

Best Value

East Ayrshire Council

ACCOUNTS COMMISSION 

Prepared by the Controller of Audit
October 2026

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Accessibility

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Key facts

487	Square miles
121,480	Population
31.29%	Proportion of all data zones in East Ayrshire that are within the 20 per cent most deprived in Scotland, according to Scottish Index of Multiple Deprivation (2020)
6444	Workforce (headcount)
32	Elected members 14 Scottish National Party, 8 Scottish Labour, 4 Conservative, 5 Independent & 1 Rubbish Party (Minority SNP administration)
£18.0m	General Fund budget gap projected over 2026/27 to 2027/28
£437.4m	Net revenue budget 2025/26
£125.8m	Capital budget 2025/26 £80.8 million general services and £45.0 million housing services, as approved in February 2025

Controller of Audit report

1. This report is made by the Controller of Audit to the Commission under Section 102(1) of the amended Local Government (Scotland) Act 1973. It is based on evidence collected in the annual audits of the council from 2022/23 to 2025/26, with the latter reported in September 2026. [Appendix 1](#) includes links to annual audit reports since 2022/23 and [Appendix 2](#) includes a link to the Best Value Statutory Guidance.

2. The reporting of Best Value is undertaken through the annual audit of each council and includes detailed work focusing on a Scotland-wide theme. The Best Value theme for 2022/23 was councils' leadership of the development of new local strategic priorities while the 2023/24 theme focused on workforce innovation. The theme for 2024/25 was transformation and how councils are redesigning and delivering services to achieve planned outcomes. The theme for 2025/26 was asset management.

Pace of continuous improvement

3. Auditors' 2022/23 Best Value thematic report on leadership recognised that the council had a long-established culture of self-assessment and improvement covering both services and governance arrangements. The council developed and implemented an East Ayrshire Self-Assessment Model in 2021/22 (based on Best Value criteria) as a framework for services to assess their strengths and identify areas for improvement. The council carried out a number of service reviews using the model and incorporated actions into service improvement plans for 2021-24. Updated service improvement plans are in place for 2024-27, with mid-point reviews presented to elected members over August and September 2026.

4. At a corporate level, the council completed a council-wide strategic assessment against Best Value criteria in 2022/23 to inform the Strategic Plan 2022-27. A number of actions were developed as a result, including maximising the use of the electronic performance management system, further strengthening public performance reporting, delivering commitments in the council's climate change strategy, and mainstreaming the use of the council's equality impact assessment tool.

5. In terms of the council's response to Best Value recommendations, the 2025/26 annual audit report noted that the pace and depth of improvements is positive, with many actions taken quickly after recommendations were reported. Of the 13 recommendations made in Best Value thematic reports since 2022/23, the council has implemented ten and partially implemented three.

Best Value Assurance Report (BVAR) follow up

6. The council's last full BVAR was in 2018. It concluded that the council had strong leadership, a clear vision for what it wanted to achieve, and commitment to empowering its residents. Overall performance was improving, and residents were satisfied with council services. Meanwhile, the council was facing a substantial budget gap. It had developed a transformation strategy to address this, but recognised that it had a lot to do to implement this in the planned timescale.

7. The 2018 BVAR made five recommendations. The council approved a Best Value Improvement Plan to address these and reported progress to its Governance and Scrutiny Committee annually until 2021. The council completed all five recommendations. Subsequently, the 2022/23 Best Value thematic report on leadership noted that the council had continued to make good progress in the areas of the five recommendations from the BVAR.

Vision, leadership and governance

8. The East Ayrshire Community Plan 2015-30 outlined an overarching strategic plan with three-year planning cycles. The council's Strategic Plan 2022-27 and Local Outcomes Improvement Plan 2024-27 are aligned with the overall community plan.

9. The council has well-established governance arrangements, which support effective scrutiny, challenge and decision-making. There is effective collaboration between elected members and with officers, with cross-party working facilitated through the council's Sounding Board. This is a forum for informal cross-party discussions on emerging policy or operational issues. Its membership comprises the leader and deputy leader of each of the three largest political groups within the council.

