

# Falkirk Council



Unaudited Annual Report &  
Accounts 2025/26

FALKIRK COUNCIL



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# Management Commentary

## Management Commentary

The Management Commentary presents key messages about the Council's financial and service performance for 2025/26 and looks ahead to future challenges and risks which we may face. As ever, the Council must balance financial risk with the delivery of hundreds of services that our communities value. The Annual Accounts report the financial performance of the Council and its Group, demonstrating the stewardship of public funds used to support delivery of the Council's vision and key priorities. The required format and content of the Annual Accounts are set out in The Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

Our report starts by outlining some key facts about the Falkirk area.

### Falkirk Facts

#### Falkirk Council

Elected Members

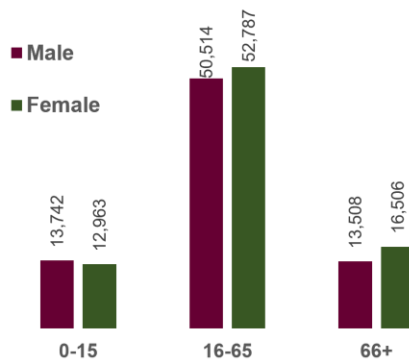
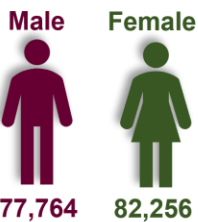


- ◆ SNP
- ◆ Labour
- ◆ Conservative
- ◆ Non aligned Independent Group
- ◆ Independent
- ◆ Reform UK

Local Government elections were held on 5th May 2022. The Administration consists of 11 SNP Councillors.

#### Population

160,020



#### Life Expectancy



#### Environmental Impact

16,931 est. tonnes CO2e in 2025/26  
(13% reduction on previous year)

#### Economic Activity



3,555 Businesses operating across the Falkirk area



78.3% of Adults in employment



9,200 (18.3%) of households are workless



13.9% of all children in Falkirk are estimated to be living in poverty



3.2% Unemployment Claimant Count



15.3% of population within the top 20% most deprived (SIMD20)

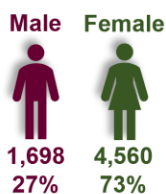


97.5% of the 1,689 young people leaving school entered a positive destination into either higher/further education, training, employment, voluntary work or personal skills development.

#### Staff



6,258 - Full Time Equivalents



Full Time: 4,274  
Part Time: 1,984

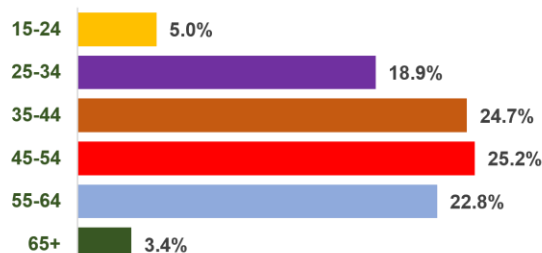


1.1% of staff from an ethnic minority



1.9% of staff with disabilities

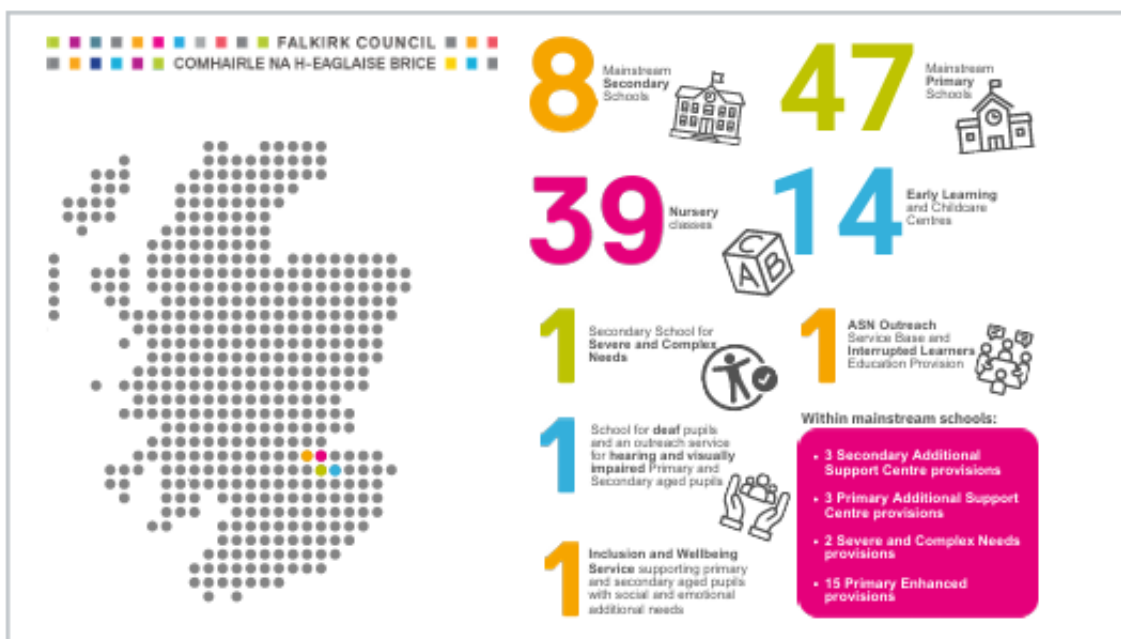
#### Age



# Management Commentary

\*The methodology for calculating the percentage of children in poverty was revised for 2025/26.

Information on Education specifically is shown below:



## Vision and priorities

The Council works in close partnership with a number of other public sector partners, the Third Sector and increasingly with local communities to make Falkirk the best place we can, a place where everyone is supported to achieve their full potential. The Falkirk Plan 2021-2030 was developed by the Falkirk Community Planning Partnership and sets out 23 outcomes within the following 6 themes: working in partnership with communities, poverty, mental health, substance use, gender-based violence and economic recovery and employment. The Falkirk Plan is supported by three year Delivery Plans which detail the actions and anticipated improvements.

The Falkirk Council Plan was approved in September 2023 and provides a strategic framework to deliver on the Falkirk Plan commitments. The vision and priorities within the Council Plan are:

**Strong communities where inequalities are reduced and lives improved**



**Supporting stronger and healthier communities**  
Communities that are empowered, inclusive, resilient and safe



**Promoting opportunities and educational attainment and reducing inequalities**  
Educational excellence, reduce poverty and inequality, and improve wellbeing



**Supporting a thriving economy and green transition**  
An economy that is competitive, entrepreneurial, inclusive, and sustainable and an environment that we value, enjoy, protect and enhance

# Management Commentary

The Council Plan is linked to, and supported by, a range of strategies and plans, including the Falkirk Health and Social Care Partnership Strategic Plan, the Falkirk Council Financial Strategy, the Capital Strategy, the Treasury Management Strategy, the Falkirk Economic Strategy, the Best Value Strategic Action Plan and the Falkirk Risk Management Assurance Policy and Framework

## How are we doing?

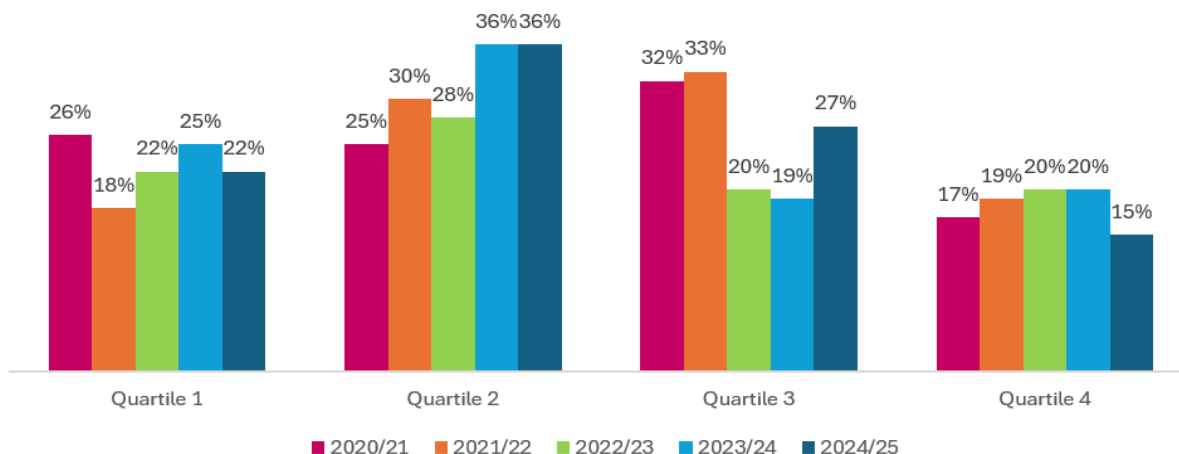
The performance of the Council is reported on the Falkirk Performs section of the Council's website. The website includes information on our statutory performance, important performance indicators and benchmarking to compare our performance with other organisations. External scrutiny and audit reports are also used as a means of identifying best practice and securing improvement.

The Council Plan contains a number of success measures and targets, with performance measured against each target to track progress. This is reported to Elected Members every six months at both the mid-year point and the end of the year giving Elected Members the opportunity to scrutinise and examine performance. Performance is reviewed by the Corporate Management Team on a quarterly basis.

In 2023 the Accounts Commission introduced a new structure to auditing Best Value. Best Value thematic reviews are undertaken across all councils. Previous thematic reviews considered Leadership and Workforce Innovation and Transformation. For 2025/26 the thematic review focused on Asset Management with the report and findings to be considered by the Audit Committee in August 2026. As part of the External Audit for 2024/25, the auditors assessed and reported on whether the Council has made proper arrangements for securing Best Value, including the follow up of previous findings and recommendations. In addition, over a five-year period, the Accounts Commission will receive at least one report on the Council's performance in meeting its Best Value duties. The Council received a Controller of Audit Report in 2021/22.

The chart below summarises our performance trends with the Local Government Benchmarking Framework indicators. This framework reports on performance information across all 32 Councils, covering a wide range of service areas. The number of indicators in the top quartile was maintained from the previous year and 58% of indicators were also within quartiles 1 and 2, the highest 16 councils.

Local Government Benchmarking Quartiles



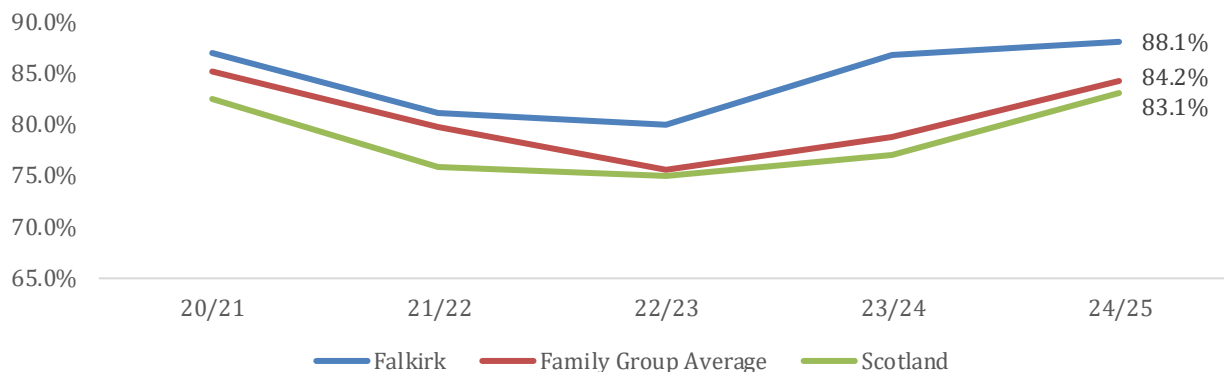
The charts below highlight some of the above performance measures against the priorities within the Council Plan.

# Management Commentary



**Supporting stronger and healthier communities**  
Communities that are empowered, inclusive, resilient and safe

Proportion of adult care services graded good or better

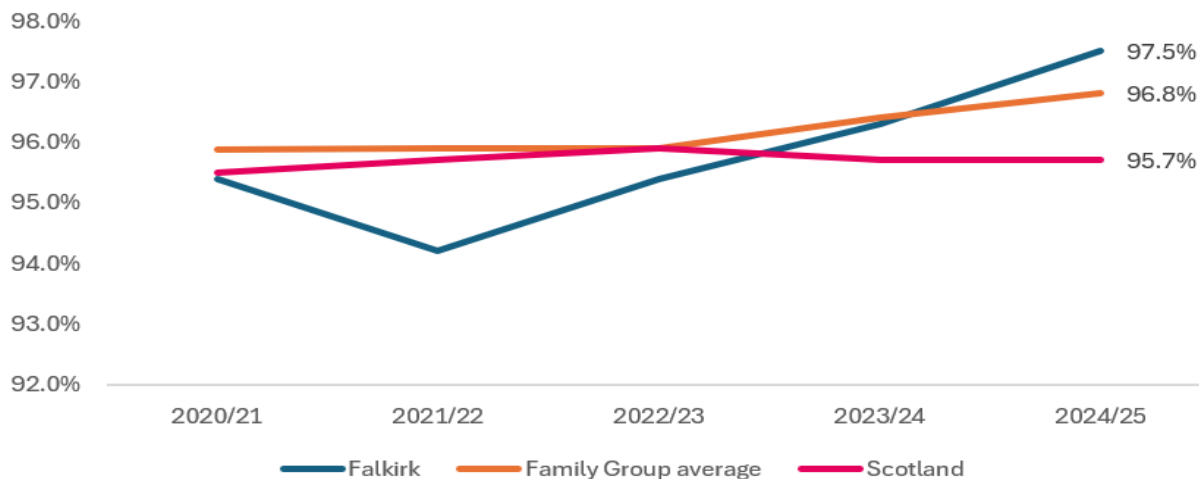


The proportion of adult care services graded good or better has consistently been higher than the Scottish average and the Family Group average. In 2024/25 Falkirk has 88.1% of services graded good or better compared to 83.1% in Scotland.



**Promoting opportunities and educational attainment and reducing inequalities**  
Educational excellence, reduce poverty and inequality, and improve wellbeing

% of pupils entering positive destinations



In 2024/25, 97.5% of Falkirk school leavers moved into higher or further education, training, employment, voluntary work or personal skills development. Falkirk ranked 9th in Scotland and has consistently performed above the national average, recovering quickly from the disruption caused by the Covid pandemic. In primary schools, 79.1% of P1, P4 and P7 pupils achieved the expected literacy levels, compared with 74.5% across Scotland. For numeracy, 83.4% met expectations, compared with 80.3% nationally.

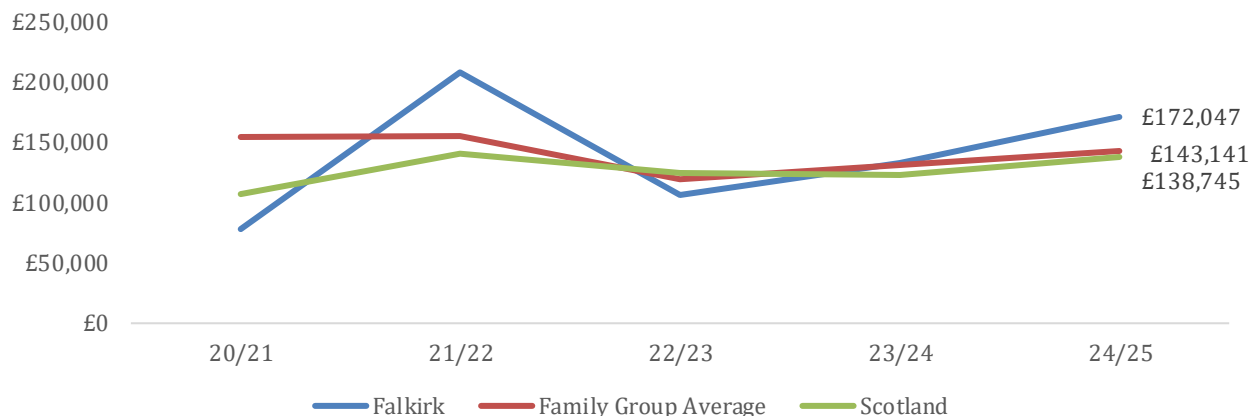
The Scottish Index of Multiple Deprivation (SIMD) 2020 estimates that 15.3% of Falkirk residents live in the 20% most deprived areas, this is approximately 24,535 people. Recent data also shows that 13.9% of Falkirk's children live in low income families. This data is not comparable with previous years due to a change in methodology adopted by the Department of Work and Pensions.



## Supporting a thriving economy and green transition

An economy that is competitive, entrepreneurial, inclusive, and sustainable and an environment that we value, enjoy, protect and enhance

### Investment in Economic Development and Tourism per 1,000 population



The graph above details the level of investment in local business and tourism in Falkirk compared to Scotland and our Family Group. In 2024/25 Falkirk continued to increase the level of investment locally, above both the national average and family group average demonstrating the commitment to the local economy despite financial pressures.

We also have a higher rate of business gateway start-ups per 10,000 population than Scotland, with a rate of 17.0 in Falkirk compared to 13.1 in Scotland.

## Highlights in 2025/26

Some of the key achievements, during a challenging financial year for the Council, are shown below:



Children and young people across Falkirk's schools are benefitting from an investment of nearly £10m in digital learning. The "Powered by Connected Falkirk" report presented to Scrutiny in March 2026 highlighted the impact of the five-year Connected Falkirk programme which has transformed access to technology, strengthened digital skills, supported improved learning experiences in Falkirk schools, and provided accessibility tools to all pupils to overcome barriers to learning. In terms of outcomes, Inspection data is exceptionally strong: in the 14 schools inspected over three sessions, 100% rated good or better, and a third very good or excellent. This demonstrates consistent, high-quality performance across the system.

# Management Commentary



Falkirk Council is driving towards sustainability by introducing Scotland's first all-electric tipper fleet. Falkirk Council is set to become the first local authority in Scotland to operate a fleet of electric tipper trucks, and the first in the UK to operate electric Luton vans, marking a significant step in our commitment to environmental responsibility. These electric vehicles support key Council services provided by our Building Maintenance Department and Street Cleansing teams. This transition not only contributes to a healthier working environment but also actively promotes the Council's broader climate change goals.



The Helix, home to the world-famous Kelpies, marked a significant milestone after welcoming 1 million visitors over the past 12 months — a clear reflection of its standing as one of Scotland's leading visitor destinations. Since opening in 2013, The Helix has grown into a much-loved public space, offering a distinctive combination of green parkland, cycling and walking routes. The Helix has become an important part of the local economy, helping to attract visitors to Falkirk and support local businesses. It is now ranked in the top ten free visitor attractions in Scotland.



Investment brings lasting benefits for Polmont's green spaces. A long-term woodland management project in Polmont, led by Falkirk Council in partnership with the Green Action Trust, is helping make local woodlands safer, more accessible and better for nature with an investment of over half a million pounds.



Building roads - and careers - through community benefits. New apprenticeships highlight how Falkirk Council's community benefit approach is building futures as well as roads. Three new apprentices have joined the team delivering Falkirk Council's A9/A904 Improvement Project, gaining valuable skills and experience through opportunities created as part of the project's community benefits.



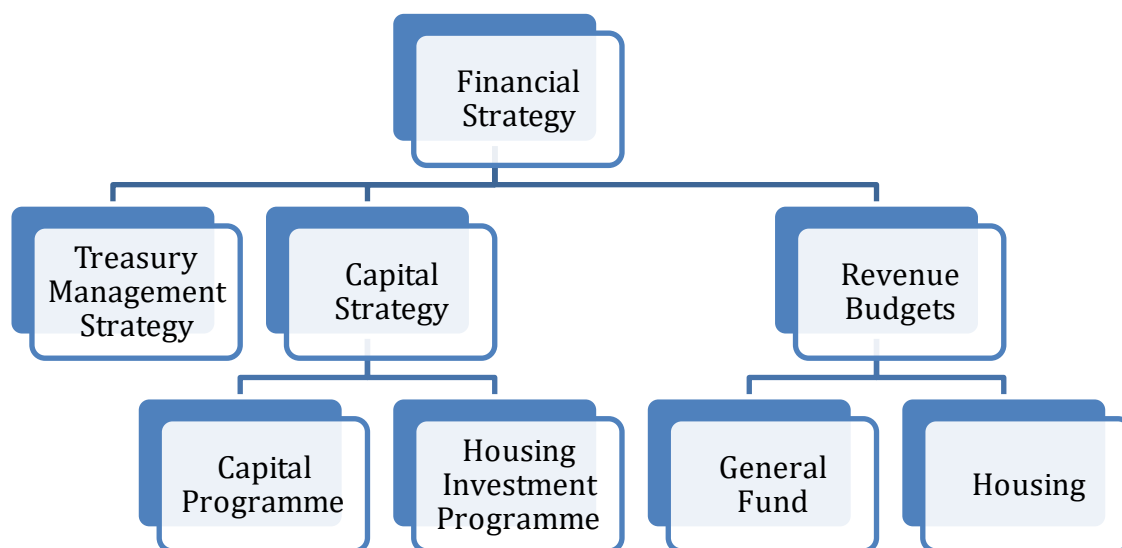
More than a decade after Falkirk Council became one of only a handful of Scottish councils approved to use Tax Incremental Finance (TIF), the initiative is showing strong returns, with more than £36m of new infrastructure delivered, 2,100 jobs created and major transport improvements now visible across the area. The programme has helped unlock 135,000sqms of new business space, bringing new employers to the local area.



A major upgrade to the pathway and lighting infrastructure to improve safety and accessibility along the full Grangemouth to Bo'ness corridor. The £600k investment will replace ageing street lighting, introduce energy-efficient lanterns and deliver a new continuous footway linking the two communities. It represents one of the largest corridor renewals undertaken in the area in recent years and will create a safer route for people walking, wheeling and cycling.

## Financial Planning

A robust financial framework ensures that the organisation has clear oversight and understanding of our financial position, including risks and challenges that we may face. The framework should help to ensure that we allocate resources effectively and support delivery of the Council Plan vision and priorities. The key financial plans are shown in diagram below.



Most day-to-day revenue spending and income on our services is classified as General Fund Revenue Expenditure (pages 18 to 22), with housing revenue income and expenditure managed in the Housing Revenue Account (pages 23 to 24). In addition to day-to-day expenditure, we have capital investment which is spend to create or improve our assets include schools, roads, other buildings and fleet.

The Treasury Management Strategy for 2025/26 was approved by Council in March 2026, with an annual outturn report to be presented to the Executive in August 2026. These reports have detailed narrative on capital investment plans, treasury management (borrowing and investments), prudential indicators and loans fund liabilities.

## Service Concession Arrangements

In accordance with a financial flexibility approved by the Scottish Government, Falkirk Council adopted revised accounting arrangements in respect of its Private Finance Initiative (PFI) contracts, known as Service Concession Arrangements. These arrangements have allowed the Council to spread the cost of its two PFI schemes over the life of the asset rather than the life of the contract. These adjustments are time related and the overall payments to the PFI contractors remain the same. Note 25 provides further details of the revised repayment profile. For 2025/26 this has resulted in the release of a service concession adjustment of £1.4m which has been credited to an earmarked reserve within the General Fund.

In 2025/26 the Council agreed to apply service concessions of £11.5m to balance the budget. The actual service concessions applied was £5.0m.

# Management Commentary

For the 2026/27 budget the Council did not apply any service concessions to balance the revenue budget which is an extremely positive step towards financial sustainability. In light of this, Council agreed to allocate service concessions to support capital investment. Service concessions have been allocated to support the delivery of the Town Hall (£16.4m), create a capital contingency fund (£11m), upgrade Grangemouth Stadium (£1m) and modernise Bo'ness, Grangemouth and Dobbie Town Halls (£2m). An additional £12.9m has been set aside in principle for school modernisation and a further £6.6m set aside in principle for the Braes sports facility. The use of service concessions aligns with the principles set out in the Financial Strategy which was presented to Council in October 2025.

## Financial Performance

Financial information is part of the Council's performance framework with regular reporting to Elected Members. This section summarises our financial performance for 2025/26.

### (a) General Fund Revenue Expenditure 2025/26

The income received and expenditure incurred during 2025/26 is highlighted in the table below. The expenditure incurred was £494.5m (2024/25 £487.2m) which was funded from Government Grant, Council Tax, and contributions from General Fund reserves (service concessions and earmarked reserves).



### Revenue 2025/26

	CIES £'m	Adjustments £'m	Actual £'m	Budget £'m	Variance £'m
Education Services	252.0	1.9	253.9	253.9	-
Social Work – Childrens Services	33.2	-	33.2	34.5	(1.3)
Social Work – Adult Services	109.7	0.2	109.9	107.9	2.0
Place Services	54.9	(18.9)	36.0	37.4	(1.4)
Transformation, Communities & Corporate Services	40.7	1.2	41.9	43.3	(1.4)
Valuation Board	1.6	-	1.6	1.6	-
Pay & Energy Provision	-	-	-	3.6	(3.6)
Capital Financing Costs	31.0	(13.0)	18	18.5	(0.5)
<b>Total Expenditure</b>	<b>523.1</b>	<b>(28.6)</b>	<b>494.5</b>	<b>500.7</b>	<b>(6.2)</b>
Government Grant	(432.1)	27.8	(404.3)	(403.9)	0.4
Council Tax	(91.0)	-	(91.0)	(91.0)	-
Non-Domestic Rates – Penalties	-	(1.9)	(1.9)	(1.9)	-
Contribution from Service Concessions	-	(4.9)	(4.9)	(11.5)	(6.6)
Contribution to Other Earmarked Funds	-	7.6	7.6	7.6	-
<b>Total Income</b>	<b>(523.1)</b>	<b>28.6</b>	<b>(494.5)</b>	<b>(500.7)</b>	<b>(6.2)</b>

The net expenditure for each service noted above varies from the Comprehensive Income and Expenditure Statement (CIES) as a result of a number of statutory accounting adjustments. Details of these adjustments are explained in the Expenditure and Funding Analysis on pages 37 and 38.

The budget was supported by General Fund reserves (Service Concessions) of £11.5m and the Financial Strategy has made clear that reliance on these non-recurring sources of funding is not a sustainable approach for the Council. However, during 2025/26 expenditure on council services was £6.2m less than budgeted, an improvement of £3.2m on the financial position reported to Members in January 2025. Much of the underspend is related to vacant posts across the Council and officers will review opportunities to realign the budget during 2026/27. The underspend reduced the contribution required by Service Concessions by £6.5m and enabled the Council to earmark £4.7m of reserves for a range of purposes including feasibility studies, communities and engagement work, commercial property works and general budget pressures.

Some of the budget variations across Council Services are noted below:

- Education Services reported a small underspend of £10k, albeit there were a range of over and underspends across the service. Most notably primary education and special education overspent, offset

# Management Commentary

by underspends in secondary education and early years. The service management budgets overspent by £0.5m due to a legacy savings target of £0.5m which has been unachievable to date. A budget realignment exercise will be undertaken to resolve this.

- Children and Families reported an underspend of £1.3m, mainly due to vacancies and difficulties recruiting staff, which is a national issue. Whilst the service has faced continued pressures with the recruitment and retention of social workers, it has delivered favourable financial outcomes with strengthened control over residential care admissions and more robust planning and oversight of young peoples' transitions from care into semi- and independent living. For 2026/27, these budgets will move to the Falkirk Integration Joint Board.
- Place Services reported an underspend of £1.422m due to higher than anticipated income in Sports and Leisure, Building Standards and the Helix, and lower than anticipated employee costs. Some of these benefits were offset by increased planning and legal costs, a shortfall in commercial income, bereavement income and parking fees.
- Transformation, Communities and Corporate Services (TCCS) reported an underspend of £1.4m. Again, this was mainly due to a reduction in employee costs.
- Capital financing costs were c£0.5m below budget. In addition, a sum of £1.4m was applied to reduce borrowing in 2025/26 which should have a positive effect on borrowing costs going forward. Reducing debt where possible aligns with the messages in the Council's Financial Strategy.

Services were tasked with delivering £11.5m of savings in 2025/26 and all savings were fully achieved (94% in 2024/25). Of the total savings achieved, £5.2m (45%) was achieved through the Council of the Future transformation programme.

The projects within the Council of the Future programme have a total savings target of £17.7m. £1.9m has been achieved in previous years, £5.2m achieved in 2025/26, and £10.6m to be achieved in future years. The Council must work to develop the Council of the Future programme further to support the financial challenges in future years.



