

South Ayrshire Council

2024/25 Annual Audit Report



Prepared for the Members of South Ayrshire Council and the Controller of Audit
September 2025

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Accessibility

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Key messages

2024/25 Annual Accounts

- 1 An unmodified independent auditor's report has been issued for the 2024/25 Annual Accounts of the council and its group and the four section 106 charities administered by the council. The accounts show a true and fair view of the council's financial position.

Financial management

- 2 The council operated within budget in 2024/25 but reserves of £4.586 million were used to achieve this. This position is not sustainable as reserves can only be spent once. The usable reserves balance at 31 March 2025 is now only £37.541 million.
- 3 The council's approved reserves strategy is to maintain unearmarked reserves between 2-4 per cent of net expenditure to meet the potential cost of unforeseen liabilities. At 31 March 2025, the unearmarked balance of £4.804 million represents only 1.79 per cent of the expenditure budget of £269 million for 2025/26. It was reported in August 2025 that action has now been taken to increase the uncommitted reserves in line with the reserves strategy.
- 4 Capital expenditure was only 56% of the original budget for the year, delivery of the programme needs to improve or the programme needs to be more realistic.

Financial sustainability

- 5 The council approved a balanced budget for 2025/26. This included increasing council tax by 8% for 2025/26. The budget takes into account the benefits from a second year of reduced pension charges, reducing spend by about £10 million.
- 6 The level of reserves has greatly reduced over recent years to support the council's cost basis. With financial pressures rising, this approach is unsustainable. The reduced pension charges which are supporting the budget are for a finite period only. There are no plans in place yet to identify how the medium term budget gaps will be filled.

- 7** The 2025/26 update to the MTFP shows a cumulative budget gap of £32.9 million to 2029/30. Savings of £1.320 million need to be delivered in 2025/26. More recently revised projections being discussed with members show a revised gap of £26.2 million with £13.3 million of savings still to be identified for 2026/27.
- 8** It is recognised that the delivery of cost savings through the transformation programme is now urgent. The S95 officer and Interim Chief Executive Officers are now working with members to prioritise transformation projects with cashable efficiencies.
- 9** Savings options are also being developed for the February 2026 budget setting process. Elected members briefings are in progress in preparation for the decisions that need to be made to cut costs as part of the next annual budget and review of the Medium Term Financial Plan.

Vision, leadership and governance

- 10** Collaborative leadership is needed between senior officers and elected members, to demonstrate how the council can deliver the priorities set out in the council plan, while closing projected budget gaps in the MTFP.
- 11** The changes in the council's leadership since May provides an opportunity for a more collaborative approach between officers and members to support the difficult decisions that need to be made in how services are delivered for the future.
- 12** A focus of the Interim Chief Executive is the development of productive working relationships between elected members and officers.

Use of resources to improve outcomes

- 13** 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 two of the plan.
- 14** The council's overall performance, taken from national benchmarking data, shows 54 per cent of national indicators are in the top two quartiles of councils. 52% of indicators improved or stayed the same year-on year, with 40% declining.
- 15** Given the service demand and cost pressures it is unlikely that the council will be able to maintain performance across all the services they currently

provide. Difficult choices need to be made about service and performance priorities.

Best Value

- 16** The council has made progress actioning improvements in its Best Value arrangements but the pace of improvement remains slow in demonstrating how the council's services can be sustained in the future.
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Introduction

Scope of the audit

1. This report summarises the findings from the 2024/25 annual audit of South Ayrshire Council (the council). The scope of the audit was set out in our Annual Audit Plan presented to the 26 March 2025 meeting of the Audit and Governance Panel. This Annual Audit Report comprises:

- significant matters arising from an audit of the council's Annual Accounts.
- 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.
- conclusions on the council's performance in meeting its Best Value duties.

2. This report is addressed to the members of council and the Controller of Audit and will be published on Audit Scotland's website <https://audit.scot/> in due course.

3. 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.

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

5. We would like to thank councillors, senior management, and other staff, particularly those in finance, for their cooperation and assistance this year.

Responsibilities and reporting

6. 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.

7. 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.

8. Fiona Mitchell-Knight (Audit Director) has been appointed by the Accounts Commission as auditor of South Ayrshire Council for the period from 2022/23 until 2026/27. As reported in the Annual Audit Plan, Fiona and the audit team are independent of the body in accordance with relevant ethical requirements, including the Financial Reporting Council's Ethical Standard. There have been no developments since the issue of the Annual Audit Plan that impact on the continued independence of the engagement lead or the rest of the audit team from the body, including no provision of non-audit services.

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.

National performance audit reporting

10. The Auditor General for Scotland and the Accounts Commission regularly publish performance audit reports. These cover a range of matters, many of which may be of interest to the council. Details of national and performance audit reports published over the last year can be seen in [Appendix 3](#).

1. Audit of 2024/25 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.

Main Judgements

An unmodified independent auditor's report has been issued for the 2024/25 Annual Accounts of the council and its group and the four 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.

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

11. The Annual Accounts for the council and its group for the year ended 31 March 2025 were approved by the Audit and Governance Panel on 24 September 2025. 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.

12. 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.

13. The unaudited Annual Accounts were received in line with our agreed audit timetable on 25 June 2025. 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.

Audit Fee

14. The audit fee for the 2024/25 audit was reported in the Annual Audit Plan and was set at £353,940 (including £1,200 for the audit of the charitable trusts administered by the council). There have been no developments that impact on planned audit work required, therefore the audit fee reported in the Annual Audit Plan remains unchanged.

Our audit testing reflected the calculated materiality levels.

15. 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.

16. 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](#).

Exhibit 1

Materiality values for the council and its group

Materiality	Council	Group
Overall materiality: 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 2025.	£12.530 million	£12.535 million
Performance materiality: 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.	£8.145 million	£8.148 million

Reporting threshold: We are required to report to those charged with governance on all unadjusted misstatements more than the 'reporting threshold' amount.	£0.630 million	£0.630 million
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Source: Audit Scotland

Identified misstatements were adjusted for in the Annual Accounts

17. Audit adjustments were required to the financial statements to correct misstatements that were identified from the audit. Details of all audit adjustments greater than the reporting threshold are included in [Exhibit 2](#).

18. Management have adjusted the Annual Accounts to correct the identified issues.

Significant findings and key audit matters to report

19. 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.

20. 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.

21. Our significant findings are 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.

23. 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
1. Pension fund balance valuation The funded pension balance represents the difference between expected future payments to	We are satisfied that the council's disclosure, and accounting treatment, of its pension balance complies with required accounting practices.

Issue	Resolution
pensioners and the underlying value of pension fund assets available to meet this liability. 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 individual member body, by the actuary, for inclusion in the Annual Accounts. Annual valuations are dependent on a number of external variables, including projected rates of return on assets, projected rates of price and pay inflation, interest rates, and mortality estimates. The council's 2024/25 valuation showed a funded asset of £420.667 million (2023/24: asset of £305.635 million). 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. The asset shown in the council's Balance Sheet has been limited to £0 for 2024/25 (2023/24: £0). 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 £21.776 million (2023/24: £25.037 million).	
2. Discontinuation of Spaceport Project The council had been capitalising expenditure incurred on the prospective Spaceport project in line with the Ayrshire Growth Deal. This resulted in an Assets Under Construction balance of £3.279 million in 2024/25. Decisions by the council and by Scottish Government have since resulted in the project being discontinued.	Management accepted the audit adjustment, and the audited accounts were updated accordingly. The impact of the change was to reduce both Assets Under Construction and Provisions by £3.279 million. There was no impact on the council's reserves for 2024/25.

Issue	Resolution
To recognise the financial impact of this, management created a provision for the value of the project, which resulted in expenditure of £3.279 million being incurred in year. We concluded that this should have been treated as an asset impairment rather than a provision and proposed an audit adjustment.	

Source: Audit Scotland

Other matters identified from our audit of the Annual Accounts.

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

- Asset register – Depreciation Calculation:** Our audit work highlighted a number of assets where depreciation had been calculated incorrectly. On further investigation this was as a result of asset useful lives being inaccurately recorded on the asset management system. Additional depreciation totalling £1.542 million was charged, with depreciation being undercharged by £1.366 million. No audit adjustment has been required as the net impact on total depreciation was coincidentally low in value. Management should review asset useful lives within the asset management system to ensure they are accurate, and update were required. (**Recommendation 1** - [Appendix 1](#), action plan).

The council has moved toward a matrix revaluation approach for its assets

25. In our [2022/23 Annual Audit Report](#) we recommended the move to a matrix approach to asset valuations whereby a percentage of each class of asset is revalued each year. In 2023/24 the council adopted a hybrid approach, with a commitment to move to the suggested matrix approach from 2024/25. We noted that the matrix approach has not yet been fully implemented as a smaller than expected proportion of assets was valued in 2024/25.