10. The council put arrangements in place to manage a number of changes in senior leadership during 2026. There were unforeseen (and unrelated) absences in the Chief Executive and Depute Chief Executive posts from May 2026, with the retirement of the former Chief Executive subsequently announced in June 2026.

11. On 27 May 2026, the leaders and deputy leaders of the three largest political groups at the council agreed to appoint existing council officers to the Chief Executive and Depute Chief Executive roles on an acting basis with immediate effect. At the next council meeting on 25 June 2026, it was agreed to extend these arrangements until October 2027 (or, in the case of the Depute Chief Executive, until their return if earlier). The council also agreed backfill arrangements for the roles left vacant by the temporary arrangements in its June 2026 meeting.

12. The acting Chief Executive was formerly the council's Director of Finance and Digital and section 95 officer. As part of the backfill

arrangements agreed at the June 2026 council meeting, the Assistant Director of Finance was appointed Head of Finance and section 95 officer on an interim basis.

13. The Director of Health and Social Care also left the council in June 2026. Interim arrangements were put in place, including the appointment of the Head of Locality Health and Care Services as Acting Director of Health and Social Care.

Citizen and community engagement

14. The council has shown its commitment to listening to communities' views and can demonstrate how it has reflected these in its plans.

15. The council developed its strategic priorities through sustained engagement with communities. It established a working group from across the council and Health and Social Care Partnership to look at previous feedback and engagement when developing its strategic plan and priorities for 2022-27. It then gathered feedback on the proposed strategic priorities from community organisations and residents. Within the approved Strategic Plan 2022-27, the council's focus on and commitment to working with communities is evident.

16. The council engages with citizens annually on its budget through an online survey, and also held consultation events to inform 2024/25 and 2025/26 budget setting. Budget engagement focuses on getting communities' views on strategic priorities and which services are most important. The results are reported to elected members as part of the budget setting process. The 2024/25 Best Value thematic report on transformation noted that the allocation of savings between services in the budget reflected the consultation results.

17. The council's community engagement activities are supported by the Vibrant Communities team, which transferred from the council to its Leisure Trust (Ayrshire 360) in 2025/26 and works across all council services, partners and community groups. This team supports delivery of community action plans, community asset transfers, participatory budgeting, and local place plans. The council also has an equalities forum, which comprises representatives for all protected characteristics, elected members, council officers, and partner representatives. The forum's role has included providing views on strategies, budgets, and service reviews.

Effectiveness of performance reporting

18. The Accounts Commission published its new version of the [Statutory Performance Information \(SPI\) Direction](#), which took effect from April 2025. Auditors concluded the council has appropriate arrangements for complying with the new SPI Direction, with no significant non-compliance reported. Auditors noted some minor improvement actions to enhance reporting arrangements.

19. The council has effective and well-established arrangements for performance management and reporting with regular and detailed updates presented to elected members through various mechanisms under a revised performance management framework. The framework was revised in response to a recommendation in the 2022/23 annual audit report. The council updated its performance reporting to provide a clearer link to strategic priorities.

20. Arrangements for reporting performance to committees are well established and include:

- East Ayrshire Performs – the council reports on financial position, workforce, the capital programme and digital through quarterly East Ayrshire Performs reports to Cabinet and the Governance and Scrutiny Committee.
- Performance indicators (PIs – the council uses 56 indicators, endorsed by the Governance and Scrutiny Committee, to support scrutiny. These are a mix of Local Government Benchmarking Framework (LGBF) data and other comparative PIs, reflecting the 2024 SPI Direction.
- LGBF – information is reported to the Governance and Scrutiny Committee, highlighting comparative performance with other councils, providing an explanation for lower-quartile indicators and detailing any improvement actions the council intends to take.

21. The council reports comprehensively on LGBF information, demonstrating its commitment to reviewing areas where performance is comparatively low. In its April 2026 update to the Governance and Scrutiny Committee on 2024/25 LGBF performance, areas where performance reduced within the fourth quartile were accompanied by an explanation and improvement actions.

