



REPORT TO: SPECIAL MORAY COUNCIL ON 11 JUNE 2024

SUBJECT: BEST VALUE IN MORAY COUNCIL

BY: JOHN W MUNDELL OBE, INTERIM CHIEF EXECUTIVE

1. REASON FOR REPORT

- 1.1 To ask members to consider the Accounts Commission Findings on the Controller of Audit's Statutory Report on the Council in relation to its Best Value duty.
- 1.2 This report is submitted to Council in terms of Section 103E local Government (Scotland) Act 1973 which require the Council to consider the findings of the Accounts Commission within 3 months of receiving them.

2. RECOMMENDATION

2.1 It is recommended that the Council:

- (i) note the Accounts Commission's findings and key messages;**
- (ii) fully accept the Accounts Commission's findings (Appendix 1);**
- (iii) note that the Corporate Committee meeting on 24 April 2024 considered the Accounts Commissions findings along with recent external audit recommendations and a strategic self-assessment against the Best Value statutory guidance criteria;**
- (iv) note that the Corporate Committee agreed a Best Value Action Plan 2024-2027 at its meeting on 24 April (Appendix 2) setting out the Council's priorities for the next 3 years to enable it to meet its Best Value duty with progress to be monitored on a quarterly basis and an annual review based on further strategic self-assessments; and**
- (v) endorse the Best Value Action Plan 2024-2027 agreed by the Corporate Committee and the steps agreed for monitoring progress, quarterly reporting along with an annual self-assessment.**

3. BACKGROUND

- 3.1 The Accounts Commission for Scotland is responsible for reporting on the performance by local authorities relative to their statutory duties for Best Value and Community Planning. In recognition of the significant changes to the environment in which local authorities deliver services, revised statutory guidance was published in 2020 and resulted in a new approach to auditing and reporting on the performance of Councils against their duty of Best Value.
- 3.2 This revised approach to auditing requires reporting on Best Value thematic areas as directed by the Accounts Commission, and this thematic work is now fully integrated into the Annual Audit Report (AAR) each year of the five-year audit appointment.
- 3.3 The Council's external auditors, Grant Thornton, undertook the Best Value Thematic Review for 2022/23. This thematic work assessed the effectiveness of the Council's leadership of the development of new strategic priorities. Both the AAR and Best Value thematic work were presented at a special meeting of the Council on 25 October 2023.
- 3.4 As part of the new arrangements, the Account Commission necessitates the Controller of Audit to report to the Commission on each Council's performance on its duty of Best Value at least once over the five-year audit appointment. Moray Council was in the first tranche of Councils to be assessed under the new Best Value assessment regime.
- 3.5 The Controller of Audit Report was received by the Council on 28 February and was considered by the Accounts Commission on 7 March 2024. The Accounts Commission published their findings on the same date. These findings, including the Controller of Audit's report, are shown in **APPENDIX 1**. The Council's Political Group Leaders and the Chief Executive attended the Accounts Commission meeting.
- 3.6 The Council is required to formally consider the findings of the Moray Council Best Value Report and the Accounts Commission's findings in newspaper adverts to inform the public of the time, place and purpose of the meeting and this has been undertaken. Thereafter, the Council is required to notify the Accounts Commission of any decisions made and publish a summary of the decision in the local newspaper.
- 3.7 Whilst progress was highlighted in some areas (including seeking external assistance in cross party working) there were recommendations in the report which the Council needs to address.

4. ACCOUNTS COMMISSION'S FINDINGS AND KEY MESSAGES

- 4.1 The Accounts Commission's findings are set out in **APPENDIX 1** and they referred to the Best Value Assurance Report (BVAR) for Moray Council published in 2020 which reported that the Council had previously received six Best Value reports from 2006 which consistently highlighted improvements had been delivered but the pace of progress had been slow and expressed concerns about whether momentum would be maintained.

