

# North Ayrshire Council

2023/24 Annual Audit Report



 AUDIT SCOTLAND

Prepared for the Members of North Ayrshire Council and the Controller of Audit

November 2024

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# Key messages

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## 2023/24 Annual Accounts

- 1 An unmodified independent auditor's report has been issued for the 2023/24 Annual Accounts of the council and its group and the eight section 106 charities administered by the council. The accounts show a true and fair view of the council's financial position.

## Best Value

- 2 The council has continued to demonstrate a strong culture of continuous improvement. It has robust arrangements in place to secure Best Value. The council has made good progress with prior year Best Value recommendations.
- 3 Our review of the council's workforce planning reflects positively on the arrangements in place and identifies areas of good practice. The council takes a structured and comprehensive approach to workforce planning at service level but its corporate-level approach requires strengthening. In 2024/25 the workforce is projected to reduce by 80.5 FTE's.
- 4 The council is now systematically measuring and reporting on its performance across its strategic priorities.

## Financial management

- 5 The council reported a service underspend of £13.6 million against its 2023/24 budget but there was a £9.340 million planned reduction in usable reserves to achieve the reported outturn. Total usable reserves at 31 March 2024 are £126.340 million.
- 6 Significant downward revisions were made to the 2023/24 approved capital programmes to reflect revised delivery timescales. Cost risks due to challenges in the construction industry are being managed in projects.
- 7 Borrowing levels have increased in support of the council's capital programme. The council understands the future revenue implications of servicing this debt.
- 8 Financial systems of internal control were effective and internal audit provided a reasonable level of assurance over the council's framework of governance, risk management and control arrangements.

## Financial sustainability

- 9 The council approved a balanced budget for 2024/25, but only after planning to utilise £5.0 million of reserves, non-recurring savings of £9.2 million relating to a reduction in employer pension fund contributions, and a further £8.3 million of savings identified across Directorates.
- 10 The latest Medium Term Financial Outlook (MTFO) which covers the three-year period to 2027/28 has identified a structural funding gap of £46.7 million.
- 11 The underlying service cost base is not sustainable. There is planned use of reserves over the medium term to mitigate funding gaps but this is not sustainable in the longer term as reserves are depleted. Officers recognise that future recurring savings need to be made through the transformation of services, workforce changes, cuts in services, and council tax and fees and charges increases.
- 12 Significant risks to achieving financial balance in 2024/25 include financial challenges facing the Health and Social Care Partnership (HSCP) with no complete financial recovery plans, pay awards in excess of the budgeted contribution and maintaining teacher numbers.
- 13 The Transformation Board provides the strategic integration and ownership of the council's transformation plans. Planning assumptions for 2025/26 include revenue savings of £4.8 million to be realised through the Transformation Programme. This falls significantly short of the savings required to achieve financial balance and will only be part of the council's solution to closing its funding gap.
- 14 2025/26 budget consultation currently being undertaken with communities includes proposals that would result in a reduction in services, increased council tax and increased fees and charges. Discussions are also currently ongoing on how efficiencies could be realised through delivering council services differently in partnership with others. Elected members will need to make difficult decisions on how the use of resources is prioritised going forward, within the council's recurring funding envelope.
- 15 Contributing to the council's financial challenges are high absence rates in areas which require cover arrangements, specifically teachers and waste collection. In 2023/24 this resulted in additional costs of £2.6 million.

## Vision, leadership and governance

- 16 During 2023/24 the management structure within the council was reviewed. This aligns the structure to the new Council Plan.

- 17 There is openness and transparency within the council together with appropriate governance and decision-making arrangements.
- 18 Following a review, the Council agreed that that no substantial changes to the current governance structure as detailed in the Scheme of Administration are required.

## **Use of resources to improve outcomes**

- 19 There has been regular reporting of the council's progress with its Council Plan priorities. Good progress has been made in completing actions for year one of the plan.
- 20 The council's overall performance, taken from national benchmarking data, shows an improving position year-on year. While forty-five of the indicators are in the top two quartiles, this has fallen from fifty percent last year showing the rate of service improvement this year is slower compared to other councils.
- 21 Of the thirty-three LGBF PIs directly linked to Council Plan 2023-2028 priorities, twenty-five have data for 2022/23. During 2022/23 eight priority PIs were within the top quartile (32%) and six were within the second quartile (24%).

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# Introduction

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- 1.** Fiona Mitchell-Knight (Audit Director) has been appointed by the Accounts Commission as auditor of North Ayrshire Council for the period from 2022/23 until 2026/27. The 2023/24 financial year was the second of her five-year appointment. Her appointment coincides with the Code of Audit Practice which was introduced for financial years commencing on or after 1 April 2022.
- 2.** We would like to thank councillors, senior management, and other staff, particularly those in finance, for their cooperation and assistance this year.
- 3.** This report summarises the findings from the 2023/24 annual audit of North Ayrshire Council (the council). The scope of the audit was set out in our [Annual Audit Plan](#) presented to the 21 March 2024 meeting of the Audit and Scrutiny Committee. This Annual Audit Report comprises:
  - significant matters arising from an 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.
- 4.** This report is addressed to the members of council and the Controller of Audit and will be published on Audit Scotland's website [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk) in due course.

## Responsibilities and reporting

- 5.** The council has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing Annual Accounts that are in accordance with proper accounting practices. The council is also responsible for compliance with legislation and putting arrangements in place for governance and propriety that enable it to successfully deliver its objectives.
- 6.** The responsibilities of the independent auditor are established by the Local Government (Scotland) Act 1973 and the Code of Audit Practice 2021, and supplementary guidance and International Standards on Auditing in the UK.

**7.** Weaknesses or risks identified are only those which have come to our attention during our normal audit work and may not be all that exist. Communicating these does not absolve management of the council from its responsibility to address the issues we raise and to maintain adequate systems of control.

**8.** This report contains an agreed action plan at [Appendix 1](#). It sets out specific recommendations, the responsible officers, and dates for implementation.

### **Communication of fraud or suspected fraud.**

**9.** In line with ISA (UK) 240 (*The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*), in presenting this report to the Audit and Governance Panel we seek confirmation from those charged with governance of any instances of actual, suspected, or alleged fraud that should be brought to our attention. Should members have any such knowledge or concerns relating to the risk of fraud within the council, we invite them to communicate this to the appointed auditor for consideration prior to the Annual Accounts being certified.

### **Auditor Independence**

**10.** We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services and therefore the 2023/24 audit fee of £378,860 (including £1,100) for the audit of the charitable trusts administered by the council) as set out in our 2023/24 Annual Audit Plan remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

**11.** We add value to the council by:

- Identifying and providing insight on significant risks and making clear and relevant recommendations.
- Providing clear and focused conclusions on the appropriateness, effectiveness and impact of corporate governance, arrangements to ensure the best use of resources and financial sustainability.
- Sharing intelligence and good practice identified.

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# 1. Audit of 2023/24 Annual Accounts

The council is required to prepare Annual Accounts comprising financial statements and other related reports. These are principal means of accounting for the stewardship public funds.

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## Main judgements

An unmodified independent auditor's report has been issued for the 2023/24 Annual Accounts of the council and its group and the eight section 106 charities administered by the council.

The financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework.

The audited part of the Management Commentary, Annual Governance Statement and Remuneration Report were all consistent with the financial statements and properly prepared in accordance with the relevant regulations and guidance.

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## Audit opinions on the Annual Accounts of the council and its group are unmodified.

**12.** The Annual Accounts for the council and its group for the year ended 31 March 2024 were approved by the Audit and Scrutiny Committee on 14 November 2024. As reported in the independent auditor's report:

- The financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework.
- The audited part of the Management Commentary, Annual Governance Statement and Remuneration Report were all consistent with the financial statements and properly prepared in accordance with the relevant regulations and guidance.

**13.** We concluded that there were no matters upon which we are required to report, by exception, to the Accounts Commission.



## The unaudited Annual Accounts were received in line with the agreed audit timetable.

**14.** The unaudited Annual Accounts were received in line with our agreed audit timetable on 28 June 2024. The Annual Accounts submitted for audit were of a good standard and supporting working papers were reasonable. Finance staff provided good support to the audit team which helped ensure the final accounts audit process ran smoothly.

**15.** During July and August 2024, the draft Annual Accounts were re-formatted to comply with accessibility requirements. This was a substantial piece of work by Finance staff; changes made include the use of different colours and positioning of text which increased the overall number of pages.

## Our audit testing reflected the calculated materiality levels.

**16.** Broadly, the concept of materiality is applied by auditors to determine whether misstatements identified during the audit could reasonably be expected to influence the economic decisions of users of the financial statements, and hence impact their opinion set out in the independent auditor's report. Auditors set a monetary threshold when considering materiality, although some issues may be considered material by their nature. It is ultimately a matter of the auditor's professional judgement.

**17.** Our initial assessment of materiality was carried out during the risk assessment and planning phase of the audit. This was reviewed on receipt of the unaudited Annual Accounts and is summarised in [exhibit 1](#).

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### Exhibit 1 Materiality values for the council and its group

Materiality	Council	Group
<b>Overall materiality:</b> This is the figure we calculate to assess the overall impact of audit adjustments on the financial statements. Materiality has been set based on our assessment of the needs of the users of the financial statements and the nature of the council's operations. It has been set at 2 per cent of gross expenditure as at 31 March 2024.	£16.5 million	£20.3 million
<b>Performance materiality:</b> This acts as a trigger point. If the aggregate of errors identified during the Annual Accounts audit exceeds performance materiality, this would indicate that further audit procedures should be considered. Using our professional judgement, we have assessed performance materiality at 65 per cent of overall materiality.	£11.5 million	£14.2 million
<b>Reporting threshold:</b> We are required to report to those charged with governance on all unadjusted misstatements more than the 'reporting threshold' amount.	£0.500 million	£0.500 million

Source: Audit Scotland

## Identified misstatements of £40.373 million, were adjusted for in the Annual Accounts.

**18.** We identified misstatements of £40.373 million in the unaudited Annual Accounts. These arose as a result of revised technical guidance relating to unfunded pension liabilities. Management have adjusted the Annual Accounts to correct the identified issues.

**19.** Further details of these adjustments are included in [exhibit 2](#).

## We have one significant finding to report on our audit of the Annual Accounts.

**20.** Under ISA (UK) 260 (*Communication with Those Charged with Governance*), we communicate significant findings from the audit to members, including our view about the qualitative aspects of the council's accounting practices.

**21.** The Code of Audit Practice also requires all auditors to communicate key audit matters within the Annual Audit Report under ISA (UK) 701 (*Communicating key audit matters in the Independent Auditor's Report*). These are matters that we judged to be of most significance in our audit of the financial statements. Our one significant finding is detailed in [exhibit 2](#).

**22.** The qualitative aspects of the council's accounting practices, accounting policies, accounting estimates and accounts disclosures are satisfactory and appropriate. In accordance with normal audit practice, a few presentational and disclosure amendments were discussed and agreed with management. The disclosure changes were satisfactory.

## Exhibit 2

### Significant findings and key audit matters from the audit of the Annual Accounts

Issue	Resolution
<p><b>1. Pension balance</b></p> <p>The funded pension balance represents the difference between expected future payments to pensioners and the underlying value of pension fund assets available to meet this liability.</p> <p>The council is a member of Strathclyde Pension Fund. Valuation of pension fund assets and liabilities is assessed by an independent firm of actuaries (Hymans Robertson LLP). Pension assets and liabilities are calculated annually for each</p>	<p>The 2022/23 figures have been restated to reflect this revised guidance in relation to the reported unfunded liabilities. As a result, Net Pension Fund liabilities have increased by £23.855 million and Unusable Reserves have decreased by £23.855 million.</p>

Issue	Resolution
<p>individual member body, by the actuary, for inclusion in the Annual Accounts.</p> <p>As required by accounting standards, the amount that can be recognised as an asset is limited to the estimated future service cost less the minimum contribution required, otherwise known as the asset ceiling.</p> <p>The asset shown in the council's Balance Sheet has been limited to £0 for 2023/24 (2022/23: asset of £29.324 million).</p> <p>Additionally, the council's Balance Sheet includes an amount for discretionary enhancements to retirement benefits e.g. payments for early retirement. These are referred to as unfunded liabilities as they are paid by the council rather than the pension fund. Although they are treated the same way as retirement benefit costs as explained above, the council does not have a right to set off the unfunded liability against a pension asset. The unfunded liability recognised in the council's Balance Sheet is £23.183 million.</p> <p>Revised guidance also required that where unfunded payments were included in the asset ceiling calculations as at 31 March 2023, the comparative figures in the 2023/24 financial statements should be adjusted. This adjustment however was not reflected in the unaudited accounts.</p>	

Source: Audit Scotland

## Other matters identified from our audit of the Annual Accounts.

**23.** In addition to our findings in [exhibit 2](#) above, the following were identified through our audit testing:

- Asset register - fully depreciated assets (at nil net book value):** Where assets are no longer in use they should be formally scrapped or sold. Significant assets continuing in use should be revalued and depreciated over their remaining useful economic life. Our review of the asset register identified that there are around 840 assets which are fully depreciated with an original cost and accumulated depreciation of £57.226 million. This is made up of primarily vehicles and plant and equipment. At least annually, the council should obtain assurance that the assets in the fixed asset register and included in the accounts, remain in use. (**Recommendation 1 - [Appendix 1](#)**, action plan).