22. The refreshed framework provides a structure for the council's online performance page, which incorporates Power BI dashboards for East Ayrshire Performs, council performance indicators and LGBF indicators. These have enhanced the presentation of key performance information for communities and elected members.

Reported performance

Council performance reporting

23. The council reported progress against 49 of the 56 available PIs for 2024/25 at the joint meeting of the council and the Community Planning Partnership Board on 11 September 2025 as part of the Local Outcomes Improvement Plan 2024-27 annual report. Commentary on the remaining seven PIs was presented to the Governance and Scrutiny Committee in April 2026. Performance data for all 56 PIs for 2025/26 was presented to

the Community Planning Partnership (CPP) Board in September 2026 and will be presented to the council in October 2026.

24. Progress against the 49 PIs with available data for 2024/25 is summarised below in [Exhibit 1](#). Performance was mixed across the indicators, with almost half improving. However, just under a quarter deteriorated, and just over a quarter remained unchanged. An overall progress status for the remaining seven PIs was not presented so are not included in the exhibit.

25. As part of the Local Outcomes Improvement Plan annual report, the council reports performance against each PI over a three-year period, supporting some trend analysis. However, the report does not include targets, narrative, or improvement actions for indicators categorised as deteriorating.

Exhibit 1

Summary of progress on PIs for 2024/25

	Improving	Deteriorating	Unchanged
Performance Indicator progress	24 (49%)	12 (24%)	13 (27%)

Source: East Ayrshire Council and East Ayrshire Community Planning Partnership Board papers – September 2025

26. The council has incorporated 31 LGBF indicators into its suite of performance indicators, with a breakdown of progress outlined in [Exhibit 2](#) below. The indicators were presented to Council as part of the October 2025 update on the Council Strategic Framework 2022-2027. Overall progress has remained relatively stable, with significant improvement in indicators ranked in the bottom quartile between base year and the most recent year.

Exhibit 2

Summary of progress on LGBF indicators incorporated into the East Ayrshire Council's PIs between LGBF base year and most recent year

Measure	Percentage (no. of indicators) in LGBF base year	Percentage (no. of indicators) in most recent year
Ranked in top quartile	19.4% (6)	22.6% (7)
Ranked in bottom quartile	25.8% (8)	9.7% (3)
Better than national average	38.7% (12)	41.9% (13)
Better than family group average	45.2% (14)	48.4% (15)

Note: Base year varies per indicator.

Source: LGBF dashboard – 14 August 2026

LGBF performance

27. [Exhibit 3](#) provides an overview of changes in all LGBF indicators, as of August 2026, for East Ayrshire alongside the averages for all Scottish councils. This shows a good level of improvement in performance. Of the 108 LGBF indicators, 68 (64 per cent) have improved since the base year, 3 (3 per cent) have remained the same, and 37 (33 per cent) have worsened.

28. The service areas with the highest proportion of indicators improving since base year were tackling climate change (80 per cent), corporate services (79 per cent) and environmental services (71 per cent). In contrast, the areas with the highest proportion of indicators declining were satisfaction indicators (100 per cent), adult social work services (73 per cent) and culture and leisure services (63 per cent).

29. Performance against LGBF indicators in comparison to other councils has remained relatively stable overall. Performance has strengthened for cost and performance indicators and weakened for satisfaction indicators. Fifty-two per cent of indicators were in the top two quartiles in the most recently published data, compared to 44 per cent in the base year. Nationally the council ranks 12th of 32 councils for indicators in the top two quartiles, performing above both the area-based and population-based family group averages for this measure.

Exhibit 3**East Ayrshire Council – LGBF indicator summary August 2026**

Council movements are shown alongside Scotland averages in brackets.

