

Best Value

# Falkirk Council

ACCOUNTS COMMISSION 

Prepared by the Controller of Audit

April 2024

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# Key facts

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**114** Square miles

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**158,400** Population

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**7,805** Workforce (Full-time equivalent)

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**30** Elected members  
11 SNP, 9 Labour, 4 Conservative, 6 Independent  
(SNP administration)

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**£62.5m** Savings required by 2028/29

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**£421m** Net revenue budget 2022/23

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**£44.7m** General Fund capital budget 2022/23

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# Controller of Audit Report

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1. This report is made by the Controller of Audit to the Accounts Commission under Section 102(1) of the amended Local Government (Scotland) Act 1973. It is based on evidence collected in the 2022/23 annual audit which was reported in November 2023. Appendix 1 includes the 2022/23 Annual Audit Report (AAR), and Appendix 2 includes a link to the Best Value Statutory Guidance.
2. The reporting of Best Value is undertaken through the annual audit at each council and includes detailed work each year focusing on a Scotland-wide theme. The theme this year concerns councils' leadership of the development of new local strategic priorities.
3. The 2022/23 annual audit concluded that Falkirk Council (the council) has made progress in each of the Best Value improvement recommendations from previous Best Value reports but further work is required in some areas. This is in line with the council's own self-assessment.
4. The 2022 Best Value Assurance Report for the council reported that members and officers needed to work more constructively together to lead the council more effectively and decisively. There is evidence of progress and improved relations within the council since the May 2022 elections. The council's leadership has been effective in setting out a clear vision and priorities in the Council Plan 2022-27 (Council Plan). Effective collaborative working is required to ensure the council can take the decisions necessary to address the challenges it faces and the transformation needed to address projected budget gaps.

**Members and officers should work collaboratively to ensure the delivery of the priorities for the people of Falkirk.**

5. The Council Plan was developed based on the extensive consultation undertaken in 2021 for the local outcomes improvement plan, the Falkirk Plan. The Council Plan clearly sets out the council's priorities. These incorporate core aims of reducing inequalities and climate change. Each priority includes a series of council commitments and success measures that include both local indicators and Local Government Benchmarking Framework (LGBF) indicators.
6. The council has agreed its updated performance management framework, Falkirk Performs. It has committed to report progress with its new Corporate Plan in its six-monthly performance reporting to the Scrutiny Committee together with quarterly reporting to its corporate management team. The council undertakes some self-evaluation activity but it lacks a council-wide approach to ensure a clear understanding of improvement opportunities.
7. The council's Scrutiny Committee considered the first six-monthly performance report against the new Council Plan in June 2023. The report

aligns directly with the 'we will' commitments in the Council Plan and sets out success measures, the performance for the year and targets.

**8.** The Scrutiny Committee considered the second Council Plan performance report in November 2023, covering the six-month period to 30 September 2023. The report measured performance against 46 indicators, 22 of which were LGBF indicators. It showed that overall, 61 per cent of indicators were on track, 15 per cent had just missed target and 24 per cent had not achieved target.

**9.** Performance with the council's priorities of: *Promoting opportunities and educational attainment and reducing inequalities*; and *Supporting a thriving economy and green transition*, were strongest with over 60 per cent of measures being on track. Performance with the council's third priority: *Supporting stronger & healthier communities* was mixed with only 38 per cent of measures being on track, and 62 per cent having failed to meet target. The Council reports performance through its Falkirk Performs dashboard on its website and has appropriate arrangements in place to demonstrate compliance with the requirements of the Statutory Performance Direction.

**10.** The council has made progress in developing its performance reporting framework and has shown clear intentions to drive continuous improvement through enhanced arrangements. The infancy of the new approach and the absence of prior period data means it is too early to assess its impact. The council plans to review the effectiveness of its new performance management arrangements by June 2024 following a full cycle of reporting.

**The council should review the revised arrangements to assess their effectiveness and make any necessary amendments to further enhance performance reporting and scrutiny; it should implement corporate self-evaluation.**

**11.** The council has a number of strategies and plans that sit below the Council Plan to demonstrate how the council's priorities will be met. The council is in the process of updating these to reflect the new Council Plan. The council approved its Digital Strategy in May 2019 which helped its response to the Covid-19 pandemic. Auditors concluded it is evident that the strategy supports the council in delivering its priorities. The council approved an updated workforce strategy in September 2023. The AAR recommended that it should develop and publish comprehensive service plans to demonstrate how the Council Plan priorities will be delivered. The council is progressing this and has set a completion date of 31 March 2024.

**12.** The council approved an updated Financial Strategy in September 2023 for the period 2024/25 to 2028/29 setting out how priorities aligned with the budget. The strategy reported a cumulative budget gap of £64.4 million over the next five years. This was revised to £62.5 million as part of the 2024/25 budget setting process, approximately £31 million of that gap is identified as falling in 2024/25. The Council has identified approximately £38 million of recurring savings through transformation, fees and charges. This covers some 60 per cent of the current £62.5 million gap across the five years of the strategy. The council has previously relied on extensive non-recurring measures to close previous funding gaps. These included £15.3 million savings in the 2023/24

budget through rescheduling PFI contract repayments. Short-term measures such as these push the sustainability challenge into future financial years.

