

South Ayrshire Council

**Report by Director of Strategic Change and Communities
to South Ayrshire Council
of 7 December 2023**

Subject: Accounts Commission's Findings on Best Value in South Ayrshire

1. Purpose

1.1 The purpose of this report is to advise Members of the Accounts Commission's findings from the Controller of Audit's Statutory Report on Best Value in South Ayrshire.

2. Recommendation

2.1 It is recommended that the Council :

2.1.1 considers the findings from the Controller of Audit's Statutory Report on Best Value in South Ayrshire, attached as Appendix 1; and

2.1.2 notes that officers shall advise the Commission of the steps that the Council has agreed to take to respond to the findings and publish the required notice.

3. Background

3.1 The Accounts Commission's approach to Best Value has evolved since Best Value was introduced 20 years ago and is now fully integrated within annual audit work. Best Value at the Council will be assessed comprehensively over the period of the audit appointment and will include an annual evaluation of the Council's approach to demonstrating improvement in the effective use of resources and public performance reporting.

3.2 In addition to the annual work on Best Value, thematic reviews as directed by the Accounts Commission are undertaken and in 2022/23 the focus was on the effectiveness of Council leadership in developing new local strategic priorities following the elections in May 2022.

3.3 At least once every five years, the Controller of Audit will report to the Accounts Commission on the Council's performance in meeting its Best Value duties. The programme of Controller reports commenced in October 2023 with South Ayrshire being the first Council considered by the Accounts Commission in October 2023.

3.4 The Council's thematic report was based on fieldwork carried out between January and March this year and the report was considered by Audit and Governance Panel on [28 June 2023](#) and subsequently, by Cabinet on [29 August 2023](#). The Council's

final report on the annual audit was considered by Audit and Governance Panel on [27-September 2023](#).

3.5 An augmented action plan based on the recommendations from Audit Scotland was approved by Audit and Governance Panel on [4-October 2023](#) with progress to be reported on a quarterly basis (next update due in January 2024).

3.6 The Council is required to consider these findings within 3 months.

4. Proposals

4.1 The Accounts Commission published their findings on 2 November following its meeting on 12 October. The findings are attached as Appendix 1 and the webcast of the public session can be accessed [here](#) (South Ayrshire section starting at 3m 42s).

4.2 In summary, the Accounts Commission's main findings are:

- The Council has effective financial management processes in place, has delivered balanced budgets, and has met its savings targets;
- The Council has sought to address the commission's previous findings on leadership, and they commend the Council for the clear intent around the new senior management structure, to ensure that there is sufficient leadership capacity;
- Progress has been made in addressing the recommendations of the 2021 Best Value Assurance Report but noted concern that the pace of improvement had been slow but acknowledged that external factors, while not unique to South Ayrshire, had contributed to this delay;
- The commission urges the Council to move at pace to establish the expected cashable benefits and baseline activity for the strategic change programme;
- The Council should ensure that it has clear measures of progress against key priorities and improve its public performance reporting; and
- The Council should prioritise the introduction of a corporate self-evaluation tool.

4.3 These findings reflect the recommendations made by Audit Scotland in their initial report and the suggested improvements are therefore already being addressed as part of the Best Value Action Plan 2023. Examples include:

- New [Council Plan](#), [Performance Management Framework](#) and [service planning process](#) agreed by members.
- New [Council Plan performance report \(Q2\)](#) considered by Service and Partnerships Performance Panel in November.
- [Self-evaluation tool](#) agreed by the Best Value Working Group and due to be rolled out during 2024.
- Detailed business cases under development for the refocussed strategic change programme.

4.4 This progress was described as 'concrete signs of improvement' by Audit Scotland during the Accounts Commission hearing on 12 October while noting it was too early to evaluate the effectiveness of the improvement activity.

5. Legal and Procurement Implications

5.1 The Council requires to notify the Commission of the decisions (if any) it takes to respond to the recommendations and will publish with the Commissions consent a notice summarising this response in the local newspapers in accordance with S203 of the Local Government Act 1993.

