

South Ayrshire Council

**Report by Chief Executive
to Audit and Governance Panel
of 28 June 2023**

**Subject: Best Value Thematic Work in South Ayrshire Council
2022/23**

1. Purpose

1.1 The purpose of this report is to advise the Panel of the initial findings from Audit Scotland's recent Best Value thematic work in South Ayrshire.

2. Recommendation

2.1 It is recommended that the Panel:

2.1.1 considers the draft Audit Scotland report on Best Value thematic work in South Ayrshire Council 2022/23 (attached as Appendix 1);

2.1.2 considers the draft improvement action plan included in Appendix 1 of the Audit Scotland report; and

2.1.3 provides feedback on the report and action plan and remits the draft Audit Scotland report and improvement action plan to Cabinet on 29 August 2023 for approval.

3. Background

3.1 When discussing the Local government in Scotland Overview 2022, the Accounts Commission noted: 'Councils are operating in a complex and increasingly volatile, unprecedented, and unpredictable environment. Strong leadership from Councils is needed now more than ever, with new and returning Councillors being able and willing to make difficult decisions about where and how to spend highly pressurised resources'.

3.2 [The Accounts Commission's Strategy \(2021-26\)](#) sets out its priorities to focus on inequalities, funding, communities, and recovery. The 2021 Code of Audit practice sets out the Best Value work required to report on these priorities. This includes reporting nationally on thematic aspects of local government bodies' approaches to, and performance in, meeting their Best Value and community planning duties. Local government appointed auditors report locally on any such Best Value thematic work prescribed by the Accounts Commission.

- 3.3 As outlined in the Annual Audit Plan 2022/23 reported to the Audit and Governance Panel on 22 March 2023, the audit of Best Value in Councils is fully integrated within annual audit work.
- 3.4 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. Auditors will also follow up findings reported previously in the Council's 2021 Best Value Assurance Report to assess the pace and depth of improvement.
- 3.5 In addition to the annual work on Best Value, thematic reviews as directed by the Accounts Commission will be undertaken. In 2022/23, the focus will be on the effectiveness of Council leadership in developing new local strategic priorities following the elections in May 2022. The conclusions and judgements from this review will be reported in a separate report to management and summarised in the annual audit report to Members.
- 3.6 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 will commence in October 2023 with South Ayrshire to be the first Council considered by the Accounts Commission in October 2023.
- 3.7 The Commission has directed auditors to report on the effectiveness of the leadership in the development of the Council's strategic priorities.
- 3.8 In carrying out the work auditors have considered the following questions:
- 3.8.1 How clear is the new Council vision and its priorities?
 - 3.8.2 How effectively have the views of citizens and communities been reflected in the priorities and decisions taken by the Council?
 - 3.8.3 How effectively do the Council priorities reflect the need to reduce inequalities and climate change?
 - 3.8.4 How good are the delivery plans and is there alignment of financial, workforce, asset, and digital plans with the Council's priorities?
 - 3.8.5 Overall, how effective has the leadership been (political and officer) in setting clear priorities and a sustainable approach to delivering them?

4. Proposals

- 4.1 The Audit Scotland draft report (attached as Appendix 1) concludes on the effectiveness of the Council's leadership of the development of the Council's strategic priorities, following the recent local government elections.
- 4.2 At exhibit 7 of the draft Audit Scotland report, they also detail their review of the Council's progress against the 2021 Best Value Assurance Report recommendations.

- 4.3 A draft improvement action plan is included at Appendix 1 of the Audit Scotland report. This sets out audit recommendations in key areas, and the Council's planned response including responsible officers and dates for implementation.
- 4.4 Meetings have taken place between Audit Scotland and the Chief Executive/Directors to discuss the initial findings of the Best Value thematic work. The initial findings are based on engagement with Leader and Chair/Vice Chair of Audit and Governance Panel and evidence presented by officers.
- 4.5 The key messages from the draft Audit Scotland report are outlined in Appendix 2.
- 4.6 It is proposed that Members:
- 4.6.1 consider the draft Audit Scotland report on Best Value thematic work in South Ayrshire Council 2022/23 (attached as Appendix 1);
 - 4.6.2 consider the draft improvement action plan included in Appendix 1 of the Audit Scotland report; and
 - 4.6.3 provide feedback on the report and action plan and remit the draft Audit Scotland report and improvement action plan to Cabinet on 29 August 2023 for approval.

5. Legal and Procurement Implications

- 5.1 There are no legal implications arising from this report.
- 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 would result in reputational damage and criticism from Audit Scotland, the Accounts Commission and the Scottish Government.

9. Equalities

- 9.1 The proposals in this report have been assessed through the Equality Impact Assessment Scoping process. There are no significant potential positive or negative equality impacts of agreeing the recommendations and therefore an

Equalities Impact Assessment is not required. A copy of the Equalities Scoping Assessment is attached as Appendix 3.

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. Link to Council Plan

- 12.1 The matters referred to in this report contribute to Priority 4 of the Council Plan: Efficient and effective enabling services.

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 Dowey, Portfolio Holder for Corporate and Strategic, and the contents of this report reflect any feedback provided.

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

**Report to Audit and Governance Panel of 22 March 2023 -
[Annual Audit Plan 2022/23](#)**

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Date: 19 June 2023

Leadership in the development of the council's strategic priorities

Best Value thematic work in South Ayrshire
Council 2022/23



Prepared by Audit Scotland

June 2023

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Key messages

- 1** The March 2023, Council Plan 2023-28 sets out the council's vision, broad priorities, and high-level outcomes. To achieve the council's priorities the leadership of the council, senior officers, and elected members, are committed to increasing the pace of change in the council.
- 2** Following the local government elections there has been a change in the council's administration and changes made to its political decision-making structure. In September 2022, there was a restructuring of the Corporate Leadership Team, and a number of changes in senior officer posts over the last year. The current Chief Executive is retiring in the autumn which will bring further change.
- 3** The [2021 Best Value Assurance Report](#) said that the council's pace of improvement needed to increase in some key Best Value areas. The council made progress with recommendations made in the report but failed to effectively measure its performance against targets for the priorities in the previous council plan to March 2023. Senior officers acknowledge this and are now focussed on developing a framework to support delivery of the new Council Plan.
- 4** In June 2023, the Council is due to discuss and approve service plans, which demonstrate how the council aims to deliver on its priorities and align its resources to these. The plans include service performance targets that will be monitored.
- 5** A performance management framework to report progress against the Council Plan targets is due to be discussed by the Council in June 2023. Reporting progress to elected members should now be a priority, to support challenge of services and focus of improvement actions. The first performance reporting on the new Council Plan is currently scheduled for November 2023.
- 6** The results of prior consultation responses were used when developing the new Council Plan priorities. The council then sought comments from citizens on the proposed priorities.
- 7** To support community priorities the council has published two Place Plans for Ayr North and Girvan. Whilst community engagement took place, and priorities have been identified for other place plans, these have not yet been approved by members and published. The Council Plan says it is taking a

place-based approach to planning services. These Place Plans therefore need to be published to demonstrate the focus for this approach.

- 8** The council approved a balanced budget for 2023/24 in March 2023 before the council's priorities were agreed. In future the council is to demonstrate in budget papers how it is aligned to the council's priorities. There is evidence of public consultation being reflected in the agreed budget.
- 9** The council has in place medium and longer-term financial plans which show an estimated gap of between £28.7 and £39.5 million by 2025/26. Given the significant financial challenges faced by the council, difficult decisions will need to be made by members on how resources are used and how services are delivered.
- 10** In October 2022 a Director of Strategic Change and Communities was appointed, whose remit includes overseeing the council's Strategic Change Programme. This is the focus for changing how services are delivered in the future. It was recognised that the current programme was unachievable and required refocus. In June 2023, a revised programme containing 11 projects is being considered by the Cabinet. Benefits tracking for each project has been developed.
- 11** There has been a gap in corporate self-evaluation of service performance at the council since the Covid-19 pandemic. There is some self-evaluation across services but more needs to be done to challenge services across the council. Plans to reintroduce a corporate self-evaluation tool need to be progressed.
- 12** The council's own overall performance taken from national benchmarking data shows an improving position over time. At April 2023, 51 per cent of national indicators were in the top two quartiles of Scottish councils, but this has fallen from 57 per cent, showing that the pace of improvement has slowed compared to others. The council's self-evaluation should include understanding and reporting its performance in relation to other councils.
- 13** The South Ayrshire Community Planning Partnership Local Outcomes Improvement Plan (LOIP) is due to be refreshed with partners later in 2023. Alignment with the Council Plan is being considered as part of this.
- 14** In the Council Plan, the commitment to reducing inequalities is expressed through its reference to 'everyone' in the community benefitting from each outcome. Equalities is a cross cutting theme to be considered when decisions are made. A new Impact Assessment approach is under development. In September, the Cabinet is to consider a paper setting out how the council will measure its success in reducing inequalities.

- 15** Sustainability, climate change and biodiversity is reflected in the council plan's cross cutting themes. The council is demonstrating good practice by setting a carbon budget. However, it is unclear how progress will be monitored on the crosscutting theme.
 - 16** Elected members and senior officers recognise that decisive and focussed leadership is needed to deliver the priorities set out in the new plan, to improve the outcomes for citizens. In doing so, a number of improvements are required to demonstrate achievement of Best Value, these are included at [Appendix 1](#) of this report. It sets out the council's response to audit recommendations made and we will report on the progress over the term of our audit appointment.
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Scope of the audit

1. When discussing the Local government in Scotland Overview 2022, the Accounts Commission noted: “Councils are operating in a complex and increasingly volatile, unprecedented, and unpredictable environment. Strong leadership from councils is needed now more than ever, with new and returning councillors being able and willing to make difficult decisions about where and how to spend highly pressurised resources.”
2. This report concludes on the effectiveness of the council’s leadership of the development of the council’s strategic priorities, following the recent local government elections.
3. [The Accounts Commission’s Strategy \(2021-26\)](#) sets out its priorities to focus on inequalities, funding, communities, and recovery. The Code of Audit practice sets out the Best Value work required to report on these priorities.

Code of Audit Practice 2020 Best Value reporting requirements

Best Value reporting – extract from the Code

87. The Accounts Commission’s approach to Best Value involves reporting on individual local government bodies and thematically across the local government sector through performance reports:

- As part of their integrated wider-scope annual audit work appointed auditors use a risk-based approach to assess and report whether the audited body has made proper arrangements for securing Best Value and is complying with its community planning duties, including reporting progress against previous Best Value findings and recommendations.
- The Accounts Commission also requires the Controller of Audit to report to the Accounts Commission on each council or Integration Joint Board (IJB) at least once over the five-year audit appointment on the body’s performance on its Best Value duty. This enables the Accounts Commission to make findings for improvement where appropriate.¹
- The Accounts Commission reports nationally on thematic aspects of local government bodies’ approaches to, and performance in, meeting their Best Value and community planning duties. Local government appointed auditors report locally on any such Best Value thematic work prescribed by the Accounts Commission.

¹ The Controller of Audit will report the first tranche of council BV reports to the Commission between October 2023 and August 2024 on Moray, Falkirk, Dundee City, Orkney Islands, South Ayrshire, Dumfries and Galloway, Clackmannanshire, and West Dunbartonshire.

4. This report covers the thematic aspect of the Best Value audit requirements. The Commission has directed auditors to report on the effectiveness of the leadership in the development of the council's strategic priorities.



5. In carrying out the work auditors have considered the following questions:

- How clear is the new council vision and its priorities?
- How effectively have the views of citizens and communities been reflected in the priorities and decisions taken by the council?
- How effectively do the council priorities reflect the need to reduce inequalities and climate change?
- How good are the delivery plans and is there alignment of financial, workforce, asset, and digital plans with the council's priorities?
- Overall, how effective has the leadership been (political and officer) in setting clear priorities and a sustainable approach to delivering them?

6. At [exhibit 7](#) of this report, we also detail our review of the council's progress against the [2021 Best Value Assurance Report](#) recommendations.

7. An improvement action plan is included at [Appendix 1](#) of this report. This sets out audit recommendations in key areas, and the council's planned response including responsible officers and dates for implementation.

8. The coverage of the work is in line with the expectations for council's arrangements for the seven Best Value themes in the [Local Government in Scotland Act 2003](#), [Best Value Statutory Guidance 2020](#).

Council vision and priorities

The Council Plan 2023-28 sets out the council's vision, broad priorities, and high-level outcomes. In June 2023, the Council is due to discuss and approve service plans which will include performance targets. These will support meaningful assessment of the plan's outcomes and impact.

9. A council focused on achieving Best Value will be able to demonstrate that elected members and officers have a clear vision and priorities for the area.

10. [The Local government in Scotland Overview 2022](#) highlighted the pivotal role that Scotland's councils have in supporting and working with communities as they respond to the impacts of Covid-19, with a clear vision and priorities for its area key to this.

