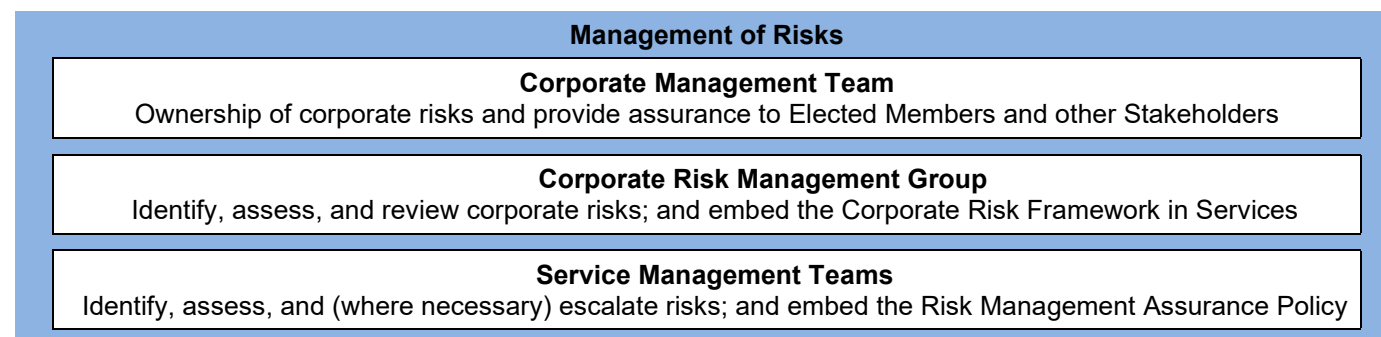
The Falkirk Plan 2021-2031	Our Communities' Priorities: Communities (People), Enterprise ((Place), Innovation (Partnerships)
	Our Communities' Vision and Mission: "The Place To Be: Where everyone can fulfil their potential"
Corporate Plan 2020-22	Our Council's Values: RITA – Responsive, Innovative, Trusted, and Ambitious

Falkirk Council		
Ownership of risks to delivering the Corporate Plan and Business Plan (these risks are set out in the Corporate Risk Register)		
Scrutiny Committee Scrutinise Corporate Risks and Performance	Executive Agree Corporate Risks, Horizon Scan, and Set Risk Appetite	Audit Committee Seek Assurance on the Risk and Internal Control Framework

Falkirk Community Planning Partnership

responsible for risks to delivering The Falkirk Plan

e.g. Economic Development and Health & Social Care Partnerships



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Section 3: Adequacy and Effectiveness of the Governance Framework

This Annual Governance Statement relates to the governance framework in place within the Council for the year ended 31 March 2022 and up to the date of signature of the Council's Annual Accounts for 2021-22.

The [Best Value Assurance Report 2021 and Improvement Plan](#) assessed many elements of the Council's governance framework. The themes on the Best Value Improvement Plan (such as Leadership, Equalities, Performance, and Community Planning) are captured at Section 4.

In terms of financial controls, the Council complies with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom: Guidance Notes for Practitioners 2021-22. The guidance requires that this Statement incorporates assurance on the governance arrangements and systems of internal financial controls within the consolidated group entities of the Council. The review of the effectiveness of those arrangements is informed by, where appropriate, their Annual Governance Statements, the opinions of their external auditors, and work undertaken by relevant internal auditors.

The Audit Committee was held six times throughout 2021/22 and remained responsible for reviewing the effectiveness of the assurance functions in place, including Internal Audit. Elected Members received a range of reports produced throughout the year by the Internal Audit, Risk, and Corporate Fraud Manager on internal audit progress, corporate risk management updates, and corporate fraud work undertaken. This allowed for scrutiny and questioning of Officers to take place; assisting members of the Audit Committee to receive assurance that any weaknesses or gaps have been identified and are being addressed. These arrangements, therefore, provide assurance that the Audit Committee comply with the standards set out in CIPFA's Position Statement: Audit Committees in Local Authorities (2018), which are to provide independent assurance to the Council and those charged with governance on the adequacy of the Council's risk management framework and internal control environment.