26. We reviewed the approach adopted by management in 2024/25 and are satisfied that the assets covered by this year's valuation programme have provided sufficient evidence that there was no indication of material movements with those assets not subject to a revaluation in 2024/25.

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

27. 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 2024/25 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

Risk of material misstatement	Planned audit response	Outcome of audit work
1. Fraud caused by management override of controls Management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.	Evaluate the design and implementation of controls over journal entry processing. Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries. Test journals entries, focusing on those that are assessed as higher risk, such as those affecting revenue and expenditure recognition around the year-end. Evaluate, and consider the reasonableness, of any significant transactions outside the normal course of business. Assess the adequacy of controls in place for identifying and disclosing related party relationships and transactions in the financial statements. Assess changes to the methods and underlying assumptions used to prepare accounting estimates and	Results: Our critical assessment of the council's arrangements for identifying and disclosing related party transactions found arrangements in place were satisfactory. We assessed the design and implementation of controls over journal entry processing. No issues were identified. Journal adjustments were tested, and no indication of management override of controls were found. We reviewed transactions during the year - no issues were identified with significant transactions outside the normal course of business. Judgements and estimations applied were tested to confirm they were appropriate and reasonable. We tested accruals and prepayments and confirmed that income and expenditure was properly accounted for in the financial year.

Risk of material misstatement	Planned audit response	Outcome of audit work
	assess these for evidence of management bias.	Conclusion: No instances of management override of controls were identified.
2. Valuation of property, plant and equipment The council held £998 million of property, plant, and equipment (PPE) at 31 March 2024, of which £855 million was land and building assets. The council is required to value land and building assets at existing use value where an active market exists for these assets. Where there is no active market, these assets are valued on a depreciated cost replacement (DRC) basis. As a result, there is a significant degree of subjectivity in these valuations which are based on specialist assumptions, and changes in the assumptions can result in material changes to valuations.	Evaluate the design and implementation of controls over the valuation process. Review the information provided to the valuer and assess this for completeness and accuracy. Evaluate the competence, capabilities, and objectivity of the valuer. Obtain an understanding of management's involvement in the valuation process to assess if appropriate oversight has occurred. Review the appropriateness of the key data and assumptions used in the 2024/25 valuation process, and challenge these where required. Review management's assessment that the value in the balance sheet of assets not subject to a valuation process in 2024/25 is not materially different to current value at the year-end, and challenge this where required.	Results: We did not identify any issues with the information provided to the valuer. 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. We found that management have an appropriate level of involvement and oversight of the valuation process. We concluded that management's assessment that land and buildings not revalued in 2024/25 are not materially misstated, to be reasonable, and found assumptions made to be appropriate. We did not identify any issues with the reconciliation between the financial ledger and the property asset register. We found that appropriate disclosures have been made regarding the assumptions in relation to the valuation of land and buildings. Conclusion: No issues were identified with the assumptions applied to the revaluations. There is no evidence of material misstatement of asset values.

Risk of material misstatement	Planned audit response	Outcome of audit work
3. Accounting for IFRS 16 From 1 April 2024, a new International Financial Reporting Standard, IFRS 16, came into effect for Local Authorities. IFRS 16 introduces a new 'Right of Use' asset class to the Balance Sheet and recognises the corresponding lease liability. This applies to all leases - property, land, vehicles, plant and equipment. Specifically, this will impact on the council's school service concession arrangements (PPP and DBFM). IFRS 16 will change the way in which the council accounts for operating leases, including recognising assets and liabilities for the rights and obligations arising from leases previously classified as operating leases. IFRS 16 is a complex accounting standard, and the council has awarded Link Treasury Services the contract for the procurement of leasing advice.	Evaluate the design and implementation of controls established by the council over the implementation of IFRS 16. Assess whether service concession arrangements have been accounted for in accordance with the requirements of IFRS 16. Test the IFRS 16 transitional accounting adjustments and confirm these are accurate and comply with the financial reporting framework. Review the information provided to management's expert (Link Financial Services) and assess this for completeness and accuracy. Evaluate the competence, capabilities, and objectivity of management's expert.	Results: We concluded controls over the implementation of IFRS 16 were appropriately designed and implemented. We did not identify any issues with the information provided to the management expert. We concluded service concession agreements had been accounted for in accordance with the requirements of IFRS 16. Our review of the management expert's work confirmed the appropriateness of the methodology and assumptions used. Conclusion: There is no evidence of material misstatement arising from the transition to IFRS 16.

Source: Audit Scotland

There are no issues to report on the qualitative aspects of accounting practices

28. ISA (UK) 260 also requires auditors to communicate their view about qualitative aspects of the body's accounting practices, including accounting policies, accounting estimates, and disclosures in the financial statements.

29. The appropriateness of accounting policies adopted by the body was assessed as part of the audit. These were considered to be appropriate to the circumstances of the body, and there were no significant departures

from the accounting policies set out in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

30. Accounting estimates are used in number of areas in the body's financial statements, including the valuation of land and buildings assets and the valuation of the pension liability. Audit work considered the process management of the body has in place around making accounting estimates, including the assumptions and data used in making the estimates, and the use of any management experts. Audit work concluded:

- There were no issues with the selection or application of methods, assumptions, and data used to make the accounting estimates, and these were considered to be reasonable.
- There was no evidence of management bias in making the accounting estimates.

31. Details of the audit work performed and the outcome of the work on accounting estimates that gave rise to significant risks of material misstatement are outlined in Exhibit 3.

32. The adequacy of disclosures in the financial statements was assessed as part of the audit. The level of quality of disclosures was appropriate.

Group audit procedures did not identify any material misstatements in the group accounts

33. The council is part of a group and prepares group financial statements. The group is made up of seven components, including the council which is the parent of the group. As outlined in the Annual Audit Plan, audit work was required on a number of the group's components for the purposes of the group audit, and this work was performed by a combination of the audit team and the components' audit teams. Group audit instructions were issued to component auditors, where required, to outline the expectations and requirements in performing the audit work for the purposes of the group audit. The audit work performed on the group's components is summarised in Exhibit 4.

Exhibit 4

Summary of audit work on the group's components

Group component	Audit procedures required	Summary of audit work performed
South Ayrshire Council	Audit Scotland– full scope audit	See above the results of the work are as reported in this Annual Audit Report

Group component	Audit procedures required	Summary of audit work performed
The Common Good Fund	Audit Scotland– analytical procedures at group level	Analytical procedures completed, no issues were identified.
Strathclyde Partnership for Transport	Audit Scotland– obtaining assurances on the audit procedures carried out on the valuation of land and buildings in SPT	Component auditor assurances were received and reviewed, no issues were identified.
Strathclyde Concessionary Travel Scheme Joint Board	Audit Scotland – analytical procedures at group level	Analytical procedures completed, no issues were identified.
Ayrshire Valuation Joint Board	Audit Scotland – analytical procedures at group level	Analytical procedures completed, no issues were identified.
South Ayrshire Integration Joint Board	Audit Scotland – analytical procedures at group level	Analytical procedures completed, no issues were identified.

Progress has been made on prior year audit recommendations relating to the Annual Accounts.

34. The council has made some progress towards implementing the agreed prior year recommendations relating to the Annual Accounts. The Best Value recommendations are considered in the next section of this report. For actions not yet completed, full implementation is planned for 2025/26 as recorded in [Appendix 1](#).

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

35. Adam Haahr (Senior Audit Manager) has been appointed by the Accounts Commission as auditor of the charitable trust funds for the period from 2024/25 until 2026/27. The 2024/25 financial year was the first of his appointment.

36. Elected members of the council are trustees for four registered Scottish charities:

- South Ayrshire Charitable Trust: charity number - SC045677

- South Ayrshire Council Charitable Trusts: charity number - SC025088
- McKechnie Trust: charity number - SC012759
- David Elder Edward Fund: charity number - SC016728

37. 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 council's balance sheet.

38. As a result of the interaction of the Local Government (Scotland) Act 1973 with charities legislation, a full and separate audit and independent auditor's report is required for each registered charity irrespective of the value of its assets.

39. Our duties as auditors of the charities administered by South 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).

40. We have given an unqualified opinion on the Annual Accounts of the four charities administered by the council.

41. We have one matter to report under ISA (UK) 260 (Communication with Those Charged with Governance) and ISA (UK) 701 (Communicating key audit matters in the Independent Auditor's Report). This is in relation to the McKechnie Trust and South Ayrshire Charitable Trust. We noted that investments totalling £17,543, could not be valued with reference to an active market and were therefore an accounting estimate. While we are satisfied with the valuation estimation provided by management, there remains a degree of uncertainty. As a result, we requested management disclose this within the annual accounts and have noted it here within our report.

2. Financial management

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

Conclusion

The council operated within budget in 2024/25 but reserves of £4.586 million were used to achieve this. This position is not sustainable as reserves can only be spent once. The usable reserves balance at 31 March 2025 is now only £37.541 million.