**13.** The Council of the Future (COTF) programme sets out the council's ambitions for transformation and improvement. The £38 million savings noted above includes £31 million savings to be delivered by the COTF programme over the next five years. The BVAR noted that elected members should receive timely and robust information on COTF. The council's monitoring of its Financial Strategy now incorporates the expected savings from the COTF projects but does not provide a clear link to this programme. The programme itself continues to be monitored through reports to the COTF Board and at a higher level through the council's performance reporting.

**14.** The AAR noted that the council's usable reserves decreased by £1.8 million in 2022/23, now at £11.8 million, its uncommitted funds are marginally higher than the level required under the council's reserves policy. This requires uncommitted reserves to be held at between £7.5 million and £11 million to deal with unforeseen circumstances. The current uncommitted balance of £11.8 million provides a contingency, but the scale of the future budget gap is significant.

### **The council needs to identify further savings and take difficult decisions to ensure it can bridge its projected budget gap**

**15.** The council approved its Capital Strategy and a five-year capital programme to 2027/28 in March 2023. These align with the new Council Plan and the updated priorities.

**16.** The 2022 BVAR found that the council had delivered only 60.5 per cent of its planned capital spend and recommended the council better manage its capital programmes. The council has since reviewed its capital programming governance framework and established a Strategic Asset Modernisation Board to improve transparency and accountability. The 2022/23 capital outturn report showed that the council had spent approximately £39.3m on general fund capital projects against a budget of £44.7m. This equates to an 88 per cent spend which is a significant improvement.

**17.** The council has demonstrated a commitment to public engagement on key decisions, such as swimming pool closures, library services and the council's 2023/24 budget. However, this can be further improved to ensure consistent, quality and meaningful consultation with communities: auditors found that the council's budget consultation exercise was too general and performed too late to have any meaningful impact.

**18.** The Council Plan includes a commitment to improve engagement with its communities. This will be achieved by the development of a new Community Engagement Strategy 2025-28 which is currently being prepared through a Policy Development Panel, in collaboration with stakeholders. The AAR noted that the council was developing a new Community Engagement Strategy which was due to be in place before the end of 2023. This will now be finalised in December 2024.

**19.** The council has made progress with community empowerment through Community Asset Transfers (CATs) and its participatory budgeting programme, Community Choices. Community Choices has attracted much interest from communities with 23,000 votes on projects over the last year. A report to committee in August 2023 indicated that the scheme will make some £900,000 available in its fourth and final year. This remains below the Scottish Government's minimum target of a one per cent spend of net revenue budget. The council plans to build on learning from Community choices to mainstream its participatory budgeting approach.

**The council should finalise and implement its community engagement strategy and ensure meaningful, quality consultation with stakeholders to involve them in the council's decision-making; it should ensure that budget consultations are robust and provide useful information to inform budget decisions.**

**20.** The council and the community planning partnership have a key focus on tackling poverty and reducing inequalities. This includes targeted support to low-income families and supporting the most affected families through its Household Support Fund and its work on fuel poverty.

**21.** It has an Equalities and Human Rights Working Group to oversee related activities and has appointed an Elected Member Equalities Champion to raise the profile of equalities in decision-making processes. Councils have a legal duty to publish their Equality and Poverty Impact Assessments (EPIAs). The council has decided that Equality and Poverty Impact Assessments (EPIAs) will be provided with all committee proposals to inform strategic decisions by elected members.

**The council should continue its work to drive up the quality and coverage of EPIAs and make them accessible to the public. It should clearly demonstrate how the assessments are conducted and how the results shape its strategic decisions.**

**22.** The council has committed to its activities achieving carbon neutral status by 2030. The AAR recommended that the council should develop its climate change strategy and action plan to provide a realistic account of when and how it will be able to meet its net-zero targets. The council approved its renewed Climate Change Strategy and Action Plan in October 2023. It is too early to assess its impact.

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# Appendix 1: 2022/23 Annual Audit Report

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## 2022/23 Annual Audit Report

This report summarises the findings from the 2022/23 annual audit of Falkirk Council.

This Annual Audit Report comprises:

- significant matters arising from the audit of the council's Annual Accounts.
- conclusions on the council's performance in meeting its Best Value duties.
- conclusions on the following wider scope areas that frame public audit as set out in the Code of Audit Practice 2021:
  - Financial management
  - Financial sustainability
  - Vision, leadership and governance
  - Use of resources to improve outcomes.

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**2022/23 Annual Audit Report [add hyperlink]  
[Falkirk Council]**

[Month of publication] 2023



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# Appendix 2: Best Value

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[The Local Government in Scotland Act 2003](#) introduced a statutory framework for Best Value for local authorities. The Best Value duties set out in the Act are:

- to make arrangements to secure continuous improvement in performance (while maintaining an appropriate balance between quality and cost); and, in making those arrangements and securing that balance, to have regard to economy, efficiency, effectiveness, the equal opportunities requirement and to contribute to the achievement of sustainable development.
- to achieve break-even trading accounts, subject to mandatory disclosure
- to observe proper accounting practices
- to make arrangements for the reporting to the public of the outcome of the performance of functions.

Best Value

# Falkirk Council



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