

## Annual Governance Statement 2022/23

### Scope of Responsibility

The council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The council has a statutory duty to make arrangements to secure Best Value under the Local Government in Scotland Act 2003.

In discharging these responsibilities, Elected Members and the Corporate and Senior Management Teams are responsible for putting in place proper arrangements for the governance of the council's affairs and for facilitating the effective exercise of its functions. In delivering these functions, there is a requirement to have effective partnership working with others, principally with NHS Grampian and Moray Integration Joint Board, Grampian Valuation Joint Board and the Moray Leisure Centre, as well as with other bodies involved in Community Planning.

This annual governance statement explains how the council has used the CIPFA/SOLACE 2016 Framework 'Delivering Good Governance in Local Government' as a basis for considering the effectiveness of its own governance arrangements. The framework predates the Covid 19 pandemic, yet remains relevant as a good practice guide on how councils should be 'managed and controlled'.

### Framework for Good Governance

The overall aim of the 'Delivering Good Governance in Local Government' Framework is to ensure that: resources are directed in accordance with agreed policy and according to priorities; there is sound and inclusive decision making; and there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

The CIPFA/SOLACE Framework defines the seven core principles of good governance, namely:

1. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;
2. Ensuring openness and comprehensive stakeholder engagement;
3. Defining outcomes in terms of sustainable, economic, social and environmental benefits;
4. Determining the interventions necessary to optimise the achievement of the intended outcomes;

5. Developing the entity's capacity, including the capability of its leadership and the individuals within it;
6. Managing risks and performance through robust internal control and strong public financial management; and
7. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

The key elements of the council's governance arrangements are described in terms of the seven principles defined in the Framework, summarised as follows:

### **1. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;**

The roles and responsibilities of elected members and officers and the processes to govern the conduct of the council's business are defined in procedural standing orders, a scheme of administration, a scheme of delegation, and financial regulations. These are updated regularly as required, with a review of committee structures completed during the year. Codes of Conduct for both elected members and officers have been developed and these define the ethical values and standards of behaviour expected. The Codes draw on the 'Standards in Public Life' covering issues including leadership, fairness and integrity.

A Monitoring Officer is responsible for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with. Elected members have been provided with induction training post the Local Government elections in May 2022 and definitions of leadership roles and behaviours developed and agreed.

### **2. Ensuring openness and comprehensive stakeholder engagement;**

As the recovery from the pandemic continues and the council looks for improvement and modernisation opportunities, meetings of the council and its committees are now delivered using a hybrid format that enables attendance in person or via web link. Meetings are live streamed and thus available for public viewing, with matters discussed and determined in confidence relating only to those deemed confidential in terms of Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973. The rationale for all decisions proposed and taken is fully set out in committee reports.

Stakeholder engagement is central to the council's work at a strategic level, e.g., with community planning partners and on policy development or planned changes to services affecting communities or individual service users. Such engagement includes activity targeting citizens who are less likely to participate so as to better inform decision making processes. During the year, the Community Planning Partnership worked with community and third sector partners to refresh the Community Engagement Strategy. This was officially re-launched at an event in UHI Moray, and the updated strategy will support the development of future community

and corporate plans as well as guiding consultation with local communities, for example, in progressing the participatory budgeting initiative.

The council seeks and obtains feedback on delivery of its services having adopted a comprehensive complaints procedure based on a model scheme developed by the Office of the Scottish Public Services Ombudsman. All complaints are responded to as appropriate, and inform improvements to service delivery. A comprehensive report on complaints handling is prepared and presented annually to a council committee.

### **3. Defining outcomes in terms of sustainable economic, social, and environmental benefits;**

The creation and implementation of a vision for the local area, including expected outcomes for the community, is encompassed in the Local Outcomes Improvement Plan (LOIP). The overarching aim and purpose of this 10-year Plan is 'to raise aspirations by creating an enabling environment where our residents can achieve expanded choices, improved livelihoods and wellbeing'.

In particular, the LOIP recognises the importance of and benefits from reducing inequalities and poverty, with outcomes focused on the need for a growing, diverse and sustainable economy, building a better future for our children and young people in Moray, empowering and connecting communities, and a broadened objective of improving the wellbeing of our population.

