

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.

Notes to the Financial Statements

(a) Property, Plant & Equipment Movements in 2021/22

	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
Cost or Valuation as at 1 April 2021	657,958	886,720	50,776	19,852	18,613	8,224	1,642,143
Additions	28,638	14,632	6,439	1,153	14,165	-	65,027
Revaluations:							
Recognised in Revaluation Reserve	13,879	641	-	-	-	-	14,520
Recognised in Provision of Services	-	-	-	-	-	-	-
De-recognition:							
Disposals	-	-	(148)	-	-	(15)	(163)
Assets reclassified to/from Held for Sale	-	(242)	-	-	-	-	(242)
Other Movements in Cost or Valuation	-	36	-	-	-	-	36
As at 31 March 2022	700,475	901,787	57,067	21,005	32,778	8,209	1,721,321
Accumulated Depreciation & Impairment as at 1 April 2021	180,061	341,789	32,405	5,338	1,151	6,064	566,808
Depreciation:							
Charge for Year	17,344	29,355	7,908	656	-	-	55,263
Impairment Losses/(Reversals):							
Recognised in Revaluation Reserve	10,157	814	-	-	-	-	10,971
Recognised in Provision of Services	-	2,104	-	-	-	-	2,104
De-recognition:							
Disposals	-	-	-	-	-	-	-
As at 31 March 2022	207,562	374,062	40,313	5,994	1,151	6,064	635,146
Net Book Value							
31 March 2021	477,897	544,931	18,371	14,514	17,462	2,160	1,075,335
31 March 2022	492,913	527,725	16,754	15,011	31,627	2,145	1,086,175

Notes to the Financial Statements

(b) Property, Plant & Equipment Movements in 2020/21

	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
Cost or Valuation as at 1 April 2020	573,001	811,758	41,198	18,756	23,498	8,214	1,476,425
Additions	26,606	9,601	11,509	1,096	4,548	-	53,360
Revaluations:							
Recognised in Revaluation Reserve	17,752	61,456	-	-	-	-	79,208
Recognised in Provision of Services	32,154	3,124	-	-	-	-	35,278
De-recognition:							
Disposals	-	(386)	(1,931)	-	-	-	(2,317)
Assets reclassified to/from Held for Sale	-	(171)	-	-	-	10	(161)
Other Movements in Cost or Valuation	8,445	1,338	-	-	(9,433)	-	350
As at 31 March 2021	657,958	886,720	50,776	19,852	18,613	8,224	1,642,143
Accumulated Depreciation & Impairment as at 1 April 2020	114,565	315,213	26,049	4,722	1,151	6,064	467,764
Depreciation:							
Charge for Year	15,941	25,035	7,918	616	-	-	49,510
Impairment Losses/(Reversals):							
Recognised in Revaluation Reserve	49,555	-	-	-	-	-	49,555
Recognised in Provision of Services	-	1,577	-	-	-	-	1,577
De-recognition:							
Disposals	-	(36)	(1,562)	-	-	-	(1,598)
As at 31 March 2021	180,061	341,789	32,405	5,338	1,151	6,064	566,808
Net Book Value							
31 March 2020	458,436	496,545	15,149	14,034	22,347	2,150	1,008,661
31 March 2021	477,897	544,931	18,371	14,514	17,462	2,160	1,075,335

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(c) Infrastructure Assets

The Council's infrastructure assets have been recognised on the Balance Sheet at depreciated historic cost in line with the Council's established accounting policy. A useful life of 10 – 50 years is applied to these assets and used in the calculation of the annual depreciation charge, based on the Council's assessment of the useful economic life of these assets.

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.

2020/21 £'000		2021/22 £'000
124,958	Net carrying amount at 1 April	130,528
(6,486)	Depreciation	(7,048)
12,056	Additions	16,487
130,528	Balance outstanding at 31 March	139,967

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.