- **Leases – council as lessor:** The leases note in the unaudited accounts indicated that all council operating leases were cancellable therefore no lease payments receivable were disclosed. Following review, the council concluded that the leases were non-cancellable and that a future minimum lease payments disclosure was required. This disclosure of £7.188 million has been included in the audited accounts.
- **Trade payables:** The analysis of the total short term trade payables amount between trade and other payables in the unaudited accounts was incorrect as the payables working paper had incorrectly allocated a number of ledger codes to trade payables, resulting in the trade payables amount in Note 24 being overstated by £16.518 million and other payables being understated by the same amount. This has been amended in the audited accounts.

**The council have agreed to move to a matrix approach to valuations in 2024/25 by valuing a sample of assets across different class of assets each year.**

**24.** Within Note 40 to the accounts ‘Assumptions Made About the Future and Other Major Sources of estimation uncertainty’, the council notes that a materiality threshold of £15.6 million, per asset group, has been set in order to determine if the value of assets (with a valuation date other than 31 March 2024) was materially different from their carrying values as at 31 March 2024. The note also explains that when applied to the value of Depreciated Replacement Cost assets which had not been valued in 2023/24, this indicated that the closing value of this asset group may have been £18.2 million higher than their reported value, if they had been revalued in 2023/24.

**25.** In accordance with agreed procedures, a more detailed review was undertaken by Royal Institute of Chartered Surveyors qualified staff to assess the impact on values of all other assets within the DRC category of assets. The review concluded that the council’s policy has been applied and that the estimated asset value movements do not exceed the materiality threshold set for any individual class of assets.

**26.** Each year the land and buildings of a different class of asset are revalued. This can lead to significant movements in value between valuations of some classes of large assets only subject to revaluation every five years. Management recognise that the current approach can lead to uneven valuation movements arising each year and have agreed to move to a matrix approach to valuations by valuing a sample of assets across different class of assets each year (e.g. schools). This will identify any indication of material movements across the class of assets that may require the full class to be revalued.

**27.** We are satisfied that the assets covered by this year’s valuation programme, together with the further work undertaken, have provided sufficient evidence that there was no indication of material movements with those assets not subject to revaluation in 2023/24.

## Our audit work responded to the risks of material misstatement we identified in the Annual Accounts.

28. We have obtained audit assurances over the identified significant risks of material misstatement in the Annual Accounts. [Exhibit 3](#) sets out the significant risks of material misstatement to the financial statements we identified in our [2023/24 Annual Audit Plan](#). It also summarises the further audit procedures we performed during the year to obtain assurances over these risks and the conclusions from the work completed.

### Exhibit 3

#### Significant risks of material misstatement in the Annual Accounts

Audit risk	Assurance procedure	Results and conclusions
<p><b>1. Risk of material misstatement due to fraud caused by management override of controls</b></p> <p>As stated in ISA (UK) 240 (<i>The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements</i>), management is in a unique position to perpetrate fraud because of their ability to override controls that otherwise appear to be operating effectively.</p>	<p>Assess the adequacy of controls in place for identifying and disclosing related party relationship and transactions in the financial statements.</p> <p>Assess the design and implementation of controls over journal entry processing.</p> <p>Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments.</p> <p>Test journals at the year-end and post-closing entries and focus on significant risk areas.</p> <p>Evaluate significant transactions outside the normal course of business.</p> <p>We will assess any changes to the methods and underlying assumptions used to prepare accounting estimates compared to the prior year.</p> <p>Substantive testing of income and expenditure transactions around the year-end to confirm they are accounted for in the correct financial year.</p>	<p><b>Results:</b> Our critical assessment of the council's arrangements for identifying and disclosing related party transactions found arrangements in place were satisfactory.</p> <p>We assessed the design and implementation of controls over journal entry processing. No issues were identified.</p> <p>Journal adjustments were tested, and no indication of management override of controls were found.</p> <p>We reviewed transactions during the year - no issues were identified with significant transactions outside the normal course of business.</p> <p>Judgements and estimations applied were tested to confirm they were appropriate and reasonable.</p> <p>We tested accruals and prepayments and confirmed that income and expenditure was properly accounted for in the financial year.</p>

Audit risk	Assurance procedure	Results and conclusions
	Focussed testing of accounting accruals and prepayments.	<b>Conclusion:</b> No instances of management override of controls were identified.
<p><b>2. Significant estimation and judgment: other land and buildings, council dwellings and schools PPP valuations</b></p> <p>The council held other land and buildings, including its council dwellings and school PPP estate, with a net book value of £1,142 million as at 31 March 2023.</p> <p>There is a significant degree of subjectivity in the valuation of land and buildings. Valuations are based on specialist and management assumptions and changes in these can result in material changes to valuations.</p> <p>The assets are revalued on a five-year rolling basis. Values may also change year on year, and it is important that the council ensures the financial statements accurately reflect the value of the assets.</p> <p><b>Risk:</b> Valuations of these assets are materially misstated.</p>	<p>Review the information provided to the valuer to assess for completeness.</p> <p>Evaluate the competence, capabilities, and objectivity of the professional valuer.</p> <p>Obtain an understanding of management's involvement in the valuation process to assess if appropriate oversight has occurred.</p> <p>Critically evaluate the approach the council has adopted to assess the risk that assets not subject to valuation are materially misstated and consider the robustness of that approach.</p> <p>Test the reconciliation between the financial ledger and the asset register.</p> <p>Evaluate management's assessment of why it considers that the land and buildings not revalued in 2023/24 are not materially misstated. We will critically assess the appropriateness of any assumptions.</p> <p>Critically assess the adequacy of the council's disclosures regarding the assumptions in relation to the valuation of other land and buildings and council dwellings.</p>	<p><b>Results:</b> We did not identify any issues with the information provided to the valuer.</p> <p>Our review of the council's valuation team's work, and the external valuer, confirmed the appropriateness of the methodology and assumptions used. We did not identify any non-compliance with RICS guidance.</p> <p>We found that management have an appropriate level of involvement and oversight of the valuation process.</p> <p>We concluded that management's assessment that land and buildings not revalued in 2023/24 are not materially misstated, to be reasonable, and found assumptions made to be appropriate.</p> <p>We did not identify any issues with the reconciliation between the financial ledger and the property asset register.</p> <p>We found that appropriate disclosures have been made regarding the assumptions in relation to the valuation of land and buildings.</p> <p><b>Conclusion:</b> No issues were identified with the assumptions applied to the revaluations. There is no evidence of material misstatement of asset values.</p>



Source: Audit Scotland

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**29.** In addition, we identified the pension balance as an “other area of audit focus” in our 2023/24 Annual Audit Plan. One issue arose from our work as a result of revised technical guidance relating to unfunded pension liabilities. Management have adjusted the Annual Accounts to correct the identified issue. Further details of these adjustments are included in exhibit 2.

### **Correspondence referred to the auditor by Audit Scotland/Statutory objections to the accounts**

**30.** We received an objection to the accounts covering issues related to the Largs Common Good Fund and Trust Funds. We met with the objector and considered the issues and evidence provided. We are satisfied that this did not identify any issues which had an impact on our opinion on the financial statements.

**31.** Through consideration of the objection, it has been identified that the council has not held an annual putting competition in Largs, to meet the requirements of the Isabella McPhee Memorial Fund. Based on the low numbers of entrants in a similar competition planned previously, there was not sufficient income available from the trust fund to meet the costs of organising the competition and awarding prizes.

**32.** The council will consider any proposals from third parties to host a putting competition to which it could contribute prize money from the fund. The council confirmed that it had no such approaches during the year.

### **The council’s 2023/24 Management Commentary provides a fair and balanced picture of its performance and operational activity for the year.**

**33.** The council’s Management Commentary that accompanies the Annual Accounts explains how the council has performed against its budget. The council has included a good level of disclosure on the principal risks it is facing going forward. This includes details on the challenging financial environment the council is operating within due to budget pressures and demand for services.

**34.** In our view, the 2023/24 disclosure represents a fair and balanced commentary on the council’s performance during the year and is transparent on the risks it faces in 2024/25. This is presented in a user-friendly format which makes good use of relevant infographics that help tell the story of the council’s performance in 2023/24 and provides a clear link to the figures in the financial statements.

### **The Annual Governance Statement provides an appropriate level of disclosure on the council’s governance arrangements during 2023/24.**

**35.** The council has a Local Code of Corporate Governance, and this is reviewed and updated annually. The local code follows the principles set out in

the CIPFA /SOLACE Delivering Good Governance in Local Government: Framework 2016. The council's Annual Governance Statement complies with this guidance.

**The audited part of the Remuneration Report was consistent with the Annual Accounts and has been prepared in accordance with applicable regulations.**

**36.** The Local Authority Accounts (Scotland) Regulations 2014 requires the council to include a Remuneration Report within its Annual Accounts that includes details of:

- the remuneration of relevant persons, including pension entitlements, for the financial year (and prior year comparator); and accrued pension benefits figures at 31 March of that year, and
- information on pay bands and the number and cost of exit packages approved during the financial year.

**37.** We have no issues to report in relation to the information included within the Remuneration Report in the council's 2023/24 Annual Accounts.

**Good progress has been made on prior year audit recommendations relating to the Annual Accounts.**

**38.** The council has made good progress towards implementing the five agreed prior year recommendations relating to the Annual Accounts. All five are now complete. The Best Value recommendations are considered in the next section of this report and the charities recommendation is considered at paragraphs 44 to 46 below. For actions not yet completed, full implementation is planned for 2024/25 as recorded in [Appendix 1](#).

**Our audit opinions on the Annual Accounts of the eight section 106 charities administered by the council are unmodified.**

**39.** Elected members of the council are trustees for eight registered Scottish charities:

Anderson Park Trust – Charity number SC042136

Douglas Sellers Trust – Charity number SC042101

Margaret Archibald Bequest - Charity number SC042117

North Ayrshire Council Trust – Charity number SC025083

Dalry Trust – Charity number SC043644

Kilbirnie & Glengarnock Trust – Charity number SC043600

Kilwinning Trust – Charity number SC043374

Largs Trust – Charity number SC04349439.



**40.** The trust balances are disclosed in a note in the council's Annual Accounts but do not represent assets of the council so are not included within the cash and cash equivalents figure shown in the council's balance sheet.

**41.** As a result of the interaction of the Local Government in Scotland Act 1973 with the charities legislation, a full and separate independent auditor's report is required for the statement of accounts of each registered charity where members of North Ayrshire Council are sole trustees, irrespective of the size of the charity.

**42.** Our duties as auditors of the charities administered by North Ayrshire Council are to:

- Express an opinion on whether the charity's financial statements properly present the charity's financial position and are prepared in accordance with charities legislation.
- Read the Trustees' Annual Report and express an opinion as to whether it is consistent with the financial statements.
- Report on other matters, by exception, to the Trustees and to the Office of the Scottish Charity Regulator (OSCR).

**43.** The council has made full use of the connected charities provision and reports all charities within one set of accounts.

**44.** Six trusts have been dormant for a period of 3 years or more and of these, three Trusts have been dormant for over 5 years. The dormancy of each identified Trust is disclosed on page 6 of the Trustees annual report. There is no clear plan on how to bring these Trusts back in to use. It is therefore unlikely that these Trusts meet the requirement of public benefit. This was raised as a recommendation in our 2022/23 Annual Audit Report.

**45.** In order to encourage the utilisation of funds across communities, in particular where the Trusts have been dormant or have low levels of income, the Council agreed in February 2024 that, with the exception of those Trusts with significant balances, the full balance of the Trusts are approved as available for disbursement in 2024/25. Any disbursement which utilises the full capital balance will result in closure and will require the approval of OSCR.

**46.** During 2023/24 the remaining capital within James Dyer Simpson Fund, H Watt Trust and J H Watt Trust, held within the North Ayrshire Charitable Trust, was disbursed. Approval will be sought from OSCR for winding up of these Trusts. During 2024/25, the funds within Douglas Sellers Trust and Anderson Park Trust will be exhausted. Approval will also be sought from OSCR for the disbursement of any remaining capital and winding up of these Trusts.

**47.** We have given an unqualified opinion on the Annual Accounts of the eight charities administered by the council.

**48.** We have one matter to report under ISA (UK) 260 (Communication with Those Charged with Governance) or ISA (UK) 701 (Communicating key audit matters in the Independent Auditor's Report). This is in relation to the Margaret

Archibald Bequest. During review of the investments valuation report we identified that the closing balance of the share price for Royal Dutch Shell had not been converted from US dollars into GB Pounds. This has resulted in a reduction of £3,398 to the investments balance of the fund.