11. The previous Council Plan 2018-22 was approved in March 2018, with a midterm refresh approved in March 2020. In this plan the council's priorities were:

- Fair and effective leadership: leadership that promotes fairness
- Closing the gap: reduce poverty and disadvantage
- Grow well, live well, age well: Health and care systems that meet people's needs
- South Ayrshire works: Make the most of the local economy
- Stand up for South Ayrshire: Increase the profile and reputation of South Ayrshire and the Council
- A better place to live: Enhanced environment through social, cultural, and economic activities.

12. Due to the council elections in May 2022, members agreed in January 2022 that the Council Plan 2018-22 should be extended until March 2023 to allow any new administration time to set its strategic priorities.

13. The council set out its new priorities in March 2023, in its Council Plan 2023-28 with its vision 'to make a difference every day'. To achieve this, its priorities, and outcomes, [exhibit 1](#), are aimed at promoting collaboration between services and partners with the plan's place-based approach looking to achieve improved outcomes and wellbeing for the council's communities, the local economy and environment. The 2023 Council Plan set out the new focus for the new council.

Prior council consultation responses were used when developing the new Council Plan 2023-28. The council then sought comments from citizens on the proposed priorities

14. The council engaged with the Improvement Service and the priorities and outcomes identified in the Council Plan 2023-28 have been influenced by the Shaping Places for Wellbeing Programme, [Place and Wellbeing Outcomes](#). This is a joint initiative between Public Health Scotland and the Improvement Service which aims ‘to improve Scotland’s wellbeing by reducing the significant inequality in the health of its people while addressing the health of our planet.’ Ayr is one of six project towns chosen for focussed support through the programme since 2022. Activities include local project work, local learning cohort and national leadership cohort discussions. The aim is to find new ways of working, nationally, and locally, to deliver on the Place and Wellbeing Outcomes. This programme provided a framework for the council’s new plan. It is too early to identify the impact of this programme in South Ayrshire.

15. The council plan says that its priorities ‘require the participation and meaningful involvement of those with local lived knowledge of their community.’ However, when developing the new council vision, priorities and outcomes, the council did not directly consult with its communities. The council stated this was due to feedback from communities on ‘consultation fatigue.’ Officers therefore felt that the above programme, with input from elected members and officers as representatives of the community was the best approach to take. Feedback from previous council wide consultations with communities was also used along with Place Plans consultation to help inform the plan. While these are useful ways to gather views from the community, the Best Value guidance is clear that communities should be directly consulted in a council’s strategic planning.

16. After the priorities and outcomes were identified, the council undertook a public online consultation on the new plan which ran from 20 December 2022 to 10 February 2023. It is not clear how the feedback from this consultation impacted on the council’s plans. Work is now ongoing to develop the detailed service plans and new performance management framework due to be considered by the Council in June 2023, with the first performance reporting on the new Council Plan scheduled for November 2023.

Exhibit 1

Council Plan 2023-28 priorities and outcomes

| Priority | Outcomes |
|------------------------------|---|
| 1. Spaces and Places | <p>Moving around and the environment: Everyone can access streets, places and spaces that are well connected, well designed, and maintained.</p> <p>Play, Sport and Recreation: Everyone can access a range of high quality, safe, well maintained, accessible places with opportunities for play, sport, and recreation.</p> |
| 2. Live, Work, Learn | <p>Education and lifelong learning: Everyone benefits from high quality education and lifelong learning and is supported to learn and fulfil their potential.</p> <p>Work and economy: Everyone benefits from a local economy that provides opportunities for people and helps our businesses flourish.</p> <p>Housing: Everyone can find a good quality home that they can afford, that meets their needs and is in an area where they feel safe and connected.</p> |
| 3. Civic and Community Pride | <p>Pride in South Ayrshire: Everyone (residents, visitors, and tourists) can enjoy attractive destinations and people are proud to live in our towns and villages and celebrate our culture and heritage.</p> <p>Community Engagement: Everyone has the opportunity to influence and contribute to what happens in their local area.</p> |

Source: South Ayrshire Council

17. Alongside these priorities, the plan highlights cross-cutting strategic themes. These will be considered by the council in all its decision making to ensure key national and local priorities are always considered when it is developing new policies, strategies, and initiatives. These cross-cutting themes are:

- Equalities and the Fairer Scotland Duty
- United Nations Convention on the Rights of the Child (UNCRC)
- Sustainability, climate change and biodiversity

- Our Ageing Population
- Trauma Informed Practice
- The Promise
- Best Value.

18. The council has committed to including the above themes in a new integrated impact assessment it is developing. It anticipates that this will encourage council services to explore where priorities overlap with its partners, allowing for a more joined up approach to tackling shared strategic challenges. The Integrated Impact Assessment approach is due to be approved by Cabinet in September 2023.

19. The council plan also recognises the important role that enabling services such as Finance, IT and Procurement play in contributing to the achievement of the plan's priorities and outcomes.

20. The vision, priority areas and associated outcomes in the new Council Plan provide a high-level strategic framework for the council. Focus is now needed from the detailed service plans. These will contain the measurable actions to which the success and impact of the plan will be measured against.

The Local Outcomes Improvement Plan (LOIP) is due to be refreshed. Alignment with the Council Plan is being considered as part of this

21. The Council Plan says that its priorities drive collaboration between services and partners. South Ayrshire Community Planning Partnership (CPP) has two strategic themes as agreed areas of focus for the LOIP. These are:

- supporting older people to live in good health.
- closing the poverty-related outcomes gap for children and young people.

22. Under the strategic themes there are five supporting improvement priorities:

- reducing social isolation and loneliness
- support for people living with dementia and their carers
- improving outcomes for care experienced children and care leavers
- providing support for young people who are carers
- employability and lifelong learning.

23. The [2021 Best Value Assurance Report](#) (2021 BVAR) commented positively on the structure and content of the LOIP. This has helped partners to focus on the small number of improvement priorities, noted above, where joint working is

likely to be most effective, with these improvement priorities linking well into the LOIP's two wider strategic themes.

24. The CPP refreshed its LOIP in 2019 to reflect work on mental health issues, building safer communities and tackling violence against women. The latest annual progress report on the LOIP was published in October 2022. Work will take place during 2023 to refresh the LOIP to identify a new set of priority areas for it from April 2024 onwards. The council's revised priorities and service delivery plans are being considered when developing the new LOIP.

Despite it being reported in the 2021 BVAR as an area for improvement, the council did not effectively measure its performance against targets for priorities in its previous plan. A performance management framework for the Council Plan targets is due to be discussed by the Council in June 2023

25. The next step for the council is to clearly set out what performance it wants to achieve in its priority areas. To report effectively on its progress towards meeting its priorities, new service plans have been developed by each council service. These are due to be submitted to members for review and scrutiny in June 2023. From our review of the proposed service plans, we are pleased to see that they show the specific actions required to deliver on the priorities, with performance measures, targets, and timescales developed to help measure the Council Plan's impact.

26. Previously, performance against each of the priorities in the Council Plan was reported to members once a year. The council has committed to more regular reporting on progress. Service plans will be monitored by Council Leadership Team quarterly, with reports going to Service and Partnerships Performance Panel (S&PP) in quarters two and four. Elected members will also be retrained on Pentana and shown how to view real time updates on all service plans. An annual report will be produced every December for approval by Council. Any new additions to the Council Plan or completed targets removed will go to the S&PP Panel and thereafter to Council for approval.

27. The council's 2021 BVAR was critical of its performance management framework and reporting, including its use of key performance indicators. Targets were not assigned to these which made the monitoring of performance, and outcomes, against each priority area of the Council Plan 2018-22 difficult to determine. However, the pace of change in response to this 2021 BVAR recommendation has been slow. The council updated its performance management framework in 2022. At the time officers explained that it was considered difficult to set retrospective targets for all areas of the old Council Plan and instead focus was on ensuring the required improvements were made to the new plan.

28. In August 2022, the council reported its 2021/22 performance against 81 measures associated with achieving the strategic objectives from its Council Plan 2018-22 (extended until 2023). Only three of these measures had targets and so it is difficult to ascertain how performance differed from what was expected. Further performance reports were produced in November 2022 and April 2023, but they only included information on the 23 indicators that could be

reported quarterly. The April 2023 report noted that the next performance report will relate to the new Council Plan 2023-2028 and is scheduled to be presented in November 2023.

Action plan recommendation 1

29. The council's annual performance report, considered by members in December 2022, remains focused on areas of positive performance with less information about areas of poorer performance and how they will be addressed. The annual performance report is organised around the council's priorities, but the lack of a summary and dearth of targets meant it was difficult to ascertain the council's progress against its priorities. The plans for performance measures with agreed targets should allow the council to effectively monitor and demonstrate progress against its new Council Plan priorities.

The council should review the content of the performance section of its website to ensure its reporting is clear and balanced and meets the requirements of the new statutory performance indicator direction

30. The quality of public performance reporting still has scope for improvement, particularly in relation to the accessibility of the information published on the council's website. The council does have a dedicated public performance reporting webpage, but there is a lack of up-to-date information published on this. Additionally, the performance reports lack a summary of how many indicators have improved or declined, as a whole or by priority area, making it difficult to get an overall sense of how the council is doing against each priority. The council has not yet set out how it will report performance relating to January – March 2023 and its annual performance against the former plan for 2022/23.

31. The Accounts Commission issued a new [Statutory Performance Information Direction](#) in December 2021 which applies for the three years from 2022/23. It requires a council to report its:

- performance in improving local public services (including those provided with its partners and communities), and progress against agreed desired outcomes (SPI 1). The Commission expects this reporting to allow comparison both over time and with other similar bodies (drawing on Local Government Benchmarking Framework and/or other benchmarking activities)
- own assessment and audit, scrutiny, and inspection body assessments of how it is performing against its duty of Best Value, and how it has responded to these assessments (SPI 2).

32. The council should review the content of the performance section of its website to ensure it meets the requirements of the new SPI direction.

The council’s overall performance per national benchmarking shows an improving position over time

33. The Accounts Commission’s [Local Government in Scotland Overview 2023](#) says that councils should have a clear plan for strengthening their use of data to understand needs, make decisions and direct resources.

34. The council participates in the [Local Government Benchmarking Framework \(LGBF\)](#). The framework brings together a wide range of information about how all Scottish councils perform in delivering services, including the cost of services and how satisfied citizens are with them.

35. Due to the difficulty in assessing the council’s progress based on its own performance reporting, we have considered the results of the latest LGBF data.

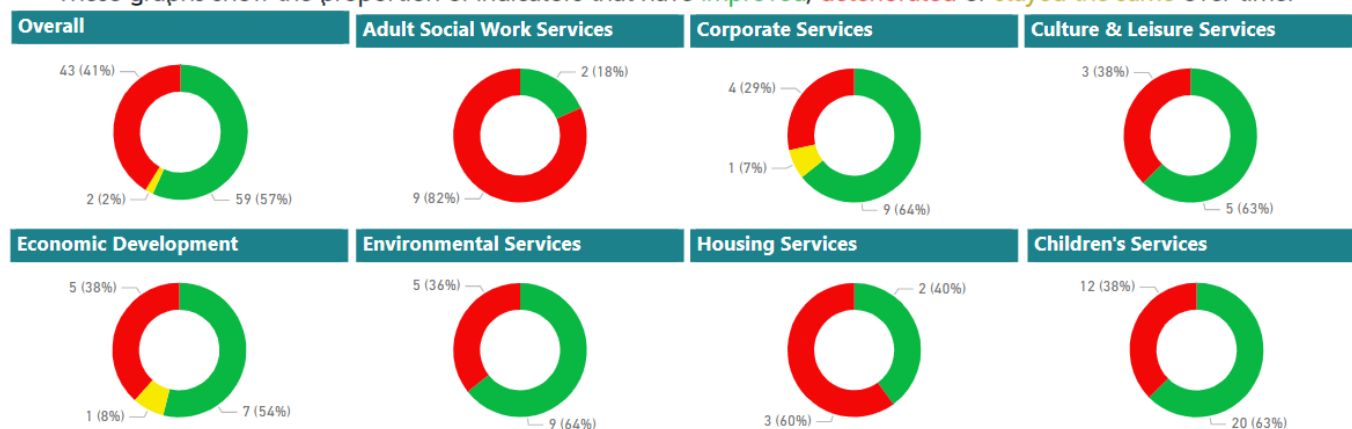
36. The most recent [National Benchmarking Overview Report 2021/22](#) by the Improvement Service was published in March 2023. This report will be considered by the council’s Service and Partnerships Performance Panel in June 2023 along with council specific commentary on where improvement activity is planned or already underway.