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2020/21 £'000		2021/22 £'000
266	Cost or Valuation as at 1 April	266
-	Movements	-
266	As at 31 March	266
-	Accumulated Depreciation and Impairment as at 1 April	-
-	Movements	-
-	As at 31 March	-
266	Net Book Value as at 31 March	266

The total net book value of Heritage Assets at 31 March 2022 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: Other Capital Notes

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 2021/22 the Council's Social Work Assets were revalued as at 31 March 2022. This resulted in a net downwards revaluation of these assets of £1.4m

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

Service	Valuation Date	Valuation Basis
Social Work	31 March 2022	Open Market Value for Existing Use
Education - Primary & Secondary Schools	31 March 2021	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	1 April 2018	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.
Other, including Community Asset and some Offices	1 April 2017	Open Market Value for Existing Use or where this could not be assessed, due to the lack of a market, Depreciated Replacement Cost.
The Foundry	31 March 2022	Existing use Value.

Non Operational Assets were subject to a review by external property surveyors at 31 March 2022. The main purpose of this was to identify if any material movements had taken place in any of the land and building asset classes since the last full revaluation exercise. The exercise was not a full revaluation, but a desk top exercise based on a sample of revaluations. No material reductions in value were identified.

A similar desktop review of the Council's Housing Stock was carried out by the District Valuer. That review identified a material movement which has resulted in a net increase of £13.9m for the Council's housing stock.

Surplus Assets have been valued at fair value equivalent to Market Value.

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Assets Under Construction have been valued at cost.

Vehicles, Plant and Equipment are valued at depreciated historical cost.

Infrastructure and Community Assets have been valued on the basis of historical cost.

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

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. However, as at the valuation date some property markets have started to function again, with transaction volumes and other relevant evidence returning to levels where an adequate amount of market evidence exists upon which to base opinions of value.

Capital Commitments

As at 31 March 2022, the Council has entered into a number of contracts for the construction, enhancement or purchase of Property, Plant and Equipment in 2021/22 and future years, budgeted to cost £69.6m. Commitments at 31 March 2021 were £18.3m. The major commitments are:

Project	£'m
External Fabric Improvements (Housing)	11.5
Replacement Windows and Doors 4 year contract (Housing)	53.9
Other Housing Contracts	1.3
Various / Misc. Contracts	1.6
Grangemouth Flood Prevention Scheme (GFPS)	1.3
Total	69.6

Note 23: Assets held for Sale

Current 2020/21 £'000	Non-Current 2020/21 £'000		Current 2021/22 £'000	Non-Current 2021/22 £'000
1,917	-	Balance at 1 April	2,038	-
-	-	Assets Newly Classified as Held for Sale	241	-
-	-	Revaluation losses:		
-	-	• Recognised in Revaluation Reserve	(251)	-
-	-	Revaluation gains:		
398	-	• Recognised in Revaluation Reserve	233	-
-	-	• Recognised in Provision of Services	63	-
(438)	-	Assets sold	(37)	-
161	-	Transfer from/to non-current/current	-	-
2,038	-	Balance outstanding 31 March	2,287	-

Note 24: 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.

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2020/21 £'000		2021/22 £'000
405,456	Opening Capital Financing Requirement	414,404
	Capital Investment:	
65,491	• Property, Plant and Equipment	81,597
469	• Intangible Assets	239
327	• Revenue Expenditure Funded from Capital under Statute	411
	Sources of Finance:	
(152)	• Capital receipts	(41)
(26,481)	• Government grants and other contributions	(37,802)
	Sums set aside from revenue:	
(1,989)	• Direct revenue contributions	(13,812)
(28,717)	• MRP/loans fund principal	(14,749)
414,404	Closing Capital Financing Requirement	430,247
	Explanation of movements in year:	
15,753	• Increase in underlying need to borrow (unsupported by government financial assistance)	22,951
(6,805)	• PFI / PPP contract unitary charge payment	(7,108)
8,948	Increase / (Decrease) in Capital Financing Requirements	15,843

Note 25: 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.