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## 2. Best Value

Councils have a statutory duty to make arrangements to secure continuous improvement in the performance of their functions.

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### Conclusions

Our review of the council's workforce planning reflects positively on the arrangements in place and identifies areas of good practice. The council takes a structured and comprehensive approach to workforce planning at service level but its corporate-level approach requires strengthening.

The council has made good progress with prior year Best Value recommendations.

The council is now systematically measuring and reporting on its performance across its strategic priorities. Good progress has been made in completing actions in year one of the Council Plan.

The council complies with the requirements of the Statutory Performance Information Direction.

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### Best Value work in 2023/24.

**49.** Councils have a statutory duty to make arrangements to secure continuous improvement in the performance of their functions. Expectations are laid out in the [Best Value Revised Statutory Guidance 2020](#).

**50.** As set out in the [Code of Audit Practice 2021](#), Best Value audit is integrated with other wider-scope annual audit work. For 2023/24 the scope of Best Value work included conclusions on:

- The Accounts Commission's requested thematic work on "*Workforce Innovation - how councils are responding to workforce challenges.*"
- Progress made against Best Value improvement actions made in previous years, including with the findings made in the November 2023 [Controller of Audit](#) report on the council.
- Council service performance improvement.
- Effectiveness of council performance reporting.

**51.** In addition to the work set out in the remainder of this section, Best Value work has informed the content and conclusions set out in parts 3 to 6 of this Annual Audit Report.

**52.** 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. North Ayrshire Council is included in the third year of the programme in October 2024.

### **Workforce Innovation - how councils are responding to workforce challenges.**

**53.** This year auditors were asked to focus on how the council is responding to current workforce challenges through building capacity, increasing productivity and innovation within its workforce. The results of this work were [reported](#) to the council's elected members at the August 2024 Audit and Scrutiny Committee.

**54.** The key findings in this report were as follows:

- North Ayrshire Council employs 7,630 staff, equivalent to 6,465 Full Time Equivalent (FTE) posts, almost 42 per cent of whom are aged 50 or over. Staff costs equate to around 49 per cent of the council's overall revenue budget.
- The council has set out a clear vision for workforce planning in its Council Plan 2023-28. It takes a structured and comprehensive approach to workforce planning at service level but its corporate-level approach requires strengthening.
- There are positive relationships between the Trades Unions and the council. Trades Unions feel they are consulted with appropriately and their views are considered.
- The council's Voluntary Early Release Programme, completed in 2023/24, was projected to save £2.4 million in recurring savings from the reduction of 85 staff. An assessment of the impact on service delivery was considered before the release of staff was approved. The Medium-term Financial Plan projects that its workforce will reduce by 80.5 FTE posts through natural attrition, vacancy management, redeployment and voluntary early release.
- The council is using digital technology to increase workforce productivity and improve services, mainly through the automation of processes. It has established the workforce benefits and productivity gains of its digital technology improvements but there is scope for more of these to be quantified. It is considering how to further enhance the digital skills and knowledge of its workforce.
- Agile working has been promoted by the council for a decade and was strengthened in 2021. The council has gathered feedback on wellbeing and productivity in relation to agile working and recognises that further engagement with its workforce would be beneficial.

- The council has adopted a wide range of approaches to improve the skills and capacity of its existing and future workforce. It has a well-established modern apprenticeship programme, demonstrating positive outcomes.
- There is scope for the council to explore further where it can work together with partners to share services and increase collaboration. The council shares its Corporate Fraud Team with East Ayrshire Council and resources are allocated to support the demands from both councils. Joint arrangements are also in place in relation to a Pan-Ayrshire Occupational Health contract with East and South Ayrshire.
- The council could improve how it monitors the effectiveness of its workforce planning practice by regularly reporting progress against workforce planning priorities. The council has a rich source of available data in relation its workforce and would benefit from developing a performance dashboard to provide a user-friendly overview of the impact of its workforce planning. This could help to inform future workforce planning.

**55.** Overall, the key messages reflect positively on the council's workforce planning arrangements which is further evidenced through the areas of good practice highlighted in our report. A small number of audit improvement recommendations were included in the thematic report and are replicated in [Appendix 1](#) of this report. This includes details on the council's response to the recommendations. We will report on progress over the term of our audit appointment.

### **The council has made good progress with prior year Best Value recommendations.**

**56.** In 2022/23, auditors were requested to focus on leadership in the development of the council's strategic priorities as part of the Accounts Commission's requested best value thematic work. The results of this work were [reported](#) to the council's elected members at the November 2023 Audit and Scrutiny Committee and in the 2022/23 Annual Audit Report.

**57.** Key findings in the report included:

- The Council has continued to demonstrate a strong culture of continuous improvement since its last Best Value report in 2020. It has robust arrangements in place to secure Best Value. It reports on how it is delivering improvements for communities and residents and has a clear understanding of where it needs to improve.
- The leadership has been effective in setting clear priorities but now needs to finalise Delivery Strategies and Action Plans to ensure cross council delivery of the strategic aims and outcomes.
- Continuous improvement continues to be embedded in the council's culture. The council uses regular activities alongside more innovative approaches to identify areas for improvement.

- The council has a well established performance reporting framework. However development continues and in November an updated approach to self-assessment is being discussed alongside an improved Performance Management Strategy.
- Council Plan progress update reports and LGBF reports are balanced and informative, providing a wealth of information, but many of the current public performance reporting pages on the council's website need to be updated.
- Good progress has been made on all four of the recommendations made in the 2020 Best Value Assurance Report.

**58.** As part of our 2023/24 audit work, we have followed up on the four prior year recommendations arising from the thematic work. Conclusions are reported in [Appendix 1](#).

**59.** We have concluded that good progress has been made on all of the recommendations:

- To help raise awareness of the council's vision and priorities. a new website went live in September 2024.
- Performance information is available through the six-monthly Council Plan Progress Reports. A process is in place to ensure council reports are accessible under the website regulations and able to be uploaded once approved by Cabinet following the call-in period.
- Work is ongoing to refresh the performance dashboard.
- A new Community Planning Partnership website went live in Feb 2024 and was launched at the annual North Ayrshire Community and Locality Planning Conference in Irvine.

**60.** Further work is still required on the recommendation relating to a dedicated Climate Change webpage, but work is underway to progress this.

**The council is now systematically measuring and reporting on its performance across its strategic priorities. Good progress has been made in completing actions in year one of the Council Plan.**

**61.** The [Best Value Revised Statutory Guidance 2020](#) says that performance management arrangements should be in place to promote the effective use of the local authority's resource, which includes effective performance reporting.

**62.** In Our Council Plan 2023-28 the council has listed what it wants to achieve for each of its four priorities. These are set out in sections headed up 'We will know we're making progress when...' and includes:

- There is a sustained decrease in the percentage of children living in poverty.

- Communities are directly managing and operating more assets and are allocating community funding to initiatives that are local priorities.
- Carbon emissions are reducing with a clear pathway to net zero.
- Lived experience is central in our approach to improving services and developing policy.

**63.** The 'Our Council Plan Performance Management Framework' was approved by Cabinet in August 2023. It includes 26 performance indicators directly linked to the council's priorities. Ten of these 26 indicators are from the LGBF. All 26 indicators included a baseline value and a target for 2023/24.

**64.** Examples of performance indicators that are not LGBF indicators are:

- number of residents participating in community learning and development activity including youth work
- average total tariff score of pupils living in the 20% most deprived SIMD areas
- number of unemployed people progressing into employment supported by the council's Employability Service
- number of new build housing units reaching completion (all tenures)
- percentage of council budget directed via participatory methods
- number of trees planted under the North Ayrshire 2030 Tree Planting Strategy.

**65.** The council reports on its progress against the priorities set out in 'Our Council Plan 2023-28' every six months to Cabinet and subsequently to the Audit and Scrutiny Committee. Its first mid-year progress report was published in January 2024. It has set out that progress reports will:

- report progress in 26 indicators directly linked to the council's priorities, set out in its Performance Management Framework
- provide updates on Our Council Plan actions
- include case studies to capture real lived experience
- provide contextual information. A locally developed tool, the Inclusive Growth Dashboard, provides contextual data on trends within North Ayrshire including indicators such as child poverty rates, employability and area-wide climate measures
- report on Local Government Benchmarking Framework (LGBF) indicators directly linked to the council's priorities. These allow the council to compare its performance with other local authorities in Scotland so they can learn from each other and improve.



## The council complies with the requirements of the Statutory Performance Information Direction.

**66.** The Accounts Commission issued a new [Statutory Performance Information \(SPIs\) 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).

**67.** The council has a dedicated public performance reporting webpage however, our [2022/23 Annual Audit Report](#) found issues that impact on the effectiveness of the public performance reporting. The council has put in place arrangements to address the issues reported. For example:

- The newly designed Council website was launched in July 2024, and went fully live in September 2024. The website home page has been updated to include a link to the Council plan within the Council Activity section (SPI 1).
- Best Value reports, and the council's updates on its progress in addressing the recommendations within them, are included on its website along with inspection body reports (SPI 2).
- Inspections, audits, awards and accreditations are now included in the six monthly Council Plan Progress Reports with the initial report for the new Council Plan (Mid-Year 2023-24) approved by Cabinet in January 2024. These reports are also published on the council's website (SPI 2).
- As noted at paragraph 63 above, 'Our Council Plan Performance Management Framework' was approved by Cabinet in August 2023. It includes 26 performance indicators directly linked to the council's priorities (SPI 1).

**68.** In addition to its own performance reporting, the council presented its analysis of the national Local Government Benchmarking Framework (LGBF) 2022/23 results to Cabinet in August 2024 and published the result of this on its website. Further commentary on the LGBF and the council's performance in year is at paragraphs 169 to 179.

**69.** In our view, the improvements made to the council's public performance reporting have ensured it now complies with the requirements of the Statutory Performance Information Direction.



**A new Corporate Asset Strategy 2023-2028 (CAS) was approved in September 2023 and is used to inform the capital investment programme and support Council Plan priorities.**

**70.** The Local Government (Scotland) Act 2003 places a duty on local authorities to demonstrate 'Best Value' in delivering their services and in managing any assets they hold. Asset management plans are essentially a decision-making framework used to identify assets, their value, their use and how they support the Council's overall aims and objectives. Asset management plans are therefore also important tools to assist in the planning of capital and revenue expenditure.

**71.** In September 2023 Cabinet approved a new Corporate Asset Strategy 2023-2028 (CAS) incorporating individual Fleet, Roads, Housing, Property (including Common Good), Open Space and ICT asset management plans. Each individual asset plan aims to ensure that the Council holds the right assets and that they are fit for purpose in terms of condition, suitability, sufficiency and accessibility. The asset plans, including condition survey information, are used to inform the capital investment programme and support Council Plan priorities.

**72.** Each asset plans follow a broadly similar structure, setting out the Council's current asset base, assessment against the categories within the relevant CIPFA guidance, together with an action plan highlighting specific desired outcomes within the period of the plan.

**Roads backlog maintenance now stands at £38.5 million, an increase of £3.7 million from 2019.**

**73.** North Ayrshire Council's roads are the council's largest community asset and the Roads Asset Management Plan details that £3.8m of capital investment is planned annually, which is expected to be maintained until 2025-26. A revenue contribution to planned investment is also expected to be maintained at £0.5 million. These figures do not meet the current steady state figure of £5.5 million calculated by SCOTS and needed to maintain existing road condition or the £11.1 million required per year to prevent further deterioration across the network. This figure does not include increasing materials and construction costs or the additional costs associated with surfacing works on Arran.

**74.** In 2023/24 an additional £0.5m capital and £1m Revenue funding was agreed taking the total investment to £5.8m. At the Council's budget setting meeting on 28 February 2024 an additional £0.75m was also approved for roads infrastructure in 2024/25. This additional funding helps reduce the gap between investment and the 'steady state' figure and counters inflationary increases in contractor and material costs. However, it does not contribute towards the challenge of backlog maintenance which was calculated as £38.5 million in 2023, an increase of £3.7 million from the 2019 figure of £34.8 million.

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# 3. Financial management

Financial management means having sound budgetary processes, and the ability to understand the financial environment and whether internal controls are operating effectively.

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## Conclusion

The council reported a service underspend of £13.6 million against its 2023/24 budget but there was a £9.340 million planned reduction in usable reserves to achieve this outturn. There is planned use of reserves over the medium term to mitigate funding gaps.

Significant downward revisions were made to the 2023/24 approved capital programmes, challenges in the construction industry continue to impact on the council's capital programmes.

Borrowing levels have increased in support of the council's capital programme. The council understands the future revenue implications of servicing this debt.

Financial systems of internal control were effective and internal audit provided a reasonable level of assurance over the council's framework of governance, risk management and control arrangements.

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## The council reported a general fund service underspend of £13.6 million.