The LOIP is a partnership plan and its strategic delivery is overseen by a Community Planning Board, which meets quarterly. The Board monitors plan performance for each quarter and during the year considered a number of key strategic documents, notably the NHS Grampian 'Plan for the Future' 2022-2028, that seeks to address pressures within the Health Service; and a refreshed Moray Economic Strategy 2022-2032 that has regard to change occasioned by the pandemic, the UK departure from the European Union, cost of living and doing business pressures, Climate Change and Net Zero targets, and the progress to date of the Moray Growth Deal.

Aligned to the LOIP, the council has its own Corporate Plan 2019-2024 that details specific council priorities under the banner of 'Our People, Our Place, Our Future.' The plan sets targets for improvement consistent with maintaining a sustainable council that provides valued services to its communities, and these targets are monitored through a Performance Management Framework. A review of the plan, involving wide consultation and incorporating the priorities of the council formed post the local government elections in 2022, has been progressed during the period. This work will inform a new Corporate Plan that will run from 2024.

### **4. Determining the interventions necessary to optimise the achievement of the intended outcomes;**

The strategic Community and Corporate Plans are translated into service plans prepared within each service area. These facilitate delivery of agreed outcomes and assist in securing continuous improvement. Service plans are reported to a meeting of the council or appropriate service committee for consideration and approval, in

reports that provide detailed information on planned activity. The reports contain a 'Summary of Implications' section that links report content to strategic plans, legal and policy issues; risk, staffing and property matters; equalities; social impact; and climate change and biodiversity considerations. A particular focus is given to financial implications given the current economic climate.

The council is fully aware of the financial challenges it faces and through its established committee structures, elected members have been provided with an extensive volume of information on both the availability of resources and options for future service delivery. This has been reflected in reports to the council on budget setting, including projections for the next two years; a capital strategy; and regular budget monitoring reports. The council successfully delivered a balanced budget for 2023/24.

Other interventions contributing to good governance during the period included reports providing high-level assessments of council priorities, service pressures and risks, and how these are inter-connected, as well as the provision of updates on numerous policy initiatives including Workforce Planning, Climate Change, Educational Attainment, and Best Value.

Progress towards achieving agreed outcomes is monitored through an established Performance Management Framework that calls for quarterly reporting on key performance measures developed for each service. In addition, the council participates in the Local Government Benchmarking Framework which compares a range of established performance measures with those of other Scottish local authorities. Elected Members are provided with reports to review, scrutinise and note actions undertaken by Services to improve performance.

## **5. Developing the entity's capacity, including the capability of its leadership and the individuals within it;**

The Corporate Management Team (CMT) consists of the Chief Executive, two Deputy Chief Executives and the Chief Officer, Health & Social Care (Moray Integration Joint Board), supported by a Senior Management Team (SMT) comprising nine Heads of Service. CMT/SMT meet frequently to discuss and provide leadership on the strategic direction of the council. The roles of officers are defined in agreed job profiles.

The Chief Executive is responsible and accountable to the council for all aspects of management including promoting sound governance, providing quality information/support to inform decision making and scrutiny, supporting other statutory officers, and building relationships with all elected members.

Leadership capacity of senior officers is supported through the promotion of a Leadership Forum, which brings together senior managers from all services to provide a wider perspective on the consideration of issues facing the council. Forum meetings ensure consistent messaging is available from senior management to

managers. Human Resources have continued to review and refine the leadership development strategy and provide training opportunities online.

The council has an agreed elected members' development strategy that, in addition to the Induction Programme, includes an on-going training programme of learning, development and briefings. Members appointed to certain committees also receive specific training related to the responsibilities of these committees.

In addition, elected members represent the council on a range of outside bodies, including on boards of other Community Planning partners, across partnership bodies such as the Moray Economic Partnership, various national bodies such as COSLA and its themed Boards, and a broad range of charitable and third sector organisations. This representation provides valuable learning and networking opportunities for those members.

## **6. Managing risks and performance through robust internal control and strong public financial management;**

The council has a risk management policy and strategy designed to support the identification, evaluation and mitigation of risks that may impact on its ability to meet its objectives. A Corporate Risk Register provides summary information on what the CMT/SMT considers are the principal risks facing the council and how these are managed and controlled. Risk implications also feature in committee reports to inform the decision-making process.