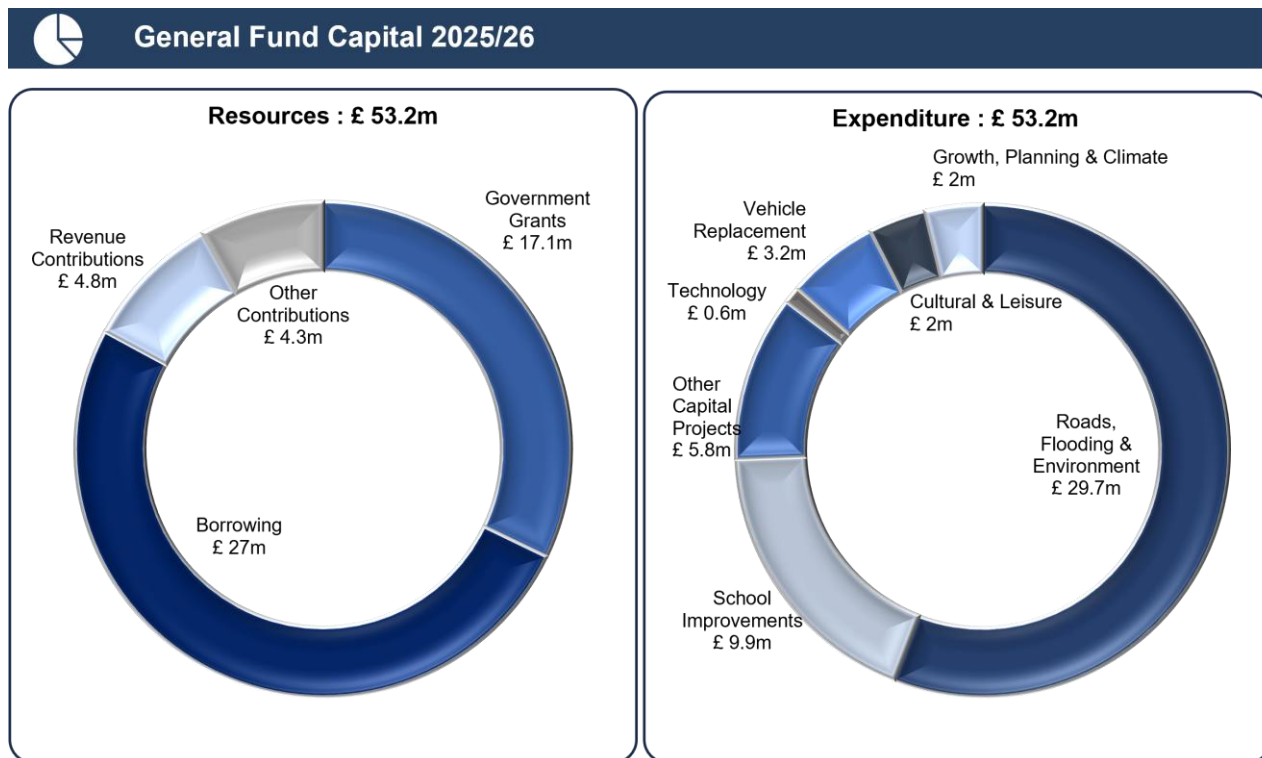
## Savings



# Management Commentary

## (b) General Fund Capital Programme 2025/26

In 2025/26 the final Council budget for General Fund capital investment was £54.2m with £53m of investment delivered. It should be noted that the General Fund Capital Programme is part of a five-year plan and as such it is expected that there will be movement in spend across the years. The spend may therefore represent projects deferred and accelerated as required. Projects not delivered will be completed in forthcoming financial years. The diagrams below identify the key projects and how these were funded. Further details are provided at Note 24.



## (c) Usable Reserves

The Council's overall reserves increased from £108.8m to £116.3m. The improved position during 2025/26 enabled the Council to set aside some earmarked reserves which are outlined below. The most significant reduction in reserves was the application of service concessions during 2025/26. As service concessions are invested in capital projects, this reserve will continue to reduce.

The Council's Reserve Policy provides for 2% of annual revenue expenditure (giving a range of £9.8m - £12.8m) to be held as a contingency against unforeseen events and emergencies. The uncommitted General Fund balance of £11.8m is within the overall policy range.

Where possible, the Council will establish earmarked and other reserves to offset known (and unknown) future pressures. Total earmarked reserves at 31 March 2026 were £88m, with a further £5.3m for the Insurance Fund and £2.5m for Repairs and Renewals. Examples of the reserves held by the Council at 31 March 2026 include:

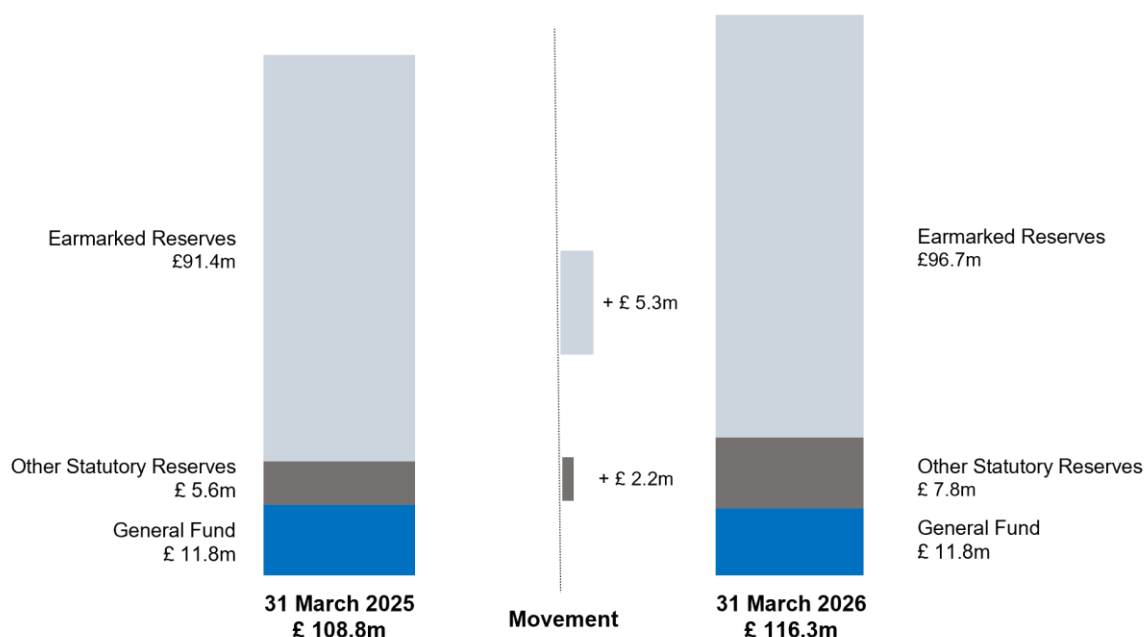
- £52.8m of service concessions (largely set aside to support capital investment)
- £12.7m for revenue grants (this is a timing issue with the funding mainly related to specific grant streams such as Whole Family Wellbeing Funding and the Pupil Equity Fund)
- £7.9m for budgetary pressures
- £2.2m for a spend to principally earmarked to cover the costs of voluntary severance and fund various initiatives to deliver council priorities
- £5.3m within the Insurance Fund of £5.3m which is available to meet outstanding claims against the Council and is subject to valuation by an independent actuary.

The diagram overleaf summarises the movement in usable reserves, which is also detailed at Note 10 of the accounts.

# Management Commentary



## Usable Reserves



### (d) Housing Revenue Account 2025/26

In 2025/26 the Council received £84m of funding (£76.9m from housing rents) and spent £82.1m on Housing Revenue Services. The balance of £1.8m was put into the Housing Revenue Reserve, resulting in a final balance of £4.2m. Whilst this is positive, the reserve remains below the minimum desired level of £5m.



## Housing Revenue Account 2025/26

	CIES £'m	Adjust £'m	Actual £'m	Budget £'m	Variance £'m
Employee Expenses	10.9	0.3	11.2	12.2	(1.0)
Property Expenses	26.5	-	26.5	29.3	(2.8)
Other Expenses	11.9	0.3	12.2	11.2	1.0
Capital Financing Costs	42.7	(10.4)	32.3	30.5	1.8
<b>Total Expenditure</b>	<b>92.0</b>	<b>(9.8)</b>	<b>82.2</b>	<b>83.2</b>	<b>(1.0)</b>
Council House Rents	(76.9)	-	(76.9)	(76.5)	(0.4)
Other Income	(6.9)	(0.2)	(7.1)	(7.2)	0.1
HRA Reserves	-	1.8	1.8	0.5	1.3
<b>Total Income</b>	<b>(83.8)</b>	<b>1.6</b>	<b>(82.2)</b>	<b>(83.2)</b>	<b>1.0</b>

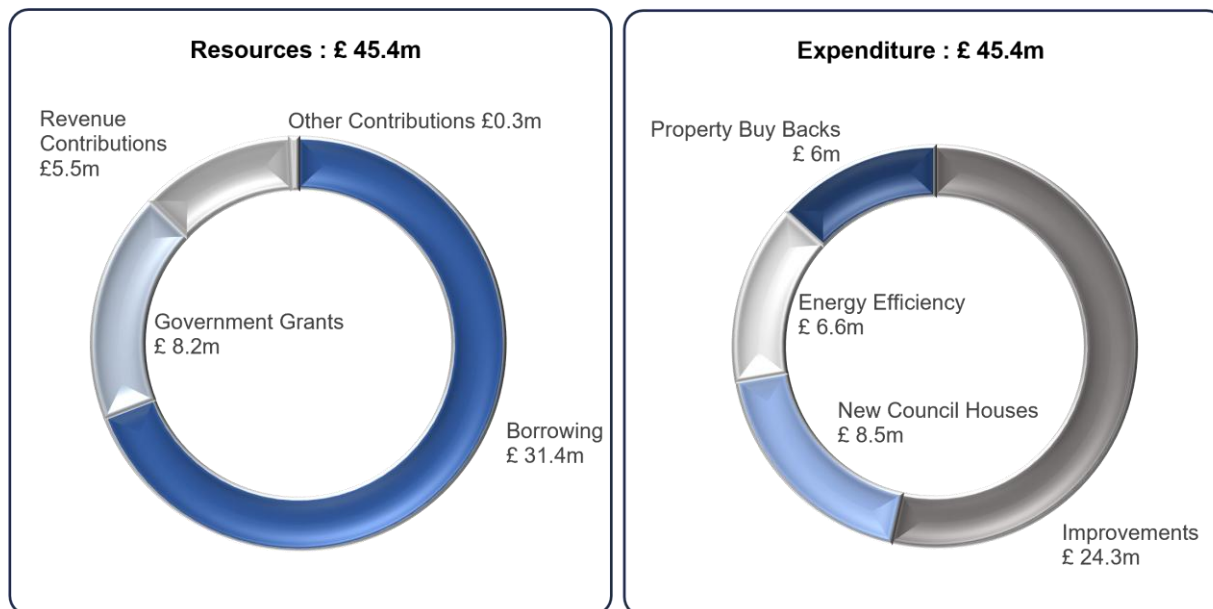
Expenditure on the Housing Revenue Account was £1.8m below budget. An increase in supplies and services costs of over £1.4m was largely offset by underspends on employee costs, central support costs and capital financing costs. The much improved revenue position enabled a transfer from revenue to capital for £5.5m which reduced the borrowing need in 2025/26. This approach is in line with the Financial Strategy which highlights the need to reduce borrowing over time. The favourable year end position resulted in the Housing Revenue Account reserve increasing from £2.4m to £4.2m and whilst this is positive, it is important that the reserve reaches £5m as a minimum, and ideally c£7m.

# Management Commentary

## (e) Housing Capital Programme 2025/26

In 2025/26 the final Housing budget for capital investment was £51.8m with actual capital expenditure of £45.4m incurred. The exhibit below identifies the key projects and how these were funded.

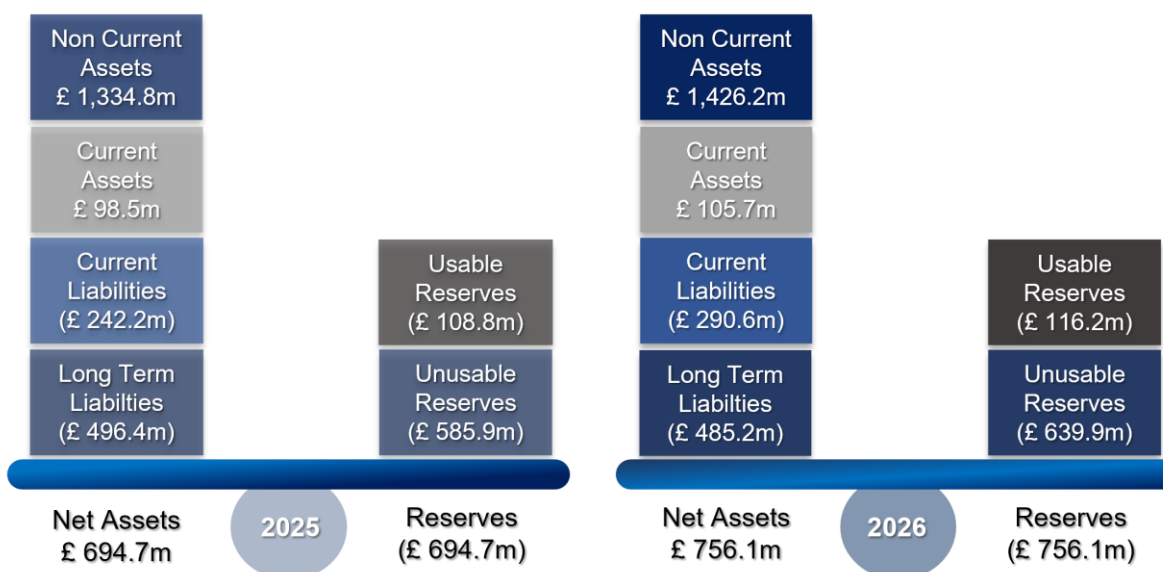
### Housing Capital Programme 2025/26



## (f) The Balance Sheet

The diagram below summarises the Council's Balance Sheet as at 31 March 2026, with comparatives provided for the last financial year. The Balance Sheet provides a snapshot of the Council's financial position detailing assets, liabilities, and reserves. More information on the Balance Sheet is provided on Page 20.

### Balance Sheet



# Management Commentary

The net assets of the Council have increased by c£61.4m (2024/25 net asset decrease of c£270.9m). £53.9m of this movement relates to statutory accounting adjustments, which do not impact on the Council's Usable Reserves. These adjustments large relate to increases in the asset values for property, plant and equipment. Within the net assets figure, short term borrowing has increased by c£46m to fund the investment in both the general fund and housing capital programmes. This is reflected in reports throughout the year to Elected Members, noting that short term borrowing is generally cheaper than long term borrowing at this time.

## g) Financial Indicators

The Chartered Institute of Public Finance and Accountancy (CIPFA) Directors of Finance Section recommends the inclusion of financial indicators in the Management Commentary to help the reader to assess the performance of Falkirk Council over the financial year and the affordability of its ongoing commitments. The following table provides these indicators with an explanation of each indicator.

Financial Indicator	Commentary	2024/25	2025/26
Uncommitted general fund reserve as a % of annual net budget	Reflects the amount of funding available to manage unplanned events (Target – 2% of Revenue Expenditure)	2.39%	2.39%
In year council tax collection	Reflects Falkirk Council's effectiveness in collecting council tax debt (2025/26 Scottish Average – 95.2%)	96.52%	96.37%
Actual outturn compared to budgeted expenditure	How closely expenditure compares to the budget is a reflection of the effectiveness of financial management (Target – 98%-100%)	98.31%	98.75%
Ratio of Financing Costs to Net Revenue Stream	Shows how much of the Council's income is committed to repaying debt arising from the capital investment (Budget 3.1%)	3.0%	3.0%
Capital Financing Requirement	The Capital Financing Requirement reflects the underlying need to borrow for Capital Investment (Budget £409.1m)	£367.5m	£398.1m
External Debt Levels	The actual external debt and long-term liabilities of Falkirk Council. This should never exceed Falkirk Council's authorised limit (Budget £750m)	£645m (Limit) £606m (Actual)	£750m (Limit) £644.6m (Actual)

## Risks

The Council has a well embedded approach to the management of risk. This is summarised in the Annual Governance Statement (see Pages 77 to 93). The Council recognises that evaluation and monitoring of corporate (strategic) and service (operational) risks is a hugely important part of its role. Corporate Risk Updates are provided to the Executive 6-monthly, including reviews of the Corporate Risk Register and the Risk Management Improvement Plan. In addition, risk management is routinely considered by the Corporate Management Team (CMT) and the Service Management Teams (SMTs) quarterly, including CMT reviews of Corporate Risks and SMT reviews of Service Risk and Assurance Statements. The Corporate Risk Management Update Report to the Executive in June 2026 confirmed that there have been significant improvements in a number of areas, including clearer targets and improvement plans on most high risks and updated committee papers and guidance has been issued to that risks are more fully considered and understood by Elected Members.

A risk maturity self-assessment exercise will be completed by March 2027 in advance of the next Risk Management Policy update. Work will also continue to better link risks to plans and performance.

The table overleaf shows four high risk areas alongside a snapshot of the mitigating actions:

# Management Commentary

## Financial Sustainability

- Finance Strategy
- Financial Controls and Standing Orders
- Financial Strategy Group

## Public Protection

- Chief Officers' Group governance framework
- Committees, including Child and Adult Protection
- Chief Officer's Group and Committees' Risk Registers

## Leadership, Governance and Decision Making

- Falkirk Plan and Council Plan
- Collaborative Leadership Improvement Plan
- Corporate Governance & Integrity Policies

## Equalities

- Equalities and Poverty Impact Assessments
- Equalities Mainstreaming Report and Action Plan
- Equalities Best Value Self-Assessment

The Council recognises that more work is required on the following high risks:

- Gender Based Violence
- Resilience and Business Continuity
- Counter-Terrorism (CONTEST)

The Annual Governance Statement (AGS) Action Plan and Corporate Risk Register provide more details on those Corporate Risks rated 'high', and a link to these can be found within the AGS.

## Outlook

Scottish local authorities are under significant pressure. The recent Accounts Commission publication Local Government Budgets 2026/27 flagged that major risks to financial sustainability remain for councils as funding fails to keep pace with rising demands and costs. In addition, capital funding is under pressure which limits the ability to sustain and develop infrastructure. Global geopolitics can directly impact on the finances of the Council through changes in inflation and interest rates. This is the complex and volatile context in which the Council is operating. A clear vision, set of priorities, focus on financial sustainability, and recognition of risk is therefore essential to navigate these pressures and challenges.

Ongoing weak economic growth impacts on the amount generated from tax revenues which are required to fund all public services. For local government, any reduction in overall grant funding is compounded by the protection of other public services, such as health, defence and police services and also the implementation of new policy initiatives. Increasing costs and funding that is not expected to grow with inflation has a significant adverse impact on the Council's funding gap which is currently estimated at c£54.6m over the next four years before Council Tax, and £25m if Council Tax were to increase by 7% per annum. The Council will therefore continue to be faced with difficult decisions to balance future budgets through increasing income, including council tax, fees and charges and reducing expenditure through savings.

While financial sustainability remains one of the biggest challenges facing the Council, the 2026/27 budget was a significant financial milestone. The Council balanced the revenue budget without the use of non-recurring funding (in 2025/26 the budget used £11.5m of non-recurring funding). The Financial Strategy approved in October 2025 included a set of principles that the Council should work towards:

- A. Recurring expenditure should be met from recurring income.
- B. The use of non-recurring funding should be exceptional and appropriate.
- C. The Council wants to remove reliance on service concessions as part of a balanced budget by 2026/27.
- D. The Council must address the underlying structural deficit it is carrying forward which is the result of the use of non-recurring funding in previous years.
- E. The Council has noted that there is significant potential investment through the c£46m of service concessions and has agreed to keep this area under review. This relies on removing the use of service concessions for the revenue budget.

In the 2026/27 budget, the Council met these principles. However, sustaining this position will be challenging. The Council must continue to work to identify opportunities to bridge the financial gap, including through its Council of the Future transformation programme and the Transformation Through Collaboration work underway with Clackmannanshire and Stirling Councils. The Council must be bold, innovative and challenge itself including consideration of opportunities flowing from the Scottish Government's Public Sector Reform agenda.

# Management Commentary

The Council continues to regularly monitor its financial position and provide full financial updates to Corporate Management Team, the Financial Strategy Group and the Council or Executive as appropriate, including options on addressing any new budget gaps and spending pressures. Work continues to develop the Council's approach to budget engagement to effectively inform and consult with our communities and partners when deciding how council budgets should be spent. This also ensures that equality issues are fully considered and the impact of changes is understood when decisions are being taken.

## 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 £12.8m (2024/25 increase of £10.0m). 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.

The amount of pension contribution payable by the Council in respect of the Local Government Pension Scheme is set every three years following a valuation of the Pension Fund carried out by an independent actuary. The most recent valuation was undertaken as at 31 March 2023 and set the employer pension contribution rate at 19.5% for the three years from 1 April 2024. The next Fund valuation is scheduled to take place as at 31 March 2026 which will determine the contribution rates payable for the three years from 1 April 2027.

**Amanda Templeman, CPFA**  
Chief Finance Officer

**Councillor Cecil Meiklejohn**  
Leader of Falkirk Council

**Kenneth Lawrie**  
Chief Executive of Falkirk Council

# 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) 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 <insert date>.

## Signed on behalf of Falkirk Council

**Councillor Cecil Meiklejohn**  
**Leader of Falkirk Council**

## 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 2026 and the transactions of the Council and its group for year ended 31 March 2026.



**Amanda Templeman, CPFA**  
**Chief Finance Officer**

# Financial Statements

## Comprehensive Income and Expenditure Statement

This Statement shows the economic cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

In this statement expenditure and a deficit are positive signage, income and a surplus are negative signage.

Falkirk Council 2024/25			Group		Falkirk Council 2025/26			Group
Gross Expend £ 000	Gross Income £ 000	Net Expend £ 000	Net Expend £ 000		Gross Expend £ 000	Gross Income £ 000	Net Expend £ 000	Net Expend £ 000
313,418	(17,509)	295,909	295,909	Children's Services	302,855	(17,641)	285,214	285,214
257,409	(152,729)	104,680	104,680	Social Work Adult Services	302,226	(192,464)	109,762	109,762
91,822	(31,268)	60,554	60,554	Place Services	92,969	(38,092)	54,877	54,877
81,235	(31,436)	49,799	49,736	Transformation, Communities & Corporate Services	72,892	(32,189)	40,703	40,611
98,204	(74,323)	23,881	23,881	Housing Revenue Account	89,279	(81,100)	8,179	8,179
1,548	-	1,548	1,548	Valuation Joint Board	1,576	-	1,576	1,576
<b>843,636</b>	<b>(307,265)</b>	<b>536,371</b>	<b>536,308</b>	<b>Net Cost of Services</b>	<b>861,797</b>	<b>(361,486)</b>	<b>500,311</b>	<b>500,219</b>
<b>2,169</b>	<b>-</b>	<b>2,169</b>	<b>2,169</b>	<b>Other Operating Expenditure</b> (Gains) or Losses on disposal of Non-Current and Current Assets	<b>2,380</b>	<b>-</b>	<b>2,380</b>	<b>2,380</b>
				<b>Financing and Investment Income and Expenditure</b>				
32,734	-	32,734	32,734	Interest Payable and Similar Charges (Note 39)	32,191	-	32,191	32,191
-	(5,769)	(5,769)	(5,769)	Interest & Investment Income	-	(3,899)	(3,899)	(3,899)
56,975	(60,736)	(3,761)	(3,761)	Pension interest cost & interest income on plan assets (Note 16 & 17)	75,538	(75,270)	268	268
<b>89,709</b>	<b>(66,505)</b>	<b>23,204</b>	<b>23,204</b>		<b>107,729</b>	<b>(79,169)</b>	<b>28,560</b>	<b>28,560</b>
				<b>Taxation and Non-Specific Grant Income</b>				
-	(78,618)	(78,618)	(78,618)	Council Tax		(90,951)	(90,951)	(90,951)
-	(311,948)	(311,948)	(311,948)	Government Grants (Note 36)	-	(318,509)	(318,509)	(318,509)
-	(31,093)	(31,093)	(31,093)	Capital Grants, Contributions & Donations (Note 36)	-	(28,117)	(28,117)	(28,117)
-	(72,962)	(72,962)	(72,962)	Non-Domestic Rates redistribution	-	(82,693)	(82,693)	(82,693)
-	(3,620)	(3,620)	(3,620)	Non-Domestic Rates – TIF	-	(2,815)	(2,815)	(2,815)
	<b>(498,241)</b>	<b>(498,241)</b>	<b>(498,241)</b>			<b>(523,085)</b>	<b>(523,085)</b>	<b>(523,085)</b>
<b>935,514</b>	<b>(872,011)</b>	<b>63,503</b>	<b>63,440</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>971,906</b>	<b>(963,740)</b>	<b>8,166</b>	<b>8,074</b>
		-	<b>2,628</b>	Share of the (Surplus) or Deficit on Provision of Services by Associates & Joint Ventures			-	<b>(2,796)</b>
			<b>66,068</b>	<b>Group (Surplus) or Deficit</b>				<b>5,278</b>
		101,381	101,074	(Surplus) or Deficit on revaluation of non-current assets and current assets (Note 11b)			(74,656)	(74,441)
		(172,077)	(172,077)	Remeasurements of pension assets/liabilities (Note 11c)			(85,082)	(85,082)
		278,037	278,037	Effect of Asset Ceiling Limitation on Net Defined Benefit Asset (Note 11c)			90,145	90,145
		-	1,638	Share of Other Comprehensive Income & Expenditure of Associates & Joint Ventures			-	28
		<b>207,341</b>	<b>208,672</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(69,593)</b>	<b>(69,350)</b>
		<b>270,844</b>	<b>274,740</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(61,427)</b>	<b>(64,072)</b>

# Financial Statements

## Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into "Usable Reserves" (i.e. those that can be applied to fund expenditure or reduce local taxation) and "Unusable Reserves". The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes.

### Movement in Reserves Statement for the year ended 31 March 2026

	Falkirk Council Reserves					Council's Share of Group Entity Reserves			Total Group Reserves £ 000
	General Fund Balance	HRA Balance	Capital and Other Reserves	Total Usable Reserves	Unusable Reserves	Total Council Reserves	Usable	Unusable	
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	
<b>Balance at 31/03/25</b>	<b>(97,835)</b>	<b>(2,380)</b>	<b>(8,586)</b>	<b>(108,801)</b>	<b>(585,914)</b>	<b>(694,715)</b>	<b>(9,217)</b>	<b>(974)</b>	<b>(704,906)</b>
<b>Movement in reserves during 2025/26</b>									
Total Comprehensive Income and Expenditure	(6,766)	14,932	-	<b>8,166</b>	(69,593)	(61,427)	(2,888)	243	<b>(64,072)</b>
Adjustments between accounting basis and funding basis under regulations (Note 9)	22,743	(8,244)	(1,622)	<b>12,877</b>	(12,877)	-	-	-	
Adjustments to usable reserves permitted by accounting standards	(20,021)	(8,508)	-	<b>(28,529)</b>	28,529	-	-	-	
Transfers (to)/from Other Statutory Reserves	2,086	-	(2,086)	-	-	-	-	-	
<b>(Increase)/Decrease in 2025/26</b>	<b>(1,958)</b>	<b>(1,820)</b>	<b>(3,708)</b>	<b>(7,486)</b>	<b>(53,941)</b>	<b>(61,427)</b>	<b>(2,888)</b>	<b>243</b>	<b>(64,072)</b>
<b>Balance at 31/03/26</b>	<b>(99,793)</b>	<b>(4,200)</b>	<b>(12,294)</b>	<b>(116,287)</b>	<b>(639,855)</b>	<b>(756,142)</b>	<b>(12,105)</b>	<b>(731)</b>	<b>(768,978)</b>

### Movement in Reserves Statement for the year ended 31 March 2025

	Falkirk Council Reserves					Council's Share of Group Entity Reserves			Total Group Reserves £ 000
	General Fund Balance	HRA Balance	Capital and Other Reserves	Total Usable Reserves	Unusable Reserves	Total Council Reserves	Usable	Unusable	
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	
<b>Balance at 31/03/24</b>	<b>(110,693)</b>	<b>(3,272)</b>	<b>(10,527)</b>	<b>(124,492)</b>	<b>(841,067)</b>	<b>(965,559)</b>	<b>(11,823)</b>	<b>(2,264)</b>	<b>(979,646)</b>
<b>Movement in reserves during 2024/25</b>									
Total Comprehensive Income and Expenditure	30,897	32,606	-	<b>63,503</b>	207,341	270,844	2,565	1,331	<b>274,740</b>
Adjustments between accounting basis and funding basis under regulations (Note 9)	2,737	(11,673)	435	<b>(8,501)</b>	8,501	-	41	(41)	
Adjustments to usable reserves permitted by accounting standards	(19,270)	(20,041)	-	<b>(39,311)</b>	39,311	-	-	-	
Transfers (to)/from Other Statutory Reserves	(1,506)	-	1,506	-	-	-	-	-	
<b>(Increase)/Decrease in 2024/25</b>	<b>12,858</b>	<b>892</b>	<b>1,941</b>	<b>15,691</b>	<b>255,153</b>	<b>270,844</b>	<b>2,606</b>	<b>1,290</b>	<b>274,740</b>
<b>Balance at 31/3/25</b>	<b>(97,835)</b>	<b>(2,380)</b>	<b>(8,586)</b>	<b>(108,801)</b>	<b>(585,914)</b>	<b>(694,715)</b>	<b>(9,217)</b>	<b>(974)</b>	<b>(704,906)</b>

# Financial Statements

## Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the asset and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the capital receipts reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis under regulations".