Resourcing issues within the Internal Audit team has had an impact on the workload of the team this year, however, the assurance work undertaken has ensured that an opinion was still able to be formed. This is in part based on the reported progress with the management implementation of agreed Internal Audit recommendations.

In September 2022 the Internal Audit, Risk, and Corporate Fraud Manager will provide the Council 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 2022. The report will provide details of the position relating to the audits contained within the 2021/22 Internal Audit plan and will highlight that the majority of 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 annual statement on the adequacy and effectiveness of the Council's framework of governance, risk management and control as drafted will conclude that substantial assurance can be placed on the adequacy and effectiveness of the Council's internal control system in the year to 31 March 2022. The report will also further confirm the organisational independence of Internal Audit. Internal Audit operates in accordance with the Public Sector Internal Audit Standards which apply to Local Government.

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 a strategy for the prevention and detection of fraud and corruption 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](#) and its related procedures and performance. This was undertaken during the course of 2021/22.

Further, the Council has implemented a [Whistleblowing Policy, Anti-Fraud and Corruption Strategy, and Procedure for the Investigation of Corporate Fraud Referrals](#). The Council can, therefore, provide assurance that it has complied with the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption (2014), and commits to maintaining its vigilance to tackling fraud

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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:

- identify and prioritise the risks to the achievement of the Council's outcomes;
- evaluate the likelihood of those risks being realised and the impact should they be realised; and
- manage those risks efficiently, effectively, and economically.

Directors maintain Service Assurance Statements and provide annual assurance on compliance with our 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 the annual assurance process. Ongoing issues and actions arising from Directors' assurance statements have been fed into the Review of Effectiveness (at Section 4).

The Council complies with the requirements of CIPFA's statement on The Role of the Chief Financial Officer in Local Government. The Chief Finance Officer 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.

The CIPFA / SOLACE Framework 2016 includes seven principles for good governance Section 4 sets out how we meet our commitments to these principles, 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 2022/23 actions identified in the table below will be completed by March 2023, and more measurable actions will be developed as part of the service work plans during 2022/23. In addition, a review will be undertaken in early 2023 to assess how actions are progressing in line with the March 2023 implementation dates.

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Section 4: Significant Changes and Issues in 2021/22, and Actions in 2022/23