**75.** The Council approved a balanced budget for 2023/24 of £407.8 million in March 2023. This incorporated the 2022/23 base budget adjusted to reflect the outcome of a full review of service pressures, previously approved savings, operational budget adjustments, national expenditure requirements and a net contribution of £8.9 million to the Health and Social Care Partnership. The council took the decision to increase council tax by five per cent to fund service expenditure in 2023/24.

**76.** The budget included a £3.4 million contribution from reserves, including the service concessions flexibility, and additional approved savings of £1.6 million. A further £4.0 million of service concession flexibility was approved to assist with workforce planning spend-to-save initiatives. Budget adjustments throughout the year resulted in a revised budget for 2023/24 of £444.9 million.

**77.** Additional revenue funding of £19.6 million was received during the year in relation to the various pay settlements covering both 22/23 and 23/24. In

addition, earmarked funds of £26.697m were carried forward from 2022/23 for service expenditure in 2023/24 and were reflected in the figures within the 2023/24 financial performance reports as they were drawn down.

**78.** In the 2023/24 Annual Accounts, the council reported a total service underspend of £13.6 million. Significant variances against budget are summarised in [Exhibit 4](#).

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## Exhibit 4

### Summary of significant variances against budget

Area	£m	Reason for variance
<b>Underspends</b>		
Employee costs	£2.0 million	Underspend in relation to vacancy management across services.
Financing costs	£8.1 million	Underspend includes revision to annual debt repayment charges under the revised service concession arrangements of £2.7m and £5.2m from a planned underspend linked to the treasury and investment strategy.
Other corporate items	£3.6 million	Additional funding received to support future service delivery.
Service income and recharges	£1.5 Million	Higher than anticipated income across services.

Source: North Ayrshire Council 2023/24 Annual Accounts

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**79.** Although there was an overall underspend in relation to employee costs as noted above, this masks significant overspends associated with mandatory cover for teacher absence (£1.980 million) and Waste Services employees costs (£0.653 million) relating to additional cover for unforeseen absences in waste collection. This is discussed further at paragraphs 150 to 151.

### The Housing Revenue Account was underspent by £6.9 million in 2023/24.

**80.** The Housing Revenue Account budgeted for a breakeven position in 2023/24. An underspend of £6.881m net of transfers to/from reserves has been reported. The underspend has been added to the HRA earmarked balances to support delivery of the HRA Business Plan. The main variance relates to Capital Financing Costs where there was an underspend of £7.792m, primarily related to revised loan charges reflecting expenditure on the HRA Capital Programme.

**There was a £9.340 million reduction in usable reserves to £126.340 million at 31 March 2024. There is planned use of reserves over the medium term to mitigate funding gaps.**

**81.** One of the key measures of the financial health of a council is the level of reserves held. In 2023/24 there was a net decrease of £9.340 million in the council's usable reserves, resulting in a total balance of £126.340 million at 31 March 2024 ([Exhibit 5](#)).

**82.** Within the general fund reserve the most significant movements were in relation to the following:

- Planned use of £31.339 million for earmarked spend agreed through decisions taken by members during the year, including £6.5 million to support workforce planning and pay settlements, and £5.4 million to support environmental projects, infrastructure investment and Community Wealth Building activity.
- Increase of £14.064 million due to planned contributions of £8.578 million and further contributions £5.486 million agreed by Cabinet throughout the year.

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**Exhibit 5**  
**North Ayrshire Council – usable reserves**

Reserve	31 March 2022 £ million	31 March 2023 £ million	31 March 2024 £ million
General fund	£85.989	£110.115	£93.385
Housing revenue account	£15.616	£13.685	£20.566
Insurance fund	£3.140	£2.998	£2.558
Capital fund	£8.587	£8.882	£9.831
<b>Total usable reserves</b>	<b>£113.241</b>	<b>£135.680</b>	<b>£126.340</b>

Source: North Ayrshire Council Annual Accounts 2021/22 to 2023/24

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**83.** As detailed in the March 2023 CIPFA Bulletin 13 Local Authority Reserves and Balances, there is no prescribed level of reserves, but the Proper Officer (the council's Head of Service - Finance) has a responsibility to advise members on the creation and levels of reserves that are appropriate to the council's circumstances. Reserves balances can be held for three main purposes:

- Working balance: To help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing.
- Contingency: To cushion the impact of unexpected events or emergencies.

- Known requirements: To build up funds to meet known or predicted requirements.

**84.** The council's general fund reserve includes an unearmarked balance of £8.445 million, representing 2% of the expenditure budget for 2023/2024. Management considers that this level of reserve reflects a suitable contingency to contribute towards any unanticipated pressures and is consistent with, although at the lower end of, the council's approved strategy of maintaining unearmarked reserves between 2 and 4 per cent of net expenditure to meet the potential cost of unforeseen liabilities.

**85.** The remainder of the general fund reserve, £84.9 million, is earmarked for specific purposes such as the supporting the council's renewal and recovery strategy (£9.1 million), supporting the medium-term financial planning strategy (£14.3 million) and supporting borrowing linked to the council's capital investment programme (£26.9 million).

**86.** The level of reserves has enabled the council to deliver medium to long-term strategies, fund one-off costs and smooth its core revenue budget requirement. However, the council recognise that while conditions around funding remain, including the requirement to passport full funding to the IJB and maintain teaching and support staff numbers at February 2023 levels, this places a disproportionate burden on other areas of council services as well as creating a financial risk to the council.

**87.** The Head of Service (Finance) acknowledges that based on current estimates, delivering balanced Budgets over the medium-term will be very challenging and will require a range of approaches, including reduced investment in services, further service reform / re-design, income generation, efficiencies from the Sustainable Change Programme, use of council reserves and a level of Council Tax increase that balances inflation against the impact on citizens.

### **Significant downward revisions were again made to the 2023/24 approved capital programmes.**

**88.** The General Services (GS) Capital Investment Programme 2023/24 to 2030/31 was approved by Council on 1 March 2023. The Housing Revenue Account (HRA) Capital Investment Programme 2023/24 was approved by Council on 15 February 2023. Approved budgets were £115.931m and £172.316m for the GS and HRA programmes respectively.

**89.** The final outturn report for the GS is a net breakeven position against a revised budget of £85.250m. The final outturn position for the HRA is an underspend of £2.897m against a revised budget of £41.863m.

**90.** In 2022/23 we recommended that there was scope for the council to improve its forecasting of capital projects and more accurately plan expenditure, recognising the extent of optimism bias that appears to have existed in 2022/23. In a report to Cabinet in August 2023 (prior to publication of our recommendation), the Head of Service (Finance) noted downward revisions to the 2023/24 approved GS programme of £8.7m (7.5%) and £112.7m (65%) to

the HRA programme. Further downward revisions of £22.0m and £17.8m were made during the year to the GS and HRA programmes respectively. These revisions were made to reflect to reflect revised delivery timescales.

**91.** Officers have confirmed that in order to address our recommendation, the phasing of expenditure within the approved Capital Investment Programme for 2024/25 to 2033/34 has been reviewed to reflect historic expenditure patterns and organisational capacity. This has resulted in the rephasing of approximately 19% of the planned expenditure in both 2024/25 and 2025/26 for delivery in later years, without impacting on the overall value of investment within the programme.

### **There continue to be challenges in the construction industry that may impact on the council's capital programmes.**

**92.** Areas of cost risk have been identified by the council across a number of projects. These risks are linked to a number of factors, including cost volatility linked to inflationary pressures; limited availability of contractors, supply chain issues and material shortages which are impacting on tender returns and the cost of materials; delays resulting from interaction with external agencies and regulators; and other contract management issues across a number of projects.

**93.** Specific projects where cost risks have been identified, or are anticipated, include Moorpark Primary, Montgomerie Park Primary, Ardrossan Campus, Upper Garnock Flood Prevention Scheme, Millport Coastal Flood Prevention Scheme, Largs Sea Wall, Ardrossan North Shore and Ardrossan Harbour Interchange.

**94.** Some mitigation has been built into the Capital Programme in the form of flexibility budgets, totalling £10 million over the next few years, although it is recognised that cost pressures may exceed this provision. Officers have confirmed that these risks will be quantified as individual projects are completed and tendering exercises are finalised, with the impact on the costs of the programme being monitored and reported to Cabinet as appropriate.

### **There are well-established budget monitoring and reporting processes in place.**

**95.** The council has effective financial management processes in place to manage budgets and support the sustainability of services in the medium-term. This is supported by an experienced finance team and the processes in place allow members to carry out effective scrutiny of the council's finances.

**96.** The Cabinet regularly review progress against budget throughout the year. The budget updates provide a good level of information on the reasons for variances, the projected financial outturn and the challenges facing the council for the rest of the year. The information is provided at timely intervals throughout the year to enable effective scrutiny from members.



## **Borrowing levels have increased in support of the council's capital programme. The council understands the future revenue implications of servicing this debt.**

**97.** The Accounts Commission's January 2024 Local government in Scotland: Financial Bulletin 2022/23 highlighted that a greater reliance on borrowing to fund capital programmes increases the pressures on revenue budgets over the longer term.

**98.** At 31 March 2024, long term borrowing stood at £254.416 million, an increase of £51.99 million on the 2023 level of £202.427 million. During the same period, short-term borrowing also increased from £51.568 million to £65.151 million, an increase of £13.583 million. The reduction reflects the scheduled repayments of debt which matured during the financial year.

**99.** Total external debt, which includes the council's long-term liabilities, was within the authorised limit and operational boundary set by the council's treasury management and investment strategy.

**100.** The council remained within its authorised capital financing requirement (CFR) of £436.9 million, with gross external debt being £316.8 million. This is lower than the CFR as the Council continues with its strategy to use internal funds. The ratio of net revenue used for paying for the borrowing finance cost (loan interest) was 18.9 per cent for housing and 2.7 per cent for non-housing. This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet borrowing costs. The national average ratio of financing costs to net revenue stream is 22.2 per cent for housing and 5.4 per cent for non-housing. North Ayrshire Council are performing well with both ratios being around 3 per cent lower than the Scottish average.

**101.** The liability benchmark is an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow. This indicates that the council's reliance on external borrowing does not peak until 2029/30 before beginning to decrease. This could present a risk to the council, as if interest rates were to increase again or remain elevated for an extended period a higher proportion of revenue spend would be spent on paying interest costs.

**102.** The council acknowledge this, and it is anticipated that if there is a significant risk of a sharp rise in long and short-term rates than that currently forecast, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates are still lower than they are expected to be in the next few years.

**103.** The council continues to manage its borrowing through its treasury management and investment strategy. Updates on the investment position of the Council are reported to Cabinet in the Mid-Year Treasury report and the Annual Treasury Report is submitted to the Council after the end of the financial year.

## Financial systems of internal control were effective.

**104.** From our review of the design and implementation of systems of internal control (including those relating to IT) relevant to our audit approach, we have not identified any issues that represent a risk of material misstatement for the 2023/24 Annual Accounts.

**105.** The key controls within the council's main financial systems were assessed as being designed and implemented appropriately. As such, we are satisfied that the risk of material misstatement to the Annual Accounts is low.

## Internal audit provided a reasonable level of assurance over the council's framework of governance, risk management and control arrangements during 2023/24.

**106.** The internal audit service provides members and management with independent assurance on risk management, internal control and corporate governance processes as well as providing a deterrent effect to potential fraud.

**107.** The internal audit plan was approved by the Audit and Scrutiny Committee in March 2023 with a mid-year change to the plan approved in November 2023. The mid-year revised plan included 26 assignments where an audit output was anticipated. At the end of May 2024, eleven had been completed, one was at draft report stage, eight remained work in progress, one was not started, and five deferred. The results of the draft reports and work in progress assignments will be reported to a future meeting of the Audit and Scrutiny Committee.

**108.** Internal audit's annual report, presented to the May 2024 Audit and Scrutiny Committee, concluded that overall reasonable assurance can be placed on the adequacy and effectiveness of the Council's systems of governance, risk management and internal control for the year ending 31 March 2024

**109.** All audit reports finalised during 2023/24 were reported to meetings of the Audit and Scrutiny Committee. The outcomes from the audit work during the year provided mostly substantial and reasonable assurance opinions however two resulted in a limited assurance opinion. These related to:

- An HR/Payroll system review was carried out covering the CHRIS21 HR and Payroll system. From that review, reasonable assurance was obtained with regard to administration of payroll processes. However there was limited assurance obtained on the timely administration by services to provide accurate and timeous information to ensure the effectiveness and accuracy of payroll runs.
- A cross-service review of Cyber Resilience Business Continuity concluded with a split opinion. Reasonable assurance was obtained for most areas within the scope of the review, however there was limited assurance obtained with regards to the Data Protection Impact Assessment (DPIA) section of the audit due to all systems sample tested as part of the audit either having no DPIA in place or no DPIA signed off by the Data Protection Officer.