	Cost indicators	Performance indicators	Satisfaction indicators	All indicators
Movement in last year	%	%	%	%
Improved	45 (54)	38 (46)	9 (36)	36 (42)
Stayed the same	15 (9)	27 (22)	9 (9)	23 (18)
Declined	40 (37)	35 (32)	82 (55)	41 (36)
Movement since base year				
Improved	60 (54)	74 (66)	0 (8)	64 (57)
Stayed the same	0 (1)	4 (6)	0 (3)	3 (5)
Declined	40 (44)	22 (28)	100 (90)	33 (38)
Indicators in the top two quartiles				
- Most recent year	75	52	9	52
- Base year	70	36	55	44

Scotland average movements are shown in brackets.

Source: LGBF as of 14 August 2026

Workforce planning**Workforce strategy and plans**

30. The council's Workforce Strategy 2022-27 was developed as part of a strategic framework. It is clearly aligned to a wide range of key strategies including the Strategic Plan 2022-27, the Medium-Term Financial Strategy (MTFS), Digital Strategy 2022 and the Strategic Plan Action Plan. The relationship between these strategies is clear.

31. The council has acknowledged long-term workforce reduction or workforce movement will be required to meet its financial gap identified in the MTFS.

32. The council approved its Workforce Strategy 2022-27 Action Plan in October 2023. This set out six workforce priorities and associated indicators of success. In the 2023/24 Best Value workforce report, auditors reported weaknesses in how workforce priorities are reflected at service level. Although several service improvement plans contain workforce-related actions, the Workforce Strategy Action Plan was finalised after

service improvement plans had been updated, resulting in limited alignment between service improvement activity and the workforce priorities. Work is ongoing to incorporate actions arising from the Workforce Strategy into future service plans, supporting a more consistent approach across services. Mid-year reviews of service improvement plans were presented in August and September 2026.

Flexible working and innovation

33. As part of its 2017-2022 transformation strategy, the council introduced a new flexible working policy with office-based staff allocated to one of four working styles dependent on their role (fixed, flexible, mobile or remote). Staff can request a change of their workstyle with 329 changes recorded as at August 2023.

34. The flexible working arrangements were developed following consultation with staff and trade unions and were informed by workforce surveys and focus groups. A workforce survey conducted in May 2021 with nearly 1,000 respondents concluded staff favoured a blended approach of time spent in the office and working remotely.

35. Impact monitoring to date of flexible working has primarily focused on staff wellbeing, with an organisation-wide employee survey carried out in November 2023 and reported to Council Management Team in March 2024. Employee survey results were generally positive with 82 per cent of respondents reporting that they would recommend the council as a good place to work, 77 per cent reporting being able to balance work and personal commitments and 69 per cent reporting being able to finish work within their normal working day. Feedback was not universally positive, with 26 per cent of survey respondents reporting that they did not feel able to work flexibly, and some staff highlighting feelings of isolation associated with remote working.

36. Auditors concluded in the 2023/24 workforce thematic that the council was unable to demonstrate the full organisational impact of flexible working because it has not measured effects on productivity, service delivery or efficiencies. The council is currently undertaking a desktop review of hybrid working with results and further discussions are expected to take place at Executive Management Team later this year.

Developing future skills

37. The council has taken a proactive approach to addressing future workforce challenges through a range of initiatives designed to attract, develop and retain staff. A dedicated Workforce and Future Skills Team was established in 2022 to deliver projects within the Workforce Strategy Action Plan. The council has recognised the risks associated with an ageing workforce and has set a target for young people to comprise ten per cent of its workforce by 2027. Significant investment has been made through the £6 million Jobs and Training Fund, which supports

apprenticeship, internship and training opportunities across the council and the wider area.

38. The council has also strengthened partnership working to support skills development, working closely with schools, Ayrshire College, Skills Development Scotland and the Local Employability Partnership. Examples of innovative programmes include a pre-apprenticeship pathway for care-experienced and disengaged young people. Alongside this, the council is using the Flexible, Approachable, Caring and Empowered (FACE) Framework and annual FACE Time reviews to develop existing employees, support succession planning and identify future leadership and skills requirements.

