

Best Value

# South Ayrshire Council



ACCOUNTS COMMISSION 

Prepared by the Controller of Audit  
November 2023

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# Commission findings

- 1** The Commission welcomes and endorses the Controller of Audit's report on Best Value in South Ayrshire Council.
- 2** This report is the first to reflect the Commission's new approach to Best Value. It is fully integrated into annual audit work, reported in Annual Audit Reports, and includes detailed work each year on a national theme. For 2022/23 the national theme is leadership.
- 3** We are pleased to see that the council has effective financial management processes in place, has delivered balanced budgets, and has met its savings targets. We also welcome the council's approach to medium- and long-term financial planning. However, given the large budget gaps identified in its financial planning, we believe there should be clear alignment between the council's budget and its strategic priorities for the 2024/25 financial year.
- 4** We note the progress that the council has made in addressing the recommendations in our 2021 Best Value Assurance Report. We are concerned, however, that the pace of improvement has been slow. We acknowledge that external factors, including financial pressures and changes in political leadership, have contributed to this but these factors are not unique to the council.
- 5** We are also concerned about the council's transformation programme and the lack of progress since our 2021 report, particularly given the reliance on this to address the financial and service delivery challenges the council is experiencing. We note that the transformation programme has been refocused, and the number of projects reduced, but we now urge the council to move at pace to establish the expected cashable benefits and baseline activity for the programme.
- 6** Linked to this, we have wider concerns around performance management and performance reporting within the council. The council should ensure that it has clear measures of progress against its key priorities, and that future performance reporting to elected members is transparent and balanced.

- 7** There is also a lack of a corporate approach to self-evaluation, and we urge the council to progress this as a priority. We encourage the council to make use of comparative analysis with its peer organisations and consider support from other bodies with expertise in this area.
  - 8** We were disappointed to note that public performance reporting needs to improve, to ensure compliance with the Commission's Statutory Performance Information Direction. We note that work is under way to address this and look forward to seeing the refreshed approach in place as soon as possible.
  - 9** We recognise that the council has sought to address our previous findings on leadership, and we commend the council for the clear intent around the new senior management structure, to ensure that there is sufficient leadership capacity. We look forward to seeing the impact of these changes and evidence of a culture of continuous improvement within the council.
  - 10** The actions identified from the audit will be followed up in future annual audit reports to the council, and the Commission asks the Controller of Audit to monitor the council's progress and report back to the Commission with any concerns if she deems it necessary.
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# Controller of Audit report

- 1.** This report is made by the Controller of Audit to the Commission under Section 102(1) of the amended Local Government (Scotland) Act 1973.
- 2.** This report draws the Commission's attention to the findings set out in the [2022/23 Annual Audit Report](#) (AAR) ([Appendix 1](#)), including the Best Value thematic report, on how effectively South Ayrshire Council demonstrates Best Value ([Appendix 2](#)) through continuous improvement in how it delivers its strategic priorities. It reflects the new audit approach to Best Value whereby it is fully integrated with the annual audit at each council and includes detailed work each year focusing on a national theme.
- 3.** South Ayrshire approved a new Council Plan 2023–28 in March 2023 which sets out the council's vision, broad priorities and high-level outcomes going forward. Previous engagement was used to inform the development of the new Council Plan priorities and comments from citizens were sought on those proposed priorities. The council approved a new structure in September 2022 which included splitting the Deputy Chief Executive/Director of Education role, creating an additional Director with responsibility for Strategic Change and Communities and including a focus on strategic change within the remits of Assistant Directors.

**Decisive and focused leadership is now needed if the council is to achieve its priorities and improve outcomes for citizens. Over the course of the audit appointment auditors will monitor the effectiveness of this revised structure.**

- 4.** The council has made progress with the six recommendations made in its [2021 Best Value Assurance Report](#) (2021 BVAR), but the pace of improvement has been slow in two key areas: performance reporting and self-evaluation. The AAR notes that it did not assign performance targets to key priorities, that in 2022/23 performance reports only reported on indicators that could be reported quarterly and that the annual performance report considered by members in December 2022 was focused on areas of positive performance, with less information on areas of poorer performance and how they might be addressed. The lack of targets has made it difficult to ascertain progress against priorities. The AAR also highlights that while self-evaluation has taken

place in some services, the council does not have a corporate approach to self-evaluation.

**Plans to reintroduce a corporate self-evaluation tool need to be progressed.**

**5.** Effective reporting by the council against the new Council Plan on progress against target outcomes, to deliver priorities, is now key. In June 2023, members approved an action plan that shows the specific actions required to deliver on the priorities, with performance measures, targets, and timescales developed to help measure the Council Plan's impact.

**The first performance report on the new Council Plan is currently scheduled for November 2023 and auditors will report on the effectiveness of this framework in future years.**

**6.** Public Performance reporting also needs to improve. A recent report contained errors which have now been corrected. The council has committed to reviewing the presentation of future reports to better link them to its own strategic priorities.

**The council is in the process of updating its dedicated public performance reporting webpage. This is required to ensure compliance with the Statutory Performance Information Direction.**

**7.** The council has in place medium and longer-term financial plans setting out how it will deploy its financial resources to achieve its priorities, and the likely challenges to be faced in the coming years. The council's Medium-Term Financial Plan 2023/24 to 2025/26 outlines an anticipated budget gap of between £11.0 million and £17.2 million for 2024/25 and an anticipated cumulative budget gap of between £28.7 million and £39.5 million by 2025/26.

**The council is due to present its updated medium to long-term financial plan to members towards the end of 2023. This should be transparent about the scale of service demand and pressures and demonstrate how the council's finances align with the priorities set out in the new Council Plan.**

**8.** The 2021 BVAR noted that relative to other councils, South Ayrshire's approach to transformation has been slow and inconsistent, lacking drive and urgency. In June 2023, members agreed to a refocusing of the programme, reducing the number of projects from 35 to 14. This programme is the focus for changing how services are delivered in the future to ensure they are sustainable. The council has still to establish

the expected cashable benefits and baseline activity for the 14 projects contained in the change programme.

**Achievement of the refocused strategic change programme is key to future service delivery and financial sustainability. The council should calculate the expected cashable benefits and ensure the changes described in paragraph 3 result in the required leadership focus to deliver the required transformation.**

**9.** The council is demonstrating good practice by setting a carbon budget. Cross-cutting challenges such as sustainability, climate change and equality are reflected in the Council Plan and are being included in a new integrated impact assessment by September 2023, but it is unclear how progress will be measured. The council is planning to review how its climate change team is resourced. As at September 2023 the team had two vacant posts.

**The council will need to consider the skills and capacity required to deliver its integrated impact assessments as well as set measures to monitor progress in reducing inequalities and addressing climate change.**

**10.** I look forward to seeing the progress the council makes in taking forward the recommendations from the Best Value thematic report outlined in Appendix 1 of the AAR in due course.

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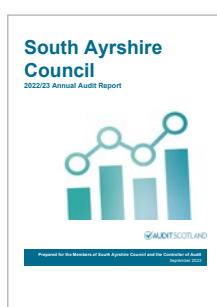
# Appendix 1.

## 2022/23 Annual Audit Report

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

This Annual Audit Report comprises:

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



## 2022/23 Annual Audit Report South Ayrshire Council September 2023





# Appendix 2.

## Best Value

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

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

Best Value

# South Ayrshire Council



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