**110.** In line with the Public Sector Internal Audit Standards (SIAS) there is a requirement for the internal audit function to be independently reviewed once every five-years. We reported in 2022/23 that the review of the Council's Internal Audit team was completed by West Dunbartonshire Council and was reported to the Audit and Scrutiny Committee in September 2022. Overall, the assessor was able to provide substantial assurance that the Council's Internal Audit team complies with the requirements of the PSIAS.

### **The council has in place appropriate arrangements for the prevention and detection of fraud and corruption.**

**111.** The council has a range of established procedures for preventing and detecting fraud and irregularity including counter fraud and corruption strategy, whistleblowing policy and procedures, and codes of conduct for members and officers.

**112.** A Corporate Fraud Team provides the Council with the capacity to investigate fraud both within and against the organisation. The team received 398 referrals for investigation during 2023/24 (2022/23: 357 referrals). All referrals made to the team are investigated. 385 cases were closed during 2023/24 (2022/23: 346 cases) with results achieved (fraud, error or other recovery/action) in 139 cases. Fraud and error totalling £0.139 million was identified.

**113.** The council continues to participate in the National Fraud Initiative (NFI). This is a counter-fraud exercise across the UK public sector which aims to prevent and detect fraud. The latest biennial NFI exercise commenced in October 2022 with the submission of data sets to the Cabinet Office. The Corporate Fraud Team co-ordinates the Council's participation in the NFI. Data matches were received between January and March 2023 however, a number of matches were released more recently in late 2023 and early 2024. This information was disseminated to the appropriate teams across the council for investigation.

**114.** We have concluded that the council has in place appropriate arrangements for the prevention and detection of fraud and other irregularities. We are not aware of any specific issues that we need to bring to your attention.

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# 4. Financial sustainability

Financial Sustainability means being able to meet the needs of the present without compromising the ability of future generations to meet their own needs.

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## Conclusion

The council approved a balanced budget for 2024/25, but only after planning to utilise £5.0 million of reserves, non-recurring savings of £9.2 million relating to a reduction in employer pension fund contributions, and a further £8.3 million of savings identified across Directorates.

The underlying service cost base is not sustainable and reserves will be depleted over the longer term unless future recurring savings are made through transformation of services, service reduction, service withdrawal and income generation.

Significant risks exist to achieving financial balance in 2024/25. These include the financial challenges facing the HSCP with no complete recovery plans, pay awards in excess of the budgeted contribution and maintaining teacher numbers.

The latest MTFO which covers the three-year period to 2027/28 has identified a structural funding gap of £46.7 million.

The Transformation Board provides the strategic integration and ownership of the council's transformation plans. Planned cost savings for the Transformation Programme fall significantly short of the savings required to achieve financial balance and will only be part of the council's solution to closing its funding gap.

2025/26 budget consultation currently being undertaken with communities includes proposals that would result in a reduction in services, increased council tax and increased fees and charges. Discussions are also currently ongoing on how efficiencies could be realised through delivering council services differently in partnership with others. Elected members will need to make difficult decisions on how the use of resources is prioritised going forward, within its recurring funding.

High absence rates were reported in areas which require cover arrangements, specifically teachers and waste collection. In 2023/24 this resulted in additional costs of £2.6 million.

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**The council approved a balanced budget for 2024/25, but only after planning to utilise £5.0 million of reserves, £9.2 million from reduced pension contributions and savings of £8.3 million across Directorates. The underlying service cost base is not sustainable.**

**115.** The council, alongside other local authorities, is navigating substantial fiscal pressures that are projected to widen budget gaps in the coming years. In its January 2024, [Local Government in Scotland Financial Bulletin 2022/23](#), the Accounts Commission noted that Scottish councils received more funding in cash terms due to high inflation in 2022/23, but total revenue funding from all sources fell by £619 million (2.8 per cent) in real terms compared to the previous year. This illustrates the real decrease in financial resources available for councils to use towards local priorities. In its May 2024 [Local government budgets 2024/25](#) briefing, the Accounts Commission also commented on the continued limited flexibility councils have with their funding *‘which is largely directed towards the delivery of Scottish Government policies or to support previous pay awards, rather than an increase in available funding for councils to use at their discretion.’*

**116.** Against this increasingly challenging financial environment, the Council were presented in February 2024 with an officer led balanced budget for 2024/25 of £431.427 million as summarised in Exhibit 6 below.

## Exhibit 6

### Draft budget 2024/25

<b>Funding</b>	<b>£000's</b>
AEF	353,087
Additional AEF due	6,303
Council Tax income	65,681
NDR Empty Property Relief	(2,803)
Contribution form general reserves	5,000
<b>Total</b>	<b>427,268</b>
<b>Expenditure</b>	<b>£000s</b>
Base budget	406,064
Operational budget adjustments	(13,045)
Savings previously approved	590
Additional exp requirements	28,912
HSCP	5,292
New investments	3,614
<b>Total expenditure requirement</b>	<b>431,427</b>
Surplus/(deficit) for year	(4,159)
New savings proposed	4,159
<b>Revised expenditure requirement</b>	<b>427,268</b>

Source: North Ayrshire Council

**117.** The total expenditure requirement of £431.427 million represents the 2023/24 base budget adjusted to reflect the outcome of a full review of service pressures, previously approved savings, operational budget adjustments, national expenditure requirements and the proposed net funding contribution to the Health and Social Care Partnership.

**118.** Changes to the level of employer contributions to the Strathclyde pension fund include a 6.5% contribution rate for 2024/25 and 2025/26 and a 17.5% contribution rate for 2026/27. Operational budget adjustments include non-recurring savings of £9.2 million relating to the reduction in employer pension fund contributions, together with savings of £4.098m identified across Directorates for 2024/25. (These are in addition to the £4.159 million savings included for member consideration at paragraph 121 below). Budget proposals also included non-recurring strategic investment of £1.9 million from the reduced pension fund contributions to a renewable energy development at i3.

**119.** National expenditure requirements include provision for pay awards of £13.8 million and a further £2.1 million relating to teachers employers superannuation. The planning assumption included in the budget is 3% funding. The council anticipate that any agreed pay increase in excess of 3% will require to be funded by Scottish Government, however if it requires to be funded by the council this will require to be met from current reserves.

**120.** Total funding available of £427.268 million includes £3.453 million offered by the Scottish Government following a freeze to council tax rates for 2024/25 and a £5.0 million contribution from reserves. This contribution excludes the service concessions flexibility which is used to reduce annual debt repayment charges and support future financing costs arising from the approved Capital Investment Programmes.

### **The council's structural funding gaps are currently being met with a combination of recurring and non-recurring solutions.**

**121.** The excess of expenditure over funding produced a savings requirement of £4.159 million for 2024/25 and some 25 savings proposals were included in the budget papers for members approval to deliver a balanced budget. New savings proposed included £0.588 million relating to charging for garden waste collections, £1.344 million from a review of staffing allocations to primary and secondary schools, £0.438 million from a reduction of libraries opening hours by 20% and £0.189 million from a 5% increase in fees and charges (excluding school meals).

**122.** The budget proposals were approved subject to a number of amendments including a reduction in the proposed contribution towards renewable energy development and removal of the recurring savings relating to charging for garden waste collections and review of staffing allocations to primary and secondary schools. These amendments resulted in no overall change to the total expenditure requirement allowing approval of a balanced budget but a number of the proposed recurring financial savings were replaced with non-recurring funding sources. This matter is discussed further at paragraphs 160 to 161 below.

**123.** The council's structural funding gaps are currently being met with a combination of recurring and non-recurring solutions. This poses a significant risk to the financial sustainability of service delivery because it does not address the underlying factors such as the design and delivery of services, and the workforce.

### **Significant risks exist to achieving financial balance in 2024/25.**

**124.** There are three significant financial risks that the Council is managing for 2024/25. The first relates to the risk of the 2024/25 pay award being agreed at a level in excess of the budgeted 3% contribution. Without any further Scottish Government support this would have a material impact on the Council's finances.

**125.** The second is the ongoing position around maintaining teacher numbers and a risk that an element of funding to support teachers could be withdrawn. On 12 February 2024 the Cabinet Secretary for Education and Skills announced that this funding for 2024/25 would now be held as a Specific Resource Grant, and those grants will be conditional on Councils agreeing to maintain teacher numbers. Further engagement with individual councils is to take place to consider each Council's individual circumstances and to agree grant conditions, including the number of teachers expected to be maintained. The circumstances for North Ayrshire include the reduction in Scottish Attainment Challenge funding and a falling pupil roll demographic. Of the 32 councils in Scotland, only five have a lower Pupil Teacher ratio than North Ayrshire in 2023 and three of the five are islands councils.

**126.** The third risk relates to the HSCP's ability to address budget pressures through the delivery of equivalent savings and with the use of any available reserves. At 31 March 2024, the HSCP held unearmarked reserves of only £0.357 million. The position reported to Cabinet in August 2024 indicated that the HSCP project an overspend position of £6.555 million for 2024/25, with identified recovery actions of £3.412 million, leaving a net projected overspend of £3.143 million. A Finance Working Group has been established, which includes the council's Head of Service (Finance), to address this position and to identify further recovery actions.

**127.** The current financial position of the HSCP presents a significant risk to the financial sustainability of the Council. The Integration Scheme requires that if the recovery plan is not successful, both the Council and NHS Ayrshire and Arran will consider making interim funds available based on the agreed percentage contribution for joint responsibilities, with repayment in future years on the basis of a revised recovery plan agreed by the parties and Integration Joint Board. The council acknowledge however that its capacity to make any interim funds available in such an event is limited, due to the current level of council reserves and the anticipated levels of future funding and pressures.

**The council's latest medium-term financial outlook (MTFO) which covers the three-year period to 2027/28 has identified a structural funding gap of £46.7 million (including the HSCP).**

**128.** Multi-year allocations were not included in the Scottish Government's 2024/25 budget. As such, the funding position beyond 2024/25 is particularly uncertain, with all councils working to a one-year grant settlement. Whilst we recognise that this funding model makes it challenging for councils to plan and budget effectively for the medium and longer-term, the development of financial plans is necessary to help councils plan for and deliver better outcomes for its citizens.

**129.** The Accounts Commission's [Local Government in Scotland Overview 2023](#) says that councils should be more transparent with the public about the 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.

**130.** The council has well-established processes for setting and monitoring budgets. Its General Fund Long Term Financial Outlook (LTFO) is central to the Council's strategic financial framework and establishes a sound basis for the development of the Medium-Term Financial Outlook (MTFO) and subsequent annual budgets, enabling the Council to address the challenges it faces and align resources to key priorities in the Council Plan. The LTFO ensures that strategic initiatives which require long-term revenue and capital commitments are properly incorporated into the financial planning process.

**131.** The latest LTFO 2024/25 to 2033/34 was presented to the Council in December 2023 and identifies an estimated funding shortfall of £127 million over the next ten years which the Council requires to address. This includes anticipated pressures in relation to the HSCP and is based on best estimates with sensitivity analyses highlighting the implications of changes to the underlying assumptions.

**132.** The latest MTFO for the period 2025/26 to 2027/27 was presented to the Council in October 2024, draws on the same data and projections as the LTFO and has identified a number of specific financial challenges in relation to the availability of Scottish Government funding for local authorities, the impact that anticipated demographic profile and other demand and cost pressures will have on the Council's cost base, and the strategies available to address the resultant funding gap. This has identified a structural funding gap of £46.7 million (including the HSCP) which must be addressed as part of the Council's Medium-Term Financial Plan. Given the current financial landscape, future savings must be made through the urgent transformation of services to bridge this gap.

**133.** Key assumptions within the MTFO include:

- Workforce costs - The current planning assumption across the medium and long-term is for the Council funding element of pay awards to remain at a 3% increase each year. Also included is the planned decrease to Strathclyde Pension Fund contribution rates from 19.3% to 6.5% for 2025/26 before increasing to 17.5% from 2026/27.



- Local Government Funding - The LTFO forecast includes a flat cash funding projection over the duration of the next 2 years followed by funding reductions from 2027/28 as the impact of the declining North Ayrshire population demographic reduces the proportionate share of national resources. For 2025/26 Council tax has been projected at a 5% increase and 3% for 2026/27 and 2027/28.
- Reserves - Approved reserves to support the Budget are included in Exhibit 7 below.

## Exhibit 7

### MTFP – Use of reserves 2025/26 - 2027/28

	2025/26 £'million	2026/27 £'million	2027/28 £'million
<b>Use of Reserves</b>	4.0	3.5	1.8

- The anticipated funding gap position of the Council (including the HSCP) over the period is provided in Exhibit 8 below. This does not incorporate any planned use of reserves noted in Exhibit 7 above.

