

A4. Falkirk Council Annual Accounts 2021/22

The committee considered a report by the Director of Transformation, Communities and Corporate Services on the Falkirk Council Annual Accounts 2021/22.

The Local Authority Accounts (Scotland) Regulations (The Regulations) 2014 required 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 2022 to the Auditor by the statutory deadline of 30 June 2022. 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 2022.

The Chief Finance Officer advised of a likely delay in the preparations of the Audited Accounts due to technical guidance relating to infrastructure assets. Grace Scanlin explained that infrastructure assets were held at a historic cost bases meaning that the price Councils paid for them was reflected in the financial statement. The problem that had arose was when parts of the road network were replaced, the cost was added to the value of the accounts which would not be an accurate value of the infrastructure assets. As the current value was significant and the materiality was small, it presented a risk such that a material adjustment could be made. Audit Scotland and the Scottish Government were working together to establish a statutory mitigation which would negate any impact on the accounts. Ultimately, the value of fixed assets made little impact to the value of Council Tax for example, and Ms Scanlin assured it was simply a technical accounting issue.

The Leader of the Council commended the visual style of the Management Commentary, noting it helped the understanding of complex topics and sought for clarity on what was meant by 'Usable/Unusable Reserves' and 'Earmarked Reserves'. The Chief Finance Officer explained that Usable Reserves were effectively cashed back whilst Unusable Reserves were for statutory mitigation and technical account arrangements, thus no cash. In terms of Usable Reserves, it was further categorised on how it was spent – General Fund Reserve, Insurance Fund, Capital Receipts Reserve, Repairs & Renewals and Capital Grant and Receipts Unapplied Account. The General Fund Reserve was further broken down into Earmarked and Uncommitted. Ms Templeman noted that of the £68.7m in the Usable Reserves, only £16.7m was not committed. She recognised the complex nature of the accounts and the challenge in effectively communicating these issues in a report thus the adoption of the Management Commentary to try to develop understanding. However, the current layout of the Management Commentary was not accessible to all and work was ongoing with the Accessibility Team to overcome this.

The next meeting of the committee was scheduled for 19 September 2022, at which it had been anticipated, the committee would consider the Auditor's Report and the Audited Accounts. However, it was likely that this would have to be rescheduled should the Accounts not be finalised in time for the issue of the agenda. Members asked when the next meeting would be held.

Ms Templeman explained that talks had begun with the Democratic Services Manager about a suitable date but was dependent on the timeframe of completion.

Decision

The Committee noted the report.