

Best Value

# Clackmannanshire Council

ACCOUNTS COMMISSION 

Prepared by the Controller of Audit  
September 2024

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# Contents

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Key facts	3
Controller of Audit Report	4
Appendix 1: 2022/23 Annual Audit Report	8
Appendix 2: Best Value	9

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# Key facts

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<b>61</b>	Square miles
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<b>51,800</b>	Population
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<b>2,695</b>	Headcount (from draft Annual Accounts 22/23)
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<b>18</b>	Elected members ( 8 SNP, 5 Labour, 3 Conservative, 1 Green, 1 Independent - SNP administration)
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<b>£22m</b>	Savings required by 2026/27
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<b>£154m</b>	Net revenue budget 2022/23 (Plus Housing Revenue Account (HRA) gross revenue expenditure of £17.2 million)
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<b>£33.2m</b>	Capital budget 2022/23 (general fund plus HRA)
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# Controller of Audit Report

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- 1.** This report is made by the Controller of Audit to the Commission under Section 102(1) of the amended Local Government (Scotland) Act 1973. It is based on evidence collected in the 2022/23 annual audit which reported in August 2024. Appendix 1 includes the 2022/23 Annual Audit Report (AAR), and Appendix 2 includes a link to the Best Value Statutory Guidance.
- 2.** Best Value audit work is now reported through the annual audit at each council and includes detailed work focusing on a Scotland-wide theme. The theme for the 2022/23 audit year concerns councils' Leadership of the development of new local strategic priorities.
- 3.** The council has an effective Best Value framework and has a clear understanding of areas where it needs to improve. It has made good progress with the actions resulting from the 2018 Best Value Assurance Report (BVAR) and the 2019 BVAR progress report.
- 4.** The council has set a clear vision with revised priorities that include inequalities and climate change. The vision has been informed by its communities and is supported by an updated performance management framework.
- 5.** The council has replaced its four-year corporate plan with an annual Be the Future statement of priorities. It agreed its priorities for 2023/24 in October 2023. These are set within three themes that are consistent with the community planning partnership's local outcome improvement plan (LOIP). It uses its business and operational plans to align services to these priorities. It is updating its service, workforce and digital transformation plans.
- 6.** Auditors recommended that the council should agree its strategic priorities before the start of each financial year to ensure any changes can be built into business plans. The council completed this action in February 2024 ahead of the start of the 2024/25 financial year.
- 7.** Councillors and officers worked collaboratively to agree the council's priorities and budget. There is a positive working relationship between administration and opposition parties. Cross-party working is evident across priority areas including tackling inequalities and climate change. Auditors also noted that the council has good working relations with its community planning partners.
- 8.** The council approved an interim workforce strategy in September 2023 aligned to its transformation programme. It commissioned a capacity and skills audit in 2022. This identified the risk of significant points of failure through the council's use of small teams. It highlighted a need to invest in service-based

workforce planning across all areas to identify skills requirements and career pathways. This is currently being progressed.

**9.** Previous annual audit reports have also highlighted significant capacity challenges within the council's finance team. The finance team continues to be stretched and has recently operated with ongoing long-term absences. This has contributed to the late production of the annual report and accounts. It is important that the council urgently addresses its financial capacity. The council is undertaking an organisational review of its corporate services including the size and structure of its finance team. Auditors will continue to monitor progress.

**10.** The workforce strategy also identifies leadership development as a key challenge. The council aims to provide development opportunities for all managers through its leadership programme. It provided training for elected members following the May 2022 local government elections and plans to agree individual development plans for members by 30 September 2024.

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

**11.** The council has revised its decision-making framework following the local government elections in May 2022. The aim was to streamline scrutiny and decision-making and to increase the participation of elected members. The review introduced new governance arrangements around strategic priorities including a Be the Future Transformation Board, a Climate Emergency Board and a Children and Young People's Board. The council is embedding its revised decision-making framework. It has recently undertaken a self-assessment and skills audit of its Audit and Scrutiny Committee and identified areas for improvement. Auditors will continue to monitor the council's progress.

**12.** The council achieved financial balance in 2022/23. It has delivered previously identified savings but savings options and opportunities for service redesign are becoming more limited. The council has budgeted one-off measures that include using reserves and service concession flexibilities to balance its 2023/24 budget. This is not financially sustainable in the medium to longer-term and the council needs to take urgent action to address this.

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

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

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

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

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

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

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

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

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

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

<sup>1</sup> The LGBF covers over one hundred indicators and base years range from 2007 to 2019 depending upon when each indicator was introduced.

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

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

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

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

**24.** The council has made limited use of formal community asset transfers, with only two assets transferred in the last three years. However, it has facilitated approximately 16 long leases to community bodies over the last 10 years.

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

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

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

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# Appendix 1: 2022/23 Annual Audit Report

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## 2022/23 Annual Audit Report

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

This Annual Audit Report comprises:

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

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**2022/23 Annual Audit Report [add hyperlink]  
[Clackmannanshire Council]**

[Month of publication] 2024



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# Appendix 2: Best Value

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

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

Best Value

# Clackmannanshire Council



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