Council 2024/25	Group 2024/25		Council 2025/26	Group 2025/26	Notes
£ 000	£ 000		£ 000	£ 000	
		<b>Non-Current Assets</b>			
1,147,006	1,147,722	Property, Plant & Equipment	1,234,189	1,234,880	20
4,952	4,952	Right of Use Assets	5,114	5,114	20
177,972	177,972	Infrastructure Assets	183,490	183,490	21
275	275	Heritage Assets	303	303	22
659	659	Intangible Assets	547	547	19
2,895	2,895	Long Term Debtors	2,623	2,623	29
<b>1,333,759</b>	<b>1,334,475</b>		<b>1,426,266</b>	<b>1,426,957</b>	
		<b>Current Assets</b>			
317	317	Inventories	532	532	30
58,306	58,306	Short Term Debtors	78,075	78,075	32
33,339	33,339	Cash and Cash Equivalents	23,188	23,188	34
6,533	6,958	Assets Held for Sale	3,869	4,072	23
<b>98,495</b>	<b>98,920</b>		<b>105,664</b>	<b>105,867</b>	
		<b>Current Liabilities</b>			
(3,734)	(3,734)	Deferred Liabilities	(2,954)	(2,954)	18
(145,053)	(143,944)	Short Term Borrowing	(189,974)	(188,741)	27
(92,381)	(92,381)	Creditors (including provisions)	(97,711)	(97,711)	33
<b>(241,168)</b>	<b>(240,059)</b>		<b>(290,639)</b>	<b>(289,406)</b>	
		<b>Long Term Liabilities</b>			
(361,497)	(361,497)	Long Term Borrowing	(351,582)	(351,582)	27
(24,656)	(24,656)	Defined Benefit Pension Scheme Liability	(20,397)	(20,397)	16/17
(96,890)	(96,890)	Other Long-Term Liabilities	(94,744)	(94,744)	38
(13,328)	(13,328)	Capital Grants and Receipts Received in Advance	(18,426)	(18,426)	36
-	7,941	Liabilities in Associates and Joint Ventures	-	10,709	
<b>(496,371)</b>	<b>(488,430)</b>		<b>(485,149)</b>	<b>(474,440)</b>	
694,715	704,906	<b>Net Assets</b>	<b>756,142</b>	<b>768,978</b>	
(108,801)	(108,801)	<b>Usable Reserves</b>	(116,287)	(116,287)	10
-	(9,217)	Group Entities	-	(12,105)	40
<b>(108,801)</b>	<b>(118,018)</b>		<b>(116,287)</b>	<b>(128,392)</b>	
(585,914)	(585,914)	<b>Unusable Reserves</b>	(639,855)	(639,855)	10
-	(974)	Group Entities	-	(731)	40
<b>(585,914)</b>	<b>(586,888)</b>		<b>(639,855)</b>	<b>(640,586)</b>	
<b>(694,715)</b>	<b>(704,906)</b>	<b>Total Reserves</b>	<b>(756,142)</b>	<b>(768,978)</b>	

The unaudited accounts were issued on 26<sup>th</sup> June 2026.



**Amanda Templeman, CPFA**  
Chief Finance Officer

## Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as: operating, investing, and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

Council 2024/25 £ 000	Group 2024/25 £ 000		Council 2025/26 £ 000	Group 2025/26 £ 000
		<b>Operating Activities</b>		
63,503	66,068	Net (surplus) or deficit on the provision of services	8,166	5,278
(45,479)	(48,044)	Adjust net surplus or deficit on the provision of services for non-cash movements	(50,369)	(47,481)
31,093	31,093	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	26,177	26,177
<b>49,117</b>	<b>49,117</b>	<b>Net cash flows from operating activities</b>	<b>(16,026)</b>	<b>(16,026)</b>
		<b>Investing Activities</b>		
89,085	89,085	Purchase of property, plant & equipment, investment property and intangible assets	99,455	99,455
(2,787)	(2,787)	Proceeds from the sale of property, plant & equipment, investment property and intangible assets	(2,379)	(2,379)
(31,627)	(31,627)	Other receipts and investing activities	(35,893)	(35,893)
<b>54,671</b>	<b>54,671</b>	<b>Net cash flows from investing activities</b>	<b>61,183</b>	<b>61,183</b>
		<b>Financing Activities</b>		
(285,437)	(285,437)	Cash receipts of short and long-term borrowing	(180,000)	(180,000)
15,172	15,172	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	23,679	23,679
144,058	144,058	Repayments of short and long-term borrowing	121,315	121,315
<b>(126,207)</b>	<b>(126,207)</b>	<b>Net cash flows from financing activities</b>	<b>(35,006)</b>	<b>(35,006)</b>
<b>(22,419)</b>	<b>(22,419)</b>	<b>Net (increase) or decrease in cash and cash equivalents</b>	<b>10,151</b>	<b>10,151</b>
<b>(10,920)</b>	<b>(10,920)</b>	<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>(33,339)</b>	<b>(33,339)</b>
		<b>Cash and cash equivalents at the end of the reporting period</b>		
(54)	(54)	Cash held by Officers	(51)	(51)
5,602	5,602	Bank Current Accounts	8,585	8,585
(38,887)	(38,887)	Short-term deposits	(31,722)	(31,722)
<b>(33,339)</b>	<b>(33,339)</b>		<b>(23,188)</b>	<b>(23,188)</b>

The cash flows for operating activities include interest paid of £32.2m (2024/25 £32.7m) and interest received of £3.9m (2024/25 £5.8m).

# Financial Statements

Adjust net surplus or deficit on the provision of services for non-cash movements:

Council 2024/25 £ 000		Council 2025/26 £ 000
(2,169)	Net Gain/(Loss)	(2,379)
(324)	Amortisation of Intangible Assets	(257)
(71,222)	Depreciation & Impairment of Fixed Assets	(71,400)
1,911	Net Charges for Retirement Benefits	9,322
234	IFRS16 Impact	(79)
14,492	Increase / (Decrease) in Debtors	(8,881)
2,419	(Increase) / Decrease in Creditors	21,531
(86)	Increase / (Decrease) in Stock	215
9,266	Other Non-Cash Movements	1,559
<b>(45,479)</b>		<b>(50,369)</b>

Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities:

25,290	Capital Grants General Fund	19,684
5,803	Capital Grants HRA	8,433
<b>31,093</b>		<b>28,117</b>

## Supplementary Statement

### Housing Revenue Account Income and Expenditure Statement

This account reflects the statutory requirement to account separately for Council Housing and it shows the major elements of housing revenue expenditure and capital financing costs and how these are met by rents, housing support grant and other income.

2024/25 £ 000		2025/26 £ 000
(70,009)	Dwelling Rents	(75,593)
(1,356)	Non-Dwelling Rents	(1,351)
(3,332)	Other Income	(4,231)
<b>(74,697)</b>	<b>Total Income</b>	<b>(81,175)</b>
29,559	Repairs and Maintenance	24,354
19,971	Supervision and Management	20,032
46,906	Depreciation and Impairment of Non-Current Assets	42,690
971	Rent, Rates, Taxes & Other Charges	577
1,229	Other Expenditure	1,521
(58)	Increase/(Decrease) in Bad Debts Provision	180
<b>98,578</b>	<b>Total Expenditure</b>	<b>89,354</b>
<b>23,881</b>	<b>Net Expenditure of HRA Services as included in the Comprehensive Income and Expenditure Statement</b>	<b>8,179</b>
294	HRA Services Share of Corporate and Democratic Core	306
<b>24,175</b>	<b>Net Expenditure of HRA Services</b>	<b>8,485</b>
<b>HRA Share of Operating Income and Expenditure included in the Comprehensive Income and Expenditure Statement:</b>		
100	(Gain)/Loss on Sale of HRA Non-Current Assets	(15)
15,008	Interest Payable and similar charges	15,587
(664)	Interest and Investment Income	(705)
(210)	Pensions Interest Cost and Expected Return on Pension Assets	13
(5,803)	Recognised Capital Grant Income	(8,433)
<b>32,606</b>	<b>(Surplus)/Deficit for the Year</b>	<b>14,932</b>

### Movement on the Housing Revenue Account Statement

2024/25 £ 000		2025/26 £ 000
<b>(3,272)</b>	<b>Balance on the HRA at the end of the previous year</b>	<b>(2,380)</b>
32,606	(Surplus) or Deficit for the year on HRA Income and Expenditure Statement	14,932
(11,673)	Adjustments between Accounting Basis and Funding Basis under Statute	(8,244)
(20,041)	Adjustment to Usable Reserves permitted by Accounting Standards	(8,508)
<b>892</b>	<b>Net (Increase) or Decrease before transfers to or from Reserves</b>	<b>(1,820)</b>
-	Transfers to or (from) Reserves	-
<b>892</b>	<b>(Increase) or Decrease in Year on the HRA</b>	<b>(1,820)</b>
<b>(2,380)</b>	<b>Balance on the HRA at the end of the Current Year</b>	<b>(4,200)</b>

## Supplementary Statement

### Housing Revenue Account Disclosures

#### Adjustments between Accounting Basis and Funding Basis under Statute

2024/25 £ 000		2025/26 £ 000
(100)	Gain or (loss) on sale of HRA non-current assets	15
(26,864)	Depreciation and Impairment	(34,182)
9,594	Statutory Repayment of Debt (Loans Fund Advances)	11,169
-	CFCR Adjustment	5,500
(172)	HRA share of contributions to or from the Pensions Reserve	805
8	Accumulated Absences Account	(26)
58	Difference between any other item of income and expenditure determined in accordance with the Code and statutory HRA requirements	42
5,803	Recognised Capital Grant Income	8,433
<b>(11,673)</b>	<b>Total</b>	<b>(8,244)</b>

### Housing Stock

The Council Housing Stock at 31 March 2026 was 17,207 properties in the following categories.

2024/25 Number Restated		2025/26 Number
2,818	One bedroom and under	2,864
9,182	Two bedrooms	9,204
4,596	Three bedrooms	4,603
500	Four bedrooms	517
4	Five bedrooms and larger	19
<b>17,100</b>	<b>Total</b>	<b>17,207</b>
<b>£78.67</b>	<b>Average Weekly rent (52 week basis)</b>	<b>£86.14</b>

The increase in housing stock numbers is a combination of the new build activity that the Council has been undertaking and the buy-back programme where the Council buys back Council houses that had previously been sold.

2024/25 figures reported in the 2024/25 Annual Accounts reflected only the stock that met the criteria required for the Annual Return on the Charter (ARC) and not the total stock held. The prior year figures have now been restated to reflect all stock held.

### Rent Arrears

Rent Arrears as at 31 March 2026 were £10,132,570 (£9,543,568 in 2024/25).

### Bad Debt Provision

An impairment of £5.107m (£4.922m in 2024/25) has been provided in the Balance Sheet for irrecoverable rents, an increase of £0.185m from the provision in 2024/25.

### Losses on Void Properties

2024/25 £ 000		2025/26 £ 000
1,212	Dwelling Rents	1,164
466	Non-Dwelling Rents	534
<b>1,678</b>	<b>Total</b>	<b>1,698</b>

## Supplementary Statement

### Council Tax Income Account

The council tax income account (Scotland) shows the gross income raised from council taxes levied and deductions made under statute. The resultant net income is transferred to the Comprehensive Income and Expenditure Statement of the authority.

2024/25 £ 000		2025/26 £ 000
(101,722)	Gross Council Tax Levied	(118,346)
153	Prior Year Adjustments	195
<b>(101,569)</b>	<b>Total Income</b>	<b>(118,151)</b>
10,058	Council Tax Reduction	11,939
1,066	Provisions Against Bad and Doubtful Debts	1,416
11,827	Other Discounts and Reductions	13,845
<b>22,951</b>	<b>Total Expenditure</b>	<b>27,200</b>
<b>(78,618)</b>	<b>Net Council Tax Income transferred to General Fund</b>	<b>(90,951)</b>

### The Council Tax Charge

The actual Council Tax is levied according to the Base Band 'D' charge and weighted in accordance with agreed ratios. The charges set for each Band for 2025/26 were as follows:

Band	£ per Dwelling
A*	875.98
A	1,051.18
B	1,226.38
C	1,401.57
D	1,576.77
E	2,071.70
F	2,562.25
G	3,087.84
H	3,863.09

\* Band 'A' with Disabled Persons Relief

## Supplementary Statement

### Calculation of the Council Tax Base per 2025/26 Budget

	Band A*	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
No. of Dwellings	N/A	22,243	19,479	7,248	9,517	9,318	6,208	3,125	84	77,222
Exempt Dwellings	N/A	994	488	198	160	126	50	18	3	2,037
Chargeable Dwellings	N/A	21,249	18,991	7,050	9,357	9,192	6,158	3,107	81	75,185
Disabled Reduction	N/A	79	120	60	72	113	76	39	-	559
Adjusted Chargeable Dwellings	79	21,290	18,931	7,062	9,398	9,155	6,121	3,068	81	75,185
Discounts (25%)	40	13,245	7,900	3,333	3,190	2,094	885	327	9	31,023
Discounts (due to being second homes)	-	13	21	14	11	14	22	1	-	96
Discount (long term empty properties)	-	291	158	64	57	45	22	15	1	653
Discount (occupied by disregarded adults)	-	4	3	2	3	2	3	1	-	18
Not entitled to discount	39	7,737	10,849	3,649	6,137	7,000	5,189	2,724	71	43,395
Effective Dwellings	69	17,825	16,865	6,189	8,565	8,601	5,887	2,978	78	67,057
Ratio to Band D	5/9	2/3	7/9	8/9	1	1 1/3	1 5/8	2	2 4/9	
No. of Band D Equivalents	38	11,883	13,117	5,501	8,565	11,301	9,566	5,832	191	65,994
Add: Estimated Growth in tax base										348
Less: Dwellings for which collection of Council Tax is considered to be doubtful – 98.12% collection offset by prior year collection										1,098
Council Tax (£'000)										102,876
Less: Impact of Council Tax Reduction Scheme (£'000)										(11,939)
<b>Budgeted Council Tax Base (£ 000)</b>										<b>90,937</b>

## Supplementary Statement

### Non-Domestic Rates Account

The non-domestic rate account reflects the statutory obligation for billing authorities to maintain a separate non-domestic rate account. The statement shows the gross income from the rates and deductions made under statute. The net income is paid to the Scottish Government as a contribution to the national non-domestic rate pool.

2024/25 £ 000		2025/26 £ 000
(104,333)	Rate Levied (including large Business Supplement)	(105,348)
	<b>Less:</b>	
13,764	Reliefs and Other Deductions	18,964
1,674	Write-Off of Uncollectable Debts and Allowance for Impairment	(2,368)
<b>(88,895)</b>	<b>Net Non-Domestic Rate Income</b>	<b>(88,752)</b>
2,141	Adjustments to previous years National Non-Domestic Rates	12,332
-	Non-Domestic Rate Income Retained by Authority (NDRIS)	274
3,620	Non-Domestic Rate Income Retained by Authority (TIF)	2,815
<b>(83,134)</b>	<b>Contribution to Non-Domestic Rate Pool</b>	<b>(73,331)</b>
(72,962)	Distribution from Non-Domestic Rate Pool	(82,693)
<b>(72,962)</b>	<b>Income Credited to the Comprehensive Income and Expenditure Statement</b>	<b>(82,693)</b>

### Rate Pounding

The Non-Domestic Rates (NDR) charge for each property is determined by the rateable value placed upon it by the Assessor, multiplied by the National Rate Pounding which is set by Scottish Ministers. For 2025/26 the Rate Pounding was set at 49.8 pence for properties with a rateable value up to £51,000; an intermediate rate of 55.4 pence for properties with rateable values from £51,001 to £100,000; and a higher rate of 56.8 pence for properties with rateable values more than £100,000.

### NDR Bad Debt Provision

The NDR Bad Debt Provision was £nil for 2025/26 (£3,514,123 for 2024/25). The Bad Debt Provision was fully released in the 2025/26 accounts with amounts returned to Scottish Government.

### Non-Domestic Rates Incentive Scheme (NDRIS)

Due to a late notification from Scottish Government, NDRIS was not included in 2024/25 figures. The amount showing in 2025/26 relates to 2024/25 and the amount retained for 2025/26 was £nil.

### Empty Property Relief

From 1 April 2023, Empty Property Relief was devolved to local authorities. Expenditure on Empty Property Relief was £0.414m in 2025/26 (£1.707m in 2024/25).

## Supplementary Statement

### Analysis of Rateable Values as at 1 April 2025

	No. of Premises	Rateable Value £ 000	%
Shops	1,391	31,399	16.1
Hotels and Public Houses	112	5,152	2.6
Offices	982	11,666	6.0
Industrial – Factories, Warehouses, Stores and Workshops	1,490	53,220	27.3
Sports, Leisure, Cultural, Entertainment, Caravans, Holiday Sites	449	6,576	3.4
Garages and Petrol Stations	63	2,700	1.4
Education and Training	76	14,308	7.3
Public Service Subjects	150	8,551	4.4
Quarries and Mines	18	1,521	0.8
Petrochemical	15	33,840	17.4
Religious	110	1,753	0.9
Health/Medical and Care Facilities	145	14,109	7.2
Undertaking	41	8,027	4.1
Communications, Advertising and Other	409	2,192	1.1
<b>Total</b>	<b>5,451</b>	<b>195,014</b>	

# Supplementary Statement

## Common Good Funds

Common Good Funds were inherited from the former burgh authorities of Bo'ness, Denny, Grangemouth, and Falkirk in 1975 and are used solely for the benefit of the residents of these areas.

Total 2024/25 £ 000		Former Bo'ness Town Council 2025/26 £ 000	Former Denny Town Council 2025/26 £ 000	Former Grangemouth Town Council 2025/26 £ 000	Former Falkirk Town Council 2025/26 £ 000	Total 2025/26 £ 000
<b>Income and Expenditure Account</b>						
<b>Income</b>						
(338)	Revaluation (Gain)/Loss	-	-	-	220	220
-	Asset Sale	-	-	-	(79)	(79)
-	Rents Received	-	-	-	-	-
(53)	Interest	(3)	-	(1)	(41)	(45)
(391)	<b>Total Income</b>	<b>(3)</b>	<b>-</b>	<b>(1)</b>	<b>100</b>	<b>96</b>
<b>Expenditure</b>						
34	Depreciation	-	-	-	32	32
(42)	Other	-	-	-	-	-
31	Revaluation Impairment	-	-	-	(5)	(5)
23	<b>Total Expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27</b>	<b>27</b>
(368)	<b>(Surplus) / Deficit for Year</b>	<b>(3)</b>		<b>(1)</b>	<b>127</b>	<b>123</b>
<b>Balance Sheet</b>						
1,141	Fixed Assets	7	279	-	607	893
1,109	Investments	65	7	27	1,135	1,234
2,250	<b>Net Assets</b>	<b>72</b>	<b>286</b>	<b>27</b>	<b>1,742</b>	<b>2,127</b>
<b>Financed by:</b>						
497	Asset Revaluation Reserve	5	156	-	105	266
644	Capital Adjustment Account	2	123	-	502	627
1,109	Revenue Reserve	65	7	27	1,135	1,234
2,250		72	286	27	1,742	2,127

Amanda Templeman, CPFA  
Chief Finance Officer

## Note 1: General Accounting Policies

### General Principles and Accounting Concepts

The Annual Accounts summarise the Council's transactions for the 2025/26 financial year and its position at the year-end of 31 March 2026. The Council is required to prepare Annual Accounts by the Local Authority Accounts (Scotland) Regulations 2014. Section 12 of the Local Government in Scotland Act 2003 requires that the accounts are prepared in accordance with proper accounting practices. The Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the Code) and the Service Reporting Code of Practice 2025/26 (SERCOP), supported by International Financial Reporting Standards (IFRS).

The Code of Practice on Local authority Accounting is issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LA(S) AAC).

The Accounts are designed to illustrate the financial performance in the year as well as the position of the Council as at 31 March 2026. Comparative figures for the previous financial year are also provided.

In accordance with IAS 8: Accounting Policies, the Council regularly reviews its accounting specific policies to ensure that they remain the most appropriate. The Code defines accounting policies as "the principles, bases, conventions, rules and practices applied by an authority in preparing and presenting accounts."

The accounting concepts of 'materiality', 'accruals', 'going concern' and 'primacy of legislative requirements' have been considered in the application of accounting policies. In this regard the materiality concept means that information is included where it is of such significance as to justify its inclusion. The accruals concept requires the non-cash effects of transactions to be included in the accounts for the year in which they occur, not in the period in which payment is made or income received. The going concern concept assumes that the Council will not significantly curtail the scale of its operation. In cases where accounting principles and legislative requirements conflict, the latter will apply.

The selection of accounting policies can have a significant impact on the figures shown in the accounts and as such they are required to be disclosed in these accounts. The policies shown in Notes 1 to 5 in general impact on the accounts as a whole. More specific accounting policies are also disclosed against the relevant notes to the accounts.

Any departures from the above Codes of Practice are stated in the notes to the financial statements. In addition, these accounts have been prepared under the historic cost convention, other than changes resulting from the revaluation of certain categories of non-current assets.

As noted in the management commentary by the Chief Finance Officer, Group Accounts have been prepared which reflect the Council's interest in the Central Scotland Valuation Joint Board, Common Good Funds and Falkirk Integration Joint Board (IJB).

### Basis of Preparation

The Council's financial statements for 2025/26 have been prepared on a going concern basis. The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. The provisions in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting. In accordance with the CIPFA Code of Local Government Accounting (2025/26), the Council is required to prepare its financial statements on a going concern basis unless informed by the relevant national body of the intention for dissolution without transfer of services or function to another entity. The accounts are prepared on the assumption that the Council will continue in operational existence for the foreseeable future.

Falkirk Council considered the Revenue Budget and Financial Strategy for 2026/27 at its meeting on 5 March 2026. In order to maintain a balanced budget for 2026/27, the Council was required to bridge a budget gap of £14.5m which included service savings of £10.83m. The Council continues to face unprecedented challenges in delivering essential services whilst resources are constrained. The latest projections show the Council has a budget gap of c£16.1m in 2027/28. In addition to known costs, there remains a risk that further costs will continue to be incurred. Going forward work will continue to develop the Financial Strategy, and further updates and savings options will be considered by the Council. Measures available to the Council include the use of service

# Notes to the Financial Statements

concessions, reprioritisation of earmarked reserves and balances, revisions to service delivery or service standards and identification of additional saving measures.

The Council has established a minimum uncommitted general fund target of £9.76m. The uncommitted general fund balance at 31 March 2026 is £11.8m. Should additional cost pressures exceed the remaining general reserve balance, the Council will consider a range of options to balance the budget, as outlined above.

The Council's Treasury Management Strategy ensures that there is sufficient cash available to meet its requirements. Falkirk Council has a high level of balances of cash short term investments, totalling £32.8m at 31 March 2026. Normally when investments mature, they are reinvested for periods up to a year. Typically, cash has been invested in highly liquid instruments, such as the overnight bank account or money market funds, to ensure that the funds are available as required. The Council's cash flow is monitored daily by management, and the Council does not forecast any cash flow shortage. The Council has ready access to cash through the money market and borrowing with the PWLB (Public Works Loan Board) and issues with access to cash are therefore a low risk for the Council.

On this basis, the Council is satisfied that it has sufficient reserves and liquidity to continue as a going concern for a period of at least 12 months from authorisation of the financial statements.

## Accrual of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser, and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- revenue from the provision of services is recognised when the Council can reliably measure the percentage of completion of the transaction, and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- expenses in relation to services received (including those rendered by employees) are recorded as expenditure when the services are received, rather than when payments are made.
- interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where there is evidence that debts are unlikely to be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

## Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Changes in accounting estimates are accounted for prospectively i.e. in the current and future years affected by the change.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

# Notes to the Financial Statements

## Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Balance Sheet and Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

## Charges to Revenue for Non-Current Assets

Service revenue accounts, support services and the trading accounts are debited with the following amounts to record the real cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service.
- revaluation and impairment losses attributable to the clear consumption of economic benefits on tangible non-current assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- amortisation of intangible non-current assets attributable to the service.

The Council is not required to raise council tax to cover depreciation, impairment losses, revaluation losses, or amortisations. However, it is required to make an annual contribution from general fund balances to reduce its overall borrowing requirement. Depreciation, impairment losses, revaluation losses, and amortisations are therefore substituted by a funding contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two. More information on the accounting for and disclosure around infrastructure assets held by the Council can be found at Note 21.

## Value Added Tax

Income and expenditure exclude any amounts related to VAT, as all VAT collected is payable to Her Majesty's Revenue & Customs (HMRC) and all VAT paid is recoverable from HMRC.

## Revenue Expenditure Funded from Capital Under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income & Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

## Overheads and Support Services

Changes to the 2016/17 Code for Telling the Story removed the requirement to report services in the Comprehensive Income and Expenditure Statement in accordance with the specifications in the Service Reporting Code of Practice (SERCOP). As a result, the costs of Central Support Services are no longer allocated out to all Services.

## Note 2: Accounting Standards that have been issued but have not yet been adopted

The following standards have been adopted in the 2026/27 Code and will therefore be applicable to local authorities for the 2026/27 financial year reporting:

- **Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets)**  
This amendment seeks to provide greater consistency and alignment to international accounting standards including:

# Notes to the Financial Statements

- A new model for revenue recognition, aligned to IFRS 15: Revenue from Contracts with Customers, but with some simplifications
  - On balance sheet lease accounting for lessees, aligned to IFRS 16: Leases, but with certain practical exemptions
  - Other modifications to fair value measurement, uncertain tax positions, business combinations and a revised Section 2 aligned with IASB's Conceptual Framework
- **Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)**

These amendments provide further clarification and requirements for:

    - The recognition and derecognition criteria for financial assets and liabilities
    - Assessing whether a financial asset meets the solely payments of principal and interest criterion
    - New disclosures for certain instruments with contractual terms that can change cash flows
    - Disclosures for equity instruments designated at fair value through other comprehensive income
- **Annual improvements to IFRS accounting standards – Volume 11**

The annual improvements process aims to improve the clarity and internal consistency of IFRS Accounting Standards. This volume addresses:

    - A conflict between IFRS 9 and IFRS 15 over the initial measurement of trade receivables
    - How a lessee accounts for the derecognition of a lease liability
- **Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)**

These amendments:

    - Clarify the application of the 'own-use' requirements for in-scope contracts
    - Amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts
    - Adds new disclosure requirements

The impact of standards issued but not yet adopted has not been determined at present.

## Note 3: Critical Judgements in Applying Accounting Policies

In applying these accounting policies, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Annual Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. A funding gap of c£54.7m has been estimated over the next four years. The Council's financial strategy will continue to ensure that resources are targeted at key priorities. The Council has therefore determined that uncertainty over future funding is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.
- The Council is deemed to control the services provided under the Private Finance Initiative agreements for the provision of school buildings, maintenance, and other facilities (Class 98 (until the termination of the contract at the end of August 2025) and Falkirk Schools Gateway Ltd). The accounting policies for Private Finance Initiatives have been applied to these arrangements and the Falkirk Schools Gateway Ltd schools (valued at net book value of £125.8m at 31 March 2026) are recognised as Property, Plant and Equipment on the Council's Balance Sheet.
- Acting as a principal or agent in financial transactions – the Council has applied a judgement in determining the recognition of income and expenditure related to Scottish Government grants where it may be considered to be either an agent or the principal in receiving and distributing funds.

## Note 4: Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

The Annual Accounts contain estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends, and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet as at 31 March 2026 for which there is a significant risk of material adjustment in the forthcoming financial years are as follows:

### Provisions

The Council has made a provision for the settlement of claims for back pay arising from Equal Pay and Holiday Pay. However, uncertainty remains as settlement negotiations are ongoing.

### Pensions Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which earnings are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Barnett Waddingham, a firm of consulting actuaries, are engaged to provide the Council with expert advice about the assumptions to be applied.

The actuarial inputs into the pension liability valuation are subject to annual review and have a significant impact on the potential valuation. Historically it is common for small changes in the discount rate, salary assumption rate and pension rate to have material impacts on the year end valuations on a year-to-year basis. The potential impact of future changes is outlined below. The valuation of pension fund assets and liabilities as at 31 March 2026 is £1,457m and £966m respectively.

More information on the key assumptions used in the actuarial valuation of the estimates is available in Notes 16 & 17 to the accounts, including information on the key assumptions, risks, and sensitivities. An update is also included in this note on the latest development around a number of equalisation adjustments to pension liabilities which have occurred in LGPS and may continue to materially impact the valuation of the Council's liability going forward.

### Guaranteed Minimum Pension (GMP)

GMP was accrued by members of the Local Government Pension Scheme (LGPS) between 6 April 1978 and 5 April 1997. The value of GMP is inherently unequal between males and females, however overall equality of benefits was achieved for public service schemes through the interaction between scheme pensions and the Second State Pension. The introduction of the new Single State Pension in April 2016 disrupted this arrangement and brought uncertainty over the ongoing indexation of GMPs, which could lead to inequalities between men and women's benefits. The fund's actuary has carried out calculations in order to estimate the impact that the GMP indexation changes will have on the liabilities of the Council for financial reporting purposes. The estimate assumes that the permanent solution eventually agreed will be equivalent in cost to extending the interim solution to all members reaching state pension age from 6 April 2016 onwards. This increased liability has been reflected in the annual accounts as a past service cost in 2019/20 and no further impact assessed at 31 March 2026.

### Effect if Actual Results Differ from Assumptions

The effects on the net pension liability to changes in individual assumptions can be measured. The following table shows the sensitivity of the results to the changes in the principal assumptions used to measure the scheme liabilities:

# Notes to the Financial Statements

Sensitivities at 31 March 2026	Approx % increase to Employer Liability	Approx monetary amount £ 000
0.1% decrease in Real Discount Rate	1.44	14,002
0.1% increase in the Salary Increase Rate	0.11	1,063
0.1% increase in the Pension Increase Rate	1.34	12,955

In addition, the actuary has estimated that a one-year increase in life expectancy would approximately increase the Employers Defined Benefit Obligation by around 2.9%.