CIPFA Principle A: Behaving with integrity; demonstrating strong commitment to ethical values; and respecting the rule of law.	
Community and Council Priorities	<p>In 2021/22, the Community Planning Partnership reviewed the Falkirk Plan 2021-2031 and the Council agreed a Corporate Plan 2020-22, Interim Business Plan, and Medium-Term Financial Plan.</p> <p>Action Planned within 2022/23: A new Council Plan was presented to Council for approval in September 2022, aligning to the Falkirk Plan. Service Plans will be developed, and these will be aligned to the Council Plan priorities and corporate risks.</p>
Leadership, Decision Making, and Governance	<p>In 2021/22, the Council's Standing Orders and Risk Management Assurance Policy and Framework were reviewed. The Council also developed a Best Value Improvement Plan and started to implement this.</p> <p>Action Planned within 2022/23: Best Value Actions will be implemented during 2022/23, including training and ongoing support and development for elected Members, work on collaborative leadership, performance reporting, governance of the capital programme, development of our approach to equalities and a review of transformation.</p> <p>The Register of Gifts and Hospitality and the Code of Conduct for Members and Officers are currently being reviewed / combined. Formal Trade Union and elected Member agreement to the combined Policy will be sought during 2022/23.</p> <p>The Falkirk Integration Joint Board Integration Scheme was due to be reviewed by November 2020 in line with legislative requirements. However due to the impact of the global coronavirus pandemic, the review process was suspended to allow key personnel in both the Council and Health Board to focus on urgent priorities. The work to conclude the scheme remains ongoing. This did not affect the operation of Falkirk Integration Joint Board and the existing integration scheme remains in force.</p>
Legal Duties: Committee Decisions	<p>Committee papers set out implications including legal, financial, climate, and equalities. In addition, elected Members are provided with legal and professional advice before making all decisions.</p> <p>Action Planned within 2022/23: Elected Members' will receive risk training and development during 2022/23. Work on the implications included in the committee reports will be undertaken to improve the information provided to Members.</p>
Legal Duties: Equalities	<p>An Internal Audit report in 2019/20 found that there were significant improvements required to meet the Council's Equalities duties obligations. In 2021/22, the Best Value Review highlighted the need for further improvement and an Equalities Group was established. The Group has undertaken a self-assessment which forms part of the Best Value Action Plan.</p> <p>Action Planned within 2022/23: An Equalities Action Plan will be implemented, and this will feed into the publication of a revised Equalities Mainstreaming Report during 2022/23.</p>
Legal Duties: Health and Safety	<p>Improvements were made in the management of staff wellbeing, and a new health and safety reporting system was introduced. Health and Safety, however, has been a limited assurance as part of Corporate Risk Updates since 2019, due to significant weaknesses in premises management risks. In addition, the Health and Safety Executive has issued contravention and improvement notices in relation to two accidents. The Council has subsequently written to the HSE to confirm the actions taken in response to the notices.</p> <p>Action Planned within 2022/23: Premises management improvements will be implemented and Service Health and Safety Management arrangements will be improved during 2022/23 (alongside a Corporate Landlord approach to assets). An extensive programme of work is underway to respond to the HSE notices.</p>

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CIPFA Principle B: Ensuring openness and comprehensive stakeholder engagement, including: Engaging comprehensively with institutional stakeholders; Engaging with individual citizens and service users effectively	
Community Planning	<p>Community Planning has been rated as limited assurance in Corporate Risk Updates since 2019. In 2021/22 the Best Value Review highlighted the need for further improvement and, since then, a self-assessment has been completed and significant progress has been made on the actions.</p> <p>Action Planned within 2022/23: The Community Planning Best Value actions will be implemented during 2022/23.</p>
Participation	<p>Participation has been rated as limited assurance in Corporate Risk Updates since 2019. In 2021/22, improvements have been implemented. Public Consultations are published on the Council's Website (here) and there are ongoing consultations with stakeholders, including housing tenants, employees, and trades unions and these feed into Annual Service or Governance Group Self-Assessments.</p> <p>Action Planned within 2022/23: The Participation Group's action plan will be implemented during 2022/23.</p>
Procurement	<p>Contract Standing Orders and Procurement Guidance were reviewed; and the Procurement Board provided substantial assurance within their annual assurance report to the Scottish Government. In 2021/22, however, Social Work Adult Services provided limited assurance on compliance with some care contracts.</p> <p>Action Planned within 2022/23: The procurement issues raised in Social Work Adult Services will be addressed as part of the Integration Joint Board's (IJB)'s Strategic Commissioning Plan review during 2022/23.</p>
Public Protection	<p>The Chief Social Work Officer's Annual Report, which also reflects the outcomes of the Care Inspectorate's Adult Support and Protection Inspection, provided substantial assurance. In addition, relevant Council and IJB Committees continue to review ongoing assurance including for example, care homes audits and inspections.</p> <p>Action Planned within 2022/23: Adult Support and Protection and Gender Based Violence Partnership action plans will be implemented during 2022/23. The Council will continue to engage on plans to establish a National Care Service which are expected to continue at a pace. And will continue at pace in Scotland. And the Council will continue to respond to any issues and lessons arising from the national child abuse enquiry.</p>
CIPFA Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits. These take into account the long-term impacts of current decisions on future generations	
Climate Change	<p>Internal Audit provide assurance on Climate Change Public Duties Reports (which relates to past emissions) on an annual basis. Since 2019, there has been limited assurance on meeting the Council's Climate Emergency Declaration (2030-45 targets). In 2021/22 a Climate Emergency Action Plan was agreed, but a key challenge remains the gap in capital budgets to deliver climate projects.</p> <p>Action Planned within 2022/23: The Director of Place Services will provide a report to Executive on climate change by December 2022, in advance of the budget setting process, which will set out progress, and the actions and funding required to deliver on climate change.</p>
Economic	<p>Growth Deal funding was agreed during 2021/22. The Best Value Review, however, also highlighted the need to make decisions on local regeneration.</p> <p>Action Planned within 2022/23: In 2022/23, Place Services will deliver the Town Centre Regeneration programme, monitor Falkirk Towns Ltd and BID company, and deliver the Revitalising Falkirk Action Plan. Other economic actions that will be taken forward include a Green Free Port bid and the Tax Incremental Financing project. In June 2022 the Executive considered reports on Local Authority COVID Economic Recovery (LACER) Funds and the UK Shared Prosperity Funds. Both reports set out a series of actions to be implemented.</p>

