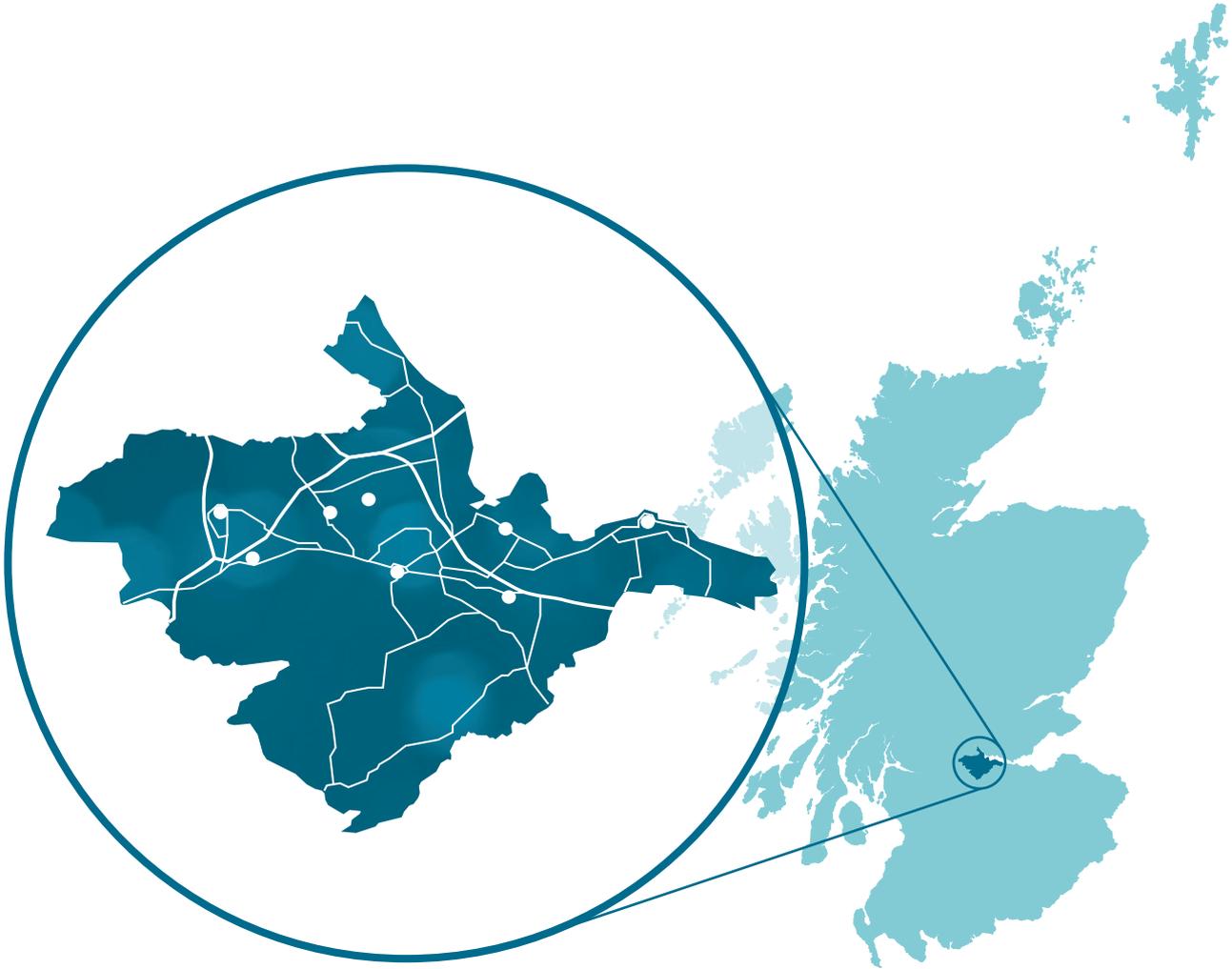


Best Value Assurance Report

Falkirk Council



ACCOUNTS COMMISSION 

Prepared by Audit Scotland
January 2022

The Accounts Commission

The Accounts Commission holds councils, health and social care integration joint boards and other local government bodies in Scotland to account and helps them improve. We operate impartially and independently of councils and of the Scottish Government, and we meet and report in public.

We expect councils to achieve the highest standards of governance, financial stewardship and value for money in how they use their resources and provide their services.

Our work includes:

- securing and acting upon the external audit of Scotland's councils, integration joint boards and various joint boards and committees
- assessing the performance of councils and integration joint boards in relation to Best Value and community planning
- carrying out national performance audits to help councils improve their services
- requiring councils to publish information to help the public assess their performance.

You can find out more about the work of the Accounts Commission on our website: www.audit-scotland.gov.uk/about-us/accounts-commission 

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

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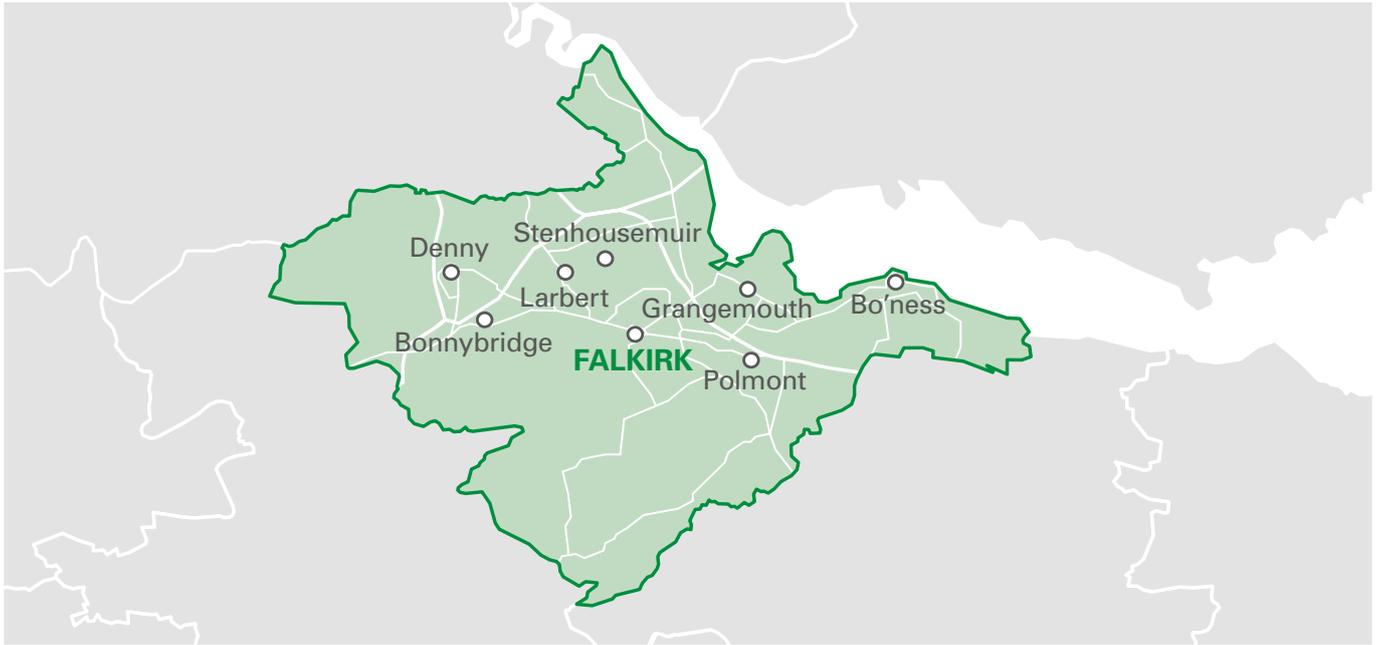


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Key facts



297
square
kilometres

Area

160,890

Population
(mid-year 2019 estimate)

6,029

Workforce
(full-time equivalents
2019/20)

30

Elected members
13 Scottish National Party
7 Labour
7 Conservative and Unionist
3 Independent

16,509

Council houses
(March 2020)

£15.4
million

Budget gap
2021/22
(March 2021)

£369.4
million

2021/22
Revenue budget

£47.4
million

2021/22
Capital budget
(including housing
revenue account)

Commission findings



- 1** The Commission accepts the Interim Controller of Audit's report on Best Value in Falkirk Council and we endorse his recommendations.
- 2** Our last Best Value report on the council in February 2018 showed an encouraging response by the council to two previous reports (in 2015 and 2016) which had been critical about the council's slow pace of improvement. We are therefore extremely disappointed that this current report again finds that insufficient progress is being made by the council in its improvement.
- 3** While we are pleased to note positive working relationships between elected members and officers, we are seriously concerned that we do not yet see the collaborative leadership required to deliver the change that is needed.
- 4** We cannot yet have confidence that the council will meet a projected budget gap of £70 million over the next five years. All members need to demonstrate their ability to take difficult decisions on how the council is to transform its services for the people of Falkirk, and such decisions need to be implemented urgently. Recent improvements in how the Council of the Future programme is managed and scrutinised should now help bring more clarity on the decisions which require to be taken and what their implementation will achieve. Services to children looked after in the community are an example of an area where such clarity is important to balance financial challenges with the need to improve services and support.
- 5** We are pleased to note the good performance of many council services, but the council needs to do more to show how it acts upon people's experience and satisfaction with these services. Its effective response to the pandemic underlined how it is improving how it engages with its communities, which will be important in facing the significant challenges ahead.
- 6** We also, however, need to see the council doing more with its community planning partners to empower communities: we underline the need for speedy progress in putting in place locality plans. The council and its partners work well to ensure a good understanding of the inequalities experienced in the communities of Falkirk. But a prominent example of how partnership working needs to deliver more benefits for communities in Falkirk is the need for further integration of health and social care services through the Integration Joint Board.
- 7** This report and findings set out some vital steps needing to be taken by Falkirk Council. The progress that we require to see means that we will expect the Controller of Audit to report back to us as a priority, and thus early in our new approach to auditing and reporting Best Value, in place from mid 2023.

Audit approach



1. The statutory duty of Best Value was introduced in the Local Government in Scotland Act 2003. The audit of Best Value is a continuous process that forms part of the annual audit of every council. Findings are reported each year through the Annual Audit Report.

2. In addition, the Controller of Audit will present a Best Value Assurance Report to the Accounts Commission at least once during the five-year audit appointment for each council. This is the first assurance report on Falkirk Council. The Controller of Audit's previous report on Falkirk Council was a Best Value follow-up report, published in February 2018. A summary timeline is included at the [Appendix](#).

3. This report seeks to provide the Commission with assurance on the council's statutory duty to deliver Best Value, with a particular focus on the Commission's strategic audit priorities. We are looking for councils to demonstrate Best Value by showing continuous improvement in how they deliver services. The pace and depth of this improvement is key to how well councils meet their priorities in the future.

4. Our work covers many Best Value themes in the statutory guidance but does not cover them all. Our audit approach is proportionate and risk-based, and reflects the context, risks and performance of the individual council. It also draws on the information from audit and scrutiny work we have carried out in previous years as shown in [Exhibit 1 \(page 7\)](#).

5. In keeping with this approach, we conducted some initial work to identify risks and council initiatives to build into the scope of our audit. This included a review of previous audit and inspection reports and intelligence, a review of key council documents, initial meetings with senior officers and reflection on our wider public sector knowledge and experience. Key areas of focus for our audit are shown in [Exhibit 2 \(page 7\)](#).

Impact of Covid-19 pandemic on the audit approach

6. Because of Covid-19 restrictions, the audit team held all interviews with key officers, elected members and partners remotely. Despite the restrictions on the on-site fieldwork, we were able to gather sufficient evidence to support the audit judgements in this report.

7. The pandemic has brought unprecedented challenges for councils across the country. The long-term impacts on communities and the delivery of public services are still unknown, but they will be significant and could continue for some time. The scope of our work covers the current impact of Covid-19 on Falkirk Council where it is known.

Exhibit 1

Assessing Best Value across the audit appointment period

Best Value themes were reported within the wider scope sections of annual audit reports.

Best Value characteristics	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Performance, outcomes and improvement		✓		✓	✓	
Vision and leadership					✓	
Governance and accountability	✓		✓	✓	✓	
Effective use of resources	✓	✓	✓		✓	
Partnership and collaborative working					✓	
Working with communities					✓	
Sustainable development						✓
Fairness and equality						✓
Best Value Assurance Report					✓	
Best Value Assurance Report follow-up						✓

Source: Audit Scotland

Exhibit 2

Key areas of focus for our audit



The council's vision and strategic direction



Performance and pace of improvement, including public performance reporting



Effective use of resources, including financial sustainability, impact of transformation programme and workforce planning



Partnership working and community engagement



Continuous improvement, including progress since the follow-up Best Value audit report published in 2018

Source: Audit Scotland

Follow-up to report

8. The audit work was carried out by a joint team from Audit Scotland and Ernst & Young LLP (EY), the appointed auditor. The appointed auditor will continue to audit Best Value over the course of the audit appointment. This will include following up on the recommendations and Accounts Commission findings in this report and more detailed audit work on other Best Value characteristics as appropriate.

Acknowledgement

9. We gratefully acknowledge the cooperation and assistance provided to the audit team by all elected members, officers and other stakeholders during the audit.

Key messages



- 1** In our last Best Value report in 2018, we said that the council would need strong leadership to make the necessary step change in its pace of improvement. Since then, the council has taken a range of actions to improve leadership and develop an improvement culture. However, elected members and the corporate management team have not yet demonstrated the collective leadership required to drive the change necessary to deliver the council's priorities. The council has made insufficient progress on key aspects of Best Value, including improving financial sustainability, performance management and reporting, community empowerment and equalities. It has only recently begun to take forward developments in these important areas.
- 2** The council established its Council of the Future (COTF) programme for transforming the way it works in 2017, but it has still to make a significant impact on services and savings. After commissioning a review from an external consultant in 2020, senior officers have recently implemented substantial changes to how they manage the transformation programme. But the pace and depth of the transformation programme need to be significantly improved.
- 3** The council has a medium-term financial plan, but this does not identify how it will address the full extent of its projected £70 million funding gap over the next five years. Elected members typically opt to use reserves to balance annual budgets rather than taking more difficult decisions within savings options proposed by officers. This is not sustainable.
- 4** While the council has appropriate governance arrangements and good working relationships between senior officers and elected members across the political parties, significant delays in elected members taking some key decisions are impacting on the council's pace of change. Elected members need to make difficult decisions quickly about the future shape of services and show better collective leadership with the corporate management team to deliver the necessary change. We expect all members to work together, and with officers, to fulfil the council's duty of Best Value.
- 5** The council performs well in several key services, and performance continues to improve. Moreover, it is actively working to address areas in which performance is poorer. In 2019/20, its performance in 60 per cent of published Local Government Benchmarking Framework (LGBF) indicators was above the national average. The people of the Falkirk Council area are, however, less satisfied with the council's performance and services than in other areas of Scotland. Previously highlighted

weaknesses in the performance information reported to the public and to committees for effective scrutiny have recently begun to be addressed.