37. In analysing the LGBF data it is recognised that local policy choices about council services and strategic priority areas will have an impact on the results. Councils also operate in different environments and these different local factors such as levels of deprivation, population distribution, size of council area and geography affect service demand and performance. An ageing population, such as that of South Ayrshire, increases demand for social care services. Rurality can make it more difficult to deliver services cost-effectively, and deprivation and poverty have wide-ranging impacts which can affect council services.

38. At April 2023, [exhibit 2](#) shows the council’s 2021/22 performance across services when compared with the relevant data’s base year. Based on the indicators within each service area, the council shows an overall improving position over time.

Exhibit 2 South Ayrshire Council LGBF results – trend since base year

These graphs show the proportion of indicators that have **improved**, **deteriorated** or **stayed the same** over time.



Source: Improvement Service – LGBF 2021/22

While the 2021/22 indicators reflect challenges with adult social care services, a recent inspection reported a ‘good’ assessment in all areas, with particular strengths identified in integrated working and leadership

39. In line with national pressures the indicators reflect challenges with adult social care services. The council has been focussed on making improvements in the services and expect the 2022/23 indicators to reflect an improving picture in some areas.

40. A February 2023 joint inspection by the Care Inspectorate and Healthcare Improvement Scotland concluded a ‘good’ assessment in all areas covered, with particular strengths identified in integrated working and leadership. The report acknowledged the significant demands placed on the service due to high levels of deprivation, a growing and ageing population, and the impact of the pandemic.

41. Particular ongoing challenges with the number of delayed discharges are a focus for the council. South Ayrshire Council is the worst performing council for delayed discharges in Scotland and has been one of the three poorest performing councils in each of the past four years. Its average delayed rate of 179 days for 2021/22 is significantly worse than the national average (77 days) and since the base year (107 days in 2016/17) there has been a clear decline in this area.

42. In its January 2022 [Social care briefing](#) Audit Scotland noted that current issues experienced by the social care sector, for example workforce pressures, are being felt nationally. The council notes that workforce challenges around recruitment and retention have led to a reduction in the capacity within in-house and external care provision in care at home and care homes. This has resulted in a significant increase in the number of people and the length of time that they must wait. South Ayrshire Council has a high proportion of commissioned care (around 80 per cent). These care providers have struggled to recruit and retain staff, even more so than the council. As a result, the number of commissioned hours has fallen from 10,000 hours pre-pandemic to 6,700 hours per week. As well as working with its partners, including the South Ayrshire Integration Joint Board, in response to these issues, the council has taken the following actions:

- Establishment of a new team to review those awaiting care
- 10 additional beds in council run home
- Support from other parts of the council's workforce
- A dedicated post to improve recruitment
- A new fast track training course in partnership with Ayrshire College which includes 12 hours paid employment and guarantee of interview.

43. Officers have also highlighted areas of performance not covered by the LGBF, for example mental health services, where investment in work with adults with incapacity and provision of reports where people require compulsory detention is recognised as high performing by the Mental Welfare Commission.

Housing performance has declined in three out of the five indicators but improvements in the service have been made and all indicators in this area are in the top two quartiles

44. The council's Local Housing Strategy (LHS) 2017-2022 is part of the capital programme with a delivery target of 675 affordable homes over the five years of the strategy. The strategy was subsequently extended to March 2023, with a revised target of 844. Despite delays caused by the Covid-19 pandemic, the council and its partners have sustained a steady pace in affordable housing completion. The council estimates that 748 properties will have been delivered by March 2023.

45. The council's new LHS 2023-28 is currently under development and is due for approval in August 2023. The LHS has taken into consideration fuel poverty, the rising living costs together with the need to improve the efficiency of homes from both a social and environmental perspective. To ensure homes are affordable, rent levels for new build properties will be set on or below the local housing allowance and new build properties will aim to be cheaper to heat through measures that will include enhanced floor and roof insulation. As well as being cheaper to run, improvements to energy efficiency will help the council meet outcomes set out in its Climate Change and Sustainable Development Strategy 2019-2024.

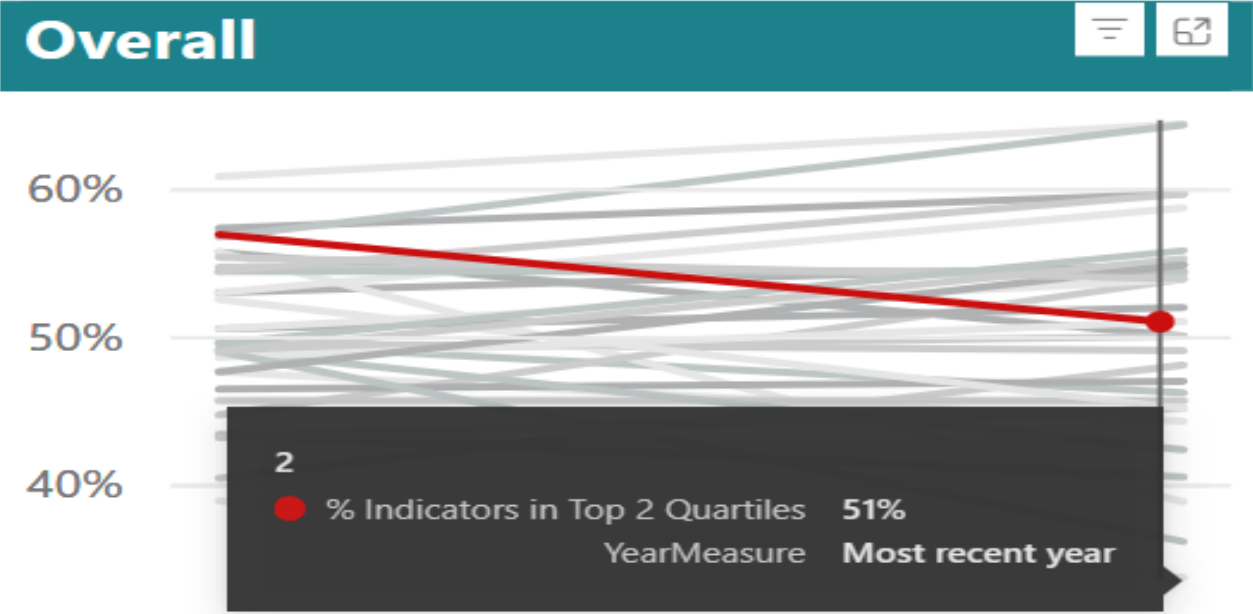
46. The council is in the top five councils in Scotland in terms of the percentage of council dwellings that meet the Scottish Housing Quality Standards and the proportion of council dwellings that are energy efficient. For all five Housing Services indicators in 2021/22, the council is in the top two quartiles nationally, up from 60 per cent in the top two when compared with the data's base year (2013/14).

47. Performance relating to loss of income from rent arrears and voids is strong, with both significantly below the national average.

While 51 per cent of national indicators are in the top two quartiles of councils, this has fallen from 57 per cent, showing the rate of service improvement has slowed compared to others

48. Of the 104 indicators reported in the 2021/22 LGBF data, 59 (57%) of these have improved for the council since the base year. However, the number of indicators in the top two quartiles has decreased from 57% in the base year to 51% in 2021/22 ([exhibit 3](#)). These results indicate that whilst the council's overall performance year-on-year has improved, its performance has improved more slowly than other councils over this period.

Exhibit 3
Proportion of indicators in the top two quartiles from the base year to 2021/22



Source: Improvement Service – LGBF 2021/22

49. Given the service demand and cost pressures facing councils it is unlikely that they will be able to maintain performance across all the services they currently provide. This means that councils will need to make increasingly difficult choices about what their service and performance priorities are.

50. South Ayrshire Council should use the LGBF data alongside its engagement with its communities to assess its local performance and priorities. The performance of the council could also be compared with neighbouring or similar councils to assess the effectiveness of its investment in priority areas and to inform and identify where improvements and better outcomes for its communities can be achieved.

Citizen and community engagement

51. Councils, with their community planning partners, have a responsibility to ensure that people and communities can be fully involved in the decisions that affect their everyday lives. Recovery from the pandemic will require councils to work alongside their local communities. There must be a focus on getting the services people need in place as pressures and stresses escalate and impact the day to day lives of individuals and communities.

52. Early and meaningful engagement and effective collaboration with communities to identify and understand local needs, and in decisions that affect the planning and delivery of services should be a core part of determining a council's vision and priorities.

The council developed a Community Engagement Strategy in 2020, but there is no evidence of the council assessing whether it has improved community engagement

53. The council developed a Community Engagement Strategy in 2020 which provides an overview of the council's approach to effective community engagement. The [2021 Best Value Assurance Report](#) (2021 BVAR) reported that this was developed to ensure a consistent approach to engagement across the council and to improve the council's assessment of the impact of engagement to inform future engagement activities. The strategy identifies ways in which the council consults with and empowers its communities and sets out an action plan to monitor progress. All actions are noted as complete, including delivering awareness raising sessions on community consultation and engagement. Although the actions are completed, the council acknowledges that improving learning and training around consultation will continue, with community engagement being a key priority within the Thriving Communities service which was approved in June 2021.

There was engagement with elected members, partners, and employees in the development of the Council Plan 2023-28 but no direct community engagement

54. The new Council Plan 2023-28 (the Plan) was developed following consultation with elected members, partners, and employees. The "Our Council Plan Survey" detailed the three key priorities and outcomes and asked for comments and suggestions on the proposals. [Paragraphs 14 and 15](#) explain why there was no direct community engagement in developing the plan.

Community empowerment is reflected in the council's priorities, however improvements can be made to evidence how the results of community engagement are reflected in decisions taken by the council

55. The Plan outlines three priorities, each underpinned by a set of outcomes which will help the council in identifying where priorities are being achieved. Priority three is "Civic and Community Pride" which is supported by the outcome of community engagement, where everyone has the opportunity to influence and contribute to what happens in their local area.

56. Following a recommendation in the 2021 BVAR, an annual log of all consultations and engagement was published on the council website in April 2023. This outlines that 51 consultations have taken place throughout 2022-23. The log provides details of each of the consultations that took place and their results. The areas covered by these consultations are wide ranging, including travel, housing, and education. Whilst publishing the results of each consultation provides transparency and feedback on the needs of citizens, the council could take this a step further by evidencing how the results of these surveys have impacted on the decisions taken by Council.

The council engaged with its communities in setting the 2023/24 budget

57. As part of the 2023/24 budget setting process, the council published a number of videos on the council website and social media platforms to outline the budget setting process, the likely funding available to the council and the potential budget gaps. These videos were followed by a budget consultation released in January 2023.

58. The consultation received over 300 responses and included 18 questions, the first six of which were aimed at gathering views on specific issues that would feature in the final budget. Residents were asked their views on areas such as council tax increases, increases to current fees and charges and reductions in services. The responses have been reflected in the final budget agreed by Council on 1 March 2023. For example, the council took the decision to take a combined approach and increase council tax as well as fees and charges, however, no new charges in areas such as bin collections or electric vehicle charging facilities were introduced for 2023/24, in line with the majority of responses. Following the budget being agreed a final budget video was released explaining the decisions that had been taken.

Work is required to develop a Community Planning Partnership (CPP) based engagement strategy

59. As part of the CPP structure, a Communities Reference Group was established to inform the process of widening community engagement within a community planning setting. In November 2022, the group held an annual community planning webinar event where twelve webinars were held providing an overview of wider community planning activity to support local communities.

These webinars included improving place and wellbeing, addressing poverty, engagement, and learning.

60. The Communities Reference Group has recently been refocused to become a Community Engagement Co-ordination Group (CECG) acting as the focal point for the co-ordination of collective engagement activity. Work has been taking place to develop a new terms of reference for the group and planned areas of work have been identified, such as the development of a CPP based engagement strategy that is supported by CPP partners. It is proposed that the group will co-ordinate and monitor consultation across the CPP and continue to engage with the third sector.

The council is taking a place-based approach to planning services. Community engagement has taken place and priorities have been identified for all Place Plans but the publication of these has been slow with a lack of resource impacting on their delivery

61. The Community Empowerment (Scotland) Act 2015 requires community planning partnerships to produce a locality or neighbourhood plan for each locality it has identified as experiencing significantly poorer outcomes. In South Ayrshire locality plans are known as 'place plans'. These were to be in place by October 2017.

62. As reported in the [2021 Best Value Assurance Report](#) (2021 BVAR), the council published Place Plans (locality plans) for Ayr North and Girvan following extensive consultation in 2019 to identify community priorities and actions for change. Following on from these pilot areas, the council committed to working with communities to improve 'placemaking' across South Ayrshire to deliver Place Plans across South Ayrshire's communities.