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Social: Poverty and Children's Services Risks	<p>The Fairer Falkirk Strategy and Action Plan was reviewed, and Children's Services made significant progress on early years expansion, free school meals roll-out, and mental wellbeing in schools. There continues to be significant challenges, however, including fuel poverty, social work demand, and uncertainty on the long-term impacts of COVID-19.</p> <p>Action Planned within 2022/23: The Executive considered a report entitled Tackling Poverty in Falkirk - Additional Support to Low Income Households in June 2022.</p> <p>Executive have agreed that Officers should develop a longer-term strategy for income maximisation to align with the existing Fairer Falkirk Strategy to be brought back to members for approval.</p> <p>Children's Services and Social Work will continue to assess and respond to the short and long-term impacts of COVID-19 during 2022/23.</p>
CIPFA Principle D - Determining the actions necessary to optimise the achievement of the intended outcomes, including: Determining actions; Planning actions; and Optimising achievement of intended outcomes.	
Transformational Change	<p>The Best Value Review emphasised the need to accelerate the pace of change; and an Internal Audit on Savings Tracking is ongoing.</p> <p>Action Planned within 2022/23: Actions on transformation change from the Best Value Review and the Internal Audit on Savings Tracking will be implemented during 2022/23.</p>
Planning, Performance, and Outcomes	<p>The Best Value Review emphasised the need to improve performance arrangements and several improvements have been implemented. This includes the development of the 'Falkirk Performs' area of the Council's website which publishes complaints, plans, and performance information.</p> <p>Action Planned within 2022/23: The Falkirk Performs section of the Council's website will be continuously reviewed and updated; and the Best Value Actions on performance and plans (including the new Council Plan and Service Plans) will be completed during the year.</p>
CIPFA Principle E - Developing the Council's capacity, including the capability of its leadership and the individuals within it: Developing the Council's capacity; Developing the capability of the Council's leadership	
HR and Workforce Planning	<p>The Best Value Review confirmed that Workforce Planning was effective; however, it also identified the need to improve leadership.</p> <p>Action Planned within 2022/23: Best Value Actions on leadership will be implemented by March 2023, including training for elected Members and officers, and ongoing support and development. Service Workforce Plans will be further developed and linked to the Council's updated Council Plan to support service planning and delivery during 2022/23.</p>
CIPFA Principle F: Managing risks and performance through robust internal control and strong public financial management, including: Robust internal control; Strong public financial management; Managing risk; and Managing data.	
Financial Sustainability	<p>The Council agreed a Medium-Term Financial Plan in 2021/22, and quarterly updates are provided to the Executive on the capital program, budgets and financial position, and treasury management. The Best Value Review also emphasised the need to improve capital planning; and since then a Strategic Asset Modernisation Board has been formed.</p> <p>Action Planned within 2022/23: The Medium-Term Financial Plan will be refreshed alongside the Council Plan; and the Strategic Asset Management Board will work to improve oversight of capital planning and program delivery during 2022/23.</p>
Financial Controls	<p>The Financial Regulations and Contract Standing Orders were updated; and Corporate Fraud updates and Service fraud assurance statements were introduced. In addition, substantial assurance on financial controls is provided within Internal Audit and External Audit reports.</p>