## Property, Plant and Equipment

Assets are depreciated over useful lives that are dependent on a number of assumptions including the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance. Significant changes to the assumptions on spend for repairs and maintenance for example, could impact on the useful lives of the assets.

### Effect if Actual Results Differ from Assumptions

If the useful life of the asset is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge would increase.

A sensitivity analysis was carried out on assets depreciated in 2025/26. The impact if the useful life of the assets was reduced by 1 year would be to increase depreciation by £5.9m for General Fund assets and £1.4m for HRA with corresponding decreases in the carrying amounts.

## Property Valuations

In 2025/26, the valuation of the following assets was reviewed as at 31 March 2026:

- Housing Stock – a full review, carried out by the District Valuer, resulted in a valuation of £581.0m which represents an increase of £57.6m on the previous year. Housing Stock is valued on an EUV (Estimated Useful Life) basis for Social Rent (EUV-SH).
- Education Properties – a desktop review was carried out by Graham & Sibbald and led to a valuation increase of £19.4m on the previous year, totalling £441.8m. Education properties are valued on an EUV basis using a market value comparison (EUV-MV) and where assets are considered specialised e.g. primary schools depreciated replacement cost on a modern equivalent basis where appropriate (DRC/MEA).
- Non-Operational Assets – these were reviewed by Ryden to £61.0m, an increase of £2.09m. Non-Operational assets were valued on a Market Value basis.
- Operational Assets – a desktop impairment review was carried out by Ryden resulting in a decrease of £2.6m to £60.5m

As noted above – these valuations were undertaken to ensure that the carrying value is not materially different from the current value.

The changes in valuation in assets in 2025/26, compared to 2024/25, represent updated information around the assets since the most recent full valuation, in particular the cost of replacing assets based on RICS indices for the changes in market value of housing properties and adjustments for social rent discounts for housing stock.

### Effect if Actual Results Differ from Assumptions

The net book value of all Council property, plant, and equipment subject to revaluation through the 5-year revaluation cycle is £1.418 billion. All property assets were subject to an impairment review of revaluation in 2025/26. The impact of a 5% change in valuation of these would be £70.9m, either resulting in an increase or

# Notes to the Financial Statements

decrease in the Council's revaluation reserve or an additional impairment charge. There would be no impact on the Council's general fund.

## Arrears

As at 31 March 2026 the Council has Council Tax debt due of £18.8m, housing rents of £10.1m and sundry debtors of £8.1m. Management reviewed these balances at 31 March and determined that an allowance for doubtful debts of £16.1m, £5.1m and £2.2m was appropriate for the respective balances based upon historical assessment of recoverability/review of individual balances and correspondence with third parties/ageing analysis at year end. Management has continued to review all material outstanding balances at the year-end subsequent to 31 March and has not determined any further allowance is required based on recovery to date.

An increase of 5% in the value of the above provisions would amount to c.£0.805m, c.£0.2366m and c.£0.112m respectively.

## Note 5: Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the balance sheet date and the date when the Annual Accounts are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Annual Accounts are adjusted to reflect such events.
- those that are indicative of conditions that arose after the reporting period – the Annual Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

There have been no such events up to the date of authorisation.

Events taking place after the date of authorisation for issue are not reflected in the Annual Accounts.

# Notes to the Financial Statements

## Note 6: Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by the Council in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated between the Council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2024/25			2025/26			
Net Expenditure Chargeable to the General Fund and HRA Balances £ 000	Adjustments between the Funding and Accounting Basis (Note 7) £ 000	Net Expenditure in the Comprehensive Income and Expenditure Statement £ 000		Net Expenditure Chargeable to the General Fund and HRA Balances £ 000	Adjustments between the Funding and Accounting Basis (Note 7) £ 000	Net Expenditure in the Comprehensive Income and Expenditure Statement £ 000
280,705	15,204	295,909	Children's Services	287,113	(1,899)	285,214
103,912	768	104,680	Social Work Adult Services	109,937	(175)	109,762
41,015	19,539	60,554	Place Services	36,024	18,853	54,877
43,341	6,458	49,799	Transformation, Communities & Corporate Services	41,922	(1,219)	40,703
600	(600)	-	Pay and Energy Provisions	-	-	-
(23,046)	46,927	23,881	Housing Revenue Account	(1,819)	9,998	8,179
1,548	-	1,548	Valuation Joint Board	1,576	-	1,576
<b>448,075</b>	<b>88,296</b>	<b>536,371</b>	<b>Net Cost of Services</b>	<b>474,753</b>	<b>25,558</b>	<b>500,311</b>
40,432	(15,059)	25,373	Other Income and Expenditure	17,965	12,975	30,940
(467,148)	(31,093)	(498,241)	Taxation and Non-Specific Grant Income	(497,161)	(25,924)	(523,085)
<b>(426,716)</b>	<b>(46,152)</b>	<b>(472,868)</b>	<b>Total Other Income and Expenditure</b>	<b>(479,196)</b>	<b>(12,949)</b>	<b>(492,145)</b>
<b>21,359</b>	<b>42,144</b>	<b>63,503</b>	<b>(Surplus) or Deficit</b>	<b>(4,443)</b>	<b>12,609</b>	<b>8,166</b>
(113,965)	-	-	Opening General Fund & HRA Balance at 1 <sup>st</sup> April	(100,215)	-	-
21,359	-	-	Less/(Add) Deficit or Surplus on General Fund and HRA Balance in Year	(4,443)	-	-
(1,506)	-	-	Transfers to/(from) Other Statutory Reserves	2,086	-	-
(6,103)	-	-	Service Concessions	(1,421)	-	-
<b>(100,215)</b>			<b>Closing General Fund and HRA Balance at 31 March</b>	<b>(103,993)</b>		

For a split of this balance between the General Fund and the HRA – see the Movement in Reserves Statement.

# Notes to the Financial Statements

## Note 7: Expenditure and Funding Analysis – Adjustments

### Adjustments between Funding and Accounting Basis 2025/26

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note 1) £ 000	Net change for the Pensions Adjustments (Note 2) £ 000	Other Differences (Note 3) £ 000	Total Adjustments £ 000
Children's Services	669	(2,880)	312	<b>(1,899)</b>
Social Work – Adult Services	1,112	(1,396)	109	<b>(175)</b>
Place Services	20,294	(1,604)	163	<b>18,853</b>
Transformation, Communities & Corporate Services	3,459	(2,891)	(1,787)	<b>(1,219)</b>
Housing Revenue Account	11,139	(819)	(322)	<b>9,998</b>
<b>Net Cost of Services</b>	<b>36,673</b>	<b>(9,590)</b>	<b>(1,525)</b>	<b>25,558</b>
	<b>(15,753)</b>	<b>268</b>	<b>2,536</b>	<b>(12,949)</b>
	<b>20,920</b>	<b>(9,322)</b>	<b>1,011</b>	<b>12,609</b>

### Adjustments between Funding and Accounting Basis 2024/25

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note 1) £ 000	Net change for the Pensions Adjustments (Note 2) £ 000	Other Differences (Note 3) £ 000	Total Adjustments £ 000
Children's Services	14,300	784	120	<b>15,204</b>
Social Work – Adult Services	585	369	(186)	<b>768</b>
Place Services	19,116	433	(10)	<b>19,539</b>
Transformation, Communities & Corporate Services	6,903	(118)	(327)	<b>6,458</b>
Pay and Energy Provisions	-	-	(600)	<b>(600)</b>
Housing Revenue Account	46,847	382	(302)	<b>46,927</b>
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statements Surplus or Deficit on the Provision of Services</b>	<b>(42,391)</b>	<b>(3,761)</b>		<b>(46,152)</b>
	<b>45,360</b>	<b>(1,911)</b>	<b>(1,305)</b>	<b>42,144</b>

#### (1) Adjustments for Capital Purposes

This column includes depreciation and impairment of non-current assets, amortisation of intangible assets, capital grants and contributions which have been applied to capital financing, gains, and losses on the disposal of non-current assets, statutory charges for the financing of capital investment, capital expenditure charged against the General Fund and HRA balances and any adjustments involving the Capital Fund.

#### (2) Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income. This represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs; and the net interest on the defined benefit.

# Notes to the Financial Statements

## (3) Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute include the amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements, the amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements and the removal of the impact of internal recharges in accordance with Code requirements. Pay and Energy provision has also been adjusted to align with the Council's Management Accounts.

## Note 8: Expenditure and Income Analysed by Nature

The authority's expenditure and income are analysed as follows:

2024/25 £ 000		2025/26 £ 000
	<b>Expenditure</b>	
340,238	Employee benefits expenses	348,431
392,773	Other services expenses	429,858
110,625	Depreciation, amortisation, impairment	83,508
32,734	Interest payments	32,191
56,975	Pensions interest cost	75,538
2,169	Loss on the disposal of assets	2,380
<b>935,514</b>	<b>Total Expenditure</b>	<b>971,906</b>
	<b>Income</b>	
(307,265)	Fees, charges, and other service income	(361,486)
(5,769)	Interest & investment income	(3,899)
(60,736)	Pensions interest income on plan assets	(75,270)
(155,200)	Income from council tax, non-domestic rates	(176,459)
(343,041)	Government grants and contributions	(346,626)
<b>(872,011)</b>	<b>Total Income</b>	<b>(963,740)</b>
<b>63,503</b>	<b>(Surplus) or Deficit on the Provision of Services</b>	<b>8,166</b>

# Notes to the Financial Statements

## Note 9: Adjustments between Accounting Basis and Funding Basis Under Regulations 2025/26

This Note details the adjustments that are made to the total Comprehensive Income and Expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

	General Fund Balance £ 000	HRA Balance £ 000	Capital Reserves £ 000	Total Usable Reserves £ 000	Unusable Reserves £ 000
Depreciation, impairment, and downward revaluation of non-current assets	(19,758)	(34,182)	-	<b>(53,940)</b>	53,940
Amortisation of Intangible Assets	(257)	-	-	<b>(257)</b>	257
Right of Use Assets	(78)	-	-	<b>(78)</b>	78
Non-Enhancing Capital Expenditure	(704)	-	-	<b>(704)</b>	704
Statutory Repayment of Debt (Loans Fund Advances)	3,607	11,169	-	<b>14,776</b>	(14,776)
Statutory Repayment of Debt (PFI)	8,903	-	-	<b>8,903</b>	(8,903)
Use of reserves to finance new Capital Expenditure	2,347	-	-	<b>2,347</b>	(2,347)
Capital expenditure charged to the General Fund Balance (CFCR)	4,807	5,500	(2,350)	<b>7,957</b>	(7,957)
Capital Receipts applied to fund Capital Expenditure	-	-	1,815	<b>1,815</b>	(1,815)
Capital Grants Received	19,684	8,433	-	<b>28,117</b>	(28,117)
Capital Receipts Received	-	-	(1,087)	<b>(1,087)</b>	1,087
Net (Gain)/Loss on Sale of Assets	(2,394)	15	-	<b>(2,379)</b>	2,379
Amount by which pension costs calculated in accordance with the Code (i.e., in accordance with IAS 19) are different from the contributions due under the pension scheme regulations	8,517	805	-	<b>9,322</b>	(9,322)
Net transfer to or from the Accumulated Absences account required by legislation	(684)	(26)	-	<b>(710)</b>	710
Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements	174	42	-	<b>216</b>	(216)
Application of Service Concessions	(1,421)	-	-	<b>(1,421)</b>	1,421
<b>Total Adjustments</b>	<b>22,743</b>	<b>(8,244)</b>	<b>(1,622)</b>	<b>12,877</b>	<b>(12,877)</b>

Movements in Usable and Unusable reserves are set out in more detail in Notes 10 and 11 respectively.

# Notes to the Financial Statements

## Adjustments between accounting basis and funding basis under regulations 2024/25

	General Fund Balance £ 000	HRA Balance £ 000	Capital & Other Reserves £ 000	Total Usable Reserves £ 000	Unusable Reserves £ 000
Depreciation, impairment, and downward revaluation of non-current assets	(42,376)	(26,864)	-	<b>(69,240)</b>	69,240
Amortisation of Intangible Assets	(324)	-	-	<b>(324)</b>	324
Right of Use Assets	234	-	-	<b>234</b>	(234)
Non-Enhancing Capital Expenditure	(1,982)	-	-	<b>(1,982)</b>	1,982
Statutory Repayment of Debt (Loans Fund Advances)	3,612	9,594	-	<b>13,206</b>	(13,206)
Statutory Repayment of Debt (PFI)	15,172	-	-	<b>15,172</b>	(15,172)
Capital expenditure charged to the General Fund Balance (CFCR)	7,661	-	-	<b>7,661</b>	(7,661)
Capital Receipts applied to fund Capital Expenditure	-	-	3,222	<b>3,222</b>	(3,222)
Capital Grants Received	25,290	5,803	-	<b>31,093</b>	(31,093)
Capital Receipts Received	-	-	(2,787)	<b>(2,787)</b>	2,787
Net (Gain)/Loss on Sale of Assets	(2,069)	(100)	-	<b>(2,169)</b>	2,169
Amount by which pension costs calculated in accordance with the Code (i.e., in accordance with IAS 19) are different from the contributions due under the pension scheme regulations	2,083	(172)	-	<b>1,911</b>	(1,911)
Net transfer to or from the Accumulated Absences account required by legislation	1,297	8	-	<b>1,305</b>	(1,305)
Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements	242	58	-	<b>300</b>	(300)
Application of Service Concessions	(6,103)	-	-	<b>(6,103)</b>	6,103
<b>Total Adjustments</b>	<b>(2,737)</b>	<b>(11,673)</b>	435	<b>(8,501)</b>	<b>8,501</b>

Movements in Usable and Unusable reserves are set out in more detail in Notes 10 and 11 respectively.

## Note 10: Usable Reserves

Reserves are amounts set aside for specific purposes outwith the definition of provisions. They are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year and included within the Net Cost of Services in the Comprehensive Income & Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure in that year.

Section 93 of the Local Government (Scotland) Act 1973 requires the Council to have a General Fund. Schedule 3 to the Local Government (Scotland) Act 1975 also allows local authorities to establish a Repairs and Renewals Fund, an Insurance Fund, and a Capital Fund. Other reserves have also been established to meet the accounting requirements of the Code.

2024/25 £ 000	Usable Reserves	2025/26 £ 000
(100,215)	General Fund	(103,993)
(5,132)	Insurance Fund	(5,299)
(537)	Repairs & Renewals	(2,457)
(2,720)	Capital Receipts Reserve	(2,024)
(197)	Capital Grants and Receipts Unapplied Account	(2,514)
<b>(108,801)</b>	<b>Total</b>	<b>(116,287)</b>

# Notes to the Financial Statements

## (a) General Fund

	Balance at 1 April 2025 £ 000	Balance at 31 March 2026 £ 000	Movement £ 000	Purpose of Reserve
General Fund (Unearmarked)	(11,821)	(11,821)	-	Council's reserve strategy is to provide for 2% of annual revenue expenditure (currently £9.8m - £12.8m) to be held as a contingency against unforeseen events and emergencies.
HRA	(2,380)	(4,200)	(1,820)	HRA reserve to meet future revenue and capital investment.
Grants	(15,331)	(12,674)	2,657	Carry forward of grant funding not yet utilised.
Devolved School Management	(1,458)	(2,194)	(736)	The Devolved School Management Reserve enables schools to carry forward balances to be utilised in future years.
Spend to Save	(2,847)	(2,161)	686	Earmarked to cover the costs of Voluntary Severance, funding spend-to-save initiatives and supporting enabler projects to deliver Council priorities.
Central Energy Efficiency Fund	(530)	(738)	(208)	This fund allows for energy efficiency works to be completed. Savings generated are paid back into the fund for the delivery of future projects.
Place Services	(4,138)	(5,118)	(980)	Place Services have three funds split across the three operational areas of Invest Falkirk, Growth Planning and Climate and Environment & Operations.
COVID-19 Grants	(2,096)	(1,332)	764	COVID Funding of £1.3m specifically relates to Education. Proposals for the use of the funding was detailed in the March Budget report, with most of the funding to be used to purchase school minibuses.
Earmarked Reserves	(1,106)	(2,104)	(998)	The Council approved a number of earmarked reserves on 1 March 2023. The balance remaining includes £0.2 for Children & Families, £0.2m for climate change initiatives, and £0.5m for 20mph speed zones. Additional funds of £1.2m were added in 25/26 to support further community planning, engagement and support activities across the area
Empty Property Relief	(899)	(899)	-	Empty property relief for non-domestic properties was devolved to local authorities. This fund will be used to mitigate exceptional costs arising from properties becoming vacant.
Budgetary Pressures	(1,250)	(7,950)	(6,700)	During the year, as part of the Budget and Financial Strategy reports, Members have approved increased commitments for a range of feasibility and investment projects, with a remaining uncommitted balance of £6m to meet future pressures given the potential volatility during 2026/27
Service Concessions	(56,359)	(52,802)	3,557	Service Concession Arrangements released a further £1.4m, with £5m applied in 2025/26. As part of the budget for 2026/27 Members noted proposals to set aside £30m of service concessions for capital investment.
<b>Total</b>	<b>(100,215)</b>	<b>(103,993)</b>	<b>(3,778)</b>	

# Notes to the Financial Statements

## (b) Insurance Fund

An updated independent actuarial valuation of the Insurance Fund was undertaken in March 2024. This has established that there are sufficient funds to meet its outstanding liabilities in respect of Property, Liability and Motor Insurance claims. There is no material risk which remains unfunded. The balance of the Fund as at 31 March 2026 is £5.299m (£5.132m as at 31 March 2025).

## (c) Repairs & Renewals

The Repairs and Renewals Fund is used to finance repairs, maintenance, replacement, or renewal of fixed assets.

2024/25 £ 000	Repairs & Renewals Fund	2025/26 £ 000
(2,043)	Balance at 1 April	(537)
1,506	Appropriation to/(from) General Fund	(1,920)
-	Application of Fund	-
<b>(537)</b>	<b>Balance at 31 March</b>	<b>(2,457)</b>

## (d) Capital Receipts Reserve

The Capital Receipts Reserve holds proceeds from the sale of assets which have been set aside to use for a specific purpose at a future date.

2024/25 £ 000	Capital Receipts Reserve	2025/26 £ 000
(3,146)	Balance at 1 April	(2,720)
(2,787)	Capital Receipts received in year	(1,087)
3,213	Capital Receipts applied to fund Capital Expenditure	1,783
<b>(2,720)</b>	<b>Balance at 31 March</b>	<b>(2,024)</b>

## (e) Capital Grants and Receipts Unapplied Account

This reserve comprises Section 75 contributions from developers and capital grants/contributions for which conditions often apply. The movement on this reserve is as follows:

2024/25 £ 000	Analysis of the Capital Grants & Receipts Unapplied Account	2025/26 £ 000
(206)	Balance at 1 April	(197)
9	Movement in Capital Grants & Contributions held for standard use	(2,317)
<b>(197)</b>	<b>Balance at 31 March</b>	<b>(2,514)</b>

## Note 11: Unusable Reserves

Certain reserves are kept to manage the accounting processes for non-current assets and financial instruments as well as retirement benefits and do not represent usable resources for the Council.

2024/25 £ 000	Unusable Reserves	2025/26 £ 000
(268,736)	Capital Adjustment Account	(275,128)
(352,668)	Revaluation Reserve	(396,452)
8,414	Accumulated Absences Account	9,124
24,656	Pension Reserve	20,397
2,420	Financial Instruments Adjustment Account	2,204
<b>(585,914)</b>	<b>Total</b>	<b>(639,855)</b>

# Notes to the Financial Statements

## (a) Capital Adjustment Account

The Capital Adjustment Account contains the difference between amounts provided for depreciation and amounts that require to be charged to revenue to repay the principal element of external loans. It also contains the amount of impairment charged to revenue to the extent that the revaluation reserve does not contain a revaluation gain relevant to a specific asset.

2024/25 £ 000		2025/26 £ 000
108,551	Depreciation/ impairment and downward revaluation of non-current assets	80,127
324	Amortisation of intangible assets	257
(39,311)	Adjustment between CAA and Revaluation Reserve for depreciation that is related to the revaluation balance rather than Historic Cost	(28,529)
(234)	Right of Use Assets recognised under IFRS 16	78
1,982	Non-Enhancing Capital Expenditure	704
(13,206)	Statutory Repayment of Debt (Loans Fund Advances)	(15,119)
(15,172)	Statutory Repayment of Debt (PFI)	(143)
-	Liability for the PFI Schemes	(8,760)
(7,661)	Capital expenditure charged to the General Fund Balance (CFCR)	(10,307)
(3,216)	Capital Receipts Applied to Fund Capital Expenditure	(1,784)
(31,093)	Capital Grants Applied to Fund Capital Expenditure	(28,117)
2,087	Net Book Value of Asset Disposals	3,437
6,103	Service Concessions	1,764
<b>(268,736)</b>	<b>Balance at 31 March</b>	<b>(275,128)</b>

## (b) Revaluation Reserve

The Revaluation Reserve records the increase in value of non-current assets as a result of revaluation. These increases are offset by the depreciation charge incurred as a result of the revaluation of each asset. On disposal of an asset, the reserve is reduced by any balance it may hold in relation to that asset. Any downward revaluations will be processed through the revaluation reserve up to the value of any previous credits which may exist. The balance in the revaluation reserve represents an increase in the net worth of the Council. However, these gains would only be recognised if the assets were sold, and a capital receipt generated.

2024/25 £ 000		2025/26 £ 000
<b>(496,223)</b>	<b>Balance at 1 April</b>	<b>(352,668)</b>
2,863	Net Book Value of Assets Disposals	2,343
101,381	Loss/(Gain) on Revaluation of Non-Current Assets	(74,656)
39,311	Adjustment between CAA and Revaluation Reserve for depreciation that is related to the revaluation balance rather than Historic Cost	28,529
<b>(352,668)</b>	<b>Balance at 31 March</b>	<b>(396,452)</b>

## (c) Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The credit balance on the Pensions Reserve currently shows that resources are sufficient to meet the benefits earned by past and future employees. Statutory arrangements continue to ensure that adequate funding is available to meet pension benefits that are due to be paid.

# Notes to the Financial Statements

2024/25 £ 000		2025/26 £ 000
(172,077)	Remeasurements of Pension Assets/Liabilities	(85,082)
(1,911)	Amount by which pension costs calculated in accordance with the Code (i.e. in accordance with IAS 19) are different from the contribution due under the pension scheme regulations	(9,322)
278,037	Effect of Asset Ceiling Limitation on net defined benefit Asset	90,145
<b>24,656</b>	<b>Balance at 31 March</b>	<b>20,397</b>

## (d) Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2024/25 £ 000		2025/26 £ 000
<b>9,719</b>	<b>Balance at 1 April</b>	<b>8,414</b>
(1,305)	Net transfer to or (from) earmarked reserves required by legislation	710
<b>8,414</b>	<b>Balance at 31 March</b>	<b>9,124</b>

## (e) Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Council uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Council's case, this period is the unexpired term that was outstanding on the loans when they were redeemed. As a result, the balance on the Account at 31 March 2025 will be charged to the General Fund over the next 30 years.

2024/25 £ 000		2025/26 £ 000
<b>2,720</b>	<b>Balance at 1 April</b>	<b>2,420</b>
(300)	Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements	(216)
<b>2,420</b>	<b>Balance at 31 March</b>	<b>2,204</b>

## Note 12: Material Items of Income and Expense

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance. There were no material items requiring additional disclosure in 2025/26.

## Note 13: Related Party Transactions

The Council is required to disclose material transactions with related parties – that is bodies or individuals that have potential to control or influence the Council or to be controlled or influenced by the Council.

# Notes to the Financial Statements

## Scottish Government

The Scottish Government is a related party as it exerts significant influence through legislation and funding. Grants received from the Scottish Government are set out in Note 36.

## Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' remuneration, allowances and expenses paid in 2025/26 is shown in the Annual Remuneration Report. Details of all members interests are recorded in the Register of Members' Interest.

## Other Public Bodies

The Council undertakes material transactions with Central Scotland Valuation Joint Board and Falkirk Integration Joint Board, which are detailed in the tables below. Falkirk Integration Joint Board is a formal partnership between NHS Forth Valley and Falkirk Council as established under the Public Bodies (Joint Working) (Scotland) Act 2014 to lead the integration, strategic planning and commissioning of adult health and social care services in the Falkirk area.

## Entities Controlled or Significantly Influenced by Falkirk Council

The Council has significant interests in the following organisations:

- Falkirk Schools Gateway Ltd operate four schools for Falkirk Council under a NPDO (Non Profit Distributing Organisation) arrangement. Falkirk Council has representation on the Board of Falkirk Schools Gateway Ltd
- Falkirk Community Justice Partnership consists of statutory partners, of which Falkirk Council is one.
- Family Centres – Falkirk Council has a Service Level Agreement with Aberlour (Langlees Family Centre) and One Parent Families whereby an agreed level of service is provided for an agreed fee.
- Falkirk Towns Ltd is a company limited by guarantee initially established by Falkirk Council and is funded by BID (Business Improvement District) Levy that Falkirk Council collects on their behalf. The Council has a representative that sits on the Board of Directors
- Central Scotland Green Network Trust is a partnership body funded mainly by Scottish Government. Falkirk Council is one of the partner bodies.
- Committed to Ending Abuse (CEA) Ltd is a limited company and registered Scottish Charity committed to ending all forms of abuse which receives funding from Falkirk Council.
- Forth Green Freeport Operating Company Ltd is a wholly owned subsidiary of Forth Green Freeport Ltd. Falkirk Council Chief Finance Officer and one Falkirk Council Councillor sit on the Board of Forth Green Freeport Ltd. In line with the Forth Green Freeport Full Business Case (FBC), Falkirk Council (along with Fife Council and City of Edinburgh Council) contributes a proportion of retained NDR from Forth Green Freeport Tax Sites towards the operating costs of Forth Green Freeport Operating Company Ltd.

Other material transactions with related parties were as follows:

Income 2024/25	Expenditure 2024/25		Income 2025/26	Expenditure 2025/26
£ 000	£ 000		£ 000	£ 000
		<b>Other Public Bodies</b>		
110,674	100,874	Falkirk Integration Joint Board	112,728	141,004
19	1,548	Central Scotland Valuation Joint Board	15	1,576
120	-	Falkirk Council Pension Fund	120	-
		<b>Entities Controlled or Significantly Influenced by Falkirk Council</b>		
-	7,767	Falkirk Schools Gateway Ltd	-	7,871
253	-	Falkirk Community Justice Partnership	253	-
-	243	Family Centres	-	243
-	355	Falkirk Towns Ltd	-	236
-	151	Committed to Ending Abuse (CEA Ltd)	-	239
-	148	Central Scotland Green Network Trust	-	135
-	71	Forth Green Freeport Operating Co Ltd	-	90
<b>111,066</b>	<b>111,157</b>	<b>TOTAL</b>	<b>113,116</b>	<b>151,394</b>

# Notes to the Financial Statements

Outstanding balances for related parties were as follows:

2024/25 Debtor £ 000	2024/25 Creditor £ 000		2025/26 Debtor £ 000	2025/26 Creditor £ 000
		<b>Other Public Bodies</b>		
2,404	634	Falkirk Integration Joint Board	-	21,500
7	-	Central Scotland Valuation Joint Board	4	-
		<b>Entities Controlled or Significantly Influenced by Falkirk Council</b>		
627	8	Falkirk Schools Gateway	1,246	-
1	21	Family Centres	1	21
-	117	Falkirk Towns Ltd	-	104
-	-	Committed to Ending Abuse (CEA Ltd)	-	-
-	-	Central Scotland Green Network Trust	-	10
-	71	Forth Green Freeport Operating Co Ltd	20	225
<b>3,039</b>	<b>851</b>	<b>TOTAL</b>	<b>1,271</b>	<b>21,860</b>

## Note 14: External Audit Fee

The agreed external audit fee for Falkirk Council for 2025/26 was £423,740 (£406,120 in 2024/25). These fees were for work undertaken in accordance with the Code of Audit Practice. No non-audit services were provided by Audit Scotland.

## Note 15: Agency Arrangements

The Council has an agreement with Scottish Water whereby it collects water and waste charges in conjunction with collection of Council Tax. The income received from this service in 2025/26 was £611,900 (£604,047 in 2024/25).

## Note 16: Defined Benefit Pension Schemes

As part of the terms and conditions of employment, the Council offers retirement benefits to its employees. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future pension entitlement.

### The Local Government Pension Scheme

The scheme provides defined benefits for non-teaching employees and is administered locally by the Council. The scheme is funded which means that the Council and the scheme members pay contributions into a fund, calculated at a level that is intended to balance the pensions liabilities with investment assets. The contribution rate of employees is tiered between 5.5% and 12% depending on the level of members' salary.

The fund is used to pay pension and lump sum benefits to scheme members and their dependants. Contributions to the fund are made by active members and by participating employers. Income also flows into the fund through its investments which include equities, property and bonds.

The assets and liabilities of the Council's pension arrangements as at 31 March 2026 have been calculated by Barnett Waddingham, a firm of independent Consulting Actuaries.