63. However, work to publish the remaining Place Plans has been slow. In late 2021 and early 2022, conversations were held across South Ayrshire to help identify priorities. This was followed by a further round of community conversations in the Summer and early Autumn 2022. These aimed to build on the priorities and identify actions that would form the basis of individual Place Plans that were due to be published by the end of 2022. Whilst the priorities have been identified for all remaining areas, these Place Plans are yet to be approved by members and published.

[Action plan recommendation 2](#)

64. The council is currently recruiting, on a 12-month temporary basis, a Team Leader to help develop the remaining Place Plans using the data and information from the place planning sessions. At the time of writing, the timescales for the publication of the remaining Place Plans remains unknown.

65. The council says it has adopted a place-based approach to its new Council Plan. To ensure the effective delivery of the outcomes associated with the plan, there is a pressing need to effectively resource this service and publish the remaining Place Plans.

Reducing inequalities and tackling climate change

The commitment to reducing inequalities is expressed through a reference to 'everyone' in the community benefitting from each outcome in the Council Plan. Equalities is a cross cutting theme to be considered when decisions are made. It is not clear how the council will measure its success in reducing inequalities and this needs to be clarified

66. Council priorities are expected to reflect the Best Value expectations that all activity should contribute to tackling poverty, reducing inequality, and promoting fairness, respect, and dignity for all citizens, alongside a focus on sustainable development, including climate change.

67. Changing demographics, the pandemic and the cost-of-living crisis increase pressure on council services and people already experiencing inequality are most affected.

68. The Accounts Commission's [Local Government in Scotland Overview 2023](#) report highlights that the impact of the pandemic and service disruption have been felt most strongly by those already experiencing inequality. Councils have worked hard and adapted to maintain service delivery but those most in need of support are still being affected. Councils must evaluate these impacts so that recovery and renewal support those most affected and addresses inequalities to create a fairer, more socially just economy for their citizens.

69. The council's new priorities and outcomes, as set out in [exhibit 1](#), do not include a specific reference to reducing inequalities. Each outcome includes 'everyone,' signifying all members of the community rather than targeting specific groups, e.g. Everyone benefits from high quality education and lifelong learning and is supported to learn and fulfil their potential. One of the Community Planning Partnership's eight strategic outcomes is 'Reducing inequalities and improving outcomes'.

[Action plan recommendation 3](#)

70. The council did not directly consult equality groups in the early stages of developing its new priorities and outcomes in Summer 2022. Instead, it decided to review feedback from council-wide consultations from the previous two years. As noted at [paragraph 15](#), at a later stage the council did engage more widely with its citizens and communities but there is little evidence of this influencing its priorities and outcomes. The equality impact assessment completed for the Council Plan 2023-28 notes that Moving forward we will continue our

community conversation with target groups such as, the Youth Forum, Older People's Forum, Lived Experience Forum, and Community Councils.

71. In June 2021, the council agreed a programme of Covid-19 recovery activity to use the additional funding available to it at that time. While no specific exercise was undertaken by the council to identify those most affected by the pandemic, bids that were agreed had to meet specific criteria, including how the proposals linked to Covid-19 and to the council's priorities. The most cited council priorities in successful bids, from the Council Plan 2018-22, were Closing the gap: reduce poverty and disadvantage and Fair and effective leadership: leadership that promotes fairness.

72. Examples of successful bids included:

- providing financial assistance for tenants in social housing and in the private rented sector at risk of homelessness
- supporting parents of babies to reduce social isolation and improve outcomes, particularly early language, and communication skills, in areas of deprivation by providing free parent and baby classes
- providing a dedicated community space and community worker in Glendoune, one of South Ayrshire's most deprived areas, to improve outcomes for people living in the area.

73. The council has confirmed that all Covid Recovery plans have been completed with some actions continuing as 'business as usual.' Changes to service delivery such as the expansion of digital access and expanded partnership working as a result of the pandemic have been subsumed into ongoing plans.

The Council Plan's commitment to supporting Human Rights is included in its references to reducing inequalities

74. There is legislation that covers human rights. Taking a human rights-based approach is about making sure that people's rights are put at the centre of policies and practices and giving people opportunity to realise those rights. Councils can make explicit reference to the work they do to promote this or reflect it as part of their plans to reduce inequalities. The new Council Plan does not explicitly refer to human rights. The accompanying equality impact assessment does list five outcomes, from the Plan, the council thinks will have a positive impact on human rights - community engagement, moving around and the environment, education and lifelong learning, work and the economy and housing. However, no fuller explanation is provided around what the positive impact will be, and no risks are identified, or mitigation measures set out.

The council uses equality impact assessments that incorporate the Fairer Scotland duty and human rights considerations. It is currently developing a new integrated impact assessment approach

75. The council completes an equalities scoping template for all proposals being submitted for approval by Panel or full Council. If the policy is deemed to have a high or medium relevance to equality, then a full equality impact assessment will be conducted. The council has developed detailed guidance with examples for those filling in the templates and assessments. As well as referring to protected characteristics and socioeconomic disadvantage associated with the Fairer Scotland duty, these include the need to detail how the proposed policy supports or inhibits the human rights of the communities affected by the policy.

76. The most recent full equality and impact assessment completed, at the time of writing, was on the Council Plan 2023-28. It is unclear whether this was conducted when the Plan was being developed or later in the process as it is not dated. No negative impacts were noted for any group or community although evidence gaps were noted around budget uncertainty and service planning. Actions to mitigate these were the development of a service planning process for the new plan and updating the performance management framework.

77. A working group has been established to develop a new integrated impact assessment approach, due to be submitted for approval by Cabinet in September 2023. All elements of the current equality impact assessment process are to be incorporated into the new approach that has seven cross-cutting strategic themes ([paragraph 17](#)). These themes, which include equalities and the Fairer Scotland duty, as well as the United Nations Convention on the Rights of the Child (UNCRC), will be considered by the council when it is developing new policies, strategies, and initiatives. Once the new system has been agreed, new guidance is to be issued to staff along with appropriate training. The council also plans to capture its progress on inequalities, poverty and addressing fairness issues through this new approach.

Sustainability, climate change and biodiversity is reflected in the council plan's cross cutting themes but it is unclear how progress will be measured.

78. Around two-thirds of councils have formally declared a climate emergency, and COSLA's Blueprint for Local Government states that climate change is a 'greater threat than COVID.' The Scottish Government has recently published guidance on public sector leadership on the global climate emergency to help public bodies in leading climate action. Addressing the climate emergency and setting actions to achieve net zero will need to be a key element of councils' recovery and renewal from the pandemic.

79. As explained in [paragraph 17](#), sustainability, climate change and biodiversity, together, is one of seven cross-cutting themes that the council plans to include in a new integrated impact assessment by September 2023. It

is not yet clear, as this approach is still being developed, how progress on addressing climate change will be driven and how the integrated assessment will link with the council's Sustainable Development and Climate Change Strategy, due to be updated in 2024. The council has committed to spending £450,000 on addressing climate change in 2023/24.

Action plan recommendation 4

80. In the Accounts Commission's September 2022 briefing, [Scotland's councils' approach to addressing climate change](#), it was noted that plans should include greater clarity on how targets and timescales will be achieved. The reports also reaffirmed the important role that citizens will have and the need for strong partnership working. As a cross-cutting theme it is not clear how progress will be measured in the council.

81. The council did not formally declare a climate emergency in 2019 when other councils in Scotland did. Instead, in October 2020, the council aligned itself with the Scottish Government's targets, adopting a 75 per cent reduction in emissions target by 2030 (using 2014/15 as a baseline) and a target of net zero emissions by 2045. Like all public bodies in Scotland, the council is required to report annually on its compliance with its climate change duties. It reported in November 2022 that it had achieved a reduction in emissions of 36 per cent.

82. As part of the impact assessment approach, it is intended that an increased and ongoing level of climate change expertise and support will be made available to policymakers from an early stage as they develop policies. The council is adopting this approach to ensure that addressing climate change is seen by elected members and employees as an integral part of everything it does and is part of everyone's job. It does recognise that improving the carbon literacy of all elected members and members of staff requires more work and, as a starting point, has held sessions setting out the scale of the issue with them.

83. The council has acknowledged that the new integrated impact assessment approach will need to be resourced adequately to work well. The Accounts Commission's briefing on [Scotland's councils' approach to addressing climate change](#) recommended that councils should consider assessing whether they have sufficient capacity, skills, and knowledge to support effective decision-making on climate change and to implement the necessary actions. The council is planning to review how the climate change team is resourced and structured. In April 2023, it had two unfilled posts.

The council is demonstrating good practice by setting a carbon budget

84. The Accounts Commission's briefing on [Scotland's councils' approach to addressing climate change](#) noted that the use of service level carbon budgets may be helpful for ensuring accountability and reducing emissions at service level.

85. In March 2023, the council approved its third carbon budget for the period 2023-24. The carbon budget sets carbon emission targets for each directorate

within the council, with the aim of reducing these in line with its carbon emissions target reduction. The carbon budget for 2023-24 considers the spend and trajectory the council needs to be on to meet its targets, as well as the historic carbon emissions required by individual service areas for service delivery. A ten-year projection has also been issued to budget holders to allow them to plan for longer term change projects and associated savings. Carbon budget information and how it can be developed is being considered as part of the refresh of the Sustainable Development and Climate Change Strategy.

Alignment of delivery plans

The new Council Plan 2023-28 sets out the council's high-level priorities and outcomes. The council is due to approve service plans in June 2023. These plans are key to demonstrate how the council will deliver on its priorities and align its resources to these

86. Making the best use of public resources is at the heart of delivering Best Value. With clear plans and strategies in place, and with sound governance and strong leadership, a council will be well placed to ensure that all its resources are deployed to achieve its strategic priorities, meet the needs of its communities, and deliver continuous improvement.

87. In its [Local Government in Scotland: Financial bulletin 2021/22](#) the Accounts Commission acknowledged that councils are facing the most difficult budget-setting context seen for many years with the ongoing impacts of Covid-19, inflation, and the cost-of-living crisis. Councils will need to continue to make recurring savings and make increasingly difficult choices with their spending priorities, including, in some cases, changes to, or reductions in, services.

The council approved a balanced budget for 2023/24 in March 2023. There is evidence of public consultation being reflected in the agreed budget

88. We recognise the increasingly challenging financial environment councils are operating in. Additionally, in its May 2023 [Local Government in Scotland Overview 2023](#) report, the Accounts Commission commented on the limited flexibility councils have with their funding, noting that: "An increasing proportion of funding is ringfenced or directed for national policy initiatives. While this is important to help deliver national priorities, it prevents councils from making decisions about how funds can be used at a local level, to meet local need."

89. The council approved a balanced budget for 2023/24 of £233.589 million in March 2023. In addition to this, the council committed £96.349 million to the South Ayrshire Health and Social Care Partnership. This balanced budget followed a final grant settlement from Scottish Government of £256.598 million. The council took the decision to increase council tax by five per cent to fund service expenditure in 2023/24.

90. In line with the Accounts Commission's commentary on the need for councils to undertake a review of their services and consider areas for reform, as part of its initial budget proposals, the council had plans for reducing teacher numbers in line with falling pupil rolls. However, in a letter from the Deputy Director: Workforce, Infrastructure and Digital on 9 February 2023 to all local authorities, the Scottish Government confirmed the need for councils to protect teacher numbers, pupil support staff and learning hours. This resulted in the

council removing its proposals as it would have results in withdrawal of funding and additional savings been required to compensate.

91. Following the budget consultation, to balance the budget and address the budget gap, and the late change in Scottish Government policy on teacher numbers, the council identified savings of £5.686 million. The 2023/24 budget also utilises £1.120 million of uncommitted reserves, and £5 million of retrospective reserves from the PPP (Public Private Partnership) Concession flexibilities agreed in December 2022.

92. The council's identified savings of £5.686 million is made up of a number of initiatives including service redesigns and reductions, reductions to budgets and removal of vacant posts. Whilst optimisation of service delivery is necessary, the council needs to ensure that identified savings are in line with its council priorities. Current savings proposals agreed as part of the 2023/24 budget lack direct alignment to the council priorities. The Strategic Change and Communities resource has identified savings of £1.523 million, including:

- Economy and Regeneration Team service review: £200,000
- Organisational Development and Strategic Change teams service review: £100,000
- Thriving Communities service review: £300,000.

93. The council's transformational change programme is discussed further at [paragraphs 106-111](#).

94. Budgeted service expenditure in 2023/24 includes additional investment of £10.789 million to ensure that key services, such as neighbourhood services continue to operate effectively. Much of this additional investment is to fund increased cost pressures, however some funds have been committed to provide new benefits to communities. For example, £0.250 million was committed in 2023/24, with a proposed continual investment for the next five years, in the delivery of the International Ayrshow: Festival of Flight. This aims to bring tourism and economic regeneration into South Ayrshire. Capital investment has also been committed, including £1 million in each of the 8 wards across South Ayrshire over the next four years to make infrastructure improvements to benefit communities. These investment decisions have been influenced using the information collated as part of the council's engagement with its communities as part of its place planning. The identified projects have been linked to the new Council Plan's priorities. The proposed projects will be considered by the Council in June 2023. The council has committed to regular monitoring of the projects to ensure transparency with its investment decisions.