The council's system of internal control is based on a framework of financial regulations, regular management information, administrative procedures, management supervision and a scheme of delegation that defines accountabilities of senior officers. Establishing and maintaining an effective system of internal control is a management function. An Audit and Scrutiny Committee, through its consideration of reports by internal and external auditors, monitors the effectiveness of the system of internal control.

Strong financial management is secured through the work of the Chief Financial Officer appointed in terms of s. 95 of the Local Government (Scotland) Act 1973. This officer advises the Council on all financial matters and ensures the timely production and reporting of budget estimates, budget monitoring reports and annual accounts. Draft and audited Annual Accounts are published on the council website.

## **7. Implementing good practices in transparency, reporting, and audit to deliver effective accountability;**

Council business is conducted through an established cycle of webcast committee meetings. Webcasts remain available for viewing for 12 months following a meeting. Meeting dates are published in advance, and agenda papers are made available at least one week before meetings take place. Minutes of meetings are prepared and important decisions are publicised on the council website and through social media.

The council's website provides a platform from which to disseminate a wide range of information including news items on policy decisions, guidance on council services and on service disruptions/interruptions arising from weather events or similar. The website facilitates efficient access to digital services across a range of service areas and allows for consultations to be undertaken and for interested parties to provide feedback electronically.

The council responds to the findings and recommendations of Internal Audit, External Audit, Scrutiny and Inspection bodies generally by developing improvement Action Plans. The Audit and Scrutiny Committee is integral to overseeing independent and objective assurance processes that make recommendations for improvements to the system of internal control. The Committee's Terms of Reference were reviewed and updated during the year.

The council responds to requests for information and Freedom of Information legislation having processed over 1,300 such requests during the period covered by this statement.

### **Review of Adequacy and Effectiveness of the Council's Governance Framework**

In order to assess the effectiveness of the governance framework, including the system of internal control, it is necessary to consider the role of the functions and individuals who contribute to it, as follows:

- **Elected Members**

Governance arrangements at a political level emanate from the council, its committees and from other roles that elected members fulfil. These include participation in the Community Planning Board and associated groups for multi-agency issues. Elected members also have substantive roles on the Moray Integration Joint Board for Health and Social Care, the Grampian Valuation Joint Board, and the Moray Leisure Arm's Length External Organisation (ALEO), each of which has its own governance arrangements. In addition, elected members have membership and represent Moray Council interests in partnerships that contribute to meeting council aims and objectives, notably in the development and delivery of the Moray Growth Deal.

- **Audit and Scrutiny Committee**

The council has an Audit and Scrutiny Committee where elected members consider reports on audit work completed. These provide assurances on the adequacy and effectiveness of the system of internal controls including those relative to the delivery of plans, compliance with laws and regulations, accuracy of information and safeguarding of assets. The Committee also receives reports on the performance of and trends from council services regarding service standards and performance information. During the period covered by this statement, to further strengthen oversight processes, two external members have been appointed to the committee in

line with Chartered Institute of Public Finance and Accountancy best practice guidance for Audit Committees operating in Local Government.

This committee is a key component of good governance, distinguished from other committees by the role elected members are required to fulfil, not in setting policy or considering service matters, but by providing independent oversight and challenge in support of the council's duty to secure continuous improvement. These functions are delivered independently from the supervisory oversight roles of the Corporate and Senior Management Teams.

#### • **The Corporate Management Team**

The Corporate Management Team (CMT) has overarching operational responsibility for good governance arrangements. The team comprises the Chief Executive, two Deputy Chief Executives with portfolio responsibilities for Education, Communities and Organisational Development; and Economy, Environment and Finance respectively, and the Chief Officer (Health and Social Care Integration).

#### • **The Corporate Management Team / Senior Management Team**

This is an extended management team comprising the CMT and Heads of Services. The role and remit of this group is to support the formulation and implementation of policies, strategies and plans to achieve local and national outcomes, share and promote good practice from an inter-service perspective, to act with the wider objectives of the council in mind to ensure the resources are effectively deployed, and assist CMT in keeping the governance of the council and its services under review.

Individual Heads of Service, collectively the Senior Management Team (SMT), have considered the effectiveness of governance arrangements within their respective services by reference to the principal risks identified in the Council's corporate risk register and provided assurance statements for use in the preparation of this corporate statement. This affirms the broad ownership of good governance and recognition of its importance within the senior leadership of the council.