The council's approved reserves strategy is to maintain unearmarked reserves between 2-4 per cent of net expenditure to meet the potential cost of unforeseen liabilities. At 31 March 2025, the unearmarked balance of £4.804 million represents only 1.79 per cent of the expenditure budget of £269 million for 2025/26. It was reported in August 2025 that action has now been taken to increase the uncommitted reserves in line with the reserves strategy.

Capital expenditure was only 56% of the original budget for the year, delivery of the programme needs to improve or the programme needs to be more realistic.

The council operated within budget in 2024/25 but reserves of £4.959 million were used to achieve this.

42. The council approved its 2024/25 budget in February 2024. The budget was set at £353.221 million. Budget adjustments throughout the year resulted in a revised budget of £358.214 million which included a draw down from reserves based on earmarked spending plans of £5.876 million to support the budget.

43. In the 2024/25 Annual Accounts, the council reported an underspend of £2.126 million against the planned budget. The most significant directorate overspend of £1.874 million was on the costs of council borrowing. This was offset by underspends in the Chief Executive's office and the HRA.

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

44. The council has effective financial management processes for setting and reporting progress against annual budgets.

45. The Cabinet regularly review progress against the annual 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 which enables scrutiny from members.

There was a £4.586 million decrease in usable reserves. The council's uncommitted reserves have fallen below the lower limit set out by the council's policy for the second consecutive year, reducing the council's financial resilience.

46. One of the key measures of the financial health of a council is the level of reserves held. In 2024/25 there was a decrease of £4.586 million in the council's usable reserves, with the total at the end the financial year being £37.541 million ([Exhibit 5](#)). This is one of the lowest levels of reserves for councils in Scotland.

Exhibit 5 South Ayrshire Council – usable reserves

Reserve.	31 March 2023 £'million	31 March 2024 £'million	31 March 2025 £'million
General fund	£47.744	£28.591	£23.270
Housing revenue account	£3.279	£2.520	£4.464
Capital grants unapplied	£9.478	£9.701	£8.814
Repairs and renewals	£1.159	£1.171	£0.845
Capital fund	£0.138	£0.144	£0.148
Total usable reserves	£61.798	£42.127	£37.541

Source: South Ayrshire Council Annual Accounts 2022/23 to 2024/25

47. 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 Chief Financial Officer) 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.

48. £18.466 million of the council's general fund reserve is earmarked for specific purposes such as the PPP/PFI benefit for future budgets (£2.000 million), Transformation Fund (£5.135 million) and the council's workforce change fund (£5.449 million).

49. The general fund reserve includes an unearmarked balance of only £4.804 million at 31 March 2025 (2023/24: £4.444 million). The council's level of uncommitted general fund reserves as a percentage of overall budget (1.79 per cent) was below the Scottish average (2.3 per cent) based on the Improvement Service – [LGBF 2023/24 financial sustainability indicators](#).

50. The council's approved strategy is to maintain unearmarked reserves between 2-4 per cent of net expenditure to meet the potential cost of unforeseen liabilities. However, as at 31 March 2025, the council's unearmarked balance of £4.79 million represents only 1.79 per cent of the expenditure budget of £269 million for 2024/25. The year-end position is out with the reserves strategy range for the second consecutive year.

51. In August 2024 following a review of reserves, some earmarked reserves were released to the uncommitted balance which increased this to £5.331 million (2.1%). However, financial pressures in 2024/25 meant that this increase was temporary as uncommitted reserves were required to achieve financial balance. In August 2025, Cabinet's latest Budget Management Report shows that as a result of action taken, the projected uncommitted reserves at 31 March 2026 are projected to increase to £9.140 million.

Capital expenditure was only 56% of the original budget for the year.

52. The council's total capital budget for 2024/25 was set in February 2024 at £166.960 million but was subject to budget revisions throughout the year. Total capital expenditure, both general services and housing, in 2024/25 was £93.769 million. While it is recognised that continue to be challenges in the construction industry that have impacted, delivery of the programme needs to improve.

General services programme 2024/25

53. The general services capital programme budget was set at £102.570 million for 2024/25. Several revisions were made to the budget throughout the year resulting in a final budget of £45.400 million. The general services capital programme outturn spend was £39.372 million which represents 38 per cent spend against the original budget. It was reported to Cabinet in June that during 2024/25, staff shortages within Professional Design Services, coupled with the increased number of projects within the Programme, has meant that projects have not progressed as quickly as anticipated. In order to alleviate this, a temporary position has been created within the Service and a member of staff recruited which will assist in progressing projects.

54. Significant areas of capital spend in 2024/25 include:

- Maybole Community Campus £2.770 million
- Roads Reconstruction & Improvements £3.552 million
- Prestwick Pool – £1.964 million

55. Girvan Primary School had its total project budget increased by £9.860 million to £31.900 million during the 2024/25 capital budget setting process, this was due to construction cost inflation and other rising costs. Capital spend in 2024/25 was planned at £15.500 million, however actual spend was £1.281 million, with the remaining spend being delayed to future years.

56. Ayrshire Growth Deal projects had intended to spend £28.595 million per the 2024/25 capital budget. However the Cabinet approved reprofiling of £27.222 million to future periods at its August meeting, this includes reallocation of all funding for commercial space in Prestwick, spaceport, digital projects and Prestwick roads to generic Ayrshire Growth Deal funding. In February 2025, the council approved the creation of a revised plan – the Prestwick Proposition. Future updates on this project are intended to be reported through the Services and Partnerships Performance Panel.

57. The general services capital programme monitoring reports are presented to Cabinet quarterly throughout the year and provide updates on the progress of current projects and the programme budget. While budget reports are detailed, we noted that these only set out capital spend within one year. As many capital projects span multiple years, budget reports could be improved by detailing total project spend against budget.

58. Cabinet's August Capital Programme Monitoring Report shows that the budgeted capital programme for 2025/26 of £98.358 million has been revised to £92.337 million.

Recommendation 2

Capital budget reports should be improved by detailing total project spend against budget for projects that span multiple years

Housing capital programme 2024/25

59. There is regular monitoring of the housing capital programme throughout the year. In February 2024, the housing capital budget was set at £64.390 million for 2024/25. The budget varied significantly during the year, rising to £93.359 million before reducing to a final budget of £48.369 million. Revisions during the year were generally made to reprofile spend to future periods, but also included a £13.137 million reduction in the budget for Riverside Place housing to reflect the council's decision to demolish rather than refurbish block 1.

60. £28 million of actual capital spend in year was towards new build homes at Mainholm, on the site of former Riverside flats in Ayr and at the former St Ninian's primary school in Prestwick.

61. Cabinet's August Capital Programme Monitoring Report shows that the budgeted HRA capital programme for 2025/26 of £58.837 million has been revised to £59.527 million.

62. In August Cabinet approved a change in responsibilities regarding procurement processes for capital projects and construction works. This aims to bring consistency of approach, by incorporating construction procurement into the remit of the existing corporate procurement team. Proposed changes to the Standing Orders Relating to Contracts are also to be discussed at the September Council meeting. Recruitment for a Procurement Officer is planned and the arrangements will be implemented over a period of transition with a full transfer of responsibility planned for 1 January 2026.

A revised business case to support the refurbishment of the Ayr Citadel Leisure Centre has been prepared and should be reported to elected members

63. In 2023/24 we reported that we had considered the approval and review process for the expenditure on the refurbishment of the Ayr Citadel Leisure Centre, from the 2023/24 capital programme. This had a total budgeted spend of £10 million between 2023/24 and 2026/27. Spend in 2023/24 amounted to £0.290 million, with a further £1.708 million spent so far in 2024/25.

64. We requested the supporting documentation relating to the refurbishment, including the business case and condition surveys. There are surveys and reviews from independent experts in support of the project which are comprehensive and up to date. However, at the time of undertaking our review in June 2024, no business case was provided for the refurbishment works.

65. In our view, the move from a £40 million rebuild to a £10 million refurbishment represents a fundamental change in the project. As such, the original business case should have been revised or an updated business case should have been developed at that time to demonstrate that the new project represents Best Value for the council. In the absence of a business case, we asked management to clarify how the £10 million estimate was arrived at. Initially, no information was provided to support the £10 million estimate. We have since been provided with a breakdown of the anticipated spend. Management provided us with an updated business case for the project in September 2024.

66. The business case was provided to members in March 2025. The business case was provided as an elected members briefing and has not been subject to scrutiny by elected members. To demonstrate transparency the business case and any further updates should be presented to elected members.

Recommendation 3

Business cases relating to the Ayr Citadel Leisure Centre project and any future significant capital projects should be presented to elected members to ensure transparent scrutiny of the decision making process

Capital project approval arrangements are being updated to make them clearer

67. The council has a Capital Asset Management Plan which details the process and governance arrangements for all such capital projects. Officers have acknowledged that the arrangements have led to confusion on the process to be followed for consideration of capital projects before they are included in the capital programme. A revised protocol to be followed by the council's capital asset management group (CAMG) was discussed at a members briefing in August, and will be discussed at the September Council meeting.