95. In setting its budget the council acknowledged various inherent assumptions in arriving at budgeted figures and therefore risks, uncertainties and cost pressures that may be faced if costs change or new pressures emerge. One approach the council has taken to mitigate against such risks was the decision to set aside £2.500 million of previously uncommitted reserves as an inflation reserve. This will be held to mitigate any temporary inflation risk occurring during 2023/24 and will be drawn down if costs incurred during 2023/24 relating to inflation are above the level included in the 2023/24 budget.

96. Going forward, budget papers are to demonstrate how decisions and resource allocations align with the council's new priorities. At the time of setting the 2023/24 budget, the new Council Plan and corresponding service plans were still to be finalised, so this was not possible.

The council has in place medium and longer-term financial plans. At their next review date these should be aligned with the priorities set out in the new Council Plan

97. Multi-year allocations were not included in the Scottish Government's 2023/24 budget. As such, the funding position beyond 2023/24 is particularly uncertain, with all councils working to a one-year grant settlement. Whilst recognising that this funding model makes it challenging for councils to plan and budget effectively for the medium and longer term, the development of longer-term plans is necessary to help councils plan for and deliver better outcomes and to address inequalities.

98. The council's Medium-Term Financial Plan (MTFP) 2023-24 to 2025-26 was updated in November 2022. The plan considers a range of scenarios and assesses the impact of known pressures on the council's finances, such as inflation, the challenging economic climate, and estimated changes to funding.

99. The plan outlined 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 ([exhibit 4](#)).

100. The purpose of the MTFP is to provide a clear direction on how the council will manage its financial resources in the short to medium term to ensure they are deployed effectively to achieve council priorities and objectives. The plan provides members with a fuller picture of the likely challenges the council will face in the coming years which should help to focus attention and inform decisions on areas of priority and non-priority spend for the council. The council has committed to updating the MTFP annually, with the next review due to take place in October 2023.

Exhibit 4

MTFP - budget gap 2023/24 - 2025/26

| Scenario | 2023/24 £'million | 2024/25 £'million | 2025/26 £'million | Cumulative three-year total £'million |
|-------------------|------------------------------|------------------------------|------------------------------|--|
| Best case | 10.0 | 11.0 | 7.7 | 28.7 |
| Mid case | 14.7 | 13.1 | 10.0 | 37.8 |
| Worst case | 20.5 | 17.2 | 11.8 | 49.5 |

Source: Medium-Term Financial Plan Update November 2022

101. As part of the 2023/24 budget setting, the council provided an indicative scenario-based revenue budget for 2024/25. The position reported indicated a potential funding gap of between £7.5 million and £22.2 million. Whilst the best-case budget gap scenario (£7.5 million) is an improvement on the position reported in the MTFP ([exhibit 4](#)), both the mid (£15.2 million) and worst (£22.2 million) cases show a worsening budget gap position. The council also points out that efficiencies have to be delivered from non-ring-fenced services which they estimate are now only 33% of the overall budget. The council has recognised that there remains a significant amount of uncertainty around some of the assumptions impacting on these scenarios, with inflation, ongoing pay discussions and future funding settlements all contributing to the difficulty of financial planning.

102. The council's MTFP links to the financial challenges, and identified areas for change, set out in its 10-year financial plan. The council's Long-Term Financial Outlook (LTFO) 2022-23 to 2031-32 was approved in October 2021 and pulls together all known factors affecting the financial position and financial sustainability of the council over the longer-term. The mid-case cumulative 10-year gap outlined in the LTFO totals £107.632 million, with best (£36.236 million) and worst (£171.492 million) case budget gaps also identified.

103. The LTFO outlines priority areas of change which need to be addressed over the medium-term to support the council's sustainability for future years, including:

- Change programme – progress the refreshed transformational change activity programme to redesign services
- Future operating model – consider lessons learned from the pandemic to find better ways of working to deliver sustainable savings
- Dis-invest in non-priority service areas
- Digital technology
- Reduce council asset base, including disposing of surplus assets
- Workforce planning.

104. While the budget gaps are challenging, the council has a proven track record in achieving savings, delivering just under £77 million in the period from 2011/12 to 2021/22 (including HSCP savings).

105. The Accounts Commission's [Local Government in Scotland Overview 2023](#) says that councils should be more transparent with the public about scale of service demand, the extent of backlogs and changes to eligibility criteria necessary to ration access to services and any impact this has on unmet need. In this context, demonstration of how finances are aligned with locally set priorities is important. The next update of the LTFO is due to take place in October 2023. The council has committed to updating future iterations of both the MTFP and LTFO in line with the financial environment it is operating in at the time, together with the council's priorities. This will ensure a cohesive approach to the delivery of services and outcomes for citizens.

The council's strategic change programme is the focus for changing how services are delivered in the future

106. The 2021 BVAR said that relative to other council's, South Ayrshire's approach to transformation had been slow and inconsistent, lacking drive and urgency. The most recent transformation programme update was considered by the council's Service and Performance Panel in October 2022. This report included an update to the programme's benefits realisation plan and tracker. There are currently 33 projects within the scope of the programme of which 17 have benefits trackers in place. The council is planning to refocus the programme with a report going to Cabinet in June 2023. This will refine the programme to a smaller number of projects that will be tracked. Officers are working with project teams to propose benefits and baseline activity for the projects. We will monitor the council's progress with its revised programme.

107. Four projects have progressed to the final stage of the process - stage 4: benefits realisation - track delivery of benefits and embed project and change activity. The council anticipates a further seven will have reached this stage by the year-end.

108. The 2021 BVAR recommended that the council needed to assure itself that it had the capacity and skills required to increase its pace of transformation. A recent corporate restructure in September 2022 led to the recruitment of an additional Director with responsibility for strategic change together with strategic change being a focus of all the council's Assistant Directors.

109. The Strategic Change Programme Office is resourced, on a full-time basis, by a Project Implementation Coordinator and four Project Officers. One of the Project Officer posts is currently vacant due to two unsuccessful recruitment attempts. The 2023/24 budget includes savings requirements that could impact on the filling of vacancies in the Strategic Change Team. The council should ensure this does not impede the progress of the council's transformation programme.

110. As the programme progresses with delivering projects, officers from the team will be developing ways for council staff to suggest and bring forward project ideas. The use of corporate communication channels to promote examples of good practice will be considered to help publicise how officers and project teams have worked collaboratively to deliver change.

111. Further updates on the programme delivery and tracker will be provided to members in June 2023. As we have detailed elsewhere in this report, the council has made progress in a number of the priority areas set out in the LTFO but given the projected challenging financial environment, the pace of improvement still needs to increase. It is more important than ever that there is effective leadership, from both senior officers and elected members at the council, to drive at pace, the change needed to ensure its sustainability into the longer-term.

The council has a twelve-year Capital Investment Programme which is refreshed each year. Significant investments are planned for children and families, communities, and economic regeneration

112. In its [Local Government in Scotland: Financial bulletin 2021/22](#) the Accounts Commission noted that Covid-19 and inflationary costs are having an impact on capital projects. If these issues persist, they will present risks to councils' capital programmes which form a necessary component of modernising services to deliver improved outcomes for local communities.

113. In October 2022, due to rising inflationary cost pressures, the council decided not to proceed with the plans for a new Ayr Leisure Centre. The initial £40.2 million budget had increased to £52 million, which was expected to further increase due to inflation. The project was therefore removed from the 2023-24 Capital Investment Programme. However due to contractual obligations, the council is still required to purchase the land and plans are yet to be established for the use of the site. The 2023-24 Capital Investment Programme has provided £3.6 million, pending the outcome of a feasibility study, for further initial works and clearance of the site, with a further £10 million to be invested in the refurbishment of the current Citadel Leisure.

114. As part of the 2023/24 budget setting, the council's twelve-year Capital Investment Programme 2023-24 to 2034-35 was prepared on a refresh of the previously agreed programme. This outlines a total capital investment programme of £446.957 million for the twelve-year period, with £99.145 million of this budgeted for 2023/24. Significant investment is planned for 2023/24 in the following areas:

- Children and families: £25.330 million
- Communities: £26.330 million
- Economic regeneration: £33.018 million.

115. The economic regeneration investment of £33.018 million includes £30.268 million towards the Ayrshire Growth Deal, a partnership between the Scottish and UK Government and East, North and South Ayrshire Councils aimed at transforming the economic prospects of the area. Over the course of the capital investment programme, there is planned investment of £143.516 million in relation to the Ayrshire Growth Deal. Progress of the current year programme is regularly reported to Cabinet and the Ayrshire Economic Joint Committee.

116. The South Ayrshire Way Strategic Change Programme aims to maximise the use of local assets. This includes transforming the council estate to meet the needs of the future workforce and communities, and the implementation of the Future Operating Model to develop a sustainable model of working post pandemic, which will reduce the number of buildings occupied and presents opportunities for savings and a reduction in the council's carbon footprint.

117. The council's commitment to its capital investment programme should contribute to its Council Plan 2023-28, specifically, its 'Live, Work, Learn' priority. On completion of the detailed service level plans, the council should ensure its capital investment programme aligns with the identified priorities areas.

The council has produced a new Corporate Workforce Plan. Work is now needed to embed workforce planning alongside service delivery plans to deliver service priorities

118. The council developed its first corporate workforce plan in 2018, covering the period 2018-2022. The [2021 Best Value Assurance Report](#) (2021 BVAR) recommended that "the council should improve and embed workforce planning, so that service workforce plans are developed consistently across the council. The plans should include clear links to the council's priorities and to its strategic change programme."

119. In response to this, the council has developed a new workforce plan - Corporate Workforce Plan 2022-25. This was approved by the council in November 2022. Also in 2022, South Ayrshire Health and Social Care Partnership submitted a workforce Plan to the Scottish Government.

120. The council's workforce plan is comprehensive in detailing a range of workforce data and related information and although this was produced prior to the new Council Plan 2023-28, the council considers that the fundamentals of service delivery and broad workforce requirements covered by the Corporate Workforce Plan would still apply to any new Council Plan.

121. The plan acknowledges areas where the council has experienced recruitment challenges. Service areas such as Facilities Management and ICT are referenced. The council does state that, to a large extent, the national labour market is driving recruitment issues for certain roles, but it has taken action to mitigate this. For example, it supports several Modern Apprenticeship qualifications, with over 120 apprenticeships having commenced over the past four years.

122. The workforce plan also links with the council's ongoing strategic change programme. However, due to timing of the new Council Plan 2023-28, and associated service delivery plans, work is still ongoing to align workforce needs at a service level. This is being progressed through the service plans.

123. The council has recognised this as one of its actions in the action plan that sits alongside the Corporate Workforce Plan 2022-25. The action plan will be taken forward over the next three years to help ensure workforce planning is embedded corporately, with workforce planning being one of the priority change areas identified in the council's Long-term Financial Outlook. The action plan details ownership and timescales across a range of workforce themes. These actions are to be measured and reported back annually to the council's Service and Partnerships Performance Panel.

Progress with the council's new Digital Strategy was paused as the new Council Plan 2023-28 was developed. The new strategy now needs to be aligned to these

124. The council has in place an ICT Strategy 2021-2023 and a Digital Strategy 2019-2022. They are separate but complimentary documents and were developed to support the strategic objectives of the Council Plan 2018-2022. Going forward there will be one combined strategy, originally planned for March 2023.

125. Both current strategies have an action plan to be delivered over their lifecycle. A final report on the outcomes of the strategies will be provided to elected members in due course to allow visibility and scrutiny of the actions taken over this timeframe.

Leadership

The past year has seen a change in the council's administration and revisions to its political decision-making structure. There has also been a re-structuring of the Corporate Leadership Team. Decisive and focussed leadership is needed to deliver the priorities set out in the new plan, to improve the outcomes for citizens

126. Effective leadership from councillors, chief executives, and senior officers, is key to councils achieving their objectives and providing clear strategic direction. The complex local government environment means collaborative leadership, working with partners, communities, and citizens to improve outcomes is more important than ever.

127. Leaders need to be skilled in effective strategic thinking, decision-making and collaborative working and able to learn lessons from new ways of working. Councillors and officers must be clear on their roles in setting the vision and planning for its delivery.

128. Leaders should demonstrate behaviours and working relationships that foster a culture of cooperation, and a commitment to continuous improvement and innovation. Good conduct and behaviours when working together are crucial. Working relationships between members and between members and officers should be constructive and productive. Councillors should show a commitment to agreed council priorities and work together to achieve them.