- 6** The council has not been effective in ensuring that equalities are embedded across the organisation. Following a review in 2019/20, the council is responding to several significant weaknesses including: the absence of a governance framework, the need for self-assessment, a focus on reviewing outcomes and improving reporting progress against its statutory requirements.
 - 7** The council has decided to wind up the Falkirk Community Trust and bring sport, leisure and cultural services back in-house from April 2022. The council sees long-term benefits to this decision but the additional costs it will incur pose a significant risk to value for money unless the council takes difficult decisions quickly. The council has begun reducing total staffing costs to mitigate this risk.
 - 8** The council has strong and positive working relationships with its community planning partners and these have supported an effective joint response to Covid-19 as well as important new developments, such as the Falkirk Investment Zone. However, the Community Planning Partnership (CPP) has not been able to demonstrate whether it is delivering positive outcomes for its communities. It is working to address this through reporting progress against its new Falkirk Plan, published in November 2021. It has also failed to develop locality plans, despite legislation requiring them to be complete more than four years ago. This is now being taken forward as a priority.
 - 9** Recently there has been close joint working between the council, the Health and Social Care Partnership (HSCP) and NHS Forth Valley in responding to the Covid-19 pandemic. This has improved the effectiveness of the Falkirk Integration Joint Board (IJB) and enabled it to make progress in shifting the balance of care. However, NHS Forth Valley has yet to fully integrate key services. This falls short of the expectations within legislation and reduces the IJB's ability to achieve transformational change.
 - 10** The council has made limited and slow progress in empowering its communities in response to the Community Empowerment Act 2015, but this is now a greater priority. It introduced community choices, a participatory budgeting scheme, during 2021. The council has also recently strengthened its capacity to work better with communities. This, together with the response to Covid-19, has resulted in a positive shift in its approach and culture in engaging and working with communities in the last two years.
 - 11** The council responded well to the immediate challenges of the Covid-19 pandemic, supporting and working with its communities, including using their views to develop a new vision and priorities for the recovery from Covid-19. It is aligning its plans, transformation programme, and performance reports around its three key priorities (Communities, Enterprise and Innovation) and has begun making good progress in improving its use of digital technology in line with its priority of becoming more innovative.
-

Part 1

Does the council have clear strategic direction?



Since our Best Value follow-up audit report in 2018, elected members and the corporate management team have not achieved transformational change at the pace and depth necessary to deliver on the council's priorities and address budget gaps.

The council has set out a clear vision and its priorities for the future, including its recovery from Covid-19. All elected members and senior officers now need to work together to collectively lead the necessary change to deliver the council's vision and Best Value.

The council has supported its staff and communities well through the Covid-19 pandemic and needs to build on the positive changes this has brought to its ways of working.

The council established its Council of the Future programme for transforming the way it works in 2017, but it has still to make a sufficient impact on services and savings. After commissioning a review in 2020 from an external consultant, senior officers have recently implemented substantial changes to how they manage the transformation programme.

The council has appropriate governance arrangements to support effective decision-making, and there is close working between senior officers and elected members across the political parties. But significant delays in taking some key decisions have impacted on the council's pace of change. Elected members need to hold officers to account for transformation and make difficult decisions quickly about the future shape of services.

The local context

10. Falkirk Council is the 11th largest local authority in Scotland by population, with a total population of 160,890. The Falkirk Council area is largely urban and is situated in the central belt of Scotland. It covers 297 square kilometres and includes the towns of Falkirk and Grangemouth. The population has been increasing and is projected to increase by a further 3.2 per cent between 2018 and 2028. This is notably faster than the average projected increase across Scotland of 1.8 per cent.

11. Many Falkirk Council areas experience high levels of deprivation. According to the 2020 Scottish Index of Multiple Deprivation (SIMD), 15 per cent of council residents (24,575) are currently living in the most deprived 20 per cent of areas in Scotland. Of the 214 data zones in the council area, 35 are in the most deprived 20 per cent of areas in Scotland, an increase of two from the 2016 SIMD. Child poverty is an issue in the Falkirk area, with the percentage of children living in low-income families increasing from 15.4 per cent to 18.1 per cent since 2016. The percentage of children living in poverty increased from 23.1 per cent in 2015/16 to 24.8 per cent in 2019/20 and is now above the Scottish average rate of 24 per cent.

12. Life expectancy at birth of women in the Falkirk area is 80.5 years, which is lower than the Scottish average of 81.1 years. For men, however, life expectancy at birth is 77.3 years, slightly higher than the Scottish average of 77.2 years. The 2011 census stated that 30 per cent of Falkirk Council's population was living with one or more long-term conditions, slightly higher than the Scottish rate.

13. About two-thirds of all chemical sector activity in Scotland takes place in the Falkirk area because it includes the Grangemouth plant. In 2018/19, carbon dioxide emissions per capita in the Falkirk area were the highest in Scotland at 14.9 tonnes per year, almost three times the Scottish average of 5.3 tonnes per year.

14. The total number of jobs in the Falkirk area is about 66,000, and its total turnover is about £7.05 billion (2016). The area has some iconic landmarks and attracts almost one million visitors each year. Tourism is an area of growth, accounting for about £110 million coming into the local economy in 2016 and employing almost 2,000 people.

15. The Falkirk area has a greater proportion of people employed in the manufacturing, construction and transport sectors than the Scottish average. Covid-19 has, of course, had an impact on Falkirk's economy, with approximately 18,800 employees (29.5 per cent of all employees) being furloughed during the pandemic. The area saw a rise in Universal Credit claimants during the pandemic and an increase of 66.6 per cent in unemployment claimants between March and April 2020. Youth unemployment increased from 5.4 per cent in March 2020 to 10.1 per cent in June 2020.

The council has a clear vision and priorities for its recovery from Covid-19 and has embedded these in its strategic plans

16. The Accounts Commission's [Local government in Scotland Overview 2021](#)  describes how the Covid-19 pandemic is having a profound impact on all aspects of society, including the economy, jobs, and the physical and mental health of the public. Councils have been at the centre of the response to the

pandemic, supporting communities through these difficult times. It has brought additional pressures and demands that have inevitably had an impact on the council's plans over that time.

17. Members and officers have set a clear strategic direction for the council and its recovery from the impact of Covid-19. In taking stock after the first peak of the Covid-19 pandemic, the council realised that it would need to allocate resources differently to combat poverty, revive the economy, improve people's health and wellbeing, and address Covid-19's impact on public spending. It developed a new Corporate Plan in 2020 to reflect this.

18. To shape its mission and priorities in the new Corporate Plan, the council considered the views of communities, businesses and employees. It did this through surveys with staff, the public and businesses, and through 'community conversations' with the third sector, Falkirk Parent Forum, community groups and equalities groups. During July and August 2020, the council consulted its local communities: 1,467 people completed the council's survey about how Covid-19 had affected their lives and what they thought the council's priorities should be in future. A further 100 people took part in eight virtual 'community conversation' focus groups. Those who took part in this engagement said that the council needed to:

- simplify its priorities, as a number overlap
- help people to live better lives – from supporting the most vulnerable to creating safe educational and living environments
- treat communities equally and fairly and make them safe and sustainable places to live
- help businesses get back on track and create jobs and investment opportunities
- be more innovative and less bureaucratic in how it operates.

19. The council has used the feedback to revise its priorities and its Corporate Plan and Business Plan, and to review and improve its day-to-day operations. As a result, it has reduced the number of corporate priorities that underpin its vision of making Falkirk 'The Place to Be – where everyone can fulfil their potential' from five to the following three:

- Communities: where everyone has an equal chance to be healthier, happier and safer and to build sustainable communities by focusing on creating stronger communities, tackling poverty and inequality, education, social care and the local environment.
- Enterprise: helping businesses to thrive and make the Falkirk area more prosperous by focusing on the Growth Deal, economic recovery, employability, inclusive growth and tackling climate change.
- Innovation: creating an innovative and entrepreneurial council that is forward thinking and unafraid of change by focusing on transformation, culture, digital technology, finances and data.

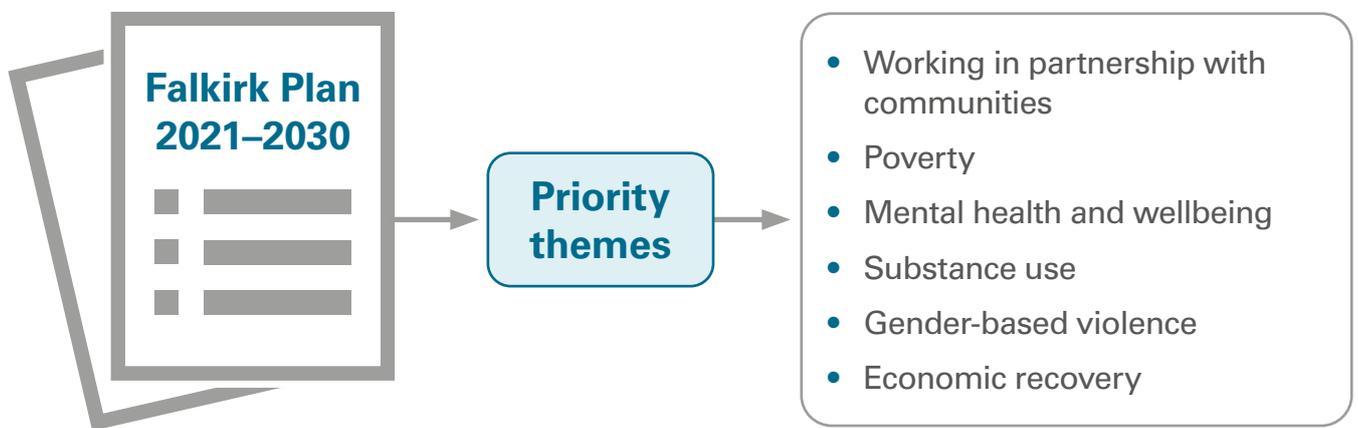
20. The vision framework in the Corporate Plan expresses the council’s ambition to create a greener and more economically vibrant area with healthier, stronger and more prosperous communities that are digitally connected and able to make key decisions themselves.

21. The council’s revised priorities align with the wider priorities of the Community Planning Partnership (CPP) as set out in its new Falkirk Plan 2021–2030 ([Exhibit 3](#)).

Exhibit 3

Falkirk CPP’s key priorities

The CPP’s priorities in its new Falkirk Plan 2021–2030 are set out under six themes that have the most pressing and direct impact on communities and which require the most urgent action.



Source: Falkirk CPP

22. The council has also incorporated its vision into updates to other strategic plans (including its new three-year Business Plan approved in September 2020, its Economic Recovery Plan and Digital Falkirk) as shown in [Exhibit 4 \(page 15\)](#). All these plans centre on the council’s three simplified priorities. These priorities are also now shaping the Council of the Future (COTF) transformation programme, with priority projects and proposed savings clearly aiming to contribute to one of the corporate priorities.

23. There is broad cross-party political support for the vision and priorities set out in the Corporate Plan, the supporting plans and the COTF transformation programme. As highlighted in [paragraph 37](#), however, this support is not consistently reflected in council decisions.

Exhibit 4

Falkirk's strategic plans

The council has updated and aligned its strategic plans over the last 18 months.

Plan	Duration
<p>The Falkirk Plan 2021–2030</p> <p>This will provide vision and focus, based on the local priorities agreed on, for communities and partners to work collaboratively to meet the needs and aspirations of the people in the Falkirk area.</p>	10 years
<p>Falkirk Council Corporate Plan 2020–2022</p> <p>This is the council's vision framework. It focuses on the council's priorities and how it will ensure effective engagement with communities.</p>	2 years
<p>Falkirk Council Business Plan 2021–2023</p> <p>This sets out how the council will deliver on its priorities through the COTF transformation programme, the medium-term financial plan and the workforce plan.</p>	3 years
<p>Falkirk Council Economic Recovery Plan August 2020</p> <p>This presents information on the economic impact of, and outcome of, the consultation on Covid-19 and how the council will address this.</p>	2 years
<p>Digital Falkirk 2020–2025</p> <p>This is a framework for using digital technology to improve services, engage more effectively with communities and reduce operational costs.</p>	5 years

Source: Falkirk Council

Being innovative is a key priority and the council has made good progress in enhancing digital technology over the past year

24. The council agreed its first digital strategy in May 2019. At that time, the strategy was high-level, with very limited detail about how the council would implement digital transformation. In September 2020, the council updated the strategy and Business Plan, reflecting the need to increase the scale and speed of digital investment in response to the Covid-19 pandemic. The revised strategy is much more specific about where the council needs to use digital technology and how it will do this. The council's updated Business Plan also more clearly reflects priorities for substantial digital investments, including digital connectivity and ultrafast broadband for all key council buildings, such as schools and care homes, and in automation and mobile and flexible technologies.

25. Over the past year, the council has been enhancing digital technology in line with its ambitions. It has delivered free public Wi-Fi in each of its town and district centres and through 'DigitalBoost' maintains an active programme of digital support for business. As part of its Succeed Today, Excel Tomorrow (STET) transformation project it has been rolling out its Connected Falkirk initiative across its schools. It is also the first Scottish council to have introduced an end-to-end digital telecare service, a sector-leading digital achievement ([Case study 1, page 16](#)).

Case study 1



Digital development

Connected Falkirk – part of the Succeed Today, Excel Tomorrow project

Before the Covid-19 pandemic, the council launched Connected Falkirk, an ambitious programme to allow teachers to use technology to improve learning, teaching and assessment, ensuring equal access to digital learning and aiming to achieve better educational outcomes.

In rolling out Connected Falkirk, the council established the Falkirk Apple Regional Training Centre – one of only four in Scotland – to deliver world-class training to educators, build skills and confidence, share best practice and inspire excellence through teaching with technology. By January 2021, every teacher had their own iPad and access to resources and training, enabling them to create high-quality learning experiences online. All 58 schools in the council area have also been upgraded to high-speed fibre internet access and 1,750 Wi-Fi access points have been installed. Connected Falkirk aimed to provide 16,000 iPads to all P6–S6 pupils and a shared device for every five P1–P5 pupils by the end of 2021.

To support the programme's effective operation, the council has five in-house, full-time dedicated digital learning specialists who provide training and development sessions for all pupils, bespoke professional learning for all staff, and a range of training materials, tutorials, advice, support and resources on relevant tools and techniques.