The principal risks of the Council's participation in the Local Government Pension Scheme are diverse economic cycles, varying levels of investment return and changes in mortality rates. All of these are factors which could impact on the Council's cash flow position as they could require the actuary to set a revised employer contribution rate having undertaken the three-yearly valuation of the pension fund.

# Notes to the Financial Statements

Whilst there is always an element of uncertainty as to the extent of any change in the contribution rate, the actuary is obliged to have regard to the Fund's Funding Strategy which is to take a prudent long - term view of liabilities and maintain as constant an employer contribution rate as possible.

Around 20 employers currently participate in the Falkirk Council Pension Fund. If any Fund employer were to be wound up and unable to pay its share of any fund deficit, that liability would fall on the employers remaining in the Fund, including Falkirk Council.

The Council is itself a guarantor of the pension liabilities of Haven Products Ltd. There was no requirement for the guarantor role to be activated during 2025/26.

Falkirk Council has delegated pension fund business to its Pensions Committee which comprises six elected members from Falkirk Council and three co-opted members representing Trade Unions, Pensioners and Other Fund employers. The work of the Pensions Committee is overseen by a statutory Pension Board which consists of four trade union representatives and four employer representatives.

In accordance with the requirements of International Accounting Standard 19 "Employee Benefits" (IAS 19), the Council is required to disclose certain information concerning assets, liabilities, income, and expenditure related to Pension Schemes for its employees.

Regulation 55 of the Local Government Pension Scheme (Scotland) Regulations 2014 requires that an Administering Authority must prepare a pension fund annual report. Statutory guidance issued by the Scottish Government and contained in the Local Government Finance Circular No. 1/2011 requires that the annual report is to be published separately from the Council's accounts and is to be subject to a separate audit opinion.

The annual report of the Falkirk Council Pension Fund in respect of year 2025/26 can be inspected online at [www.falkirkpensionfund.org](http://www.falkirkpensionfund.org) by following the links to local government pension scheme.

The Council has powers to grant additional benefits under Discretionary Payments Regulations. On occasion, benefits under the regulations may be awarded by the Council where an employee leaves in the interests of the efficiency of the service or on the grounds of redundancy. These are unfunded schemes meaning that there are no investment assets built up to meet the pension liabilities. These benefits have been accounted for on a defined benefit basis.

The cost of retirement benefits in the Net Cost of Services is recognised when employees earn them, rather than when the benefits are eventually paid as pensions. The following information is in relation to the Comprehensive Income and Expenditure Statement.

## Comprehensive Income and Expenditure Statement

31/03/25 £ 000		31/03/26 £ 000
32,841	Current Service Cost	24,478
51,434	Interest Cost	51,660
-	Administration Expenses	1,039
5,541	Interest on Effect of Asset Ceiling	22,839
(60,736)	Interest Income on Plan Assets	(75,270)
2,184	Past Service Costs/(Gains)	933
<b>31,264</b>	<b>Total</b>	<b>25,679</b>

## Reconciliation of present value of defined benefit obligation

31/03/25 £ 000		31/03/26 £ 000
<b>1,069,952</b>	<b>Opening Defined Benefit Obligation</b>	<b>943,022</b>
32,841	Current Service Cost	24,478
51,434	Interest Cost	51,660
8,983	Contributions by Members	9,553
	<b>Remeasurements:</b>	
(1,788)	Change in demographic assumptions	7,548

# Notes to the Financial Statements

(168,705)	Change in financial assumption	(25,525)
(12,621)	Other experience	3,332
2,184	Past Service Cost	933
(36,732)	Benefits paid	(46,770)
(2,526)	Unfunded Benefits Paid	(2,533)
<b>943,022</b>	<b>Closing Defined Benefit Obligation</b>	<b>965,698</b>

## Reconciliation of the movements in the fair value of plan assets

31/03/25 £ 000		31/03/26 £ 000
<b>1,264,781</b>	<b>Opening Fair Value of Plan Assets</b>	<b>1,317,380</b>
60,736	Interest Income on Plan Assets	75,270
-	Administration Expenses	(1,039)
	<b>Remeasurements:</b>	
(11,037)	Return on Plan Assets excluding the amount included in net interest	70,437
30,649	Contributions by Employer	32,468
8,983	Contributions by Members	9,553
2,526	Contributions in respect of unfunded benefits	2,533
(36,732)	Benefits Paid	(46,770)
(2,526)	Unfunded Benefits Paid	(2,533)
<b>1,317,380</b>	<b>Closing Fair Value of Plan Assets</b>	<b>1,457,299</b>

## Disclosure of Net Pensions Asset/Liability

### Local Government Pension Schemes

The underlying assets and liabilities for retirement benefits attributable to the Council at 31 March 2026 are as follows:

31/03/25 £ 000		31/03/26 £ 000
(24,656)	Net Liability	(20,397)
399,014	Net Asset	511,998
(399,014)	Effect of Asset Ceiling Limitation on Net Defined Benefit Asset	(511,998)
<b>(24,656)</b>	<b>Closing Net Asset / (Liability)</b>	<b>(20,397)</b>

The net position above includes the sum of £20.4m for year ended 31 March 2026 (£24.7m for 31 March 2025) being unfunded liabilities related to the award of discretionary benefits.

The net defined benefit asset at 31 March 2026 has been measured to the lower of the surplus in the defined benefit plan and the asset ceiling.

In deriving the asset ceiling, assumptions have been made on the present value of the economic benefits available in the form of refunds from the plan and reductions in future contributions to the plan. No economic benefit has been recognised with regards to a refund as it is an entitlement which is not wholly within the Council's control. The economic benefit associated with a reduction in future contributions, recognising a minimum funding requirement for future service, has been estimated as the present value of employer future service costs less the present value of future employer contributions. This economic benefit, however, cannot be reduced below zero where the present value of future employer contributions exceeds the present value of future service costs.

Using assumptions consistent with those used to determine the defined benefit obligation at 31 March 2026, the asset ceiling has been valued at £512m, recognising the following:

- Net present value of employer future service costs: £984m
- Net present value of employer future contributions: £1,240m.

# Notes to the Financial Statements

Actuaries have recognised the weighted average duration of the benefit obligation which takes account of the average time until payment of all expected future discounted cash flows, based on membership and the financial and demographic assumptions. Falkirk has been allocated into a Medium category with a weighted average duration of 14.8 years.

## Fair Value of Employer Assets

The assets held by the Pensions Fund are primarily a mixture of equities, bonds and property and an expected rate of return has been set equal to the discount rate of 6.1% (5.8% for year ended 31 March 2025).

Quoted Prices in Active Markets 31/03/25 £ 000	Prices not Quoted in Active Markets 31/03/25 £ 000	Total 31/03/25 £ 000		Quoted Prices in Active Markets 31/03/26 £ 000	Prices not Quoted in Active Markets 31/03/26 £ 000	Total 31/03/26 £ 000
<b>Equity Securities</b>						
123,527	-	123,527	Consumer	136,401	-	136,401
105,155	-	105,155	Manufacturing	112,889	-	112,889
62,401	-	62,401	Energy and Utilities	78,858	-	78,858
92,048	-	92,048	Financial Institutions	76,863	-	76,863
46,696	-	46,696	Health & Care	54,688	-	54,688
69,046	-	69,046	Information Technology	72,297	-	72,297
10,555	-	10,555	Other	11,156	-	11,156
<b>509,428</b>	-	<b>509,428</b>		<b>543,152</b>	-	<b>543,152</b>
<b>Debt Securities</b>						
184,005	-	184,005	UK Government	211,359	-	211,359
17,047	-	17,047	Other	-	-	-
<b>201,052</b>	-	<b>201,052</b>		<b>211,359</b>	-	<b>211,359</b>
<b>Private Equity</b>						
-	<b>4,518</b>	<b>4,518</b>		-	<b>3,388</b>	<b>3,388</b>
<b>Real Estate</b>						
-	71,294	71,294	UK Property	-	70,563	70,563
-	-	-	Overseas Property	-	-	-
-	<b>71,294</b>	<b>71,294</b>		-	<b>70,563</b>	<b>70,563</b>
<b>Investment Funds and Unit Trusts</b>						
200,979	-	200,979	Equities	236,794	-	236,794
21,016	-	21,016	Bonds	74,258	-	74,258
-	192,364	192,364	Infrastructure	-	184,979	184,979
-	22,676	22,676	Other	-	18,202	18,202
<b>221,995</b>	<b>215,040</b>	<b>437,035</b>		<b>311,052</b>	<b>203,181</b>	<b>514,233</b>
<b>Cash and Cash Equivalents</b>						
<b>94,053</b>	-	<b>94,053</b>		<b>114,604</b>	-	<b>114,604</b>
<b>1,026,528</b>	<b>290,852</b>	<b>1,317,380</b>	<b>Total</b>	<b>1,180,167</b>	<b>277,132</b>	<b>1,457,299</b>

A substantial portion of employer assets are invested in global financial markets. Valuations can therefore be affected by the strength of local currency against sterling.

The main assumptions used in the calculations have been:

31/03/25 % p.a.		31/03/26 % p.a.
2.80	Pension Increase Rate	2.90
3.30	Salary Increase Rate	6.10
5.80	Discount Rate	3.40

# Notes to the Financial Statements

## Investment Returns

The return on the fund in market value terms for the period to 31 March 2026 is estimated based on actual fund returns and index returns where necessary. Details are given below:

Actual Returns from 1 April 2025 to 31 March 2026	11.1%
Total Returns from 1 April 2025 to 31 March 2026	11.1%

## Demographic assumptions – Mortality

Average future life expectancy calculated by the Pension Fund Actuary at age 65 are summarised below:

	Males	Females
Current Pensioners	20.7	23.3
Future Pensioners	21.9	25.2

## Commutation

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2009 service and 75% for post-April 2009 service.

## Projected pension expense for the year to 31 March 2027

The following table sets out the estimation of the pension cost for 2026/27, based on the assumptions as at 31 March 2026 (the start of the period):

## Analysis of projected amount to be charged to Net Cost of Services for the year to 31 March 2027

Year Ended	£ 000
Projected Current Service Cost	24,655
Interest on Obligation	1,041
Interest Income on Plan Assets	233
<b>Total</b>	<b>25,929</b>

The estimated Employer's contributions for the year to 31 March 2027 will be approximately £31.13m.

The pension fund's approach to meeting its obligations is set out in its Funding Strategy Statement. The funding policy is to achieve a funding level of 100% of liabilities. At present, while the fund is showing a positive overall balance of £492m, the underlying strategy is to require employers to make up any deficit contributions over periods of up to 20 years, but also maintain contribution levels at as stable a rate as possible.

In order to achieve the desired stability, Falkirk Council's contribution rate has been determined as part of a pooled group, including Clackmannanshire and Stirling Councils.

## Note 17: Defined Contribution Pension Schemes

### The Teachers' Pension Scheme

Teachers are members of the Scottish Teachers' Superannuation Scheme which provides specified benefits upon retirement. We make contributions based on a percentage of members' pensionable salaries and it is technically a defined benefit scheme. Unlike the Local Government Scheme, we are not required to apply IAS 19 disclosures in respect of the Teachers' Scheme as the liability rests ultimately with the Scottish Government and the costs recorded are thus the actual contributions made during the year.

The scheme is administered by the Scottish Public Pensions Agency (SPPA) and provides defined benefits for teaching employees. The employee contribution rate ranges from 7.35% to 12.14% depending on the level of teachers' salary.

# Notes to the Financial Statements

During the year, the Council paid £24.266m (£23.188m in 2024/25) to the Scottish Government in respect of teachers' pension costs and this was based on 26% of teachers' pensionable pay.

The Council is also required to meet the costs of benefits arising from compensatory added years, as well as the costs arising from the early release of benefits in the Teachers' Pension Scheme. In 2025/26, these amounted to £1.174m, representing 1.25% of pensionable pay (£1.210m, representing 1.36% of pensionable pay in 2024/25). We are responsible for the costs of any additional benefits awarded upon early retirement. These are accounted for on a defined benefit basis.

With regard to the Teachers' Pension Scheme, there were no contributions outstanding at the year end.

## Note 18: Leases

### (a) The Council as Lessee

#### Right of Use Assets

As a lessee, under IFRS 16, the Council recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

The Council applies recognition exemptions to short-term leases and has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a term of 12 months or less and leases of low value assets (below £10,000 when new). The Council recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Council used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Lease liabilities are measured at the present value of the remaining lease payments, discounted by the Council's incremental borrowing rate at that date
- A single discount rate has been applied to portfolios of leases with reasonably similar characteristics
- Right-of use assets are measured at the amount of the lease liability, adjusted for any initial direct costs that have been excluded
- All leases were assessed as to whether they were onerous at 31 March 2024, so right-of-use assets have not been subject to an impairment review – carrying amounts have been reduced by any provisions for onerous contracts that were in the 31 March 2024 balance sheet
- For right-of-use assets for peppercorn or nominal lease payments a right-of use asset has been recognised at fair value.

The table below shows the change in the value of right-of-use assets held under leases by the authority:

	Land and Buildings £ 000	Vehicles, Plant and Equipment £ 000	Total £ 000
<b>Balance as at 1 April 2025</b>	<b>2,270</b>	<b>2,682</b>	<b>4,952</b>
Adjustments	1,133	(54)	<b>1,079</b>
Additions	-	307	<b>307</b>
Revaluations	-	-	-
Depreciation & Amortisation	(619)	(604)	<b>(1,223)</b>
Disposals	-	-	-
<b>Balance as at 31 March 2026</b>	<b>2,784</b>	<b>2,331</b>	<b>5,115</b>

# Notes to the Financial Statements

The Council incurred the following expenses and cash flows in relation to leases:

As at 31 March 2025 £ 000		As at 31 March 2026 £ 000
140	Interest Expense of lease liability	250
-	Expense relating to Short-Term Leases	-
-	Expense relating to exempt leases of low-value items	-
<b>Cash Flow Statement</b>		
1,030	Total cashflow for leases	1,396
140	Cash payments for Interest portion of lease liabilities	250
-	Short-term lease payments where exemptions taken	-
-	Low value lease payments where exemptions taken	-

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected payments):

As at 31 March 2025 £ 000		As at 31 March 2026 £ 000
984	Not Later than one year	1,155
2,972	Later than one year and not later than five years	3,139
762	Later than five years	665
<b>4,718</b>	<b>Total</b>	<b>4,959</b>

## (b) The Council as Lessor

The Council is not required to make any adjustment on transition to IFRS 16 for leases in which it acts as a lessor, except for sub-leases, or where the Council is party to a lease for nil consideration. There were no such arrangements in place for inclusion in these accounts.

### Finance Leases

The Council leases out Northfield Quarry to Tillicoultry Quarries Ltd on a finance lease with a remaining term of 2 years.

The Council has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term. The gross investment is made up of the following amounts:

31/03/25 £ 000		31/03/26 £ 000
	Finance lease debtor (net present value of minimum lease payments):	
89	Current	96
231	Non-Current	135
32	Unearned finance income	15
<b>352</b>	<b>Gross investment in the lease</b>	<b>246</b>

The gross investment in the lease and the minimum lease payments will be received over the following periods:

Gross Investment in the Lease 31/03/25 £ 000	Minimum Lease Payment 31/03/25 £ 000		Gross Investment in the Lease 31/03/26 £ 000	Minimum Lease Payment 31/03/26 £ 000
106	89	Not later than one year	106	96
246	231	Later than one year and not later than 5 years	141	135
<b>352</b>	<b>320</b>	<b>Total</b>	<b>247</b>	<b>231</b>

# Notes to the Financial Statements

## Operating Leases

The Council leases out land and buildings to provide suitable affordable accommodation for local businesses in the interests of economic development.

The future minimum lease payments receivable under non-cancellable leases in future years are:

31/03/25 £ 000		31/03/26 £ 000
3,421	Not later than one year	3,288
7,318	Later than one year and not later than five years	7,203
18,838	Later than five years	18,789
<b>29,577</b>	<b>Total</b>	<b>29,280</b>

## Note 19: Intangible Assets

Intangible assets are assets that do not have physical substance but are identifiable and controlled by the Council (e.g. software licences). These assets will bring benefits to the Council for more than one financial year.

Intangible assets have been initially valued at cost and are then amortised on a straight-line basis to the Comprehensive Income and Expenditure Statement over the economic life of the investment from the year after the year of purchase. Accounting treatment of intangible assets is the same as Property, Plant and Equipment. However, Intangible assets are not revalued, as the fair value of the assets held by the Council cannot be determined by reference to an active market.

The Council accounts for its software as Intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The Intangible assets include both purchased licenses and software.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the major software suites used by the Council is 5 years.

The largest single intangible asset for the Council is Office 365 Backup and Cloud Storage which has a carrying value of £0.254m as at 31 March 2026 (£0.338m as at 31 March 2025).

The movement on intangible asset balances during the year is as follows:

Other Assets 2024/25 £ 000		Other Assets 2025/26 £ 000
<b>Balance at start of year:</b>		
6,238	Gross carrying amounts	6,757
(5,774)	Accumulated amortisation	(6,098)
<b>464</b>	<b>Net carrying amount at start of year</b>	<b>659</b>
<b>Additions:</b>		
519	Purchases	145
(324)	Amortisation for the period	(257)
<b>659</b>	<b>Net carrying amount at end of year</b>	<b>547</b>
<b>Comprising:</b>		
6,757	Gross carrying amounts	6,902
(6,098)	Accumulated amortisation	(6,355)
<b>659</b>		<b>547</b>

# Notes to the Financial Statements

## Note 20: Property, Plant and Equipment

This note details the movement in Property, Plant and Equipment (PPE) during 2025/26. The valuation bases, useful lives and depreciation methods are described below.

### Property, Plant & Equipment Movements in 2025/26

	Council Dwellings £ 000	Other Land and Buildings £ 000	Vehicles, Plant and Equipment £ 000	Community Assets £ 000	Assets under Construction £ 000	Surplus Assets £ 000	Right of Use Assets £ 000	Total £ 000
								2,271,425
IFRS 16 Implementation	-	3,538	-	-	-	-	-	3,538
Additions	32,975	17,561	6,240	1,666	23,618	-	1,386	83,446
<b>Revaluations:</b>								
Recognised in Revaluation Reserve	74,326	27,390	-	-	-	88	-	101,804
Recognised in Provision of Services	10,845	10,042	-	-	(1,059)	15	-	19,843
<b>De-recognition:</b>								
Disposals	-	(3,989)	(1,937)	-	-	-	-	(5,926)
Assets reclassified to/from Held for Sale	-	(3,754)	-	-	-	2,915	-	(839)
Other Movements in Cost or Valuation	2,699	(217)	-	-	(2,779)	165	-	(132)
								2,473,159
								1,119,467
<b>Depreciation:</b>								
Charge for Year	24,072	30,756	5,939	911	-	-	1,223	62,901
<b>Impairment Losses/(Reversals):</b>								
Recognised in Revaluation Reserve	2,843	16,401	-	-	-	790	-	20,034
Recognised in Provision of Services	28,201	2,205	-	-	-	-	-	30,406
IFRS 16 Impairment	-	3,538	-	-	-	-	-	3,538
<b>De-recognition:</b>								
Disposals	-	(583)	(1,907)	-	-	-	-	(2,490)
<b>As at 31 March 2026</b>	<b>431,754</b>	<b>719,666</b>	<b>61,709</b>	<b>9,259</b>	<b>1,798</b>	<b>7,684</b>	<b>1,986</b>	<b>1,233,856</b>
Net Book Value								
31 March 2025	515,285	563,378	13,052	18,230	34,023	3,038	4,952	1,151,958
31 March 2026	581,014	561,632	13,323	18,985	53,803	5,431	5,115	1,239,303

# Notes to the Financial Statements

## Property, Plant & Equipment Movements in 2024/25

	Council Dwellings £ 000	Other Land and Buildings £ 000	Vehicles, Plant and Equipment £ 000	Community Assets £ 000	Assets under Construction £ 000	Surplus Assets £ 000	Right of Use Assets £ 000	Total £ 000
<b>Cost or Valuation as at 1 April 2024</b>	<b>805,940</b>	<b>1,150,615</b>	<b>67,207</b>	<b>25,068</b>	<b>72,945</b>	<b>10,462</b>	-	<b>2,132,237</b>
IFRS 16 Implementation	-	52,726	-	-	-	-	1,325	54,051
Additions	38,318	7,576	4,660	1,510	30,787	-	4,390	87,241
<b>Revaluations:</b>								
Recognised in Revaluation Reserve	-	3,622	-	-	-	-	-	3,622
Recognised in Provision of Services	-	9,134	-	-	-	-	-	9,134
<b>De-recognition:</b>								
Disposals	-	(3,394)	(1,211)	-	-	(100)	-	(4,705)
Assets reclassified to/from Held for Sale	-	(14)	-	-	-	(430)	-	(444)
Other Movements in Cost or Valuation	47,665	10,462	73	-	(67,911)	-	-	(9,711)
<b>As at 31 March 2025</b>	<b>891,923</b>	<b>1,230,727</b>	<b>70,729</b>	<b>26,578</b>	<b>35,821</b>	<b>9,932</b>	<b>5,715</b>	<b>2,271,425</b>
<b>Accumulated Depreciation &amp; Impairment as at 1 April 2024</b>	<b>275,206</b>	<b>564,093</b>	<b>52,293</b>	<b>7,492</b>	<b>1,151</b>	<b>6,839</b>		<b>907,074</b>
<b>Depreciation:</b>								
Charge for Year	25,397	30,710	6,496	856	-	-	763	64,222
<b>Impairment Losses/(Reversals):</b>								
Recognised in Revaluation Reserve	55,293	5,702	-	-	-	55	-	61,050
Recognised in Provision of Services	20,742	15,106	-	-	647	-	-	36,495
IFRS 16 Impairment	-	52,726	-	-	-	-	-	52,726
<b>De-recognition:</b>								
Disposals	-	(988)	(1,112)	-	-	-	-	(2,100)
<b>As at 31 March 2025</b>	<b>376,638</b>	<b>667,349</b>	<b>57,677</b>	<b>8,348</b>	<b>1,798</b>	<b>6,894</b>	<b>763</b>	<b>1,119,467</b>
Net Book Value								
31 March 2024	530,734	586,522	14,914	17,576	71,794	3,623	-	1,225,163
31 March 2025	515,285	563,378	13,052	18,230	34,023	3,038	4,952	1,151,958

# Notes to the Financial Statements

## Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e., repairs and maintenance) is charged as an expense when it is incurred.

## Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Assets are carried in the Balance Sheet using the following measurement bases:

- Council dwellings – current value, determined using the basis of existing use value (Social Housing – Beacon Method)
- infrastructure, community assets and assets under construction – historical cost
- surplus assets – fair value, estimated at highest and best use from a market participant's perspective
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV, except where there is no market-based evidence of fair value).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

## Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Depreciation is not charged on Assets Held for Sale.

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.

## Depreciation

Depreciation is provided by a straight-line allocation of depreciable amounts over useful lives. Depreciation is charged in the year of acquisition, but no depreciation is charged in the year of disposal. An exception is made for assets without a determinable finite useful life (i.e., freehold land and certain Community Assets) and assets that are not yet available for use (i.e., assets under construction). Typical useful lives are determined by the valuer:

	Typical Lives
Buildings	10-50 years
Council Dwellings	21-25 years
Vehicles, Plant & Equipment	5-25 years
I.T. Equipment	3-5 years
Infrastructure	10-50 years

If building assets are depreciated over lease terms the life may be lower than 10 years. Where an item of Property, Plant and Equipment has a valuation in excess of £1m and has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

# Notes to the Financial Statements

## Revaluation & Impairment

The Council's annual rolling valuation programme, undertaken by external valuers, ensures assets requiring valuation are valued at least every 5 years. This ensures that the values in the Balance Sheet are not materially different from an assets fair value at the year-end. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. However, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Assets are assessed at each year-end to determine if there is any indication that an asset may be impaired. For the 2025/26 accounts, this assessment has been performed by external valuers. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the revaluation reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); or
- where there is no balance in the revaluation reserve, or an insufficient balance, the excess value is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

## 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. Names of the external surveyors used are disclosed in Note 4.

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

Category	Last/Next Full Valuation	Valuation Basis
Education - Primary & Secondary Schools	31 March 2024/ 31 March 2029	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	31 March 2024/ 31 March 2029	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.
Non-Operational Assets	31 March 2023 / 31 March 2028	Market Value
HRA – Other non-specialised Operational	31 March 2023 / 31 March 2028	Existing Use Value
Other, including Community Asset and some Offices	31 March 2023 / 31 March 2028	Open Market Value for Existing Use or where recognised as specialised, Depreciated Replacement Cost
Social Work	31 March 2022 / 31 March 2027	Open Market Value for Existing Use
HRA - Council Dwellings	31 March 2026 / 31 March 2031	Existing Use Value – Social Housing (EUV-SH)
Vehicles, Plant & Equipment	Not applicable	Historical Cost
Infrastructure Assets	Not applicable	Historic Cost
Assets Under Construction	Not Applicable	Cost
Surplus Assets	Not applicable	Fair value equivalent to market Value

# Notes to the Financial Statements

Annually, outwith the 5-year full valuation rolling programme, a desktop review is carried out for the following asset categories:

1. Council Dwellings
2. Education Assets
3. Non-Operational Assets
4. Operational Assets

In 2025/26 HRA Council Dwellings were revalued as at 31 March 2026. This resulted in a net upwards revaluation of these assets of £57.6m.

Desktop impairment reviews were carried out with the following results:

- Education Properties – the review led to a valuation increase of £19.4m compared to 2024/25
- Non-Operational Assets – the review led to an increase of £2.09m compared to 2024/25
- Operational Assets – the review led to a decrease of £2.6m compared to 2024/25

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

CIPFA guidance has introduced an alternative approach to maintaining current values for Property, Plant and Equipment (PPE) through the application of indices between each year of full revaluation.

The Council has continued to apply the current practice detailed above for 2025/26 accounts, with implementation being deferred until the 2026/27 financial year to ensure alignment with asset management process and valuation methodologies. Current valuations continue to be supported by a combination of full external valuations and desktop reviews, ensuring that asset carrying values are not materially misstated.

## Capital Commitments

As at 31 March 2026, the Council has entered into a number of contracts for the construction, enhancement or purchase of Property, Plant and Equipment in 2025/26 and future years, budgeted to cost £40.6m. Commitments at 31 March 2024 were £42.4m. The major commitments are:

Project	£ m
New Build Housing	22.1
Heating & Gas Infrastructure (Housing)	2.8
Energy, Efficiency & Climate Change	0.6
External Fabric Improvements (Housing)	1.3
TIF	13.0
Various / Misc. Contracts	0.8
<b>Total</b>	<b>40.6</b>

## Note 21: Infrastructure Assets

2024/25 £ 000		2025/26 £ 000
<b>159,932</b>	<b>Net carrying amount at 1 April</b>	<b>177,972</b>
(9,228)	Depreciation	(9,749)
17,557	Additions	15,267
9,711	Transfer from AUC	-
<b>177,972</b>	<b>Balance outstanding at 31 March</b>	<b>183,490</b>

In August 2025, the Scottish Government confirmed in Local Government Finance Circular 06/2025 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 2027 financial year.

# Notes to the Financial Statements

The Council has applied available statutory override for infrastructure assets:

Statutory Override 1 of LGFC 06/2025 permits local authorities in Scotland not to disclose gross cost and accumulated depreciation. This applies for accounting periods commencing from 1 April 2021 until 31 March 2027.

## Note 22: 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.

2024/25 £ 000		2025/26 £ 000
<b>266</b>	<b>Cost or Valuation as at 1 April</b>	<b>275</b>
9	Movements	29
-	<b>Accumulated Depreciation and Impairment as at 1 April</b>	-
-	Movements	-
<b>275</b>	<b>Net Book Value as at 31 March</b>	<b>304</b>

The total net book value of Heritage Assets at 31 March 2026 is £0.304m, 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 £0.007m added in 2016/17, £0.009m added in 2024/25 and £0.029m added in 25/26 for memorial statues.

## Note 23: Assets held for Sale

Current 2024/25 £ 000	Non Current 2024/25 £ 000		Current 2025/26 £ 000	Non Current 2025/26 £ 000
<b>7,946</b>	-	<b>Balance at 1 April</b>	<b>6,533</b>	-
444	-	Net Movement in Assets newly classified as Held for Sale	839	-
<b>Revaluation losses:</b>				
(540)	-	Recognised in Revaluation Reserve	(387)	-
(251)	-	Recognised in Provision of Services	(525)	-
<b>Revaluation gains:</b>				
1,278	-	Recognised in Revaluation Reserve	405	-
-	-	Recognised in Provision of Services	410	-
(2,344)	-	Assets sold	(3,406)	-
<b>6,533</b>		<b>Balance outstanding 31 March</b>	<b>3,869</b>	

# Notes to the Financial Statements

## 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.

The Capital Expenditure and Capital Financing note for 2024/25 has been restated to adjust the Closing Capital Financing Requirement at 31 March 2025 following corrections identified during the LFR process. This restatement ensures a correct CFR opening balance and year on year comparison.