5.2 There are no procurement implications arising from this report.

6. Financial Implications

6.1 Not applicable.

7. Human Resources Implications

7.1 Not applicable.

8. Risk

8.1 Risk Implications of Adopting the Recommendations

8.1.1 There are no risks associated with adopting the recommendations.

8.2 Risk Implications of Rejecting the Recommendations

8.2.1 Rejecting the recommendations may impact on the reputation of the Council.

9. Equalities

9.1 The proposals in this report allow scrutiny of performance. The report does not involve proposals for policies, strategies, procedures, processes, financial decisions and activities (including service delivery), both new and at review, that affect the Council's communities and employees, therefore an equality impact assessment is not required.

10. Sustainable Development Implications

10.1 ***Considering Strategic Environmental Assessment (SEA)*** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

11. Options Appraisal

11.1 An options appraisal has not been carried out in relation to the subject matter of this report.

12/

12. Link to Council Plan

12.1 The matters referred to in this report contribute to delivery of all of the Council's strategic objectives.

13. Results of Consultation

13.1 There has been no public consultation on the contents of this report.

13.2 Consultation has taken place with Councillor Martin Dowe, Portfolio Holder for Corporate and Strategic, and the contents of this report reflect any feedback provided.

14. Next Steps for Decision Tracking Purposes

14.1 If the recommendations above are approved by Members, the Director of Strategic Change and Communities will ensure that all necessary steps are taken to ensure full implementation of the decision within the following timescales, with the completion status reported to the Cabinet in the 'Council and Cabinet Decision Log' at each of its meetings until such time as the decision is fully implemented:

Implementation	Due date	Managed by
Continue implementation of the Council's Best Value Action Plan 2023	20 July 2024	Service Lead – Policy, Performance and Community Planning

Background Papers [Audit Scotland Best Value Assurance Report – South Ayrshire Council – October 2021](#)

Person to Contact Jane Bradley, Director of Strategic Change and Communities
County Buildings, Wellington Square, Ayr KA7
Phone 01292 612045
Email jane.bradley@south-ayrshire.gov.uk

Kevin Anderson, Service Lead – Policy, Performance and Community Planning
County Buildings, Wellington Square, Ayr KA7 1UT
Phone 01292 612982
E-mail kevin.anderson@south-ayrshire.gov.uk

Date: 29 November 2023

4th Floor
102 West Port
Edinburgh EH3 9DN

T: 0131 625 1500
E: info@audit-scotland.gov.uk
www.audit-scotland.gov.uk

ACCOUNTS COMMISSION 

Mike Newall
Chief Executive
South Ayrshire Council
County Buildings
Wellington Square
Ayr
KA7 1DR

26 October 2023

Dear Mike,

Statutory Report: Best Value in South Ayrshire Council

Further to my letter of 4 October, and our meeting on 16 October, I am writing to confirm that, at its meeting on 12 October, the Accounts Commission agreed to make findings on the Controller of Audit's Statutory Report on Best Value in South Ayrshire Council. I enclose a copy of the findings.

The Commission intends to publish the findings together with the report on the morning of 2 November 2023. I understand that Audit Scotland's communications team are contacting your communications colleagues about the publication arrangements. Please note that the findings and the report are embargoed for use by the media until then, and the Commission will not make any comment in response to media enquiries before that.

At our meeting we also discussed the Council's statutory obligations in how it is required to deal with the report. These obligations are also attached. Essentially, the Council is required to consider the Commission's findings at a meeting of the Council within three months of receiving them, or within such a period as the Commission may specify in writing. If you think the Council will require more time for this, please let me know and we can discuss.

As we also discussed at our meeting, it's the Commission's practice to seek a meeting to discuss the findings directly with representatives of the Council, which would preferably take place before the meeting of the Council at which it considers the findings referred to above. The Commission would be happy to come to South Ayrshire for the meeting and the Commission Support Team can take forward arrangements for this with your office.