Digital telecare

The COTF Analogue to Digital Telecare project was designed to replace the analogue telephone lines of the Mobile Emergency Care Service (MECS), which are due to be turned off by 2025, with a digital service. The council's information and communications technology (ICT) team worked with the HSCP, the local social enterprise Haven Enterprise and the alarm provider Doro Care to replace 4,000 analogue alarm systems in people's homes with pre-programmed digital ones. At the same time, the team worked with Chubb Systems to develop and install a digital alarm receiving centre.

Falkirk Council was the first Scottish council to migrate emergency care service users to a safe, secure and fully digital telecare service. By September 2021, 90 per cent of users had been migrated to the fully digital service. The team is working to transfer the remaining MECS users to the digital service by spring 2022. As a result of its work, the council received a Gold Level 1 Digital Telecare Implementation Award from the Digital Telecare for Scottish Local Government programme.

Source: Falkirk Council

The council has not yet achieved change, innovation and savings on the scale required to meet the objectives of its Council of the Future transformation programme

26. The council first introduced its COTF transformation programme in 2017. It was designed to be an initial five-year improvement programme to transform services and help address the council's future funding gaps.

27. The programme is currently in its third wave. It began with 14 projects in the first wave in 2017. Four of these projects were completed. One of these led to Falkirk's Next Generation Contact Centre (NGCC) being set up. The other three were 'enabling' projects, intended to lay the foundations for further work:

- the children and families social work strategic review, which led to the Closer to Home project being developed
- the 'breaking the mould' project, which has informed the development of projects in roads and grounds maintenance

- a strategic planning project, which led to the council creating its first five-year Business Plan in 2019.

28. The second wave of the COTF programme, launched in May 2019, had 30 projects in total, 18 of which were completed. These ranged in scale, nature and potential impact. For instance, an asset register was created in one project and a five-year litter strategy developed in another. One project led to the introduction of an online health and safety system for reporting workplace incidents, while another developed an online school payment system. One project allowed two school subjects (Advanced Higher History and Higher Politics) to be offered through virtual learning. Other projects ranged from delivering savings through a single managed structure for all staff involved in clerical/administration support services and allowing workers to take council vehicles home and use handheld devices (which resulted in a 30 per cent increase in productivity and a reduction in job completion times), to decreasing the number of building maintenance depots from three to two.

29. Three of the 18 projects completed in the second wave of the COTF programme, however, turned into other projects. As outlined in [Part 4](#), one of these, the completed project on locality planning, has still to result in the agreed locality plans being adopted. Some of the longer-term and more challenging projects in the second wave are still ongoing, such as the Closer to Home project for young people in care. Five projects have been rolled forward into the current programme: the Growth Deal, economic recovery, regeneration of the town centre, the council headquarters and arts centre project and transformation of the roads and grounds maintenance service.

30. The COTF programme currently comprises 30 projects. Of these, ten are priority projects, identified by the council as likely to result in the most significant changes to the way it works and to make the greatest contribution to addressing its future budget gaps. As shown in [Exhibit 5 \(page 18\)](#), none of the current priority projects has yet reached the stage where the council considers that it has been successfully implemented (defined in project management terms as having reached Gateway 4).

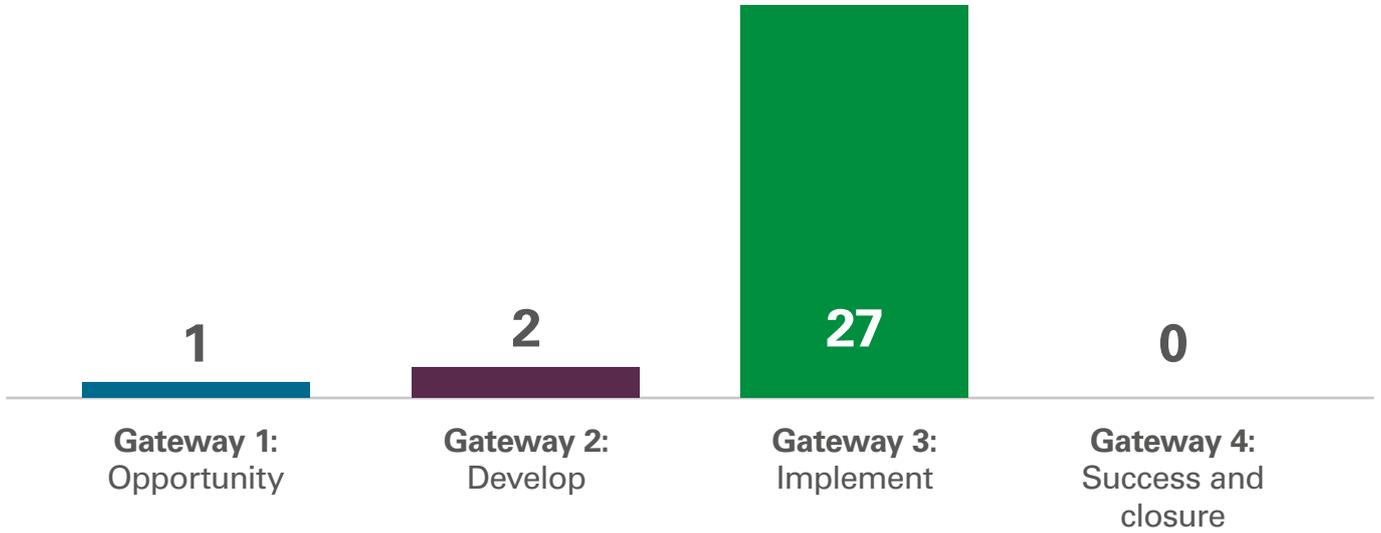
31. The appointed auditor has consistently reported each year that it has not been possible to verify the savings delivered through COTF. The council recognises that its lack of progress in implementing its COTF programme means that the level of savings it had hoped to achieve and the timescale over which it had hoped to achieve them are unrealistic. As shown in [paragraph 53](#), the council's Closer to Home priority project is striving to generate savings of £7 million by 2025/26 from transforming children's services. However, savings to date have not been enough to even offset budget overspends.

32. The council has revised projected COTF savings, decreasing saving projections for the 2021/22 financial year and increasing savings projected for 2022/23 to 2025/26. This is reflected in [Exhibit 6 \(page 18\)](#), which shows that projected savings for almost all priority COTF projects are heavily weighted to 2022/23 onwards. Accordingly, to balance its annual budgets, the council has continued to rely heavily on annual cost savings resulting from reductions in budget and full-time equivalent (FTE) staff rather than on savings resulting from transformation.

Exhibit 5

COTF project status by gateway – August 2021

Almost all COTF projects are still at the implementation stage.

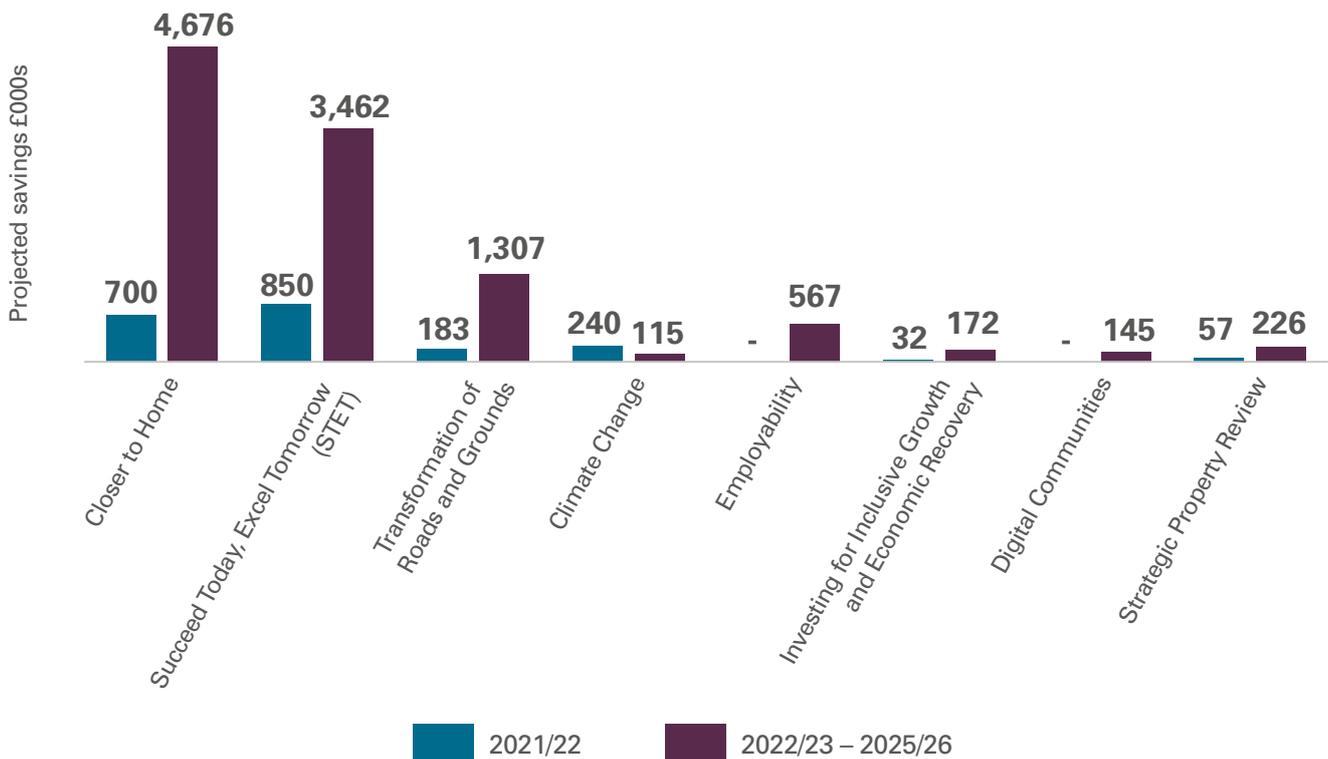


Source: Falkirk Council

Exhibit 6

Projected savings resulting from priority COTF projects, 2021/22 and 2022/23 – 2025/26

Eight of the council's 10 COTF priority projects are designed to deliver savings, but very few of these savings are anticipated before 2022/23.



Source: Falkirk Council

The council is putting in place better arrangements to manage its Council of the Future transformation programme

33. In recognition of the need to improve its management and delivery of the COTF programme, the council commissioned an external consultant to carry out a full review of the COTF programme during 2020. The consultant's report in December 2020 set out for the council eight elements that they believe are core to a successful transformation programme (**Exhibit 7**). It highlights that these must all be present, effective and work in harmony to drive a robust programme, from generating ideas to delivering them successfully. Having reviewed the COTF programme in the context of each of these elements, the consultant highlighted several weaknesses and areas for development that the council needed to address urgently. These include taking rapid action to strengthen the programme, prioritising opportunities to release benefits in 2021/22, and improving the clarity and accountability of the COTF governance framework to address services working in silos.

Exhibit 7

Core elements of a successful transformation programme



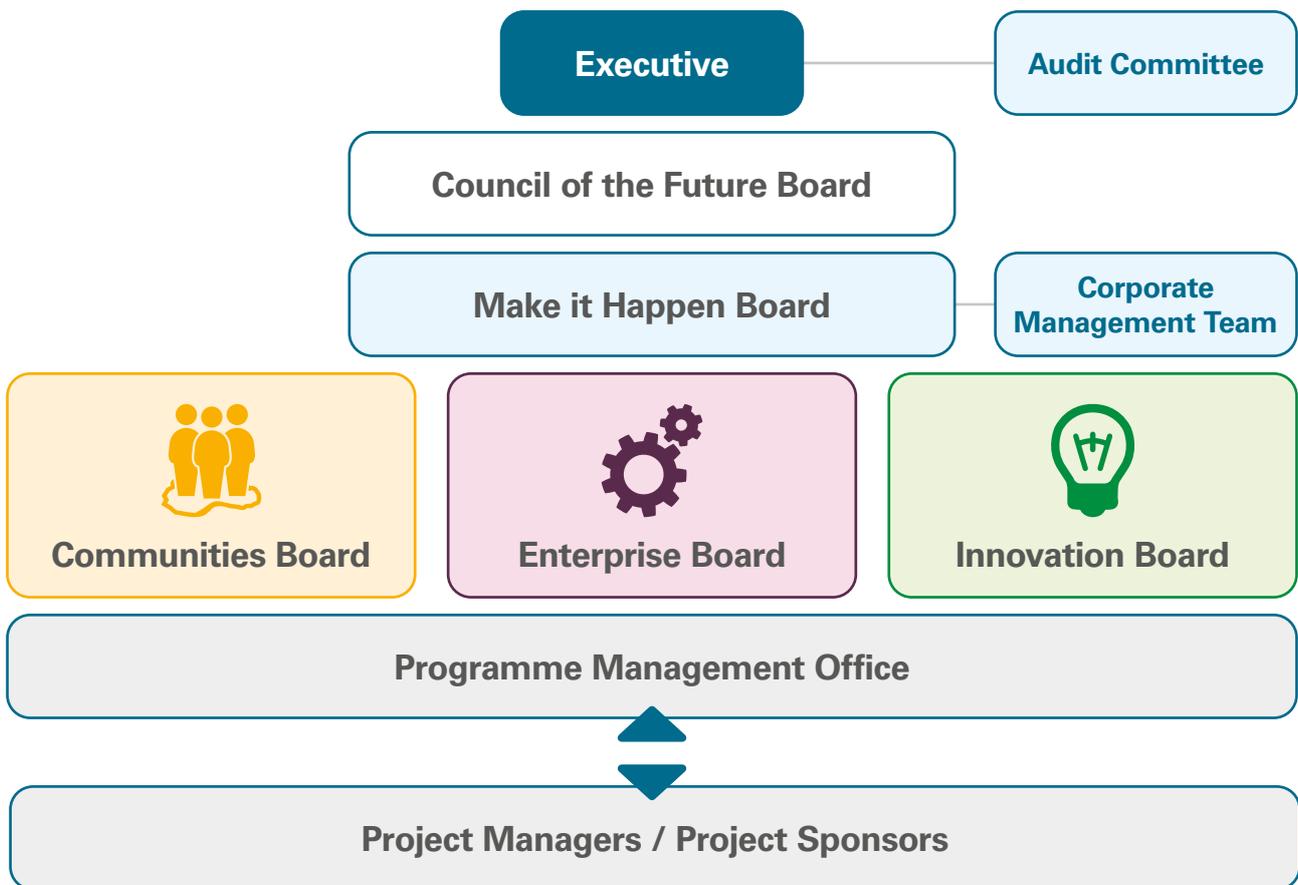
34. Officers have used this external review as an important turning point in improving their management of the transformation programme. In January 2021 they developed and started implementing a Powering our Priorities (POP) action plan. This has led to the council establishing a new programme governance framework ([Exhibit 8](#)), adopting better project and risk management methodologies, and improving progress reporting.