Source: North Ayrshire Council

## Exhibit 8

### MTFO - budget gap 2025/26 - 2027/28

	2025/26 £'million	2026/27 £'million	2027/28 £'million	Total gap £'million
<b>General Fund Gross Funding gap</b>	13.2	7.4	7.9	28.5
<b>HSCP Pressures</b>	5.4	6.4	6.4	18.2
<b>Total</b>	18.6	13.8	14.3	46.7

Source: North Ayrshire Council

- **HSCP:** Information on anticipated pressures and proposed savings options are shared with North Ayrshire Council to inform the allocation of resources delegated to the IJB. The level of contribution to the HSCP is based on an anticipated “flat cash” planning

assumption where the HSCP address budget pressures through the delivery of equivalent savings and with the use of any available reserves. The HSCP have identified financial pressures of £18.2m over the next 3 years.

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**134.** Before the Council considers the range of budget proposals and the level of Council tax for 2025/26, an extensive programme of engagement and consultation with communities will be undertaken that sets out the scale of the financial challenge facing the council. The engagement runs from 10 October 2024 to 21 November 2024 and includes an on-line survey aligned to detailed savings proposals for consideration by the council. These proposals provide options for 2025/26 and 2026/27 and are based around service reduction, service withdrawal and income generation. Proposals include:

- Realign the level of teaching resource across North Ayrshire schools (£2.0 million saving each year)
- Review of School Crossing Patrollers (£0.3 million saving in 2025/26)
- Apply a 100% Council Tax Premium on Second Homes (£1.5 million additional revenue in 2025/26)
- Increase in the level of Council Tax (the consultation sets out the annual Council tax bill based on increases from 1% to 10% with additional revenue of £0.6 million to £6.5 million)

Feedback from the exercise will be considered as part of the development the council's Medium-Term Financial Plan. Following this period of engagement, the feedback will also be shared with community groups in advance of the Council setting its budget in February 2025.

**135.** The Scottish Government has confirmed that the Scottish Budget for 2025/26 is due to be published on the 4 December 2024, with the Local Government settlement due on the 12 December 2024.

**The s95 officer has recommended that in order to avoid a cliff edge pressure in 2026/27, areas of proposed recurring financial savings should not be replaced with a non-recurring funding source.**

**136.** In the latest MTFO presented to the Council in October 2024, the Head of Service (Finance) records that because 2025/26 represents the final year of the reduced employer pension contribution rate of 6.5%, the Council requires to fully address the structural budget gap faced in 2025/26 to avoid a 'cliff edge' pressure in 2026/27. He also records that the practice of replacing areas of proposed recurring financial savings with a non-recurring funding source, simply compounds the level of budget gap in the subsequent year and that in view of the current financial landscape, it is strongly recommended that this practice does not continue beyond the plans already agreed.



**137.** Elected members will need to make difficult decisions on how the use of resources is prioritised going forward, within its recurring funding.

### **The Transformation Board provides the strategic integration and ownership of the council's transformation plans.**

**138.** The council's [2020 Best Value Assurance Report](#) said that:

... The council has made good progress with its transformation agenda; however, it still faces a significant shortfall and detailed plans are not yet in place.

**139.** The October 2023 Best Value thematic report on Leadership of the development of the council's strategic priorities identified that good progress continues to be made in developing the Sustainable Change Programme and that financial efficiencies generated from the programme will help address budget gaps over the medium-term. The report also noted that further emerging projects are currently under discussion by the Transformation Board which have the potential to deliver a material financial benefit to the council.

**140.** Our follow-up enquiries have established that progress continues in developing a Sustainable Change Programme. The council recognise that it is important that a pipeline of activity continues to be identified, with a primary focus on generating financial efficiencies to help address the significant financial pressures across the MTFP.

**141.** The programme has expanded further and is subject to regular review and monitoring by the Transformation Board. The current workstreams include:

- Use of Land and Property Assets including commercial and non-commercial property.
- Transport and Travel and decarbonisation of the Council fleet
- Sustainability initiatives including major solar renewable energy investment
- Accessing Council and Financial Inclusion services and maximising digital opportunities around support and contact.
- Service reviews including Early Learning and Childcare, Waste Services and Housing Services.

**142.** The financial options to address the Budget gap for 2024/25 included a range of measures from the work of this programme, including income maximisation in commercial property, renewable energy investment and a range of measures from the review of waste services. The Council's Change and Service Re-design Fund is kept under review to ensure it can continue to support the delivery of this programme.

**143.** It is clear however that it is becoming increasingly difficult for Directorates to identify areas of saving without significant staffing reduction implications. The budget gap of almost £19 million for 2025/26 (excluding use of reserves) is significant and with workforce costs representing over 60% of the budget and

the council remaining committed at this time to a no compulsory redundancy policy, there is a desire to move away from the traditional savings target approach and deliver more savings through the Sustainable Change Programme.

### **Transformation savings fall significantly short of the savings required and will only be part of the solution to closing the funding gap.**

**144.** Planning assumptions for 2025/26 include revenue savings of £4.8 million to be realised through the Transformation Programme in 2025/26. This falls significantly short of the savings required to achieve financial balance. Officers recognise that future recurring savings need to be made not only through the transformation of services but alongside workforce changes, cuts in services, and council tax and fees and charges increases. Discussions are also currently ongoing on how efficiencies could be realised through the council delivering services differently in partnership with others.

**145.** The Accounts Commission's October 2024 report 'Transformation in councils' highlighted that councils know they urgently need to transform how they deliver services and that although transformation in local government has been happening for decades, a step change is now urgently required. They also call on individual councils to prioritise and urgently progress the delivery of their local transformation ambitions and engage effectively in sector led transformation activity, securing political backing and committing resources.

**146.** We will be auditing local transformation work through year three of our Best Value reporting programme that starts in October 2024.

### **In 2024/25 the workforce is projected to reduce by 80.5 FTE's.**

**147.** During 2023/24 the Council progressed a Voluntary Early Release (VER) programme. This process has considered the scale of the financial challenges facing the Council and an assessment of the impact on service delivery and associated costs of exit for those staff who have volunteered for consideration. A total of 85 staff were released by 31 March 2024.

**148.** North Ayrshire Council employs 7,630 staff, equivalent to 6,465 FTE posts. Anticipated workforce implications associated with the MTFP in 2024/25 are summarised in Exhibit 9 below.

## Exhibit 9

### MTFP – anticipated workforce implications 2024/25

Category	2024/25 FTE
Operational budget adjustment	(78.0)
Previously approved savings	+7.0
Pressures and growth	+20.0
New savings options	(29.5)
<b>Total workforce implications</b>	<b>(80.5)</b>

Source: North Ayrshire Council

**149.** In 2024/25 the workforce is projected to reduce by 80.5 FTE's. The reduction will be managed through natural attrition, vacancy management, redeployment and voluntary early release.

**High absence rates were reported in areas which require cover arrangements, specifically teachers and waste collection. In 2023/24 this resulted in additional costs of £2.6 million.**

**150.** The average days lost per FTE in 2023/24 was 10.82 days. This is above the council's target rate of 10.21 days. A high sickness absence level will impact on the council's ability to achieve financial balance and could adversely impact on safe and efficient service delivery.

**151.** High absence rates were reported in areas which require cover arrangements, specifically teachers and waste collection. In 2023/24 this resulted in additional costs of £1.980m associated with mandatory cover for teacher absence. There was also a £0.653 million overspend in employee costs for Waste Services. This overspend is attributed to temporary additional resources required to deal with new builds but also to cover a significant and challenging, absence rate of 28.64 days. The statutory nature of the service requires additional resources to cover unforeseen absences.

## Recommendation 2

The effectiveness of existing measures to reduce absence levels should be assessed to ensure they are appropriate and can deliver improved attendance at work.

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# 5. Vision, leadership and governance

Public sector bodies must have a clear vision and strategy and set priorities for improvement within this vision and strategy. They work together with partners and communities to improve outcomes and foster a culture of innovation.

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## Conclusion

During 2023/24 the management structure within the council was reviewed. This aligns the structure to the new Council Plan

There is openness and transparency within the council together with appropriate governance and decision-making arrangements

Following a review, the Council agreed that that no substantial changes to the current governance structure as detailed in the Scheme of Administration are required.

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## During 2023/24 the management structure within the council was reviewed. This aligns the structure to the new Council Plan

**152.** During 2023-24, the management structure was reviewed in order to better align the structure to the new Council Plan and build capacity for the delivery of key priorities. The following revised Chief Officer and Directorate structure came into effect from 1 April 2024:

- Executive Director - Education
- Executive Director - Communities and Housing supported by Head of Service (Connected Communities) and Head of Service (Housing & Public Protection)
- Executive Director - Place supported by Head of Service (Sustainability, Transport & Corporate Property), Head of Service (Economic Development, Growth and Regeneration) and Head of Service (Neighbourhood Services)
- Corporate Services which includes Head of Service (Democratic), Head of Service (Finance), Head of Service (People & ICT) who directly report to the Chief Executive.

**153.** The main changes approved were:

- The Executive Director for Education sits separately and is the strategic Lead for the delivery of the agreed Council Plan priority in relation to Wellbeing. He is supported by the Head of Service (Education)
- The remaining two Executive Director portfolios were realigned to create a Communities and Housing Directorate and a Place Directorate
- The Director for Communities and Housing is the strategic lead for the Council Plan priority of Communities and Local Democracy. He is supported by the Head of Service (Connected Communities) and the Head of Service (Housing & Public Protection)
- The Director for Place is the strategic Lead for the delivery of the agreed Council Plan priority in relation to Climate Change. He is supported by the Head of Service (Sustainability, Transport & Corporate Property), the Head of Service (Economic Development, Growth and Regeneration) and the Head of Service (Neighbourhood Services)

**154.** No changes were made to Corporate Services which includes Head of Service (Democratic), Head of Service (Finance), Head of Service (People & ICT) who directly report to the Chief Executive. Over the course of our audit appointment, we will monitor the effectiveness of this revised structure. It is vital the council sustains its leadership capacity to achieve its objectives and drive change at the pace needed.

### **There is openness and transparency in decision-making by the council.**

**155.** The council has implemented several measures to ensure that the decision-making processes are accessible to the public. These include the live streaming of meetings and the publication of meeting agendas, papers, and video recordings on the council website.

**156.** The council publishes its Annual Accounts on its website, which include a Management Commentary. This commentary provides an analysis of the council's financial performance and use of resources for the year. The Council has approved and adopted a Local Code of Corporate Governance which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' (2016). The Annual Governance Statement is approved annually by the Audit and Scrutiny Committee and published on the council's website.

**157.** The council website also provides the public with a wide range of corporate information including details of the Council Plan and performance, equality, and diversity reporting.

## **There are appropriate governance and decision-making arrangements are in place at the council.**

**158.** Members and management of the council are responsible for ensuring effective governance arrangements are in place, to ensure that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded. Effective governance arrangements also enable the council to monitor how effectively it is using its resources.

**159.** Audit Scotland in their report “Roles and working Relationships – Are you Getting it Right?” and follow up reports, stressed the importance of having governance arrangements that are fit for purpose and up to date. They note that such documents are critical in clarifying roles, responsibilities and expected behaviour and should be kept regularly updated.

**160.** In September 2024, the Chief Executive reported to Council the results of the annual review of governance arrangements. These comprise Standing Orders Relating to Meetings and Proceedings of the Council and Committees, Scheme of Administration, Scheme of Delegation to Officers, and other governance documents (Guidelines on Member/Officer Relations, Standing Orders for Contracts and Financial Regulations and Codes of Financial Practice). The Scheme of Delegation has been reformatted to reflect the Council’s new directorate structure.

**161.** Only minor changes were required to the arrangements, however an amendment to Standing Order 15.4 was proposed as part of the review which recommended that for reasons of financial sustainability, any proposal for use of a non-recurring funding source to replace an area of proposed recurring financial saving should not be accepted as a valid motion. The amendment was not approved by the Council

## **Following a review, the Council agreed that that no substantial changes to the current governance structure as detailed in the Scheme of Administration are required**

**162.** At its meeting in February 2024 Council approved a motion on the establishment of a short life Member/Officer working group to consider the governance structure of the Council with particular consideration being given to changing the governance structure from a Cabinet/Executive structure to a traditional committee structure system.

**163.** Currently, the Council operates a Cabinet system which was introduced to streamline decision making processes and resultant delivery of outcomes. The system is set up to ensure that decisions are subject to appropriate scrutiny through the call-in procedure. The Council’s Cabinet is the key strategic decision-making committee, comprising the Leader of the Council, the Depute Leader and five Members of the Administration. There are fifteen Committees in total:

**164.** Seven core Committees which meet within the regular committee cycle of meetings:

- Cabinet
- Audit & Scrutiny Committee.
- Licensing Committee
- Planning Committee.
- Local Review Body.
- Police Fire and Rescue Committee.
- Integration Joint Board

**165.** The other eight Committees which meet on the basis of operational requirements are:

- Appeals Committee
- Education Appeals Committee.
- Local Development Plan Committee.
- Staffing and Recruitment Committee.
- Pan-Ayrshire Committees where the clerking arrangements rotate on a three yearly
- basis amongst North, East and South Ayrshire:
  - Ayrshire Economic Joint Committee and its subcommittees
  - Ayrshire Economic Partnership Board (sub-committee)
  - Ayrshire Skills and Investment Fund (sub-committee)
  - Ayrshire Shared Services Committee

**166.** Officers undertook research on governance structures across Scotland including direct contact with councils who currently operate a traditional committee structure. The working group discussed possible models for a traditional committee structure centred on Council Plan priorities and noted the implications for the requirement to increase staffing resource and for wider Member attendance generally if such a model was adopted.