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	<p>Action Planned within 2022/23: The Audit Committee will continue to receive regular updates from External Audit and the Internal Audit, Risk, and Corporate Fraud Manager. This will include the Internal Audit and External Audit annual assurance reports in October 2022.</p>
Corporate Risk Management	<p>In 2021/22, the Council's Risk Management and Assurance Policy and Framework was reviewed, and the Audit Committee and Executive received regular Corporate Risk updates. The corporate risk action plan, however, was only partly completed because the actions noted below were carried forward to 2022/23.</p> <p>Action Planned within 2022/23: The Council will continue to improve the approach to risk management, including a refresh of risk training, risk appetite, and risk reporting during 2022/23. The Corporate Risk Register will also be assessed against, and linked to, the new Council Plan; and Service Assurance Statements will link to Service Plans.</p>
Resilience: COVID-19 and Business Continuity	<p>COVID-19 impacts and actions continue to be assessed and reported within the Corporate Risk Register. In addition, the Scrutiny Committee considered COVID-19 updates throughout the year. Business Continuity, however, continues to be rated as limited assurance since 2018 because of gaps in plans and reviews.</p> <p>Action Planned within 2022/23: The Business Continuity improvement plan will be implemented by March 2023.</p>
Information Assets	<p>The Information Management Group provided substantial assurance on areas such as data protection, ICT, and Cyber security controls. CMT also reviewed the lessons learnt from the SEPA Cyber Attack and agreed a Cyber Action Plan.</p> <p>Action Planned within 2022/23: A Senior Information Risk Officer (SIRO) Annual Report will be completed, and the Cyber Action Plan (SEPA Lessons Learnt) will be implemented.</p>
CIPFA Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability.	
Assurance	<p>Significant internal and external audit issues raised during 2021/22 are captured above and within the External and Internal Audit Annual Reports (which will be considered by the Audit Committee in September 2022).</p> <p>Action Planned within 2022/23: The Audit Committee will continue to receive updates from External Audit and the Internal Audit, Risk, and Corporate Fraud Manager.</p>
Health and Social Care Partnership (HSCP)	<p>An Internal Audit report on IJB risk management arrangements provided limited assurance, and the IJB Risk Management Action Plan is being taken forward as part of the 2021/22 and 2022/23 programmes of work.</p> <p>The IJB's Audit Committee considered the IJB's 2021/22 Unaudited Accounts, including the IJB Annual Governance Statement in June 2022. In addition, the IJB Audit Committee receive regular updates on strategic risks, internal audits, external audits, and inspections.</p> <p>Action Planned within 2022/23: The IJB Risk Management Improvement Plan will be completed by March 2023. This includes a review of risk appetite, training, and partners' assurance.</p>

Explanatory & Assurance Statements

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 ([Best Value Review](#)) and the unqualified opinion from External Audit on the Annual Accounts.

The Council undertook a review of the [Standing Orders](#) in 2021/22. These reflected changes to decision-making arrangements in a post COVID-19 environment, including hybrid Committee meetings. The Council will undertake a further review of the Standing Orders in 2022/23, which will include any changes following recent elections.

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 2022/23 (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 2021/22. Independent organisations, including Falkirk Community Trust (which was re-integrated into the Council in April 2022) and the Falkirk Integration Joint Board (IJB) have produced their own annual accounts and these include an Annual Governance Statement. Arrangements are in place to provide assurance to their Audit Committees and Boards.

Councillor Cecil Meiklejohn
Leader of Falkirk Council
27 October 2022

Kenneth Lawrie
Chief Executive of Falkirk Council
27 October 2022

Annual Remuneration Report 2021/22

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 2021/22 contains the information specified in the Schedule to the above Regulations.