35. The council has a well-resourced programme management office (PMO), and its response to the critical external review of the COTF programme has included significant further investment in an additional four PMO staff. If the council is to deliver effective transformation with the sense of urgency required to address the funding gaps identified, it needs to complement its investment in PMO resources with ensuring that all staff across the council buy in equally to the COTF programme. Through transparent and robust reporting of progress on COTF it also needs to assure itself that it is getting the expected return on its investment in PMO resources.

Exhibit 8

COTF governance framework

The council has strengthened its COTF governance framework and aligned it to its corporate priorities.



The delivery of the Council of the Future programme requires better collective leadership from officers and elected members

36. In the 2018 Best Value follow-up audit report, we said that the council would need strong leadership to make the necessary step change in its pace of improvement. Since 2018, the council has taken a range of actions to improve leadership and develop an improvement culture. Actions include introducing a leadership forum, tailored leadership team development sessions and courses in leadership, team skills and coaching in supporting senior officers to achieve Institute of Leadership and Management (ILM) awards. Despite this, elected members and senior officers have not yet demonstrated the collective leadership required to achieve the transformational change necessary to close the council's budget gaps and deliver on its priorities.

37. As well as the weaknesses in implementing COTF, political tensions between elected members, together with the challenges of the council being led by a minority administration, have meant that key decisions on projects crucial to achieving the council's vision have not been made. As highlighted in [Part 3](#), when setting the budget, elected members continue to opt to use reserves rather than accept some of the options put forward by officers for transformational savings. In addition, decisions have been delayed for several years on some priority projects that have the potential to lead to substantial transformation and savings. For example, the council has been debating the replacement of its headquarters and arts centre since 2014. This forms one strand of the council's wider strategic property review (SPR), which as shown in [Case study 2 \(page 22\)](#), has been under debate since 2016.

Officers have recently started to improve the information they provide to elected members to facilitate better scrutiny of the council's transformation programme

38. As well as COTF requiring collective leadership, it is essential that elected members can effectively hold officers to account for its delivery. Until recently the information that officers provided to elected members on the COTF programme and projects did not allow for effective scrutiny of the programme. This included elected members only being briefed verbally on the findings of the COTF external review report, posing a risk that they are not all clear about the extent of the challenges around the transformation programme.

39. The improvements made in managing COTF in 2021 have led to elected members receiving better information on the COTF programme and projects. This includes the POP action plan being provided to the Scrutiny Committee and discussed at COTF board meetings. From June 2021, officers began to report more detail to elected members, including reporting on progress, risks and projected savings from the priority projects in the programme. From September 2021 onwards, more detailed updates on individual priority projects are being reported in turn to the council's Executive and other core committees. This provides greater clarity around the programme, but reports would benefit from providing greater detail about what actions are being taken and explaining where progress or savings differ from that planned.

Case study 2



Strategic property review

The council agreed to review its property estate in 2016 but has not yet implemented an approach to tackling underused and poorly performing assets.

In May 2016, the council's Executive Committee agreed to carry out a strategic property review (SPR) of both the council's and Falkirk Community Trust's property estates to inform collective service needs and the 2017/18 budget process.

The Stage 1 review report in December 2016 confirmed that the council had too many assets, many of which were underused and poorly performing, and recommended that the council adopt a corporate approach to reduce and modernise its property estate in line with needs. A joint member-officer working group was set up to take the SPR and its recommendations forward.

In May 2018, the council conducted a review of its office accommodation as part of the SPR, and officers made recommendations on refurbishing and disposing of buildings. The recommendations for its headquarters and back-office estate were rejected in favour of a further review of options, particularly the further review of proposals to replace the council headquarters. Work has proceeded to deliver three locality advice hubs and front-facing offices.

The SPR has been discussed by the council at ten meetings over the course of the last five years. In May 2021, the council agreed on the findings of the SPR and that the review is essentially complete. It also agreed on a property strategy and implementation plan to inform options and decisions on its operational properties (subject to the 2016/17 financial information in the draft property strategy being updated and resubmitted for consideration at a future council meeting). The council needs to quickly progress the remaining key actions in the SPR and take decisions on its property estate to deliver Best Value.

The council's school estate also forms part of the SPR. In September 2021, following a referral by Scottish ministers, the School Closure Review Panel found that the council had not fulfilled all of its statutory duties in its proposals to close Bothkennar and Limerigg Primary Schools, both rural schools. Consent for both closures was refused on the grounds that the council had significantly failed to set out reasonable alternatives to closure. The panel requires the council to redress the identified failures in reaching a fresh decision on both schools.

Source: Audit Scotland

The council's positive response to Covid-19 has shown that by empowering staff it can work well and at pace and it needs to build on this

40. The chief executive took up post in 2018 and more than half of his tenure has been spent responding to Covid-19. He and his senior team have led the council's response to Covid-19 well through a range of initiatives. Senior officers have empowered staff throughout the organisation to find ways of working together, which has resulted in the effective delivery of essential services in a changing and challenging environment. The need for rapid responses to Covid-19 has shown that staff across council services can work well towards a common and urgent purpose, as highlighted in [Case study 3 \(page 23\)](#).

41. Covid-19 has been a catalyst for several other important improvements to the way the council works. Senior officers have highlighted that the council's leadership team is now working more effectively as a team than it did previously.

Case study 3



Working through the Covid-19 pandemic

The council developed several initiatives to support its communities.

Employment and Training Unit

The council's Employment and Training Unit ensured that more than 800 people could continue to develop employability skills during Covid-19 by providing virtual support, replacing typical face-to-face learning. The unit supports young people in Falkirk who wish to develop skills outwith traditional higher or further education settings. The service offers a range of support, from specific training and qualifications to wider life skills in wellbeing, health and finance. The team also directs people to other services to help with challenges arising from Covid-19. It has been successful in securing jobs for some, despite the fragile employment market, in areas such as health and social care, retail, food and administration.

Summer Takeaway – combating learning loss and food poverty

The aim of the Summer Takeaway project was to mitigate the impacts of lost learning and food insecurity resulting from the Covid-19 pandemic on a target group of Falkirk High School pupils. It helped the pupils and their families to become more resilient, as well as giving families ways of becoming more involved in their child's learning.

Seventy-one pupils and their families were identified and provided with a range of learning resources for the school holidays. This included providing learning devices through Connected Scotland and Connected Falkirk, food parcels or vouchers, if needed, and activity bags and puzzles to help families work together. Community Learning and Development (CLD) staff provided regular help to participating pupils and their families to complete learning and development tasks that they had set for themselves.

An independent evaluation found that the participation rate of the 71 pupils and families/carers involved was 91 per cent, compared with an average school attendance/participation rate for the target group of 76 per cent. It also found that 19 young people achieved a 100 per cent attainment/completion rate; these young people were awarded a Dynamic Youth Award.

As a direct result of their experience, eight families are continuing with family learning and Falkirk High School has committed funding to invest in a full-time CLD worker who will deliver youth work and family learning.

Source: Audit Scotland

The chief executive has also introduced weekly meetings with political leaders of all parties to discuss key issues. Covid-19 has also been a catalyst for the council to work with the third sector in engaging its communities more effectively and rapidly increasing its use of digital technology to support effective working and the delivery of essential services.

The council has appropriate governance structures, but significant delays in taking some key decisions are impacting on the pace of change

42. The council has appropriate governance arrangements in place to support effective decision-making and scrutiny. Regular and consistent communication and decision-making arrangements were developed in response to Covid-19. In May 2020, the council amended its decision-making body structure to include an Emergency Executive committee. The committee's remit was to take all

decisions for the council (other than regulatory matters) that allowed it to respond to the emergency and plan for recovery, or which were significant or time critical. The Emergency Executive met every two weeks and ran until September 2020, at which point the council reverted to its normal governance arrangements.

43. All committee meetings have been available online since May 2020, with council meetings being streamed live on the council's YouTube channel from October 2020.

44. Governance arrangements are supplemented by a range of cross-party member/officer forums introduced to support closer working. Despite this, elected members do not always work together in support of the council's priorities and Best Value. As a result, there continue to be significant delays in making key decisions on flagship council initiatives designed to deliver its priorities. For example, the council has been debating proposals to replace its headquarters since 2014. It most recently considered this transformation project in September 2021 but failed to reach agreement on a way forward. Similarly, difficult budget decisions have been deferred in favour of using reserves ([paragraph 66](#)) despite the challenging financial position.

Part 2

How well is the council performing?



National data shows that Falkirk has many relatively positive outcomes compared with other council areas. It demonstrates strong performance in some important services such as education and housing.

The council has a clear focus on addressing aspects of adults' and children's social care where its performance has been poorer.

Customer satisfaction with Falkirk Council is generally low and has been deteriorating.

The council has recently started to address previously highlighted weaknesses around the performance information reported to committees and the public. These have impacted on elected members' ability to scrutinise the council's performance.

Community Planning Outcomes Profile indicators show that several local outcomes improved between 2015/16 and 2019/20

45. The Improvement Service publishes Community Planning Outcome Profile (CPOP) indicators each year to assess important life outcomes in an area and whether they are improving. These indicators cover, for instance, early years, older people, safer/stronger communities, health and wellbeing, and engagement with local communities.

46. Latest CPOP data (2019/20) shows that Falkirk's outcomes were better than the national average in 10 of the 17 indicators. Its outcomes were also better in 11 of the 17 indicators compared to similar councils (that is, those in its family group).

47. Between 2015/16 and 2019/20, Falkirk's performance improved for eight of the 17 CPOP indicators, including an increase in employment rate, an increase in median earnings and a reduction in carbon emissions for the area. However, the rate of improvement for five of the eight improving indicators, including these three, was at a slightly lower rate than for the Scottish average and the family group. Performance against child poverty and unplanned hospital attendances declined over the period, although at a lower rate than the Scottish average.

Local Government Benchmarking Framework data shows that some of the council’s important services, such as housing and education, are performing well

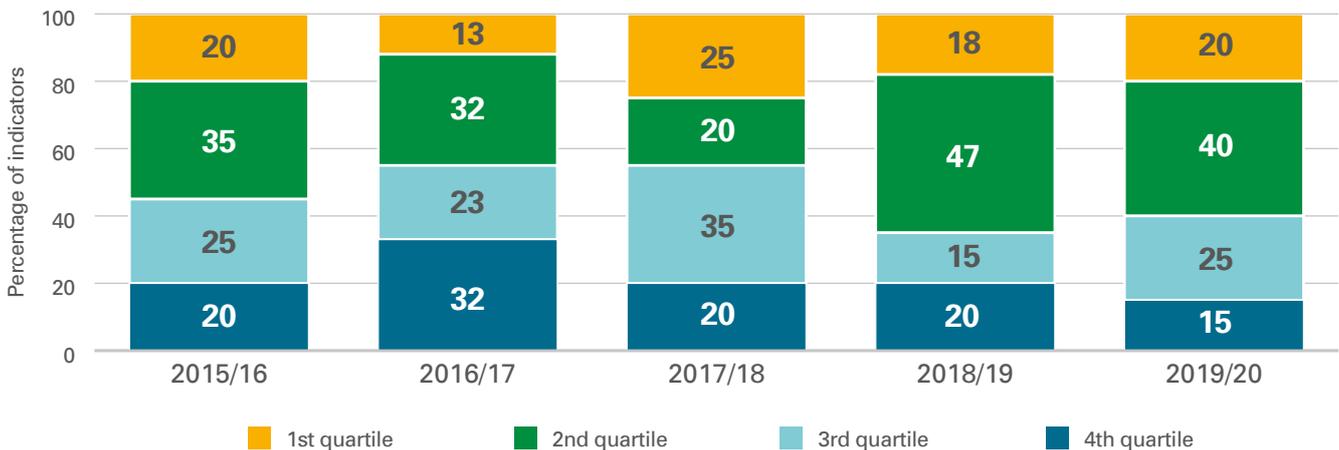
48. Each year, the Improvement Service publishes the Local Government Benchmarking Framework (LGBF). This brings together a wide range of performance information for all Scottish councils including information on how well they are delivering services, the cost of services and residents’ satisfaction. The LGBF contains a total of 97 performance, cost and satisfaction indicators across all council services that allow councils to monitor performance consistently over time.

49. The LGBF allows individual councils to compare their performance with that of other councils and with Scotland as a whole. Relative performance is assessed by dividing performance against indicators into four quartiles, with quartile one representing the top performing councils in Scotland, and quartile four representing the poorest performing councils. Although there are 97 indicators included in the LGBF, our relative performance analysis compares only 40, mainly outcomes-based, indicators that have been reported on each year between 2015/16 and 2019/20. Falkirk Council’s performance relative to other councils has improved since 2015/16 ([Exhibit 9](#)).

Exhibit 9

Falkirk Council’s performance relative to other councils, 2015/16 – 2019/20

The percentage of indicators in which the council performed in the top half of all councils increased from 55 per cent in 2015/16 to 60 per cent in 2019/20.



Notes:

1. Our analysis is based on 40, mainly outcomes-based, indicators which were reported every year within the five-year period. The analysis excludes satisfaction and most cost-based indicators as high or low cost cannot be easily determined as positive or negative as these may be influenced by a council’s priorities and local circumstances. Due to comparability issues, indicators related to education attainment have also been excluded.
2. The collection of some social care data included in the analysis was impacted by Covid-19 and these indicators have therefore been calculated slightly differently for 2019/20.
3. Data for the social work indicator ‘rate or readmission to hospital within 28 days per 1,000 discharges’, was reported by calendar year in 2019/20. Due to completeness issues, some of Falkirk’s data for 2019 has been estimated.

Source: Audit Scotland; Local Government Benchmarking Framework 2019/20, Improvement Service, 2021

50. The Covid-19 pandemic has affected the comparability of 2019/20 education data with previous years. The cancellation of exams in 2020 meant the grades were awarded based on teacher estimates and therefore cannot be used for trend analysis. However, excluding 2019/20 data, the council still demonstrates strong and improving performance in education services. It has achieved year-on-year improvement across the educational attainment indicators since 2015/16. The Auditor General for Scotland and Accounts Commission's March 2021 report [Improving outcomes for young people through school education](#)  highlights that Falkirk was the most improved council in two of four key senior phase educational attainment indicators over time.