Monitoring and impact

39. The council has established governance arrangements to monitor its workforce planning activity, principally through the Workforce Planning Board, its Workforce Strategy Action Plan and quarterly performance reporting via East Ayrshire Performs. The Workforce Planning Board provides strategic oversight of workforce planning across the council. It oversees delivery of the Workforce Strategy, ensures planning is robust and integrated across staff groups, and meets quarterly to monitor workforce needs. Membership includes People and Culture staff, the Head of Corporate Support, the Corporate Finance Manager, service representatives as required, and representatives from the Health and Social Care Partnership. Availability of real-time workforce data has improved with the launch of a workforce dashboard available to all Heads of Service and senior managers.

40. Progress reports to Cabinet and the Governance and Scrutiny Committee monitor key workforce indicators, including absence, vacancies, recruitment, temporary staffing and youth employment. While this gives elected members oversight of workforce pressures, it does not yet show whether workforce planning is having the intended impact. The council has recognised this and plans to develop additional measures, using Improvement Service tools to assess the effectiveness of its workforce planning arrangements for the next workforce strategy covering 2027-2032.

Transformation

Strategy and planning

41. Following the delivery of two five-year transformation strategies between 2012 and 2021, the council has revised its approach and embedded transformation activity into services. Transformation remains a priority in the Strategic Plan 2022-27, but the council no longer has a standalone transformation strategy. The Strategic Plan 2022-27 identifies actions under each of its six priorities but does not define which actions are transformational.

42. Current plans, including the Digital Strategy, Financial Strategy, Workforce Strategy and Service Improvement Plans describe ongoing transformation related activity but do not clearly define an overall transformation programme or separate it from business-as-usual improvement, reducing transparency over scale, scope and intended outcomes.

43. The council's October 2024 Strategic Framework update identifies activity supporting transformational change, including cross-cutting reviews, the Innovation Fund, the Early Intervention and Prevention Fund, the Workforce Strategy, the MTFS and the Data and Analytics Strategy. At service level, the updated strategic framework highlights further drivers of change, including service improvement plans, Best Value service reviews, service redesign, savings identification and digital provision. Arrangements for monitoring the impacts of transformation activity are set out in paragraph 48.

44. In 2024/25, auditors also reported that the council were exploring a Pan-Ayrshire approach with North Ayrshire and South Ayrshire councils. This was with a view to potentially sharing services. Auditors noted barriers to this level of joint working including the siloed approach to funding, governance, reporting arrangements, and differing political make-ups. In early 2026, North and East Ayrshire councils agreed to progress a shared Economic Development Service. Further shared service plans are still in development and will bring both opportunities and risks. Governance of this work is provided by the Pan-Ayrshire Transformation Board, which the council approved in April 2026.

Programme management and delivery

45. Since 2022, the council has had a permanent team overseeing change and project management. The programme management office (PMO) provides project management support for transformational activity in services. Transformation activity is now owned by Head of Services with oversight by the Council Management Team. The council previously had a separate transformation team, led by a Head of Transformation. While this supported earlier transformation strategies, the council recognised that transformation had become viewed as the responsibility of others.

46. The PMO oversees progress against the council's strategic priorities and other workstreams. However, it does not yet provide a consolidated view of transformational activity. The council has developed a reporting framework for the Early Intervention and Prevention Fund with a benefits management approach across five categories (financial, operational, strategic, legal and regulatory, and disbenefits). It will track the progress and realisation of project benefits aligned to the council's strategic priorities. Updates are presented to Cabinet on a twice-yearly basis, most recently in May 2026.

47. The council has been proactive in allocating financial resources to support delivery. Funded through financial flexibilities in relation to service

concession arrangements and a temporary reduction in employer pension contributions, the council created a ten-year Early Intervention and Prevention Fund and Innovation Fund with a value at 31 March 2026 of £37.5 million and £3.2 million respectively. To date, the council has approved the use of £12.3 million of funding from the Early Intervention and Prevention Fund for projects including half-price school meals, Anti-Poverty & Inequalities Strategy, Additional Support Needs holiday cover, jobs and training initiative, speech and language therapy, and wellbeing support.