Yours sincerely



Allan Campbell
Secretary to the Commission

ACCOUNTS COMMISSION

STATUTORY REPORT: Best Value in South Ayrshire Council

November 2023

FINDINGS

The Commission welcomes and endorses the Controller of Audit's report on Best Value in South Ayrshire Council.

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.

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.

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.

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.

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.

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.

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 underway to address this and look forward to seeing the refreshed approach in place as soon as possible.

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.

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.

SELECTED STATUTORY PROVISIONS FOR REPORTS BY THE CONTROLLER OF AUDIT AND PROCEDURE OF THE ACCOUNTS COMMISSION

AN AMALGAMATION OF EXCERPTS FROM THE LOCAL GOVERNMENT (SCOTLAND) ACT 1973 AND THE LOCAL GOVERNMENT IN SCOTLAND ACT 2003

S102 1973 Act - Reports by the Controller of Audit

- (1) The Controller of Audit may, and if so required by the Commission, shall make reports to the Commission with respect to -
 - (a) the accounts of local authorities audited under this part of this Act;
 - (b) any matters arising from the accounts of any of those authorities or from the auditing of those accounts being matters that the Controller considers should be considered by the local authority or brought to the attention of the public;
 - (c) the performance by a local authority of their duties under Part 1 (best value and accountability) and Part 2 (community planning) of the Local Government in Scotland Act 2003.
 - (2) The Controller of Audit shall send a copy of a report made under subsection (1) above to
 - (a) any local authority named in the report; and
 - (b) any other person the Controller thinks fit.
- (2A) A local authority shall, forthwith upon their receiving a copy of a report sent to them under subsection (1) or (2) above, supply a copy of that copy report to each member of the authority and make additional copies available for public inspection.

S3 2003 Act - Action by Accounts Commission following report by Controller of Audit

On a report being made to it by the Controller of Audit under section 102(1) of the Local Government (Scotland) Act 1973 the Accounts Commission may do, in any order, all or any of the following, or none of them -

- (a) direct the Controller of Audit to carry out further investigations;
- (b) hold a hearing;
- (c) state its findings.

S4(2)(b) 2003 Act

Findings which do not follow a hearing shall be treated as the findings of the members of the Commission holding a hearing.

- (3) Findings may include recommendations and the persons to whom those recommendations may be made include the Scottish Ministers.
- (4) The Accounts Commission shall give a copy of findings so made to any member or officer of a local authority who was named in the report upon which proceeded the hearing to which the findings relate.

S103E 1973 Act - Action by local authorities

- (1) A local authority receiving a copy of findings shall consider those findings at a meeting of the authority within three months of receiving them or within such longer period as the Commission may specify in writing.

- (2) The duty imposed on a local authority by subsection (1) above shall be discharged only by that authority and not by a committee or sub committee or an officer.
- (3) Where findings received by a local authority contain recommendations, the authority shall decide -
 - (a) whether to accept any or all of those recommendations;
 - (b) what, if any, action to take in response to those recommendations.
- (4) A meeting under subsection (1) above shall not be held unless, at least seven clear days before the meeting, there has been published, in a newspaper circulating in the area of the local authority concerned, a notice which -
 - (a) states the time and place of the meeting;
 - (b) indicates that the meeting is to be held in order to consider the findings of the Commission and any recommendations in those findings; and
 - (c) describes the nature of those findings and of any such recommendations.
- (5) The local authority shall, as soon as practicable after that meeting -
 - (a) notify the Commission of any decisions made in pursuance of subsection 3 above; and
 - (b) publish, in a newspaper circulating in the area of the local authority, a notice containing a summary, approved by the Commission, of any such decisions.
- (6) A notice under subsection 5(b) above shall not need to summarise any decision made while the public were excluded from the meeting -
 - (a) under section 50A (2) of this Act (confidential matters) or in pursuance of a resolution under section 50A (40) of this Act (exempt information); but
 - (b) in a case where section 50C and 50D of this Act (availability for inspection after meetings of minutes, background papers and other documents) apply in relation to the meeting, shall indicate the documents which, in relation to that meeting, are open for inspection in accordance with those sections.