Following the May 2022 local government elections, the council has a new administration

129. Following the local government elections in May 2022, 28 members representing the eight multi-member wards were elected across South Ayrshire. This includes 9 new members and 8 new portfolio holders, some whom had not been members before. The political composition is as follows:

- Conservative - 10
- Labour - 5
- Independent - 4
- Scottish National Party – 9.

130. In May 2022, at the first meeting of the new council, a Conservative - Independent administration was put in place succeeding the previous Labour-Independent-Scottish National Party administration who led the council in the preceding five years.

Given the challenging context in which the council is operating there is a need for collaboration between members if the council is to improve outcomes for its citizens

131. The council's members should be willing and able to make difficult decisions about where and how to spend its resource, with a willingness and ability to embrace collaborative working within the council and with external stakeholders critical to achieving this.

132. The [2021 Best Value Assurance Report](#) (2021 BVAR) noted that there was a good degree of cooperation between members, despite political differences, and that members worked in the best interests of the residents of South Ayrshire. The cross-party member/officer working groups, were also cited as examples of co-operation.

133. The outcome of the May 2022 elections has resulted in the council operating in a challenging political environment. The political make-up of the council is finely balanced at a time when the council needs to work together to make some difficult strategic decisions. The support of all conservative and independent members is needed to pass key motions and recommendations at full council meetings, with reliance on the Provost's casting vote.

134. From our observation of meetings, we have witnessed robust discussions between members on key strategic items, for example in relation to the 2023/24 budget. However, we have not witnessed any instances of poor behaviour and officers have not made us aware of any required interventions to address behavioural issues amongst members. Additionally, from our review of hearings by the Standards Commission for Scotland there have been no cases, relating to the council, heard by the Commission in either 2022/23 or the prior year.

135. All members approved the priorities and outcomes set out in the council's new Council Plan 2023-28 and there remain several cross-party working groups in place. However, we are not aware of any meaningful cross-party collaboration on key strategic decisions having taken place since the May 2022 elections.

136. Members should look for opportunities for further cross-party collaboration to help in the delivery of projects crucial to achieving the council's vision and priorities as set out in its Council Plan 2023-28.

There remain good working relationships between the Corporate Leadership Team and elected members

137. In the 2021 BVAR it was reported that there were good working relationships between members and the council's Corporate Leadership Team.

138. The May 2022 elections resulted in a change in administration with several first-time councillors elected. There were also changes in the Corporate Leadership Team structure and personnel. From our knowledge and understanding of the council, it seems that there are still good working relationships. The chief executive regularly meets with all political group leaders and officers worked with all parties to produce comprehensive budget

proposals. The quality of information that members receive, and ask for, is important to help inform effective decision making.

139. The members now need to work together to focus on making decisions to support delivery of the council's priorities. Effective scrutiny of council decisions is also a key factor in demonstrating Best Value. From our observation of Council and Panel meetings, there is a sufficient degree of relevant scrutiny and challenge by members of officers.

The council approved a new council structure in September 2022. The revised structure aims to provide clear leadership across the organisation and support the council in delivering its strategic priorities

140. The council's 2021 BVAR recommended that 'the council should assure itself that it has the capacity and skills required to increase its pace of improvement in key aspects of Best Value, such as community planning and empowerment, financial and workforce planning, and transformation.'

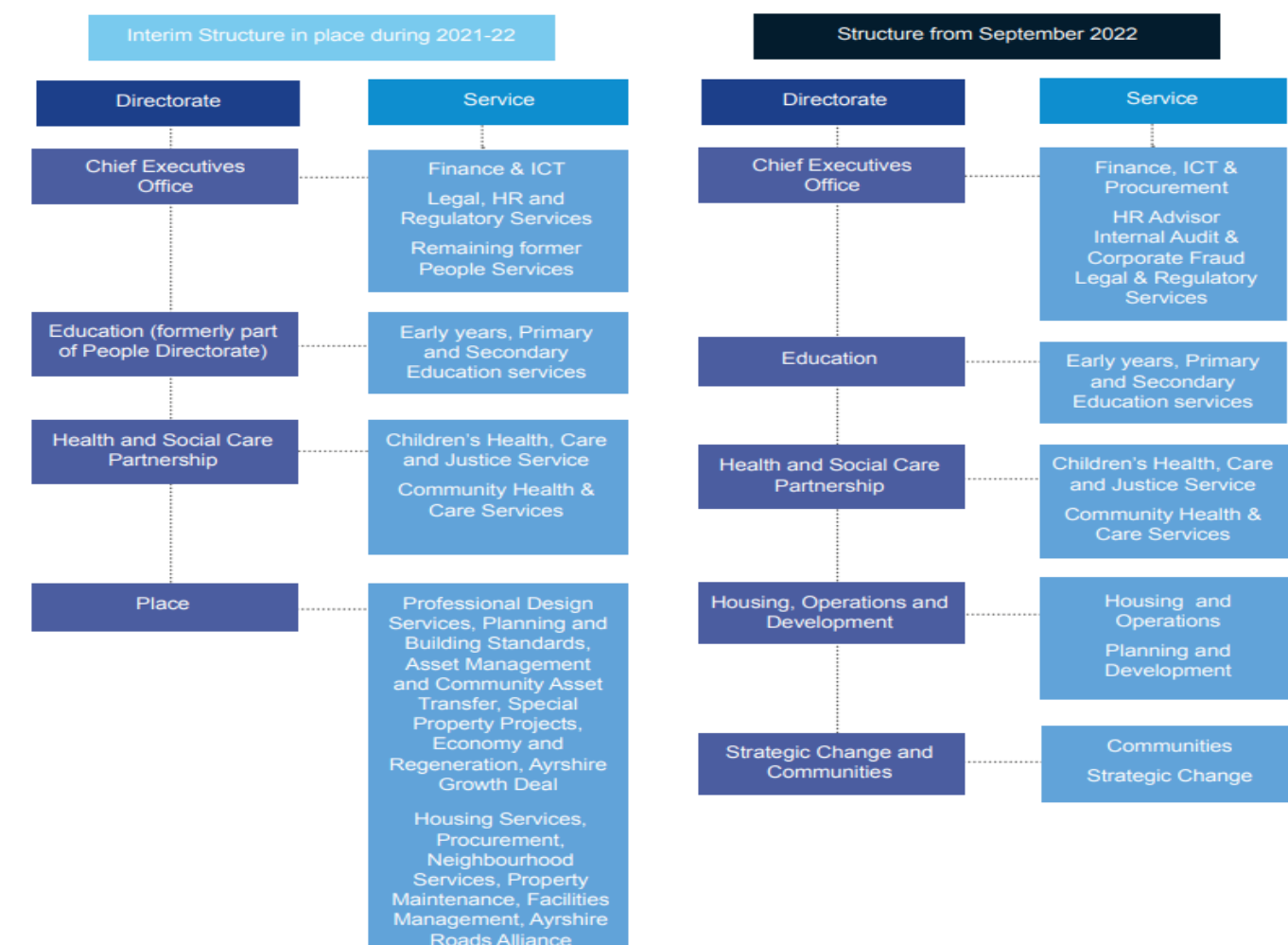
141. In response to this, the Chief Executive was tasked with bringing forward structural revisions that better reflect the current challenges and priorities of the council. Proposals were developed by Chief Executive in November 2021 to split the Depute Chief Executive/ Director of Education role into 2 posts. The Director of Education post was created and decisions on other post delayed until after May election. This reduced the leadership capacity until a revised council structure was approved in September 2022 ([exhibit 5](#)).

142. The revised structure includes an additional Director with responsibility for Strategic Change and Communities and incorporates revisions to the remits of Assistant Directors to include a focus on Strategic Change and to bring together Housing Operations and Policy. An Assistant Director of Education is also included. These changes are designed to free up strategic capacity within the Corporate Leadership Team and build overall capacity within senior leadership.

143. All posts requiring an appointment were filled by December 2022 and at the time of writing there are no vacancies in the Corporate Leadership Team within the council. However, the current Chief Executive is retiring in the autumn which will bring further change.

144. Over the course of our audit appointment, we will monitor the effectiveness of this revised structure as it is vital the council sustains its leadership capacity to achieve its objectives and drive change at the pace needed.

Exhibit 5 Revised council structure



Source: South Ayrshire Council Annual Accounts 2021/22

The council approved changes to its political decision-making structure in March 2023

145. At the 1 March 2023 meeting of the council, the administration proposed changes to the council's political decision-making structure and working groups. The following changes were proposed:

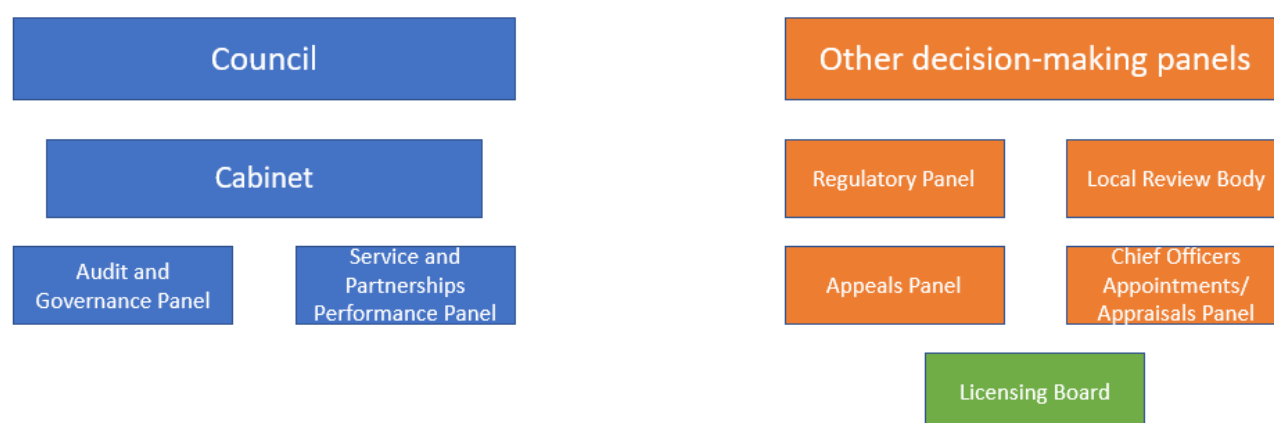
- Cabinet: creation of an additional Portfolio Holder for Developing South Ayrshire with oversight of future developments and special projects - Independent Member
- merger of the Service and Performance and Partnerships Panels - Chair (Labour Group) and increase membership to eight elected members including Chair
- membership of the new Service and Partnerships Performance Panel, to comprise members as follows: Labour (1), SNP (4) and Conservative (3)

146. Prior to proposing these recommendations, officers were asked by the administration to seek legal advice from King’s Counsel (KC). This advice confirmed that where the decisions on the above recommendations, which relate to the changes to the political decision-making structure or composition of working groups resulted in a tied vote, then the decision would be decided by the Provost’s casting vote. The KC confirmed this was in accordance with the council’s standing orders.

147. The above recommendations were agreed after a split vote of 14-14, decided by the Provost’s casting vote. Following the approval of the recommendations the council has a new political decision-making structure ([exhibit 6](#)).

Exhibit 6

Political decision-making structure from 1 March 2023



Source: South Ayrshire Council

148. The Cabinet remains the main decision-making body of the council and decisions of the Cabinet may be subject of a “Call In” for further scrutiny to the Audit and Governance Panel. Therefore, the quality of the Audit and Governance Panel is key to ensuring effective scrutiny of decisions. From our attendance at, and observation of, meetings of the Audit and Governance Panel, members understand their role, provide sufficient scrutiny and effective challenge is exercised. The Panel undertakes a self-evaluation of its performance every two years. The next review is due in August 2023, and we will consider its findings as part of our annual audit report.

149. It is for councils to decide on the design of their scrutiny arrangements, and these should be subject to review on an ongoing basis to ensure they remain effective. From our review of a sample of other local authorities’ scrutiny arrangements, having two scrutiny panels is not considered unusual. What is key is that the arrangements should be such that the council’s leadership can be scrutinised and held to account for its plans and performance. The council should now monitor the effectiveness of the new governance structure to

ensure that the openness and transparency of decision making, and scrutiny is maintained.

Appropriate governance and decision-making arrangements are in place at the council, including a structured approach to self-evaluation of its governance

150. Members and management of the council are responsible for establishing arrangements to ensure that its business is conducted in accordance with the law and proper standards, that public money is safeguarded together with the monitoring of the adequacy and effectiveness of these arrangements.

151. The council has a local code of corporate governance. The local code follows the seven principles set out in the CIPFA /SOLACE Delivering Good Governance in Local Government: Framework 2016, with a further 21 sub-principles identified by the council to report against.