Impact and monitoring

48. The council has strengthened arrangements to monitor and demonstrate the impact of transformation activity, including introducing a benefits realisation approach in 2022 and incorporating this into the Project Management Framework in 2023. Auditors reported in the 2024/25 transformation report that progress has been slow and there remains limited evidence that anticipated benefits are routinely monitored, reported or evidenced. There is evidence of success criteria in project briefs for cross-cutting reviews, although auditors concluded these were often not as detailed as benefit realisation plans.

49. Transformation examples reviewed by auditors focused on prevention and early intervention and showed some delivery against operational targets, such as the Jobs and Training Fund exceeding its target of 200 career opportunities. Some intended benefits, including cost savings from the Jobs and Training Fund and Fairer Futures Partnership, had not yet been quantified.

50. The 2024/25 Best Value report on transformation identified weaknesses in arrangements for assessing equality impacts. There was limited evidence that Equality Impact Assessments (EQIAs) informed transformation planning, the rationale for not completing full assessments was often unclear, and the council could not demonstrate how equality considerations influenced service redesign decisions. The council has implemented actions including a review of its EQIA toolkit and subsequent introduction of a new Integrated Impact Assessment toolkit and online system, as well as the identification of Equalities Champions and EQIA lead officers in services. Both recommendations are now complete.

Asset management

51. The 2025/26 Best Value thematic topic was asset management. The focus of the work was how councils are managing assets to achieve their corporate objectives and respond to challenges around financial sustainability and climate change. Auditors reported the council demonstrates an effective approach to its asset management and made no recommendations in their report.

Asset management planning

52. Auditors concluded the council has a comprehensive asset management framework which is aligned to the council's strategic plan and priorities. Its asset management framework is supported by detailed service-level plans and capital investment programmes which provide clear priorities, governance arrangements and performance measures. The council has committed to updating its asset management framework alongside the strategic plan in 2027.

Governance and performance

53. Auditors reported that the council has appropriate governance arrangements to support oversight of its asset management priorities and capital programme. There is clear senior officer leadership through a Capital Programme Strategic Oversight Group. Progress risks and financial implications are regularly reported to elected members at Cabinet, where effective scrutiny has been observed.

54. The council has established performance reporting arrangements for asset management. Its 2019 Asset Management Framework includes a performance management framework. The framework sets out a suite of 12 asset-related performance indicators covering areas such as asset condition, occupancy, accessibility and energy use. These indicators are updated annually and publicly reported through the council's online performance indicator dashboard, providing a clear route for monitoring trends over time.

55. The latest published data indicates a mixed performance picture between 2018/19 and 2023/24, with four indicators improving, seven declining and one no longer being reported. Auditors reported the council performs well nationally against the four LGBF indicators relating to asset management. It ranks in the top quartile for three of the four indicators, including first nationally for two.

Partnership working and community engagement

56. The council demonstrates a strong commitment to working collaboratively with its partners to manage and deliver shared assets locally. Notable examples include its long-standing partnership with South Ayrshire Council through the Ayrshire Roads Alliance, which has generated £21.3 million of savings in its first ten years against expected savings of £8.6 million and delivered shared road services. The council is also pursuing place-based approaches, including the development of the Cumnock Health and Wellbeing Hub, designed around integrated service delivery and asset sharing with partners.

57. Community engagement is embedded within the asset management framework, and the council can demonstrate where community consultation directly informed decisions on the future use of assets, including community facilities and recreational assets. The council is also delivering the Place-Based Investment Programme (a Scottish

Government capital fund to support community-led projects), where part of the governance involves recruiting of community representatives to participate in funding decisions, providing evidence of meaningful engagement.