All information disclosed in the tables below will be audited by Ernst & Young LLP. The other sections of this Report will be reviewed by Ernst & Young LLP 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 2021. 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 2021/22 the salary for the Leader of Falkirk Council is £37,213. 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 £27,910.

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 (£27,910). 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 £325,596. The Council is able to 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).

In 2021/22 Falkirk Council had 9 Level 1 Senior Councillors each with a salary of £24,938 and 2 Level 2 Senior Councillors with a salary of £20,905 and the remuneration paid to these Councillors totalled £266,252. 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.

Senior Employees' Remuneration Arrangements

The salary of senior employees is set by reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets the salaries for the Chief Executives of Scottish local authorities. Circular CO/151 sets the amount of salary for the Chief Executive of Falkirk Council for the period 2021/22.

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

Explanatory & Assurance Statements

The Council does not have a role in determining the remuneration policy of Falkirk Community Stadium Ltd., a subsidiary of the Council.

In terms of Falkirk Community Trust Ltd (FCT), a company limited by guarantee with charitable status established by the Council in summer 2011 to deliver cultural and leisure services for the Falkirk Council area, the Funding Agreement between the Council and FCT provided that FCT was to provide terms and conditions to its employees (including remuneration) no less favourable than the relevant corresponding terms and conditions of employment enjoyed by employees of the Council at any time. From 1 April 2022 the services managed by the Trust will be delivered by the Council with the Trust being duly wound up and the employees transferred back to the Council.

General Disclosure by Pay Band

The number of employees whose remuneration was £50,000 or more in 2021/22 is as follows:

Remuneration	Number of Employees		Chief Officers		Teachers		SJC Employees	
Bands	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
£50,000 - £54,999	159	155	-	1	101	95	58	59
£55,000 - £59,999	108	120	1	-	79	83	28	37
£60,000 - £64,999	60	53	-	-	45	41	15	12
£65,000 - £69,999	22	27	-	-	20	19	2	8
£70,000 - £74,999	5	6	-	-	4	1	1	5
£75,000 - £79,999	-	3	-	-	-	1	-	2
£80,000 - £84,999	11	4	8	1	2	2	1	1
£85,000 - £89,999	3	6	-	5	3	1	-	-
£90,000 - £94,999	2	3	-	-	2	3	-	-
£95,000 - £99,999	4	4	3	2	1	2	-	-
£100,000 - £104,999	1	2	1	2	-	-	-	-
£105,000 - £109,999	-	-	-	-	-	-	-	-
£110,000 - £114,999	2	3	2	3	-	-	-	-
£140,000 - £144,999	1	-	1	-	-	-	-	-
£145,000 - £149,999	-	1	-	1	-	-	-	-
Total	378	387	16	15	257	248	105	124

Note these figures do not include employees of Falkirk Community Trust (2 Chief Officials and 3 SJC employees).

Disclosure – Local Authority Subsidiary Bodies

Falkirk Community Stadium Ltd is a subsidiary body of the Council and the details to be provided in this report are as follows:

- the Stadium Manager is Dougie Hanley
- there were no Councillors of Falkirk Council remunerated by the body in 2021/22
- there were no employees of the body whose remuneration in 2021/22, including any annual remuneration from Falkirk Council, was £150,000 or more.

In November 2021 Falkirk Council agreed to wind up Falkirk Community Stadium Limited and transfer the company's business and assets to Falkirk Council. The work required to wind up the company is currently underway, and it anticipated that this will be completed during the next financial year.

Falkirk Community Trust Ltd (FCT) was a subsidiary body of the Council during 2021/22 and the details to be provided in this report are as follows:

- the Chief Executive was Neil Brown, (started 01/09/21), previous Chief Executive, M Campbell (left, 31/08/21)
- there were no Councillors of Falkirk Council remunerated by the body in 2021/22
- there were no employees of the body whose remuneration in 2021/22 including any annual remuneration from Falkirk Council, was £150,000 or more.