68. The protocol should set out how Best Value considerations are factored into the decision making process for application of capital funding.

Recommendation 4

Delivery of the capital programme needs to improve and clarity on the projects to be included in the programme is needed. The planned revised protocol setting out the capital project approval process should be implemented.

Ward capital projects

69. The capital programme includes ward capital projects aimed at supporting Place Plans and Community Led Projects. In October 2024 a paper sought approval of 140 projects for initiation and implementation in

2024/25 and 2025/26 as part of this programme. The budgeted value for these projects was reported as £11.5 million at that time.

70. The increasing number of projects in the ward capital programme has placed extra pressures on the project delivery team. In June 2025 an update was reported to Cabinet on the whole capital programme, this says that staff shortages and the increased number of projects in the programme has led to delays in progressing projects.

71. At times of financial pressures there is a tension between using funds on local interest projects at the expense of using the funding towards the wider council plan priorities. Elected members need to satisfy themselves that the ward capital programme represents Best Value for the council, ie is incurring increasing capital debt on local interest projects the best use of funds when the council is unable to demonstrate sustainability of it's services.

Recommendation 5

The council should review the ward capital programme to ensure it has the capacity to manage and deliver the programme. Elected members need to be satisfied that it represents Best Value for the council given its financial pressures.

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

72. In the Accounts Commission's January 2025 Local government in Scotland: Financial Bulletin 2023/24, it was highlighted again that councils continue to borrow more to fund capital programmes, increasing the pressures on revenue budgets over the longer term.

73. To finance the capital plans, the council relies on external borrowing. Over half of capital funding comes from external borrowing. The council's medium-term financial plan and treasury management and investment strategy provide a guide to the borrowing needs of the council.

74. During 2024/25 the council borrowed £42 million from the Public Works Loans Board (PWLB) on a long-term loan basis. The council remained within its authorised capital financing requirement (CFR) of £623.441 million, with the actual CFR being £560.873 million.

75. The ratio of net revenue used for paying for the borrowing finance cost (loan interest) was 20.4% for housing and 5.8% 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 20% for housing and 5.8% for non-housing. South Ayrshire Council is in line with the Scottish averages.

76. Interest rates were higher than budgeted in 2024/25 which added £2.525 million to council expenditure.

77. The council continues to manage its borrowing through its treasury management strategy that is subject to regular review by the Audit and Governance Panel. The strategy and scrutiny of this ensures the debt charges remain prudent and affordable.

Internal Audit Work on the award of capital works to suppliers

78. Internal audit carried out work to investigate the direct awards of some work awarded to a specific supplier for emergency capital works. Two reports were presented to the September, Audit and Governance Panel covering the findings. The report concluded that immediate action is required to address fundamental weaknesses in the procurement processes. A second report details the improvement actions to be taken to strengthen procurement processes.

79. The Internal Report found that there were no breaches of the council's procurement regulations in place at that time relating to the awards of this work. However it was identified that for a small number of jobs carried out in 2023/24, works were awarded as emergency 'quick quotes', when an alternative procurement route may have secured better value for money for the council.

80. It was also identified that no purchase orders were raised prior to works starting on a job and before the invoice for payment was raised. In addition no checks were made to certify that the work had been completed to a satisfactory standard before the invoices were paid. The value of these works was £0.104 million. Due to the value of these payments being below our audit materiality figures, this has not had an impact on our audit opinions on the 2024/25 accounts.

81. In October 2024 the council introduced strengthened procedures covering all direct capital work awards, requiring authorisation by the Service Lead, prior to contracts being awarded.

82. In September, officers agreed an action plan in response to the improvement recommendations reported by Internal Audit. The actions include the raising of purchase orders before works start and completing inspections before payments are made. Elected members are to be reminded of their responsibilities to declare interests in contractors and that they should not be involved in operational matters. Importantly responsibility for the award of contracts will be transferred from services to the central procurement team.

83. Revised Financial Regulations, are to explicitly state that purchase orders must always be raised prior to the work starting/goods being received/invoice being received.

84. In 2025/26 Internal Audit are planning work on the new Direct Award process, the Capital Contract process, Ward Capital Contracts and Asset Management.

Financial systems of internal control were designed effectively.

85. From our review of the design and implementation of systems of internal controls relevant to our audit approach (including those relating to IT), we did not identify any significant issues.

86. The key controls within the council's main financial systems operated effectively.

Internal audit provided a reasonable level of assurance over the council's framework of governance, risk management and control arrangements during 2024/25.

87. 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.

88. Internal audit's annual report, presented to the June 2025 Audit and Governance Panel, concluded that overall reasonable assurance can be placed on the adequacy and effectiveness of the council's framework of governance, risk management and control arrangements for the year ending 31 March 2025.

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

89. The council has a range of established procedures for preventing and detecting fraud and irregularity including anti-fraud and bribery policies and codes of conduct for members and officers.

90. Based on our cumulative knowledge of the council, 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.

3. 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.

Conclusion

The council approved a balanced budget for 2025/26. This included increasing council tax by 8% for 2025/26. The budget takes into account the benefits from a second year of reduced pension charges, reducing spend by c.£10 million.

The level of reserves has greatly reduced over recent years to support the council's cost basis. With financial pressures rising, this approach is unsustainable. The reduced pension charges which are supporting the budget are for a finite period only. There are no plans in place yet to identify how the medium term budget gaps will be filled.

The 2025/26 update to the MTFP shows a cumulative budget gap of £32.9 million to 2029/30, which includes an assumed 5-8% annual Council Tax increase. Savings of £1.320 million need to be delivered in 2025/26. More recently revised projections being discussed with members show a revised gap of £26.2 million with £13.3 million of savings still to be identified for 2026/27.

It is recognised that the delivery of cost savings through the transformation programme is now urgent. The S95 officer and Interim Chief Executive Officers are now working with members to prioritise transformation projects with cashable efficiencies.

Savings options are also to be developed for the February 2026 budget setting process. Elected members briefings are in progress in preparation for the decisions that need to be made to cut costs as part of the next annual budget and review of the Medium Term Financial Plan.

The council approved a balanced budget for 2025/26. This included increasing council tax by 8%.

91. All local authorities are navigating significant financial pressures which are projected to increase in future years. In the January 2025 [Local Government in Scotland Financial Bulletin 2023/24](#), the Accounts Commission stated “*Despite an increase in overall revenue and capital*

funding for councils in 2024/25, and the Scottish Government's budget proposals in December 2024 indicating a further real terms uplift in funding for 2025/26, the financial outlook for Scotland's councils remains challenging." 2025/26 is the first time in several years local authorities have received a real terms uplift, receiving a real terms uplift of 5.8% in comparison to the 2024/25 draft settlement.

92. The council approved a balanced budget for 2025/26 of £268.706 million in February 2025. In addition, the council committed £107.165 million to the South Ayrshire Health and Social Care Partnership (HSCP). This balanced budget followed a final grant settlement from the Scottish Government of £302.363 million.

93. As part of budget balancing measures, South Ayrshire Council increased council tax by 8% in 2025/26. This is expected to generate £73.508 million of revenue. This is a lower increase than the Scottish average, but commensurate with the other Ayrshire councils.

94. The council has not planned to use reserves in 2025/26 to bridge its budget gap. However, to achieve this it is using the c £10 million reduced pension charges. These are for a finite period only and are not a longer term solution to the councils financial pressures. The latest Budget Management report to Cabinet in August shows a projected service underspend of £1.361 million.

The 2025/26 MTFP shows a cumulative budget gap of £32.9 million to 2029/30, which includes an assumed 5-8% annual Council Tax increase. Recent projections are showing a revised gap of £26.2 million. Plans need to be approved by members on how the budget gaps will be filled.

95. The MTFP was updated as part of the 2025/26 budget process and identifies a potential cumulative budget gap of £32.9 million by 2029/30. As well as efficiency savings the MTFP says that the balance needs to be met through increasing future council tax and income from fees and charges but does not show options for how this will be achieved. At that time no detailed plans were in place to identify how the budget gaps will be filled in the medium term. Savings of only £6.6 million were identified to bridge this gap at that time ([Exhibit 6](#)).

Exhibit 6

MTFP - budget gap 2026/27 - 2029/30

	2026/27 £'million	2027/28 £'million	2028/29 £'million	2029/30 £'million	Total gap £'million
Budget gap (excluding MTFP assumptions on	23.6	19.4	19.4	24.2	86.6

annual Council Tax increase)					
Budget gap in MTFP	17.5	8.2	3.6	3.6	32.9
Savings identified	6.1	0.5	-	-	-

Source: [General Services Revenue Budget 2025-26](#)

96. The Interim Chief Executive has recognised securing the financial sustainability of services as a priority and is engaging senior and middle managers regarding the development of a robust financial strategy over the short to medium term. A clearer relationship between the budget process and the transformation work of the council is to be established. The S95 officer and Interim Chief Executive Officers are now working with members to prioritise transformation projects with cashable efficiencies.