2024/25 £ 000		2025/26 £ 000
<b>619,657</b>	<b>Opening Capital Financing Requirement</b>	<b>710,819</b>
	<b>Capital Investment:</b>	
102,692	Property, Plant and Equipment	98,453
519	Intangible Assets	145
9	Heritage Assets	29
327	Revenue Expenditure Funded from Capital under Statute	327
	<b>IFRS 16:</b>	
(234)	Right of Use Assets – Liability	78
52,726	PFI Schemes Uplift	3,537
	<b>Service Concession Arrangements:</b>	
5,109	In-Year increase for Class 98 Schools	624
994	In-Year increase for NPDO Schools	1,141
	<b>Sources of Finance:</b>	
(3,213)	Capital receipts	(1,784)
(33,085)	Government grants and other contributions	(28,444)
	<b>Sums set aside from revenue:</b>	
(6,304)	Direct revenue contributions	(10,307)
(12,880)	Loans Fund Principal	(14,776)
(326)	Loans Fund Principal – Service Concessions	(343)
(15,172)	Assets acquired under PFI / PPP contracts	(8,759)
-	Service Concessions Applied	-
<b>710,819</b>	<b>Closing Capital Financing Requirement</b>	<b>750,740</b>
	<b>Explanation of movements in year:</b>	
60,945	Increase in underlying need to borrow (unsupported by government financial assistance)	58,419
52,492	Increase in Liability for IFRS 16	3,616
6,103	Service Concessions – In-Year increase	1,764
(12,880)	Loans Fund Principal	(14,776)
(326)	Loans Fund Principal – SCA's	(343)
(15,172)	PFI / PPP contract unitary charge payment	(8,759)
-	Service Concessions applied	-
<b>91,162</b>	<b>Increase / (Decrease) in Capital Financing Requirements</b>	<b>39,921</b>

## 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.

# Notes to the Financial Statements

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.

Falkirk Council currently operates one PFI scheme:

- Falkirk Schools Gateway Ltd for the provision of 4 schools with payments due from January 2009 and terminating in March 2040.

The Council's other previous PFI scheme, Class 98 Ltd, which operated since August 2000, ended in August 2025. The schools involved have now transferred back to the Council. The part-year impact of Class 98 has been reflected in 2025/26 statements.

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)
- 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 *	Falkirk Schools Gateway Ltd	TOTAL
	£ 000	£ 000	£ 000
<b>Balance as at 1 April 2025</b>	<b>129,283</b>	<b>127,417</b>	<b>256,700</b>
IFRS 16 Revaluation	81	3,457	<b>3,538</b>
Net Additions during year	5,538	111	<b>5,649</b>
Revaluation	2,869	3,375	<b>6,244</b>
IFRS 16 Impairment	(81)	(3,457)	<b>(3,538)</b>
Depreciation	(9,030)	(5,115)	<b>(14,145)</b>
<b>Net Book Value 31 March 2026</b>	<b>128,660</b>	<b>125,788</b>	<b>254,448</b>

\*The contract with Class 98 Ltd, for the provision of 5 schools, terminated in August 2025 when the Assets were transferred back to the Council. These assets will no longer form part of the PFI contract going forward.

# Notes to the Financial Statements

## (b) Movement in Liabilities

	Class 98 £ 000	Falkirk Schools Gateway Ltd £ 000	TOTAL £ 000
<b>Balance as at 1 April 2025</b>	<b>3,649</b>	<b>101,611</b>	<b>105,260</b>
Adjustment for remeasurement	81	3,456	<b>3,537</b>
Repaid during year	(3,730)	(5,029)	<b>(8,759)</b>
<b>Balance as at 31 March 2026</b>	<b>-</b>	<b>100,038</b>	<b>100,038</b>
of which:			
Current	-	5,294	<b>5,294</b>
Long Term	-	94,744	<b>94,744</b>
<b>Total</b>		<b>100,038</b>	<b>100,038</b>

## (c) Estimated Future Unitary Payment Obligations

Basic Annual Payments	Class 98	Service Charges £ 000	Interest £ 000	Finance Lease Repayment £ 000	2025/26 £ 000
Within one year					
<b>Total</b>					

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 4.5% per annum as per the operator's financial model.

Basic Annual Payments Falkirk Schools Gateway Ltd.	Falkirk	Service Charges £ 000	Interest £ 000	Finance Lease Repayment £ 000	2025/26 £ 000
Within one year		7,909	5,840	5,294	<b>19,043</b>
In the second to fifth years inclusive		34,172	20,194	21,805	<b>76,171</b>
In the sixth to tenth years inclusive		44,279	17,465	33,471	<b>95,215</b>
In the eleventh to fifteenth years inclusive		19,361	4,647	39,468	<b>63,476</b>
<b>Total</b>		<b>105,721</b>	<b>48,146</b>	<b>100,038</b>	<b>253,905</b>

The figures shown above for the Basic Annual Payment assume an indexation rate of 6.0% as per the operator's financial model.

## Service Concession Arrangements

Within the Local Government Finance Circular 10/2022 – Finance Leases and Service Concession Arrangements, the Scottish Government has outlined a provision for financial flexibility which allows local authorities to apply a retrospective recalculation of the annual charges to the General Fund in relation to the principal capital repayment element of service concession arrangements for PFI contracts. The application of this flexibility makes no change to the actual payments to the contractor.

The adjustments are time related and the overall repayments charged to the General Fund will remain unchanged. Falkirk Council has approved the application of this flexibility and the adoption of the resultant revised accounting arrangements in respect of its PFI contracts and the capital repayment element of the contracts have been reviewed and adjusted in a manner consistent with the accounting of other fixed assets. Under the revised accounting arrangements, an annuity-based repayment schedule has been identified as prudent, sustainable, affordable and reflecting the anticipated flow of benefits from the assets. This has resulted in the rescheduling of charges to the General Fund over a 40-year useful economic life of the assets rather than the current contract terms and reprofiling of the costs to 2053.

# Notes to the Financial Statements

	Original Payment Profile £ 000	Revised Payment Profile £ 000	Service Concession Adjustment £ 000
Prior Years	93,689	11,408	(82,281)
Payable 2024/25	4,929	3,508	(1,421)
Payable within 2-5 years	14,518	21,769	7,251
Payable within 6-10 years	17,931	31,067	13,136
Payable within 11-15 years	21,143	38,772	17,629
Payable within 16-20 years	-	26,574	26,574
Payable within 21-25 years	-	16,455	16,455
Payable within 26-30 years	-	2,657	2,657
	<b>152,210</b>	<b>152,210</b>	

## 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

There are no contingent assets.

### (b) Contingent Liabilities

- (i) The Limitation (Childhood Abuse) (Scotland) Act 2017 removed the three-year time limit on claims for child abuse. Historic claims are therefore likely against Falkirk Council and its predecessors. Whilst the Scottish Government has put in place a Redress Scheme for survivors of historical child abuse in care, individuals have the option to progress via this route for a capped pre-determined amount (funded by various organisations, including all 32 Scottish Councils) or to pursue a claim against Falkirk Council directly.
- (ii) A historical claim was received in relation to a mesothelioma action. The asbestos exposure includes an uninsured period. The allocation of claim apportionment sees Falkirk Council self-funding 40.9% of the total claim. Given the claim is still being assessed, at this stage it is not possible to accurately quantify the costs.
- (iii) On 8 September 2021, a fatal incident occurred on a Falkirk Council road construction site. This matter was reported to the Health and Safety Executive which has since concluded its involvement and closed the case. A report for this incident was also submitted to the Procurator Fiscal. Notification has now been received confirming that charges are to be brought against Falkirk Council, with a financial penalty expected. It is not possible to estimate the likely level of fine or penalty at this time.

# Notes to the Financial Statements

## Note 27: Loans Outstanding

These loans were raised to finance the capital expenditure of the Council. The source of these loans as at 31 March 2026 was as follows:

2024/25 £ 000	Short & Long Term Borrowing	2025/26 £ 000
<b>Short Term Borrowing</b>		
(89,500)	Temporary Borrowing	(70,000)
(48,127)	Public Works Loans Board	(112,408)
(5,990)	Accrued Interest	(6,135)
<b>(143,617)</b>	<b>Total Short Term Borrowing</b>	<b>(188,543)</b>
<b>Long Term Borrowing</b>		
(322,274)	Public Works Loan Board	(296,866)
(26,000)	Market Bonds	(26,000)
(12,000)	Temporary Borrowing	(27,000)
(1,223)	Accrued Interest	(1,716)
<b>361,497</b>	<b>Total Long Term Borrowing</b>	<b>(351,582)</b>

Short-Term Borrowing per the Balance Sheet is £189.974m. This figure includes temporary borrowing of £188.543m and £1.431m in respect of Third-Party balances which are invested in the Loans Fund as at 31 March 2026.

## Note 28: 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) Equal Pay

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 seriously prejudice the outcome of the proceedings.

### (b) Insurance Claims

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 £0.601m up to 31 March 2025, with a further draw down of £0.007 in 2025/26. These payments relate to legacy claims. The balance on the provision at 31 March 2026 is £0.112m (£0.119m as at 31 March 2025).

# Notes to the Financial Statements

## Note 29: Long Term Debtors

Balance 31/03/25 £ 000		Advanced 2025/26 £ 000	Repaid 2025/26 £ 000	Balance 31/03/26 £ 000
320	Northfield Quarry	17	(106)	231
48	Owner Occupiers	-	(15)	33
2,217	Scottish Fire Service	-	(298)	1,919
110	Social Work Deferred Payments	130	-	240
200	Redding Park Development	-	-	200
<b>2,895</b>	<b>Total</b>	<b>147</b>	<b>(419)</b>	<b>2,623</b>

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.

## Note 30: Inventories

Consumable Closing Stocks are valued at average cost.

The value of stocks as at 31 March 2026 is shown below:

	2025/26 Opening Stock £ 000	Purchases / Additions £ 000	Stock Write Downs £ 000	Recognition as an expense £ 000	2025/26 Closing Stock £ 000
Stocks	317	1,410	(4)	(1,191)	532

## Note 31: 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 2026, the Council's Building Maintenance Division had several construction contracts in progress. The income derived from the value of work completed at 31 March 2026 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 2026.

## Note 32: Debtors

2024/25 £ 000		2025/26 £ 000
20,239	Central government bodies	13,805
2,314	Other local authorities	1,301
1,795	NHS Bodies	25,612
55,005	Other entities and individuals	62,841
2,404	Falkirk IJB	-
<b>81,757</b>		<b>103,559</b>
(23,451)	Provision for Bad Debt	(25,484)
<b>58,306</b>	<b>Total Debtors</b>	<b>78,075</b>

# Notes to the Financial Statements

## Note 33: Creditors

2024/25 £ 000		2025/26 £ 000
(3,039)	Central government bodies	(1,895)
(818)	Other local authorities	(631)
(945)	NHS Bodies	(838)
(84,541)	Other entities and individuals	(72,847)
(3,038)	Falkirk IJB	(21,500)
<b>(92,381)</b>	<b>Total Creditors</b>	<b>(97,711)</b>

## Note 34: Cash and Cash Equivalents

2024/25 £ 000		2025/26 £ 000
(5,547)	Bank Current Accounts	(8,534)
38,886	Deposits with UK Banks, Building Societies & Local Authorities	31,722
<b>33,339</b>	<b>Total</b>	<b>23,188</b>

## Note 35: 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 (£66,391) - to provide donations to residents of the former Burgh of Falkirk at the sole discretion of the Provost.
- Shank's Bequest (£30,617) - to provide donations to the needy of Denny.
- Candyend Trust (£96,084) - to provide donations to specific organisations assisting the elderly in the Muiravonside area.
- Alexander Douglas King Bequest (£21,753) – bequest for the promotion and advancement of education of art at Bo'ness Academy.
- McNair Bequest (£11,101) – bequest for the benefit of Bo'ness Academy.

#### Fund for which the Council is not Sole Trustee

- Odenwald Trust (£26,047) - 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 2026 there are three trustees of the Trust – Provost Robert Bissett, Councillor Sarah Patrick and Margaret Smith. 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 2026 the Trust had available funds of £175,625. 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 2024/25 £ 000	Temperance 2024/25 £ 000		General 2025/26 £ 000	Temperance 2025/26 £ 000
<b>Income</b>				
(17)	(5)	Investment Income	(16)	(5)
<b>Expenditure</b>				
1	-	Awards and Other Expenses	-	-
<b>(16)</b>	<b>(5)</b>	<b>Deficit / (Surplus) for the Year</b>	<b>(16)</b>	<b>(5)</b>
<b>Fixed Assets</b>				
3	171	External Investments	3	176
333	-	Internal Investments	349	-
<b>336</b>	<b>171</b>	<b>Net Assets</b>	<b>352</b>	<b>176</b>
(320)	(166)	Fund Balance at 1 April	(336)	(171)
(16)	(5)	Deficit/(Surplus) for Year	(16)	(5)
<b>(336)</b>	<b>(171)</b>	<b>Fund Balance at 31 March</b>	<b>(352)</b>	<b>(176)</b>

## Note 36: 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

2024/25 £ 000	Credited to Services	2025/26 £ 000
(4,214)	Criminal Justice	(4,414)
(25,817)	Housing DWP Subsidy	(21,745)
(371)	Education Maintenance Allowances	(364)
(1,426)	ETU Programmes	(2,469)
-	Extended Producer Responsibility	(5,429)
(478)	Home Insulation Scheme	(19)
(10,486)	Integration Fund	(10,583)
(5,283)	Pupil Equity Fund	(3,962)
(1,474)	Resettlement	(1,781)
(3,626)	Shared Prosperity Fund	(2,028)
-	Strategic Equity Fund	(1,319)
(2,796)	Other Grants	(2,642)
<b>(55,971)</b>	<b>Total</b>	<b>(56,755)</b>

2024/25 £ 000	Credited to Taxation and Non Specific Grant Income	2025/26 £ 000
(12,937)	Scottish Government – General Capital Grant	(15,429)
(1,905)	Scottish Government – Specific Capital Grants	(1,107)
(4,481)	Scottish Government – Other Grants	(8,150)
(8,252)	Other Grants	(1,973)
(1,602)	Developers Contributions	(451)
(1,916)	Other Contributions	(1,007)
<b>(31,093)</b>	<b>Capital Grants, Contributions and Donations</b>	<b>(28,117)</b>
(311,948)	Revenue Support Grant	(318,509)
<b>(311,948)</b>	<b>Government Grants</b>	<b>(318,509)</b>

## 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:

2024/25 £ 000	Capital Grants and Receipts Received in Advance	2025/26 £ 000
(601)	Scottish Government	(3,463)
(11,999)	Developers Contributions	(13,242)
(728)	Other Contributions	(1,721)
<b>(13,328)</b>	<b>Total</b>	<b>(18,426)</b>

## Note 37: 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 2025/26 for financial instruments.

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

# Notes to the Financial Statements

## Categories of Financial Instruments in the Balance Sheet

Long Term 31/03/25 £ 000	Current 31/03/25 £ 000		Long Term 31/03/26 £ 000	Current 31/03/26 £ 000
<b>Investments</b>				
-	-	Long Term Investments	-	-
<b>Other Financial Assets</b>				
-	39,646	Temporary Deposits	-	32,762
1,926	282	Loan Debt – Central Scotland Fire & Rescue Service	1,621	298
1,492	44	Other Loans & Receivables	1,446	46
-	58,306	Trade Debtors	-	78,348
<b>3,418</b>	<b>98,278</b>		<b>3,067</b>	<b>111,454</b>
<b>Borrowings</b>				
(322,274)	(48,127)	PWLB Debt	(296,866)	(112,408)
(26,000)	-	Non PWLB Debt	(26,000)	-
(12,000)	(89,500)	Temporary Short-Term Loans	(27,000)	(70,000)
<b>(360,274)</b>	<b>(137,627)</b>		<b>(349,866)</b>	<b>(182,408)</b>
<b>Other Financial Liabilities</b>				
-	(91,631)	Trade Creditors	-	(97,711)
(96,747)	(8,513)	PFI Finance Lease Liabilities	(94,744)	(5,294)
(3,764)	(954)	ROU Finance Lease Liabilities	(3,804)	(1,155)
<b>(100,511)</b>	<b>(101,098)</b>		<b>(98,548)</b>	<b>(104,160)</b>

### Investments

The Council does not have any investments.

### Other Financial Assets

The Council has loan debt due from Scottish Fire and Rescue Service, recognised in 2013 when the services were transferred from the Council and repayable annually until 2042.

The Council does not have any soft loans.

The majority of financial assets held are with other local authorities and banks and the Council's policy is to invest in approved counterparties for no more than 12 months. Local authorities are excluded from an impairment loss calculation. Deposits with other counterparties mature in less than 12 months and the credit risk is extremely low, consequently no credit losses are anticipated and therefore an impairment loss has not been calculated.

### Borrowings

The Council has a significant long term loan portfolio with the Public Works Loan Board (PWLB) as well as four money market loans. These are all held on the Balance Sheet at amortised cost. Interest on these borrowings is charged to the Comprehensive Income & Expenditure Statement (CIES).

The fair value of these borrowings, in accordance with IFRS13 Fair Value Measurement, can be assessed under hierarchy Level 2 (i.e. inputs other than quoted prices that are observable for the financial asset/liability either directly or indirectly), using net present values of cash flows expected over the remaining life of the debt to estimate the value of future payments. This will be higher than amortised cost as the Council's portfolios of loans includes fixed rate loans where interest payable is higher than rates available on similar loans in the market at the balance sheet date.

# Notes to the Financial Statements

Carrying Amount 31/03/25 £ 000	Fair value 31/03/25 £ 000		Carrying Amount 31/03/26 £ 000	Fair value 31/03/26 £ 000
370,401	346,572	PWLB Debt	409,274	381,231
26,000	22,661	Non-PWLB Debt	26,000	22,167
101,500	101,778	Temporary Loans	97,000	97,344
<b>497,901</b>	<b>471,011</b>	<b>Total Debt</b>	<b>532,274</b>	<b>500,742</b>

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

In previous years, the Council has modified its Loan Debt and the costs of this restructuring are added to amortised cost as an Effective Interest Rate (EIR) liability written down over the life of the debt. The impact on balances is spread over the life of the debt by an annual transfer between the CIES and the Financial Instruments Adjustment Account (FIAA).

## Other Financial Liabilities

Other Financial Liabilities include Trade Creditors. There is no difference between the carrying amount and the Fair Value of Trade Creditors.

## Nature and Extent of Risk Arising from Financial Instruments

### Key Risks

The Council's activities expose it to a variety of financial risks. The key risks are:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments
- Re-financing risk – the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms
- Market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements

## Overall Procedures for Managing Risk

The Council's treasury management practices operate to minimise exposure to the unpredictability of financial markets and aim to protect the financial resources available to fund services. The Council has formally adopted the requirements of the CIPFA Treasury Management Code of Practice.

The Treasury Management Strategy for the forthcoming year is approved annually by Council. This Strategy sets out criteria for both borrowing and investing and selecting investment counterparties in compliance with the Government Regulations.

Risk Management is carried out by Treasury Management staff, under policies approved by the Council in the Annual Treasury Management Strategy. The Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed periodically.

In accordance with the Prudential Code for Capital Finance in Local Authorities, the Council sets Prudential, and Treasury Indicators for the following five years as part of its annual budget report approved by full Council. Reports are submitted annually to Council providing a mid-year update and, after the year end, reporting on the actual performance against Treasury and Prudential Indicators.

# Notes to the Financial Statements

## Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are not made with financial institutions unless they meet identified minimum credit criteria set out in the Council's Treasury Management Strategy which is based on leading Credit Reference Agency ratings. The Annual Treasury Management Strategy also imposes maximum amounts and time limits in respect of each financial institution.

The Council also lends to other Local Authorities. To minimise the risks involved, lending is limited to £10m per Local Authority.

The Council does not generally allow credit for its trade debtors and £3.8m (£4.5m at 31 March 2025) of the £8.4m balance (£8.9m at 31 March 2025) is past its due date for payment. The past due amount can be analysed by age as follows:

	£ 000
Less than 28 days	864
29 – 56 days	156
57 – 84 days	129
More than 85 days	2,642
<b>Total</b>	<b>3,791</b>

The Council initiates a deferred charge on property in circumstances where clients, requiring the assistance of Social Work Services, are unable to meet their immediate financial liabilities. The total collateral at 31 March 2026 was £0.63m (£0.57m at 31 March 2025).

## Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through cash flow management procedures required by the Code of Practice.

The Council has ready access to borrowings from the Money Markets to cover any day-to-day cash flow need, and whilst the PWLB provides access to longer term funds, it also acts as a lender of last resort to councils (although it will not provide funding to a council whose actions are unlawful). The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

## Re-financing and Maturity Risk

The approved treasury indicator limits for the maturity structure of debt are the key parameters used to address re-financing and maturity risk. The Council approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. The team will monitor the maturity profile of financial liabilities and amend the profile through either new borrowing or the rescheduling of the existing debt. They will also monitor the maturity profile of investments to ensure sufficient liquidity is available for the Council's day-to-day cash flow needs. The maturity analysis of financial liabilities is as follows:

31/03/25	Approved Maximum Limits			31/03/26
£ 000	%	£ 000	£ 000	
137,626	Less than one year	35	186,296	182,409
97,408	Between one and two years	20	106,455	98,583
84,750	Between two and five years	20	106,455	101,083
30,417	Between five and ten years	30	159,682	2,500
49,381	Between ten and twenty years	30	159,682	49,381
31,000	Between twenty and thirty years	30	159,682	31,000
32,318	Between thirty and forty years	30	159,682	42,318
35,000	Between forty and fifty years	40	212,910	25,000
<b>497,900</b>	<b>Total</b>			<b>532,274</b>

# Notes to the Financial Statements

## Market Risk

**Interest rate risk** - the Council is exposed to interest rate movements on its borrowings and investments and rate changes have a direct impact on the CIES and General Fund or HRA balances. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. An increase in short term interest rates would increase the amount payable on short term borrowings (if variable rate) and potentially increase the amount receivable for investments.

Borrowings are held in the Balance Sheet at amortised cost rather than fair value, so any gains and losses to fair value as a result of a change in interest rates will not have an impact on the Balance Sheet.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws on the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately.

If all interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£ 000
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on variable rate investments	(328)
<b>Impact on Other Comprehensive Income and Expenditure</b>	<b>(328)</b>
Share of overall impact credited to the HRA	(201)
<b>Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)</b>	<b>(18,009)</b>

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed.

**Price Risk and Foreign Exchange risk** - The Council does not invest in equity shares and consequently is not exposed to gains or losses arising from movements in the prices of shares. The Council does not lend or borrow in foreign currencies and has no exposure to gains or losses arising from movements in exchange rates.

## Note 38: Other Long-Term Liabilities

2024/25 £ 000		2025/26 £ 000
(96,747)	PFI Finance Lease Liabilities	(94,744)
(143)	PFI Deferred Income	-
<b>(96,890)</b>	<b>Total</b>	<b>(94,744)</b>

## Note 39: Interest Payable

2024/25 £ 000		2025/26 £ 000
25,093	Interest Paid	25,811
7,641	Finance Lease Interest PFI / NPDO	6,380
<b>32,734</b>	<b>Total</b>	<b>32,191</b>

## Note 40: Group Accounts

### 1. Group Accounting Policies

The Group Accounting policies are those specified for the single entity accounts. The accounting policies of all group members are materially the same as those of the single entity.

#### Disclosure of Interest in Other Entities

The Council has adopted the recommendations of Chapter 9 of the Code, which requires local authorities to consider their interest in all types of entity to incorporate into Group Accounts.

A full set of Group Accounts, in addition to the Council's Accounts has been prepared which incorporates material balances from identified bodies.

#### Nature of Combination

The Council has accounted for its interest in its Associates and Joint Ventures by the equity method of accounting.

With regard to Central Scotland Valuation Joint Board, the Council's interest reflects the requisition share paid by the Council. Goodwill has not arisen as no consideration was paid for such interests.

All intra-group transactions have been eliminated from the Group Accounts as part of the consolidation process.

### 2. Financial Impact of Consolidation

By including the Subsidiary and Associate bodies (details of which are shown in Notes 4 and 5 below), the effect on the Group Balance Sheet is an increase in Reserves of £12.836m. This represents the Council's share of the net liabilities in those entities.

### 3. Combining Entities

Falkirk Council administers the Common Good Funds for the four former Town Councils of Bo'ness, Grangemouth, Falkirk and Denny. These funds can only be used for a limited range of purposes. They are not assets of the Council and are not included in the Council's Balance Sheet, however, they have been included in the Group Account Statements and consolidated in full.

The accounting period end for all entities is 31 March 2026. Copies of the most recent audited accounts of the group entities are available from the Chief Finance Officer, Falkirk Council.

#### Associate

##### *Central Scotland Valuation Joint Board*

This Board is jointly administered by the Councils of Clackmannanshire, Falkirk and Stirling and appoints an Assessor for the valuation area who also acts as Electoral Registration Officer. Falkirk Council is requisitioned for 49.5% of expenditure, based on adjusted population.

# Notes to the Financial Statements

## Joint Ventures

### *Falkirk Integration Joint Board*

Falkirk Integration Joint Board (IJB) is a statutory body established to integrate health and social care services between Falkirk Council and NHS Forth Valley. The contribution provided by Falkirk Council in 2025/26 was £141.0m (£100.9m in 2024/25), consisting of both General Fund and HRA elements. The IJB Board comprises 6 voting members consisting of 3 elected members from Falkirk Council and 3 non-executive Health Board members.

## 4. Group Income and Expenditure of Associates and Joint Ventures

### Share of the (Surplus) or Deficit on Provision of Services by Associates and Joint Ventures

2024/25 £ 000		2025/26 £ 000
(145)	Central Scotland Valuation Joint Board	29
2,773	Falkirk Integration Joint Board	(2,825)
<b>2,628</b>	<b>Total</b>	<b>(2,796)</b>

### Share of Other Comprehensive Income & Expenditure of Associates and Joint Ventures

2024/25 £ 000		2025/26 £ 000
1,638	Central Scotland Valuation Joint Board	28
<b>1,638</b>	<b>Total</b>	<b>28</b>

## 5. Group Entities Reserves

2024/25 Total £ 000	Reserves	Central Scotland Valuation Joint Board £ 000	Common Good Funds £ 000	Falkirk Integration Joint Board £ 000	2025/26 Total £ 000
	Usable	(189)	(1,233)	(10,683)	<b>(12,105)</b>
	Unusable	163	(894)	-	<b>(731)</b>
	<b>Total</b>	<b>(26)</b>	<b>(2,127)</b>	<b>(10,683)</b>	<b>(12,836)</b>

## 6. Non-Consolidation Interests in Other Entities

The Council has a relationship with the following entities which have been set up for specific purposes but have not been consolidated into the Group.

- Trust Funds - Although administered by Falkirk Council, these have been excluded under the quantitative assessment of materiality.
- The Hub Initiative - This was established to aid the delivery of capital investment projects across Scotland. Equity and working capital is split amongst the private sector (60%), the 17 public sector bodies (30%) and the Scottish Futures Trust (10%). Falkirk Council has no particular control or influence and, therefore, their interest is immaterial.
- Community Schools 2008 Charity – This was established to receive and disburse monies contractually received from the NPDO Schools project holding company to voluntary groups and organisations providing recreational facilities in the Council area. Falkirk Council has no significant influence.
- Forth Green Freeport – Falkirk Council was one of the partners in a successful bid to operate a Green Freeport in Scotland – the Forth Green Freeport. The successful bid was submitted by a consortium of

# Notes to the Financial Statements

public and private organisations, including Falkirk Council, City of Edinburgh Council, Fife Council, Babcock, CalaChem, Forth Ports, Ineos and others. The aims of the project include:

- To support delivery of a just transition to net zero
- To attract inward investment
- To build international trade and export capability
- To create high quality and well-paid jobs

The project is overseen by the Forth Green Freeport Board. Falkirk Council has a role as Accountable Body which primarily means that the Council will oversee the Seed Capital funding and ensure it is spent in accordance with the appropriate terms and conditions.

The Council is represented on the Board by one councillor – Councillor Cecil Meiklejohn - and the Chief Finance Officer as the Accountable Body representative. Councillor Meiklejohn replaced Councillor Alan Nimmo on 6 May 2026. Councillor Meiklejohn and the Chief Finance Officer are both Directors of Forth Green Freeport Ltd.

The Freeport will see the creation of a number of tax sites and the overall delivery and management of these will be co-ordinated by an Operating Company. Forth Green Freeport Ltd was incorporated in February 2024 and Forth Green Freeport Operating Ltd was incorporated in May 2024.

## Annual Governance Statement 2025/26

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. The Council must also include an Annual Governance Statement (AGS) as part of the Annual Accounts.

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 has monitored and evaluated its effectiveness, as well as 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.

Good governance leads to good management, good performance, good stewardship of public money, good public engagement and, ultimately, good outcomes for the Falkirk area citizens and service users. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The AGS includes the following sections:

- Section 1: Annual Governance Statement Purpose: what Good Governance means;
- Section 2: The Council's Governance Framework;
- Section 3: The Council's Compliance with Codes of Corporate Governance;
- Section 4: Assurance on the effectiveness of the Governance Framework;
- Section 5: Conclusion and Opinion on Assurance.

The Council carries out an Annual Corporate Governance Self-Assessment and this is published on the Council's website. Falkirk Council is responsible for ensuring that its business is conducted in accordance with the law and standards. Also, that public money is safeguarded and properly accounted for; as well as used economically, efficiently, and effectively.