51. The council is performing well in housing services, with performance improving in three out of five indicators and being above the Scottish average. The percentages of houses that meet the Scottish Housing Quality Standards and energy efficiency standards are among the highest in Scotland. The council also performs well in the average time taken to complete non-emergency repairs, which has been improving year-on-year since 2015/16.

The council is taking action to improve services in which performance is poorer

52. Adult social care continues to be an area in which Falkirk performs relatively poorly compared with other councils. Over the five-year period from 2015/16 to 2019/20, its performance deteriorated in seven out of nine adult social care indicators, although with more evidence of improvement over the last year (this excludes cost indicators). The number of days people spent in hospital when ready to be discharged increased from 864 to 1,020 days (per 1,000 population over 75) between 2015/16 and 2019/20 and is about a third higher than the national average. However, the number of days did decrease from 1,178 days in 2018/19. Reducing the number of delayed discharges has been a focus for the IJB. Its own data shows that changing the way community hospital beds are used resulted in a 44 per cent reduction in the average number of occupied bed days by patients ready for discharge between October 2019 and September 2020. This is discussed further in [Part 4](#).

53. The proportion of children looked after in the community has traditionally been lower in Falkirk than the Scottish average, with a higher proportion looked after in residential care or outwith the council area. The council is trying to address this through its Closer to Home project, one of the COTF priority projects. This project aims to improve the council's service and the outcomes for care-experienced children, as well as striving to make almost £7 million of budget savings by 2025/26.

54. The council has made improvements to its children's social care services, including recruiting more foster carers and remodelling its residential care services. This has improved outcomes for care-experienced children and delivered savings of about £1.5 million since 2019/20 ([paragraph 73](#)). One impact of Covid-19 is that the planned five-year timescale of the Closer to Home project has been extended to seven years, meaning that there will be a delay in achieving intended outcomes.

Satisfaction with council services is generally declining but satisfaction with housing services is high

55. The LGBF contains seven satisfaction indicators. Levels of satisfaction with Falkirk Council have declined in six out of the seven indicators over the last five years, with the level of satisfaction increasing only for schools ([Exhibit 10](#)). Falkirk Council also performs below the Scottish average in six of the seven indicators, with the level of satisfaction being above average only for leisure facilities.

Exhibit 10

Falkirk Council's performance against LGBF satisfaction indicators and compared with national performance, over the last five years

The council's performance has declined in six of the seven satisfaction indicators over the last five years.

		Falkirk Council		Scotland average	Quartile
		2015–2018	2017–2020	2017–2020	2019/20
	Adults satisfied with local schools	70.0%	71.4%	71.8%	3rd
	Adults satisfied with libraries	76.0%	70.0%	72.4%	3rd
	Adults satisfied with parks and open spaces	88.7%	80.0%	83.5%	3rd
	Adults satisfied with museums and galleries	59.0%	58.8%	69.3%	3rd
	Adults satisfied with leisure facilities	77.3%	72.7%	70.1%	2nd
	Adults satisfied with refuse collection	69.0%	62.2%	74.3%	4th
	Adults satisfied with street cleaning	71.3%	60.6%	62.6%	3rd

Source: Local Government Benchmarking Framework 2019/20, Improvement Service, 2021

56. In February 2021, the council undertook a customer perceptions survey with its Citizens Panel to gauge how the people of the Falkirk area perceived Falkirk Council. The survey received a low response rate of 17 per cent and the results present challenges to how the council works ([Exhibit 11, page 29](#)). Respondents' perceptions about the council providing value for money and involving them in how it spends its money are low. The council is using these results to improve its engagement with, and reporting to, communities. It intends to carry out the survey annually to monitor its progress against a suite of customer perception indicators.

Exhibit 11

Selection of results from the council's customer perceptions survey, February 2021

Perceptions of the council providing value for money and involving customers in how it spends its money are low.

	Strongly agree / agree	Strongly disagree / disagree
The council provides value for money	27.8%	38.1%
The council involves people in how it spends its money	25.6%	44.9%
The council represents local people's views	19.9%	40.3%
The council asks local people for their ideas	54.6%	27.3%
People can influence decisions affecting their local area	21.6%	53.4%
People want greater involvement in making decisions in their local area	82.4%	2.8%

Source: Falkirk Council Customer Perceptions Survey, 2021

57. In contrast, satisfaction with housing services is high according to the council's Landlord Report 2020, which reports on the council's performance against the Scottish Social Housing Charter: 91.8 per cent of tenants are satisfied with the overall service provided by their landlord, compared to the Scottish average of 89.2 per cent; and 93.5 per cent of tenants are satisfied with the quality of their home, compared to the Scottish average of 87.2 per cent.

The council's performance reporting now more clearly shows progress against its corporate priorities, and the information provided to elected members is being developed to support effective scrutiny

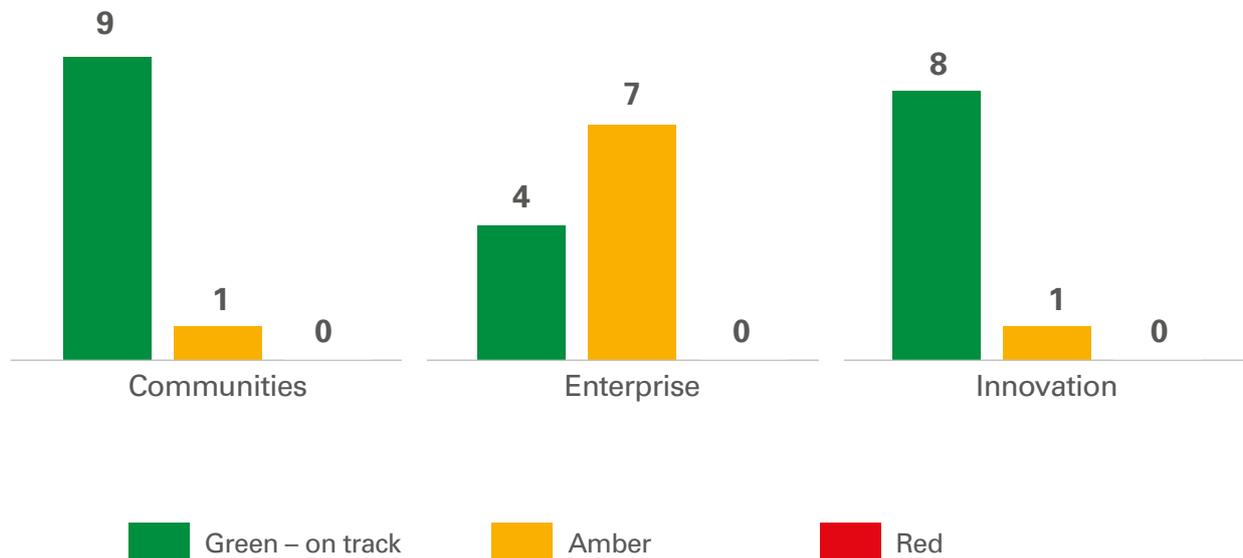
58. The council reports LGBF data annually, with the most recent LGBF data covering 2019/20 reported to the Scrutiny Committee in April 2021. The report showed the council's performance in 2019/20 and compared this with the previous year's performance and the Scottish average. To allow more effective scrutiny and to support improvement, the council's reporting on LGBF performance to the Scrutiny Committee needs to be more detailed. For example, highlighting indicators in which the council performs in the bottom quartile and identifying the actions being taken to improve performance would be beneficial.

59. Officers report on the council's performance to elected members through updates on its Corporate Plan, submitted to the Scrutiny Committee. Performance is reported against 30 relevant actions as well as 26 performance indicators taken from the LGBF that the council has identified as being most relevant for demonstrating progress towards delivering on its three corporate priorities of communities, enterprise and innovation ([Exhibit 12 and Exhibit 13, page 30](#)). The June 2021 update on progress of the Corporate Plan noted that 21 actions are currently on track. Of the 26 LGBF indicators, performance has improved for 12, decreased for ten and remained unchanged for one (with no data available for three indicators).

Exhibit 12

Progress of actions by corporate priority

Of the 30 actions in place to achieve the council's 2020-22 corporate priorities, 21 are on track.

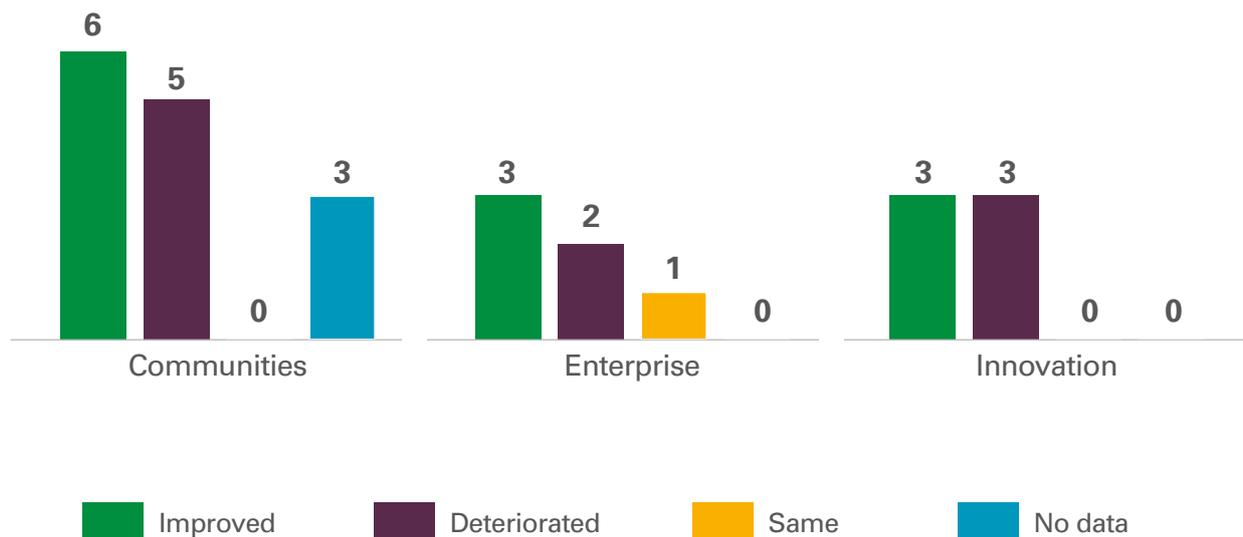


Source: Falkirk Council, Scrutiny Committee report, June 2021

Exhibit 13

Progress of indicators by corporate priority, based on 2019/20 LGBF data

Between 2018/19 and 2019/20, performance improved against almost half of the 26 LGBF indicators used to assess corporate performance.



Source: Falkirk Council, Scrutiny Committee report, June 2021

60. The council redesigned its performance management framework (PMF) in June 2021. To support this work, the council engaged the Improvement Service to undertake a self-assessment of its PMF. Since then, it has started to address the areas for development previously identified by the appointed auditor. The council is introducing changes to try and establish its PMF as a continuous improvement tool including:

- launching the [Falkirk Performs](#)  webpage in August 2021 for reporting performance ([paragraph 63](#))
- carrying out customer surveys / polls in autumn 2021 to measure progress against the baseline results gathered on customer perception indicators in February 2021, as set out in [paragraph 56](#) above
- introducing performance review statements as monthly dashboards at service and council level, to show performance against council priorities using a red, amber or green (RAG) status. These are considered by service management teams and are made available on the elected members' portal and on the Falkirk Performs webpage
- establishing a Performance Forum, a working group that will have oversight of performance management across the council and support the continuous improvement element of the PMF.

61. The council's performance reporting against its priorities now more clearly demonstrates whether they are being achieved. This addresses a previous weakness where reporting did not allow elected members to effectively scrutinise whether the council was delivering against its agreed priorities and making appropriate improvements. There remains scope to improve performance reporting further, for example outlining specific actions being taken to make improvements in areas of underperformance.

Public performance reporting has been poor but is improving and being developed further to make it easier for the public to hold the council to account for its performance

62. Councils have a duty under the Accounts Commission's Statutory Performance Indicator (SPI) direction to publish performance information that allows the public to understand how councils are performing and whether they are achieving value for money. Previous Best Value reports and Annual Audit Reports (AARs) have consistently highlighted the need for the council to address gaps and weaknesses in its performance reporting. The council has not published an annual performance report since 2015/16, making it difficult for the public to understand how its services are performing.

63. In August 2021, the council introduced the public performance page, Falkirk Performs, on its website. This provides the public with a range of information on the council's performance, including information on customer satisfaction, complaints, and a full list of its performance indicators. The information on Falkirk Performs provides the public with a good basis for understanding the range of performance data available. There is, however, a lack of any narrative explaining what the indicators actually measure or explanations of performance or actions being taken to improve performance. Performance targets are also not easily accessible on the Falkirk Performs webpage.

Part 3

Is the council using its resources effectively?



The council has a medium-term financial plan, but this does not address the full extent of its £70 million projected funding gap over the next five years.

Elected members typically opt to use reserves to balance annual budgets rather than accepting savings options identified by officers. This is not sustainable, particularly as the council needs to increase the scale of transformation and the pace at which it delivers savings if it is to address budget gaps effectively.

The council manages its annual revenue budgets well but consistently under-delivers on its capital programmes. Officers provide elected members with detailed financial reports on spending against plans. However, it remains difficult to verify the level of savings achieved through transformation.

The council has a well-developed up-to-date workforce strategy that identifies key risks and outlines mitigating responses. It has been proactive in embedding the living wage into its pay structures.

There is an increasing need to make difficult decisions to balance budgets in future years

64. The council has well-established cross-party budget working groups in place to support the development of savings plans in preparation for approval of the annual budget in February/March each year. The working groups are used to present a range of savings proposals to offer members options for the savings they accept within the budget. The administration's budget proposals are presented to council, along with a tabled amendment from the main opposition group. In February 2020, the administration was unable to secure enough support for its proposals and additional savings options of £1.6 million were rejected by the council.