Generally the assurance statements are positive with limited commentary on governance weaknesses, albeit it has been noted in several statements that minor data breaches have occurred. While in part this may be a reflection of a move to hybrid working post pandemic and an increase in electronic communications, the importance of holding personal data securely has been recognised and priority given to refresher training on this topic. This should minimise the risk of further similar breaches occurring.

#### • **The Head of Governance, Strategy and Performance (Monitoring Officer) / Chief Financial Officer**

The Head of Governance, Strategy and Performance and the Chief Financial Officer perform their respective statutory duties as outlined elsewhere in this statement. In discharging the responsibilities of the role, the Chief Financial Officer complies with the governance requirements of the CIPFA Statement on the role of the Chief Financial Officer, and the Head of Governance, Strategy and Performance provides an information annual report on the duties of Monitoring Officer to a meeting of the council.

- **The Chief Social Work Officer**

The Head of Service for Health and Social Care Moray undertakes the statutory role of Chief Social Work Officer (CSWO). The latest available CSWO annual report for the 2021/22 year noted that governance and accountability arrangements remained unchanged throughout the year, with accountability of the CSWO being to the Moray Integrated Joint Board (MIJB) for adult services, and to Education, Communities and Organisational Development Committee and Moray Council on matters relating to children and young people and justice social work.

The report noted that planning for the delegation of children's social work to the Integrated Joint Board was continuing, and it has since been confirmed that this will proceed during 2023/24. Overall the report concluded that notwithstanding the governance arrangements in place, Social Work, like other areas of Health and Social Care, continued to experience pressures.

- **Internal Audit**

The council has a system of internal control designed to manage risk to a reasonable level. Internal controls cannot eliminate the risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The Audit and Risk Manager complies with mandatory Public Sector Internal Audit Standards and with published good practice guidance e.g. on the Role of the Head of Internal Audit in Local Government. During the year, the Internal Audit Charter and the council's Policy to Combat Fraud, Theft, Bribery and Corruption were updated. The Audit and Risk Manager is accountable on a day-to-day basis to the Head of Governance, Strategy and Performance and to the Audit and Scrutiny Committee.

The internal audit plan for the year includes a range of audit projects covering main financial systems, other systems operating within services and several ad-hoc/unplanned projects. The outcomes from these projects, together with any recommendations to enhance the control environment, are reported to the Audit and Scrutiny Committee. This Committee is chaired by an elected member who is not part of the council Administration. Almost all planned reviews detailed within the Annual Internal Audit Plan for 2022/23 have been completed.

The Public Sector Internal Audit Standards require an internal audit opinion to be provided annually. As planned audit work was substantially completed by the year-



end, and based on his wider knowledge of the organisation and its control systems, it is the opinion of the Audit and Risk Manager that reasonable assurance can be placed upon the adequacy and effectiveness of the governance and control environment which operated in the council during the year.

- **Health & Social Care Integration**

The council, as a key partner within Health and Social Care Moray has an interest in the governance arrangements within the Moray Integration Joint Board (MIJB). Internal Audit arrangements for the MIJB are provided jointly by the council's Internal Audit service and NHS Grampian's Internal Auditors. The council's Internal Audit Service provides assurance over social care services, and oversight of the MIJB governance arrangements. A separate internal audit opinion is provided in respect of audit projects completed for the MIJB.

- **External Agencies**

In addition to the various internal review processes and the external audit of the Annual Accounts, aspects of the council's governance arrangements are considered in various inspection reports produced by the external auditor and other inspectorate agencies.

Audit Scotland's Best Value Assurance Report on Moray Council contained eight recommendations. An action plan was developed in response and good progress has been made. The council remains committed to responding positively to the remaining recommendations to strengthen governance arrangements, with progress closely monitored and updated status reports on each action being reported to the appropriate committee.

### **Overall assessment of the effectiveness of governance arrangements**

Having regard to the information provided in the preceding paragraphs, it is considered that established systems and processes are broadly effective and not inconsistent with the seven principles identified in the 'CIPFA/SOLACE' Framework 'Delivering Good Governance in Local Government.'

