

Best Value

Clackmannanshire Council



ACCOUNTS COMMISSION 

Prepared by the Controller of Audit
September 2024

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Key facts

	61	Square miles
	51,800	Population
	2,695	Headcount
	18	Elected members 8 SNP, 5 Labour, 3 Conservative, 1 Green, 1 Independent - SNP administration
	£22m	Savings required by 2026/27
	£154m	Net revenue budget 2022/23
	£33.2m	Capital budget 2022/23

Commission findings

- 1** The Commission welcomes and endorses the Controller of Audit's report on Best Value in Clackmannanshire Council (presented at [page 6](#)) and the recommendations made by the auditors ([Appendix 1](#)).
- 2** The Commission commends the progress made by the council since previous Best Value reports in 2018 and 2019, in particular in relation to priority setting, performance management and scrutiny, budget development, community engagement and empowerment, equalities and climate change.
- 3** Like many councils, Clackmannanshire Council continues to face significant financial pressures and while it has delivered previously identified savings, there has been a reliance on one-off budget flexibilities and reserves to balance its budget. The council needs to take urgent action to set out how it intends to achieve financial sustainability. The Commission strongly encourages the council to develop a robust Medium-Term Financial Strategy (MTFS) by the end of financial year 2024/25. The MTFS should link clearly to transformation plans and projects, workforce and digital strategies, the council's Capital Investment Programme, and show how current funding challenges with the Health and Social Care Partnership (HSCP) will be addressed.
- 4** The Commission welcomes the steps the council has taken to develop its transformation programme. Successful delivery of this programme is essential to achieve both a sustainable financial position and improve outcomes. As well as being clear on the resources required to be allocated to the transformation programme, clarity is also needed in relation to the benefits it expects to be realised, and by when.
- 5** Given the particular combination of challenges facing the council – including capacity, recruitment, resilience within teams, leadership development and sickness absence – the Commission urges the consideration of all options within transformation plans and projects including partnering arrangements, digital delivery, collaboration and shared services to ensure the future sustainability of service delivery.

- 6** The Commission recognises the ongoing positive working relationships between elected members and officers and across political parties, but would emphasise to members that this should not come at the cost of effective scrutiny and challenge.
 - 7** The Commission notes that the comparative performance of Clackmannanshire Council's services has declined over time, and that capacity is impacting progress on improvement actions in some service areas. The council must be clearer on the action it is taking to tackle poor performance (including in its transformation programme and projects) and the impact it expects planned actions to have.
 - 8** The Commission welcomes the council's approach to engaging the local community and is pleased to see that the council's annual priorities align to the Community Planning Partnership's local outcome improvement plan (LOIP), underpinned by a performance management framework. With plans, strategies and scrutiny arrangements now in place, the Commission will expect to see evidence of how outcomes are improving over the longer term as part of the council's public performance reporting.
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Controller of Audit report

1. This report is made by the Controller of Audit to the Commission under Section 102(1) of the amended Local Government (Scotland) Act 1973. It is based on evidence collected in the 2022/23 annual audit which reported in August 2024. [Appendix 1](#) includes the 2022/23 Annual Audit Report (AAR), and [Appendix 2](#) includes a link to the Best Value Statutory Guidance.

2. Best Value audit work is now reported through the annual audit at each council and includes detailed work focusing on a Scotland-wide theme. The theme for the 2022/23 audit year concerns councils' leadership of the development of new local strategic priorities.

3. The council has an effective Best Value framework and has a clear understanding of areas where it needs to improve. It has made good progress with the actions resulting from the 2018 Best Value Assurance Report (BVAR) and the 2019 BVAR progress report.

4. The council has set a clear vision with revised priorities that include inequalities and climate change. The vision has been informed by its communities and is supported by an updated performance management framework.

5. The council has replaced its four-year corporate plan with an annual Be the Future statement of priorities. It agreed its priorities for 2023/24 in October 2023. These are set within three themes that are consistent with the Community Planning Partnership's local outcome improvement plan (LOIP). It uses its business and operational plans to align services to these priorities. It is updating its service, workforce and digital transformation plans.

6. Auditors recommended that the council should agree its strategic priorities before the start of each financial year to ensure any changes can be built into business plans. The council completed this action in February 2024 ahead of the start of the 2024/25 financial year.

7. Councillors and officers worked collaboratively to agree the council's priorities and budget. There is a positive working relationship between administration and opposition parties. Cross-party working is evident across priority areas including tackling inequalities and climate change. Auditors also noted that the council has good working relations with its community planning partners.

- 8.** The council approved an interim workforce strategy in September 2023 aligned to its transformation programme. It commissioned a capacity and skills audit in 2022. This identified the risk of significant points of failure through the council's use of small teams. It highlighted a need to invest in service-based workforce planning across all areas to identify skills requirements and career pathways. This is currently being progressed.
- 9.** Previous annual audit reports have also highlighted significant capacity challenges within the council's finance team. The finance team continues to be stretched and has recently operated with ongoing long-term absences. This has contributed to the late production of the annual report and accounts. It is important that the council urgently addresses its financial capacity. The council is undertaking an organisational review of its corporate services including the size and structure of its finance team. Auditors will continue to monitor progress.
- 10.** The workforce strategy also identifies leadership development as a key challenge. The council aims to provide development opportunities for all managers through its leadership programme. It provided training for elected members following the May 2022 local government elections and plans to agree individual development plans for members by 30 September 2024.

The leadership (both political and officer) has been effective in setting clear priorities; it now needs to ensure it has the capacity and capability to deliver them.