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)

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- 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	2021/22 £'000
Balance as at 1 April 2021	81,274	122,227	203,501
Net Additions during year	1,954	-	1,954
Revaluation	15,302	-	15,302
Depreciation	(6,032)	(5,288)	(11,320)
Net Book Value 31 March 2022	92,498	116,939	209,437

(b) Movement in Liabilities

	Class 98 £'000	Falkirk Schools Gateway Ltd £'000	2021/22 £'000
Balance as at 1 April 2021	23,575	66,357	89,932
Repaid during year	(4,232)	(2,753)	(6,985)
Balance as at 31 March 2022	19,343	63,604	82,947
of which:			
• Current	4,610	2,479	7,089
• Long Term	14,733	61,125	75,858
Total	19,343	63,604	82,947

(c) Estimated Future Unitary Payment Obligations

	Service Charges £'000	Interest £'000	Finance Lease Repayment £'000	2021/22 £'000
Basic Annual Payments – Class 98				
Within one year	4,126	4,562	4,610	13,298
In the second to fifth years inclusive	5,595	10,768	14,734	31,097
Total	9,721	15,330	19,344	44,395

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 1.5% per annum as per the operator's financial model.

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Basic Annual Payments – Falkirk Schools Gateway Ltd.	Service Charges £'000	Interest £'000	Finance Lease Repayment £'000	2021/22 £'000
Within one year	5,743	6,438	2,479	14,660
In the second to fifth years inclusive	25,988	26,040	10,369	62,397
In the sixth to tenth years inclusive	39,372	32,899	14,911	87,182
In the eleventh to fifteenth years inclusive	42,833	35,309	20,496	98,638
In the sixteenth to twentieth years inclusive	15,106	19,975	15,349	50,430
Total	129,042	120,661	63,604	313,307

The figures shown above for the Basic Annual Payment assume an indexation rate of 1.4% as per the operator's financial model.

Note 26: 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

- (i) The Council used a clawback provision relating to savings on remediation costs within a contract for the sale of land. Following a dispute with the purchaser, the matter was assessed through third party determination at £0.930m. A subsequent application by the purchaser for judicial review of the third-party determination, resulted in the determination being upheld by the Court. A legal agreement in respect of settlement arrangements has now been finalised. This settlement is by means of transfer of land and property assets by the company to the Council for subsequent disposal, together with a further cash payment (the latter dependent on proceeds of successful sale of a development site elsewhere by the company). There accordingly remains the potential for the Council to receive further sums subject to the outcome of the subsequent asset disposals and recovery of additional cash sum. To 31 March 2021, some £0.502m has been received including £0.176m during 2018/19 for the disposal of the first property transferred to the Council. An area of ground extending to 0.85 acres at the edge of the original development was transferred by the company to Falkirk Council in February 2020 which will be marketed for sale in due course, with offers likely to be subject to gaining residential planning permission. A repayment schedule for the remaining £0.300m was formally agreed in February 2022 with £0.04m received by 31 March 2022 in line with the agreement.

(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 2022, this totalled £13.5m (£17.0m as at March 2021).
- (ii) Note 29 includes provision in respect of potential expenditure arising from outstanding equal pay claims. Legal judgements on pay protection and equal pay matters means the Council could be at risk in respect of further potential equal pay obligations. However, this is dependent on case law development and cannot be quantified at this time.
- (iii) The Council recognises the potential for compensation claims deriving from the Scottish Government's Limitation (Childhood Abuse) (Scotland) Bill which will remove the three-year time limit on claims of child abuse. Some claims will be historic and relate to Falkirk District Council, Central Regional Council, or their predecessors and some will date post-reorganisation and relate to Falkirk Council. Whilst the Scottish Government has put in place Scotland's Redress Scheme for survivors of historical child abuse in care, there is an option whether to progress via this route for a capped pre agreed amount or to continue to pursue a claim against Falkirk Council directly. All 32 Scottish Councils are participating in the scheme

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- (iv) A recent EU ruling has highlighted that the Council may have some liability in respect of additional Holiday Pay entitlement. The extent of this liability cannot be assessed at this stage.
- (v) Two accidents are being investigated by the Health and Safety Executive. On 8 September 2021, a fatality was reported upon a Falkirk Council road construction site, and a separate accident occurred in the Council's Dalgrain depot. There is a possibility that a fine or fixed penalty may be issued. 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 27: Long Term Investments in Associates and Joint Ventures

The Council has one long- term investment as follows:

Falkirk Community Stadium Ltd

In March 2003, the Council in conjunction with Falkirk Football and Athletic Club Ltd (FFAC), established a joint venture called Falkirk Community Stadium Limited (FCSL) to develop and operate a stadium facility at Westfield, Falkirk. The Council and FFAC invested £3.11m and £2.868m respectively from the proceeds of property disposals at Brockville and Hope Street, Falkirk. These sums were used to purchase Interest Free Secured Loan Stock 2178. The Council held 25% of the ordinary shares in the company, although this holding equated to 49% of the economic value. In addition, the Council advanced the Company loans of £2m on 31 March 2003, £2.795m on 22 December 2004 and £0.3m on 31 August 2005, which were repayable over 25 years for the provision of community leisure facilities within the new Community Stadium.

FCSL was reconstructed on 28th May 2009 through a solvent liquidation pursuant to Section 110 of The Insolvency Act 1986. In effect, the assets and liabilities of the company have been split between FFAC and the Council. The loans advanced by the Council and the long-term investment were replaced by Property, Plant & Equipment of £3.85m and a long-term investment of £9.34m. The assets comprised Ground Leases of £0.25m and Development Sites of £3.6m per the 2009 valuation. These assets were subsequently revalued at 1 April 2015. The Ground Leases were revalued to £0.362m and the Development Sites at £0.65m. The long-term investment was revalued to £3.596m as at 31 March 2020. The value remains the same as at 31 March 2022.

Note 28: Loans Outstanding

These loans were raised to finance the capital expenditure of the Council. The source of these loans as at 31 March 2022 was as follows:

2020/21 £'000	Borrowing Repayable on Demand or Within 12 Months	2021/22 £'000
41,000	Temporary Borrowing	30,000
2,716	Accrued Interest	2,738
43,716	Total	32,738
	Long Term Borrowing	
208,201	• Public Works Loan Board	216,201
26,000	• Market Bonds	26,000
-	• Temporary Borrowing	10,000
234,201		252,201
1,388	Accrued Interest	1,353
235,589	Total	253,554

Short-Term Borrowing per the Balance Sheet is £33,933m. This figure includes temporary borrowing of £32.738m and £1.195m in respect of Third-Party balances which are invested in the Loans Fund as at 31 March 2022.

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Note 29: 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) Kinneil Kerse

A provision exists for the restoration costs associated with the restoration of Kinneil Kerse landfill site. Planning approval was granted, and work commenced during 2015/16. Restoration costs of £0.371m have been incurred during 2021/22. Consequently, the provision has been reduced by this amount and the balance on the provision at 31 March 2022 is £0.444m (£0.815m as at 31 March 2021). If the annual cost of restoration is approximately £0.200m, the provision would therefore be fully written down within 2 years.

(b) Equal Pay Claims

Employment Tribunal proceedings have been raised against the Council by a number of staff relating to Equal 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.

(c) 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 £0.480m up to 31 March 2021, with a further draw down of £0.031m in 2021/22. The balance on the provision at 31 March 2022 is £0.209m, (£0.240m as at 31 March 2021).
- (ii) The Council has received a number of historic child abuse claims. A provision of £0.2m 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.

Note 30: Long Term Debtors

Balance 31/03/21 £'000		Advanced 2021/22 £'000	Repaid 2021/22 £'000	Balance 31/03/22 £'000
615	Northfield Quarry	40	(106)	549
77	Owner Occupiers	-	-	77
5	Loan Arrears	-	-	5
3,345	Scottish Fire Service	6	(290)	3,061
1,009	Falkirk Community Stadium Ltd.	-	-	1,009
91	Social Work Deferred Payments	-	-	91
5,142	Total	46	(396)	4,792

- (1) 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.

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Note 31: Inventories

Consumable Closing Stocks are valued at average cost.

The value of stocks as at 31 March 2022 is shown below:

	2021/22 Opening Stock £'000	Purchases / Additions £'000	Stock Write Downs £'000	Recognition as an expense £'000	2021/22 Closing Stock £'000
Stocks	842	2,034	(4)	(2,263)	609

Note 32: 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 2022, the Council's Building Maintenance Division had several construction contracts in progress. The income derived from the value of work completed at 31 March 2022 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 2022.