58. The council has a well-established Community Asset Transfer (CAT) framework, with more than 70 transfers completed. CATs are embedded in wider transformation and asset rationalisation programmes, reflecting a strategic approach to community ownership and asset management. Community organisations are supported by the Vibrant Communities team. Governance arrangements are clearly defined with validated requests assessed by a multi-disciplinary officer group against criteria including community benefit, capacity, governance, and financial sustainability. This informs Cabinet reports recommending whether applications should be accepted.

Financial management and sustainability

59. Overall, the council's financial management arrangements are effective and appropriate.

Exhibit 4

East Ayrshire Council – key financial information

	2023/24 (£m)	2024/25 (£m)	2025/26 (£m)	2026/27 (£m)
Budget setting				
Budget gap	10.4	10.0	15.1	9.2
Planned to be met via:				
• Savings and flexibilities	6.8	7.0	8.8	3.5
• Use of reserves	-	-	-	-
• Additional council tax / funding	3.6	3.0	6.4	5.7
• Council tax increase (%)	5.0	-	8.0	6.9
Actual				
• Savings delivered	5.8	4.7	7.0	
Use of / (contribution to) reserves	-	(5.3)	(8.7)	
Total usable reserves carried forward:	111.7	117.0	125.7	
• General Fund				
○ Earmarked	32.7	59.7	62.1	
○ Uncommitted	30.7	8.3	8.7	

• Capital and other	25.2	27.6	31.9
• Housing Revenue Account	23.2	21.4	23.2

Source: East Ayrshire Council's annual accounts and budget setting papers

Financial management

60. In their 2025/26 annual audit report, auditors noted that the council has an experienced and sufficiently resourced finance team, clear and up-to-date policies and procedures and effective scrutiny and challenge of financial management by the Governance and Scrutiny Committee.

61. Cabinet receives quarterly financial updates through East Ayrshire Performs. In 2024/25, the council reviewed the format and content of East Ayrshire Performs reports to improve readers' understanding of key financial issues and challenges, with the first revised report presented to Cabinet on 3 September 2025. The revised interactive format uses graphs and Power BI to highlight financial pressures and challenges, focusing attention on issues affecting delivery of the council's strategic priorities.

62. For 2025/26 the council reported a net deficit at the year-end of £2.4 million largely relating to overspends against the health and social care service.

Integration Joint Board (IJB) financial pressure

63. Auditors reported in 2025/26 that East Ayrshire Health and Social Care continued to experience significant financial pressure, recording an overspend of £2.1 million despite the council drawing down £6.5 million of reserves for support. Cabinet approved the release of £0.8 million of service balances and £5.7 million of balances held centrally in a Health and Social Care Emergency Financial Support fund.

64. The council received a direction from East Ayrshire IJB in December 2025 requiring it to implement financial recovery measures in line with previously approved plans in light of a projected £10.3 million IJB overspend. The council acted by establishing a senior officer task force to oversee longer term recovery and agreeing one-off financial support to manage the projected in-year overspend.

Savings

65. The council has a strong track record of delivering savings. It reported a budget gap of £8.8 million for 2025/26 after increasing council tax. Consistent with previous years, services were required to deliver savings from their overall budgets, excluding protected areas such as teacher numbers and the pupil equity fund.

66. For 2025/26, savings requirements were allocated across council services (£5.4 million), East Ayrshire Leisure Trust (£0.1 million) and East Ayrshire Integration Joint Board (£3.3 million). The council services

savings requirement was grouped under broad themes, including workforce planning, income and commercialisation, property and estates, digital, and other savings areas. In 2025/26 it achieved £7.0 million (80 per cent) of its savings target.

Reserves

67. At 31 March 2026, the council's usable reserves totalled £125.7 million, an increase of £8.7 million from the previous year.

68. Auditors concluded that the council has consistently maintained its general fund reserves in line with its Reserves and Balances Strategy, which includes a requirement to hold uncommitted reserves of at least 2 per cent of net revenue expenditure. At 31 March 2026, the uncommitted General Fund balance was £8.7 million or 2 per cent, in line with the strategy requirements. The General Fund also included £62.1 million of earmarked balances, mainly for early intervention and prevention (£37.5 million), innovation (£3.2 million) and affordable housing (£1.5 million).