152. The council's Audit and Governance Panel is an important aspect of its overall governance arrangements. One of the Panel's key responsibilities is to undertake an annual review of council officers' self-assessment against the council's corporate governance framework. The most recent review (2021/22) identified that of the 21 sub-principles, 17 were effective and four were effective but some improvements were needed. The council has developed an action plan to take forward these improvements into 2022/23. We will review the council's progress with these actions as part of our work on the 2022/23 governance statement.

153. The local code of corporate governance, and the subsequent annual review of this of this, enables the council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

There is openness and transparency in decision making by the council, with evidence of engagement between the council and its citizens

154. There is evidence from several sources which demonstrates the council's commitment to the openness and transparency of its decision-making to set and achieve its strategic priorities:

- There is live streaming of meetings. Agendas, papers, minutes and video recordings of Council and Panel meetings are published on the council's website on a timely basis.
- The council makes its annual accounts available on its website. These include a management commentary which adequately explains the council's financial performance and use of resources for the year, and a governance statement that details its compliance with the principles set out in the CIPFA /SOLACE Delivering Good Governance in Local Government: Framework 2016.

- Its website also provides the public with access to a wide range of corporate information including details of the council's corporate plan, performance and equality and diversity reporting.
- The council has developed a new digital community engagement platform. This aims to enhance current community engagement practices through open, transparent, and democratic engagement between the council and its citizens.

155. Further comment on the council's engagement with its citizens and community is detailed earlier in this report.

There has been a gap in corporate self-evaluation of service performance at the council. The plans to reintroduce a corporate self-evaluation tool need to be progressed. The council could do more to understand its performance in relation to other councils

156. The Accounts Commission's [Local Government in Scotland Overview 2023](#) says councils have never faced such a challenging situation. Radical change, achieved through greater collaboration, is urgently needed if councils are to maintain services. This needs to be driven by a structured approach to self-evaluation in councils.

157. The 2021 BVAR reported that the council had been using the 'How Good is Our Council' (HGIOC) approach to self-evaluation since 2010. HGIOC was linked to the council's performance management framework and focused on key performance indicators. Services were continually reviewed based on inspection reports, and service reviews were triggered by performance. There had been an increased focus on self-evaluation, with training being provided to officers and members and a 'Guide to Self-Evaluation' was published in August 2019.

158. This changed with the pandemic, while self-evaluation has taken place in some services, there is now not a corporate approach to self-evaluation. The HGIOC Champions Group, that had been instrumental in driving the process, has not reconvened since the 2020. One of the "Delivering good governance" improvement actions agreed in June 2022, by the Audit and Governance Panel, for 2022/23, and categorised as essential in terms of priority, was to Develop new Council Plan in partnership with Elected Members and Corporate Leadership Team, which will include refreshing the Council's corporate evaluator tool 'How Good is our Council'. This had a deadline of March 2023. The council has confirmed it has postponed refreshing its corporate HGIOC approach as it awaits sufficient data to evaluate itself against from the Council Plan 2023-28.

[Action plan recommendation 4](#)

159. As a stop gap, service leads have been asked to undertake a short self-evaluation exercise as part of drafting their service plans by June 2023. They have been asked to consider:

- How are we doing?
- How do we know?
- What challenges will impact on the service – internal and external?
- What are we going to do now?

160. Every year, to help drive improvement, the council considers its performance in comparison with other councils using national benchmarking data. A report on Local Government Benchmarking Framework (LGBF) data is taken annually in June, to what is now known as the Service and Partnerships Performance Panel.

161. In the June 2022 report, detailed commentary was provided on the reasons for change in each of the 100 indicators. Over half of indicators had targets. Thirty-nine indicators declined in performance. Of these 39, around half detailed improvement activity that was either planned or already underway in the associated narrative.

162. The council compares its overall performance with previous years by setting out a total number of indicators that have improved, declined, or remained stable. It also provides comprehensive information at indicator level - the value of each indicator is compared with past years' performance and with the Scottish average and family group average.

163. There is scope for the council to analyse this information further by summarising how many indicators have improved, declined, or stayed the same at service level and comparing its performance to other councils in a summarised form by, e.g. setting out how many indicators for each service are in each of the four quartiles. A summary of what improvement activity is planned at service level would also help elected members track progress in how underperformance is being dealt with. Benchmarking data for 2021/22 will be considered by the Service and Partnerships Performance Panel in June 2023.

The council has put in place arrangements to re-introduce personal development plans (PDP) and provides a range of formal and informal training material for members

164. There is no requirement in the Councillors Code of Conduct for councillors to participate in training, however members need to ensure they have the appropriate knowledge and skills to carry out their roles. The 2021 BVAR identified the need for elected members to take advantage of learning and development opportunities provided by the council and noted the need for the council to work with members to ensure they are provided with the necessary skills to carry out their roles and responsibilities.

165. Following the local government elections in May 2022, the council provided both newly elected and returning members with a comprehensive induction programme. This comprised of an induction handbook, welcome sessions with officers, outlining members' key roles and responsibilities as councillors, together with specific Panel-related training. A further drop-in

session for the nine new councillors was held eight months after they joined whereby, they could highlight what elements of the induction training they wanted to revisit and consider what further training opportunities they might want.

166. In response to the 2021 BVAR recommendation, the council has taken steps to re-introduce PDP for all members. It has used the Improvement Service's Political Skills Assessment template to assist members in identifying specific support and /or training needs. This aims to better support members to carry out their roles and responsibilities as elected members. Following the completion of identified training needs, these plans are designed to be re-visited on a rolling basis to allow the continuous development of members knowledge and skills. The council has attempted to sign up all elected members to these individual personal development plans. Good progress has been made, with most councillors completed their assessment and held initial discussions about their training needs. In addition, officers continue to discuss with elected members proposals for developing and delivering personal development activities, such as annual refreshers on the elected members code of conduct.

167. In addition to the PDP, the council has a schedule of briefings on topical areas that all members are invited to attend. At the February 2023 meeting of the council's Service Performance Panel a report was presented noting the briefings that had been provided to Elected Members since August 2022. The council adopts a hybrid approach to the briefings, with Microsoft Teams used to allow members to attend in person or remotely. The presentations are subsequently emailed to members following the briefing. The council has also taken steps to record and upload the briefings onto the Elected Members' area of its website to allow members to re-watch the presentation or view it at a time convenient to them.

168. From review of the update to Panel, on average 45 per cent of members were noted as attending the 11 briefings since August 2022. There is a need to improve the accuracy and relevance of the attendance figures. The council has acknowledged that work is needed to refine the data gathering from its training system as it is not clear if members watching the recording for the first time at a later date are counted in these figures. In addition, some members have noted that not all briefings are relevant to all members, with topic areas sometimes being more specific to certain agenda items for a particular cohort of elected members. In response to this, the council has issued questionnaires to members on what they want to see in their briefings and a request has been made to the political groups for them to provide suggestions for both briefings, and separately what they seek in relation to formal training. Additionally, senior officers for each Directorate are to provide members with the proposed briefings and training for the next 6-month period to allow a structured programme to be confirmed in advance of members returning after the summer recess. Officers will identify whether the training will be converted to a training course that is also recorded so that this can be revisited by members. This will allow members to manage their attendance at training and briefings more effectively and allow for an easier refresh at convenient times.

169. The briefings are a useful tool in providing members with information on topical subject areas. However, the PDP will provide a more structured

approach to member development. This will help ensure they have the skills and knowledge to provide a high standard of scrutiny and decision-making.

Best Value Assurance Report follow-up

The council has made progress with all the recommendations made in its 2021 Best Value Assurance Report, but the pace of improvement has been slow in some key areas. In particular, effective measurement and reporting on progress against target outcomes, to deliver council priorities, is now key to the council demonstrating Best Value

170. The [2021 Best Value Assurance Report](#) (2021 BVAR) for South Ayrshire Council was published in October 2021. It reported that “public services at South Ayrshire Council perform well and residents are satisfied with the services they receive. However, the council must move faster in changing services for the future.”

171. The 2021 BVAR contained six improvement recommendations. In response to these recommendations, the council approved an action plan in December 2021 drafted by the Best Value Member/Officer Working Group. Each action plan point included an agreed due date and owner. Since December 2021, quarterly updates on progress against the action plan have been reported to the Audit and Governance Panel. Each update to the Panel tracks progress against the planned actions and provides the latest detail on each.

172. In the most recent update reported to the Panel in March 2023, management noted all actions as complete, however there is little consideration of the impact the improvement actions have had on the council and its communities. Our work in 2022/23 has considered the council’s progress in addressing the action plan as detailed at [exhibit 7](#). In our view, further work and progress is required on some of these recommendations if the council is to evidence that they have fully actioned all the 2021 BVAR recommendations.

Exhibit 7

Progress against 2021 BVAR recommendations

| 2021 BVAR recommendation | Audit Scotland view on progress |
|---|--|
| <p>1. The council should assure itself that it has the capacity and skills required to increase its pace of improvement in key aspects of Best Value, such as community planning and empowerment, financial and workforce planning, and transformation. Where appropriate, external support should be sought from other councils, or the Improvement Service, to help with focusing its areas of improvement.</p> | <p>Actioned</p> <p>Corporate restructure in September 2022 led to increased capacity in the leadership of the council.</p> <p>The council engaged with the Improvement Service to help develop its new Council Plan. The Council Plan, including its priorities and outcomes have been published. Progress will now be driven through the detailed service plans.</p> <p>Following the local government elections there has been a change in the council's administration and changes made to its political decision-making structure. The March 2023, Council Plan 2023-28 sets out the council's vision, broad priorities, and high-level outcomes.</p> |
| <p>2. The council should prepare both medium- and long-term financial plans. The plans should consider changes to both income and expenditure, identify budget gaps, and set out the actions necessary to address those gaps. There should also be a clear linkage to council's priorities.</p> | <p>Actioned</p> <p>The council has in place medium and longer-term financial plans. At their next review date these should be fully aligned with the priorities set out in the new Council Plan.</p> <p>We have discussed this at paragraphs 97 to 105 of this report.</p> |
| <p>3. The council should improve and embed workforce planning, so that service workforce plans are developed consistently across the council. The plans should include clear links to the council's priorities and to its strategic change programme.</p> | <p>Actioned</p> <p>The council has produced a new Corporate Workforce Plan 2022-25, but work is now needed to align this to service delivery plans.</p> <p>We have discussed this at paragraphs 118 to 123 of this report.</p> |
| <p>4. The council should make sure that its transformation work is fully aligned and integrated to its Covid-19 recovery planning work and improve its approach to its strategic change programme by:</p> | <p>Not actioned for the version of the Strategic change programme to June 2023. Recently actioned for the reviewed programme.</p> <p>Refocussed programme with action trackers is due to be discussed by the Cabinet in June 2023. The most recent update to the South</p> |

| 2021 BVAR recommendation | Audit Scotland view on progress |
|--|--|
| <ul style="list-style-type: none"> • adding greater detail about individual projects • setting clear timelines for each project • developing a benefits realisation tracker to assess whether the council has achieved its aims. | <p>Ayrshire Way Strategic Change Programme was considered by the council's Service and Performance Panel in October 2022. This report included an update to the benefits realisation plan and tracker. There are 33 projects within the scope of the programme of which 17 have benefits trackers in place.</p> <p>The council is now planning to review the programme and focus on a smaller number of projects that will be tracked. This is due to be discussed with members in June 2023.</p> <p>We have discussed this at paragraphs 106 to 111 of this report.</p> |
| <p>5. The council should improve performance reporting by:</p> <ul style="list-style-type: none"> • setting targets for its Key Performance Indicators (KPIs) • including a summary of performance against KPIs in its performance reports to members • increasing the frequency of reports to elected members • making performance reports more accessible to the public. | <p>Not actioned for the previous Council Plan. To be progressed for the new Council Plan from June 2023</p> <p>Despite it being reported in the 2021 BVAR as an area for improvement, the council did not effectively measure its performance against targets for priorities in its previous plan.</p> <p>Targets for measuring progress against the new council priorities are laid out in the service business plans to be discussed with members in June 2023.</p> <p>We have discussed this at paragraphs 25 to 32 of this report.</p> |
| <p>6. To help them carry out their roles, including their responsibilities under Best Value, elected members should take advantage of the learning and development opportunities provided by the council. The council should continue to work with elected members to understand and address the reasons for the variable uptake of training.</p> | <p>Actioned</p> <p>The council has put in place arrangements to re-introduce personal development plans (PDP) and provides a range of formal and informal training material for members.</p> <p>We have discussed this at paragraphs 164 to 169 of this report.</p> |