Note 33: Debtors

2020/21 £'000		2021/22 £'000
15,423	Central government bodies	15,871
122	Other local authorities	297
1,703	NHS Bodies	1,470
144	Public corporations and trading funds	-
36,113	Other entities and individuals	45,459
40	Falkirk Community Trust	303
-	Falkirk IJB	13
53,545		63,413
(20,928)	Provision for Bad Debt	(22,122)
32,617	Total Debtors	41,291

Note 34: Creditors

2020/21 £'000		2021/22 £'000
6,384	Central government bodies	3,542
490	Other local authorities	406
763	NHS Bodies	292
59,949	Other entities and individuals	72,645
711	Falkirk Community Trust	24
10,821	Falkirk IJB	12,159
79,118	Total Creditors	89,068

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Note 35: Cash and Cash Equivalents

2020/21 £'000		2021/22 £'000
2,543	Bank Current Accounts	(3,233)
48,519	Deposits with UK Banks, Building Societies & Local Authorities	49,017
51,062	Total	45,784

Note 36: 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 (£56,594) - to provide donations to residents of the former Burgh of Falkirk at the sole discretion of the Provost.
- Shank's Bequest (£26,396) - to provide donations to the needy of Denny.
- Candyend Trust (£77,962) - to provide donations to specific organisations assisting the elderly in the Muiravonside area.
- Alexander Douglas King Bequest (£18,542) – bequest for the promotion and advancement of education of art at Bo'ness Academy.
- McNair Bequest (£9,462) – bequest for the benefit of Bo'ness Academy.

Fund for which the Council is not Sole Trustee

- Odenwald Trust (£22,203) - 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 2022 there are two trustees of the Trust – Councillor David Grant and Councillor Laura Murtagh. 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 2022 the Trust had available funds of £161,775. 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.

Notes to the Financial Statements

General 2020/21 £'000	Temperance 2020/21 £'000		General 2021/22 £'000	Temperance 2021/22 £'000
Income				
-	(1)	Investment Income	(1)	-
Expenditure				
1	-	Awards and Other Expenses	29	-
1	(1)	Deficit / (Surplus) for the Year	28	-
Balance Sheet				
Fixed Assets				
3	162	External Investments	3	162
322	-	Internal Investments	294	-
325	162	Net Assets	297	162
(326)	(161)	Fund Balance at 1 April 2021	(325)	(162)
1	(1)	Deficit/(Surplus) for Year	28	-
(325)	(162)	Fund Balance at 31 March 2022	(297)	(162)

Note 37: 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 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.

Notes to the Financial Statements

2020/21 £'000	Credited to Services	2021/22 £'000
3,303	Criminal Justice	3,482
-	Regional Improvement Collaborative	-
31,557	Housing DWP Subsidy	29,596
471	Education Maintenance Allowances	399
2,787	ETU Programmes	1,423
1,281	Home Insulation Scheme	-
11,766	Integration Fund	12,514
3,660	Pupil Equity Fund	4,389
16,535	Early Years Expansion	19,049
9,440	COVID-19 Funding	9,724
3,355	Other Grants	5,519
84,155	Total	86,095

2020/21 £'000	Credited to Taxation and Non-Specific Grant Income	2021/22 £'000
12,702	Scottish Government – General Capital Grant	24,400
6,089	Scottish Government – Specific Capital Grants	5,037
4,598	Scottish Government – Other Grants	4,820
1,554	Other Grants	2,405
232	Developers Contributions	573
900	Other Contributions	145
26,075	Capital Grants, Contributions and Donations	37,380
241,026	Revenue Support Grant	248,631
29,068	COVID Grant Funding	14,713
270,094	Government Grants	263,344

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:

2020/21 £'000	Capital Grants and Receipts Received in Advance	2021/22 £'000
5,961	Scottish Government	3,091
7,348	Developers Contributions	9,826
1,777	Other Contributions	2,490
15,086	Total	15,407

Note 38: 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 2021/22 for financial instruments.

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