97. Budget saving options have recently been prepared for elected members to discuss, in preparation for setting the 2026/27 budget and updated medium term financial plan. Recently revised projections provided by the S95 officer show a revised budget gap of £26.2 million to 2029/30 (assuming 5-8% annual Council Tax increases) with £13.3 million of savings still to be identified for 2026/27 and £4 million of savings still to be identified for each of the next three years to 2029/30.

98. The Interim Chief Executive has explained that an outward focus on reform activity is also reaffirmed with ongoing discussion with regional partners in relation to public sector reform and these will form part of the budget briefings to members on an ongoing basis.

Recommendation 6

Decisions need to be taken by councillors on which options will be taken to reduce council costs as part of the next annual budget and review of the Medium Term Financial Plan. The 2026/27 Medium Term Financial Plan needs to show how the council's budget gap will be closed, delivering its priorities without using its depleting reserves.

4. 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.

Conclusion

Collaborative leadership is needed between senior officers and elected members, to demonstrate how the council can deliver the priorities set out in the council plan, while closing projected budget gaps in the MTFP.

The changes in the council's leadership since May provides an opportunity for a more collaborative approach between officers and members to support the difficult decisions that need to be made in how services are delivered for the future.

A focus of the Interim Chief Executive is the development of productive working relationships between elected members and officers.

The previous Chief Executive retired from the council in June 2025. A permanent replacement is being recruited

99. The previous Chief Executive, retired from the council in June 2025, he had been in the post since June 2023. Currently an Interim Chief Executive is in post until the post is filled on a permanent basis. The Interim Chief Executive brings extensive senior leadership experience to the council to support it in this transition period.

The previous Leader of the council resigned in May and has been replaced

100. In May the previous Leader resigned from his position as Leader but he remains a councillor. This was following recordings being published in the media that allege that the Leader of the Council was having alleged inappropriate discussions with potential suppliers relating to the awarding of council works. He was also recorded making unfavourable comments about officers at the council. The former Leader maintains there was no wrongdoing. Currently the Ethical Standards Commissioner is considering complaints made against the former Leader.

101. Following the previous leaders resignation, four elected member resigned from the Conservative group to sit as Independents. The current make up of the council's elected members is conservative 6, SNP 5, Labour 5, Independent 10 and Alba 1, with one vacant position. A new Leader of the Council, an independent councillor, was elected in May.

Collaborative leadership is needed between senior officers and elected members, to deliver the priorities set out in the council plan.

102. Effective, collaborative leadership from councillors, chief executives, and senior officers, is key to councils achieving their objectives and providing clear strategic direction. Leaders need to be skilled in effective strategic thinking, decision-making and collaborative working and able to learn lessons from new ways of working.

103. Councillors and officers must be clear on their roles in setting the vision and planning for its delivery. Good conduct and behaviours when working together are crucial. Working relationships between members and between members and officers should be constructive and productive. Councillors should show a commitment to agreed council priorities and work together to achieve them.

104. Political differences in policy are expected but all elected members should act with integrity and act collectively to call out bad behaviours amongst peers. Recently behaviours from a small number of elected members have not been in line with the expectations of the Code of Conduct for Elected Members. Some cases are currently being considered by the Standards Commission.

105. The changes in leadership since May provide an opportunity for a more collaborative approach between officers and members to support the difficult decisions that need to be made in how services are delivered for the future. One of the areas of focus for the Interim Chief Executive is the development of productive working relationships between elected members and officers.

106. In August changes were approved to the Code of Conduct for Employees to include reference to employee responsibilities regarding the personal use of social media.

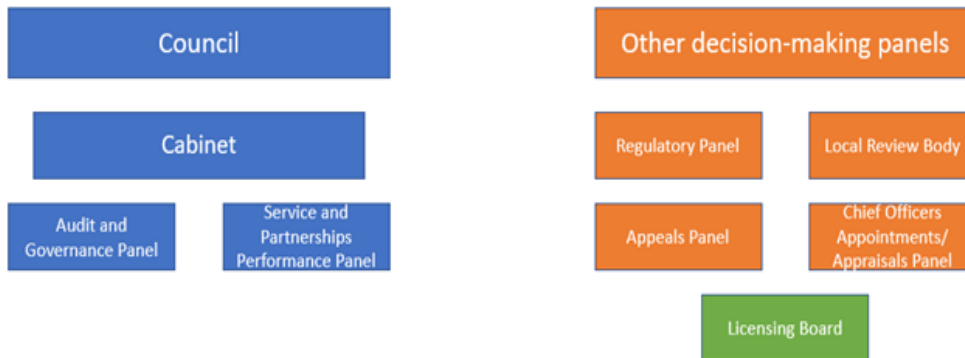
The council's political decision-making structure was set up in March 2023.

107. It is for councils to decide on the design of their scrutiny arrangements, and these should be subject to review on an ongoing basis to ensure they remain effective. It is key that the arrangements in place work to support effective decision making and scrutiny of the councils plans, and financial and service performance. Decisions need to be transparent. Collaboration amongst elected members is needed that

respects political differences while working together in the best interests of South Ayrshire.

Exhibit 7

Political decision-making structure from 1 March 2023



Source: South Ayrshire Council

108. The Cabinet is the main decision-making body of the council and decisions of the Cabinet may be subject of a “Call In” for further scrutiny to the Audit and Governance Panel. Therefore, the quality of the Audit and Governance Panel is key to ensuring effective scrutiny of decisions. The Panel undertakes an annual self-evaluation of its performance. The next review is due in October 2025.

The council’s ICT security critical incident response and ICT business continuity plans are being updated.

109. Following significant changes to the finance systems on 2023/24 and increased adoption of cloud based applications, the council’s existing ICT security critical incident response and ICT business continuity plans are being updated. Management should prioritise completion of these to mitigate the impact of a potential future cyber attack.

Recommendation 7

Management should prioritise update and approval of ICT security critical incident response and ICT business continuity plans

5. 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.

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 two of the plan.

The council's overall performance, taken from national benchmarking data, shows 54 per cent of national indicators are in the top two quartiles of councils. 52% of indicators improved or stayed the same year-on year, with 40% declining.

Given the service demand and cost pressures it is unlikely that the council will be able to maintain performance across all the services they currently provide. Difficult choices need to be made about service and performance priorities.

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 two of the plan.

110. The year two quarter four Council Plan update was reported to the Service and Partnerships Performance Panel in June 2025.

111. Of the 55 actions in the plan:

- 25 were complete
- 15 were on track
- 15 had their completion date re-assessed.

112. Management assessed the RAG status of the overall action plan to be "Green." Highlights from the completed action included the completion of 161 new homes for social housing and completion of the safety works at the Station Hotel, which had been damaged by a fire in 2023.

Scrutiny of service performance

113. The Interim Chief Executive intends to review and suggest improvements to the processes for elected member scrutiny of service performance. The aim is to provide greater strategic focus on the impact of council activity.

The council's overall performance, taken from national benchmarking data, shows 52% of indicators improved or stayed the same year-on year, with 40% declining.

114. 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.

115. The most recent [National Benchmarking Overview Report 2023/24](#) by the Improvement Service was published in March 2025.

- 36 per cent of the measures improved.
- 40 per cent declined.
- 16 per cent remained stable.
- 8 per cent had no data.