**167.** The working group concluded that the likely number of Committees required to align with the Council's strategic priorities would be 4 in total - i.e. 4 Committees to replace Cabinet. There would remain a requirement for an Audit committee. They also concluded that the possible number of committees for an



alternative governance model could be in the region of 18 committees, subject to the further consideration of Council.

**168.** The working group did not reach a unanimous conclusion on a possible change to the governance structure. Council agreed to note the outcome of the discussions of the short life working group and that in the absence of a unanimous conclusion to the contrary, agree that no substantial changes to the current governance structure as detailed in the Scheme of Administration are required.

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# 6. Use of resources to improve outcomes

Public sector bodies need to make best use of their resources to meet stated outcomes and improvement objectives, through effective planning and working with strategic partners and communities.

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## Conclusions

There has been regular reporting of the council's progress with its Council Plan priorities. Good progress has been made in completing actions for year one of the plan.

The council's overall performance, taken from national benchmarking data, shows an improving position year-on year but the rate of service improvement is slower when compared to other councils.

Of the 33 LGBF PIs directly linked to Council Plan 2023-2028 priorities, 25 have data for 2022/23. During 2022/23 eight priority PIs were within the top quartile (32%) and six were within the second quartile (24%).

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**There has been regular reporting of the council's progress with its Council Plan priorities. Good progress has been made in completing actions for year one of the plan.**

**169.** Annual performance reporting to Cabinet in August 2024 combined three key Council Plan and corporate performance reports:

- The Council Plan Six Monthly Progress Report (1st October to 31st March 2024)
- The Annual Performance Report 2023/24
- The Local Government Benchmarking Framework (LGBF) - Analysis of April 2024 Data Release

**170.** The latest six-monthly Council Plan progress report for the period 1 October 2023 to 31 March 2024 highlights that of the 46 actions in the Plan, 45 were assessed as on target and only one was assessed as slightly adrift of target (CP29: Promoting new woodland creation and protecting our green spaces to provide a natural resource for carbon sequestration).

**171.** Of the 26 performance indicators in the Plan:

- 13 were on target
- 2 were slightly adrift of target
- 2 were significantly adrift of target
- 9 were assessed as data not known/available.

**172.** For the two projects significantly adrift of target, the first relates to overall carbon emissions (tonnes) by the non-domestic council estate which recorded an increase in emissions when compared with the previous year, specifically caused by heating fuels. The second relates to the number of trees planted under the North Ayrshire 2030 Tree Planting Strategy; the total number of trees planted at the end of 2023/24 was 36,366, which is lower than the projected target of 40,000.

### **The council's overall performance, taken from national benchmarking data, shows an improving position year-on year.**

**173.** 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. In analysing the LGBF data we recognise that local policy choices about council services and strategic priority areas will have an impact on the results.

**174.** The most recent National Benchmarking Overview Report 2022/23 by the Improvement Service was published in April 2024. The results were considered by the Cabinet in June 2024 along with council specific commentary on where improvement activity is planned or already underway. The council has identified 33 key LGBF measures that relate directly to Council Plan priorities, 12 of which are included in the Performance Management Framework and reported six-monthly. The information reported to members records that:

- Of the thirty-three LGBF PIs directly linked to Council Plan 2023-2028 priorities, twenty five have data for 2022/23. During 2022/23 eight priority PIs were within the top quartile (32%) and six were within the second quartile (24%). Top quartile performance includes areas such as crisis grant payments, proportion of pupils entering positive destinations, household waste recycling and rent arrears.
- Of the indicators with data 68% of priority indicators demonstrate improved performance in the short term (one year comparison of 25 PIs with data) and 4% remain unchanged. For the same number of PIs over the medium term (three years), 60% have improved and 4% remain unchanged.
- Long term (10 years) 93.75% of indicators have improved (based on 16 PIs with comparable data). Rank is naturally affected by other local authority performance and though useful as an indication of relative performance, it cannot be viewed in isolation.

- Over the short term, of the 25 PIs with data, 52% have improved rank and 12% have maintained their position. For the same number of PIs over the medium term, 64% have improved and 4% have maintained their position. Over the long term, where data is available for 16 of the PIs, 62.5% have improved their position.

**Forty-five per cent of national indicators are in the top two quartiles of councils, this has fallen from fifty per cent, showing the rate of service improvement is slower when compared to other councils.**

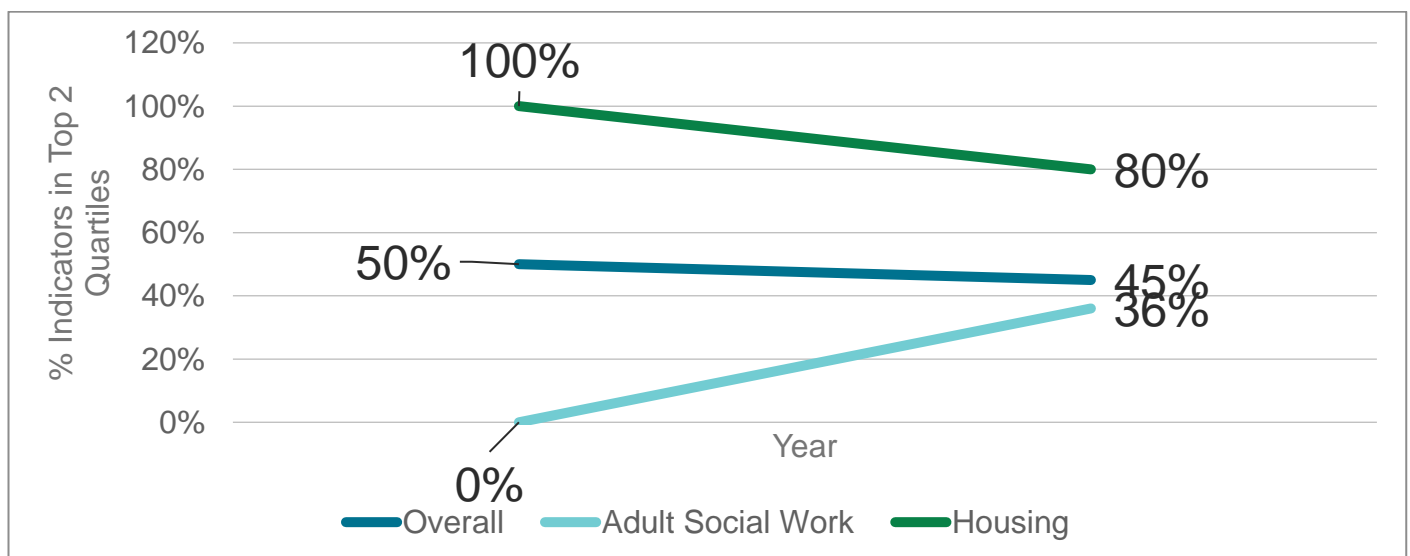
**175.** The council's LGBF results are reported in its Management Commentary within the 2023/24 Annual Accounts and note that overall, performance against 49% of reported indicators are above the Scottish Average with 46% below the average and 5% in line with the average.

**176.** The 2022/23 LGBF data on the council, published by Improvement Service in April 2024, shows that, of the 107 indicators reported to date that are relevant to the council, 58 (54 per cent) of these have improved over time since the base year.

**177.** The number of indicators in the top two quartiles however has decreased from 50 per cent in the base year to 45 per cent in 2022/23 (exhibit 10). 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 10

### Proportion of indicators in the top two quartiles from the base year to 2022/23



Source: [Improvement Service – LGBF 2022/23](#)

- **Housing Services:** Of the indicators in the area, the council is now in the top two quartiles in 80 per cent of these, down from 100 per cent in the base year. The council continues to rank highly in the quality of its housing that meets the Scottish Housing Quality Standards and that are energy efficient and in the proportion of rent due in the year that was lost due to voids.
- **Adult Social Work Services:** Since the base year, the council's top two quartile position relative to others has increased from 0 per cent to 36 per cent. However, the council continues to rank significantly below both the family average and the national average in the number of days people spend in hospital when they are ready to be discharged, and Self-Directed Support spend on adults as a % of total social work spend.

**178.** 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.

**179.** North Ayrshire Council will continue to use the LGBF data alongside its own performance management framework and its engagement with its communities to assess its local performance and priorities. This will provide it with a breadth of data to help inform and identify where improvements and better outcomes for its communities can be achieved. Publication of the LGBF forms part of each council's statutory requirements for public performance reporting.

# Appendix 1. action plan 2023/24

## 2023/24 recommendations including Best Value (BV) Thematic

Issue/risk	Recommendation	Agreed management action/timing
<p><b>1. Asset register – fully depreciated assets</b></p> <p>The asset register includes around 840 assets which are fully depreciated with an original cost and accumulated depreciation of £57.226 million. Where assets are no longer in use they should be formally scrapped or sold. Significant assets continuing in use should be revalued and depreciated over the remaining useful economic life.</p> <p><b>Risk:</b> There is a risk that assets are inaccurately recorded in the council's asset register and financial statements.</p>	<p>Where significant fully depreciated assets are still in use they should be revalued and depreciated over their remaining useful economic life. Other assets should be considered for disposal. The council should obtain evidence at least annually to confirm that assets on the asset register remain in use.</p> <p>Paragraph 23</p>	<p><b>Accepted</b></p> <p><b>Management response</b></p> <p>A full review of all fully depreciated assets will be carried out during 2024-25 and items will be removed from the asset register, where appropriate. Remaining assets will be reviewed in conjunction with services to update valuations and useful economic lives as required.</p> <p><b>Responsible Officer</b></p> <p>David Forbes, Senior Manager - Finance and Revenues</p> <p><b>Actioned by</b></p> <p>31 March 2025</p>
<p><b>2. Sickness absence</b></p> <p>High absence rates were reported in areas which require cover arrangements, specifically teachers and waste collection. In 2023/24 this resulted in additional costs of £1.980m associated with mandatory cover for</p>	<p>The effectiveness of existing measures to reduce absence levels should be assessed to ensure they are appropriate and can deliver improved attendance at work.</p> <p>Paragraph 151</p>	<p><b>Accepted</b></p> <p><b>Management response</b></p> <p>Lead Officers for Waste and Education will progress a programme of work to monitor absence and effectively implement the policy with support provided from HR as required.</p>

Issue/risk	Recommendation	Agreed management action/timing
<p>teacher absence. There was also a £0.653 million overspend in employee costs for Waste Services. The statutory nature of the service requires additional resources to cover unforeseen absences.</p> <p><b>Risk</b> - a high sickness absence level will impact on the council's ability to achieve financial balance and could adversely impact on safe and efficient service delivery.</p>		<p>Absence will be monitored corporately and appropriate interventions will be considered and implemented to improve attendance at work.</p> <p><b>Responsible Officer</b></p> <p>Russell McCutcheon, Executive Director – Place;</p> <p>Sam Anson, Executive Director – Education;</p> <p>Fiona Walker, Head of People &amp; ICT</p> <p><b>Actioned by</b></p> <p>31 March 2025</p>

## 2023/24 Best Value (BV) Thematic recommendations

<p><b>1. Corporate workforce planning priorities and action plan</b></p> <p>The Workforce Strategy 2023-28 sets out the council's approach to workforce planning but does not articulate what its strategic workforce priorities are or include a corporate-level action plan.</p> <p><b>Risk:</b> There is a risk that the council's approach to workforce planning is not strategic and progress cannot be measured.</p>	<p>The council should establish corporate workforce planning priorities and develop a SMART action plan to allow progress in delivering these priorities to be measured.</p>	<p><b>Accepted</b></p> <p><b>Management response</b></p> <p>The Workforce Strategy will be updated to include corporate workforce planning priorities and an action plan to allow progress to be measured.</p> <p><b>Responsible officer</b></p> <p>Fiona Walker</p> <p><b>Actioned by</b></p> <p>31 March 2025</p>
<p><b>2. Alignment of workforce strategy to key strategies and plans and inclusion of data</b></p>	<p>The council's workforce strategy should be updated to align with all four Council Plan 2023-28 priorities and with other key strategies and plans. It should include an analysis of council-wide</p>	<p><b>Accepted</b></p> <p><b>Management response</b></p> <p>The Workforce Strategy will be updated to ensure alignment to all Council Plan priorities, other key strategies/plans and include</p>