- 4.2 The Controller of Audits report also highlighted that important aspects of Best Value raised in previous reports in 2022 and in the 2022/23 AAR continued to be issues the Council needed to prioritise including that the Council had not approved its Corporate Plan by October 2023. The Council's Corporate Plan was approved along with the 2024/35 budget at its meeting on 28 February 2024.
- 4.3 The report acknowledged the Council has a finely balanced political leadership position with changes in Members and leadership since the Council elections in 2022. Reference was also made to decision-making that appeared to be time consuming and challenging due a lack of effective cross-party working.
- 4.4 Auditors also identified in the AAR that there was some confusion at the Audit and Scrutiny Committee on its remit.
- 4.5 The report referred to the Council's use of external support to develop collaborative leadership, scrutiny and improve member and officer working relationships including the introduction of the Strategic Leadership Forum.
- 4.6 Key messages from the Accounts Commission's report are shown below:
- i. The Council should ensure that members work effectively together to act on key decisions in an effective and efficient manner.
 - ii. The Council should ensure all Audit and Scrutiny Committee Members are clear on their remit.
 - iii. The Council should undertake further consultation and engagement to ensure local communities are more involved in participatory budgeting.
 - iv. The Council needs to finalise the performance and delivery framework for its new Corporate Plan. It should implement annual self-evaluation to identify strengths as well as areas for improvement.
 - v. The Council needs to report performance in a more timely manner.
 - vi. The Council needs to increase its pace of transformation and identify savings to ensure its financial sustainability.
 - vii. The Council should keep the affordability of its capital plan and related revenue implications under review.
 - viii. The Council should continue to monitor any slippage of the capital plan.
 - ix. The Council should review its forecasting process to ensure the most accurate projections.
- 4.7 The Corporate Committee on 23 April 2024 agreed the Best Value Action Plan (item 5a on the agenda) (**APPENDIX 2**) which takes account of the best value feedback from various sources including Grant Thornton, external advisers, strategic self-assessment and critically the Account Commission report and sets out the Council's priorities for the next three years to enable it to address the improvements needed to meet its Best Value duty.

- 4.8 It is important to note that the Council's Corporate Management Team will be managing performance of the approved Best Value Action Plan by driving the delivery of the actions with regular monthly progress monitoring updates. There is no doubt that the delivery of the identified improvements is challenging but nonetheless, achievable. It is essential that the improvement priorities are delivered at the appropriate pace and within the targeted time and sustained for the future.
- 4.9 In addition, the Best Value Action Plan will be monitored on a quarterly basis and reviewed annually by the Corporate Committee based on a Council wide strategic self-assessment. By October 2024, Members will receive updates that will include the following:
- Short To Medium Term Financial Strategy – June 2024
 - Published Public Performance Report – June 2024
 - Transformation Strategy – August 2024
 - Short To Medium Term Savings Plan – August 2024
 - Review Reserve's Policy – September 2024
 - Workforce Plan – September 2024
 - Asset Management Strategy (Phase 1) – September 2024
 - Revised Capital Strategy and Corporate Asset Management Plan – September 2024
 - Sustainable Development Statement – September 2024
- 4.10 The outcome of a forthcoming meeting which the Commission undertakes following all reports on Best Value between, with the Chair of the Commission, members of the Commission and representatives of the Council, will be reported at the meeting.
- 4.11 It is recommended that the Council considers the findings of the Accounts Commission and the Controller of Audit's Report and agrees with the findings in full which are addressed in the refreshed Best Value Action Plan detailed in **Appendix 2**.

5. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

The Council's Corporate Plan and LOIP set out priority service delivery areas. The Best Value Action Plan compliments these plans. It enables the Council to deliver on its strategic priorities through a focus on organisational health, the Council's capacity to deliver on their priorities and on its accountability to the public.

(b) Policy and Legal

The Council has a legal duty to deliver Best Value and to comply with any findings containing recommendations arising from any Best Value Assessment Reports.

(c) Financial implications

Financial sustainability is a key component of Best Value and there are no immediate financial implications arising from the report. However, more effective.

(d) Risk Implications

Several of the Best Value themes feature on the Council's Corporate Risk Register including Leadership, financial sustainability and workforce development. Failure to address the Best Value actions identified would have very serious implications for the Council in terms of external audit scrutiny and in terms of reputation.

(e) Staffing Implications

There are no additional staffing implications arising directly from this report. Work is currently being accommodated within existing resources. It is anticipated however that additional resources will be required to ensure timely progression of the priority areas of work.

(f) Property

None.

(g) Equalities/Socio Economic Impact

This is covered in terms of the inspection regime itself and the Council's duty to deliver Best Value.

(h) Climate Change and Biodiversity Impacts

This is a key component of Best Value.

(i) Consultations

All Elected Members and Heads of Service were involved in the Council-Wide Strategic Self-Assessment exercise. CMT/SMT have contributed to the Consolidated List of Improvement Actions and the Strategic Self-Assessment.

6. CONCLUSION

6.1 The Council received external findings from the Accounts Commission and Controller of Audit's Report in relation its performance against its Best Value duty. In response to the findings, the Council must deliver its refreshed and approved Best Value Action Plan 2024-2027 timeously and fully comply with its statutory obligations to build trust and confidence in its ability to deliver Best Value with sustainable improvements and financial stability.

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