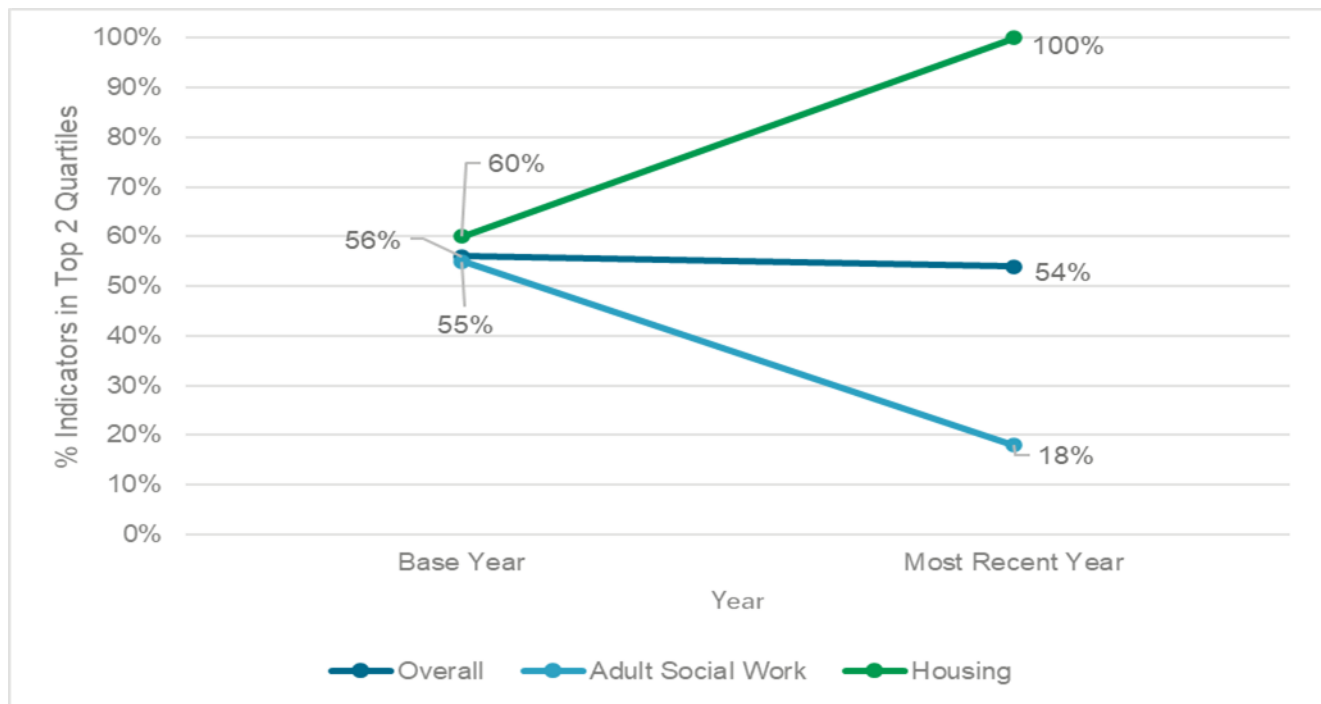
116. These are on the agenda for further consideration by the council's Service and Partnerships Performance Panel at a special meeting in October 2025 along with council specific commentary on where improvement activity is planned or already underway.

54 per cent of national indicators are in the top two quartiles of councils, this has fallen from 56 per cent, showing the rate of service improvement is slower when compared to other councils.

117. The number of indicators in the top two quartiles has decreased from 56 per cent in the base year to 54 per cent in 2023/24 ([exhibit 8](#)). 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 8

Proportion of indicators in the top two quartiles from the base year to 2023/24



Source: [Improvement Service – LGBF 2023/24](#)

- Housing Services:** Of the indicators in the area, the council is now in the top two quartiles in 100 per cent of these, up from 60 per cent in the base year. Relative to its own position since the base year, 100 per cent of the indicators have improved. The council continues to rank highly in the quality of its housing that meets the Scottish Housing Quality Standards and that are energy efficient.
- Adult Social Work Services:** Since the base year, the council's top two quartile position relative to others has decreased from 55 per cent to 18 per cent. This is also reflected in the council's position relative to its own historical position, with ten of the 11 indicators in this service having declined since the base year. In our [2022/23 BV thematic](#) report, we noted several actions the council, and the South Ayrshire Health and Social Care Partnership, were putting in place to address the performance in this service. Whilst it is too soon to say how effective these have been, particularly given the ongoing national social care pressures being experienced across the sector, for 2023/24 four of the 11 indicators are better when compared to the prior year, indicating some level of improvement in the service.

118. 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.

119. South Ayrshire Council should 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.

6. Best Value

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

Conclusions

The council has made progress actioning improvements in its Best Value arrangements but the pace of improvement remains slow in demonstrating how the council's services can be sustained in the future.

The new Transformation Board provides the strategic integration and ownership of the council's transformation plans. The council now needs to take forward proposals and deliver on its transformation priorities, and cost savings included in its MTFP.

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

Best Value work in 2024/25.

120. 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](#).

121. As set out in the [Code of Audit Practice 2021](#), Best Value audit is integrated with other wider-scope annual audit work. For 2024/25 the scope of Best Value work included conclusions on:

- The Accounts Commission's requested thematic work on "Transformation – How councils are redesigning and delivering more efficient services to achieve planned outcomes."
- 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 (covered in action six of this report)
- Effectiveness of council performance reporting.

122. 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 three to six of this Annual Audit Report.

Transformation – How councils are redesigning and delivering more efficient services to achieve planned outcomes.

123. This year auditors were asked to focus on how the council is redesigning and delivering more efficient services to achieve planned outcomes. The results of this work were reported to the council's elected members at the March 2025 Audit and Governance Panel.

124. The key findings in this report were as follows:

- In 2023 we reported that the pace of improvement had been slow in some key areas of Best Value, including a lack of progress with transformation in the council.
- The council has made substantial budgetary savings in recent years whilst still achieving improved service performance. However, it is not clear how the council's established transformation programmes contributed to these savings. Historically, the council's transformation programmes were hampered by a lack of strategic leadership and the silo nature of the programmes resulted in limited buy-in across council services.
- In 2024 we reported on a greater strategic focus on improving the pace of change. The new Transformation Board provides the strategic integration and ownership of the council's transformation plans. There are strong governance arrangements in place to facilitate the effective oversight of these plans and the council has demonstrated a more collegiate approach across its senior leadership to deliver the transformational change needed. With the governance, resources, and funding in place the council now needs to take forward proposals and deliver on its transformation priorities.
- We reported in 2024 that the council's underlying cost base is not sustainable. The latest update to the Medium-Term Financial Plan shows a cumulative budget gap of £32.9 million. Savings of £25.8 million need to be delivered in 2026/27 and 2027/28. To date savings of £6.6 million have been identified to bridge this gap.
- To date savings of just over £1 million have been identified from the transformation projects in the new programme but this does not represent the full savings forecast as the savings, benefits trackers, and realisation reports, for most projects are in development. The council should ensure its plans are sufficiently ambitious to credibly respond to its financial challenges.

- The council acknowledges that its transformation programme is not expected to realise the full savings needed to bridge its budget gap. It should therefore clearly set out the extent to which savings from transformation will contribute to bridging its budget gap, prioritising transformation projects that will deliver the most savings. Recent audit reports have been critical of the reporting on the council's previous transformation programme noting a lack of detail around the projects expected benefits and outcomes. Reporting of progress against delivery of the planned transformation benefits in the new programme will be introduced to allow oversight and scrutiny by officers and elected members. The first reports are planned for March 2025.
- Alongside this as part of its budget preparations the council is considering areas where costs can be saved and income increased. As part of this picture, financial plans now need to be aligned to the workforce plans to demonstrate how services will be sustainable in the future. Alongside this, it is exploring opportunities for greater partnership working to help contribute to the required savings.
- Officers and elected members need to work together in identifying how resources are to be effectively prioritised towards delivery of the council plan priorities. Elected members need to make difficult decisions on how the use of resources is prioritised going forward, within the council's recurring funding envelope.
- The council, alongside the Community Planning Partnership, has engaged an external consultant, Mutual Ventures, to support service redesign across South Ayrshire. This aims to shift from a service focused approach to one that is person centric, with an emphasis on removing duplication, empowering the third sector, and enhancing outcomes for citizens. The new delivery model is being developed and will be piloted in Ayr North during 2025 before being integrated into the transformation programme.
- The council has a history of collaborating with East and North Ayrshire, for example, through the Ayrshire Growth Deal and Ayrshire Roads Alliance. There are discussions ongoing across the senior leadership of the three councils to explore further opportunities for collaboration in areas such as tourism and economic development. These developments are now to be discussed with elected members.
- The council has included the requirement for community engagement and integrated impact assessments on specific transformation projects, where applicable, in its new transformation processes. Projects are still being developed, but arrangements are in place to demonstrate that this is happening, particularly on those projects that affect vulnerable groups.

125. 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 the progress over the term of our audit appointment.

The council has made progress with prior year Best Value recommendations, but the pace of improvement remains slow in demonstrating how the council's services can be sustained in the future.

126. The [Controller of Audit](#) report for South Ayrshire Council was considered by the Accounts Commission and their findings were published in November 2023. The Commission reported that *"We are concerned that the pace of improvement has been slow. We acknowledge that external factors, including financial pressures and changes in political leadership, have contributed to this but these factors are not unique to the council."*

127. As part of our 2024/25 audit work, we have followed up on the management actions agreed in response to our [2023/24 Annual Audit Report](#) and [2022/23 Annual Audit Report](#) that have not been completed at the start of this years audit. Conclusions are reported in [Appendix 1](#). Three BV actions were outstanding from 2022/23 two have now been implemented, with one partially implemented. Six BV actions were outstanding from 2023/24 two remain in progress despite the target date having passed.

128. Despite changes made by the council to improve its Best Value arrangements, senior officers and elected members have still to set out a plan for how services will be sustained in the future. Given the reduced level of reserves held by the council this is now urgent (see paragraphs 100 to 101). The changes in leadership since May in the council (see paragraphs 104 and 105) provide an opportunity for a more collaborative approach between officers and members to support the difficult decisions that need to be made in how services are delivered for the future.