The Council has a duty under the Local Government Act 2003 to make arrangements which secure Best Value. This is achieved through continuous improvement in the way in which its functions are exercised, having regard to economy, efficiency, effectiveness, the need to meet equal opportunity requirements, and contributing to sustainable development.

This AGS relates to the governance framework in place within the Council for the year ended 31 March 2026 and up to the date of signature of the Council's Annual Accounts for 2025/26.

### Section 1: Annual Governance Statement Purpose: What Good Governance Means

The [CIPFA/SOLACE 2016 "Delivering Good Governance in Local Government" Framework and their Addendum \(2025\)](#) includes seven principles for good governance. The Council's AGS complies with these requirements: in particular, the Annual Corporate Governance Self-Assessment (at Appendix 1) demonstrates how we meet the CIPFA / SOLACE principles below:

- 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 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.

## **Section 2: The Council's Governance Framework**

The following illustrations summarise the Council's governance framework:

### **Figure 1: Risk Management and Assurance Framework**

This illustrates the risk management, assurance, and scrutiny roles of Committees, Management, Council Governance Groups, and Partnership Boards.

### **Figure 2: Key Assurance Roles and Sources**

This illustrates how the AGS is informed by a broad range of assurance sources, which we refer to as the "3 Lines of Assurance":

- 1<sup>st</sup> Line Management;
- 2<sup>nd</sup> Line Risk Specialists and Governance Groups; and
- 3<sup>rd</sup> Line Independent Assurance Providers.

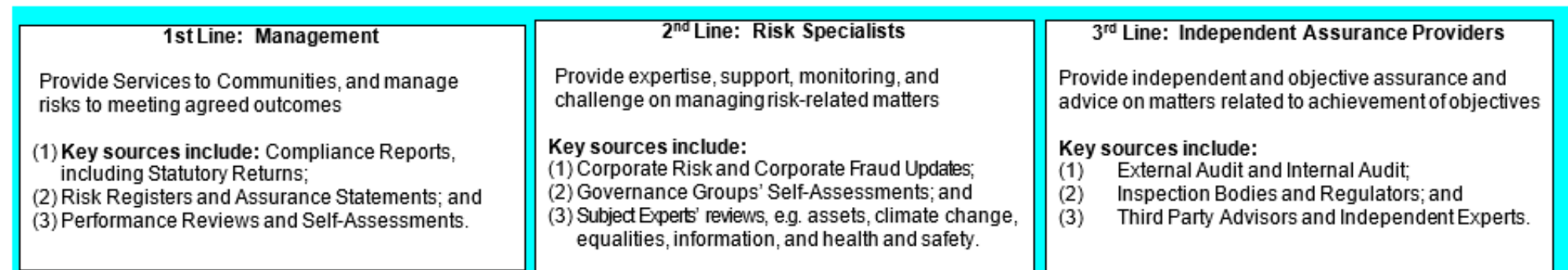
**Figure 1: The Council's Risk and Assurance Framework**

The roles of Committees and Management are summarised below, and further detail is provided in the [Standing Orders](#) and [Risk Management Assurance Policy and Framework](#).



**Figure 2: Key Assurance Roles and Sources**

The CRR provides a summary of the key controls, action plans, and assurance sources for each risk (and the high risk details are published [here](#))



# Annual Governance Statement 2025/26

The Council's governance framework and internal control system is built upon the structure, systems, and processes as described within the following key documents:

- (1) The [Falkirk Plan 2021 - 2031](#) and [The Council Plan 2022 - 27](#);
- (2) [Code of Conduct for Employees](#) and [Statutory Code of Conduct for Councillors](#)
- (3) [Contract Standing Orders](#) (reviewed in 2021);
- (4) [Financial Regulations](#) (reviewed in 2021);
- (5) [Financial Strategy 2025/26 to 2029/30](#);
- (6) [Treasury Management Strategy 2024/25](#); and
- (7) [Whistleblowing Policy, Anti-Fraud and Corruption Strategy, and Procedure for the Investigation of Corporate Fraud Referrals](#) (reviewed in 2021).

The Council's Standing Orders (reviewed in June 2024) set out the Council's governance and decision making structures, including the roles of each Committee. In addition, the Council's system of internal control is summarised within the Risk Management Assurance Policy and Framework; and an assessment of the Council's key risks, internal controls, and assurance sources is contained within the Corporate Risk Register (CRR), which is included in the Corporate Risk updates to CMT (quarterly) and the Executive (6 monthly). The CRR is also included within the background papers to the Annual Governance Statement.

The governance framework is based on internal controls, including management and financial information, compliance with Financial Regulations, administration, supervision, and delegation. Committee reports during 2025/26 included:

- Financial reports to Council and Executive, and Annual Accounts to Audit Committee;
- Internal Audit and Corporate Fraud reports to the Audit Committee;
- Risk reports to the Executive and Audit Committee; and
- Performance reports by Council Services and Partners to the Scrutiny Committee.

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 failure to comply with controls, and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is reviewed and refined over time to:

- Evaluate the likelihood of risks occurring and the impact should they occur;
- Identify and prioritise the risks to the achievement of the Council's priorities; and
- Manage those risks efficiently, effectively, and economically.

## Section 3: Compliance with CIPFA Codes of Governance

The Council has reviewed the requirements in the CIPFA AGS Addendum (2025) and can confirm that we meet the following requirements in relation to preparation, scrutiny, and maintenance of the AGS:

- (1) The co-ordination and drafting of the AGS is co-ordinated by the Corporate Risk Co-ordinator and overseen by the Chief Finance Officer and Chief Governance Officer. The process includes gathering assurance from Service Management Teams and Subject Experts. To enhance scrutiny of the AGS in 2026/27 (and, importantly, ensure the independence of the Audit, Risk and Corporate Fraud Team), an 'Annual Governance Conversation' will be held with CMT and Key Subject Experts in January 2027 as part of the Annual Corporate Governance Self-Assessment to inform the draft 2026/27 AGS;
- (2) The Internal Audit, Risk, and Corporate Fraud Manager can confirm that they have complied with the CIPFA requirement that, "to avoid impairments to professional independence, the Internal Audit Charter notes that the drafting of the AGS is a role beyond internal auditing, and safeguards have been implemented to ensure that we obtain independent assurance"; and
- (3) The Internal Audit, Risk, and Corporate Fraud Manager can confirm that they have complied with the following CIPFA codes:
  - a) Counter Fraud and Anti-Corruption arrangements comply with the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption (2014), that in having considered all the principles, the Internal Audit, Risk, and Corporate Fraud Manager is satisfied that the organisation has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud;

- b) Internal Audit arrangements conform with the CIPFA guidance "Role of the Head of Internal Audit"; and the Internal Audit information within section 3 of the AGS also provides more assurance, including compliance the Global Internal Audit Standards (GIAS, 2024), which were effective from April 2025; and

The Chief Governance Officer can confirm that:

- c) the functions of the audit committee are undertaken as identified in "Audit Committees: Practical Guidance for Local Authorities (2022)".

The Council also recognises that the AGS needs to be more focused on Communities. The Council is continuing to link Council Plans, performance information, and risks; the links with Communities outcomes will be clearer in the 2026/27 AGS. The Council will also undertake an 'Annual Governance Conversation' in January 2027 to inform the Annual Corporate Governance Self-Assessment, so that key subject experts across Finance, Improvement, and Governance Teams contribute to the AGS in 2026/27. This will comply with the CIPFA / SOLACE AGS Addendum (2025) recommendations.

## Section 4: Assurance on the effectiveness of the Governance Framework

This section provides assurance on the effectiveness of the following key elements of the Council's governance framework. These summarise how the Council meets the 7 CIPFA Good Governance Principles, but in particular: Principle G: Implementing good practices in transparency, reporting, and audit, to deliver effective accountability:

- Audit Committee and Executive;
- Standing Orders and Committee Scrutiny;
- Best Value, Performance, and Transformational Change;
- Directors' and Statutory Officers' Assurance Statements;
- Internal Audit Assurance;
- Fraud and Corruption Assurance;
- Risk Management Assurance;
- Legal Compliance;
- Partnerships and External Boards; and
- External Audits and Inspections.

### Audit Committee and Executive Assurance

The Audit Committee was held five times throughout 2025/26 (including the meeting in May 2026), and they were responsible for reviewing the effectiveness of the assurance functions in place, including Internal Audit. This included a range of reports produced throughout the year by the Internal Audit, Risk, and Corporate Fraud Manager on Internal Audit progress and Corporate Fraud work.

The Executive received Corporate Risk Management updates in May and November 2025. In addition, the draft 2025/26 Annual Accounts (including the AGS) will be scrutinised by the Audit Committee in August 2026. Briefings were held in advance of most of these meetings, which allowed for scrutiny and questioning of Officers to take place.

Elected Members also received reports and/or briefings from Subject Experts throughout the year. These updates allow Officers to set out the risks and challenges on the delivery of specific Council Plan outcomes and strategies, so that Elected Members can decide whether to adjust the Council's priorities or resources or accept the risks. For example, Elected Members receive regular briefings on Equalities, Financial Sustainability, and significant projects.

### Standing Orders and Committee Scrutiny

The Standing Orders were last updated and agreed by Council in June 2024. The changes included streamlining Committee structures, merging the Executive and Children and Young People's Executive, and also merging the Scrutiny Committee and External Scrutiny Committee into one. The format for Committee

papers was updated so that Elected Members receive more robust information when making decisions and scrutinising implications relating to climate change, equalities, resources, and risks. The most significant change in practice has been the requirement to submit any motion that departs from the report recommendations or any amendment for business at meetings for the Council and the Executive. This has improved the opportunity for advice to be offered in relation to such proposals and for compromises to be reached. In December 2025 changes were made to the Scheme of Delegation for the Planning Committee. This aimed to achieve a more appropriate distribution of decision making between delegated officer decision making and consideration by the Committee itself.

## **Best Value, Performance, and Transformational Change**

The Corporate Management Team continues to monitor and provide updates to Elected Members on the improvements identified in previous Best Value reports, including ongoing improvement relating to culture, leadership, and performance.

The Council Plan 2022-27 will be updated during 2026/27, following the Local Governance Election. To support this, a Strategic Needs Assessment and Risk Horizon Scanning will assist with identifying future needs, priorities, and challenges. In addition, the Council Plan is supported by a range of thematic strategies / plans, including Assets, Digital, Finance, and Workforce Strategies. To ensure these strategies are implemented effectively, action plans are continuously reviewed; and progress is fed into the CRR. Each thematic strategy/plan includes a review of the significant challenges to delivery, including horizon scanning of e.g. demand, funding, and workforce requirements.

Service Plans are updated annually. These include specific actions and performance indicators to support the Council Plan priorities. CMT review these quarterly. In addition, performance on the Council Plan is reviewed by the Scrutiny Committee every six months, and information is published on [Falkirk Performs](#).

The Council of the Future and Transformation Through Collaboration Boards feed into the Transformational Change risk on the CRR.

## **Directors' and Statutory Officers' Assurance**

Directors and Statutory Officers provide the Internal Audit, Risk, and Corporate Fraud Manager with completed Annual Assurance Statements confirming that Services have complied with the 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 these statements.

The Council can confirm that following Statutory Officers roles comply with the CIPFA/SOLACE Code of Practice on Good Governance for Local Authority Statutory Officers (2024):

- Chief Executive - Head of Paid Service;
- Chief Governance Officer - Monitoring Officer; and
- Chief Finance Officer - aligns with the CIPFA Financial Management Code (2019).

Statutory Officers' roles within the Council include:

- (1) 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;
- (2) The Chief Governance Officer is the Lead Officer for Health and Safety, Information Governance, Legal, and Procurement risks; and
- (3) The Chief Social Work Officer has responsibility for social work functions, including Public Protection, and they provide an annual report to the Council's Scrutiny Committee and Scottish Government; in addition to being a member of the Council's CMT and HSCP Senior Leadership Team.

## Internal Audit Assurance

Internal Audit provide services to Clackmannanshire Council via a separate Internal Audit Plan. This includes audit work for Clackmannanshire and Stirling Integration Joint Board and Central Scotland Valuation Joint Board. Falkirk Council received an income for this work during 2025/26.

The Audit Committee have been provided with regular updates throughout 2025/26 regarding resourcing issues. The completion of the Falkirk Council Internal Audit Plan has been impacted by absence issues, and the Clackmannanshire Council Internal Audit Plan has been impacted by recruitment issues. In addition, both Internal Audit Plans have been impacted by the complexity of some audits.

In June 2026 the Internal Audit, Risk, and Corporate Fraud Manager will provide the Audit Committee 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 2026. The report will provide details of the position relating to the audits included in the 2025/26 Internal Audit Plan. It will also highlight whether all recommendations made have been accepted by management. Recommendations, once fully implemented, improve the Council's internal control environment.

Having taken all factors into consideration substantial assurance can be placed on the adequacy and effectiveness of the Council's internal control system in the year to 31 March 2026. The Annual Assurance Report will also confirm the organisational independence of Internal Audit as part of the Institute of Internal Auditors (IIA) Global Internal Audit Standards 2024 (GIAS). Internal Audit operate in accordance with these standards, which replaced the Public Sector Internal Audit Standards 2017 (PSIAS) in April 2025.

The Internal Audit section is subject to an independent evaluation of their compliance with relevant audit standards every five years. The results of the independent evaluation by Fife Council in 2024/25 confirmed that Falkirk Council's Internal Audit Team complied with the Public Sector Internal Audit Standards (2017) (as these were the standards which applied at the time of the evaluation which commenced in 2023/24).

## Fraud and Corruption Assurance

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 the [Whistleblowing Policy and Anti-Fraud and Corruption Strategy \(Fraud Strategy\) and Procedure for Investigation of Corporate Fraud Referrals](#) (last updated in 2021 and currently under review) which provides a framework for:

- encouraging fraud deterrence and prevention;
- raising awareness and promoting a zero tolerance approach to fraud and corruption;
- 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, strategy, and related procedures.

The Chief Finance Officer, Chief Governance Officer, and Director of Transformation, Communities, and Corporate Services meet at least quarterly with the Internal Audit, Risk, and Corporate Fraud Manager to discuss and review any significant corporate fraud investigations and lessons that could be learned corporately. They also consider any emerging themes from internal or external sources.

The Council's mitigations to address fraud and irregularity include:

- All Directors provide Annual Assurance Statements to the Internal Audit, Risk, and Corporate Fraud Manager; which confirm compliance with fraud-related policies;
- Education Services have controls in place to validate all applications for funding such as Clothing Grants, Maintenance Allowances, and admissions / placing requests;
- Place Services have specialists trained Officers to detect, deter, and respond to breaches of environmental health, licensing, and trading standards regulations;

- The Health and Social Care Partnership have controls to mitigate key areas such as the exploitation of vulnerable people, and fraud by care service providers; and
- Transformation, Communities, and Corporate Services have controls to mitigate fraud relating to Financial Controls, Procurement, Recruitment, Housing, and Benefits.

## **Risk Management: Corporate Risks Assurance**

The following is a summary of the key messages within the CRM Update to CMT in May 2026, which will also be scrutinised by the Executive in June 2026:

- Corporate Risk Management updates are provided to CMT (quarterly), the Executive (bi-annually), and the Audit Committee (annually). These include reviews of the CRR and the Risk Management Improvement Plan (RMIP);
- Good progress has been made on setting clearer actions and target risk (appetite) on corporate risks and further improvements during 2026/27 will include making clearer links between corporate risks and Council Plan actions and outcomes;
- Further work is needed to improve the consideration of Corporate Risks within Committee Papers. The step-change in embedding risk management is likely to be when risks are better explained in all Committee updates on all plans and strategies; so that risks are more fully considered and understood by Elected Members at the point they make decisions; and
- A Risk Management Self-Assessment will be undertaken in 2026/27, and this will shape an updated Risk Management Policy in 2027/28.

## **Risk Management: Service Risks Assurance**

The Annual Risk Report has highlighted that a review of Service Operational Risks in Quarter 1 of 2026 identified that quarterly reviews have not been undertaken regularly during 2024 and 2025. In addition, there was ambiguity and gaps in the risks and assurance relating to e.g. Service Business Continuity, Health and Safety, HR and Workforce Plans, and Information risks. The following actions were agreed with CMT in May 2026:

- Subject Experts and Governance Groups will review operational risks by June 2026, and the outcomes will be considered by CMT in Quarter 3 of 2026;
- The Operational Risk review process will be improved so Subject Experts and Governance Groups are accountable for providing an assessment of risks, whilst SMTs remain accountable for managing risks; and
- The above changes to roles and responsibilities will be embedded into the review of the Risk Management Policy and Framework review in 2027.

Education Services developed a new Service Risk Register in Quarter 1 of 2026; and this will be reviewed quarterly. In addition, Head Teachers Annual Assurance Statements are still to be developed - a desk-based exercise has been undertaken to identify where additional support and guidance was required on implementing policies and procedures, and this has been provided; and a formal checklist will be developed during 2026/27 once school-based colleagues are more familiar with the Service Risk Register and the associated risk mitigation arrangements.

## **Health and Social Care Partnership (HSCP) / Integration Joint Board (IJB)**

The IJB's risk management arrangements have been rated as Limited Assurance since an Internal Audit in 2021/22; and the last [update to the IJB's Performance, Audit, and Assurance Committee \(PAAC\) \(in January 2026\)](#) noted that limited progress had been made on most actions on the IJB's Risk Improvement Plan. The recently appointed HSCP Business and Governance Lead has been reviewing the risk management arrangements and will present a revised plan to review and reform the risk management strategy and reporting to the IJB Performance, Audit and Assurance Committee in June 2026. This will supersede the previous risk action plans and align this work to the development of a new Strategic Plan.

## Other Partnerships and External Boards' Assurance

Each Partnership and External Body has separate assurance and governance structures, and they publish minutes and / or Board papers. A summary is below:

- (1) Falkirk Community Planning Partnership (CPP) Board are responsible for delivering the Falkirk Plan outcomes and the Partnership Delivery Plans relating to e.g. Employment, Housing, Poverty, and Public Protection. The CPP Board reviewed their governance arrangements in 2025/26 and can provide Substantial Assurance, and their agendas are published on their website;
- (2) Public Protection Chief Officer Group (COG) governance arrangements were reviewed during 2025, and the annual review of COG risks will be completed in Quarter 3 2026. In addition, the Children's Partnerships' risks will be reviewed following a review of their priorities and governance in Quarter 3 of 2026;
- (3) Local and Regional Economic Partnerships are anticipated to be created in Quarter 3 of 2026, following consideration of revised Economic Strategies. The Council's Lead Officer has rated the Sustainable Growth risk as High and Limited Assurance currently, but this is expected to improve to Substantial Assurance following the review of the Economic and Employment strategies;
- (4) Forth Valley Local Resilience Partnerships (LRPs) have representation from Chief Officers from the Council, HSCP, and CPP; as well external partners such as NHS, Fire and Police Services. The Council's Lead Officer has provided Limited Assurance on the LRP's risk management arrangements since 2017, but this will be reviewed as part of the LRP's self-assessment in Quarter 2 of 2026;
- (5) Falkirk Growth Deal Board is chaired by the Council's Chief Executive. The Board have a suite of Risk Registers and regular updates are provided to the Council's Executive. The Council's Lead Officer has provided Substantial Assurance on their governance arrangements, but this will be reviewed further as part of the Board's first governance review in Spring 2026 and Annual Report in June 2026; and
- (6) Forth Green Freeport Board is a Limited Company and there is an Independent Chair, and the Council's Chief Finance Officer and Director of Place Service provide annual assurance statements to the Board. The Council's Lead Officer has provided Substantial Assurance on the Board's governance arrangements, following the first Annual Conversation with the UK and Scottish Governments during 2025/26, and this will feed into the Board's Annual Report in June 2026.

## Legal Compliance

Directors have identified no new significant incidents or legal breaches during 2025/26; and all actions arising from Health and Safety Executive (HSE) improvement notices have been completed. The CRR also provides assurance on compliance with duties such as Equalities, Procurement, and Fleet and Waste Operators' licences (for example). The Chief Governance Officer has oversight of key legal compliance issues through the Council's in-house legal service and issues escalated to him by them and through chairing the governance groups in relation to Equalities, Procurement and Information management. He confirms the directors' assessment of no new significant incidents or breaches.

## External Audits and Inspections Assurance

The Council provides a range of assurance reports to the Scottish Government and/or regulators. This includes the annual reports by the Chief Social Work Officer and the annual reports on Climate Change, Housing, and Procurement. These reports are communicated to Elected Members through Committees and/or Information Bulletins, and any significant outcomes and actions are also included in the CRR.

There continues to be ongoing reviews by the Care Inspectorate and Education Scotland. These inspections have provided positive assurance outcomes on a range of areas, including some Schools and Care Homes being rated as very good or excellent. The actions from all inspections continue to be monitored by CMT and the outcomes are reviewed by Committees, including the Council's Scrutiny Committee and IJB Performance, Audit, and Assurance Committee.

## 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 [previous Annual Accounts and External Audit Annual Reports](#). This includes an unqualified opinion on the 2024/25 Annual Accounts.

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 that we are committed to completing the actions identified.

The Council is a complex organisation, and has links with many other organisations. This statement covers our relationships with the organisations included in the Council's Group Accounts. The Falkirk Integration Joint Board (IJB) have produced their own annual accounts and AGS, and these are due to be considered by the IJB's Performance, Audit, and Assurance Committee in June 2026.

The Annual Review of Corporate Governance below provides a summary of how well the Council have implemented the CIPFA Principles of Good Governance, and the improvement actions that will be monitored during the coming year by CMT.

## Annual Corporate Governance Self-Assessment



### Section 1: Summary

Corporate Governance Theme - Risk Title	Contributes to Council Plan Priority and Governance Outcomes	Current Risk	Target Risk (Appetite)	March 2026 Assurance Level	Change in Risk or Assurance Level Since March 2025
<b>CIPFA Delivering Good Governance Principle A:</b>					
Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.					
Leadership, Decision Making, and Governance	All Priorities	High	Medium	Substantial ✔	No Change – remains effective, but linked to financial sustainability
Health, Safety, and Wellbeing	Council Plan Enablers: Valued Sustainable Workforce	High	Inherently High	Limited ▲	Target Risk (Appetite) changed from March 2026 to March 2031
Premises Management Compliance	Council Plan Enablers: Financial Sustainability and Workforce	High	Medium – by August 2027	Limited ▲	Actions in place. Target extended by a year, to August 2027
Financial Sustainability	Council Plan Enablers: Financial Sustainability	High	Medium	Limited ▲	No Change - Budget gap and uncertain outlook
Regulatory Enforcement Statutory Duties: Planning and Building Control	Supporting Stronger & Healthier Communities	Medium	Medium	Substantial ✔	No Change – Controls and Governance remain effective
Regulatory Enforcement: Environmental Health and Trading Standards	Supporting Stronger & Healthier Communities	Medium	Medium	Substantial ✔	No Change – Controls and Governance remain effective
<b>CIPFA Delivering Good Governance Principle B:</b>					
Ensuring openness and comprehensive stakeholder engagement					
Community Planning and Participation	Supporting Stronger & Healthier Communities	Medium	Medium	Substantial ✔	No Change – Controls and Governance remain effective
<b>CIPFA Delivering Good Governance Principle C:</b>					
Defining outcomes in terms of sustainable economic, social, and environmental benefits					
Public Protection	Supporting Stronger & Healthier Communities	Inherently High	Inherently High	Substantial ✔	No Change – Controls and Governance remain effective
Community Mental Health and Wellbeing Support	Supporting Stronger & Healthier Communities	High	Medium	Substantial ✔	No Change – Controls and Governance remain effective
Gender Based Violence (GBV) / Violence Against Women & Girls	Supporting Stronger & Healthier Communities	High	Medium	Limited ▲	Actions in place to achieve the Target (Appetite) in Sept 2026
Housing Fires: Potential Impacts of new standards	Supporting Stronger & Healthier Communities	High	Medium	Substantial ✔	Improvements made, but national changes remain uncertain
Poverty	Promoting Opportunities and Reducing Inequalities	High	Medium	Substantial ✔	No Change – continue to be significant external challenges
Services to Asylum Seekers	Supporting Stronger & Healthier Communities	High	Medium	Substantial ✔	No Change – continue to be significant external challenges
Major Capital Programmes: Falkirk Growth Deal	Supporting a Thriving Economy and Green Transition	Medium	Medium	Substantial ✔	Reduced from High to Medium Risk in March 2026
Major Capital Programmes: Forth Green Freeport	Supporting a Thriving Economy and Green Transition	Medium	Medium	Substantial ✔	Reduced from High to Medium Risk in March 2026
Sustainable Growth, Economy, and Employment	Supporting a Thriving Economy and Green Transition	High	Medium	Limited ▲	Actions in place to achieve the Target (Appetite) in Oct 2026

# Annual Governance Statement 2025/26

Corporate Governance Theme - Risk Title	Contributes to Council Plan Priority and Governance Outcomes	Current Risk	Target Risk (Appetite)	March 2026 Assurance Level	Change in Risk or Assurance Level Since March 2025
Climate Change: 2045 Net Zero Target on Area Emissions	Supporting a Thriving Economy and Green Transition	High	Medium	Limited ▲	Some Climate Targets changed, but overall targets unachievable
Climate Change: 2038 Net Zero Target on Council Emissions	Supporting a Thriving Economy and Green Transition	Medium	Medium	Substantial ✔	Some Climate Targets changed, but overall targets unachievable

## CIPFA Delivering Good Governance Principle D:

Determining the interventions necessary to **optimise** the achievement of the intended outcomes

Transformational Change: Council and Collaborative Programmes	Council Plan Enablers: Transformation and Improvement	High	Medium	Substantial ✔	High due to savings gap, but Target of medium by March 2027
Cyber Security	Council Plan Enablers: Transformation and Improvement	High	Medium	Substantial ✔	Actions continue to be implemented
Counter-Terrorism (CONTEST)	Supporting Stronger & Healthier Communities	High	Medium	Limited ▲	Actions in place to achieve the Target (Appetite) in Mar 2028
Resilience: Business Continuity and Partnerships	Supporting Stronger & Healthier Communities	High	Medium	Limited ▲	Actions in place to achieve the Target (Appetite) in Dec 2026
Asset Management Strategies and Plans	Council Plan Enablers: Transformation and Improvement	Medium	Medium	Substantial ✔	No Change – Controls and Governance remain effective
Closing the Attainment Gap in Schools	Promoting Opportunities and Educational Attainment and Reducing Inequalities	Medium	Medium	Substantial ✔	No Change – Controls and Governance remain effective
Digital, Information and Data Management (DIADM)	Council Plan Enablers: Transformation and Improvement	Medium	Medium	Substantial ✔	No Change – Governance remains effective
Getting It Right For Every Child (GIRFEC) - The Promise	Promoting Opportunities and Educational Attainment and Reducing Inequalities	Medium	Medium	Substantial ✔	No Change – Controls and Governance remain effective
Local Housing Strategy	Promoting Opportunities and Educational Attainment and Reducing Inequalities	Medium	Medium	Substantial ✔	No Change – Controls and Governance remain effective

## CIPFA Delivering Good Governance Principle E:

Developing the entity's capacity, including the capability of its leadership and the individuals within it

Health and Social Care Integration	Supporting Stronger & Healthier Communities	High	Medium	Limited ▲	Target to be confirmed by March 2026
Social Work and Social Care Recruitment and Retention	Council Plan Enablers: Valued Sustainable Workforce	High	Medium	Limited ▲	Actions continue to be implemented
HR and Workforce Planning	Council Plan Enablers: Valued Sustainable Workforce	Medium	Medium	Substantial ✔	No Change – Controls and Governance remain effective

## CIPFA Delivering Good Governance Principle F:

Managing risks and performance through robust internal control and strong public financial management

See Corporate Risks listed under CIPFA [Principle A](#): including Leadership, Financial Sustainability, and Financial Controls risks.

## CIPFA Delivering Good Governance Principle G:

Implementing good practices in transparency, reporting, and audit, to deliver effective accountability

See Corporate Risks listed under CIPFA [Principle A](#): Leadership risk includes audit, performance, and risk management.

Assurance Levels / Status		
✔	Substantial	Risk Controls and Governance arrangements are effective; and / or measurable action plan is on track.
▲	Limited	Risk Controls and Governance arrangements have some weaknesses; and / or actions overdue measurable.
⚠	None	Risk Controls and Governance arrangements have significant weaknesses and / or actions overdue.
ⓘ	To be Confirmed	The Risk Controls, Governance arrangements and / or actions need a more detailed review.

## Section 2: Corporate Governance Self-Assessment – Summary for each CIPFA Good Governance Principle



### Notes:

- (1) The tables below provides a summary of the key Corporate Governance arrangements and improvement actions for each of the CIPFA Principles of Good Governance;
- (2) The tables below are intentionally brief because the Corporate Risk Register includes more details on the key controls, assurance sources, and additional action plans for each of the corporate risks; and
- (3) All improvement actions will be completed in 2026/27, except where we have specified 2027/28.