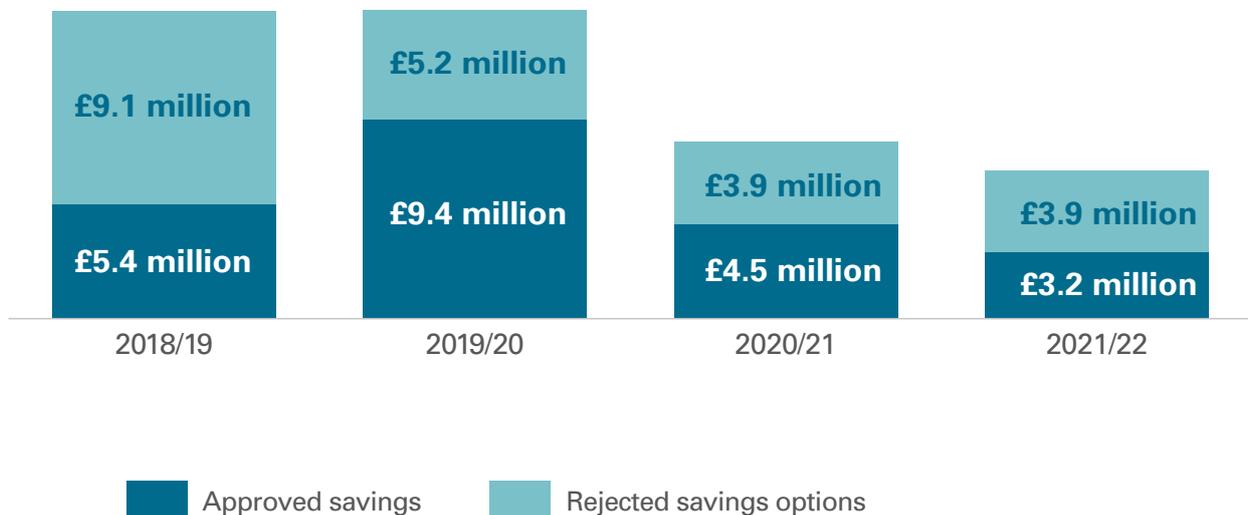
65. Over the life of the current minority administration, members have accepted only about half of the options presented to them ([Exhibit 14, page 33](#)). Some options have been rejected despite their potential to offer transformational

change and being clearly linked to COTF projects. For example, in March 2021 members rejected the proposal to generate efficiencies of £400,000 by cutting service levels and 27 FTE posts over three years linked to the use of technology to allow more efficient routing of refuse collection vehicles and the use of smart technology bin sensors to allow a more targeted approach to service delivery. Another proposal to introduce a phased programme of closing Community Education Centres, with potential savings of £200,000, to allow the redesign, reprioritisation and reduction in the provision of the Community Learning and Development Service was not taken.

Exhibit 14

Budget savings options approved (£ millions), 2018/19 to 2021/22

The council accepts around half of the savings options presented to it as part of the revenue budget.



Source: EY

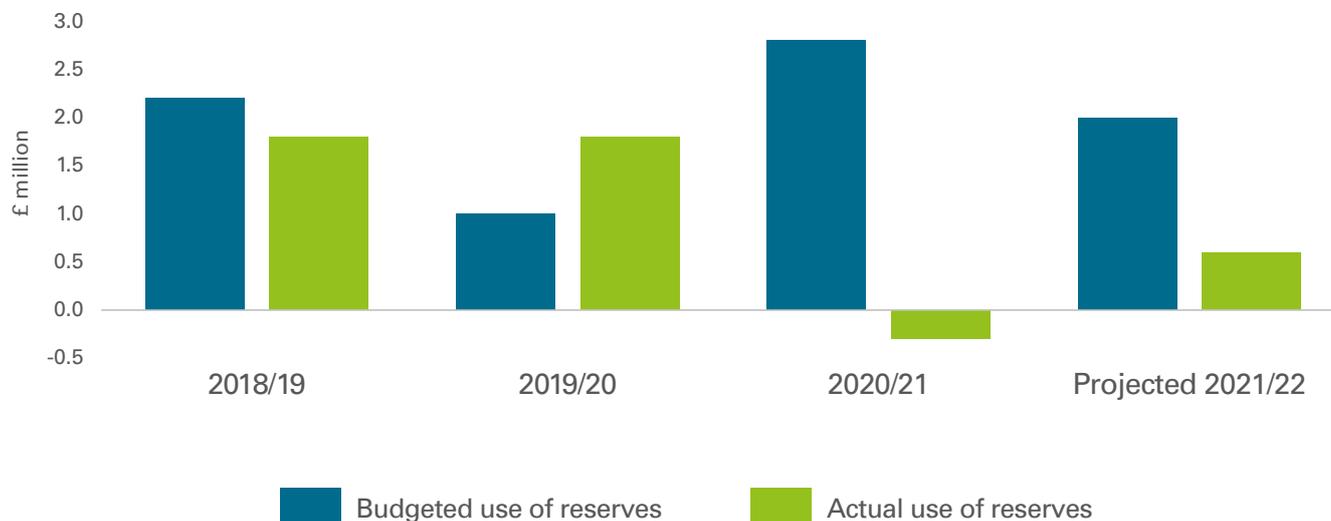
66. In each of the last four years, the council has opted to use reserves to balance its annual budget rather than accept all of the savings proposed. Savings of between £3.1 million and £9.4 million have been achieved in each of the last four years, totalling £22.5 million, mainly because of reductions in services and staff. During the period, the council accepted staffing reductions equivalent to 309 full-time equivalent (FTE) staff members, although this has been offset by increased staffing in response to Scottish Government-funded priorities, including expanding early learning and childcare.

67. Except for 2019/20, the council's use of reserves in the past four years has been lower than budgeted ([Exhibit 15, page 34](#)). In the last two years, this has been achieved only because of higher than forecast Scottish Government grant income, including funding in relation to the pandemic. The council's reserve balance of £9.8 million in 2020/21 has remained within the target level in its reserves strategy of between two per cent of net service expenditure and two per cent of gross expenditure, which equates to between £7.5 and £11 million.

Exhibit 15

Falkirk Council's use of reserves, 2018/19 to 2021/22

In total across the last four years, the council has used less reserves than budgeted.



Source: EY

68. Like many other councils, Falkirk Council's unearmarked reserves have declined over the last four years. In 2020/21 and 2021/22 its reserves have been higher than projected because of the additional financial support provided by the Scottish Government to help with additional costs resulting from Covid-19. Significant areas of uncertainty may result in a further call on reserves, however, including the outcome of the current year pay award. Any further reduction in reserves would limit the council's ability to respond to future budgetary pressures or unexpected issues.

The council's medium-term financial plan does not reflect the scale of the financial challenges it faces

69. The council developed its first five-year medium-term financial plan (MTFP) in 2016 and has updated its MTFP at least annually. The current plan, approved in September 2020, covers three years as the council decided it was more prudent to plan over a shorter timescale owing to the uncertainties surrounding Covid-19.

70. Officers presented members with a refreshed five-year MTFP/Business Plan in May 2021. Updated projections outline a five-year budget gap of £70.8 million, compared to the £28.8 million gap over three years within the existing three-year plan. The scale of the projected budget gap has increased significantly over the next three financial years ([Exhibit 16, page 35](#)). At the same time projected savings from COTF have been reduced from £23.6 million projected in May 2019 to £14.9 million (with COTF accounting for around 30 per cent of all savings required). The MTFP projects that savings of £6.8 million will be achieved through the use of zero-based budgeting (ZBB) by 2025/26. Unidentified savings of £18.3 million remain over the five-year period.

71. Because of continuing concerns about the impact of Covid-19, the council rejected the updated MTFP/Business Plan until it felt there was more clarity around the economic impact of the pandemic on local government. As such, its current medium-term financial plan does not fully outline the significant scale of the financial challenges it faces. Members considered a budget report in October 2021 that set out the latest budget gap estimates. As shown in [Exhibit 16](#), the budget gap for 2022/23 has grown to £24.6 million.

Exhibit 16

Projected budget gaps 2021/22 – 2025/26

The council's latest projected budget gaps (identified in a proposed, but not adopted, five-year MTFP/Business Plan in May 2021 and budget update in October 2021) show a notable increase from those in its current three-year MTFP/Business Plan agreed in September 2020.

	2021/22	2022/23	2023/24	2024/25	2025/26
Projected budget gaps					
September 2020	£13.5m	£7.7m	£7.6m	-	-
May 2021	£17.7m	£18.1m	£10.3m	£13.9m	£10.7m
October 2021		£24.6m	£17.6m	£14.4m	£10.7m

Source: Falkirk Council

Despite persistent overspends in children's services, the council manages its finances well

72. The council has good arrangements to monitor its finances. Its financial reporting is clear and consistent and provides elected members with explanations for significant movements. Following recommendations from external audit, it has made recent improvements to financial monitoring reports to make savings achieved through transformation clearer. Progress in delivering all savings agreed by members is now tracked through financial reports throughout the year, allowing for better scrutiny. However, planned internal audit work to verify the savings has been delayed because of resourcing constraints during the Covid-19 pandemic.

73. Most council services have a good track record of balancing their budgets each year. The exception to this is the children and family social work service, which has recorded overspends for many years, including £8 million across 2019/20 and 2020/21. The overspend in these recent years was attributed to the introduction of continuing care and after care. Closer to Home, one of the top 10 priority COTF projects, aims to ensure the sustainability of children and family social work services. Closer to Home has delivered £1.5 million of savings over this two-year period, with further planned savings of around £5.4 million by 2025/26. The size of the budget overspends highlights the importance of this project being successfully delivered on time.

The council has yet to adopt good practice in preparing multi-year revenue budgets

74. The council continues to present an annual revenue budget and a five-year rolling capital budget strategy. The Accounts Commission noted that almost half of councils in Scotland now prepare multi-year revenue budgets, covering three or five years (paragraph 37 of [Local government in Scotland Financial overview 2019/20](#) ) . A three-year revenue budget is at the lower end of what the Accounts Commission would consider as adequate medium-term financial planning.

75. As is the case with other councils, delays in the announcement of UK and Scottish government budgets made it challenging for the council to set its budget for 2021/22. As a result, significant changes were made to the budget early in the financial year because Scottish Government funding exceeded expectations.

76. The council forecasts an acute financial challenge in 2022/23, with its latest estimate being a gap of £24.6 million. Significant service savings of £8.5 million are being targeted to help bridge this gap, along with short-term funding measures. The council's budget update in October 2021 shows that using an additional £1 million of reserves and using flexible funding arrangements linked to Covid-19 to roll forward £5.3 million into 2022/23 would still leave an unidentified budget gap of £8.8 million in 2022/23. The council has noted that planned service savings will be difficult to achieve, highlighting the increasing importance of it delivering its COTF priority projects to address these increasing financial challenges.

The council has persistently under-delivered against its capital programme

77. The council's significant capital programme is intended to support key investments that will aid the economic recovery in Falkirk. The appointed auditor has previously commented on the council's persistent slippage in delivering its capital budgets each year.

78. In 2019/20, the council spent only 71.8 per cent of its capital budget. In 2020/21, the council revised its general fund and housing capital budget downwards to reflect its perceived difficulty in progressing projects during lockdown. Despite this, it spent only 48.8 per cent of the revised capital budget, leaving around £67 million unspent. As the impact of lockdown arrangements on the capital plan became clear, the council agreed to reallocate a £2 million underspend to other priority projects such as roads and digital investment.

79. Capital projects with significant underspends include new-build housing, housing improvements, school extension work and ICT improvements, including delays in rolling out Connected Falkirk in schools. These projects have a direct impact on local people. There is also a risk that the cost of those projects may increase because of construction inflation and associated Covid-19 costs.

80. The council has approved a five-year capital strategy to align with its capital asset management framework. Its aim is to ensure that capital investment is prioritised in line with its strategic aims and objectives. Consistent officer membership of the Corporate Asset Management Group and the Capital Planning and Review Working Group (CPRWG) allows close working and alignment of

plans. All investment proposals require the preparation of business cases and options appraisal.

Good progress has been made in workforce planning

81. The council has a detailed workforce strategy, which was updated in September 2020. This highlights key workforce risks, including those associated with an ageing workforce. The council reports that in 2020, over 25 per cent of its workforce were over the age of 55 and less than six per cent were under the age of 24. The council has outlined effective responses to address this risk and to diversify its workforce, including its Refreshing the Workforce initiative.

82. The council faces the challenge of delivering realistic change while also reducing the size of its workforce. It has recently improved its modern apprenticeship programme to build both succession planning and diversification of the workforce into longer-term workforce planning. To support this, the council is actively looking to replace existing staff wishing to leave with a modern apprenticeship or new graduate as part of the business case for voluntary severance.

83. The IJB has highlighted significant concerns about recruiting social care staff and other 'hard to fill' posts, including social workers. Further work is needed with partners to support the development of longer-term plans.

84. The workforce strategy is supported by a coherent workforce plan that links to the priorities within the corporate plan and COTF programme. This shows planned reductions in overall staff numbers of 207.2 FTE over a three-year period to 2023/24. How realistic the plan is will depend on budget decisions and the degree of transformation achieved.

85. The council has been proactive in embedding the living wage into its pay structures and has worked positively with trade unions to secure this.

Part 4

Is the council working well with its partners?



The council has strong and positive working relationships with local partners. These have supported an effective joint response to Covid-19 as well as important new developments, such as the Falkirk Investment Zone.

Partners have developed a well-informed and ambitious new Falkirk Plan but have failed to develop the required locality plans. The CPP has not been able to demonstrate whether it is delivering positive outcomes for its communities but aims to address this through reporting progress against the new Falkirk Plan.

The council has made limited and slow progress in empowering local communities, but this is now a greater priority. It has strengthened its capacity to work better with communities and this has resulted in a positive shift in approach and culture in engaging communities in the last two years.

Improved joint working between the council and NHS Forth Valley during the pandemic meant that the IJB worked more effectively. The IJB has taken significant steps to shift the balance of care, but key services have yet to be fully integrated, falling short of the expectations within legislation and affecting the IJB's ability to deliver transformational change.

The council has decided to wind up the Falkirk Community Trust and bring sport, leisure and cultural services back in-house from April 2022 as it sees long-term benefits to this decision. However, the additional costs this decision will incur pose a significant risk to value for money, unless it takes difficult decisions quickly. The council has begun doing work to reduce total staffing costs to mitigate this risk.

Strong working relationships between the council and its partners and neighbouring authorities have underpinned some positive developments, including responses to the Covid-19 pandemic and the Falkirk Investment Zone

86. The council works closely with the third sector, communities and many partners including NHS Forth Valley, Police Scotland, Scottish Fire and Rescue, Forth Valley College, Scottish Canals, businesses, third-sector organisations and neighbouring councils, across a wide range of partnerships and forums. These include the CPP, the HSCP and the Economic Partnership.

87. Partners have told us that historically there have been strong and positive working relationships between partners in Falkirk. In recent years, these good relationships have allowed partners to work well together in their joint response to the pandemic and in developing new plans to reduce poverty and inequalities in Falkirk.

88. The council set up a 'support for people service' in March 2020 as a rapid response to the Covid-19 emergency. Its aim was to make sure people had access to food, medicine and essentials under lockdown. Council staff played the role of broker, connecting people to voluntary organisations and the service became a conduit between people in need, community groups and the huge number of local volunteers who registered to volunteer during the pandemic.