Issue/risk	Recommendation	Agreed management action/timing
<p>The Workforce Strategy 2023-28 is not aligned to the council's other key strategies and plans and does not include an analysis of council-level workforce data.</p> <p><b>Risk:</b> There is a risk that the council is not clear about the way in which workforce planning can help deliver its strategic priorities and it may not be using the council-level workforce data it has to full effect.</p>	<p>workforce data and set out what the required skills, learning and development needs of its staff are.</p>	<p>an extract of council-wide workforce data.</p> <p><b>Responsible officer</b> Fiona Walker</p> <p><b>Actioned by</b> 31 March 2025</p>
<p><b>3. Measuring the impact of digital technology improvements</b></p> <p>The council has established the workforce benefits and productivity gains of its digital technology improvements but there is scope for more of these to be quantified.</p> <p><b>Risk:</b> There is a risk that the council does not fully understand the workforce benefits from digital technology improvements to inform future decision-making.</p>	<p>The council should build on the work it has done to date to demonstrate and quantify what workforce benefits and productivity gains have been made through its use of digital technology.</p>	<p><b>Accepted</b></p> <p><b>Management response</b></p> <p>Further work will be undertaken to capture and quantify efficiencies from digital improvements and for this work to be incorporated within the Council's Medium-Term Financial Planning</p> <p><b>Responsible officer</b> Mark Boyd</p> <p><b>Actioned by</b> 31 March 2025</p>
<p><b>4. Improving digital skills</b></p> <p>The council is considering how to further enhance the digital skills and knowledge of its workforce.</p> <p><b>Risk:</b> There is a risk that the council does not</p>	<p>The council should consider conducting another digital skills survey to inform the support it provides for improving the digital skills and knowledge of its workforce.</p>	<p><b>Accepted</b></p> <p><b>Management response</b></p> <p>A digital skills survey will be conducted to inform future development interventions.</p> <p><b>Responsible officer</b> Fiona Walker</p> <p><b>Actioned by</b></p>

Issue/risk	Recommendation	Agreed management action/timing
<p>focus its digital skills training in the right areas because it does not know what its employees' digital learning needs are.</p>		31 March 2025
<p><b>5. Gathering feedback on the Impact of agile working</b></p> <p>The council has gathered feedback on wellbeing and productivity in relation to agile working through various channels during the past few years. A council-wide employee engagement survey has not been conducted since 2019/20 due to resource limitations driven by financial constraints.</p> <p><b>Risk:</b> There is a risk the council is not aware of the impact of agile working on wellbeing and productivity.</p>	<p>The council should consider gathering further feedback from staff on the impact of agile working on wellbeing and productivity.</p>	<p><b>Accepted</b></p> <p><b>Management response</b></p> <p>Further feedback will be gathered from those employees who are deemed an agile workstyle to gauge continued benefits on wellbeing and productivity.</p> <p><b>Responsible officer</b></p> <p>Fiona Walker</p> <p><b>Actioned by</b></p> <p>31 March 2025</p>
<p><b>6. Joint workforce arrangements</b></p> <p>There is scope for the council to explore further where it can work together with partners to share services and increase collaboration.</p> <p><b>Risk:</b> There is a risk the council may not be utilising opportunities for shared services and collaboration opportunities across partner organisations.</p>	<p>The council should explore further where it can work together with partners to share services and increase collaboration.</p>	<p><b>Accepted</b></p> <p><b>Management response</b></p> <p>The Medium-Term Financial Planning process for 2025/26 to 2027/28 will include the exploration of further opportunities for sharing services and collaboration across partner organisations.</p> <p><b>Responsible officer</b></p> <p>Mark Boyd</p> <p><b>Actioned by</b></p> <p>31 March 2026</p>

Issue/risk	Recommendation	Agreed management action/timing
<p><b>7. Measuring the impact of workforce planning</b></p> <p>The council could improve how it monitors the effectiveness of its workforce planning practice by regularly reporting progress against workforce planning priorities.</p> <p><b>Risk:</b> There is a risk that the council's workforce planning arrangements are not supporting the delivery of the strategic priorities in its Council Plan.</p>	<p>In addition to providing general workforce planning updates, the council should regularly report its progress against its workforce planning priorities to elected members through its Council Plan updates or other means.</p>	<p><b>Accepted</b></p> <p><b>Management response</b></p> <p>Workforce planning updates and progress against priorities will be regularly reported through Council Plan updates and other means.</p> <p><b>Responsible officer</b></p> <p>Fiona Walker</p> <p><b>Actioned by</b></p> <p>31 March 2025</p>
<p><b>8. Measuring the impact of workforce planning</b></p> <p>There is scope for the council to draw upon the information it already collects to develop a performance dashboard to monitor and inform future workforce planning practice.</p> <p><b>Risk:</b> There is a risk that the workforce planning information the council already collects is not being used to full effect.</p>	<p>The council should develop a performance dashboard to provide a user-friendly overview of the impact of its workforce planning. This could help to inform future workforce planning.</p>	<p><b>Accepted</b></p> <p><b>Management response</b></p> <p>A performance dashboard will be developed to monitor and inform future workforce planning.</p> <p><b>Responsible officer</b></p> <p>Fiona Walker</p> <p><b>Actioned by</b></p> <p>30 September 2025</p>

## 2022/23 recommendations including Best Value (BV)

Issue/risk	Recommendation	2023/24 update
<p><b>1. Group Accounting</b></p> <p>We identified a number of issues in our testing of group consolidation adjustments.</p>	<p>The council should review its group accounting process to ensure the completeness and</p>	<p><b>Implemented</b></p> <p>All accounting guidance in relation to Group Accounting has been reviewed, internal</p>

Issue/risk	Recommendation	2023/24 update
<p><b>Risk:</b> If the group accounting process is not improved, future accounts could be misstated.</p>	<p>accuracy of consolidation adjustments.</p>	<p>procedures have been updated accordingly and the group boundary has been reviewed to ensure correct treatment of all group entities.</p>
<p><b>2. Heritage Assets Valuation</b></p> <p>The council engaged an external valuer to value its heritage assets. No formal letter of engagement was issued setting out the scope and objectives of the valuer's work.</p> <p><b>Risk:</b> The scope and objectives of the valuation exercise could be misunderstood, resulting in asset values being misstated.</p>	<p>The council should obtain a formal engagement letter from the Heritage Assets valuer.</p>	<p><b>Implemented</b></p> <p>With support from the Corporate Procurement team, a formal Letter of Engagement was issued to the valuation experts, Lyon and Turnbull on 15 April 2024. The service will continue to work with them to ensure that North Ayrshire Museum's collection and the Council's Heritage Assets are properly assessed and the council has accurate, up to date valuation data.</p>
<p><b>3. Forecasting of capital projects</b></p> <p>Reprofiling for the General Fund included £11.0 million for Ardrossan Campus, £24.1 million for Ardrossan North shore and £15.2 million relating to a corporate phasing adjustment reflecting the degree of uncertainty in the total expenditure projections. Reprofiling for the HRA mainly related to New Builds of £42.5 million.</p> <p><b>Risk:</b> The council is unable to accurately forecast capital expenditure.</p>	<p>The capital programmes should be reviewed to reflect the apparent optimism bias that existed in 2022/23.</p>	<p><b>Implemented</b></p> <p>During the development of the Capital Investment Programme 2024/25 to 2033/34, the phasing of expenditure was reviewed to reflect historic expenditure patterns and organisational capacity. This resulted in the rephasing of approximately 19% of the planned expenditure in both 2024/25 and 2025/26 for delivery in later years, without impacting on the overall value of investment within the programme. The actual levels of expenditure will be continually monitored and reported to Cabinet throughout the life of the programme.</p>

Issue/risk	Recommendation	2023/24 update
<p><b>4. Council tax property reconciliation</b></p> <p>The reconciliation between the council's records and assessor's data does not identify where the data originates from, what it had been reconciled to, or who had performed the reconciliation and when.</p> <p><b>Risk:</b> Reconciliations may be incorrectly completed leading to variances between council and assessor records not being identified.</p>	<p>The format of the reconciliation between the council's records and assessor's data could be improved by clearly stating where the data in the reconciliation originates from, what it has been agreed to, the name of the officer performing the reconciliation and the date agreed.</p>	<p><b>Implemented</b></p> <p>A full review of all reconciliations has been undertaken to ensure consistency of content and format with clear links to all original source data.</p>
<p><b>5. The 2021 Statutory Performance Information (SPI) Direction</b></p> <p>Our assessment has concluded that the council needs to publish its response to Best Value reports and audit and inspection reports to fully comply with the requirements of the new SPI Direction.</p> <p><b>Risk:</b> The council may not comply with the new requirement to report its own assessment of audit, scrutiny and inspection body assessments and how it has responded to these assessments.</p>	<p>The council needs to publish its response to Best Value reports and audit and inspection reports to fully comply with the requirements of the 2021 Statutory Performance Information (SPI) Direction.</p>	<p><b>Implemented</b></p> <p>Inspections, audits, awards and accreditations are now included in the six monthly Council Plan Progress Reports with the initial report for the new Council Plan (Mid-Year 2023-24) approved by Cabinet in January 2024. These reports are published on the council's website. A summary is included within the report, rather than a list, which provides valuable context around the audit or inspection, the ability to cross reference with Council Plan progress and note key next steps. It also gives the Executive Leadership Team, Cabinet and the Audit and Scrutiny Committee an opportunity to view the audits and inspections.</p>
<p><b>CH1. Dormant trusts</b></p> <p>Six charitable Trusts have been dormant for 3 years or more. There is no clear plan on how to bring the Trusts back in to use. This indicates</p>	<p>The body should ensure all Trusts have adequate governance documentation enabling grants to be issued. The Trust should also be suitably advertised.</p>	<p><b>Ongoing</b></p> <p>See paragraphs 44 to 46.</p> <p>We will review this further as part of our 2024/25 audit.</p>

Issue/risk	Recommendation	2023/24 update
<p>that the Trusts are not meeting the requirement of public benefit.</p> <p><b>Risk:</b> The Trusts do not meet the requirement of public benefit.</p>		
<p><b>BV 1. Vision</b></p> <p>The council has acknowledged that its website would benefit from improvement and it is currently being reviewed with a view to being replaced by Autumn 2024.</p>	<p>The council should prioritise concluding its website review with a view to improving it as soon as possible. This will bring many benefits, including raising more awareness of its vision and priorities.</p>	<p><b>Implemented</b></p> <p>The newly designed website was launched in July 2024, and went fully live in September 2024. The website home page has been updated to include a link to the Council plan within the Council Activity section.</p>
<p><b>BV 2. Performance</b></p> <p>The council has acknowledged that the content of its performance pages needs to be refreshed and, in particular, its Performance Dashboard needs to be updated. The council also recognises the need to improve its website as a whole and is working towards launching a website in Autumn 2024. In addition, it plans to report the results of, and its response to, audit and inspection work in its Council Plan progress updates going forward.</p>	<p>The council should ensure that all the performance information published on its website is up-to-date, performance reports are as timely as possible and audit and inspection information is easily accessible and includes how the council is responding to recommendations</p>	<p><b>Ongoing</b></p> <p>The website has been reviewed to remove out of date information. This mostly related to historical pages from a previous Council structure. The remaining pages will be able to be more effectively managed. A process is in place to ensure council reports are accessible under the website regulations and able to be uploaded once approved by Cabinet following the call-in period.</p> <p>Audits and inspections are included in the six monthly Council Plan Progress Reports.</p> <p>The Performance Dashboard is currently offline as employees require further training in Power BI to support this sustainably. The information was previously updated annually.</p> <p>All information is available through the six-monthly Council Plan Progress</p>



Issue/risk	Recommendation	2023/24 update
		<p>Reports. The council planned to have the dashboard refreshed over the summer once Year End reporting has been presented to Cabinet however this work remains ongoing.</p> <p>We will review implementation of the Performance Dashboard as part of our 2024/25 audit.</p>
<p><b>BV 3. Citizen and community engagement</b></p> <p>The council has published locality impact reports for five of its six localities. However a number of links to locality planning information are not yet available.</p>	<p>The council should update all locality planning information and corresponding links as soon as possible.</p>	<p><b>Implemented</b></p> <p>The new CPP website went live in Feb 2024 and was launched at the annual North Ayrshire Community and Locality Planning Conference in Irvine. New Locality pages were produced which include up to date information. Any out of date reports or links have been removed by the site developer.</p>
<p><b>BV 4. Tackling climate change</b></p> <p>The council's website does not currently have a dedicated climate change webpage. The council plans to improve its website as a whole and is exploring the inclusion of more information on carbon emissions and climate change as part of a Sustainability Awareness Communications Plan.</p>	<p>The Council should consider including more information on its website about what it is doing to address climate change and the progress it is making.</p>	<p><b>Ongoing</b></p> <p>The Sustainability Team held a workshop to identify the themes and contents for the dedicated Climate Change webpage. The themes included link to the Sustainable North Ayrshire strategy. The contents focus on what the Council is currently doing to tackle climate change across these themes, and where to find more information of how members of the public can take action. The webpage was due to go live in May 2024 but has been delayed.</p> <p>We will monitor full implementation of this recommendation as part of our 2024/25 audit.</p>



# North Ayrshire Council

## 2023/24 Annual Audit Report

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