### CIPFA Principle A: Behaving with integrity demonstrating strong commitment to ethical values and respecting the rule of law

High Corporate (Strategic) Risks	Medium Corporate (Operational) Risks
Leadership, Decision Making, and Governance	Equalities Duties
Health, Safety, and Wellbeing	Financial Controls
Premises Management Compliance	Procurement and Commissioning
Public Protection	Regulatory Enforcement: Planning and Building Control; and Environmental Health & Trading Standards

Current Approach: How the Council embed the CIPFA Principles of Good Governance	Looking Forward: Key Corporate Governance Improvement Actions
<p>(1) Ethical conduct is monitored and evidenced through the reviews of:</p> <ul style="list-style-type: none"> <li>a) Directors' and Chief Officers Annual Assurance Statements, which includes reviews of e.g. Conflicts of Interest, and Gift and Hospitality;</li> <li>b) Contract Standing Orders and the Procurement Annual Report; and</li> <li>c) Elected Members compliance with ethical standards. The Chief Governance Officer has <u>oversight of</u> all complaints investigated by the Ethical Standards Commissioner. Training on the <u>Councillors' Code</u> was provided during the period.</li> </ul> <p>(2) Whistleblowing and Fraud are implemented monitored and evidenced through e.g. the Audit Committee's quarterly and annual reports on Corporate Fraud and Internal Audit.</p>	<p>(1) CMT will improve compliance reports.</p> <p>(2) The Chief Governance Officer will review and improve how annual assurance is provided on <u>e.g.</u>:</p> <ul style="list-style-type: none"> <li>a) Compliance with laws, regulations, and policies;</li> <li>b) How breaches of laws, regulations, and procedures are addressed and learning adopted;</li> <li>c) How all Councillors and senior managers demonstrate leadership of an ethical culture; and</li> </ul> <p>(3) The Chief Governance Officer and Elected Members will consider any changes to e.g. Codes of Conduct following the Local Government Elections in 2027/28.</p>

## CIPFA Principle B: Ensuring openness and comprehensive stakeholder engagement

High Corporate (Strategic) Risks	Medium Corporate (Operational) Risks
Leadership, Decision Making, and Governance	Community Planning, Participation, and Empowerment

Current Approach: How the Council embed the CIPFA Principles of Good Governance	Looking Forward: Key Corporate Governance Improvement Actions
<p>The following CIPFA requirements are evidenced within Committees and Corporate Management Teams' papers:</p> <ol style="list-style-type: none"> <li>(1) Decisions are made in the public interest and the rationale for decisions is transparent and recorded;</li> <li>(2) There is a culture of internal challenge and self-assessment; and</li> <li>(3) The Council have implemented effective arrangements for Community Planning and Consultation, including an Engagement Strategy, Charter, and online public consultation platform.</li> </ol>	<ol style="list-style-type: none"> <li>(1) The Chief Governance Officer and Elected Members will continue to monitor that the improvements that were made to Committee Papers in 2025/26;</li> <li>(2) The Chief Finance Officer and Performance Team will further develop the approach to e.g. Service and Risk Management Self-Assessments; and</li> <li>(3) The Chief Governance Officer and Elected Members will consider any changes to e.g. Standing Orders following the Local Government Elections in 2027/28.</li> </ol>

## CIPFA Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

High Corporate (Strategic) Risks	Medium Corporate (Operational) Risks
Leadership, Decision Making, and Governance	Major Capital Programmes: including Growth Deal and Forth Green Freeport
Climate Change: 2045 Net Zero Target on Area Emissions	Climate Change: 2038 Net Zero Target on Council Emissions
Poverty	Equalities Duties
Partnerships: including Community Planning, Growth and Employment, Health and Social Care, and Major Projects	Procurement and Commissioning

Current Approach: How the Council embed the CIPFA Principles of Good Governance	Looking Forward: Key Corporate Governance Improvement Actions
<ol style="list-style-type: none"> <li>(1) The Council's decision-making arrangements ensure that Officers and Elected Members continuously consider value for money; and this is evidenced within e.g. the Financial Strategy and Performance Updates;</li> <li>(2) The Council's arrangements to achieve fair access to services is evidenced within e.g. the Equalities Mainstreaming report, Equalities and Poverty Impact Assessments, and the Committee Paper sections on Climate Change and Equalities; and</li> <li>(3) The Council's strategic approach to commissioning across the Council and its partnerships and collaborations is evidenced within e.g. the Scrutiny Committees' reviews of Community Planning, Health and Social Care, and Growth Partnerships.</li> </ol>	<ol style="list-style-type: none"> <li>(1) The Chief Governance Officer and Procurement Team will continue to improve the approach to improving Social Benefits in procurement contracts.</li> </ol>

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## CIPFA Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

High Corporate (Strategic) Risks	Medium Corporate (Operational) Risks
Financial Sustainability	Asset Management
Leadership, Decision Making, and Governance	Digital, Information and Data Management (DIADM)
Transformational Change: Council and Collaborative Programmes	Procurement and Commissioning
Other High Risks: including: <ul style="list-style-type: none"> <li>• Cyber Security, and Resilience and Business Continuity;</li> <li>• Gender Based Violence, Mental Health, and Poverty;</li> <li>• Housing Fire Safety, and Support for Asylum Seekers</li> </ul>	Other Medium Risks: including: <ul style="list-style-type: none"> <li>• Attainment, and Getting It Right <u>For</u> Every Child;</li> <li>• Greenspaces, and Sports and Leisure Strategies;</li> <li>• Housing Strategy, and Support for Ukrainian Refugees.</li> </ul>

Current Approach: How the Council embed the CIPFA Principles of Good Governance	Looking Forward: Key Corporate Governance Improvement Actions
<p>(1) The Financial Strategy and Medium-Term Financial Plan, Service Plans, and Performance reports align to the delivery of Council Plan priorities and outcomes.</p> <p>(2) The Council uses self-assessment and continuous improvement to achieve value for money; and this is evidenced through e.g. Service Self-Assessments and Annual Governance Group Self-Assessments; and</p> <p>(3) The Council Plan and associated Strategies/Plans set out the Council's vision, priorities, and target outcomes; and this is evidenced within e.g. the continuous reviews by Committees of the Council Plan, Performance, and key Strategies / Plans.</p>	<p>(1) The Financial Strategy will be reviewed in 2026/27 and the Council Plan in 2027/28;</p> <p>(2) The Chief Finance Officer and Performance Team will further develop the approach to Self-Assessments;</p> <p>(3) The Chief Governance Officer and Procurement Team will continue to improve the approach to securing Community Benefits in procured contracts. The process will be monitored through the Sustainable Procurement Group which in turn will report to the Procurement Board and SAMB.</p>

## CIPFA Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

High Corporate (Strategic) Risks	Medium Corporate (Operational) Risks
Leadership, Decision Making, and Governance	HR and Workforce Planning
Health, Safety, and Wellbeing	
Social Work Recruitment and Retention Pressures	

Current Approach: How the Council embed the CIPFA Principles of Good Governance	Looking Forward: Key Corporate Governance Improvement Actions
<p>(1) Council Standing Orders provide clarity over roles and responsibilities of Elected Members, Committees, and Senior Officers.</p> <p>(2) Code of Practice on Good Governance are followed by Statutory Officers, and this is evidenced in the specific assurance from the Chief Finance Officer, Chief Governance Officer, and Chief Social Work Officer at Section 3 in the AGS; and</p> <p>(3) The effectiveness of the HR and Health, Safety, and Wellbeing Policies are monitored by the Corporate Partnership Forum (which includes Trades' Union representatives). In addition, the Council have established a Future Leaders programme, and the Leadership Forum develop and monitor Culture and Workforce improvements.</p>	<p>(1) The Council's Leadership and Organisational Development Programmes will be enhanced following the Elections in 2026/27. This will ensure that the Council better meet demonstrate compliance with the following CIPFA Good Governance duties:</p> <ul style="list-style-type: none"> <li>• Induction and development programmes will be implemented to meet the needs of Members and Senior Officers in relation to their strategic roles. This will include a Development Programme for Elected Members and Committee members, and consideration of Annual Assurance Statements or Self-Assessments from each Committee Chair.</li> </ul>

# Annual Governance Statement 2025/26

## CIPFA Principle F: Managing risks and performance through robust internal control and strong public financial management

High Corporate (Strategic) Risks	Medium Corporate (Operational) Risks
Financial Sustainability	Financial Controls
Leadership, Decision Making, and Governance	Asset Management
Cyber Security	Digital, Information and Data Management (DIADM)

Current Approach: How the Council embed the CIPFA Principles of Good Governance	Looking Forward: Key Corporate Governance Improvement Actions
<p>(1) The Council's Risk Management Policy and Assurance Framework is monitored through Quarterly SMT and CMT reviews and bi-annual Executive and Audit Committee reviews. Also, the Corporate Risk Register and Annual Corporate Governance Self-Assessment is cross-referenced to the Council Plan priorities.</p> <p>(2) The Chief Finance Officer's Annual Assurance Statement confirms that the Council's financial management arrangements align with the CIPFA Financial Management Code (2019); and they provide Council with regular updates on e.g. the Financial Strategy and Medium-Term Financial Plan.</p> <p>(3) The Council's key internal controls, strategies, and action plans, and assurance sources are detailed in the CRR; and these are regularly reviewed by Services, Governance Groups / Boards, and Partnerships.</p>	<p>(1) The Corporate Risk and Performance Teams will improve the links between risk, performance, and governance information; and this will enable the Council to better demonstrate how risk management and good governance contributes to best value and better outcomes for our communities. This review will also include mapping out key strategies, policies, and assurance sources that each team hold.</p> <p>(2) The Chief Finance Officer currently rates the Financial Sustainability risk as High and Limited Assurance on the Corporate Risk Register and Annual Governance Statement, and this will be reviewed as part of the development of the new Medium-Term Financial Plan in Autumn 2026.</p> <p>(3) The Chief Finance Officer will lead on the Risk Management Self-Assessment, which will inform a review of the Risk Management Policy and Assurance Framework. This will include a review of the effectiveness of risk and assurance reviews undertaken at Corporate, Service, and Governance Group levels.</p>

## Principle G: Implementing good practices in transparency, reporting, and audit, to deliver effective accountability

High Corporate (Strategic) Risks	Medium Corporate (Operational) Risks
Leadership, Decision Making, and Governance	Financial Controls
Financial Sustainability	Major Capital Programmes: Growth Deal
Partnerships: including Community Planning, Growth and Employment, and Health and Social Care.	Major Capital Programmes: Forth Green Freeport

Current Approach: How the Council embed the CIPFA Principles of Good Governance	Looking Forward: Key Corporate Governance Improvement Actions
<p>(1) The reports to the Audit and Scrutiny Committees demonstrate that the Council welcomes external challenge, responds timeously to audit and inspection actions, and <u>evidences</u> learning and improvement.</p> <p>(2) The Council obtain sufficient assurance from partnerships, arm's length bodies, and trading companies; and examples of transparency are set out within the Partnership Risk section in the AGS.</p> <p>(3) The Council ensures public transparency by listing the key Corporate Governance Documents /Assurance Sources on the next page.</p>	<p>(1) The Chief Governance Officer will review how transparency can be improved on the Council's website, by linked e.g. the Committees, Council Policies, Performance, and Risk Management pages.</p> <p>(2) The Council will implement the governance improvements set out within the Partnership Risk section in the AGS, including e.g. improvements to Growth and Employment, and Health and Social Care strategies and governance <u>arrangements</u>.</p> <p>(3) An Annual Governance Conversation will be held with CMT and key subject experts in January 2027, and the AGS will be scrutinised by the Audit Committee in advance of the Annual Accounts being finalised.</p>

# Annual Governance Statement 2025/26

Signed on behalf of Falkirk Council

**Councillor Cecil Meiklejohn**  
Leader of Falkirk Council

**Kenneth Lawrie**  
Chief Executive of Falkirk Council

## Annual Remuneration Report 2025/26

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 2025/26 contains the information specified in the Schedule to the above Regulations.

All information disclosed in the tables below will be audited by Audit Scotland. The other sections of this Report will be reviewed by Audit Scotland 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 2025. 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 2025/26 the salary for the Leader of Falkirk Council is £50,063. 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 £37,548.

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 (£37,548). The total yearly amount payable by the Council for remuneration of all its Senior Councillors, excluding the Leader of the Council, the Provost, and the Convener, is specified by the above Regulations and shall not exceed £444,075. The Council can exercise local flexibility in the determination of the precise number of Senior Councillors and their salary within these maximum limits.

In 2025/26, Falkirk Council continued to have 11 Senior Councillors. The basic salary of these totalled £350,354 (24/25 - £302,790). 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 and local benchmarking. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets the salaries for the Chief Executives of Scottish Local Authorities. Industrial Relations Circular 11-25 sets the amount of salary for the Chief Executive of Falkirk Council for the period 2025/26.

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

# Annual Remuneration Report 2025/26

## General Disclosure by Pay Band

The number of employees whose remuneration was £50,000 or more in 2025/26 is as follows:

Remuneration Bands	Number of Employees		Chief Officers		Teachers		SJC Employees	
	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26
£50,000 - £54,999	312	784	-	-	161	650	151	134
£55,000 - £59,999	145	197	-	-	74	80	71	117
£60,000 - £64,999	86	127	1	-	54	63	31	64
£65,000 - £69,999	101	87	2	-	78	60	21	27
£70,000 - £74,999	82	80	-	-	65	67	17	13
£75,000 - £79,999	32	60	-	-	27	48	5	12
£80,000 - £84,999	23	33	-	-	13	22	10	11
£85,000 - £89,999	3	7	2	2	1	2	-	3
£90,000 - £94,999	1	3	1	1	-	2	-	-
£95,000 - £99,999	3	-	1	-	2	-	-	-
£100,000 - £104,999	5	3	3	1	2	2	-	-
£105,000 - £109,999	6	12	1	8	4	4	1	-
£110,000 - £114,999	2	2	2	-	-	1	-	1
£115,000 - £119,999	-	1	-	-	-	1	-	-
£120,000 - £124,999	-	1	-	1	-	-	-	-
£125,000 - £129,999	2	2	2	1	-	-	-	1
£130,000 - £134,999	2	1	1	1	-	-	1	-
£135,000 - £139,999	1	2	1	2	-	-	-	-
£165,000 - £169,999	1	-	1	-	-	-	-	-
£175,000 - £179,999	-	1	-	1	-	-	-	-
<b>Total</b>	<b>807</b>	<b>1,403</b>	<b>18</b>	<b>18</b>	<b>481</b>	<b>1,002*</b>	<b>308</b>	<b>383</b>

\*There is a significant increase in the number of teachers over £50k from 2024/25, which is a direct result of the pay award.

## Disclosure of Remuneration for Relevant Persons

The Regulations require that the report shows, in tabular form, the total amounts against the post held and name of each relevant person, whether received or receivable, by each relevant person from Falkirk Council.

The information is provided in separate tables as follows:

# Annual Remuneration Report 2025/26

## Remuneration paid to Falkirk Council's Senior Councillors

Name	Position(s)	Salary, Fees and Allowances 2025/26 £	Salary, Fees and Allowances 2024/25 * £
David Balfour	Depute Provost and Convener Central Scotland Valuation Board from 01/12/25	28,543	23,986
Robert Bissett	Provost	37,759	32,243
Gary Bouse	Portfolio Holder, Housing and Communities	34,049	28,613
William Buchanan	Convener of Planning Committee to 01/10/25	15,342	25,646
Fiona Collie	Portfolio Holder, Health and Social Care	34,049	28,613
Stacey Devine	Portfolio Holder, Public Protection	34,049	28,613
Paul Garner	Portfolio Holder, Economic Development	34,049	28,613
James Kerr	Convener of Civic Licensing	30,519	24,807
Cecil Meiklejohn	Leader of the Council	50,063	42,698
Iain Sinclair	Portfolio Holder, Education	34,049	28,613
Alan Nimmo	Convener of Central Scotland Valuation Joint Board to 30/11/25	19,563	27,062
Anne Hannah	Leader of the Opposition (Labour)	30,519	25,646
Lorna Binnie	Convener of Pensions Committee	28,844	24,270
Alf Kelly	Convener of Planning Committee from 06/11/25	12,292	-
Bryan Deakin	Portfolio Holder, Climate Change	34,049	28,613
<b>Total</b>		<b>457,738</b>	<b>398,036</b>

\* 2024/25 figures restated to remove Councillors who left in the prior year

The amount recharged to Central Scotland Valuation Joint Board in 2025/26 was £2,182 (2024/25 £7,200).

There were taxable expenses of £513 (2024/25 £878) and no non-cash expenses and benefits in kind in 2025/26 (2024/25 Nil).

## Remuneration paid to all Members in 2025/26 was:

2024/25 £ 000		2025/26 £ 000
734	Salaries	883
2	Allowances (Mileage)	1
2	Expenses	1
<b>738</b>		<b>885</b>

The annual return of Councillors' salaries and expenses for 2025/26 is available for any member of the public to view at all Council libraries and public offices during normal working hours and is also available on the Council's website at [www.falkirk.gov.uk](http://www.falkirk.gov.uk). Please follow the "Councillors" quick link on the Council's website.

# Annual Remuneration Report 2025/26

## Remuneration of Senior Employees of Falkirk Council

Name	Post Title	Salary, Fees, and Allowances £	Other Amounts £	Total Remuneration 2025/26 £	Total Remuneration 2024/25 £
<b>K Lawrie</b>	Chief Executive	177,394	-	<b>177,394</b>	<b>168,563</b>
<b>M Bennie</b>	Director of Place Services	134,714	7	<b>134,721</b>	<b>129,242</b>
<b>K Algie</b>	Director of Transformation, Communities and Corporate Services	137,564	-	<b>137,564</b>	<b>133,504</b>
<b>J Reid</b>	Director of Children's Services	138,752	-	<b>138,752</b>	<b>115,733</b>
<b>A Templeman</b>	Chief Finance Officer (Section 95 Officer)	120,500	-	<b>120,500</b>	<b>113,932</b>
<b>S Lacey</b>	Head of Social Work, Children's Services (CSWO)	120,500	-	<b>120,500</b>	<b>107,178</b>

There were no payments to senior employees by way of bonuses, taxable expenses or benefits other than in cash.

The "Other Amounts" value for 2025/26 relates to non-taxable benefit for refund of business expenses. In 2024/25 these amounts were in relation to election duties and related fees taking place of £3,220. These payments are reimbursed by either the Scottish Government or the Government of the United Kingdom.

The senior employees included in the table above include any local authority employee:

- who has responsibility for management of the local authority to the extent that the person has power to direct or control the major activities of the authority (including activities involving the expenditure of money), during the year to which the Report relates, whether solely or collectively with other persons,
- who holds a post that is politically restricted by reason of section 2(1) (a), (b) or (c) of the Local Government and Housing Act 1989(a),
- whose annual remuneration, including any remuneration from a local authority subsidiary body, is £150,000 or more.

## Pension Benefits

Pension benefits for councillors and local government employees are provided through the Local Government Pension Scheme (LGPS).

Before 1 April 2015 the scheme provided final salary benefits that were calculated by reference to a member's salary and their number of years of membership in the scheme. For employees the best of the last three final years of salary is used to determine the benefit accrued whereas for Councillors it is their career average pay that is used.

Career average pay is worked out by taking the Councillor's pay for each year or part year ending 31 March (other than the pay in the final year commencing 1 April) which is then revalued to reflect the cost of living, as measured by the appropriate index (or indices) between the end of that year and the last day of the month in which scheme membership ends. The total of the revalued pay is then divided by the period of membership to calculate the career average pay.

Benefits that are built up after 31 March 2015 build up on a CARE basis for both employees and Councillors. Under CARE, pension is built up annually and then revalued to reflect the cost of living, as measured by the Consumer Prices Index.

At retirement scheme members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The normal retirement age for both Councillors and employees is State Pension age or age 65 if later. However, benefits that were built before 1 April 2015 retain a normal retirement age of 65.

The LGPS operates a five-tier contribution system with contributions from scheme members being based on how much of their actual pay falls into each tier. To drive an efficient payroll these tiers are converted into steps of

# Annual Remuneration Report 2025/26

0.1% to which pay ranges are attached. The pay ranges are then revalued each year to reflect the cost of living. This is designed to give more equality between the cost and benefits of scheme membership.

The steps and members contribution rates for 2025/26 were as follows:

Contribution Rate	Actual Pay Min	Actual Pay Max	Contribution Rate	Actual Pay Min	Actual Pay Max
5.5%	Up to	£28,308	8.4%	£79,377	£81,612
5.6%	£28,309	£30,078	8.5%	£81,613	£83,978
5.7%	£30,079	£32,083	8.6%	£83,979	£86,485
5.8%	£32,084	£34,009	8.7%	£86,486	£89,146
5.9%	£34,010	£35,343	8.8%	£89,147	£91,976
6.0%	£35,344	£36,785	8.9%	£91,977	£94,991
6.1%	£36,786	£38,351	9.0%	£94,992	£98,211
6.2%	£38,352	£40,055	9.1%	£98,212	£101,657
6.3%	£40,056	£41,918	9.2%	£101,658	£105,354
6.4%	£41,919	£43,963	9.3%	£105,355	£109,330
6.5%	£43,964	£46,177	9.4%	£109,331	£113,617
6.6%	£46,178	£47,798	9.5%	£113,618	£118,255
6.7%	£47,799	£49,536	9.6%	£118,256	£123,287
6.8%	£49,537	£51,405	9.7%	£123,288	£128,766
6.9%	£51,406	£53,421	9.8%	£128,767	£134,755
7.0%	£53,422	£55,602	9.9%	£134,756	£141,329
7.1%	£55,603	£57,968	10.0%	£141,330	£148,576
7.2%	£57,969	£60,544	10.1%	£148,577	£156,608
7.3%	£60,545	£62,306	10.2%	£156,609	£165,557
7.4%	£62,307	£63,675	10.3%	£165,558	£175,590
7.5%	£63,676	£65,106	10.4%	£175,591	£186,919
7.6%	£65,107	£66,603	10.5%	£186,920	£199,810
7.7%	£66,604	£68,170	10.6%	£199,811	£214,611
7.8%	£68,171	£69,813	10.7%	£214,612	£231,780
7.9%	£69,814	£71,537	10.8%	£231,781	£251,934
8.0%	£71,538	£73,348	10.9%	£251,935	£275,928
8.1%	£73,349	£75,253	11.0%	£275,929	£304,973
8.2%	£75,254	£77,260	11.1%	£304,974	£340,852
8.3%	£77,261	£79,376	11.2%	£340,853	and above*

The value of the accrued benefits has been calculated by reference to the member's age on the basis they have reached the age at which they are entitled to receive a full unreduced benefit on retirement; without exercising any option to commute pension into a lump sum; and without any adjustment for the effects of future inflation.

The benefits and accrual rates for each year of service are:

- **Before 1 April 2009**  
A pension of  $1/80^{\text{th}}$  x pensionable pay\*  
A lump sum of  $3/80^{\text{th}}$  x pensionable pay\*
- **Between 1 April 2009 and 31 March 2015**  
A pension of  $1/60^{\text{th}}$  x pensionable pay\*
- **From 1 April 2015**  
A pension of  $1/49^{\text{th}}$  x pensionable pay\*

\*Pensionable pay is the relevant final pay, career average pay or career average revalued earnings.

The pension figures shown relate to the benefits that the person has accrued as consequence of their total pensionable service, which may include service derived from other employments, and not just their current appointment. The pension figures shown must be rounded to the nearest £1,000.

# Annual Remuneration Report 2025/26

## Pension Rights of Senior Councillors of Falkirk Council

The pension entitlements for Senior Councillors for the year to 31 March 2026 are shown in the table below, together with the contribution made by the Council to each Senior Councillor's pension during the year.

Accrued Pension Benefits					
Name	In Year Pension Contributions for year to 31/03/2026 £	As at 31/03/2026 Pension £	As at 31/03/2026 Lump Sum £	Difference from 31/03/2025 Pension £	Difference from 31/03/2025 Lump Sum £
David Balfour	5,566	7,000	-	-	-
Robert Bissett	7,322	5,000	-	1,000	-
Alan Nimmo	3,815	7,000	-	-	-
Gary Bouse	6,640	6,000	-	1,000	-
Fiona Collie	6,640	6,000	-	1,000	-
Paul Garner	6,640	7,000	-	1,000	-
Lorna Binnie	5,566	5,000	-	1,000	-
James Kerr	5,951	5,000	-	1,000	-
Cecil Meiklejohn	9,762	14,000	-	1,000	-
Bryan Deakin	6,640	2,000	-	-	-
Stacey Devine	6,640	3,000	-	1,000	-
Anne Hannah	5,951	2,000	-	-	-
Iain Sinclair	6,640	3,000	-	1,000	-
<b>Total</b>	<b>83,773</b>	<b>72,000</b>		<b>9,000</b>	

The pension benefits shown relate to the benefits that the individual has accrued as a consequence of their total pensionable service in the Scheme, and not just their current appointment.

## Pension Rights of Senior Employees of Falkirk Council

The pension entitlements of Senior Employees for the year to 31 March 2026 are shown in the table below, together with the contribution made by the Council to each Senior Employee's pension during the year.

Accrued Pension Benefits						
Name	Post Title	In Year Pension Contributions for year to 31/03/2026 £	As at 31/03/2026 Pension £	As at 31/03/2026 Lump Sum £	Difference from 31/03/2025 Pension £	Difference from 31/03/2025 Lump Sum £
<b>S Lacey</b>	Head of Social Work, Children's Services (CSWO)	23,583	24,000	-	3,000	-
<b>K Lawrie</b>	Chief Executive	34,592	87,000	96,000	7,000	6,000
<b>K Lawrie</b>	Returning Officer	-	1,000	-	-	-
<b>J Reid</b>	Director of Children's Services	27,057	5,000	-	3,000	-
<b>K Algie</b>	Director of Transformation, Communities and Corporate Services	27,057	70,000	91,000	5,000	5,000
<b>M Bennie</b>	Director of Place Services	27,057	37,000	-	4,000	-
<b>A Templeman</b>	Chief Finance Officer (Section 95 Officer)	23,583	33,000	21,000	3,000	1,000
<b>Total</b>		<b>162,929</b>	<b>257,000</b>	<b>208,000</b>	<b>25,000</b>	<b>12,000</b>

# Annual Remuneration Report 2025/26

The pension benefits shown relate to the benefits that the individual has accrued as a consequence of their total pensionable service in the Scheme, and not just their current appointment.

## Exit Packages

The Local Authority Accounts (Scotland) Regulations 2014 require a local authority to disclose the number of exit packages agreed in the financial year in bands as disclosed in the table below.

The total cost shown in the following tables is for exit packages that have been agreed, accrued for, and charged to the Comprehensive Income and Expenditure Statement or equivalent statements in 2025/26.

The costs in respect of compensatory and pension fund payments have been converted to capital values using factors agreed by the LGPS sub-committee of the Association of Consulting Actuaries in 1998 and published in November 1998, updated to 2009 values as advised by the actuary to the Falkirk Council Pension Fund. These factors have also been used to arrive at capital values for the equivalent costs in the Teachers' Pension Scheme.

As a result of an audit of Glasgow City Council Senior Officer exit packages, a letter was issued by the Accounts Commission setting out their expectations for the scrutiny, governance and transparency by Councils in considering and agreeing to such packages. The Commission asked that the letter be shared with the Audit and Scrutiny Committee. As Falkirk has two separate committees for these purposes the Audit Committee is deemed the most appropriate Committee for this to be shared.

Officers can provide a high level of assurance on the five key recommendations within the letter relating to the way exit packages are managed within the Council.

Taking each recommendation in turn:

- **Framework for Decision Making** - The Severance Policy, which outlines benefits payable, was approved by Executive. The policy ensures savings are realised from any exit package and requires appropriate approvals from the Service Accountant, the relevant Director, the HR and Payroll Manager and the Chief Finance Officer, before an offer can be made.
- **Informing Councillors** - An annual report is submitted to Council in the Information Bulletin. This confirms the total cost of severance and Ill Health Retirements along with savings achieved.
- **Decision Making** – As noted above, all approvals require a review by four different officers who assess and confirm that the proposed exit package is in line with the approved Severance Policy.
- **Improved Accountability** – Finance assesses the proposed exit package prior to approval and make the necessary accounting changes to the appropriate service budget once a package is approved.
- **Elected Member involvement in early retirement and redundancy decisions for senior staff** – within Falkirk, senior staff are considered to be any chief officer of the Council, i.e., Director or Head of Service. The Policy requires the Chief Executive or relevant Director as appropriate, to advise the relevant Portfolio Holder of the proposed package prior to any offer being made.

In response to the letter, the Severance Policy is also being updated to require Group Leaders to be notified of any proposed severance of a Chief Officer. In addition, any severance relating to the Chief Executive will require to be reported to Council to ensure the Accounts Commission requirements are fully met.

There were no compulsory redundancies in either 2025/26 or 2024/25.

## Exit Packages agreed with former employees of Falkirk Council

Bands	2024/25 No.	Total Payments £	2025/26 No.	Total Payments £
Up to £20k	34	279,839	15	138,953
Over £20k up to £40k	11	309,300	4	99,259
Over £40k up to £60k	11	528,551	5	242,272
Over £60k up to £80k	5	373,812	-	-
Over £80k up to £100k	5	428,440	2	187,692
Over £100k	12	1,695,196	7	992,474
<b>Number of Packages</b>	<b>78</b>	<b>3,615,138</b>	<b>33</b>	<b>1,660,650</b>

**Councillor Cecil Meiklejohn**  
**Leader of Falkirk Council**

**Kenneth Lawrie**  
**Chief Executive of Falkirk Council**