- 11.** The council has revised its decision-making framework following the local government elections in May 2022. The aim was to streamline scrutiny and decision-making and to increase the participation of elected members. The review introduced new governance arrangements around strategic priorities including a Be the Future Transformation Board, a Climate Emergency Board and a Children and Young People's Board. The council is embedding its revised decision-making framework. It has recently undertaken a self-assessment and skills audit of its Audit and Scrutiny Committee and identified areas for improvement. Auditors will continue to monitor the council's progress.
- 12.** The council achieved financial balance in 2022/23. It has delivered previously identified savings but savings options and opportunities for service redesign are becoming more limited. The council has budgeted one-off measures that include using reserves and service concession flexibilities to balance its 2023/24 budget. This is not financially sustainable in the medium to longer term and the council needs to take urgent action to address this.

13. At the time of agreeing the 2023/24 budget, the council set out indicative financial plans for the following years. It projected a funding gap of £11.6 million for 2024/25, increasing to £21.9 million in 2026/27. The council addressed the 2024/25 gap through £5.4 million savings and £6.3 million from reserves. The council provides regular budget updates to members which include its medium-term financial position. However it does not have a medium-to-long-term financial strategy. This is important to set out how the council will ensure its financial sustainability, including financial projections, plans to address budget gaps and scenario planning.

14. Since 2021/22 the council has revised down the minimum level of uncommitted reserves through its annual review of its reserves strategy from 3 per cent, to 2.4 per cent to 2 per cent in 2023/24. The level of uncommitted reserves (£3.29 million) as of 31 March 2023 was at the lower end agreed in its reserves strategy.

The council should urgently develop a medium-term financial strategy to set out how it intends to achieve financial sustainability.

15. The council has made progress in developing its transformation planning over the year. It has clear governance and agreed a new model of resourcing in March 2023. The 2019-25 Digital Strategy is a key enabler of its Be The Future transformation plan. The council needs to develop the projects within the transformation programme aligned to its development of a medium-term financial strategy. It should include greater detail about individual projects and develop a benefits-realisation tracker to monitor progress.

It is critical that the council develops detailed plans at pace, with robust benefits-realisation tools to demonstrate that it is achieving its intended outcomes.

16. The council uses its Clackmannanshire Improvement Model to drive improvement. Before the pandemic, it undertook an annual whole council assessment and it plans to reintroduce this over 2024/25. It also undertakes service-specific self-assessments, for example in social services and education which also involve independent validation.

17. The council has appropriate arrangements to report its performance publicly and to comply with the Accounts Commission's Statutory Performance Information Direction. The council's performance reporting for its business plans (2022/23) covers a range of indicators aligned to its corporate plan. These include key organisational performance measures, financial, customer and people indicators, and improvement actions.

18. The comparative performance of Clackmannanshire Council's services has declined over time. From the latest available Local Government Benchmarking Framework (LGBF) data, 44 per cent of Clackmannanshire Council's LGBF indicators are in the top two quartiles for Scottish councils compared to 50 per cent in the respective base years.¹ The council reported that it is making progress with its improvement actions for 2022/23 in all of its three directorates, but almost half of its Place Directorate actions were not expected to meet their target, with resource and capacity constraints being a contributing factor.

19. The 2018 and 2019 Best Value audit work identified sickness absence as an issue, with the council ranking as the worst performing Scottish council for both teacher and non-teacher sickness absence according to LGBF data. The council has taken measures to understand and manage sickness absence, but its performance remains poor and is worse than the Scottish average.

20. The council's capital plan closely aligns to its priorities. It sets out planned investment of £236 million over a 20-year period. This includes increased investment in its initial stages in line with its priorities for children and young people and health and wellbeing.

21. The council has significantly underspent its capital programme in recent years. It recognises the need for additional investment to offset cost inflation and has recruited a Transformation and Capital senior manager to help address this.

The council should review its capital budget setting and monitoring arrangements to ensure it sets realistic budgets with clear timelines and a clear linkage to council priorities.

22. The 2019 BVAR progress report said that the council recognised it needed to better engage with the public over its priorities. It has made progress in this area and its budget process now includes a detailed four-phase community engagement programme. It also uses Citizen's Space as a central portal on its website for all of its consultations. Recent consultations include the climate change strategy and the LOIP.

23. The 2017-27 LOIP identifies community empowerment as a strategic priority and provides supporting outcomes and improvement measures. The council has subjected £3 million in projects to participatory budgeting (PB). These include its wellbeing hub, improvements to the learning estate and active travel. The PB projects amount to around two per cent of the council's net revenue budget, exceeding the COSLA ambition for councils to subject at least one per cent of net expenditure to PB.

¹ The LGBF covers over 100 indicators and base years range from 2007 to 2019 depending upon when each indicator was introduced.

24. The council has made limited use of formal community asset transfers, with only two assets transferred in the last three years. However, it has facilitated approximately 16 long leases to community bodies over the last ten years.

25. The council and LOIP priorities include a joint commitment to tackle inequalities resulting from poverty and socio-economic disadvantage. Good examples of joint actions undertaken by the council and its partners include the Family Wellbeing Partnership, the Stirling and Clackmannanshire City Region Deal community wealth building initiatives, and a multi-agency rapid intervention service model.

26. The council's Equality Impact Assessments (EQIA) include socio-economic considerations. The council also has a clear focus on human rights in its education services regarding the needs of children and young people, and through its strategic commissioning plan for the Clackmannanshire and Stirling Health and Social Care Partnership.

27. The council has a comprehensive climate change strategy with ambitious targets. The council provides clear governance through its Climate Emergency Board and it involves communities in key decisions. It is developing detailed actions plans to support the strategy. It is essential that the council is transparent about any challenges that arise in achieving its climate targets.

Appendix 1.

2022/23 Annual Audit Report

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

This Annual Audit Report comprises:

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



2022/23 Annual Audit Report
Council
September 2024



Appendix 2.

Best Value

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

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

Best Value

Clackmannanshire Council



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