Source: South Ayrshire Council 2021 BVAR and Audit Scotland

Appendix 1

Improvement action plan

| Issue/risk | Recommendation | Agreed management action/timing |
|--|---|--|
| <p>1. Effective and timely performance reporting</p> <p>The council failed to effectively measure its performance against targets for the priorities in the Council Plan to March 2023.</p> <p>To help support challenge of services and focus of improvement actions, regular reporting of performance to elected members against the new council priorities is key.</p> <p>A framework is due to be discussed with members in June.</p> | <p>A balanced view of progress against the council plan priorities should be reported regularly to members.</p> <p>A timetable for performance reporting to elected members should be a priority.</p> <p>Performance reports should include details or links to planned improvement actions.</p> <p>The council should ensure it fully complies with the new Statutory Performance Information Direction.</p> | <p>Management response</p> <p>New Council Plan reporting format for Council Leadership Team reports and Service and Partnerships Performance Panel reports included in Performance Management Framework report to June Cabinet.</p> <p>Officers will review new reporting format to ensure that it reflects the Accounts Commission's Statutory Performance Information Direction.</p> <p>Responsible Officer</p> <p>Kevin Anderson, Service Lead - Performance, Policy and Community Planning.</p> <p>Actioned by</p> <p>30 August 2023.</p> |
| <p>2. Place Plans</p> <p>The Community Empowerment (Scotland) Act 2015 requires the publication of 'place plans'. These were to be in place by October 2017.</p> <p>The council has adopted a place-based approach to its new Council Plan. It has engaged with its communities and has identified local priorities. Due to resource</p> | <p>To ensure the effective delivery of local outcomes, the council should publish the remaining Place Plans.</p> | <p>Management response</p> <p>Ongoing dialogue with elected members on the details of the Place Plans can be used to advance place-based activity.</p> <p>Actioned by</p> <p>March 2024.</p> <p>Further work is required to align Place Plan development with localities and advance</p> |

| Issue/risk | Recommendation | Agreed management action/timing |
|--|--|--|
| <p>pressures, to date only two Place Plans have been approved by members and published.</p> | | <p>participatory budgeting approaches to place via Community Planning</p> <p>Long term ambitions linked with Community Plan for 23/28.</p> <p>A restructured Regeneration team needs considered through our Economy and Regeneration Service, through which, joint work supporting a refresh of older place plans should be advanced. New structure anticipated December 2024, with ongoing Place work over new Council Plan 23/28.</p> <p>Recruitment is underway for an officer within Thriving Communities to deliver remaining Place Plans. In addition, methodologies for Local Place Plans are being progressed by Planning, in coordination with Thriving Communities and Economy & Regeneration Services.</p> <p>Responsible Officer George Hunter, Assistant Director - Communities.</p> <p>Actioned by 31 December 2023.</p> |
| <p>3. Council Plan – cross cutting impact assessment</p> <p>In the Council Plan there are several cross-cutting themes, one of which is equalities. These themes are to be considered when decisions are made. A new Impact Assessment approach is under development to assist with this.</p> | <p>There should be a clear process introduced that is sufficiently resourced to ensure these cross-cutting priorities are given the necessary consideration.</p> <p>Measures should be set for monitoring progress for cross cutting themes. In particular how the council will measure that it is reducing inequalities</p> | <p>Management response</p> <p>Officers continue to develop Integrated Impact Assessment Tool including clear proposals for reporting and analysis. A report will be submitted to Cabinet for approval.</p> |

| Issue/risk | Recommendation | Agreed management action/timing |
|---|---|---|
| <p>The approach is still to be determined and it is not clear how the council will measure its success in these priority areas.</p> | <p>and addressing climate change should be laid out.</p> | <p>Responsible Officer Kevin Anderson, Service Lead - Performance, Policy and Community Planning.</p> <p>Actioned by 30 September 2023.</p> |
| <p>4. Approach to self-evaluation of performance</p> <p>There has been a gap in the council's self-evaluation of service performance at the council since the Covid-19 pandemic.</p> <p>The council need to do more to challenge how services are delivered.</p> | <p>The plans to reintroduce a corporate approach to self-evaluation need to be progressed.</p> <p>The council's self-evaluation should include an understanding of its performance in relation to other councils.</p> | <p>Management response</p> <p>Officers and members will re-establish approaches to self-evaluation across the council using How Good Is Our Council (HGIOC) to develop a framework to support ongoing evaluation for improvement.</p> <p>Responsible Officer Kevin Anderson, Service Lead - Performance, Policy and Community Planning.</p> <p>Actioned by 31 December 2023.</p> |

Best Value thematic work South Ayrshire Council 2022/23

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Audit Scotland report: Best Value Thematic Work in South Ayrshire Council 2022/23

Key Messages

The key messages from the draft Audit Scotland report are outlined below:

1. The March 2023, Council Plan 2023-28 sets out the council's vision, broad priorities, and high-level outcomes. To achieve the council's priorities the leadership of the council, senior officers, and elected members, are committed to increasing the pace of change in the council.
2. Following the local government elections there has been a change in the council's administration and changes made to its political decision-making structure. In September 2022, there was a restructuring of the Corporate Leadership Team, and a number of changes in senior officer posts over the last year. The current Chief Executive is retiring in the autumn which will bring further change.
3. The 2021 Best Value Assurance Report said that the council's pace of improvement needed to increase in some key Best Value areas. The council made progress with recommendations made in the report but failed to effectively measure its performance against targets for the priorities in the previous council plan to March 2023. Senior officers acknowledge this and are now focussed on developing a framework to support delivery of the new Council Plan.
4. In June 2023, the Council is due to discuss and approve service plans, which demonstrate how the council aims to deliver on its priorities and align its resources to these. The plans include service performance targets that will be monitored.
5. A performance management framework to report progress against the Council Plan targets is due to be discussed by the Council in June 2023. Reporting progress to elected members should now be a priority, to support challenge of services and focus of improvement actions. The first performance reporting on the new Council Plan is currently scheduled for November 2023.
6. The results of prior consultation responses were used when developing the new Council Plan priorities. The council then sought comments from citizens on the proposed priorities.
7. To support community priorities the council has published two Place Plans for Ayr North and Girvan. Whilst community engagement took place, and priorities have been identified for other place plans, these have not yet been approved by members and published. The Council Plan says it is taking a place-based approach to planning services. These Place Plans therefore need to be published to demonstrate the focus for this approach.
8. The council approved a balanced budget for 2023/24 in March 2023 before the council's priorities were agreed. In future the council is to demonstrate in budget papers how it is aligned to the council's priorities. There is evidence of public consultation being reflected in the agreed budget.

9. The council has in place medium and longer-term financial plans which show an estimated gap of between £28.7 and £39.5 million by 2025/26. Given the significant financial challenges faced by the council, difficult decisions will need to be made by members on how resources are used and how services are delivered.
10. In October 2022 a Director of Strategic Change and Communities was appointed, whose remit includes overseeing the council's Strategic Change Programme. This is the focus for changing how services are delivered in the future. It was recognised that the current programme was unachievable and required refocus. In June 2023, a revised programme containing 11 projects is being considered by the Cabinet. Benefits tracking for each project has been developed.
11. There has been a gap in corporate self-evaluation of service performance at the council since the Covid-19 pandemic. There is some self-evaluation across services but more needs to be done to challenge services across the council. Plans to reintroduce a corporate self-evaluation tool need to be progressed.
12. The council's own overall performance taken from national benchmarking data shows an improving position over time. At April 2023, 51 per cent of national indicators were in the top two quartiles of Scottish councils, but this has fallen from 57 per cent, showing that the pace of improvement has slowed compared to others. The council's self-evaluation should include understanding and reporting its performance in relation to other councils.
13. The South Ayrshire Community Planning Partnership Local Outcomes Improvement Plan (LOIP) is due to be refreshed with partners later in 2023. Alignment with the Council Plan is being considered as part of this.
14. In the Council Plan, the commitment to reducing inequalities is expressed through its reference to 'everyone' in the community benefitting from each outcome. Equalities is a cross cutting theme to be considered when decisions are made. A new Impact Assessment approach is under development. In September, the Cabinet is to consider a paper setting out how the council will measure its success in reducing inequalities.
15. Sustainability, climate change and biodiversity is reflected in the council plan's cross cutting themes. The council is demonstrating good practice by setting a carbon budget. However, it is unclear how progress will be monitored on the crosscutting theme.
16. Elected members and senior officers recognise that decisive and focussed leadership is needed to deliver the priorities set out in the new plan, to improve the outcomes for citizens. In doing so, a number of improvements are required to demonstrate achievement of Best Value, these are included at Appendix 1 of the report. It sets out the council's response to audit recommendations made and we will report on the progress over the term of our audit appointment.

**South Ayrshire Council
Equality Impact Assessment
Scoping Template**

Equality Impact Assessment is a legal requirement under the Public Sector Duty to promote equality of the Equality Act 2010. Separate guidance has been developed on Equality Impact Assessment's which will guide you through the process and is available to view here: <https://www.south-ayrshire.gov.uk/equalities/impact-assessment.aspx>

Further guidance is available here: <https://www.equalityhumanrights.com/en/publication-download/assessing-impact-and-public-sector-equality-duty-guide-public-authorities/>

The Fairer Scotland Duty ('the Duty'), Part 1 of the Equality Act 2010, came into force in Scotland from 1 April 2018. It places a legal responsibility on Councils to actively consider ('pay due regard to') how we can reduce inequalities of outcome caused by socio-economic disadvantage, when making strategic decisions. [FSD Guidance for Public Bodies](#) in respect of the Duty, was published by the Scottish Government in March 2018 and revised in October 2021. See information here: <https://www.gov.scot/publications/fairer-scotland-duty-guidance-public-bodies/>

1. Policy details

| | |
|---------------------------------------|--|
| Policy Title | Best Value Thematic Work in South Ayrshire Council 2022/23 |
| Lead Officer (Name/Position/Email) | Eileen Howat, Chief Executive – eileen.howat@south-ayrshire.gov.uk |

2. Which communities, groups of people, employees or thematic groups do you think will be, or potentially could be, impacted upon by the implementation of this policy? Please indicate whether these would be positive or negative impacts

| Community or Groups of People | Negative Impacts | Positive impacts |
|--|------------------|------------------|
| Age – men and women, girls & boys | - | - |
| Disability | - | - |
| Gender Reassignment (Trans/Transgender Identity) | - | - |
| Marriage or Civil Partnership | - | - |
| Pregnancy and Maternity | - | - |
| Race – people from different racial groups, (BME) ethnic minorities and Gypsy/Travellers | - | - |
| Religion or Belief (including lack of belief) | - | - |
| Sex – (issues specific to women & men or girls & boys) | - | - |

| Community or Groups of People | Negative Impacts | Positive impacts |
|---|------------------|------------------|
| Sexual Orientation – person’s sexual orientation i.e. LGBT+, lesbian, gay, bi-sexual, heterosexual/straight | - | - |
| Thematic Groups: Health, Human Rights & Children’s Rights | - | - |

3. What likely impact will this policy have on people experiencing different kinds of social disadvantage i.e. The Fairer Scotland Duty (This section to be completed for any Strategic Decisions). Consideration must be given particularly to children and families.

| Socio-Economic Disadvantage | Negative Impacts | Positive impacts |
|--|------------------|------------------|
| Low Income/Income Poverty – cannot afford to maintain regular payments such as bills, food, clothing | - | - |
| Low and/or no wealth – enough money to meet Basic living costs and pay bills but have no savings to deal with any unexpected spends and no provision for the future | - | - |
| Material Deprivation – being unable to access basic goods and services i.e. financial products like life insurance, repair/replace broken electrical goods, warm home, leisure/hobbies | - | - |
| Area Deprivation – where you live (rural areas), where you work (accessibility of transport) | - | - |
| Socio-economic Background – social class i.e. parent’s education, employment and income | - | - |

4. Do you have evidence or reason to believe that the policy will support the Council to:

| General Duty and other Equality Themes Consider the ‘Three Key Needs’ of the Equality Duty | Level of Negative and/or Positive Impact (High, Medium or Low) |
|--|---|
| Eliminate unlawful discrimination, harassment and victimisation | Low |
| Advance equality of opportunity between people who share a protected characteristic and those who do not | Low |
| Foster good relations between people who share a protected characteristic and those who do not. (Does it tackle prejudice and promote a better understanding of equality issues?) | Low |
| Increase participation of particular communities or groups in public life | Low |
| Improve the health and wellbeing of particular communities or groups | Low |
| Promote the human rights of particular communities or groups | Low |
| Tackle deprivation faced by particular communities or groups | Low |

5. Summary Assessment

| | |
|---|-----------------------------|
| Is a full Equality Impact Assessment required? (A full Equality Impact Assessment must be carried out if impacts identified as Medium and/or High) | YES NO |
| Rationale for decision: This report advises the Panel of the initial findings from Audit Scotland's recent Best Value thematic work in South Ayrshire. Members' decision on this has no specific equality implications | |
| Signed : Eileen Howat Date: 9 June 2023 | Chief Executive |