The council has begun implementation of the Improvement Service's Public Service Improvement Framework

129. Following on from initial engagement in 2023/24, the PSIF process has begun to be rolled out to individual services. The first service to participate in the full PSIF process was Housing Services. The process began in October 2024 and has since been completed. An improvement plan has subsequently been developed and finalised for monitoring during 2025/26.

130. Human Resources and Organisational Development have since been through the full PSIF process, with the intention of a third department being completed by the end of 2025.

131. South Ayrshire continue to engage with the improvement service, participating in evaluations like the National Community Planning Self-Assessment.

132. The PSIF process should continue to be rolled out to all departments within the Council to ensure appropriate self-evaluation is undertaken and progress monitored.

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

133. 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).

134. The council has a dedicated public performance reporting webpage. Improvements made in 2023/24 mean the council now complies with the Statutory Performance Information Direction. To continue with improved reporting the council is regularly updating its plans, updating its website and making improvements to its public performance reporting for example:

- The council's dedicated public performance reporting webpage is regularly updated. This has included updating information and links such as the annual performance report and new service plans. (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).

135. In addition to its own performance reporting, the council presented its analysis of the national Local Government Benchmarking Framework (LGBF) 2023/24 results to its Service and Partnerships Performance Panel in June 2025 and published the result of this on its website. Further commentary on the LGBF and the council's performance in year is at paragraph 122.

136. Given the nature of performance reporting, compliance with the direction is an iterative process. However, in our view, the council complies with the requirements of the Statutory Performance Information Direction.

Appendix 1. action plan 2024/25

2024/25 recommendations including Best Value (BV) Thematic

Issue/risk	Recommendation	Agreed management action/timing
1. Asset useful lives Our audit work on non-current assets noted that there were a number of assets where the useful life was inaccurately recorded. As a result the depreciation charge for these assets was incorrectly calculated. Risk: Asset values may be incorrectly stated if the system is not corrected.	Management should correct the useful lives of affected assets on the asset management system.	Accepted Management response Required amendments will be actioned in the asset management system in advance of the closure of FY 2025/26 to ensure asset values correctly stated. Responsible Officer Depute Chief Executive Director of Housing Operations and Development Actioned by 31 March 2026
2. Reporting of total capital spend against budget Capital budget monitoring reports currently only report spend against budget within the current financial year. Risk: For more significant capital projects, the total spend against total budget may span multiple years and is not easily tracked by members through current reporting.	Capital budget reports should include total spend against total budget for projects spanning multiple years.	Accepted Management response Revised reporting will be introduced as part of the December 2025 Capital quarterly reporting to Members (Cabinet Feb 2026) for material multi-year capital projects. Responsible Officer Depute Chief Executive Director of Housing Operations and Development Actioned by 31 March 2026

Issue/risk	Recommendation	Agreed management action/timing
3. Transparent approval of business cases Fundamental changes to the Ayr Citadel Leisure Centre project initially proceed without a business case. Subsequently a business case was provided at an elected members briefing, rather than at a council meeting. Risk: There was a lack transparent scrutiny of key business decisions.	Business cases relating to the Ayr Citadel Leisure Centre project and any future significant capital projects should be presented to elected members for scrutiny.	Accepted Management response A members briefing was issued in March 2025 with a formal update report on the Citadel project presented to Council in September 2025. The new Capital project approval protocol presented to Council in September 2025 provides member scrutiny mechanisms for future significant capital projects Responsible Officer Depute Chief Executive Director of Housing Operations and Development Actioned by 31 December 2025
4. Implementation of revised protocol for the capital approval process The capital programme is not being delivered. Clarity on the projects to be included in the programme is needed. Risk: The current process may not be clear to members meaning leading to delays in approval or proposal of projects that don't represent Best Value.	Delivery of the capital plan needs to improve. A planned revised protocol setting out the capital project approval process should be implemented.	Accepted Management response The new Capital project approval protocol presented to Council in September 2025 sets out a revised process for the approval of capital projects. Responsible Officer Depute Chief Executive Director of Housing Operations and Development Actioned by 31 December 2025
5. Ward capital programme needs to be deliverable The current programme has an increasingly large number of projects. Risk: The number of projects may exceed the	The council should review the ward capital programme to ensure it has the capacity to manage and deliver the programme. Elected members need to be satisfied that the debt charges incurred for these projects represent Best Value for the	Accepted Management response The Ward capital programme is reviewed through regular officer update meetings on a 3 weekly cycle. Regular meetings take place with Elected Members within their individual Ward

Issue/risk	Recommendation	Agreed management action/timing
capacity of the delivery team, meaning they may not be achievable.	council given its financial pressures.	groups to discuss the programme including current projects, potential future projects and budget management. Ward Capital Programme update report presented to Council in September 2025 outlining the latest project position status and seeking clarity on priorities from members. Responsible Officer Depute Chief Executive Director of Housing Operations and Development Actioned by 31 December 2025
6. Balanced medium term financial plan (MTFP) needed The council projects a significant budget deficit in future years, but no clear plan for how the funding gaps can be filled. Risk: In the absence of a balanced MTFP council services may not be financially sustainable.	The MTFP needs to show how the council priorities will be delivered without using reserves. Decisions need to be taken by councillors on which options will be taken to reduce costs as part of the next annual budget and review of the MTFP.	Accepted Management response A number of budget briefings have taken place in recent months regarding the significant anticipated budget deficits in future years with further member workshops planned for the autumn of 2025. These workshops are aimed at determining priorities and cost reduction measures in advance the formal budget setting for 2026/27. The considerations and outcomes from these workshops will form an integral part of the next planned update of the MTFP. Responsible Officer Chief Executive/Chief Financial Officer Actioned by 31 March 2026

Issue/risk	Recommendation	Agreed management action/timing
7. ICT security critical incident response and ICT business continuity plans ICT security critical incident response and ICT business continuity plans have not yet been updated following significant changes to council systems. Risk: Council systems may not be as resilient as they could be in the event of a cyber attack.	Management should prioritise update and approval of ICT security critical incident response and ICT business continuity plans.	Accepted Management response The Councils Cyber Incident Response Plan has been updated and it is planned to be signed off internally by October 2025. The planning of a wider organisational review of the Council Business Continuity Plans is currently underway, with an output of identifying key ICT dependencies expected by December 2025. Responsible Officer Assistant Director - Transformation Extended Leadership Team Actioned by 31 March 2026

2024/25 Best Value (BV) Thematic recommendations

BV 1. Impact and ambition of transformation plans

The council has significant budget savings to make in 2025/26 and 2026/27 and transformation is urgently needed to bridge this gap. While not all savings are forecast across the transformation portfolio, the savings projected so far are only around £1 million.

The council should ensure its plans are sufficiently ambitious to credibly respond to its financial challenges. It should clearly set out the extent to which savings from transformation will contribute to bridging its budget gap, prioritising transformation projects that will deliver the most savings.

Management response

Action 1- Update council reporting format to ensure all transformation activity and proposed benefits are captured.

Responsible officer- Assistant Director - Transformation.

Due date- April 2025.

Update – Completed

The Council reporting template has been updated. Progress against the planned savings and benefits for projects is to be reported to elected members.

Issue/risk	Recommendation	Agreed management action/timing
		Action 2- Develop a new workforce plan linked to the medium-term financial plan, Council Plan and LOIP. Responsible Officer- Chief HR Officer. Due date- December 2025. <i>(date not passed)</i>
		Action 3- Deliver briefings to members and partners as discussions relating to shared services progress. Responsible officer- Chief Executive. Due date- March 2026. <i>(date not passed)</i>
		Action 4- Develop a project brief relating to Radical Place Leadership in Ayr North for consideration/approval by the Transformation Board. Responsible officer- Assistant Director - Corporate Policy Strategy and Performance Due date- June 2025.
		Update – Completed The transformation brief was approved by the Transformation Board in June.
		Action 5- Provide an update report to Council detailing the financial and carbon impact of the ‘Transforming our Estate’ strategy. Responsible officer- Assistant Director of Planning and Development.