89. A database of community groups was created, based on their location and how they could help citizens. That meant council staff could quickly direct funding and people to the right volunteers. Since the service was established, it has supported more than 10,000 people through self-isolation grants, food parcels, medical supplies and financial advice. It is important that the council and its partners build on and strengthen existing community networks as they work through plans for the pandemic recovery.

90. During the pandemic, the council has worked closely with NHS Forth Valley and Stirling and Clackmannanshire Councils to jointly manage the response to the pandemic across Forth Valley. Falkirk Council was responsible for mapping and monitoring mass fatalities across the area to understand the demand for burials and cremations and make informed decisions during the crisis. The model adopted in Forth Valley was a good practice example of a collaborative response in a crisis and it has been promoted for use nationally.

91. Falkirk Council is working closely with a range of partners including Forth Valley College, Scottish Canals, INEOS and others in the Falkirk Economic Partnership and the Falkirk-Grangemouth Investment Zone. This aims to deliver the area's economic strategy and encompasses a variety of funding including the £67 million Tax Incremental Financing (TIF) initiative and the Falkirk Growth Deal. Announced in July 2020, the Investment Zone will be delivered over a ten-year period from 2022, with £90 million to be invested in projects funded by the UK and Scottish Governments. Some of the projects planned as part of the Investment Zone include Grangemouth becoming the UK's innovation district for sustainable chemical and manufacturing excellence, creating the Falkirk Arts Centre and Scotland's Canal Centre for Excellence and Innovation. The council and its partners are planning to prepare full business cases for the project to start in 2022/23.

The Community Planning Partnership has not demonstrated whether it has made progress towards agreed objectives and delivering positive outcomes for its communities

92. Although there have been some examples of effective partnership working across Falkirk, a lack of performance reporting by the CPP makes it difficult to identify how much these strong partnerships have contributed to improving outcomes for local people. It is unclear if the CPP has been successful in achieving its objectives as it has not produced an annual performance report in relation to its previous Strategic Outcomes and Local Delivery (SOLD) plan 2016–2020 in the last three years.

93. The CPP has identified that performance monitoring and reporting need to improve to allow partners to better understand what interventions have made a difference to outcomes and to ensure that the CPP is more accountable to communities. The CPP is working to improve performance management and reporting against its new Falkirk Plan 2021–2030. It has developed delivery plans against which it can report progress.

The Community Planning Partnership has recently published a new, ambitious and well-informed ten-year plan for Falkirk

94. In 2020, the CPP reviewed its SOLD plan as it started to prepare its new ten-year Falkirk Plan 2021–2030. This was published in November 2021. Along with the Falkirk Plan, the CPP is developing a performance management framework, a monitoring schedule and performance indicators.

95. The Falkirk Plan is underpinned by a comprehensive joint assessment of needs. This assessment has allowed the CPP to identify priority issues. The development of the new Falkirk Plan has also been effectively supported by a range of other activities, such as community engagement, the consideration of community discussions, an evaluation of the current SOLD plan, local and national policy and partnership mapping.

96. The 23 partnership outcomes proposed in the Falkirk Plan 2021–2030 show clear ambition for the area, with some going beyond what the Scottish Government is striving to achieve nationally. For example, one desired outcome is to reduce carbon emissions to net zero by 2030, well ahead of the national target of 2045 ([Case study 4, page 41](#)).

The Community Planning Partnership has revised its governance and delivery arrangements to be more efficient and to better support the new Falkirk Plan

97. In January 2019, the CPP carried out a self-assessment of its way of working. Key issues highlighted by partners in this assessment were that the arrangements for governing the partnership created duplication in meetings, that partners could better prioritise their partnership activities and that the CPP could improve its performance monitoring. In early 2020, the CPP introduced a revised governance structure. This has reduced duplication and helped to improve decision-making. It has involved the merging of the CPP Strategic Board and CPP executive groups into a single CPP Board to provide more streamlined leadership and oversight.

Case study 4

Climate change



The Falkirk Council area has the highest level of carbon emissions in Scotland due to the location of the Grangemouth refinery and petrochemical complex. Tackling climate change is the aim of a COTF priority project, with the CPP having an ambitious target of being carbon net zero by 2030 and net zero for all emissions across the Falkirk area by 2045.

To date, the council has worked to reduce its impact on the environment by introducing energy efficiency measures, including energy-efficient heating, lighting and insulation, across some of its school, leisure and social work buildings, LED street lighting, a council-wide ban on single-use plastics and training for drivers in fuel efficiency.

In striving towards its ambitious target, the council is working towards ensuring that climate change considerations are embedded in all its decisions and activities, including future budget considerations. It is also working in partnership with other agencies whose actions can reduce carbon emissions and have a beneficial impact on the local environment.

Source: Audit Scotland and Falkirk CPP

98. The CPP delegates responsibility for delivering the priorities and outcomes in the Falkirk Plan to delivery groups ([Exhibit 17, page 42](#)). The intention is for these delivery groups to follow a measurable delivery plan for each outcome they are responsible for. Delivery plans will be made publicly available and each outcome reported on annually to ensure that the partnership is accountable to its communities.

99. It is important that community planning partners clarify how they intend to align the aspirations and priorities set out in the new Falkirk Plan with budgets, to ensure that they have sufficient resources to deliver on the plan's objectives.

The Community Planning Partnership has struggled to introduce required locality plans to empower communities and improve outcomes in the areas of greatest need

100. Apart from developing a community plan for the whole council area, the Community Empowerment (Scotland) Act 2015 required CPPs to have developed at least one locality plan for the area by 2017. The Falkirk CPP has been developing its three locality plans for the Central, East, and West areas over the last four years, but they are still to be completed and published.

101. Progress towards completing the plans has slowed down recently due to the pandemic. Plans for the East and West localities are in draft form and the plan for the Central locality is still being developed. In August 2021, the CPP agreed to refresh the plans through planned engagement activities with locality groups, finalise them and then publish them between spring and summer 2022. It is important that the CPP finalises these delayed locality plans as soon as possible and that progress towards achieving their objectives is regularly reported to the CPP Board.

Exhibit 17**Falkirk CPP's delivery structure**

The Falkirk CPP has delivery groups and partnerships that contribute to delivering the themes and outcomes in the Falkirk Plan 2021–2030.



Source: Audit Scotland and Falkirk CPP

Having previously made limited and slow progress in empowering its communities, this is now a greater priority for the council and Community Planning Partnership

102. The council's business and corporate plans demonstrate its ambition to make community empowerment a priority, central to delivering council services in Falkirk. Working in partnership with communities is the top priority out of six themes in the CPP's Falkirk Plan 2021–2030 ([Exhibit 3, page 14](#)). The CPP has tasked the newly established Empowering Communities Working Group with delivering four outcomes underpinning this theme:

- communication with communities is improved
- community-led organisations are stronger and more independent
- more decisions are made together at a local level
- social, community and economic planning focuses on place, and reflects the needs and aspirations of the people that live there.

103. The council has invested in more resources to support its ambition of consulting more effectively with communities and better empowering local people to deliver services. This has included increasing the size of its communities team from two to ten people over the past two years.

104. The Community Empowerment (Scotland) Act 2015 (the Act) makes it easier for communities to take ownership of land and buildings, in a process known as asset transfer. Falkirk Council has introduced an asset transfer policy outlining the principles and stages of the process and provided funding and support to help communities to manage properties and related costs. Since the Act came into force in October 2015, there have been 11 expressions of interest in asset transfers. As at the end of August 2021, three asset transfers had been approved. No asset transfer requests were received in 2020/21. One request (the Tamfourhill Community Hub) that was submitted seven years ago is still in progress.

105. The Act also introduced participatory budgeting for communities to give local people a greater say in how councils spend some of their funds. Since the introduction of the Act, the council's progress in participatory budgeting has been relatively slow and limited.

106. In February 2021 the council launched Community Choices, its new participatory budgeting initiative. Community Choices includes both small grants and capital funds amounting to £3.14 million over two years: £140,000 for small grants of up to £1,500 and £3 million in capital funding for bids exceeding £5,000, for building something new, improving an asset, and purchasing equipment. Since the initiative was launched, the council has received 47 expressions of interest for small grants and 66 for capital funding. The public was asked to vote on which should be awarded funding and following this, 36 projects were awarded small grants and 23 projects were awarded capital funding. A further round of Community Choices was due to be launched in autumn 2021.

107. The Act also allows residents to influence council decisions through formal participation requests. Across Scotland, the 32 councils received a total of 45 participation requests between 2017/18 and 2018/19. Falkirk Council received one participation request which was accepted in April 2021. It was from a community group that wanted to be included in determining the outcome of a sport centre that was scheduled to close.

The council is improving how it engages with communities

108. The council agreed its Community Engagement Strategy 2019–2024 before the Covid-19 pandemic. The council has used a range of engagement methods such as postal surveys, public presentation of proposals, face-to-face surveys, local public meetings, focus groups, the Tenant Talk magazine, online consultations, knowledge hubs, one-to-one interviews, telephone calls, roadshows, committee papers, letters, emails, hackathons, social media, newsletters, volunteer events, workshops and the council’s website.

109. The approaches and consistency differ depending on the council service, for example the housing service has engaged with communities more often than other services. The council has strengthened its commitment to community engagement over the past 18 months, working with the third sector to hold several engagement events across communities. The results of the customer perceptions survey carried out in February 2021 ([paragraph 56](#)), however, show that the council needs to further improve how communities can influence local decisions.

110. One of the priorities in the council’s Community Engagement Strategy 2019–2024 is to show communities how their contributions make a difference to decision-making. Although the council publishes some consultation results on its ‘We Asked, You Said, We Did’ consultation webpage, it could better communicate the resulting actions taken from the various types of engagement. It is important that this communication reaches the groups affected and those that are digitally excluded.

Through improved partnership working, the IJB is making progress in shifting care from hospital to community settings, but key services are not yet fully integrated

111. The Falkirk IJB was established in 2016 and adult social care services were transferred from the council to the IJB. The appointed auditor has repeatedly expressed concerns about delays in key services being transferred from NHS Forth Valley to the IJB. To date, the degree of integration has fallen short of the expectations within legislation. The situation improved in 2020, when NHS services started to be transferred, with community nursing and allied health professional services being transferred to the IJB. NHS Forth Valley has yet to transfer primary care, mental health and health improvement services to the IJB as planned.

112. Despite the significant financial and operational impacts of Covid-19, the IJB made strong progress during 2020/21 in changing the way health and social care services are delivered. Partners worked closely together during this period, developing constructive relationships that have improved how services are provided. This included developing a masterplan for transferring responsibility for the patients in the Falkirk Community Hospital to the IJB. This transfer of

responsibility will provide the IJB with an opportunity to develop and direct new models of community care and support, in line with the aims of its strategic plan.

113. The IJB has implemented new service models after learning from its experience of dealing with Covid-19. For example, the HSCP model developed with NHS Forth Valley to support care homes has extended the 'Hospital @ Home' service. This includes a consultant geriatrician to provide clinical support to both hospitals and care homes, providing a more coordinated service with oversight of all patients. It also established the Care Home Assessment and Response Team (CHART) early in the pandemic ([Case study 5](#)).

Case study 5



Care Home Assessment and Response Team (CHART)

At the start of the Covid-19 pandemic, some care homes in Forth Valley had significant outbreaks of coronavirus. There was an immediate response from a wide range of services and voluntary agencies to support care home residents and staff. Initially, however, this response was poorly coordinated.

In April 2020, a decision was taken to coordinate the support for care homes in Forth Valley through a dedicated multi-professional and multi-agency team called the Care Home Assessment and Response Team (CHART). CHART included a range of different professionals who were co-located including GPs, social care workers, palliative care specialist nurses and advanced nurse/paramedic practitioners.

Support available from the team included a single phone number to call about any clinical concerns or for advice in relation to Covid-19, available between 8am and 6pm, seven days a week. CHART would follow up calls with either a video or telephone call and visit the symptomatic care home resident in the home if required. During the first ten-week period of operation (April to June 2020), 178 clinical referrals, regarding 91 residents, were made to CHART because of care home residents experiencing symptoms or signs of Covid-19.

Every morning, a social worker called each of the care homes to provide advice and support, and to check how things were going. Any clinical concerns were discussed with the clinical members of CHART. CHART staff were able to identify any staffing, infection control, or welfare issues and take the appropriate action to support the care homes.

At the end of each day there was a multi-agency Forth Valley Care Home Strategy Group meeting. This group was able to mount an immediate response within 24 hours to address any concerns raised.

The CHART team was able to make operational decisions about the service without the need to go through the normal governance procedures, allowing it to develop a responsive service which was able to meet the needs of the care homes and their residents. Feedback from care homes on their experience of working with the CHART team was positive.

Source: Care Home Assessment and Response Team (CHART) story, on [iMatter, NHS Forth Valley](#)

114. The IJB's focus on community hospitals will provide an opportunity to address significant priorities. These include redesigning its model of care in line with the IJB's review in 2019/20 and tackling delayed discharges at Falkirk and Bo'ness Community Hospitals. These account for about 80 per cent of reported delays and mask improvements in performance at the acute hospital.

115. The IJB also closed its Torwoodhall residential care facility in April 2021, allowing it to meet residents' care needs more appropriately through other arrangements and deliver estimated annual savings of £1.2 million.

116. Partners are still to formally agree support services to be provided on behalf of the IJB, including financial and procurement support. While the recent progress is positive, delays in the integration of key services have affected the IJB's ability to fulfil the aims of its strategic plan and demonstrate Best Value.

The council will need to make difficult decisions if it is going to achieve Best Value from its decision to wind up the Falkirk Community Trust

117. In 2011, the council established the Falkirk Community Trust as an arm's length external organisation (ALEO). The Trust assumed responsibility for the management and operation of community-facing sport, recreation, arts, heritage and library services. Since its establishment, the Trust has demonstrated sound financial performance. It reduced its reliance on council funding from 72 to 54 per cent of its income between 2011/12 and 2019/20 and moved from an annual trading loss of £250,000 to a trading profit of £279,000. Over a five-year period to 2019/20, the Trust also increased customer income from £6.2 million to £8.2 million.

118. In 2018, the council agreed a joint vision and medium-term business plan with the Falkirk Community Trust, designed to generate savings that would help the council close its own budget gap. The council's administration also asked the council's chief executive to bring forward options for winding up the Trust and bringing its services back in-house.

119. The Trust has been unable to make the expected contributions to the council's budget gap in line with the joint business plan. Its ability to consider asset-related proposals and savings has been hampered by the lengthy delays in finalising the council's Strategic Property Review (SPR) ([paragraph 37](#)). The Trust has also faced significant operational and financial difficulties during the pandemic, with many of its facilities and services being closed since March 2020.