### **Significant governance issues**

Governance issues highlighted as significant in the Annual Governance Statement for 2021/22 went beyond describing governance processes and how effective they operated in practice, also providing commentary on the planned strategic direction of the council and its partners, and linked risk issues. That strategic direction continues to be developed and adapted in response to multiple factors both external and internal, and is covered more appropriately in a separate Management Commentary, also published with the Annual Accounts.

Specific governance issues noted in the prior year and how they have been addressed relate to:

**An externally commissioned review on the management of social care contracts;** - a report on this was published in February 2023, and has been submitted to the Audit, Performance and Risk Committee of the Moray integration Joint Board and to the council's Audit and Scrutiny Committee for their respective interests. The report covers a complex area of work, with Self-directed Support legislation enabling individuals to exercise choice and control over the support or services required to meet assessed care needs. While the legislation provides welcome flexibility in terms of personalising care provision, this has created challenges for the Commissioning Service to review and update contractual agreements with multiple suppliers of care services, at a time when these services are operating under difficult market conditions with staffing and cost pressures widely documented.

The report makes recommendations to strengthen governance arrangements and deliver improvements. These recommendations have been accepted by the management of Health and Social Care Moray, and will require the Commissioning Service to work more closely with the council's procurement team going forward, and to develop an action plan for improvement that assigns responsibilities to relevant officers and sets timescales to enable progress to be effectively monitored.

**Addressing the key challenges to support education recovery and the need for improving attainment;** - Educational Services has refreshed its standards for Professional Leadership and Learning 2022-2025. This has updated its vision to support and develop Moray teachers and practitioners to enable children and young people to be the best they can be. Attainment results have been monitored and reported to council in a detailed report which outlined achievements as well as challenges that require to be addressed as the service emerges from the pandemic. A number of other governance issues have been identified that require further development in the incoming period relating to curriculum improvements, inspections, and aspects of financial management.

**Managing the fine political balance with new Members through a commitment to collaboration across all Councillors;** - a programme of induction has been delivered for new and returning elected members of the council. Briefing sessions have been provided as necessary on corporate and service projects as appropriate. Political Leaders have recognised the importance of collaborative working where possible and this message has been reinforced by the council's Corporate/ Senior Management Team both informally and in committee reports covering strategic topics including on Best Value and on the Corporate Overview of Council Priorities.

**Additional developments in the council's risk management and business continuity arrangements;** - a part - time officer has been appointed to assist in the assessment of risks affecting the council, and support the preparation of business

continuity plans to aid delivery of critical services in the event of a disruption. An early stage review has been completed to inform areas requiring priority attention. The focus has been on the identification of critical functions and to align business continuity planning with risk management practice, thus ensuring that there is justification for allocating resources to particular tasks. A plan is in place to progress this work within council services and to develop links with partners and emergency planning as appropriate.

**Increased numbers of data breaches have highlighted the need for further data protection training;** - data breaches, albeit in small numbers, continue to be highlighted across a number of service areas, potentially a consequence of staff working in a more diverse way during and since the pandemic. The council has addressed this by updating its mandatory e-learning module covering General Data Protection Regulations (GDPR) and has developed a refresher training course for staff to annually measure their understanding of this important topic. Internal audits of information governance and of compliance with the GDPR requirements were completed and action plans developed and agreed with management for implementation during 2023/24.

**Implementation of actions arising from the latest Best Value Progress Report from the Accounts Commission;** - A Best Value action plan was submitted and approved by council covering a number of themes – increasing the pace of transformational change, performance reporting, financial planning and sustainability, and improving educational attainment. The importance of committed decisive leadership was also highlighted as an issue in the Best Value report - this has been recognised as a political risk in the corporate risk register and in a number of reports to council and its committees on matters relative to strategic direction and good governance.

### **Concluding Remarks**

This Annual Governance Statement summarises the extensive governance arrangements the council has in place to support delivery of its strategic plans and to secure Best Value in its use of resources. While the statement demonstrates that these arrangements are comprehensive and broadly fit for purpose, there are multiple challenges ahead that will impact on how council services are designed and delivered going forward. As these challenges are addressed in the incoming period, it is recognised that governance arrangements too will need to be adapted, and in our respective roles as Council Leader and Chief Executive (Head of Paid Service), we are committed to making this happen to ensure the council and its resources continue to be effectively managed and controlled.

Kathleen Robertson  
Leader of the Council

Roderick D Burns  
Chief Executive

28th June 2023

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