Issue/risk	Recommendation	Agreed management action/timing
		Due date- July 2025. Update – Ongoing An update was provided to the Service and Performance Panel in May 2025 however it did not contain detailed financial and carbon impact updates.
BV 2. Community engagement Projects are still being developed, and so we have yet to see any evidence of this being carried out and influencing planned changes.	The council should demonstrate it is engaging with its communities as it progresses its revised transformation programme, particularly on those projects that affect vulnerable groups. It should set out clearly how these activities influence any planned changes.	Management response We will include details of the impact community engagement has had on relevant transformation projects as part of the reporting regime. Responsible Officer- Assistant Director - Transformation Actioned by- March 2026 (<i>date not passed</i>)
BV 3. Benefits tracking and delivery reporting Benefits trackers are still being developed to report progress on projects to elected members.	The council is introducing benefits trackers and realisation reports. These reports are to be provided to members and should set out clearly what has been achieved compared to the expected benefits and the outcomes these changes have delivered.	Management response Benefits realisation and tracking reports now clearly set out what has been achieved compared to the expected benefits and is reported to Members. Responsible Officer- Assistant Director - Transformation Actioned by- March 2025 Update - Complete

2023/24 recommendations including Best Value (BV)

Issue/risk	Recommendation	2024/25 Update
Asset register – fully depreciated assets Where assets are no longer in use they should be formally scrapped or sold. Significant assets continuing in use should	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.	Complete A review of fully depreciated assets was undertaken in 2024/25 with input from each service regarding the remaining

Issue/risk	Recommendation	2024/25 Update
be revalued and depreciated over the remaining useful economic life. Risk: Depreciation charges are not being charged to user services.		useful economic life of the assets. This process will now be completed annually for any future fully depreciated assets. Responsible Officer Kevin Braidwood - Director of Housing Operations and Development Actioned by 31 December 2024
Common Good rental agreements Rent agreements between the council and Common Good are not being revalued in line with rental agreements. Risk: Lost income to the Common Good.	All rental agreements and support service agreements should be reviewed and updated as required.	Ongoing Work has been progressed to review finance, governance and property arrangements for Common Good Fund presented to Council in May 2025. It is expected that revised arrangements will be in place by October 2025. Responsible Officer Kevin Braidwood - Director of Housing Operations and Development Actioned by 31 October 2025 (<i>date not passed</i>)
Ayr Citadel Leisure Centre Following the move from an approved project rebuild to a refurbishment, initially, there was no updated or new business case prepared. Additionally, it was not clear how the £10 million budget for the refurbishment had been estimated.	To comply with the council's capital management processes, a revised business case to support the expenditure on the refurbishment of the Ayr Citadel Leisure Centre should be reported. The council should ensure that all projects in its capital programme are supported by up-to-date business cases, that comply with the good practice set out in Audit	Partially complete, superseded A members briefing, including the revised business case was submitted to members in a members briefing in March 2025. See 2024/25 recommendation 2 this was not discussed by elected members and clarity is needed on when this should be the case. Responsible Officer Kevin Braidwood - Director of Housing Operations and Development Actioned by

Issue/risk	Recommendation	2024/25 Update
Risk: That the project does not represent value for money.	Scotland's report on major capital investment in councils.	31 December 2024
BV. Workforce performance measures The council's Corporate Workforce Plan 2022-25 includes a detailed action plan. However, this does not list any targets or measurements, and it is unclear how the council will monitor the impact of its workforce planning approach in this way.	The council should develop performance measures and targets to monitor the impact of its workforce planning approach with data on future skills and capacity projections or any plans for various scenarios detailed. Additionally, workforce data such as the number of casual staff, age profile of staff and staff turnover should also be reported regularly to members.	Ongoing A new workforce plan is currently being developed. It is expected this will be put forward for approval in 2025/26 and will be incorporated in existing Transformation Governance. The governance arrangements will provide a mechanism for monitoring and reporting. Responsible Officer Wendy Wesson, Chief HR Officer. Actioned by December 2024
BV. Impact of Digital Strategy actions on the workforce The Digital and ICT Strategy 2023-28 has an associated action plan that sets out actions, lead services and enabling services. However, it does not contain detail on the measures the impact of these actions will have on the use of digital technology on workforce productivity or other workforce benefits and service delivery and outcomes.	The council should measure and report on the impact that digital technology has on its service delivery and outcomes, including how this can shape its workforce of the future.	Complete The revised Transformation Process now includes a strategic assessment against Digital and ICT Strategy. It is also monitored as part of the benefits tracker. Responsible Officer Louise Reid - Assistant Director Strategic Change Actioned by December 2024
BV. Workforce information from Oracle Fusion The new Oracle Fusion platform went live on 1 April 2023. At that time there was a focus on	The council should prioritise the development of workforce planning reporting tools in Oracle Fusion to aid managers in decision-making.	Complete 10 workforce reports are now complete and the full suite of reports available. Responsible Officer

Issue/risk	Recommendation	2024/25 Update
business-critical functions to keep the council operating and reporting was viewed as secondary to this. This has led to there being fewer workforce reporting tools, creating limitations in what analysis can be undertaken.		Louise Reid - Assistant Director Strategic Change Actioned by March 2025

2022/23 recommendations including Best Value (BV)

Issue/risk	Recommendation	2024/25 update
Accounting for Property, Plant and Equipment (PPE) We identified a number of issues in our testing of PPE. Risk: If the accounting for PPE is not improved future accounts could be materially misstated.	The council should undertake a thorough assessment of the fixed asset register to ensure its accuracy. Going forward, there should be clearer communication between Estates and Finance to ensure that necessary updates are reflected in the fixed asset register.	Complete Improvements have been made to the fixed asset register in 2024/25 improving it's accuracy. Responsible Officer Chief Financial Officer and Service Lead – Asset Management and Community Asset Transfer. Actioned by 30 June 2025.
Matrix approach for revaluations We identified several assets which have not been revalued in over 5 years, in line with the council's 5-year rolling programme. The current approach to revaluations can also lead to uneven valuation movements arising each year.	The council should consider a matrix approach to valuations whereby a percentage of each class of asset is revalued each year. The council should ensure that all assets are included in this future programme.	Partially complete The valuation methodology was refined for 2024/25, however further work is required to adopt full matrix revaluation. We note that in 2025/26 the Code will permit the use of indexation in Local Authority accounting which may impact the council's valuation policy. Responsible Officer Chief Financial Officer and Service Lead – Asset

Issue/risk	Recommendation	2024/25 update
Risk: The valuation of assets included in the accounts could be materially misstated.		Management and Community Asset Transfer. Actioned by 30 June 2025.
Control improvement: payroll validation There is currently no payroll validation exercise in place to confirm that only current employees are getting paid. Risk: Payments are made to individuals not in the employment of the council.	The council should ensure formal procedures are in place to validate staff on the payroll.	Complete A new report has been developed where managers can access the establishment listing through their Fusion profile to validate staff on payroll. This new annual protocol was piloted in two areas in 2023/24 and was rolled out across all service areas in 2024/25. Responsible Officer Chief HR Officer. Actioned by 31 October 2024.
BV. Council Plan – cross cutting impact assessment In the Council Plan there are several cross-cutting themes, one of which is equalities. These themes are to be considered when decisions are made. A new Impact Assessment approach is under development to assist with this. The approach is still to be determined, and it is not clear how the council will measure its success in these priority areas.	There should be a clear process introduced that is sufficiently resourced to ensure these cross-cutting priorities are given the necessary consideration. Measures should be set for monitoring progress for cross cutting themes. In particular how the council will measure that it is reducing inequalities and addressing climate change should be laid out.	Complete The council approved a new integrated impact assessment (IIA) in September 2023. Member and staff training took place in Autumn 2024. The IIA process was used throughout the remainder of 2024/25 and beyond. Inequalities and climate change are included within the IIA.
BV. Approach to self-evaluation of performance There has been a gap in the council's self-evaluation of service performance at the council since the Covid-19 pandemic.	The plans to reintroduce a corporate approach to self-evaluation need to be progressed. The council's self-evaluation should include an understanding of its	Complete The council approved the Public Service Improvement Framework (PSIF) as the approach to self-evaluation and used this to identify

Issue/risk	Recommendation	2024/25 update
The council need to do more to challenge how services are delivered.	performance in relation to other councils.	priority areas for improvement. This resulted in the creation of specific improvement plans, for example for Housing Services. The council intends to continue this process in 2025/26.

Appendix 2

Supporting national and performance audit reports

Report name	Date published
Local government budgets 2024/25	15 May 2024
Scotland's colleges 2024	19 September 2024
Integration Joint Boards: Finance and performance 2024	25 July 2024
The National Fraud Initiative in Scotland 2024	15 August 2024
Transformation in councils	1 October 2024
Alcohol and drug services	31 October 2024
Fiscal sustainability and reform in Scotland	21 November 2024
Public service reform in Scotland: how do we turn rhetoric into reality?	26 November 2024
NHS in Scotland 2024: Finance and performance	3 December 2024
Auditing climate change	7 January 2025
Local government in Scotland: Financial bulletin 2023/24	28 January 2025
Transparency, transformation and the sustainability of council services	28 January 2025
Sustainable transport	30 January 2025
A review of Housing Benefit overpayments 2018/19 to 2021/22: A thematic study	20 February 2025
Additional support for learning	27 February 2025
Integration Joint Boards: Finance bulletin 2023/24	6 March 2025
Integration Joint Boards finances continue to be precarious	6 March 2025
General practise: Progress since the 2018 General Medical Services contract	27 March 2025
Council Tax rises in Scotland	28 March 2025

South Ayrshire Council

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