120. Since 2018, the council has debated numerous reports on the future of the Trust, and opinions have been divided on whether an ALEO model is the best way of providing cultural and leisure services. In January 2021, the council finally decided to wind up the Trust and bring its services back in-house from 1 April 2022. It believes that this will be beneficial, as it will allow the council to:

- act as a single decision-maker in aligning cultural and leisure services with agreed priorities
- take a more integrated and streamlined approach to using the Trust's facilities in conjunction with its own property portfolio to meet the SPR's objectives
- potentially generate savings and efficiencies by reducing overall staffing levels and eliminating some areas of work, such as monitoring the Trust, liaison between the council and the Trust, and company secretarial tasks.

121. The main disadvantage to the council of bringing the Trust back in-house is that it will lose the business rate exemptions available to the Trust because of its charitable status. The net financial loss resulting from the council's decision will be about £1.1 million per annum, adding to its projected future budget gap. The council accepts the trade-off that assuming full control of these services will bring additional cost.

122. The decision to wind up the Trust puts an onus on the council to make difficult decisions on property investment and rationalisation to achieve the savings needed to offset the resulting net annual financial loss and contribute to closing its budget gap. The council has begun doing work to reduce total staffing costs to mitigate these risks.

Part 5

Is the council demonstrating continuous improvement?



The council's pace and depth of improvement since our last report have not been sufficient to achieve the level of transformational change needed to address future budget gaps.

The council has demonstrated improvement in performance in some key services.

The council has clearly stated commitments to tackling inequality but has not been effective in ensuring that equalities are embedded across the organisation.

The council recognises areas in which it still needs to improve. It has only recently begun making progress in several key aspects of Best Value. Some of this progress has come about through its effective response to Covid-19.

The council has improved performance in some key services and is taking action to address some long-standing areas of poorer performance

123. As highlighted in [Part 2](#), the council demonstrates strong and improving performance in education services and housing services. It is working to address areas in which it has consistently performed poorly compared with other councils, most notably in aspects of children's and adults' social care. It is starting to see some improvement in adult social care, with reductions in delays in discharging patients from hospital.

124. In reporting on its performance, the council does not explain how it proposes to address areas of poorest performance. This is something that it could improve to allow better scrutiny.

The council has not done enough to deliver the level of transformation planned and the improvements needed to address financial challenges

125. In February 2018, we reported that the council had responded positively to the Accounts Commission's findings of December 2016 and had made satisfactory progress in a relatively short period.

126. As shown in [Exhibit 18](#), we highlighted that the council's scrutiny arrangements were continuing to operate effectively during 2017. This continues to be the case. We also highlighted that the council had improved its approach to financial planning. Some aspects of this continue to work well, although, as outlined in [Part 3](#), some aspects of financial planning could still improve. For instance, it needs realistic savings plans to develop its medium-term financial plan to cover all projected budget gaps; it needs to carry out multi-year budgeting; and it needs to improve financial reporting by making savings resulting from transformational change clearer.

Exhibit 18

Comparison of 2018 and 2021 Best Value judgements

A comparison of Controller of Audit judgements from 2018 and 2021 shows that Falkirk Council has not made adequate progress in some aspects of Best Value since 2018.

Controller of Audit judgements Best Value follow-up 2017 (published February 2018)	Controller of Audit judgements 2021	View
The council has agreed its priorities, with widespread recognition that it needs to change significantly, but it is too early to assess the council's leadership of change	The council has set a clear vision for the future and its recovery from the impact of Covid-19, with streamlined priorities. Since our last Best Value report in 2018, the council has taken a range of actions to improve leadership and develop an improvement culture. However, elected members and senior officers have not collectively driven the pace and depth of transformational change necessary to deliver the council's priorities and address future budget gaps.	Part 1
The council has adopted a more strategic approach to improvement and transformation following the Accounts Commission's December 2016 findings	The council has only recently begun making progress to address weaknesses in several key aspects of Best Value, some of which has come about through its effective response to Covid-19. The council recognises where it still needs to improve and is in the process of making changes. After seeking help from an external consultant, the council has recently adopted a more robust approach to managing its transformation programme.	Part 1 and Part 5
The council has improved its approach to financial planning	The council has a three-year medium-term financial plan, but this does not cover the full extent of projected funding gaps over the next five years. Its financial position remains challenging, with an estimated five-year budget gap of £70.8 million. It has still to identify how it will address £18.3 million of this gap.	Part 3
The council is implementing a new five-year transformation programme, but it is too early to see the impact on the council	The council has not been successful in achieving change, innovation and savings from its COTF transformation programme on the scale required.	Part 1 and Part 3
The council's scrutiny arrangements are continuing to operate effectively	The council has appropriate governance structures in place, but there remains scope to provide elected members with better information to support more effective scrutiny.	Part 1 and Part 2

127. In February 2018, our Best Value judgements predominantly focused on the council's COTF transformation programme. At that time, the council was in the early stages of implementing COTF and we highlighted that it was too early to assess the effectiveness of leadership in implementing the programme and the impact of the programme on the council and local people. Since then, however, the council has failed to successfully deliver on the priority projects of its COTF transformation programme at the scale and pace needed to address its financial challenges. Several of the priority projects are, however, intended to make a significant impact on services and savings in the longer term.

The council needs to better demonstrate that it is meeting its equalities duties

128. The council has been very proactive in integrating the living wage in its pay and grading structures to improve conditions among its lowest paid staff. Data from the LGBF shows that the council has reduced its gender pay gap over the last five years, from 6.6 per cent in 2015/16 to 4.6 per cent in 2019/20. Despite this progress, the council's gender pay gap remains higher than the Scottish average of 3.4 per cent.

129. Although the council has been reducing its overall gender pay gap, the proportion of women among the council's highest paid five per cent of staff has fallen slightly over the last five years and is among the lowest of all Scottish councils (48.6 per cent in 2019/20 compared with the Scottish average of 56.7 per cent).

130. Although the council has clearly stated commitments to tackling inequality and has taken positive actions, an internal audit report in 2019/20 offered only 'limited assurance' about its arrangements for meeting its duties under the Equality Act. The report identified significant weaknesses in the council's equalities arrangements including the absence of an appropriate governance framework, of arrangements for self-assessment and reviewing outcomes, and of reporting progress against its statutory requirements.

131. In response to internal audit's seven recommendations for improving the council's work on ensuring equality, the council has included an action plan in its 2021 Equalities outcomes and mainstreaming report. None of the actions in the plan has been assigned a target date for completion, however. This makes it difficult both to assess the degree of priority that the council is giving to addressing identified weaknesses and for elected members and others to hold the council to account for progress towards these actions.

The council recognises areas in which it needs to improve but has only recently begun making progress across several key aspects of Best Value

132. The council draws on a range of approaches to identify areas for improvement, including service-based self-assessment, assurance activities, such as internal audit and risk management, evaluations and external inspections. In 2020, in responding to the challenges of Covid-19, it recognised that it needed to adopt a more radical approach to self-assessment. As a result, it adopted a 'voice of the customer' model, to listen to what people needed so it could best meet their needs. It has used this approach over the past two years to gather the views of communities, employees and elected members through surveys,

workshops, focus groups and 'community conversations'. This has helped to inform its revised corporate priorities, COTF projects and improvements in performance management.

133. Over the past year, the council has also used the Improvement Service to facilitate internal self-evaluation exercises on risk and on its response and recovery from Covid-19. These were relatively limited and the number of staff feeding into the self-evaluation exercises was so low that it is difficult to draw any meaningful conclusions from them. The council has also begun to make improvements in its public performance reporting as a result of work with the Improvement Service.

134. The council recognises areas in which it still needs to improve. It has, however, only recently begun to make progress across several key aspects of Best Value, including equalities, performance reporting, community empowerment and community engagement, some of which we highlighted in our follow-up Best Value audit report in 2018.

Recommendations



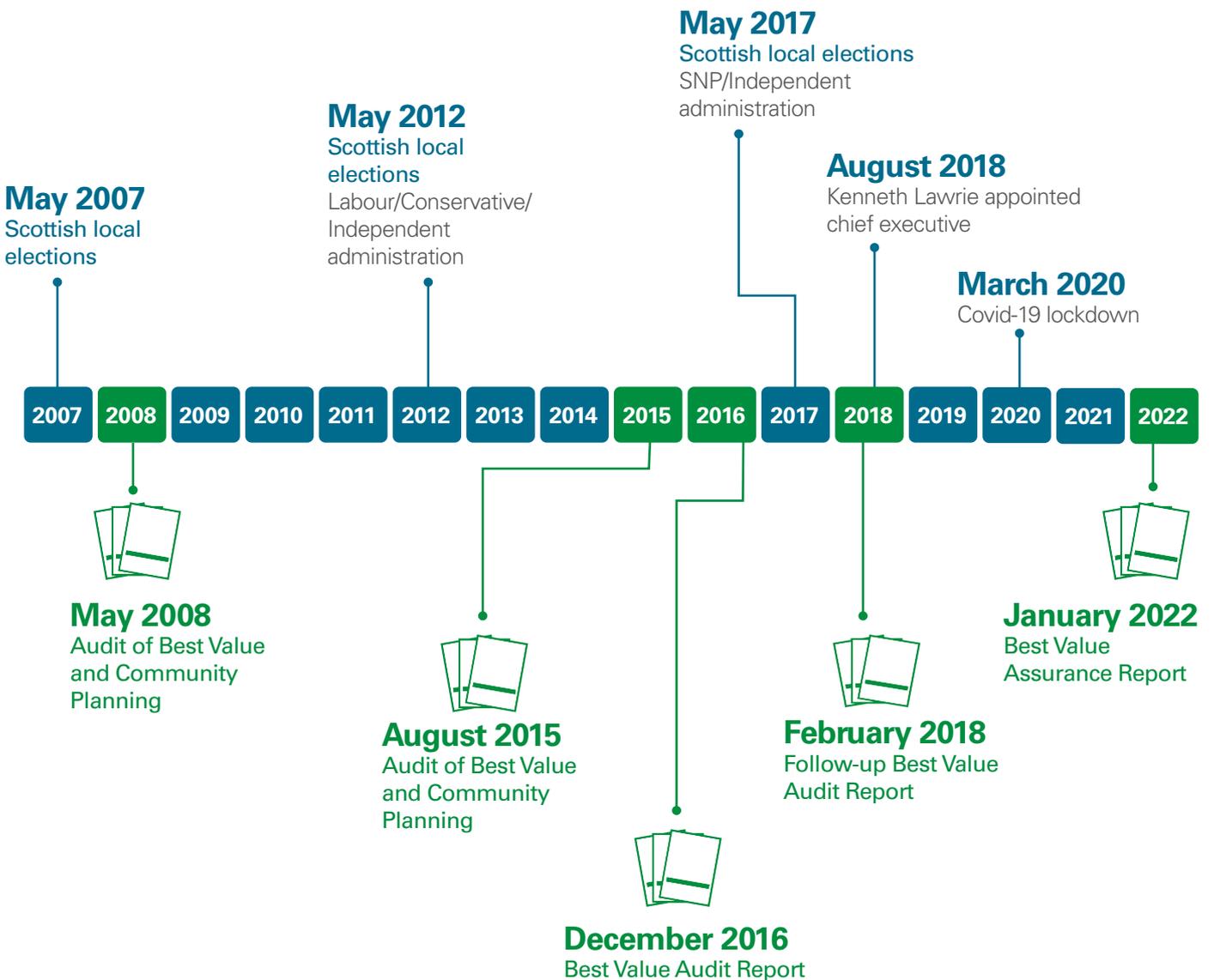
The council urgently needs to deliver improvements to achieve Best Value. We have made the following recommendations to help the council address the areas in need of improvement identified in this report

- Elected members and senior officers need to work more constructively together to lead the council more effectively and decisively. All elected members need to recognise that they have a responsibility to deliver Best Value, and they need to work together, and take difficult decisions in a timelier manner to allow the council to progress with its agreed priorities. [\(paragraph 44\)](#)
- It is crucial that the council makes far greater progress in delivering its transformation programme and in making savings, given the scale of the challenges it faces. To do this:
 - as we previously recommended in 2018, the council’s chief executive and senior officers need to lead the COTF programme more effectively [\(paragraph 36\)](#)
 - the council needs to adopt a multi-year approach to budgeting that supports transformational change [\(paragraph 74\)](#)
 - the council must ensure that all staff are fully engaged in the transformation programme, [\(paragraph 35\)](#) and that budget holders are clear on expectations to deliver the planned savings and are held to account [\(paragraph 31\)](#)
 - elected members need to be provided with better information more frequently about the status of the COTF projects, the savings delivered and projected savings to support better scrutiny. [\(paragraph 38\)](#)
- The council should continue to improve its approach to reporting performance to elected members and the public to support more effective scrutiny. To do this the council needs to:
 - add more commentary to reports to explain how its performance compares with previous performance and other councils [\(paragraph 58\)](#)
 - add more commentary to its plans to explain how it will address areas of poorer performance. [\(paragraph 61\)](#)
- The council needs to better manage its capital programmes to deliver planned projects. [\(paragraph 77\)](#)

- The council and its community planning partners need to improve how they manage and report their performance. To do this they need to:
 - determine clear outcome milestones for the new Falkirk Plan [\(paragraph 93\)](#)
 - improve performance reporting to enable better scrutiny of performance and more focus on areas in which improvement is needed. [\(paragraph 93\)](#)
 - The council and its community planning partners urgently need to develop and implement locality plans to allow them to better focus on the needs of local communities. [\(paragraph 100\)](#)
 - The council and its community planning partners need to embed their new approach to community engagement and empowerment. To do this they need to:
 - make community engagement an integral part of service improvement and delivery [\(paragraph 102\)](#)
 - apply the lessons learned from effective engagement activity across all council services and CPP activities [\(paragraph 109\)](#)
 - focus on the timely delivery of the actions agreed and report on progress [\(paragraph 110\)](#)
 - clearly communicate the results of, and the council’s response to, community consultation [\(paragraph 110\)](#)
 - support community groups in the completion of asset transfers, [\(paragraph 104\)](#) participation requests [\(paragraph 107\)](#) and participatory budgeting initiatives. [\(paragraph 105\)](#)
 - The council needs to ensure that it can deliver the benefits envisaged from bringing the services provided by the Falkirk Community Trust in-house [\(paragraph 120\)](#) by making the difficult decisions required to realise savings. [\(paragraph 122\)](#)
 - The council should act to fully embed equalities across the council and comply with statutory requirements. [\(paragraph 130\)](#)
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Appendix

Best Value audit timeline



Best Value Assurance Report

Falkirk Council

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