69. The Reserves and Balances Strategy allows services to carry forward underspends for use in future years on non-recurring or fixed-term projects, or to help align services with available resources over a three-year budget period. Services are also required to carry forward amounts earmarked for specific initiatives or liabilities. These balances are reviewed and approved annually by Cabinet. In 2025/26, services used £16.6 million of these balances, while £16.5 million was added to service reserves.

Capital programme and investment

70. Capital expenditure in 2025/26 totalled £65.4 million, up from £59.2 million in 2024/25. General services capital expenditure accounted for £32.0 million of this total, with the remaining £33.4 million capital expenditure in 2025/26 relating to investment in the housing revenue account. Significant areas of investment for the general services capital programme up to 2030 include a waste review (£4.0 million), Cultural Kilmarnock (£33.9 million) and Galston office facilities (£2.0 million).

71. The general services capital spend of £32.0 million was against an initial budget of £80.8 million, which was subsequently revised to £40.4 million (primarily due to reprofiling). The 2025/26 annual audit report noted that projects are rephased on a timely basis, but that there is scope for approved annual capital budgets to better reflect the planned phasing of each project.

72. Auditors reported in the 2025/26 Best Value thematic report on asset management that the council has established regular reporting arrangements for monitoring delivery of the capital programme. Progress is reported through quarterly East Ayrshire Performs reports to Cabinet and the Governance and Scrutiny Committee. These reports provide elected members with information on capital financing requirements,

project-level progress, spend against budget, and proposed reprofiling of capital budgets when required.

73. The council has clear arrangements in place to manage the affordability of its capital programme. In 2023, it introduced an affordability cap limiting the cost of General Fund debt financing to eight per cent of the net revenue stream, helping to ensure borrowing remains sustainable and affordable. As at 31 March 2026 General Fund debt financing was at 6.2 per cent, with the council projecting it to rise to 7.5 per cent by 2030/31.

74. The council reviews the scale and phasing of the capital programme to keep planned investment within this cap. There are examples of the council revising projects where needed to maintain affordability, including changing Doon Valley Community Campus from a new build to refurbishment. It also continues to seek external funding to reduce borrowing and has secured over £100 million to date.

Financial sustainability

75. The council has taken several steps to support financial sustainability and manage the financial pressures it faces. It has maintained and updated its MTFS and revises its budget gap projections annually to reflect changes in funding, inflation, demand pressures and wider economic conditions. For 2026/27, the council reviewed its projected budget gap, allocated savings requirements across services, and approved a balanced budget of £460.2 million. The latest MTFS presented in February 2026 projects a cumulative budget gap of £18.0 million over 2026/27 to 2027/28 (including the IJB on the basis of a flat cash funding approach).

76. The council has addressed budget gaps through savings plans, increases to council tax and the targeted use of reserves. The 2026/27 budget included expenditure reductions of £3.5 million and an 6.9 per cent council tax increase, with 1.9 per cent of the increase used to replenish the General Fund following support provided to address the IJB overspend. Additionally, the council monitors service-level pressures in year and responds through specific reviews, such as the transport and education reviews, which helped reduce projected overspends over 2024/25 and 2025/26.

77. Longer term, the council intends to use learning from initiatives under its Early Intervention and Prevention Fund to help reduce future demand for services and to support the council in securing a sustainable future. In the meantime, it will need to maintain its strong track record of effective financial management to manage financial pressures in the IJB and meet budget gaps.

Appendix 1

Annual Audit Reports for 2022/23 to 2025/26

These reports summarise the findings from the 2022/23, 2023/24, 2024/25 and 2025/26 annual audits of East Ayrshire Council.

Each 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
East Ayrshire
Council](#)

December 2023

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[2023/24 Annual
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December 2025

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2025/26 Annual
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East Ayrshire
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September 2026

Appendix 2

Best Value Statutory Guidance

[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

East Ayrshire Council



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